

**REAL PROPERTY COMMITTEE**  
5:30 p.m., Thursday, November 6, 2015

The regular meeting of the Real Property Committee was called to order at 5:30 p.m., Thursday, November 5, 2015 in the City Hall Conference Room, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf and Buckhannon, Chair Loftus, Administrator Tucker, Assistant Administrator Fragoso and Clerk Copeland; a quorum was present to conduct business.

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

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

**MOTION:** Councilmember Bergwerf moved to approve the minutes of the regular meeting of October 8, 2015 as submitted; Councilmember Buckhannon seconded and the motion **PASSED UNANIMOUSLY**.

3. **Citizens' Comments – None**

4. **Comments from Marina Tenants – None**

5. **Old Business**

A. **Consideration of Morgan Creek Grill Lease Amendment**

Jay Clarke, Carla Pope and Peter Kent attended the meeting representing Morgan Creek Grill (MCG) as owner, Operations Manager and accountant respectively, and Mr. Clarke indicated that Ms. Pope would be the primary speaker. Ms. Pope recalled that on October 16<sup>th</sup>, she and Mr. Clarke had sent an email to Administrator Tucker to be forwarded to the Committee stating that they would like to extend the restaurant lease without any other revisions; they are requesting a thirty-year (30 yr.) lease extension, six (6) extensions of five (5) years each. Ms. Pope said that she hoped the Committee would approve their request and take the lease to the Ways and Means Committee and City Council this month.

Councilmember Bergwerf noted that these lease negotiations were initiated before the City hired Applied Technology and Management (ATM) to develop a marina master plan; until the work has been completed, she voiced hesitation in extending the restaurant lease.

Ms. Pope commented that Morgan Creek Grill has been "a solid tenant" for thirteen (13) years; they have grown the business and have generated tax dollars for the City. She acknowledged that they have had rough times, which is indicative of the restaurant business; having survived at the marina through the hard times, Ms. Pope opined that MCG was a good option as the marina changes, is redeveloped and grows.

Responding to Councilmember Bergwerf, Ms. Pope stated that MCG has four (4) years after this year remaining in the current lease.

Chair Loftus referred to Exhibit One and asked whether any parking plan developed by ATM would conflict with such a plan. Mr. Clarke voiced confidence that the marina tenants would work

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together to accommodate any change. Ms. Pope added that the tenants are excited to have the master redevelopment plan become a reality because, once the master plan is in place, it will make the marina a more beautiful place for people to come, therefore, benefitting all of the tenants.

Mr. Clarke stated that, assuming they get the lease extension to secure appropriate funding, they are looking to make immediate improvements to the MCG building.

Councilmember Buckhannon recounted that one (1) reason he advocated for the other marina tenant to get a thirty-year (30-yr.) lease was because that tenant took over all maintenance of the building and saved the City "several hundred thousand dollars this year alone." The Administrator added that the tenant assumed responsibility for several items from the City's Capital Plan as future expenses.

Ms. Pope recalled that Mr. Clarke had agreed to do the same in a previous meeting, but Chair Loftus asked whether they were included in the language of the lease.

Chair Loftus reiterated that the other marina tenant had saved the City a significant amount of money in capital assets, but he could not see where MCG was making any concessions to benefit the City.

Mr. Clarke commented that, looking at the building when they originally occupied it and looking at it today, the improvements they have made over the years are quite evident.

Administrator Tucker opined that what was missing from this negotiation was what the benefit to the City would be of extending the term of the lease. From Morgan Creek Grill, the Administrator was hearing that the City would benefit by having the tenants remain and continuing to do what it has been doing, but the Committee wants to be shown demonstrably what the City would be relieved of in expense – not what has already been done – in exchange for the longer term lease.

Ms. Pope contended that they would be improving and expanding the restaurant to make it a place where people want to come; she added that previously they have listed for the Committee the improvements they plan to make if the lease were to be extended.

Chair Loftus reiterated that these items were not included in the lease as they were by another tenant; the City needs specific items spelled out in the lease identifying the benefits to the City before going to City Council with a recommendation.

Voicing her inexperience in the restaurant business, Administrator Tucker asked what kind of things they would need a line-of-credit for and the maximum term that the typical restaurant business can get on a line-of-credit. She asked whether thirty years (30 yrs.) was necessary or if there was a middle point that would serve the same purpose.

Mr. Kent stated that one should never use a line-of-credit for capital improvements; it would be for operating purposes, particularly in the months of November through February when receipts were too low to keep the business going – borrow then and pay back by the end of the next season.

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According to Mr. Kent, Mr. Clarke is referring to a fixed financing deal for large capital improvements and banks would be looking for ten to thirty (10-30) years depending on what kind of investment is being considered. To see a long-term lease is an advantage for a banker.

In Ms. Pope's opinion, the minimum would be twenty (20) years, but thirty (30) years would be the optimum.

Chair Loftus repeated that MCG is asking for an additional twenty-six (26) years on its lease without any concessions from the business to the City; as Committee Chair, he wanted to see specific items for which the restaurant would assume responsibility.

Ms. Pope stated that they could go through the lease and pull the items that were in the City's budget to add to it, and Mr. Clarke did not anticipate any problem in getting that done.

Ms. Pope asked whether, if they prepared a lease document that included specific items as requested by the Committee, the Committee would recommend the lease term extension.

The Chair indicated that the Committee would be inclined to move forward; additionally, he noted that the makeup of the Committee would be different in 2016 since he and Councilmember Buckhannon would not be on Council after December 31, 2015. He explained that he thought it unfair for this Committee to make the decision.

Mr. Clarke said that he would prefer to have his attorney prepare another agreement very quickly and to get closure with the Committee as it exists today.

Administrator Tucker suggested that, since people are anxious about another thirty (30) year lease at the marina at this time, they consider twenty (20) years; she thought that number might be more palpable.

The Committee agreed to hold a Special Meeting at 5:30 p.m., Monday, November 16.

Since this meeting will be the day before Ways and Means and City Council, the Administrator indicated that the MCG lease amendment would be on the agendas, and, if the Special Meeting does not go well, the subject would not be addressed at those meetings.

## **B. Update on golf cart path between 18<sup>th</sup> and 20<sup>th</sup> Avenues**

Administrator Tucker reported that Director Kerr has gone back to SCDOT with comments about the idea of altering the path to accommodate pedestrians and golf carts without moving the existing infrastructure.

Director Kerr recounted that he had worked through a schedule of the requirements to put in a foot path adjacent to the private property and leave the sidewalk as it is, but staff was asked to

look into swapping the two (2) paths. Making the existing sidewalk golf cart friendly and using the dirt path for pedestrians; the potential problem is that the poles would still be in the walking path and people would have to walk around them.

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Councilmember Bergwerf said that her understanding of swapping the paths was that the sidewalk would be improved and widened and the pedestrian path would be paved or something but not dirt.

The Director said that he had asked SCDOT about swapping the paths, but no one in the Charleston district could answer that question so it was pushed up to the state level. The answer the City received was “probably.”

The objective in switching the paths was to avoid the expense of moving the telephone pole; Director Kerr stated that what he was hearing was to make the sidewalk work, it would have to be widened by about three (3) feet for a distance of two hundred thirty feet (230 ft.) and a barrier added at the edge of the curb. Any savings that could have been achieved by not removing the pole would be negated by the cost of widening the sidewalk.

Councilmember Bergwerf opined that, if there would be no savings, staff should go back to the original plan, and Director Kerr explained that Plan A was a rock and dirt golf cart path. The Councilmember stated that she could not imagine pedestrians using the dirt path instead of walking on the golf cart path/sidewalk.

Director Kerr indicated that to get a definitive answer from SCDOT would require submitting a fully engineered plan to them.

### **C. Marina Enhancement Limited Conditions Assessment**

Kirby Marshall from ATM was present to present the draft Limited Conditions Assessment the purpose of which was to provide a general idea of what items at the marina are in suitable condition to re-use in a redeveloped site. (A copy of the draft document is attached to the historical record of the meeting.)

Mr. Marshall distributed an aerial photograph of the marina on which the docks were labeled and colored differently. He described Docks A, B and C as docks that are floating, timber frame structures that are twenty-five to thirty (25-30) years old and at the end of their useful life; evidence of failures and rot are visible. These docks would not be useful in a redeveloped marina. Mr. Marshall added that ATM had found no immediate, substantial life or safety issues with the floating docks with the exception of the boarding dock and gangway adjacent to the south side of the boat ramp.

The Intracoastal Dock D is a newer dock the City built eight or ten (8-10) years ago and is in much better condition than the other floating docks in the marina. This dock shares use between the restaurant and the marina; the marina manager and the restaurateur agreed that they are not configured optimally for their use. The fingers are relatively short and, being on the Intracoastal Waterway, wakes become an issue. Although there are areas that need

maintenance, they are in pretty good condition and are an asset that could be re-used in a redeveloped marina.

Dock E is the water-sports dock and in very similar condition to Dock D; it was recently refurbished. An issue with listing is evident and likely caused by the equipment that is staged on the dock. It would also be considered for re-use.

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The gangways that service the floating docks are older and do not have very good transition plates, becoming a trip hazard, and they are not ADA compliant.

Chair Loftus asked Mr. Marshall to point out other ADA deficiencies they found. Mr. Marshall assured the Chair that there was "nothing overwhelming;" if the docks were to be redeveloped, there is nothing in terms of ADA compliance that would require additional infrastructure or investment or cost, except possibly the length of the gangway.

The Chair asked whether ATM was recommending eliminating Docks A, B and C in a redevelop-ment project, and Mr. Marshall said that they were. The utilities and fueling station on the dock would also need to be replaced.

Councilmember Buckhannon stated that the demand for smaller boat slips would decrease if there were dry-stack storage for smaller boats at the marina, it would also open up the possibility for larger boats at the marina that would change the dynamic and layout of the docks.

Chair Loftus imagined that the marina would gain slips in a dock reconfiguration, but Mr. Marshall disagreed, saying the marina does not have the space for more slips, but Mr. Marshall said that, with a reconfiguration, there would be better staging at the ramp.

Continuing with the review of the limited assessment, Mr. Marshall stated that they had found some rust and degradation to the outer coating of the bulkhead, but it was in generally good condition. An area of concern was in the area of the back deck of the store; there appeared to be potential shifts to the building toward the bulkhead wall, which could be related to some backfill loss behind the bulkhead. The boat ramp is older and has a smooth surface where today's ramps have a grooved surface; it has been well maintained and is serviceable. Mr. Marshall did notice that, at the restaurant's outdoor seating area, there has been settling of the concrete paver blocks which is indicative of soil loss behind the bulkhead. ATM only did an overview of the parking areas and adjacent roadways, but Mr. Marshall did note that the parking consists of a "hodgepodge" of surfaces. As for the buildings at the marina; ATM did not do a structural integrity study, but, although they are old, they are serviceable and being regularly maintained by regular tenants. He added that the structures are probably well-sited on the property. The upland fuel tanks beneath the pumps are older, single-wall containment tanks that are serviceable; the redevelopment plan will consider the location of the tanks and, particularly, the pumps "that are obviously in a less than ideal location." The pumps are in good condition and could be used in a redeveloped marina.

Currently the ATM team is looking, in more detail, at what is there and what should be there from a parking perspective, and they are on schedule.

When Chair Loftus asked Mr. Marshall if they had encountered any surprises, Mr. Marshall replied that they have not.

**6. New Business – None**

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**7. Miscellaneous Business**

All City tenants are current with their rents.

Next Meeting Date: 5:30 p.m., Wednesday, January 6, 2016 in the Conference Room.

Administrator Tucker announced that she would be sending Councilmembers the results of the assessment that was done on the beach after the recent extreme storm and high tides.

**8. Executive Session – not necessary**

**9. Adjourn**

**MOTION: Councilmember Buckhannon moved to adjourn the meeting at 6:42 p.m.; Chair Loftus seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland  
City Clerk