

COMMITTEE ON REAL ESTATE

February 14, 2017

A meeting of the Committee on Real Estate was held this date beginning at 4:06 p.m. at City Hall, First Floor Conference Room, 80 Broad Street.

Notice of this meeting was sent to all local news media.

PRESENT

Councilmember White, Chair, Councilmember Moody, Councilmember Waring and Mayor Tecklenburg
Staff: Frances Cantwell, Collen Carducci, and Bethany Whitaker, Council Secretary

The meeting was opened with a moment of silence provided by Chairman White.

APPROVAL OF MINUTES

On the motion of Mayor Tecklenburg, seconded by Councilmember Moody, the Committee voted unanimously to approve the minutes of the January 24, 2017 Committee on Real Estate Meeting.

REQUEST APPROVAL OF THE SECOND LEASE ADDENDUM TO EXTEND THE TERM OF THE LEASE TO FEBRUARY 28, 2022, FOR THE CITY'S PARKING FACILITIES OPERATIONS CENTER. THE MONTHLY RENTAL RATE WILL BE \$1,343.92. THIS PROPERTY IS OWNED BY THE CITY OF CHARLESTON. [TMS: PORTION OF 460-16-04-008; 401 C KING STREET, A PORTION OF THE RETAIL/OFFICE AREA WITHIN THE FRANCIS MARION GARAGE LEASED TO MEMBER, INC. (MASTER LEASE)]

Collen Carducci stated that this was in the Francis Marion Garage. The City owned the garage and when it built the garage many years ago, it entered into a Master Lease Agreement. Subsequently the City decided that it needed space for garage operations. It subleased back space that was for retail. The retail space was a nail salon and tobacco shop in the front of the garage. They were now entering their last 5 year period of the lease, and this sublease was the City's sublease of the space where the parking operations were. The rent was the same rent that they paid in the prior 5 years and was not an increase. This was space that was on the ground level and interior with no windows. All of the connections from the other garages got brought into this location's command center to see the garage in real time. This space was utilized by the garage management company as part of the management. This was for 5 years at just over \$1300.00 per month.

Councilmember Waring asked how many spaces were there and Ms. Carducci stated that the City owned the garage and that there was no parking for this. This was strictly office space and management.

Chairman White stated that he was trying to contemplate how the City owned the property, but that it seemed like a good deal. What was happening was that we leased that site to whoever had it, they ended up not needing it, the City leased it back and the City subleased it for the next 5 years. After that the City would take it over and re-sell the front. Ms. Carducci stated that the City had occupied the space for as long as she had been with the City. This was just an extension of the agreement. At the end of the 5 years, the master tenant lease would end and then City Council would have the opportunity to put it back up to bid or to lease the retail spaces. She said she would never recommend that the City

lease that space out because it was needed for our operations. The City could lease the front retail spaces though and eliminate the middle tenant.

Councilmember Moody stated that he knew the City had a lot of garages and he knew that the City had contracts with ABM to manage the garages. He asked why we had space there if they managed them. Ms. Carducci said that the way the management agreement was structured with ABM was that ABM got paid a flat fee for their services. It was between \$150,000 and \$200,000 per year. They had no revenue because all of the revenue went into City bank accounts. Every drop from the garages dropped into a City of Charleston account. The expenses were submitted every year of what they projected their revenue and expenses to be for salary, cleaning, and other operations. The City then would give them money to operate. It was a City operation, but they were the experts that help facilitate the overall management of the system.

Councilmember Moody stated that he was curious of how the City liked the company. Ms. Carducci said that there were some unhappy employees that they had. Councilmember Moody said that he meant the customers and the public. Ms. Carducci stated that the customer complaints had gone down and the revenue had gone up. ABM was a large corporation that operated many different kinds of building and janitorial services all across the country. They had over 100,000 employees nationwide and had a strong and solid company, as well as a good model for what they did. Their HR division oversaw every individual employee. Councilmember Moody stated that the complaints he had heard were about going from a personal hand –to-ticket to an automated system, and not knowing how to maneuver through it. Ms. Carducci stated that the City made the decision when they hired ABM to transition to automated systems. The City had invested hundreds of thousands of dollars in the automation process. As the City worked through this, there were two garages automated currently and 4 more planned for 2017. The City would be halfway through the automation by the end of 2017.

Mayor Tecklenburg stated that the number of employees would go down. Ms. Carducci stated that no one's job was being removed or eliminated. They were given the opportunity to be customer service people that would walk the garages, and helping people if they were having difficulties with the automation. During downtime at night, there wouldn't be someone at the garage but there may be one person between the Queen Street Garage and the Majestic Garage. They would have to bounce back and forth. Every payment location had a push button on it, and if it was pushed a person could see the driver. This was 24/7 from the command center. There was paying differentials between these two jobs. They don't rehire positions if they didn't need them. The number of employees would be reduced overall.

Councilmember Waring stated that the number of employees had probably gone down since the contract started. Ms. Carducci stated that they could go back and look at that and that ABM had said that every case of termination was justified. Councilmember Waring stated that this might be an issue if the contract came up again. There were two sides to the story. Ms. Carducci stated that she appreciated that but that she had not heard the complaints that Councilmember Waring had heard. None of the employees had come to her or Mark and had probably gone straight to the Councilmembers.

Mayor Tecklenburg stated that he received the complaint comments regularly and he did pass them along. Ms. Carducci stated that they had a 5 year contract and the end of that contract was July of next

year and then it could automatically roll over for 4 more years beyond that. They did have a hot line that people could call that would go to the corporate office. She could check to see if there had been any local people who had utilized that opportunity. Chairman White stated that some of the employees were City employees a long time ago and there were still some like that but now they were ABM employees. It could be that by way of our HR department, they could make a connection with their HR department. Our HR department could look into it, so that the City would know.

On the motion of Councilmember Moody, seconded by Mayor Tecklenburg the Committee voted unanimously to approve the Second Lease Addendum to extend the term of the lease to February 28, 2022, for the City's parking facilities operations center.

REQUEST APPROVAL OF THE QUIT CLAIM DEED TO CONFIRM THAT THE REAR OR EASTERN BOUNDARY LINE OF THE 83 MARY STREET PROPERTY IS AS SHOWN ON THE 2014 FORSBERG 83 MARY PLAT AND THAT THE CITY WISHES TO QUIT CLAIM ALL OF ITS RIGHTS, TITLE AND INTEREST IN THE PROPERTY. THIS PROPERTY IS OWNED BY 83 MARY, LLC. (TMS: 460-12-02-024; 83 MARY STREET) [ORDINANCE]

Frances Cantwell stated that at one point the City had owned this, and had sold it to the Chamber, and then the Chamber flipped it from year to year. When the City sold the property, we reserved an easement from Ann Street to Mary Street that was 15 feet wide along the property line. That was still there now and it was great to have it. The owner of the property on the corner of King and Mary Streets had asked the City to confirm the property line being a straight line from the adjoining property to Mary Street. This was shown on the Plat. This was a masonry wall and the issue was that they needed to confirm that was part of the property. They had many different surveyors and had found the markers. They were confident that the property line was as shown on the Plat. This was represented with a dotted line. The owner was asking that the City Quit Claim anything to the west of the dotted line. The wall was coming down.

Councilmember Moody asked who 83 Mary Street was. Ms. Carducci stated that she knew the Lawyer and Mayor Tecklenburg stated that he knew her name was Mary Anne Canters. Councilmember Moody stated that he always wondered if he had a conflict of interest with someone on this property. Ms. Cantwell stated that was good reminder because the Councilmembers had asked them to find those people.

On the motion of Councilmember Moody, seconded by Mayor Tecklenburg, the Committee voted unanimously to approve the Quit Claim Deed to confirm that the rear or eastern boundary line of the 83 Mary Street property is as shown on the 2014 Forsberg 83 Mary Plat and that the City wishes to quit claim all of its rights, title and interest in the property.

REQUEST APPROVAL FOR THE SECOND AMENDMENT TO LEASE EXERCISING THE CITY'S ONE YEAR OPTION PERIOD WITH CHARLES RIVER LABORATORIES, INC. FOR THE POLICE FORENSICS UNIT COMMENCING APRIL 1, 2017 UNTIL MARCH 31, 2018. THE PROPERTY IS OWNED BY CHARLES RIVER LABORATORIES, INC. (TMS: 351-15-00-007; 1023 WAPPOO ROAD)

Ms. Carducci stated that this was the City's second amendment and that the rent was an increase of 3% from the prior year. It was an option the City had drafted into the lease. The City had one more option

beyond this. The rent was not established in the lease, so each year the City needed to negotiate and come back to Council for approval. This was the location of our Police Forensics Unit.

Councilmember Moody said that this was where they researched the Horseshoe Crab. Ms. Carducci said yes and that was why they needed our space.

On the motion of Councilmember Moody, seconded by Councilmember Waring, the Committee voted unanimously to approve the Second Amendment to lease exercising the City's one year option period with Charles River Laboratories, Inc. for the Police Forensics Unit commencing April 1, 2017 until March 31, 2018.

REQUEST APPROVAL OF THE MEMORANDUM OF UNDERSTANDING TO EXERCISE THE CITY'S ONE YEAR OPTION PERIOD WITH THE MEDICAL UNIVERSITY HOSPITAL AUTHORITY FOR THE POLICE CRIME LAB COMMENCING JUNE 1, 2017 AND ENDING MAY 31, 2018. THE PROPERTY IS OWNED BY MEDICAL UNIVERSITY HOSPITAL AUTHORITY. (TMS: 460-15-01-043; 171 ASHLEY AVENUE)

Ms. Carducci stated that this was a crime lab, and they had space in the Hospital to test blood and other various things for crime analysis.

On the motion of Councilmember Waring, seconded by Councilmember Moody, the Committee voted unanimously to approve the Memorandum of Understanding to exercise the City's one year option period with the Medical University Hospital Authority for the Police Crime Lab commencing June 1, 2017 and ending May 31, 2018.

Having no further business, the meeting adjourned at 4:29 p.m.

Bethany Whitaker
Council Secretary