

REAL PROPERTY COMMITTEE
8:30 a.m., Wednesday, June 2, 2011

The regular meeting of the Real Property Committee was held at 8:30 a.m., Thursday, April 7, 2011 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmember Stone, Mayor Cronin, Chair Loftus, City Administrator Tucker and Assistant to the Administrator Dziuban. A quorum was present to conduct business.

1. Chair Loftus called the meeting to order and acknowledged that the press and public had been duly notified of the meeting in accordance with the Freedom of Information Act.

2. **Approval of Previous Meeting's Minutes**

MOTION: Mayor Cronin moved to approve the minutes of the regular meeting of May 11, 2011 as submitted; Councilmember Stone seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments - none**

4. **Comments from City Tenants - none**

5. **Old Business**

A. Update on Beach Restoration

Assistant to the Administrator Dziuban reported that little activity regarding the beach restoration project has occurred in the past 30 days. The permitting agencies had still not issued permits, and no additional beach monitoring had occurred. Administrator Tucker reported that she had been copied yesterday on an email exchange between Mary Hope Green of the Corps of Engineers and Steven Traynum of Coastal Science and Engineering that seemed positive in nature.

B. Update on Dredging

Jack Walker of GEL Engineering reported that up until 8:00 p.m. the previous night, GEL had been checking with the United States Army Corps of Engineers (USACE) regarding approval of the proposal to install rip-rap as an in-kind service in exchange for use of the disposal basin. At 8:07 p.m., Mr. Walker received an email from the acting Chief of Navigation for USACE indicating that the USACE had met last week to evaluate the plan, which they determined to be not sufficient and instead requested that the City develop an oyster restoration project with the Nature Conservancy. Mr. Walker requested from USACE contact information for a project person with the Nature Conservancy to begin steps on a plan, but expressed concern that this put the City back at "ground level." He indicated to the USACE the City's hope to dredge in the fall and asked for an expeditious answer.

Councilmember Stone queried where the oyster restoration project would take place. Mr. Walker said he did not know and that in his experience, such projects were time consuming.

Mr. Walker reminded the group that the request for in-kind projects was a new initiative of the USACE because the organization had lost the ability to retain disposal fees without passing them through to the federal level.

Councilmember Loftus requested that Mr. Walker query the USACE for projects other than oyster restoration, due to the time-sensitive nature of the City's drainage schedule. Mr. Walker indicated that he would.

Mayor Cronin expressed concern that the USCAE did not communicate this decision immediately after their meeting.

Mr. Walker indicated that when he had crafted the proposal for rip-rap, he consulted with contractors to determine that the cost would be close to \$30,000, which is what the USACE could expect to collect in disposal fees. Because the cost of the proposed in-kind service is equivalent, he suspects another motivation behind the switch to oyster restoration.

Phillip Smith, a resident, commented that the material waiting to be dredged was blocking the Intracoastal. Mr. Walker stated that a hydrographic survey would be necessary to affirm that. If that claim did prove true, Mr. Walker felt it would help motivate the USACE.

Administrator Tucker suggested that if the Committee and Council concurred, the City could establish a legally bound escrow account to be used for an in-kind project of the USACE's choosing at such time as the project was identified. This would provide assurance to the USACE without compromising the City's timeline. Chair Loftus remarked that this was an "excellent" idea.

Mr. Walker, at Chair Loftus' request, distributed a memo (attached as a historical record) to the Committee regarding his evaluation of Phillip Smith's property adjacent to the marina and the drainage ditch. Mr. Walker visited the property at low tide and, as the memo suggests, saw evidence that suggests that the drainage outfall is contributing to the accretion under Mr. Smith's dock.

The group consulted the hydrographic survey completed a year ago by the Morgan Creek Homeowners' Association, which did not go far enough into the Intracoastal to include Mr. Smith's property. Mr. Smith offered to procure a new hydrographic survey to determine the impact on the Intracoastal if it would help create leverage with the USACE.

Administrator Tucker expressed concerned about the timeline of the project.

Councilmember Loftus indicated that he normally would not consider any City project that included private property, but that he had evaluated the drainage outfall from his kayak and believed it to be a problem. Mayor Cronin reminded the group that any expansion of scope would increase the City's exposure to liability.

The Committee concurred and instructed the Administrator to expand the project scope to include Mr. Smith's dock.

To Chair Loftus' query, Administrator Tucker responded that she had received no communication from the Morgan Creek Homeowners' Association regarding the dredging project.

Regarding the project timeline, Mr. Walker speculated that as long as the City was engaged in dredging construction before the 15th of January, the City should be able to keep the timeline. The Mayor suggested that the date may need to change if other entities attempt to join the project as the scope would increase. Administrator Tucker stated that the City's procurement process, at minimum, is a 30-day process. Mr. Walker said he would communicate the City's timeline concerns to the USACE.

Administrator Tucker stated that the City would be glad to work with younger and newer members of the Corps' staff to allow for training opportunities on a successful project.

C. Update on Acknowledgement of Former Elected Officials

Douglas Kerr, Director of Building and Planning, stated his recommendation that the area of the turn of 14th Avenue and Ocean Boulevard that connects Ocean Boulevard to the County Park could be dedicated as "City Council Walk" or a similar name. A granite marker or a bronze placard could identify the walk. The City has bricks engraved once a year in October, and the Director suggests that this October's engraving include the names of former Councilmembers who have served since the Front Beach enhancement project was completed, approximately seven (7) members. Each subsequent October would include engraving for any outgoing Councilmembers. The initial cost would be approximately four hundred dollars (\$400), not inclusive of the labor to set the marker. As the engraving process is already established, there would be no additional staffing cost to maintain this program.

In response to Councilmember Stone's query about the cost, Director Kerr explained that the granite marker is seventy (\$70) and engraving of seven (7) bricks is eighteen dollars (\$18) each or one hundred twenty-six dollars (\$126). Director Kerr estimates two hundred dollars (\$200) to embed the granite marker in the pavers which would require some brickwork.

Mayor Cronin suggested considering including County Councilmembers as the walk would be right in front of the county park.

Chair Loftus suggested brainstorming a creative name for the walk.

The Committee instructed Director Kerr to execute the idea this October.

Chair Loftus remarked that he would like to see a bigger advertising push related to brick engraving to generate more interest and more revenue. Administrator Tucker clarified that City Hall has a map of all brick locations that can help brick buyers to find their bricks.

Chair Loftus wondered if changing the month that bricks are engraved to January could help with a Christmas sales push. Director Kerr explained that bricks need to be engraved in October due to the temperature of the brick. Engraving when bricks are too hot or too cold can deteriorate the bricks.

Director Kerr explained that the City essentially "breaks even" on the bricks. The cost of engraving bricks and mailing certificates leaves little revenue from the \$30 fee. If Council would

like to make the brick engraving program a source of revenue for the City, the cost of the bricks would need to be revisited.

D. Discussion of 1301 Palm Boulevard

Administrator Tucker reminded the Committee that at the conclusion of last meeting, the members in attendance toured the building and seemed to have concern over the state of the building. In the interim between meetings, Administrator Tucker arranged a similar tour for Councilmember Stone who had a conflict and was unable to attend the original tour. A decision now needs to be made regarding whether to rent the building, whether to test the building for mold or other substances, or whether to return to the original plan to demolish it. Regarding the option to offer the building for rent, the building is below the flood plain, meaning that the fifty percent (50%) rule would apply to any modifications. The rule states that if a structure is not going to be elevated above the flood plain, the cost of modifications can only equal fifty percent (50%) of the value of the building.

Administrator Tucker expressed two (2) concerns about leasing to a tenant: 1) potential hazardous conditions in the building and 2) the tenant and the City having conflicting desires about the lease term.

Mayor Cronin stated he did not like the idea of renting the building without testing it for mold or other hazards. He did not want a tenant to discover problems, and he did not want the City exposed to liability. If the City did test and discover a problem, the City would then incur the expense of restoring the building before being able to rent it. Mayor Cronin also called attention to the parking limitations of the building. A tenant would need to share ingress, egress and parking with public works vehicles, police vehicles and court attendees.

Councilmember Stone, assuming there is twelve hundred square feet (1,200 sq. ft.) of usable space in the building, projected eighteen thousand dollars (\$18,000) of income per year based on \$15 per square foot (\$15/sq. ft.). Councilmember Stone advocated a triple net lease so that all other expense would fall on the tenant's shoulders. Considering the issues from the perspective of a potential renter, Councilmember Stone conservatively estimated the amount available for renovation, using the fifty-percent (50%) rule, at sixty thousand dollars (\$60,000) and that a renter would not want to use that entire available amount to preserve some for emergencies. Councilmember Stone questioned whether the City should encumber the site in a five, ten, or fifteen year (5, 10, or 15 yr.) lease, which a renter would want to establish the business and maximize return on investment.

In response to Mayor Cronin's query, Director Kerr said that the number of parking spaces required for a retail establishment, per the City's ordinances, would depend on the use. Director Kerr opined that parking would be a challenge and would need to be contemplated in the lease. The Director did not believe that legal parking could occur in the horseshoe in front of the building as so all parking would need to occur on the side. Committee member Stone recalled high vehicular traffic at the building when the Building Department was located there.

Chair Loftus articulated that his biggest concern was return on investment. After the tour, Chair Loftus found the building to be in worse shape than he previously thought and was concerned

about what work would be required to make the building attractive to a renter.

Councilmember Stone stated that he believed the best use of 1301 Palm Boulevard would be for additional parking for 1207 Palm Boulevard. Administrator Tucker reminded the committee that additional parking was originally believed to be the best alternative for the site.

In response to Chair Loftus' query, Administrator Tucker remarked that some members of the community may express concerns over the demolition of a building that they consider to be historically significant, as 1301 Palm Boulevard was the original location of the Isle of Palms City Hall.

Regarding mold testing, Administrator Tucker explained that if the Committee did prefer to test the building for mold before making the determination of whether to demolish, they should authorize the more extensive mold testing that would also include cost estimates for mitigation.

MOTION: Committee member Stone moved to recommend to City Council to demolish 1301 Palm Boulevard, based on the lack of parking and concerns over the lease term; Mayor Cronin seconded and the motion PASSED UNANIMOUSLY.

6. New Business

Consideration of Award of Contracts in Excess of \$10,000 - None

7. Miscellaneous Business

Next Meeting Date: 8:30 a.m. Thursday, July 7th, 2011 in Council Chambers of City Hall.

8. Executive Session – not needed

9. Adjourn

MOTION: Chair Loftus moved to adjourn the meeting at 10:48 a.m.; Councilmember Stone seconded and the motion PASSED UNANIMOUSLY.