

REAL PROPERTY COMMITTEE

4:30 p.m., Tuesday, April 7, 2009

The regular meeting of the Real Property Committee was held at 4:30 p.m. on Tuesday, April 7, 2009 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Chairman Cronin, Councilman Taylor, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban, Marina Manager Berrigan, Morgan Creek representative Carla Pope and City Clerk Copeland. Councilwoman Rice's absence was excused.

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

2. Approval of Previous Meetings' Minutes

MOTION: Councilman Taylor moved to approve the minutes of the regular meeting of March 6, 2009 and the Special Meeting of March 17, 2009 as submitted; Mayor Cronin seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments

Administator Tucker commented that someone had called just prior to the meeting wanting to speak; she, therefore, suggested holding this agenda item open until the party arrived. There was no objection from the Committee.

4. Financial Report – Schedule of Tenant Rents and Management Agreement Fees

Mayor Cronin directed attention to the schedules Treasurer Suggs had prepared at the request of Councilman Taylor that show financial status and financial terms of the City's rents and Management Agreement fees with Barrier Isles, LLC, dba Morgan Creek Grill; Marina Joint Ventures; Marina Outpost, dba Marina Market; Schupp Enterprises; and Water Toys, LLC, dba TidalWave Watersports. Mayor Cronin explained that the Committee intends to use the schedules as a tool to ensure that all parties are doing as they should, including the City.

5. Marina Manager's Report – Brian Berrigan

Mr. Berrigan said that everything was coming back together at the Marina since the bulkhead has been completed. He reported that there is a drop-off of three to four (3-4) feet at the end of the boat ramp; when a boat is being loaded or unloaded at low tide, the trailer drops down and the only way to get it back on the ramp is to physically get down in the water with several people to lift it or to get a tow truck. This situation has

occurred twice in the past month, he reported. There is a quantity of rock left over from the bulkhead replacement that Mr. Berrigan would like to use to fill in the drop-off at the end of the ramp with the Committee's approval. The only concern voiced by Mayor Cronin was that to do this could require a permit from one of the regulating agencies. The Committee agreed to allow Mr. Berrigan to put the rocks at the end of the ramp after he contacts the appropriate agencies about permitting requirements.

The 10th Anniversary Party for the marina has been scheduled for Sunday, May 3, 2009; Mr. Berrigan distributed a handout with more information about the party. He noted that ATAX had awarded Marina Joint Ventures with Morgan Creek Grill three thousand dollars (\$3,000) for the event, and they would like City participation, but the event will take place with or without City assistance. Ms. Pope stated that all of the marina tenants are contributing as they can to the event; there are many events scheduled for children and adults, as well as a pig-picking. The theme of the party will be Pirates of Morgan Creek; Administrator Tucker suggested holding a pirate costume contest. The Administrator gave approval to Mr. Berrigan's request to use off-duty police officers to assist with the event.

Mr. Berrigan informed the Committee that the kayak hut had been relocated, and there was general agreement that it appeared to be straighter now than before the move. He also said that Chris Crowley of Coastal Expeditions might have been the party who called asking to speak at the meeting, because Mr. Crowley had discussed with Mr. Berrigan the possibility of moving the hut to another location.

Mr. Berrigan said he would wait to hear the discussion on dredging, but that there were definitely some issues at the marina related to dredging. He noted that the pile guides were not installed on the dock directly behind the fuel dock because they would tear the dock apart because of the way it sits at low tide. He anticipates having them installed when the marina is dredged.

Councilman Taylor asked for more information about the entry on the written report of "courtesy valet launches/parking;" Mr. Berrigan said it was something he was going to try. He said he has gotten the appropriate insurance, and the plan is to back the trailers into the water, load the driver of the boat as the balance of the party walks down to the dock to wait for the boat to come around, then park the vehicle. He believes that it will certainly speed up the activity at the boat ramp, and it will also help with overall organization. Mr. Berrigan continued, saying that the boaters would be given a ticket with the marina's phone number and a VHF radio to call when they are returning; if this is during business hours, someone would get the trailer in place to load the boat for the boater.

6. Morgan Creek Grill Report – Carla Pope

Ms. Pope apologized for Jay Clarke's absence from the meeting. She stated that they have reviewed the rent schedule that was provided to them, but she was aware of the information. She reported that she had dropped off a couple of checks the day before; she explained that business has increased significantly and Morgan Creek Grill has a positive cash flow again. She, therefore, anticipates catching up with the restaurant's financial responsibilities to the City by the end of May, and Ms. Pope said she would be bringing in a check every Friday afternoon. As for the additional rent for 2008, she has calculated what the number is, but Mr. Clarke wants his accountant to sign off on it before a check is written. Ms. Pope said that the amount she has computed is approximately twenty-nine thousand dollars (\$29,000), which is up from some twenty-five thousand dollars (\$25,000) for 2007; she plans to have that amount paid by November 2009. A written payment schedule will be provided to the City by the end of the week.

7. Old Business

A. Review of Capital and Operating Budgets for FY 2009-2010

Mayor Cronin related that he and Councilman Taylor had met with Administrator Tucker and Treasurer Suggs for some two (2) hours earlier in the afternoon to review the budgets. Administrator Tucker pointed out that expense for monitoring the bulkhead was included in the Marina Administrative budget two (2) times, but the monitoring will not be necessary since the bulkhead is new; therefore this expense will be removed. Secondly she wanted to make the tenants aware that there has been a clear directive from both this Committee and City Council, as a whole, that the City is to adhere to the letter of the leases. As a result, there have been some items that the City has historically have plugged budget numbers into that are now empty; places where that shows up are on the Marina Store under *Maintenance and Service Contracts* and *Machinery and Equipment Repair*. These changes come from the position that the leases call for the tenants to do these things.

B. Update on Beach Restoration Project

Mayor Cronin stated that there had been two (2) items in the meeting packets from Coastal Science and Engineering; one (1) was about the sediment compaction results, which appears to recommend that the City does not have to till this year, but the results must be reviewed by the regulating agencies, and the other referred to the shoreline change.

Administrator Tucker announced that, when the Committee goes into Executive Session, she has an update on a contractual matter related to the beach restoration project.

C. Update on Bulkhead Replacement Project

Administrator Tucker reported that the bulkhead is mostly completed; the one (1) piece of unfinished business is the easement related to the Dewees property, i.e. the Dewees people have asked the City to obtain additional insurance regarding the easement. The City will be contacting its insurance company, and there may be an expense related to the insurance that would need to be plugged into the FY 2009-2010 budget. The only issue with the easement is that the agreement has to be voted on by its entire membership, so it will not be finalized until that vote is taken.

D. Update on Dredging

Administrator Tucker noted that, in meeting packets, was a letter from Ray Dennis of the Morgan Creek Harbor Association, and Mr. Dennis is present at this meeting. She summarized the letter by saying that they would like to see the City go forward with the dredging although they believe that they could wait another year; the survey results are in, but it is very easy to see the silting problem at low tide. The Administrator related that, in the review of the overall budget, it appears that the City cannot afford to dredge in this fiscal year despite the added expense of acquiring another permit; the final decision will be made at the Ways and Means meeting on April 15.

Councilman Taylor explained that two (2) key factors related to the dredging contributed to the decision to postpone it; those factors are

- 1) The City has no approved spoil site, and
- 2) If the City were to be allowed to use the same spoil site it used before, what must be done to the site and what will the cost be to do it.

Mr. Taylor asked Mr. Dennis to come forward to elaborate on the thoughts of the Morgan Creek Harbor Association. Mr. Dennis referred to his letter and the fact that, in it, he had tried to outline all of the points to be considered. He commented that the biggest issue facing the Association is the one million dollars (\$1,000,000) required to re-coat their bulkhead – a project that cannot be delayed. The engineer that did the survey said that the general condition of the channel is all right, so they are not committed to dredging this year. He also pointed out the additional costs of getting a new permit related to delaying and the expense of getting a new application and environmental approval; there is also the issue of spoilage if the City is not allowed to use the original site – the further the spoilage has to travel, the more expensive it is.

Mr. Dennis concluded by indicating that the Morgan Creek Harbor Association would have no problem to delay dredging for a year.

MOTION: Mayor Cronin moved to defer dredging for one (1) year but, subject to Ways and Means, keep money in the budget for permitting and engineering; Councilman Taylor seconded and the motion PASSED UNANIMOUSLY.

Mr. Dennis said he would poll his board members to confirm their agreement with the decision to delay for a year, and he would notify the City of the results.

E. Update on Marina Improvements Financing

Administrator Tucker noted that the scheduling related to the General Obligation Bond was in meeting packets; she stated that bid opening will be April 17 and that she expects to award the bid the same day. The borrowing is only one million dollars (\$1,000,000) because of the amount the City had budgeted and set aside for the project.

F. Discussion of Marina Request for Proposal

The Administrator commented that the draft model of the RFP was included in packets; she explained that her goal was to get feedback from the members of the Committee and the balance of Council by Wednesday, April 15. She stated that there had also been a memo of pros and cons regarding lease agreement versus management agreement; she related that the Mayor suggested having the RFP reflect both options, and for the City to elect what was most advantageous. She noted that the City Attorney believes that the City has less liability in a lease agreement than a management agreement. Administrator Tucker stated that one (1) of the strongest goals in the decision would be no loss of revenue; the City would want the revenue to be stable or better.

8. New Business

A. Discussion of Front Beach Restrooms

Administrator Tucker stated that she did not have all of the information she had needed for this meeting, but said that something has to be done about the leak in the roof at the Front Beach restrooms. In the current budget, there is seven thousand five hundred dollars (\$7,500) earmarked to make repairs to the roof, but the Administrator does not believe that amount is sufficient for the amount of work that needs to be done. She said that the moisture problem has become so severe that, for an unknown period, the

restrooms could not be secured; Public Works Director Pitts has replaced the doors to secure the building. Building Director Kerr is getting pricing for the repairs that are needed, but the quotes have not come back. If the quotes come in and are favorable, she asked permission from this Committee to place the subject on the Ways and Means agenda for April 15; the Committee agreed.

B. Request from TidalWave

Mr. Berrigan explained that Mr. Fiem had a family emergency that prevented him from attending the meeting; therefore, he would provide the information on the request. He stated that, despite the fact that he has not occupied the dock for several years, he was in a position to attest to the fact that it has significant wear and tear. Specifically, Mr. Berrigan reported that there are several floats missing and the gangway is not safe; there is also considerable silting in that area.

Mr. Fiem's proposal with photographs illustrating the problems was included in packets.

Mr. Berrigan had the actual cost estimates in the folder Mr. Feim had provided him.

Councilman Taylor reported that there was three thousand dollars (\$3,000) in the FY 2009-2010 budget for dock repairs at TidalWave, which could be taken out of the budget.

Treasurer Suggs informed the Committee that there was five thousand dollars (\$5,000) in the FY 2008-2009 budget for contingency, and none of those funds have been spent. The City could provide the funds for Mr. Fiem from the current budget.

MOTION: Councilman Taylor moved to accept the proposal from TidalWave Watersports to spend up to \$3,000 to replace the floats, replace the decking and stainless steel screws; Mayor Cronin seconded and the motion PASSED UNANIMOUSLY.

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

3. Citizens' Comments

Chris Crolley of Coastal Expeditions explained that the new location of the hut is not conducive to his business operation; therefore, he would like to partner with TidalWave and relocate the hut more between the ramp to the City docks and TidalWave. He noted that doing this would put all of the water-based activities in one (1) location. Administrator Tucker stated that, when the subject was discussed before, one (1) consideration had been the fact that there is a required setback from the marsh of

twenty (20) feet. Councilman Taylor suggested that the hut be placed on the pad that is at the end of 41st Avenue; the Administrator was going to have Director Kerr take a sketch of the marina property and delineate the twenty (20) foot setback area.

Mr. Crolley explained that, between the relocation of the hut and the replacement of the bulkhead, his business had been practically shut down; he reported that, in March 2008, gross revenue had been in excess of five thousand dollars (\$5,000), but, in March 2009, the gross revenue had been only one hundred sixteen dollars (\$116).

Because there was another meeting to be held at 5:30 p.m. and this issue could not be discussed further, the Committee planned a special meeting for 5 p.m. on Wednesday, April 15.

9. Executive Session to discuss contractual matters

MOTION: Councilman Taylor moved to go into Executive Session at 5:30 pm.; Mayor Cronin seconded and the motion PASSED UNANIMOUSLY.

The Committee returned to regular session at 5:40 p.m.; Mayor Cronin noted that no action and no votes had been taken in Executive Session.

10. Adjourn

MOTION: Mayor Cronin moved to adjourn at 5:41 p.m.; Councilman Taylor seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk