

COMMITTEE ON REAL ESTATE

May 24, 2018

A meeting of the Committee on Real Estate was held this date beginning at 3:33 p.m. at City Hall, 80 Broad Street, First Floor Conference Room.

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

PRESENT

Chairman Moody, Councilmember Waring, Councilmember White, Councilwoman Jackson, and Mayor Tecklenburg **Staff:** Frances Cantwell, Rick Jerue, Geona Shaw-Johnson, Chip McQueeney, Christopher Morgan, Amy Wharton, and Bethany Whitaker, Council Secretary

The meeting was opened with an invocation provided by Councilmember Waring.

APPROVAL OF MINUTES

On the motion of Councilmember Waring, seconded by Councilmember White, the Committee voted unanimously to approve the minutes of the May 8, 2018 meeting.

- a. **REQUEST AUTHORIZATION TO EXECUTE THE LICENSE AGREEMENT WHEREBY ALLOWING WE ARE FAMILY TO PROVIDE SUPPORT SERVICES FOR PERSONS EXPERIENCING HOMELESSNESS OR THOSE AT RISK OF HOMELESSNESS AT 529 MEETING STREET (TMS: 459-05-01-011) THE PROPERTY IS OWNED BY KQC INVESTORS, LLC.**

Ms. Cantwell stated that at the last meeting they had approved a lease for 529 Meeting Street. The City was going to lease 529 Meeting Street to have a day use center for people experiencing homelessness. The program called for them to have a 'master licensee' in the premises that would more or less manage other people who would be providing services within the center. We Are Family was going to serve in that capacity. They would operate their programs in the facility and would be reaching out to other providers to the extent that their programs didn't extend to all areas of the population, particularly age-wise. We Are Family had agreed to take on some of the repair work that the premises needed. The City would maintain responsibility for taxes, insurance, and utilities, but everything else would be on the licensees. There was a small change which was that they had inserted into the agreement a paragraph for a drop dead date, by which We Are Family would get in there and get going. We Are Family had agreed to get up and running by June 25th, and if not, the City had the right to cancel.

Councilmember Waring asked if there were any outfit costs. Ms. Cantwell said there were some. Ms. Shaw Johnson had a budget of around \$2,500 that would cover all the repairs. Mayor Tecklenburg stated that he had requested \$25,000 from the Homeless to Hope fund. Some of those funds may go directly to We Are Family. They had a commitment from the Palmetto Project. Chairman Moody asked who the property was owned by. Ms. Cantwell said she thought the person was Hal Kaplan, an LLC he owned. Chairman Moody said he was trying to get a

handle on what it would cost the City. Ms. Cantwell said that they had estimated that the operational expenses, that the City was responsible for, would be about \$45,000 per year. That included taxes, insurance, and utilities. The \$25,000 from the Palmetto Project would go towards that and the rest would have to be funded from the City's resources. Mayor Tecklenburg said that he had mentioned that he was going to come to Council and ask for \$15,000 through the balance of this year to make this work. They would have to ask for it in the next meeting. Palmetto Project was the nonprofit that managed the Homeless to Hope fund. Councilmember Waring said that at Community Development, they had made a good presentation. Mayor Tecklenburg said that Ms. Moore was very passionate and she was going to bring a lot more resources to the table and what the City put in would be multiplied by their efforts.

On the motion of Councilwoman Jackson, seconded by Councilmember Waring, the Committee voted unanimously to approve the above item.

- b. **REQUEST AUTHORIZATION TO EXECUTE THE BARAGAIN SALE AGREEMENT WHEREBY THE CITY WILL PURCHASE 1.31 ACRES FOR THE PURPOSE OF CONSTRUCTING A FIRE STATION TO SERVE AREAS OF THE CITY LOCATED WITHIN THE CAINHOY PENINSULA. THE SEELER WILL CONSTRUCT THE ROADS AND PROVIDE TEMPORARY ACCESS EASEMENTS UNTIL SUCH ROADS ARE DEDICATED TO THE CITY (PORTION OF 2620 CLEMENTS FERRY ROAD, CHARLESTON, BERKELEY COUNTY; TMS: PORTION OF 2620 CLEMENTS FERRY ROAD, CHARLESTON, BERKELEY COUNTY) THE PROPERTY IS OWNED BY CLEMENTS FERRY PROPERTIES, LLC.**

Ms. Cantwell stated that this was a proposed bargain sale agreement between the City and Clements Ferry Properties, LLC. The actual amount of the acreage was 1.35 acres and it was property off Clements Ferry Road. The purchase price would be \$185,000 with the ability of the seller, if it qualified, to take a bargain sale for the difference between the sales price and what the property would appraise for. The property did not have access to Clements Ferry Road right now. Temporary access was assured by this agreement, either by way of an access road or another alternate construction access, in case they needed to start building the Fire Station before the access road was completed. The agreement did call for the City to contribute to the construction of an access road that would be a 4-lane road. The City would pay half of the cost from Clements Ferry Road to the western most boundary of the property. There would also be a 2-lane access that would run down the side of the property, which would eventually become a public street as well and connect to a neighborhood. The City was contributing to half the cost of that as well. The City's cap was \$480,000 and that money would be escrowed at closing and would be drawn down 1-1 as the road was built. The City would pay \$1 for every \$1. They had a due diligence period of 120 days and closing 30 days after. There was a caveat that if the City had not commenced construction within 2 and a half years, the developer had the ability to buy it back at what the City paid him, plus all of the money that was held in escrow. If the City was ready to go in two and a half years and the access road wasn't completed, then the City had the

ability to take what was left in the escrow to complete the road. Foster Gaillard was there and he represented the seller.

Councilmember White said that conceptually, the idea of acquiring the property to be a replacement for Station #20, he didn't have concern with. The location, where it stubbed out on Clements Ferry Road, was a spot they had been trying to get DOT to put a light at and having the Fire Station there might help support that. He did have a couple issues. The first was that he was asked to be on the selection committee for an architect for this replacement. When he walked in, he had thought they were meeting about Station #21. When Chief Brack had first come on board, he had explained to her that they had a gap in fire coverage on the Cainhoy peninsula. That was before Cainhoy Plantation had become much more of a reality. Subsequent to that time frame, they realized that there was no fire protection available, from a fire hydrant standpoint, in any reasonable distance to provide fire service. The City then acquired a tanker to help manage that. The insurance companies found out that there were many residents in that area that didn't meet the ISO requirements for radius and the insurance went up. That was when they knew they had to come up with a conclusion and started looking at property. They had a bond they floated of \$4-5 million that was designated to be the resources needed to put in Station #21. They couldn't find a site and in Real Estate had agreed to condemn a site, but then they realized it was a bad situation. They found a temporary site, which was in the boonies. It just barely met the requirements so everyone's insurance premiums were back to something reasonable. But, it was not a good location to cover what he saw as the priority. They now had three schools that were fully functioning, a large retail center about to go up, and two apartment complexes. They hadn't even put up the single family residences yet, which would be one of the largest developments. All of the development was starting at the entrance to Cainhoy Plantation on both sides. If they had a fire, they were 15 minutes at best from the temporary site, or Station #20, which was what they were talking about replacing. The replacement was one block from Marina Drive, so from a distance standpoint, it wasn't a positive impact. The priority still needed to be to find an adequate site for Station #21 because the contemplation of where the funding came to build on Station #20's replacement, was money that was allocated for Station #21. He didn't think it made good sense to shift funding for a new Station #21, for a replacement. If they wanted Station #21 to continue to be a priority, he feared that if they took the resources, it would be a long time to get the funding for Station #21. They had the money allocated, and didn't even have the dirt, so if they didn't even have money available, it would be a challenge.

Councilwoman Jackson said for clarification, that they didn't even have eyes on a better space for Station #21. Councilmember White said they originally had a site and it didn't work. They had an opportunity, at the first entrance to Cainhoy Plantation, Daniel Island Company had offered. Chief Brack and Chief Mullen at the time didn't really care for the site, for one reason or another. He thought there was land in that area or across the street, that if they reengaged the Daniel Island Company, they might be able to get a little further along. He hadn't heard anything else about it, but if they actively started seeking and having solid conversations with them, he

found it hard to imagine that they couldn't come to some conclusion. Councilwoman Jackson asked if he was suggesting that they passed on this one to work on Station #21. Councilmember White said that the funding opportunity to acquire this property was not going to tap into what was designated for Station #21. Ms. Wharton said she thought that was right.

Councilmember White said if they had the funds without tapping into the funds for Station #21, he was comfortable under two circumstances. One, that the time-frame of two and a half years to build was probably not reasonable. They should be more conservative in the approach to timing. Second, they were told that they were getting a great deal and that was why they wanted to pursue this. In reality, when they did the math on the dirt acquisition, plus the contribution to the road, it wasn't a deal and they would be paying over-market. He called Ms. Carducci to get comps that they had used in the area that led to the conclusion that they were getting a good deal. They had closed on a property down the street, that abutted Clements Ferry Road, that was 2.5 acres, for \$575,000. They were getting ready to pay \$665,000 for 1.3 acres, not on Clements Ferry Road. There was another parcel down the street, on Clements Ferry Road, 1.3 acres, that was on the market for \$574,000 and it was overpriced. Both of those were superior properties to this one. The concept was great, and the fact that it helped get a light added value, but the time frame gave him some consternation because he didn't agree with using proceeds from Station #21 for this. They needed to have some more discussions on price.

Ms. Cantwell said that the discussions they had was that it would always be set back because they were going to widen Clements Ferry and the other property had almost the same kind of transaction. She didn't know if one side was more valuable than the other, but the price had been comparable. Councilmember White said he had gone driving with Matt Sloane because he wanted to show him the sites. Ms. Cantwell said that the site they wanted the City to buy, they wanted the City to build a road, maintain a public road across the back of the property, have access easements across, and to pay the differential between a standard DOT light and a fancy DOT light. They had some issues to work out with them. Councilmember White said that if Mr. Sloane was willing to take the time to ride around, he had some interest in getting property sold to build. They didn't need frontage, just good access. He would say that if it was comparable per acre at that site versus this site, this site, not knowing exactly what they would do, they would be paying fair market value and taking a lot of speculation. They knew what was going to happen at the intersection. They just needed to do a little more homework to understand if they were getting a good deal, but finding a spot for #21 should be the priority. He asked Mr. Gaillard if he would be okay if they deferred for a couple of weeks to have the conversation about the length of time and to get more data around the value. If the value came back and it was a good deal, that was fine, but he couldn't come up with the conclusion that it was a good deal.

Mayor Tecklenburg said this had been a journey. He had looked at properties with Mr. Sloane as well, and they were trying to secure a property for #21, and ran out of time to satisfy the designation for insurance. So, they secured the leased property. That lease commitment was for

at least three years. The combination of having to get a leased property and the timing of the development occurring and that #20 was in such bad condition, there was very sound reason for how they had gotten to where they were. Chief Roberts had come prepared to share the coverage data. When they looked at the properties that Mr. Sloane had shared, both of the Chiefs had said 'no'. He relied on their expertise. At this point, Councilmember White had a good point, that replacing #20 was a good idea and thinking about when that would occur they should put more thought in or add flexibility by extending the time frame. This was the first time that he had heard that it might not be a good deal, so he wanted to make sure they were. He thought this was a good location for the replacement of #20 and they would rely on the departments to weigh in on timing and need.

Chairman Moody said it sounded like with a little bit of work on this piece of property and it could be acceptable for a Fire Station with some negotiations. They needed to pursue that and not necessarily at this price, at this time. There were some other issues to work on.

Councilwoman Jackson referred to Ms. Cantwell and said that there was something to do with the appraisal, and the City wouldn't be responsible for the differential. Ms. Cantwell said that it was structured as a bargain sale and they were selling it to the City for what everyone believed was less than what it would appraise for, so they were reserving the right to go to the tax people and get the differential.

Mayor Tecklenburg said that they were about to open temporary Station #21 and they had Station #20. At the end of the day, they wanted to build two new stations. They agreed on the general vicinity of where they needed to be, so he believed they should hear from the public safety officials before making the decision as to what Station they replaced first. He asked if Councilmember White would remove the caveat about the proceeds, while they brought to Public Safety the best advice on what made sense to them. Councilmember White said he couldn't take that out because that was the whole premise of why he had an issue with it, using the proceeds for what should be the priority Station #21. Mayor Tecklenburg said that decision what made prior to the existence of a new leased Station #21, that they were opening in two weeks. It was basically brand new. When they set that priority before he was Mayor, they didn't know they were going to have to get that leased Station in place. It warranted another review. Councilmember White asked if the Chief had a map.

Chief Reynolds referred to the map for response times.

Chairman Moody said it seemed like what the Mayor asked for was that instead of the Real Estate making the decision about the location, that this property was a good piece of property and they should get it, but they might be back with another one. He asked what had happened with developers giving away land for things like this and schools. It would seem like if insurance was going up, it would be a huge impact on the developer. Mayor Tecklenburg said that they would need to get another bond, and would have to build more Stations. Councilmember White

said they could push a little harder to find another site. Councilwoman Jackson said she appreciated Councilmember White's passion and persistence, but in terms of getting through the vote, they could split it, and have the proceed discussion when it came back. Councilmember White said that they could press forward, but if this came back and they had any concept of using the proceeds for Station #21, he would be against it.

Ms. Wharton said they had \$5.4 million for Station #21 right now. Station #21 would have to be a large station so that wouldn't cover what would have to be Station #21. They didn't have enough to build what they would need for Station #21.

On the motion of Councilmember White, seconded by Councilmember Waring, the Committee voted unanimously to defer the above item instructing staff to have further conversation to look for a time frame that was a little more conservative in replacing Station #20, and to further discuss the value associated with the contract price.

- c. **REQUEST AUTHORIZATION TO EXECUTE THE AMENDMENT TO PURCHASE AND SALE AGREEMENT FOR 101 BROAD STREET WHEREBY EXTENDING THE CLOSING DATE TO JULY 20, 2018. THE PROPERTY IS OWNED BY THE CITY OF CHARLESTON. (101 BROAD STREET; TMS: 457-12-04-016) [ORDINANCE]**

Ms. Cantwell said that they were requesting an extension to close. They didn't think they would need that long, because he had worked on some numbers for construction. The City supported it because they would get to stay parking at 101 Broad until August 15th.

On the motion of Councilwoman Jackson, seconded by Councilmember White, the Committee voted unanimously to approve the above item.

- d. **(i). REQUEST AUTHORIZATION TO EXECUTE THE LICENSE AGREEMENT BETWEEN THE SOUTH CAROLINA STATE PORTS AUTHORITY, THE CITY AND THE CITADEL AUTHORIZING THE USE OF SPACE AT THE PORT'S NORTH CHARLESTON TERMINAL TO UNLOAD AND STORE OYSTERS, PENDING THEIR REPLANTING.**

(ii). REQUEST AUTHORIZATION TO EXECUTE THE COST SHARING AGREEMENT BETWEEN THE CITY AND THE CITADEL FOUNDATION, RELATING TO THE ASHLEY RIVER OYSTER BED ENHANCEMENT PROJECT, WHEREBY THE CITY AGREES TO SERVE AS THE PROJECT MANAGER FOR THE CITY PROJECT AND THE CITADEL'S PROJECT, IF THE CITADEL OPTS TO DO ITS PROJECT IN TANDEM WITH THE CITY.

(iii). REQUEST AUTHORIZATION TO EXECUTE THE AGREEMENT BETWEEN THE SOUTH CAROLINA DEPARTMENT OF NATURAL RESOURCES, THE CITY AND THE CITADEL RETAINING SCDNR TO MONITOR THE OYSTER BANK CONSTRUCTION FOR COMPLIANCE WITH ENVIRONMENTAL REGULATIONS.

The property is owned by the South Carolina State Ports Authority.

Ms. Cantwell said that as part of the mitigation for the Spring/Fishburne drainage project, the City had to do some mitigation and they had permits to expand an existing oyster bank on the Ashley River. The Citadel had another project going on and they had their own mitigation to do. The First Agreement would be the Ports Authority to allow them to license a platform. The second agreement was that the City would serve as the project manager. It was a mutual agreement where the City was the lead entity, but they would work hand in hand with The Citadel. The Citadel would pay all the costs associated with their oyster beds. The third agreement was with DNR and they were an organization that would oversee what the contractors did, and monitor the installation, the Oyster Beds for three years, and give a report.

On the motion of Councilwoman Jackson, seconded by Councilmember Waring, the Committee voted unanimously to approve the above items.

- e. **REQUEST APPROVAL FOR THE MAYOR TO EXECUTE THE ATTACHED FIRST AMENDMENT TO THE MEMORANDUM OF AGREEMENT WHEREBY THE CITY OF CHARLESTON AND THE CHARLESTON PARKS CONSERVANCY AGREE TO WORK JOINTLY ON IMPROVING, MANAGING, MAINTAINING, AND PROGRAMMING CITY PARKS FOR THE BENEFIT OF THE CITIZENS, TO CLARIFY THE REQUIRED INSURANCE COVERAGES AND TO REDUCE THE LIABILITY LIMITS OF THE UMBRELLA POLICY REQUIRED TO BE MAINTAINED BY THE CHARLESTON PARKS CONSERVANCY FROM \$10,000,000 TO \$5,000,000.**

Chip McQueeney said that they should move forward and if they needed to amend it at any point, that was fine. There was no reason to delay it. Ms. Cantwell said that what this would do was bring the insurance requirements for the Parks Conservancy in line with what was they were getting ready to approve in a few weeks for Hampton Park.

On the motion of Councilmember Waring, seconded by Councilwoman Jackson, the Committee voted unanimously to approve the above item.

- f. **REQUEST AUTHORIZATION FOR THE MAYOR TO EXECUTE THE PURCHASE AND SALE AGREEMENT FOR THE CITY TO ACQUIRE THE ARCHER SCHOOL SITE FROM CHARLESTON COUNTY SCHOOL DISTRICT FOR FUTURE DEVELOPMENT TO INCLUDE AFFORDABLE HOUSING.**

Ms. Cantwell said that the School district had approved a contract of sale of Archer to the City. The price was as it was, \$3.25 million and it was the sales contingent on the City getting the UDAG funding from the LDC. The affordable housing provision was the same as before. During due diligence, the City could pursue demolition of the buildings through BAR. If they didn't get the approval of BAR, the City could walk. This was independent of the Stoney Field item.

Councilmember Waring said that once the due diligence period ran, he thought it said that they would have to perform the contract. Ms. Cantwell said that they had 120 days due diligence and

they would have to go through the process with the BAR, and if they didn't have that in 120 days, they would have to notify them as to whether or not they would perform with the contract. She thought they could get the demolition request through in 120 days.

Mayor Tecklenburg said that the due diligence was 120 days and they could walk for any reason during that period. They had preliminary discussion and everyone seemed to be agreeable to allow demolition in the central area and the newer area. They may have to keep the original front of the building. Councilmember White asked if they had gotten any feedback about the asbestos abatement. Mayor Tecklenburg said they were told that the asbestos had been removed. Chairman Moody stated they couldn't afford to have property for affordable housing if it wasn't affordable. If they had someone that came along to buy the property, he would vote to have them take it. Councilmember Waring said if they could tear it down, they should put something very unique there. Chairman Moody said the question was if this was something they could do, even if they could demolish it. Councilwoman Jackson said they had the due diligence period to figure out if they did have a property that could contain affordable housing. Chairman Moody said that they would need more than just affordable housing. Councilmember White said that due diligence should be more than just 'if they could tear down'. They needed to mock up how many units they could build and what the cost would be. That would be important to know before it came back. Ms. Shaw Johnson that the thought was to blend market rate and affordable housing.

On the motion of Councilwoman Jackson, seconded by Mayor Tecklenburg, the Committee voted unanimously to approve the above item.

g. Consider the following annexations:

- (i) 1758 Jervey Avenue (TMS #: 351-10-00-068) 0.09 acre, West Ashley (District 9). The property is owned by Sarah Boiter Bunting.*
- (ii) 534 Savannah Highway (TMS #: 421-03-00-167) 0.24 acre, West Ashley (District 11). The property is owned by Big Pine Acres LLC.*
- (iii) Property known as three properties on Habakkuk Lane (TMS #: 267-00-00-015, 267-00-00-016 and 017) 1.50 acres, Cainhoy (District 1). The property is owned by MSR Clements Ferry Land LLC.*

Chairman Moody said that there had been a lot of conversation about the Savannah Highway site. They wanted to tear it down at one point and he asked how they would tear that down. Mr. Morgan said they could control it a lot easier than if it was in the County. It was a huge plus for the City to get it under its jurisdiction. Chairman Moody asked if demolition was prohibited and Mr. Morgan said that DRB would have to review it and they hadn't seen anything about the building that showed a reason for demolition. Councilmember White asked if the properties on Habakkuk were being added to the PUD. Mr. Morgan said they would add the acreage into the PUD, but no units. It was for townhouses that they were approved for in the original PUD.

On the motion of Councilmember Waring, seconded by Councilwoman Jackson, the Committee voted unanimously to approve the above annexations.

h. Executive Sessions Regarding Contractual Matters:

- (i) Forest Acres Drainage Phase 2A*
- (ii) Calhoun West Drainage Project*
- (iii) Update on CSOL Property Sale*

On the motion of Councilmember White, seconded by Councilmember Waring, the Committee voted unanimously to go into Executive Session at 4:45 p.m.

On the motion of Councilmember White, seconded by Councilwoman Jackson, the Committee voted unanimously to come out of Executive Session at 4:55 p.m.

No action was taken.

i. AUTHORIZATION FOR THE MAYOR TO EXECUTE A LICENSE AGREEMENT WITH CHARLESTON WATER TAXI, LLC ALLOWING THE USE OF THE DOCK ON DANIEL ISLAND AT TOWN CENTER FOR PICKING UP AND DROPPING OFF PASSENGERS. THE DURATION OF THE LICENSE WILL BE UNTIL THE EARLIER OF THE OPENING OF THE JAMES EDWARDS BRIDGE OR THE TRANSFER OF THE DOCK TO THE DANIEL ISLAND COMMUNITY ASSOCIATION IN ACCORDANCE WITH THE FOURTH AMENDMENT TO THE DEVELOPMENT AGREEMENT. [AFTER THE FACT APPROVAL]

On the motion of Councilmember White, seconded by Councilwoman Jackson, the Committee voted unanimously to approve the above item.

Having no further business, the Committee on Real Estate adjourned at 4:56 p.m.

Bethany Whitaker
Council Secretary