

Real Property Committee and Planning Commission

5:30 p.m., Tuesday, June 10, 2014

The regular meeting of the Real Property Committee was held at 5:30 p.m., Tuesday, June 10, 2014 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 to the Administrator Dziuban and City Clerk Copeland. Members of the Planning Commission attending were Bev Ballow, Ron Denton, Rick Ferencz, Don Smith, Lisa Safford, Chair Noel Scott and Planning Director Kerr. 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. He welcomed the members of the Planning Commission and stated that he was looking forward to working with them.

2. Approval of Previous Meeting's Minutes

MOTION: Councilmember Bergwerf moved to approve the minutes of the regular meeting of May 6, 2014 as submitted; Councilmember Buckhannon seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments – None**

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

5. Planning Commission Long Range Marina Plan

Guests attending the meeting were Marina Manager Brian Berrigan, co-owner of Tidal Wave Watersports Mark Feim, Operations Manager of Morgan Creek Grill Carla Pope and consultants John Shaffer and John Tarkany.

Chair Loftus stated that the purpose of the meeting was to take the property to the next level and to study the impact of changes on residents and on traffic flow at the marina. City Council decided that this was an appropriate time to involve the Planning Commission for a fresh look at the marina issues and to assist in writing an RFP for a multi-disciplinary master plan for the marina.

Administrator Tucker noted that, since the City purchased the marina by referendum in 1999, there has always been a mindset that, at some point, the City would do a marina enhancement project. Over the years, there have been issues at the marina that needed immediate attention, such as dredging, expanding the dockage on the Waterway side and replacing the bulkhead; most recently the City has rehabilitated the Tidal Wave Watersports dock. The Administrator noted that parking at the marina has always been a challenge; in general, the flow of traffic throughout the marina has also been challenging. An outgrowth of the budgeting process, the City has decided that the time has come to look at the overall marina site and begin to evaluate the best way of going forward to try to achieve a marina enhancement project.

Referring to the consultants, the Administrator stated that John Tarkany is more into land planning and John Shaffer, who assisted with the watersports dock, is more on the waterside.

At their meeting before the May Ways and Means meeting, the Real Property Committee had embraced a project of several hundred thousand dollars to tackle parking at the marina site. Between the Real Property meeting and the Ways and Means meeting, the marina tenants got together with the consultants and decided that the money that was being allocated to the marina in the FY15 budget should be allocated toward a more global project.

In this project, a plan should be developed, budgeting for a specific plan developed, deciding what needs to be done and what the proper sequencing of the activities should be, along with a budget for each and a *pro forma* should be generated showing the return on investment. This is the project that was discussed at the Ways and Means meeting, and it was out of that discussion that the suggestion was made to involve the Planning Commission in the initiative. The amount available in the FY15 budget for the marina is one hundred seventy-five thousand dollars (\$175,000), and the description in the budget is going to be changed to "Comprehensive Master Plan for Marina Enhancement." It was discussed that this would involve a multi-disciplinary request for proposals where several different disciplines would come together under one (1) contract to work with the Planning Commission and, ultimately, the marina tenants and City Council to develop this comprehensive initiative for going forward. This plan would transition year-over-year into the pieces that would be funded within the budget. The idea is to look at all of the things that need to be done, what they would cost and then come up with a plan for the sequence of executing these things. Members of the Planning Commission were told that both Mr. Tarkany and Mr. Shaffer have some starting concepts, and they would be a beginning resource on this project.

In the Administrator's opinion, the next step would be for the Planning Commission to meet and discuss the issues with the marina tenants and the consultants; the Planning Commission would then be expected to generate a draft multi-disciplinary request for proposals (RFP) with input from them, for the City staff to finalize the RFP and to put it on the street to get the some expertise under contract to work with the Planning Commission.

For those members of the Planning Commission who worked on the parking issues, Administrator Tucker recalled that the work was done without the guidance from a professional in traffic management. If this concept works out as discussed, the difference will be that the Commission would be partnering with expertise to take ideas and make them capable of being implemented.

Mr. Tarkany reported that in 2011 a series of meetings that included residents, boaters, tenants, etc. were held to get ideas about the perfect design if someone could start from "scratch" at the marina. The biggest issue was always parking of vehicles and trailers; another issue was who is using the marina – island residents who may store their boat elsewhere or residents from off-island who use the marina to launch their boat. Mr. Tarkany noted that the marina is, from the boater's point of view, the front door to the City. When one initially drives in, he sees the trash dumpsters and a confusion of signs. He emphasized that the marina is a key asset for the Isle of Palms and should be focused on the local community first and welcome visitors second. The marina should be attractive and welcoming; it should be a green marina; it should be a world class destination. Mr. Tarkany distributed a small copy of the preliminary plans that were distributed to both committees.

Mr. Smith asked Mr. Tarkany where was the data, ideas and information gathered from the earlier meetings for the Planning Commission to review. Chair Loftus responded that the information is not all in one (1) location, and Mr. Tarkany explained that Mr. Berrigan has paid for the early work.

Ms. Ballow asked who had attended these meetings; Mr. Berrigan answered that the participants were tenants, people from Waterway Island and Intracoastal Court, experts in the field, other marina managers, some residents of Goat Island, adjacent property owners, City Administrator Tucker and Assistant Dziuban.

Mr. Denton asked whether Mr. Berrigan had data on who is utilizing the launch site as a percentage of locals versus non-residents. Administrator Tucker replied that the City does have that information – Mr. Berrigan provided the data in the budgeting process, but she had not brought it to the meeting. One facet to the budget was researching the City's sources of revenue, residents or tourists; she remembered being struck by how high the percentage of non-residents turned out to be.

Pointing to the drawing, Mr. Tarkany stated that a key component to turning things around will be the dry-stack boat storage that will hold two hundred fifty (250) boats. For residents of the island, the marina could offer alternative modes of traffic, such as a shuttle, golf carts, biking paths and walking trails, helping parking to some extent.

Mr. Scott asked whether the dry-stack was going to have lifts for the boats and whether it was an enclosed structure. Mr. Tarkany responded in the affirmative to both questions.

Councilmember Bergwerf questioned the height of the dry-stack, and Mr. Tarkany indicated that it would be the same height or just under the height of Fire Station 2.

In Mr. Tarkany's opinion, the first phase should be undergrounding the marina's utilities, but acknowledged that it will be a very expensive project.

Councilmember Bergwerf stated that all he has been describing looks and sounds wonderful, but now parking is the problem, parking "that is bleeding into the community." Therefore, her phase one would be to resolve the parking issues as much as possible on the limited amount of space and variety of uses.

Councilmember Bergwerf asked whether only Isle of Palms' residents would be allowed to contract for space in the dry-stack; Mr. Tarkany indicated that he did not know how those issues like that would be handled.

Mr. Scott stated that there is a huge demand for dry-stack boat storage, and, done properly, the spaces would not be sold, but would be rented.

Chair Loftus asked Mr. Berrigan how many trailers could be parked at the marina today, and Mr. Berrigan said they could handle sixty (60) if marina personnel are in the lot and organizing it.

Administrator Tucker stated that the conversation that has occurred is indicative of the problems at the marina and the reason there is a need for an RFP to assemble a team of people to address these things. In her estimation, the first thing that needs to happen is the generation of a list of all the possible things that need to be done, followed by a prioritization of that list, and she stated that there is a long list of things to be considered.

The Administrator commented that an important aspect of this project are the permitting and regulation matters; some ideas for using the five (5) acre site may not be allowed and cannot be permitted by either the Corps of Engineers or DHEC-OCRM or ordinances related to drainage located that is so close to a fragile eco-system. These are the types of issues that fall under the purview of Mr. Shaffer; he also has a lot of experience with marinas, marina grants and multi-disciplinary projects.

Mr. Shaffer stated that he has been working with the marina tenants and the City for more than a year, and he believes that the IOP marina is a prime property for the City that is under-utilized and certainly in need of a facelift. Mr. Shaffer noted that he would be involved with the dock orientation and layout, the slips, the utilities and fuel to make them as efficient as possible and catering to the users that the City wants to see at the marina – the City's residents. Other issues that will need to be addressed are does the marina want to accommodate transients, does the marina want charters for residents and tourists or wet slips for resident boaters, etc. The boat ramp is obviously important and will remain for public access, but how much does the City want to prioritize non-resident boaters? Mr. Shaffer commented that the marina has heavy usage by non-City residents at the boat ramp, and they are consuming a lot of space that could generate revenue and accommodate residents. He noted that parking will continue to be an issue; the state has specific parking requirements for marinas and dry-stacks; therefore the marina may need some kind of innovative parking solution or off-site shared parking. If the marina wants to accommodate transients, funding through the state Department of Natural Resources is available to help with those marina improvements. He added that the marina is too important an asset to piecemeal it together; there are challenges and taking a comprehensive look at it will be in the best interest of the City and the residents.

If the project is not done piecemeal, Ms. Ballow envisions a long period of time when the marina would be inactive. Mr. Shaffer clarified that, when he speaks of piecemeal, he refers to taking care of issues with no clear vision for the future or comprehensive plan with a goal of an overall successful project. On the other hand, he knew that project would be accomplished in phases as the City has the money.

Ms. Ballow asked why fuel is dispensed on the land-side and the water-side of the marina; she commented that the land-side fuel dispenser takes up a lot of space that could be used for parking. Mr. Berrigan said that, originally it was the only fuel dispenser on the island and he inherited it when he became marina manager. He continued that many boat owners count on getting fuel on the island rather than stopping in Mount Pleasant or the station across from City Hall; typically, these boat owners fill-up before they launch. As to whether the space could be better used for parking, he stated that that had never been considered it.

Ms. Safford asked how this project works out for the restaurant and the store because the emphasis seems to be on boaters. Mr. Tarkany stated that trailer parking would turn into

vehicle parking for two (2) vehicles in the evening; Ms. Safford countered that many boaters are still on the water at 7:00 p.m.

Mr. Scott asked what the price difference was between fuel sold at the dock and fuel sold on land; Mr. Berrigan said the difference was about forty cents (\$.40) per gallon.

Mr. Denton asked what makes the IOP marina successful; he commented that there are multiple businesses acting individually and in concert. He stated that, in his mind, the marina is a convenience store, a restaurant, and a place where one can rent kayaks. Mr. Denton asked whether the marina could survive without the boat launch. Mr. Denton recalled a recent week-long boat trip up the James River where they went from marina to marina; the marina-experience was docking and dining, but he noticed that less than half of the marinas had boat launches. These marinas were successful because they were contained.

Marina Manager Berrigan stated that doing away with the boat launch is not an option for him. He remarked that, when the City proposed buying the marina in 1998, it was an effort to stop the developers from coming in and eliminating the boat launch; the referendum was to allow residents to have water access and to provide emergency access for the public safety agencies on the island.

Administrator Tucker recalled that relocating the ramp was discussed in the past; Mr. Tarkany noted that the boat launch is not ideally located on the site.

Councilmember Loftus stated that taking away the boat ramp is a non-negotiable point for the residents of the Isle of Palms; everyone must remember that the residents of the island own the marina.

Mr. Smith asked how this project would impact the privately-owned slips that are on Morgan Creek; he indicated that many of the property/slip owners of the condominiums on Waterway rent out all or a portion of their slips, which allows them to live where they live. He inquired as to whether this project would put a burden those who rent their slips; if that is going to happen, it should be a consideration in future planning for the marina.

Carla Pope of Morgan Creek Grill noted that the City had no idea when it purchased the marina that it would continue to prosper under Mr. Berrigan and no idea that Morgan Creek Grill would become as popular as it has. The traffic involved in the marina is unreasonable as it is and whatever is decided upon will be better than the *status quo*; she added that she and Mr. Berrigan have learned to coordinate the activity of cars, trailers, and valet parking to expedite patrons coming and going. On a normal weekend from May until September, Morgan Creek Grill serves between one thousand and fifteen hundred (1,000-1,500) people on an off day, and the restaurant also has one hundred (100) employees. Ms. Pope described the marina as a very symbiotic system where the tenants have to support each other because they depend on each other. She voiced her support behind anything that will help with traffic and possibly make the site prettier.

Mark Fiem of Tidal Wave Watersports said that Mr. Berrigan and Ms. Pope were right; having been in business at the marina since 1993, he stated that the parking issues at the marina are

“horrible.” He stated that, in his travels along the east coast, all of the dry-stack storage facilities are filled to capacity, and he is confident that dry-stack storage at the IOP marina would “help to alleviate a ton of parking issues.” He also voiced agreement with the consultants that the first project should be the infrastructure.

If a dry-stack storage is constructed, how will the marina deal with the trailers that have brought boats to the marina for storage? Mr. Tarkany remarked that this is where alternate transportation comes into play; people would not have to travel to the marina in cars, but could drive golf carts or ride bikes or, maybe even, ride a shuttle. He suggested that one (1) item to include in the RFP would be 41st Avenue and Waterway relative to the parking issues they endure because of the marina.

Councilmember Buckhannon suggested that the group re-focus on the intent of the meeting, i.e. to educate the Planning Commission on what is going on so that they can use their expertise to go to the next step of generating a multi-disciplinary RFP for a comprehensive master plan for the marina. He agreed that a primary area of concern is traffic at the marina; he agreed that a dry-stack was a good idea, but it will not happen soon. The goal is to get engineers on board to determine what needs to be done, in what sequence they should be done, and to put costs to the various stages. He informed the Planning Commission that the City has funds set aside already for the undergrounding of lines by SCE&G. The Councilmember supported the idea of a shuttle to and from the marina for the island’s residents.

The Administrator clarified what money has been spent to-date on planning initiatives; there has been very little money spent by the City while Mr. Berrigan has moved forward by hiring Mr. Tarkany for the initial work

In the Administrator’s opinion, the next step is for the Planning Commission to meet with the marina tenants to generate a list of issues at the marina and to prioritize that list.

When asked about a timeframe for the Planning Commission to produce their work product, Administrator Tucker thought two to three (2-3) months would be sufficient time; she stated that Mr. Shaffer has experience with multi-disciplinary RFPs and will work with the Planning Commission on the RFP.

The Planning Commission’s next meeting is set for 4:30 p.m., Tuesday, July 8th; Director Kerr asked Mr. Shaffer to generate the list of issues for that meeting.

6. Old Business

A. Discussion of FY15 Budgets

1. Marina Master Plan Enhancements – see above

The budget discussion began with a review of the reservation of funds schedule, and Administrator Tucker reminded the Committee that options for reducing the contributions to this fund were suggested, i.e. delaying the purchase of the vehicles on the schedule by one or two

(1-2) years or financing twenty-five percent (25%) of the cost of some vehicles. When staff considered extending the life of the equipment by one (1) year, they learned that it had very little impact on the amount to be set aside each year, and when considering financing a percentage of the cost, staff concluded that no financing agency with whom the City has worked would underwrite a piece of the cost or, if they did, the interest rate would be much higher than the City typically has paid. Staff then looked at financing every fourth piece of equipment to be purchased; staff thought this was the most viable of the options to consider.

The amount to be added to the reserve in the FY15 budget is affordable and is in the balanced FY15 budget. Administrator Tucker agreed that establishing this reserve has been, and will be, painful for the City in the start-up years, but, once the City reaches FY20, the annual amount to be set aside is significantly less and is stable for the foreseeable future.

The Administrator noted that City Council has the ability to make an alternate decision at any time in the year and/or in each annual budgeting process; the money has been earmarked for a specific use, but that use could be redefined if necessary. The Administrator also reminded the Committee that the money is in the bank and is not spent until the check is written.

Treasurer Suggs reiterated the Administrator's points and stated that paying cash is always less expensive than financing.

Chair Loftus recalled, from an earlier committee meeting, that the suggestion was made to defer the purchase of the rescue truck until FY16 since no purchases are planned for that year; he also opined that only one (1) fire truck should be purchased in FY20, not two (2) as shown on the schedule. Again there are no purchases scheduled for FY21; therefore, it makes sense to defer one (1) truck for a year.

Treasurer Suggs commented that the replacement year is based on the manufacturer's useful life for the particular piece of equipment; Fire Department trucks are scheduled to have a useful life of sixteen (16) years. The final decision to replace a unit as scheduled is determined by the department manager's assessment in preparing the budget of the replacement year.

Councilmember Buckhannon voiced his opinion that, as long as the City can afford it, Council should stay on course with the annual suggested reservation of funds.

For the new version of the budget for the Ways and Means meeting, Administrator Tucker stated that lines in the marina budget will be consolidated, i.e. marina site enhancements and consulting and design fees, into one (1) line with the description reading "Comprehensive Master Plan for Marina Enhancements" and totaling one hundred seventy-five thousand dollars (\$175,000).

When Chair Loftus asked whether the City would spend one hundred seventy-five thousand dollars (\$175,000) on the multi-disciplinary RFP, Administrator Tucker stated that, since the RFP will be for consultants with consultants coordinating with them, the cost will be unknown until the bids are received.

Chair Loftus requested that the money left-over from the budget for the watersports dock be redirected to the Marina Fund to be used to establish a Marina Enhancement Fund.

Councilmember Buckhannon inquired about progress with SCE&G regarding the undergrounding of electrical lines at the marina. The Administrator reported that she had met with SCE&G representatives at the marina, they walked the site, and the scope of the project was defined. Administrator Tucker stated that she has not received an estimate of the cost from SCE&G; she added that SCE&G is also working on a layout and cost estimates for the Front Beach lighting project.

2. Beach Restoration Project

On the subject of beach restoration, the Administrator reported that six hundred sixty-four thousand dollars (\$664,000) remains in the fund established for the 2008 restoration project; the cost estimates for the project planned for November of this year are one million two hundred eighty thousand dollars (\$1,280,000). For the 2008 project, the City contributed twenty percent (20%) of the total cost; twenty percent (20%) of the 2014 shoal management project is two hundred fifty-six thousand dollars (\$256,000). If funds are to be contributed by the City, the City would redirect that sum to the Beach Maintenance Fund from the Beach Restoration Fund. The other stakeholders, certain residents of Wild Dunes and the resort itself, will make up the cost difference between what the City contributes and the total project costs.

MOTION: Chair Loftus moved for the City to contribute \$200,000 to the 2014 Shoal Management Project; Councilmember Bergwerf seconded.

Responding to Councilmember Buckhannon's query, Administrator Tucker stated that the only other meeting that has discussed this issue is the Ways and Means Committee, but it was sent back to the Real Property Committee to make a recommendation on the amount to be contributed by the City at the upcoming Ways and Means meeting.

The Administrator noted that the City is not required to get a new permit, but will reactivate the existing permit and contractor.

Councilmember Buckhannon asked whether there was a permit for Breach Inlet and a plan to rebuild that area of the beach. The Administrator replied that there was neither.

AMENDMENT: Councilmember Buckhannon moved to amend the original motion and to reduce the contribution to \$125,000.

The amendment failed for lack of a second.

VOTE: The motion PASSED on a vote of 2 to 1 with Councilmember Buckhannon casting the dissenting vote.

3. Front Beach Fencing

Administrator Tucker noted that pictures showing the rusting and deterioration of portions of the Front Beach fencing were included in meeting packets. (A set of photographs is attached to the historical record of the meeting.) The Administrator reported that Director Kerr had taken the photographs and was present to answer questions the Committee may have.

Each photograph shows areas of the fencing that are weathered, rusted and, generally, in poor condition. Director Kerr stated that the cost of steel fencing has skyrocketed since the fencing was first installed; it is now over one hundred dollars (\$100) per linear foot. The Director is suggesting that the City install the steel fencing anywhere that cars can be driven and use aluminum fencing in front of the *Windjammer* that is sixty-five dollars (\$65) per linear foot saving approximately five thousand dollars (\$5,000).

The Committee chose not to change the amount in the FY15 budget which is forty thousand dollars (\$40,000).

B. Consideration of Marina Management Lease Amendments

Administrator Tucker noted that the wording on the *Agenda* should have read "Consideration of Marina Outpost Lease Amendments." The Administrator reported that the Mr. Berrigan communicated to the City that he does wish to exercise his option to renew the lease for Marina Outpost; in addition, he is requesting an amendment to the lease clearly stating the equipment that is the City's, therefore, the City's responsibility to replace. The equipment that falls into that category are as follows: the walk-in freezer, the built-in merchandise coolers, the Hoshzaki ice machine, the Tonka bait cooler, the Ruby point-of-sale system, fuel dispensers and monitoring systems, and the HVAC units.

Responding to Councilmember Buckhannon's question, Mr. Berrigan said that he has this extension and one (1) more, both for five (5) years.

The Administrator reviewed the items included in the FY15 budget for the marina as follows:

Ice machine (if failure)	\$ 6,000
Non-functioning walk-in freezer	\$10,000
HVAC in store (if failure)	\$25,000
Point-of-sale system in store	\$30,000
Store coolers (if failure)	\$90,000
Dock Fuel dispensers (if failure)	\$25,000

The Administrator stated that she did not think it appropriate to task the City Attorney to produce the lease amendment until the conditions have been approved by this Committee and Council.

In addition, the Administrator commented that the City's lease for the marina store has been interpreted differently by different people, and the items in the lease that are designated as City assets are on the City's ten (10) year capital plan for replacement. When these items roll forward on the capital plan, the City contacts the manager for an assessment of the item's

condition and the need for replacement in that year. The Administrator stated that this was a hybrid version of a triple net lease and that, through research by the City Attorney, the Administrator has learned that there is no true triple net lease.

Councilmember Buckhannon added that the City's assets listed in the lease are on the City's books and are depreciated as a City-owned property.

The opinion of some members of Council is that there are other businesses on the island that are similar, but they do not have the City subsidizing their businesses like this.

Mr. Berrigan pointed out that those businesses are not paying rent to the City; he then offered to task his lawyer to draft the amendment saving the City the legal expense.

Chair Loftus voiced confusion that the City should replace the point-of-sale system in the store; he has considered a point-of-sale system as an extension of a computer system running the business that is a proprietary business management tool.

Mr. Berrigan explained his position that the point-of-sale system he uses was included in the initial sale of the marina to the City and that it was in the store when it was leased; additionally having a quality point-of-sale system containing correct records ensures that the City receives its valid share of the revenues. He stated that the current system is original to the store and is in "terrible shape."

MOTION: Councilmember Buckhannon moved to accept the renewal and to amend the lease to encompass the list of City-owned assets noted above concisely; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

7. New Business

Award of Contracts in Excess of \$10,000 – None

8. Miscellaneous Business

Tenant Rents Report

Administrator Tucker reported that all of the City's tenants are current with their obligations to the City.

Next Meeting Date: 5:30 p.m., Monday, July 7, 2014 in the Conference Room.

9. Executive Session – not needed

10. Adjourn

MOTION: Councilmember Buckhannon moved to adjourn the meeting at 7:50 p.m.; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk