

REAL PROPERTY COMMITTEE

2:00 p.m., Wednesday, April 6, 2016

The regular meeting of the Real Property Committee was held at 2:00 p.m., Wednesday, April 6, 2016 in the City Hall Conference Room, 1207 Pam Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Harrington and Rice, Chair Bergwerf, Administrator Tucker, Assistant Administrator Fragoso and City Clerk Copeland; a quorum was present to conduct business.

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

2. Approval of Previous Meeting's Minutes

MOTION: Councilmember Rice moved to approve the minutes of the regular meeting of March 3, 2016 as submitted; Councilmember Harrington seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments

Stuart Colman, 10 Live Oak Drive, read his prepared statement that a dry stack storage facility should not be a part of the marina redevelopment plan. (A copy of his statement is attached to the historical record of the meeting.)

Phillip Smith, 8 Intracoastal Court, reported that among the recommendations made last week at the Planning Commission meeting relative to the marina redevelopment was the relocation of the watersports business a bit north and away from Mr. Smith's property line. To do so would lessen the impact of this business on the surrounding residential neighbors of the marina. He noted that this is a very lucrative business with as many as twelve (12) jet skis, parasail boats, jet boats, and maybe twenty to thirty (20-30) people on the dock at once. Mr. Smith noted that he has made this request several times and that he was hopeful to have the watersports dock moved as part of the redevelopment plan. He opined that many good ideas were made about parking and traffic flow at the marina, but the factor that impacts his area is the overflow parking; he described it as the biggest problem neighbors of the marina have. In all of the meetings he has attended, he has not heard a resolution to that problem. He commented that there is not room on Waterway Boulevard to park safely without impacting the bike path; he said that the parking of trailers along Waterway is a public safety hazard.

Shane Ziegler of Barrier Isle Ecotours stated that he has been running eco-tours out of the IOP marina since 1998; he said that he provides tours to approximately ten thousand (10,000) school children from throughout the state per year. He indicated that his business seldom impacts the parking issues at the marina because the school tours occur on weekdays in the spring and fall, not on the weekends; the tourists' tours in the summer months are also during the week.

4. Comments from Marina Tenants

Jay Clarke of Morgan Creek Grill presented the members of the Committee what he had given to the Planning Commission; a copy is attached to the historical record of the meeting.

Brian Berrigan, marina manager, initially thanked the Committee for holding their meeting earlier in the day, making it easier for him to attend. He reported that the kayak business has been moved off the ramp to a space behind the Intracoastal docks adjacent to Tidal Wave Watersports. He reported that he has also received complaints about people smoking on the back deck; therefore, he will be prohibiting smoking there. He plans to have signs printed, put up and to give a reasonable notification period, but he expects the City will hear some complaints about his action; a dedicated smoking place will be designated.

Michael Fiem of Tidal Wave Watersports commented that the Eco-tours were great for the marina and that they are very pleased about the relocation of the kayaks.

5. Old Business

A. Update on FEMA Project Worksheets related to 2 Category G Projects

Assistant Fragoso recalled for the Committee that one (1) FEMA worksheet was submitted for the damage to the beach from October storm for one and a half million dollars (\$1,500,000); the City has not received any comments or questions about it from FEMA. The City has been notified that it will receive seventy-five percent (75%) of the fifteen thousand dollars (\$15,000) in damages to the 49th Avenue beach access.

B. Discussion of Marina Redevelopment

Mr. Berrigan re-introduced John Shaffer to the Committee; then he displayed the two (2) ATM conceptual drawings and a third one developed by John Tarkany for Mr. Berrigan several years ago.

A sense of arrival has been a concept that Mr. Berrigan has supported for many years; he has thought such an entrance would serve the marina well. The drystack boat storage was an important factor early on and has been a source of much debate despite Mr. Berrigan's decision for it to serve island residents only.

Councilmember Harrington said that he has heard from residents who support the drystack; he opined that the City needs data on how many residents would store their boats in a drystack at the IOP marina.

Councilmember Rice agreed that there were interesting ideas in the Tarkany drawing; she voiced support for filling in the ditch since a car and trailer have been stuck in the ditch already this season.

Administrator Tucker explained that a portion of that ditch was considered to be wetlands, so to fill it in the City must create wetlands on another part of the island. The City would have to get permission from OCRM and the Corps of Engineers, then identify a location on the island to duplicate the habitat in the ditch at the marina. Therefore, the ditch can be piped.

Michael Fiem said that he has worked with the EPA in the past, and, based on his experience, the wetland under discussion is a dying wetland because the stormwater runoff continues to widen

it so that eventually it will not be a wetland. As the ditch widens and erodes away, it creates basically a immobile mound of sand between the Tidal Wave dock and Mr. Smith's dock. In addition, the area cannot be dredged because of the electrical lines that run through it; piping it could save money in the long run.

Councilmember Rice noted that there is also the issue of sand shifting behind the bulkhead.

Administrator Tucker stated that, shortly after the bulkhead was replaced, some of the tenants noticed that there was some silting on the landward side of the bulkhead. The engineering firm that designed the bulkhead was called to determine if there was a problem with the design of the bulkhead that was installed, and they decided that there was no problem. Weep holes are in the bulkhead that exist to allow materials to pass through it. It will require an engineer to assess the bulkhead and to advise the City about what should be done. The Administrator voiced the belief that the heavy rains in the fall, followed by Joaquin and the rains in the spring have only exacerbate the problem.

Councilmember Rice opined that this problem should be corrected before any decisions are made about the marina.

MOTION: Councilmember Rice moved to reach out to an engineer to learn the cost of an assessment of the bulkhead; Councilmember Harrington seconded and the motion PASSED UNANIMOUSLY.

Chair Bergwerf stated that she was never in favor of the marina study because she thought the purpose was to present a drystack to Council; for her, the crucial issue was to improve the footprint for parking and to keep all of the marina businesses within the marina footprint so that it does not affect the neighborhoods. In her opinion, a drystack storage would be "hugely" successful; her question is whether the object of marina redevelopment has been for the residents. As presented, she believes that the drystack would exceed the City's maximum height allowance of forty feet (40 ft.), and if one (1) level were to be removed, would it then be economically viable? Without a drystack, the City has a chance to make the vehicular and trailer parking efficient enough to keep the business within the footprint. She indicated that the majority of people she has heard from think a drystack would be too polluting and too noisy and would detract from the quality of life. The Chair stated that she "in no way," thinks the drystack would reduce traffic at the marina.

Councilmember Harrington indicated that he has no feeling one way or the other; therefore, he was looking for hard data regarding the level of interest among boat owners on the island.

Administrator Tucker informed the Committee that staff could find out how many residents were paying taxes for boats on the island; however, that would not capture the pros and cons of the balance of the population that might not be boating people but might have feelings about a drystack on the island.

Councilmember Rice indicated that she has gotten a lot of feedback on the drystack and most were not in favor of it. In her opinion, the goal should be the efficient use of space, to beautify it, etc. She remarked that, at three million dollars (\$3,000,000), the City would be a long time recuperating its investment.

Chair Bergwerf reiterated that, for her, parking is Number One. Since Wild Dunes does not allow a property owner to store his boat in his yard, the Chair repeated that the drystack would easily be filled.

Administrator Tucker stated that, if too many unknowns existed related to a drystack now, but, in the future, it would make perfect sense, maybe ATM should have come up with a third design that improves the entire space, but preserves space for a future drystack.

Looking at another aspect of the drawings, Mr. Berrigan stated that he was opposed to moving the gas pumps closer to 41st Avenue; he believes that moving them farther from the store will reduce business in the store and create a huge backup on 41st Avenue. He thought that preserving space for a future drystack was certainly doable. He supported the idea of having two (2) entrances, i.e. one (1) for bicycles, golf carts and pedestrians and one (1) for vehicles and boats/trailers.

Mr. Berrigan noted that, of the four (4) underground fuel storage tanks at the marina, two (2) serve the dock and two (2) serve the land fueling station.

Mr. Berrigan stated that he, too, was opposed to reducing the ramp from three (3) lanes to two (2) lanes. He indicated that he would only support a two (2) lane ramp if the drystack was constructed with its own ramp.

In the Administrator's mind, the motivation behind the two (2) lane ramp was part of planning a concept that fell within the parking requirements for the site; she could not understand that a two (2) lane ramp would be an improvement under any other circumstances.

Councilmember Rice asked what could be done to enforce the parking on the footprint when the lot is full, and her first thought was to send out electronic alerts.

In the Chair's opinion, the lot is never full because they simply pull out of the marina to park on Waterway Boulevard. Until trailer parking is not allowed on Waterway, it will continue. Since traffic into and out of the marina is so varied with vehicles, vehicles with trailers, golf carts and bicycles, how would anyone know when the lot is full? In the end, it all boils down to a quality of life issue for the Chair.

Administrator Tucker stated that she had heard questions about why the land side fuel docks could not be eliminated, but she indicated that have two (2) fueling resources on the island would be crucial in the event of a disaster.

Chair Bergwerf reminded everyone of the Marina Workshop at 5:30 p.m., Thursday, April 28th in Council Chambers.

While the structure of the workshop has not been addressed, the Administrator indicated that the important element of this meeting was for Councilmembers to talk to one another about the issues and to decide what they like and do not like in order to proceed.

Chair Bergwerf agreed that Council knew what the issues were because they have heard from many residents on both sides and they need a time for open dialogue.

C. Discussion of Tri-County Hospitality Center

Looking for tenets to steer his work, he found them in the City seal which are referenced economy, safety, health and service. He asked what Council was doing for the island economically that is important; certainly there are safety factors since they are public restrooms and a bathhouse; there are health issues; and it provides a service to a much larger population than the island.

Councilmember Kinghorn began with the assumption that the public restrooms are an under-utilized space – it is a million dollar (\$1,000,000) piece of property with a twenty-six (26) year old restroom on it. (The Councilmember's presentation is attached to the historical record of the meeting.) The property has undergone two (2) studies in the past three (3) years, and they concluded that the City has three (3) options for the space and they are:

- 1) Make minimum improvements to what currently exists at the location;
- 2) Replace the existing facilities with new and upgraded ones; or
- 3) Redevelop the property for the highest and best use, considered to be commercial redevelopment by the Hartnett report.

The justification in the title Tri-County Hospitality Center is to create something that has added value for all of the communities. It would be "a twelve thousand square foot (12,000 sq. ft.) two or three (2-3) story, class A multi-use facility that will maximize its value and serve the Charleston region's growing population by improving beach access and providing flexible multi-use facilities." In his research, he found that there is no public front beach access facility like the one described, and he imagined a long list of possible uses.

Partners for the venture who would find benefits for their residents were listed as the City of Isle of Palms, the Town of Mount Pleasant, Charleston County, Berkeley County, Dorchester County, South Carolina Parks, Recreation and Tourism, and possibly others.

In addition, Councilmember Kinghorn's suggestion included financials with the estimated cost of construction, revenue and expense estimates with a small net gain for the City.

Chair Bergwerf noted that the lot is thirty feet (30 ft.) wide with a six foot (6 ft.) walkway, so the maximum width of the building would be twenty-four feet (24 ft.). The Chair asked if the twelve thousand square feet (12,000 sq. ft.) represented three (3) stories, and Councilmember Kinghorn answered that it could be two or three (2-3) based on the ceiling height.

Director Kerr explained that they arrived at the numbers by assuming that the building would be thirty-feet (30 ft.) wide with an access under the building with a two hundred foot (200 ft.) buildable deck totaling six thousand square feet (6,000 sq. ft.) per floor with two floors.

The Chair indicated that she thought it would be a challenge to get Charleston County to assist with the restrooms at two hundred thousand dollars (\$200,000), and now we are also going to Dorchester and Berkeley. The Chair challenged Councilmember Kinghorn when she asked why

the Isle of Palms would think that neighboring counties would use their money for this project when they probably have more worthy things they could do for their citizens.

Councilmember Kinghorn saw the difference as not asking for hundreds of thousands of dollars for a toilet, but here they would be asked to make an investment on which they can get a return and they can offer their citizens a place to go to the beach where they have a stake or an ownership. For a million dollars, they are getting beach front access and an activity with all of the facilities and trimmings that it represents in addition to a return on investment.

The Chair voiced the opinion that the City was being very optimistic to think it could get someone from outside to fund the public restrooms. She opined that the City must have the design in hand when it goes to make a presentation to one (1) of these entities.

Alternatively, Councilmember Kinghorn suggested that the City could sell the property with the caveat that the buyer must provide twenty-five hundred square feet (2,500 sq. ft.) of restrooms and outdoor showers; then use the money for another project.

Chair Bergwerf and Councilmember Rice both voiced opposition to selling the property under any circumstances.

Having experience in event planning for Wild Dunes, Councilmember Rice stated that there is not a huge demand for events on the island. The City would need someone managing the space full-time to sell it, assist with setup and breakdown; the space would need a kitchen suitable for a wedding reception, i.e. she does not see the demand for the space as proposed.

Councilmember Kinghorn contended that no matter how difficult it might be, the City could miss an opportunity if it does not propose this idea to possible stakeholders.

Chair Bergwerf asked the Administrator about the status of funding from Charleston County; the Administrator replied that there was not a line in their budget for IOP restrooms, but they have not closed the door.

Councilmember Kinghorn stated that the Public Works Committee had a similar discussion, but thought it was worthy of further investigation. Having provided a draft concept, financials, steps to take and a draft letter to stakeholders, Councilmember Kinghorn thought it was up to Council to decide how to proceed.

One issue that came to light during the work with Liollo and the front beach merchants was the future need for secondary restroom facilities in addition to the existing location, possibly in the large parking lot. The utilization of the public restrooms continues to steadily increase.

Administrator Tucker observed that an obstacle to the idea was that the project was not sellable to other local governments, but if it is sellable to IOP on the notion that the goal of replacing the restrooms is accomplished and, in so doing, also creates a revenue generator for the City, is it distasteful to think in terms of doing a bigger project than was originally conceived without the outside investment, allowing the City to keep all of the revenue?

To get an architectural rendering of the vision, the Administrator recommended contacting Liollo because of their familiarity with the site. From that the Committee could decide if it was something the City wanted to pursue.

Having reviewed the handout from Morgan Creek Grill, Administrator Tucker indicated that there were some interesting points made and she did not want them to get overlooked. (A copy of the handout is attached to the historical record of the meeting.)

Chair Bergwerf asked Mr. Clarke how he wanted to reconfigure the finger docks, and he responded that he had submitted plans several years ago to extend the finger docks to the outer pilings on the IntraCoastal Waterway; he agreed to bring the drawings to the meeting of April 28th.

Mr. Clarke stated that, in the past, he had spoken with Charleston County about filling in the ditch along the property line, and he reported that Mosquito Control was fully supportive. He would like to see a vegetative buffer there and he thought it would lessen the flooding at Fire Station 2.

On the subject of employee parking at the space owned by the IOP Water and Sewer Commission, Mr. Clarke thought that possibly as many as fifty (50) vehicles could be parked there; he will bring the costs of fencing to the April 28th meeting also.

D. Update on 42nd Avenue Beach Access

The Administrator reported that City Council had authorized the construction of a handicap parking space there and that the City was getting the encroachment permit.

Director Kerr reported that the City has the SCDOT permit, and he is getting pricing on asphalt.

The handicap beach access path planned for this site was submitted for a grant that would have paid for fifty percent (50%) of the cost, and the City had budgeted ninety-five thousand dollars (\$95,000) for it. Director Kerr informed the Committee that OCRM actually has a law against two (2) access paths on one (1) property; therefore, he questions that the City would get funding if the it applied for the grant again next year for the same access. OCRM has granted the permit for the handicap path, but they might not want to participate in funding it since it goes against their regulations.

After much back and forth, the access at the Front Beach will be handicap accessible also; Director Kerr said the new path there will be flat and wide – an excellent handicap access.

6. New Business

A. Review of Operating Budgets for the Marina, Front Beach, Beach Renourishment and Monitoring

Administrator Tucker was going to review only those budget lines that were deviations from FY16.

Marina Fund Expenditures
General and Administrative

The Professional Services line includes the engineering and design for the comprehensive redevelopment project for Phase I, however Council decides to define it; the figures came from the ATM document.

Councilmember Rice noted that the line needed to be increased to include the engineering fees for the assessment of the bulkhead.

Marina Store

In the Insurance line, the only item is the premium for the underground tank; the property, liability and flood are paid by the City but reimbursed by the tenant.

Marina Fund

The cost of replacing the four (4) underground storage tanks is included in Other Capital Purchases along with the replacement of the dock fuel dispensers, only with failure. When staff reached out to a vendor for the replacement storage tanks, the cost had increased and is reflected in the FY17 budget.

Municipal Accommodations Fee Fund Expenditures Front Beach/Parking Enforcement/BSOs/Parking Lots

Printing and Office Supplies has nearly doubled at twenty-four thousand three hundred dollars (\$24,300) due to having more kiosks and a mixture of new and older kiosks, more supplies will be needed, as well as the cost of the parking decals and booklets, enforcement supplies and parking lot annual passes. Another line item that will increase because of the increased number of kiosks is the bank service charge for credit card processing. Telephone and Cable expenses have been increased by forty-two hundred dollars (\$4,200) for the service and 3G upgrade to the three (3) emergency call boxes and the monthly internet communication modem charge on the kiosks. Maintenance and Service Contracts has been increased primarily for things that need to be done at Front Beach to forty thousand three hundred dollars (\$40,300); sixty-eight hundred dollars (\$6,800) of the increase will go toward replacing four (4) bollard lights at the County Park walkway. Twenty-two thousand dollars (\$22,000) has been budgeted for Machinery and Equipment Repairs because the City has increased the number of kiosks and the older kiosks are requiring more extensive repairs; although City staff are making the bulk of the repairs, the parts are expensive. Professional Services has been increased by eighty-four hundred dollars (\$8,400) to twenty-seven thousand four hundred dollars (\$27,400) to include the T2Flex residential parking permit system subscription along with services related to parking and ticket management and the armored car service to take the money to the bank. The expense line for Miscellaneous and Contingency has been increased to seventy-five hundred dollars (\$7,500) for unanticipated costs in the first full year of residential parking permits and automated parking lots.

Public Restrooms/Front Beach/Breach Inlet

As in other departments in the City, the Insurance expense has been increased slightly to thirty-seven hundred sixty-four dollars (\$3,764).

Beach Restoration Fund Revenue

As discussed before, the City is planning for a renourishment project in the fall of 2016, and the anticipated sources of revenue are as follows:

Cash donation		8,875,039
\$232,610 stakeholder funds on-hand and new ESTIMATED Contributions of \$8,542,429		
Grant Income	State of South Carolina	2,625,000
	FEMA	753,951
Potential Loan Financing for balance of City's contribution		1,200,000
Transfers in	Beach Maintenance Fund	428,596
	Beach Preservation Fee Fund	<u>1,224,208</u>
Total Beach Restoration Revenue		15,006,894

Revenue estimated from Year 2 of the Beach Preservation Fee are one million thirty-five thousand dollars (\$1,035,000).

Expenditures proposed to be paid from the Beach Preservation Fee Fund are Debt Service principal and interest on a new loan to partially fund the City's portion of the off-shore dredging project totally one hundred sixty-eight thousand five hundred dollars (\$168,500). The Professional Services expenses will include the ongoing monitoring of the island's shoreline with an extra monitoring at Breach Inlet if necessary, the re-budget of the comprehensive beach management plan and a provision for legal fees related to future preservation activities.

Beach Maintenance Fund

Since the money remaining in this fund is expected to be transferred-in to the Beach Restoration Fund, staff anticipates closing out this fund with the off-shore dredging project.

Administrator Tucker remarked that the biggest question about this initiative is whether or not the City will have the money and be ready by the fall for it to proceed, and that would create complications since there are areas that are desperate for sand. The Administrator recalled that the City had decided not to do a shoal management project because the City was going to put the money toward the larger off-shore dredging project, but, if the situation becomes desperate enough and the City is not going to be able to mobilize soon enough to do the off-shore dredging, the City may be forced to do the shoal management project, at least for the areas that do not have wave dissipation devices.

The large spread sheets spread the expenses that have been discussed among the funds that will support them. For the Marina Fund in FY17, forty-one percent (41%) of the expenses will be covered by tourism funds with the balance coming from the Marina Fund.

For the Front Beach/Public Restrooms/Parking/Breach Inlet/Dune Walkovers/Beach Preservation and Maintenance, five percent (5%) of the necessary funding will come from tourism funds while ninety-five percent (95%) will come from the Beach Restoration/Beach Maintenance and Beach Preservation Fee Fund.

B. Consideration of Establishing a Property Acquisition Fund

Chair Bergwerf said that there had been dialogue that this should be a line in the budget and indicated that she was not moved in either direction; if a line were added to the budget, the possibility existed that citizens would think that the City had some future plans.

Councilmember Rice thought that property acquisitions were not something for Council to be focused on at this time.

Councilmember Harrington opined that the City should prepare in case an opportunity presents itself in the future.

The Chair countered that that City has never had a line in the budget for property acquisition before, but it had acquired property.

In the Administrator's opinion, the advantage of having it would be that money would be available if something were to become available.

On the other hand, the Chair commented that it would only become significant if there is a considerable sum of money in it. She added that the City is operating very conservatively so where would this money come from and how would it limit the City to do other things.

Councilmember Rice opined that currently the City was involved in a lot of projects and yet was not in a position to replace the public restrooms.

7. Miscellaneous Business

All tenants are current with their leases.

Next Meeting Date: 9:00 a.m., Thursday, May 5, 2016 in the Conference Room.

8. Executive Session – not needed

9. Adjournment

MOTION: Councilmember Rice moved to adjourn the meeting at 4:55 p.m.; Chair Bergwerf seconded, and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk

DRAFT