

REAL PROPERTY COMMITTEE
5:30 p.m., Wednesday, March 4, 2015

The regular meeting of Real Property Committee was held at 5:30 p.m., Wednesday, March 4, 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 Dziuban 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 February 9, 2015 as submitted; Councilmember Buckhannon seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments

Elaine Tessler, 49th Avenue, acknowledged that there have been significant drainage problems on this street, but, whether a hurricane would impact further down the street with what has been done, she did not know. She asked if an engineering study had been done to determine if this was a real issue; she stated that she wants to know what has been done or what will be done to verify or negate the allegations that it will be a problem at the other end of the street (nearest the ocean).

Chair Loftus said that this topic would be discussed later in the meeting, and he hoped to provide an answer for her then.

4. Comments from Marina Tenants – none

5. Old Business

Consideration of Lease Amendments for Morgan Creek Grill

Jay Clarke, Owner, and Carla Pope, Director of Operation, distributed copies of the Morgan Creek Grill (MCG) lease amendments that had been worded by the restaurant's attorney. Mr. Clarke reported that he, his attorney, Administrator Tucker and Attorney Halversen met on Monday of this week; following that meeting the attorney inserted the new language into the lease agreement. Since Mr. Clarke reviewed the points in detail at the February meeting, he asked whether Committee members had any question; he indicated that the only substantial change was in the terms for additional rent. He explained that the figures had been re-worked based on the City's interest in having more of a true-triple net lease; in conjunction with that, they forecasted putting a minimum of three hundred thousand dollars (\$300,000) in the building and improve-ments over the next five (5) years for which they would secure a commercial loan. Peter Kent, the accountant for MCG, was present to address any questions related to this proposal. Mr. Kent was also asked to generate a break-even analysis for the business with the additional investment included that as distributed, as well as a partial summary of Morgan Creek Grill's expenses from 2002 through 2014.

Councilmember Bergwerf noted that City municipal business license fees, hospitality taxes and South Carolina sales taxes were all paid by the patrons of the restaurant and would not be expenses to the business.

Ms. Pope stated that the purpose of the review of expenses was intended to show that MCG believes it brings value to the Isle of Palms as a business. She noted that they have made a substantial investment in the building, in maintenance for the building and in advertising not only for the restaurant, but also for the island and the marina, in general. She acknowledged that there have been missteps financially in recent years, but they continue to be as aggressive as they can in growing the business; they have also worked hard with Mr. Kent and their accounting systems to reduce costs to make the business more financially stable. Additional points Ms. Pope made were that the structure requires a lot of upkeep and that, despite being a four million dollar (\$4,000,000) business, MCG is not making a substantial profit; she was confident that the breakeven number that will be discussed was a realistic figure. Ms. Pope informed the Committee that most restaurants operate with less than a percent (5%) profit in a year. She added that Mr. Kent has been the restaurant's accountant from the very beginning and that he knows how the business has changed and grown over the years. She remarked that to pay additional rent before the business breaks even does not make sense to them.

Mr. Kent, a partner in Luciano, Roberts and Kent, presented a *pro forma* financial based on 2014 revenue and noted that these figures would likely appear on the tax return. Variable costs for this purpose did not include food, liquor, wine, etc.; the fixed costs were rent, utilities, wages, etc. The non-cost-of-sales expenses exceed thirty-six percent (36%) of sales; he noted that this number has been relatively stable over the past several years, and he was confident it was correct. Mr. Kent proceeded through his calculations eliminating the additional rent and adding in depreciation and debt service on the three hundred thousand dollar (\$300,000) loan for upkeep and improvements. Mr. Kent computed two (2) break even numbers; the first looks at sales with a sixty-six percent (66%) gross profit, variable costs at thirty-six point two six percent (36.26 %), and the payment of debt service, plus a net income of five percent (5%) to arrive at a break-even sales number in excess of four million nine hundred thousand dollars (\$4,900,000). Using the same computation but eliminating net income yielded a break-even sales number just shy of four million one hundred thousand dollars (\$4,100,000).

When Mr. Clarke referred to the losses over the years, part of the issue was the large amount of money paid to repair/maintain the building. As they tried to grow the business, increases in sales were accompanied with increases in the rent to the city; the question became "How to get out of the hole?"

Councilmember Buckhannon asked for an explanation of the difference between repairs and enhancements, for example, the upstairs that were added and the outside bar. Mr. Kent agreed that those items would be classified as building improvements; when a change results in an improvement to the asset, it would be referred to as a building improvement on the books, while maintenance would be repairing holes in the roof, fixing the stairs, etc.

Ms. Pope commented that the building needed to be insulated, and major repairs were needed to the roof which would be costs the restaurant must bear.

Mr. Clarke recalled that the building had a lot of plumbing issues when they moved in, and that he had gone back to the City when he found that many items that were not up to code. Currently a lot more needed to be done, and he intended to take care of them and to improve the building.

Councilmember Buckhannon said that he was not sure that a true triple-net lease existed, but the information provided was interesting and needed further study. He commented that, in his opinion, the lease amendments were still open to modifications.

Administrator Tucker opined that, for the Committee, what was missing was a summary that listed what MCG gets and what the City gets in return from this amendment; in her mind, the amendment provides for a substantial decrease in the rent, but has nothing in it as significant for the City in return.

Referring to comments from members of the Committee, the Administrator stated that some of the situation Mr. Clarke finds himself in as he tried to get the fiscal end of the business sorted out had to do with choices he made himself, which goes to Councilmember Buckhannon's comments. She acknowledged that improvements have been made to the building of which everyone has been the beneficiary and enjoyed, but, perhaps, when those improvements were made, improvements should have been made to the building or rent should have been paid to the City that might not have been current.

The Administrator looked to Mr. Kent when asking whether the sales dollars were achievable for MCG pointing out that there is a limited amount of space and parking. In addition, the population of people Mr. Clarke wants to be patrons of the restaurant must be committed to staying on the island to dine or driving from a distance to get there. With that said, the Administrator asked whether the additional rent would become meaningless when the sales volume was unachievable.

Administrator Tucker reiterated that the Committee needed a one page sheet listing in one column what Morgan Creek Grill was getting with the amendment and a second column listing what the City would be getting from the new arrangement.

Mr. Kent noted that the sales have increased every year, except 2009; he expressed confidence that the sales volume of nearly five million dollars (\$5,000,000) was attainable.

Chair Loftus asked what the net reduction in income would be to the City if this proposal was approved; Ms. Pope answered that the loss would be the additional rent until they met the new toggle.

The Chair repeated his question about the negative impact to the budget in accepting this amendment; he also noted that, typically in changing a contract, there were benefits to both sides.

Mr. Clarke stated that the City's asset would appraise higher today than in 2002; he added that MCG would not be as popular as it was without the improvements. He was clear when saying that he expected to reach the new toggle and pay additional rent again.

Responding to the Chair's statement that, if the existing lease was to remain in effect, the City would receive additional rent when he got to the new toggle.

Mr. Clarke countered that he could not afford to continue to improve and to make major capital investments in the building under the current lease. He expressed confidence that he could provide a list to the Committee of what he plans to do with the building relatively quickly. He indicated that he would like to move forward, within reason, as quickly as possible because they wanted to re-finance to start improving the property.

Chair Loftus told Mr. Clarke that the Committee needed every bit of information before making a decision; the Committee needed to know the justification and the plan for making a change in the existing lease.

5. Old Business

A. Discussion of Drainage on 49th Avenue

The Administrator took note of the fact that Building and Planning Director Kerr was present to facilitate the discussion because the problem arose from working with property owners on their lot to ensure they were in compliance with land disturbance permits, etc. The subject was on the Real Property *Agenda* because it had to do with the beach access path at 49th Avenue.

Director Kerr stated that a new house was permitted for the end of 49th Avenue and, as part of the permitting process, the Health Department permitted a septic system, commonly referred to as a modified system. That type of septic system would sit higher in the soil and would be covered by soil to create a mound in the yard.

Administrator Tucker interjected to note that there are other septic systems like this one on the island.

The system was installed, but, due to the change in grade the system required, the property owner was required to submit a Stormwater Management Plan. Director Kerr contacted the building contractor and owner to notify them that they must hire an engineer to develop a plan to deal with the additional runoff. This process was happening during the winter when the island was experiencing torrential downpours, and the adjacent neighbor started to notice water on his property where it had never had been before. The Tesslers, the neighbors, were also having substantial water under their house which was also a new problem for them. The engineer came up with an initial plan to put the water closer to the road, but that area was already under water. The Director explained to the engineer that his solution did not achieve anything; they concluded that the beach was the only direction for the water to go to provide any relief.

Administrator Tucker reminded the Committee that this would be a temporary solution because 49th Avenue was included in the Phase II Drainage Project. The system has been designed, and the City has the necessary permits and has begun to accumulate money to execute the plan.

The plan that the engineer and owner identified showed that water would be standing at an elevation of eight and nine (8-9) feet, but the data also showed that the beach path has an elevation of six (6) feet. At the end of the path, there was a mound of sand; Director Kerr explained that as the water runs and carries silt that berms up when it hits the sand, hence, the mound. The owner and engineer asked for permission to eliminate the mound, and the Director approved the new plan.

The work was done and a neighbor complained; both the Director and Administrator Tucker have spoken with the individual. His argument was that what was removed, i.e. the mound, could have provided some protection in the event of a storm.

From going to the 49th Avenue beach path, Director Kerr reported that he believes that the area under discussion is the third dune system, likely the oldest, therefore, the most vegetated dune.

The Director noted that he has been monitoring the area since the complaint to see if the removal of the mound was having any effect; he has been notified by owners that the removal was having a very positive effect, and they would now object to its being replaced.

Having been on the beach path the prior day, Director Kerr reported on a discussion with Mr. Tessler when Mr. Tessler noted that under his house had remained dry in spite of the heavy rains. Since he now has relief from the flooding, Mr. Tessler indicated that he would be opposed to re-placing the mound.

According to the Administrator, the complainant that wants it replaced, is someone who was familiar with the island's erosion in the year when that area of the island eroded due to the unstable inlet zone. His advocacy has been that the removal of the mound and altering the dune in the manner that it would create some risk associated with storm surge. His arguments were very similar to those of residents near the 9th Avenue access.

Administrator Tucker added that now the City more carefully monitors the beach and what was happening on the beach in terms of the dynamics than when that erosion issue occurred; therefore, she opined that the risk was less today than then.

Director Kerr indicated that it would take two to three (2-3) years for the mound to reform, and, at that point, the City was hopeful that things would be happening to permanently fix the drainage.

The concern now is that the complainant has been filling in the path.

MOTION: Chair Loftus moved to take no action to fill in the path, to monitor it and to charge Public Works to keep the water flowing; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

B. Discussion of Placement of MobiMat at 28th Avenue

Administrator Tucker reported that neighbors had put boards on the path without a permit to make the surface more stable for people to walk on; since they were not maintained in a serious

way, the City received a complaint. In concert and with direction from OCRM, the City removed the boards.

Through the budget process, the City planned and budgeted to put MobiMat at 31A; the mat has not been put down, and the City was recommending to put the mat on 28th Avenue. The permit to do that was completed earlier today. The Administrator was seeking the Committee's approval to make the substitution; the mat would make a more stable surface and accomplish the goal that the neighbors had wanted. The Administrator voiced concern that, if nothing was done, the boards would be laid down again.

Councilmember Buckhannon asked what kind of destruction would be done to the path by installing the MobiMat since it was wider than the planks.

Chair Loftus asked whether the path was straight or meandering and then asked if there was a narrower form of MobiMat.

Councilmember Bergwerf said that the access path is relatively straight.

Director Kerr estimated that the boards were two and a half feet (2½ ft.) long with sand on either end and extended about three hundred feet (300 ft.) just over the primary dune. Director Pitts has indicated that he would prefer the MobiMat end short of the primary dune because it would be more stable and require less maintenance.

The Director said that wider MobiMat was manufactured, but was unsure about narrower MobiMat.

Administrator Tucker commented that there had been the general complaint, and some of the people who had put the boards down have indicated that they want the City to put something down to replace the boards to make the surface more stable on which to walk.

In Councilmember Buckhannon's mind, placement of the MobiMat could double the width of the path.

The Administrator stated that staff would take another look at the path and come back to the Committee with information regarding the amount of disturbance that might occur. She repeated that the City has MobiMat in inventory and would not need to spend any money to install it at this access path.

Chair Loftus noted that there had been a plan for the use of the MobiMat that the City has, and, if not, the City would buy more MobiMat. The Chair stated that he was opposed to widening the path and would ask that a search be made for a narrower product.

Director Kerr reported that there is a company called Mr. Boardwalk that makes a product that was wooden slats joined with nylon connectors that rolled out; as wood, it looked good and was more in-keeping with the local aesthetics. He added that he does not know if it was narrower than the MobiMat, but it is comparable in price.

The Chair wanted to look at other options before making a decision.

Administrator Tucker noted that no money would be available to purchase another product until the new fiscal year. Director Kerr confirmed that, before the next meeting, he and Director Pitts were to measure the width of the path and to try to find a product that would fit into that width.

C. Discussion of Front Beach Kiosk

Administrator Tucker stated that the kiosk was installed with the Front Beach Enhancement Project, and items that have been posted included City announcements, photographs from events, message information, etc., over the years. The City budgeted two thousand dollars (\$2,000) in the FY15 budget for maintenance of the kiosk, but staff did not feel that the kiosk was effective as hoped when installed. People do not go there for information; if people knew that the kiosk had pictures, they might stop to view them. Staff thought that, rather than using the money for maintenance because the kiosk continues to deteriorate, a good decision might be to discuss alternatives for that location and remove the kiosk. The first idea was another piece of artwork to bookend the turtles at the other end. The two (2) ends of Front Beach have different characters; the artwork at 10th Avenue and Ocean Boulevard is in the more residential section while the kiosk is in an area where people are having a lot of fun. She voiced concern about selecting a piece of art that would not create a risk to the City if and when climbed upon or that could not be destroyed. The Administrator did not think the two thousand dollars (\$2,000) budgeted would be sufficient to buy something; if the Committee was to decide to go forward with this idea, more money would need to be budgeted in FY16 to augment the money already budgeted. Staff was of the opinion that the kiosk was ineffective, labor intensive and deteriorating to the point that it is not worth maintaining.

Councilmember Bergwerf suggested benches. The Administrator recalled seeing in a magazine where a City had constructed semi-circular concrete seating which would be very durable and require little to no maintenance, but does encourage people sitting and “enjoying the sense of place.” She acknowledged that staff has not investigated the cost.

Chair Loftus suggested that staff come up with several ideas that Council could choose from and, if approved, put money in the budget to execute in July.

D. Consideration of Replacement Chairs for City Council

Chair Loftus stated that he had requested that this item be put on the *Agenda* because he has found the Council chairs to be very uncomfortable and has asked the Administrator to try to squeeze money from the FY15 budget to replace them. He wanted support from the Committee to take the request to Ways and Means later in the month.

MOTION: Chair Loftus moved to recommend to City Council to replace Council chairs; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

E. Review of Proposed Capital and Expense Budgets for Real Property

Assistant Dziuban initiated the review with Municipal Accommodations Fee Fund, and she indicated that she would focus on the items that were bolded because they represented changes from the prior year's budget.

Front Beach/Breach Inlet

The first increase was to Electricity and Gas to cover the electricity for the new Front Beach lights.

Chair Loftus stated that he was shocked to see this number and asked where the information about it had originated.

Administrator Tucker responded that the amount was clearly identified when the proposal was brought forward to Ways and Means and City Council; the City had the benefit of no material impact on the budget since the lights would be on for only a few months.

Chair Loftus stated that the amount proposed for Water and Sewer should be reduced to three thousand dollars (\$3,000).

The Chair then asked why the budget for Maintenance and Service Contract was so high when, in FY14, the City only spent slightly over twenty-one thousand dollars (\$21,000) and appears to be trending lower for FY15. He, therefore, asked what was different in FY16.

Assistant Dziuban commented that the budgeted amount was the same as in FY15 and to ferret out the difference would take a bit of research. From staff's perspective, the items listed in the note are regular, anticipated costs that do come up with frequency at Front Beach.

Chair Loftus asked that the line be reviewed again to determine if it could be reduced.

Assistant Dziuban noted that these were seasonal expenditures that the City was now gearing up for it and that maintenance and replacement costs for Front Beach would come from this line.

The Chair was looking for more information on the line for Machinery and Equipment Repair for Front Beach.

The Administrator stated that it would be anything that breaks that was not detailed in one (1) of the other lines.

Chair Loftus and Councilmember Bergwerf asked for more specifics on what this line has been used for in the past for the Ways and Means Committee meeting.

Insurance has increased due to a projected increase in premiums and the fact that the City cannot take advantage of the one-time accounting adjustment taken in FY15.

The single largest expenditure to be funded from Municipal Accommodations Tax would be covering one hundred percent (100%) of the design costs associated with the replacement of the Front Beach Restrooms; the note states that construction was not anticipated until FY17 and that discussions continued with Charleston County regarding funding.

The Chair remarked that the City needed to get an answer from the County; The Administrator responded that other placeholders have been put into the budget relative to replacing the Front Beach restrooms. She indicated that staff would like guidance from the policy-setting body concerning how staff should view this project; she has heard some members of Council say that the City will not put money into the project exceeding what it has already done which means that this amount should not be in the budget. Currently, the only thing the City has heard from the County is that the City "must have some skin in the game;" when the existing building was constructed, the City contributed approximately twenty-two percent (22%) of the total cost. The primary purpose for including in the FY16 budget was to keep it "on the radar" and the work plan because the next step would be the design if the City intends to replace the public restrooms with an elevated structure.

Administrator Tucker explained that the City was somewhat caught in a waiting-game because of the CRS rating, that Director Kerr made a presentation on several months ago; the City has been inspected but did not know what its score was going to be. The County was in the same position and was currently arguing certain issues with them. What the County has been talking to the City about hinged on whether or not the City would have the ability, after making changes to the City Code, for the building not to be elevated. With these discussions occurring behind the scenes, the project seemed to be stalled until CRS takes their stand. The Administrator cautioned that anything that might be an advantage to the City relative to the public restrooms would have a corresponding effect on the balance of the City; that could possibly make the City less disaster-resistant.

Chair Loftus commented that the amount of "skin" the City would be willing to put into the project needed to be decided by City Council; he indicated that he was not opposed to putting some money into the project, but, in his mind, it was a County responsibility. He expressed the opinion that twenty to twenty-two percent (20-22%) seemed to be a reasonable number, but the City needed to get a firm commitment from the County before making decisions about money.

Councilmember Bergwerf stated that, if things did fall into line, the City needed to have money in the budget.

In addition, the City needed to get the notice from CRS that would indicate where the City would gain and lose points, if the fifty percent (50%) rule was going to give the City as many points as needed to keep rates down for property owner, and whether the City could look at an alternative that would lessen this requirement which affects the whole project. The Administrator stated that Director Kerr was not optimistic about that happening.

Councilmember Buckhannon asked for costs for design for Fire Station #2 and the Public Safety Building for comparison to the amount projected for this project.

Assistant Dziuban continued with the final change of ten thousand dollars (\$10,000) budgeted for the replacement of the Breach Inlet boat ramp gate.

The money has been budgeted from FY15 for the additions, replacements or renovations to dune walkovers.

Chair Loftus asked what the plan was for work to be done for dune walkovers.

Administrator Tucker explained that her direction from the policy-setting body at the time the City started including this money in the budget was to put the money in, but do not decide in the budget where the money is to be used.

Chair Loftus stated that the Administrator was saying that there was no plan to use the money in the FY15 budget for the same purpose; the Administrator replied that she was not aware of a plan at this time, but something could still come up this year. Also, if the City does not spend money in one year, it is available to be re-budgeted or to do something with in the alternative.

Councilmember Buckhannon commented that the new Beach Preservation Fee could be used for dune walkovers as well.

State Accommodation Tax Fund – Public Restrooms/Front Beach/Breach Inlet

The first line has been reduced based on usage, yet the amount does contain the two percent (2%) franchise tax increase that will become effective January 1, 2016.

Insurance has been increased for the same reason as stated in the Municipal Tax Fund review.

The line for Contracted Services has increased based on actual charges for the restroom attendant and cleaning.

Directing attention to two thousand dollars (\$2,000) assigned for filling-in holes on the beach, Councilmember Bergwerf expressed her understanding that BSOs were doing that now.

Administrator Tucker indicated that she would validate the figure.

This budget has decreased by five percent (5%) from the FY15 budget.

Beach Restoration Fund

This budget assumed that all remaining stakeholder funds from the 2008 project and the project just completed would be used to fund another shoal management project in the fall of 2015.

Beach Preservation Fee Fund

From anticipated revenues of nine hundred twenty-five thousand dollars (\$925,000), the City has proposed using a small amount for sand fencing and escarpment removal as needed, using in excess of four hundred thousand dollars (\$400,000) for design and permitting for the next

large scale, off-shore project and more than six hundred thousand dollars (\$600,000) for the shoal management project in 2015.

Councilmember Buckhannon stated that he wanted to see this new fund used to benefit the entire island, not just one (1) section, i.e. beach restoration.

The Administrator explained that when staff was preparing this budget, it looked at the three (3) projects ahead – monitoring the beach again, the fall 2015 project and the permitting process for the future off-shore project and the revenue coming in to determine how best to allocate that revenue to execute them. The missing piece was direction on whether the City would be okay going with that the first year because the City does not have the pool of infusion or should the City be looking to the stakeholders for some component of these expenses for the upcoming shoal management project.

Councilmember Buckhannon expressed the opinion that the City should treat the next shoal management project as it did the one (1) recently completed with the City paying its portion from the Beach Preservation Fund. He added that he thought the stakeholders still should be active participants; in addition, he opined that the Beach Preservation Fee should be used to pay the City's normal expense in that endeavor.

Chair Loftus noted that OCRM had said that this northern area of the island was the most dynamic beach in the entire state, and he added that it would always be a problem.

Administrator Tucker explained that another way to approach the FY16 budget was to show the infusion of just what the City expects to collect in the six (6) months of this year for the future project with the balance indicated to be made up by outside sources.

A hope for the Beach Preservation Fund was for the City never to be in a position to borrow money for a restoration project again.

Since this year's winter project has been completed, Councilmember Bergwerf voiced concern that the stakeholders would think they were out of the picture.

The Administrator stated that she would be interested in any dialogue at the Wild Dunes Community Association meeting on the subject of beach restoration; she commented that people would be attending who have paid for sandbags and the restoration project.

Beach Maintenance Fund

Assistant Dziuban explained that staff had also discussed whether the City would continue to transfer-in money from the tourism funds for beach maintenance and decided that was a policy decision they should not make. The FY16 revenue fund for Beach Maintenance mirrored that of FY15.

Councilmember Buckhannon asked for a clarification at the Ways and Means Committee meeting on exactly what the allowed uses of the Beach Preservation were in order to know whether it could be a source of funds for items included in the Beach Maintenance Fund.

Professional Services have been increased primarily with a re-budget of funds for updating the Local Comprehensive Beach Management Plan which likely would not be completed in FY15.

The final entry anticipated using more than five hundred thousand dollars (\$500,000) toward the fall 2015 shoal management project which would consume one hundred percent (100%) of the balance.

10-Year Capital Plan

On this schedule, the replacement of items over five thousand dollars (\$5,000) are shown; Assistant Dziuban encouraged Committee members to look at the out-years as well as current budget year. In FY17, funds are shown for the construction of the public restrooms with the City contributing twenty-five percent (25%) of the cost.

Acknowledging that Ocean Boulevard at Front Beach needed more than just re-surfacing the road, Councilmember Buckhannon suggested that the City establish a sinking fund for infrastructure maintenance there.

>\$5,000 – Spread by Fund

The funds that would cover capital expenditures for Front Beach, Breach Inlet and the public restrooms were displayed.

A separate schedule did the same for Beach Restoration and Monitoring; a notation is made stating that the Beach Preservation Fee would replace the assignments of fund balance.

Marina Fund

Interest expense was for FY16, but, for the purposes of this budget, Professional Services includes the re-budget of the comprehensive master plan for marina enhancements at one hundred sixty-nine thousand dollars (\$169,000). Seventy-five thousand dollars (\$75,000) in the FY15 budget would roll-forward for this project which Council has not decided upon at this time.

Insurance for the underground tank for the marina store has been reduced for FY16, and insurance for the docks and underground tank for the docks has also gone down.

Dock insurance has also been reduced for the portion of dock insurance attributable to the restaurant.

Capital Outlay and Bond Principal Payments

The principal for two (2) bond payments was budgeted at four hundred forty thousand dollars (\$440,000) and the replacement of the fuel dispensers at the dock was budgeted at twenty-five thousand (\$25,000), if they failed.

10-Year Capital Plan

The replacement of the fuel dispensers at the docks was one (1) item that remains the City's responsibility for replacement at the marina.

Administrator Tucker stated that she thought the replacement amounts for the years of FY17 and FY18 were old and too low for the items listed under Special Projects and should be re-evaluated.

Referring the line for the replacement of four (4) underground fuel tanks in FY17, Councilmember Buckhannon asked whether the cost of three hundred thousand dollars (\$300,000) could be spread over a couple of years since there were a lot of items scheduled for replacement in FY17 and possibly other items as well.

The Administrator reported that dialogues were taking place around moving the deadline year out from FY17, and the City was waiting on the results.

>\$5,000 – Spread by Fund

On this schedule, the fuel dispensers would be paid from the Marina Fund if they failed and two-thirds ($\frac{2}{3}$) of the Master Plan would be paid from the Marina Fund with the balance from the Hospitality Tax Fund.

Assistant Dziuban then reviewed three tools that were generated for the FY15 budget and have been re-created for use in FY16:

1. The schedule that demonstrated what positions by department were impacted by tourism and could be justifiably funded with tourism dollars (General Government, Building and Planning and the Rec Department also interact with tourists, but did not have a quantifiable way to compute the impact).
2. The estimated breakout of FY14 revenue sources is also included.
3. The tool on the legal sheet demonstrates which expenses of the City it has any control over which turned out to be eight percent (8%).

Chair Loftus thanked the staff for their efforts in producing the budgets and knew that they would be the source of many discussions over the coming weeks.

7. Miscellaneous Business

Tenants Rent Report

Administrator Tucker reported that all tenants were current.

Next Meeting Day: 5:30 p.m., Wednesday, April 8, 2015 in Council Chambers.

8. Executive Session – unnecessary

9. Adjourn

MOTION: Councilmember Bergwerf moved to adjourn the meeting at 7:38 p.m.; Councilmember Buckhannon seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland, City Clerk