

REAL PROPERTY ADVISORY COMMITTEE

8:30 a.m., Thursday, March 6, 2008

The regular meeting of the Real Property Advisory Committee was held at 8:30 a.m. on Thursday, March 6, 2008 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilwoman Rice, Councilman Cronin, Jim Raih, Marina Manager Berrigan, Administrator Tucker and Assistant to the Administrator Dziuban.

1. **Call to Order** and acknowledgement that the press and the public were duly notified of the meeting in accordance with the Freedom of Information Act.
2. **Approval of Previous Meeting's Minutes** – February 11, 2008

MOTION: Jim Raih moved to approve the minutes of the regular meeting of February 11, 2008 as submitted; Councilman Cronin seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** - None
4. **Marina Manager's Report** – Brian Berrigan

Manager Berrigan commented that there was a lot going on at the marina. He reported that the marina store was on target to open on Friday, March 14, 2008, but the grand opening would be held on another day. Assistant Dziuban asked that Manager Berrigan coordinate with her on news releases she could include in the City's E-newsletter. Councilwoman Rice asked if the dock planking had been replaced; Marina Manager Berrigan replied that final touches were being done. He requested that the Committee arrange to meet at the marina next month to look at various rail systems he has found that would be appropriate for the marina. Councilwoman Rice commented that she has made several trips to the marina and that it was looking very good; she asked if the solar lighting at the entrance was helping. Manager Berrigan said that it was definitely "doing the job," but that some cosmetic touches needed to be added.

Mr. Raih asked for clarification on the removal of "old awning framework from deck" that was listed under *Projects Completed* – was it a marina project or a Marina Market project? Manager Berrigan confirmed that it was a marina project; Mr. Raih explained that it was important that the two (2) projects be kept separate and that the monthly report to the Committee contain only issues related to the marina as an entity of the City, not issues related solely attributed to Marina Market. Administrator Tucker stated that she understood Mr. Raih to be saying that the Committee would like to see two (2) reports – one (1) on the marina management activities and one (1) on Marina Market activities.

Mr. Raih's next question was to know if Manager Berrigan had a copy of the Transient Boater Survey. Manager Berrigan stated that he and Councilman Cronin were working on it and that it would be ready in three (3) months. Councilman Cronin reported that they were seeking to determine who was using the marina, where these people were coming from, their local address and their general address. At the end of three (3) months, the statistical data would be compiled. It is Councilman Cronin's contention that many Charleston County residents use the marina, and, if that proves to be true, the island could possibly qualify for additional funding from Charleston County for marina improvements. This particular survey would involve only the dock usage; if the information is helpful and not too burdensome to obtain, a future survey could include ramp usage as well. Manager Berrigan noted that he has added a question about the duration of stay to the survey form; Administrator Tucker asked that the survey also inquire about the registration for the vessel as it was often not the owner's home address.

The Administrator informed the Committee that field personnel from Charleston County visit the City's marina, as well as around Morgan Creek marina, to ensure that the City got all of the taxes on vessels that were moored at the island. There was usually only one (1) such visit per year. Manager Berrigan added that the County was also using satellite photography every couple of months to document the permanence of boats at a given location.

In answer to Mr. Raih's questions about the garbage enclosures and the dumpster enclosure, Manager Berrigan explained that the dumpster enclosure was frequently hit by the trucks when emptied, and the entire left side needed to be repaired. The trash cans would be replaced with ones made from IPE hardwood that last a very long time.

5. Old Business

A. Discussion of Bulkhead Replacement and Dredging at the Marina

Councilwoman Rice related to the Committee that this subject had been deferred at the Ways and Means Committee meeting because they were expecting to have a bulkhead monitoring report before the next meeting. The contract has been signed and the group that will do the monitoring will be from Jon Guerry Taylor, not General Engineering, but they will have access to the prior studies done by General Engineering as a basis for comparison. Councilman Cronin added that another reason a decision was postponed was to give time for every member of Council to go to the marina to observe the condition of the bulkhead. Manager Berrigan commented that the best time of day to come to the marina to get the truest picture of the bulkhead was at low tide.

B. Prioritization from Morgan Creek Grill

Councilwoman Rice reminded the Committee of their meeting at Morgan Creek Grill some six (6) weeks ago where they walked the building with Jay Clarke and Carla Pope as Mr. Clarke described the problems with the structure, as well as his future plans for the restaurant. Ms. Pope explained that the restaurant has become successful to the point that it was paying to the City a percentage of profits each year in addition to base rent as stipulated by the lease; she and Mr. Clarke were interested in discussing the possibility that those funds be re-invested into the restaurant to cover the costs of the repairs and improvements listed.

Administrator Tucker noted that, if the City were to agree to do this, the terms of the lease would have to be amended. She stated that there would also have to be an accounting of the money and parameters set for the amount of time, meaning that earnings for this period were to be spent and accounted for by this date. Ms. Pope noted that she and Mr. Clarke would be willing to place the funds into a special account to be used only for this purpose.

Councilwoman Rice's first question was if she was seeking to have all of the percentage payment to the City returned for this purpose; Ms. Pope's response was that they wanted to work with the City, therefore, would take whatever was deemed appropriate. Mr. Raih expressed his opinion that there should be a ceiling, or cap, put on the amount that would be returned.

The terms of the existing lease were related as stating that Morgan Creek Grill was to pay to the City one percent (1%) over one millions dollars (\$1,000,000) in gross revenue, as defined by the lease, and two percent (2%) over two million dollars (\$2,000,000) in gross revenue, as defined by the lease.

Following discussion, the Committee was in agreement that the City should not return the entire percentage payment to the restaurant. Councilman Cronin did state that neither the City nor the tenant should allow the structure to deteriorate; Mr. Raih contended that, according to the lease, it was the tenant's responsibility, not the City's. Ms. Pope informed the Committee that Morgan Creek Grill's revenues to date are right at two million dollars (\$2,000,000).

Councilwoman Rice stated that she would entertain a cost ceiling. Ms. Pope remarked that she would look into the status of the financial statement for the year ended June 30, 2007. Administrator Tucker then asked if Ms. Pope were asking to re-negotiate the amount that is due now, as well as amounts due in the future, and Ms. Pope noted that was a possibility. The Administrator commented that it would be difficult to change

terms that already exist as opposed to future terms; Councilwoman Rice agreed that any change should be going forward.

Administrator Tucker asked the status of the elevator as it was not on the list of priority projects; Ms. Pope answered that there were other items, such as the generator, which were determined to be more important to the management of the restaurant in terms of revenue.

Administrator Tucker asked to amend the agenda for an Executive Session at the end of the meeting.

MOTION: Councilman Cronin moved to amend the Agenda to hold an Executive Session to discuss contractual issues following the completion of New Business; Councilwoman Rice seconded and the motion PASSED UNANIMOUSLY.

C. Prioritization of FY 2008-2009 Capital Budget for the Marina

Administrator Tucker commented that little has changed in the marina capital budget since it was reviewed last month; the bulkhead and dredging were still included as no decision has been made on those projects. With the uncertainty about the improvements at the restaurant, question marks were placed in that slot.

Councilwoman Rice questioned how the Staff had arrived at a figure of \$2.5 million for the Marina Enhancement Project noted in budget year FY 11. The Administrator explained that the Staff had reviewed the costs of the improvements to Front Beach and added in the fact that the marina improvements would be more complicated since the infrastructure is below grade. Councilwoman Rice then asked if the consulting and design fees for that project were relatively solid; Administrator Tucker stated that figure was most likely a percentage of the estimated cost of the project.

Mr. Raih asked if the Committee wanted to budget any money for a parking lot study despite the fact that the Committee has been turned down twice by City Council. He stated if the cost of something is in excess of one thousand dollars (\$1,000) it must go through the full approval process, whereas, if it is under one thousand dollars (\$1,000) the funds can be expended from the budget.

Administrator Tucker asked to clarify Mr. Raih's comments by saying that she has the authority to spend one thousand dollars (\$1,000) without going through an approval process, but she added that she rarely does it. If the Committee is spending a budgeted amount, which Council has already planned for (no matter the actual amount), as Administrator, she will do it. At the same time, any contract of ten thousand dollars

(\$10,000) or more must be awarded by Council despite its being budgeted. If a parking study were budgeted for five thousand dollars, the approval level is within the purview of the Administrator; if not budgeted, it must then go through the approval process. The Committee agreed to increase the Capital Budget by five thousand dollars (\$5,000) to fund a parking study at the marina.

D. Update on Alternate Fencing for Large Parking Lot

The bids for four (4) and six (6) foot fencing for the large parking lot were as follows:

<u>Vendor</u>	<u>Height</u>	<u>Cost</u>
Lowcountry Fence and Deck	6 feet	\$5,500
AAA Fence Company	4 feet or 6 feet Same price	5,685
Four Corners Fencing, LLC	4 feet 6 feet	4,980 5,290

Councilwoman Rice noted that \$5,300 was a considerable amount of money and asked if the installation of the fencing was critical. Administrator Tucker remarked that there was chain link fence there now that allowed dust and debris to pass through. Councilwoman Rice asked if Public Works could put that area on a rotation to clean; Administrator Tucker stated that Public Works was likely cleaning the parking lots, but the frequency might not be what the adjoining residents would prefer. Councilwoman Rice asked that Administrator Tucker ask Public Works to give the parking lots special attention, and the Committee agreed not to purchase new fencing at this time.

6. New Business

A. Review Invoice for Marina Store Repairs

Administrator Tucker stated that the invoices were for the freezer and that the invoices total approximately \$3,500. The Administrator explained that, while the freezer was a necessity for the store, these expenses were more than she anticipated for repairs. She noted that frequently Manager Berrigan would call her about small items that need repair, such as a door, and she would give approval to have the work done at the City's expense. These expenses obviously exceed her authority for approval. Administrator Tucker was asking the Committee whether they wanted to pay these invoices in full or in part, and, if in part, how much. Manager Berrigan was asking for the City to pay the invoices in full using the remaining funds approved for refurbishing the restrooms since it came in under budget. He expressed his opinion that the roof, the electrical and

coolers were among the items that the City should be obligated to before Marina Outpost took possession. There was an extended discussion about the parts and labor involved in the repairs.

MOTION: Mr. Raih moved to pay the invoices in full for the repairs of the freezer from the balance of funds originally approved for the refurbishing of the restrooms; Councilwoman Rice seconded.

There was a brief discussion before the vote was taken.

Call for the Question: The motion PASSED on a vote of two (2) to one (1) with Mr. Raih casting the negative vote.

B. Review of FY 2008-2009 Operating Budget

Starting with Marina Fund Revenues, Administrator Tucker explained that, to dovetail with the Capital Budget, debt service on a Revenue Bond was included to finance the bulkhead and dredging. The rent would increase by the CPI as required per the lease.

On the expense side, the Administrator commented that very little has changed from the previous year. Administrator Tucker informed the Committee that the City was undergoing a property re-evaluation by the City's insurance carrier; while the rates were not expected to increase, the value of property owned by the City was expected to increase which would increase the premiums.

Mr. Raih requested information on the increase in *Professional Services*; the Administrator responded that the Staff had included the bond administration fees and ongoing bulkhead monitoring. Councilwoman Rice questioned that six thousand dollars (\$6,000), indicated in the notes, was a sufficient amount of money for the continued bulkhead monitoring. Administrator Tucker noted that, if the bulkhead replacement project moved forward, there would be no need for further monitoring.

It was agreed that the Committee had already discussed the Marina Market budget.

7. Miscellaneous

Status of Marina Market

Mr. Raih asked Manager Berrigan how many inspections would take place before the opening on March 14; the reply was one (1).

Councilwoman Rice expressed her concerns about the materials used for new railings; she stated that, with the harsh conditions, everything seemed to rust. Manager Berrigan commented that, according to the manufacturers, particles were attaching to the stainless steel and those particles were rusting, not the stainless. He added that the apparent rust could be removed when the surfaces were cleaned.

Next Meeting Date: 8:30 a.m., Thursday, April 3, 2008 at the Marina
9:30 a.m., Thursday, April 3, 2008 in Council Chambers

MOTION: Mr. Raih moved that the Committee go into Executive Session at approximately 9:25 a.m.; Councilman Cronin seconded and the motion PASSED UNANIMOUSLY.

The Committee returned from Executive Session at approximately 9:45 a.m., and Councilwoman Rice reported that no action and no votes were taken by the Committee in Executive Session.

MOTION: Councilman Cronin moved for the Real Property Committee to recommend to the Ways and Means Committee to refinance the marina debt; Councilman Raih seconded and the motion PASSED UNANIMOUSLY.

8. Adjourn

MOTION: With no further business to come before the Committee, Councilwoman Rice moved to adjourn the meeting at 9:47 a.m.; Mr. Raih seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk