

**COMMITTEE ON WAYS AND MEANS**

July 17, 2018

A meeting of the Committee on Ways and Means was held this date at 5:16 p.m.

**PRESENT (13)**

The Honorable John J. Tecklenburg, Mayor

Councilmember White	District 1	Councilmember Waring	District 7
Councilmember Shealy	District 2	Councilmember Seekings	District 8
Councilmember Lewis	District 3	Councilmember Shahid	District 9
Councilmember Mitchell	District 4	Councilmember Griffin	District 10
Councilmember Wagner	District 5	Councilmember Moody	District 11
Councilmember Gregorie	District 6	Councilmember Jackson	District 12

**1. INVOCATION:**

The meeting was opened with an invocation provided by Councilwoman Jackson.

**2. APPROVAL OF MINUTES:**

On a motion of Councilmember Moody, seconded by Councilmember Lewis, the Committee on Ways and Means voted unanimously to approve the minutes of the June 19, 2018 Committee on Ways and Means meeting.

**3. BIDS AND PURCHASES:**

Chairman White stated there was an error on Item 3d in the agenda packets, and there was a corrected version of the routing form associated with the short term rental software provided on the Councilmembers' desks.

Councilmember Moody said that, in the MWBE Report that the vendor submitted, the MWBE participation was \$10,000, which represented 20% of the contract. He assumed in the Request For Proposal it said up to \$55,000 because the number had been changed to \$55,000. He asked about the process and what the actual number was. Gary Cooper, Director of Procurement, stated that it was the usual process, and the actual cost of the software would be \$50,000. The City added an additional \$5,000 for any travel expenses, in case representatives came to the City. They had agreed

to at least five days for free, but if the City had to bring them back to testify in front of a judge, additional funds were added to allow the transactions to take place. Councilmember Moody asked if this was part of the contract because he did not see it in the agreement, and Mr. Cooper confirmed. He stated there was a unit price of no more than \$750 per day, and the City had to pay for expenses, as well. Councilmember Moody said the contract stated that the agreement authorized payment not to exceed "fifty-five thousand dollars," but the number read \$55.00 on page 2 of the contract. Mr. Cooper said they would correct that page in the contract.

On a motion of Councilmember Moody, seconded by Councilmember Lewis, the Committee on Ways and Means voted unanimously to approve the bids and purchases as follows:

**POLICE DEPARTMENT: ACCOUNT:200000-52036 APPROPRIATION: \$65,067.93**

Approval to purchase ammunition for the Police Department range from Craig's Firearm Supply, Inc., 1531-B Broad River Rd. Columbia, SC 29210; SC Contract #4400018434

**PARKS-CAPITAL PROJECTS: ACCOUNT:520000-52445 APPROPRIATION: \$45,287**

Approval of \$45,287 with Coastal Roofing, Inc. for the emergency removal and replacement of the interior gutter system at 50 Broad Street and replacement of rotten roof sheathing. Funding for the emergency repairs will come from the Capital Projects structural repair line-item.

**PARKS-CAPITAL PROJECTS: ACCOUNT:051398-52725 APPROPRIATION: \$77,713.28**

Approval to purchase furniture for the Louis Waring, Jr. Senior Center from Carolina Business Interiors (CBI), 526-B King Street, Charleston, SC 29403; SC Contract #4400018138. The purchase of furniture from CBI in the amount of \$77,713.28 will be paid from the \$200,000 allocated by the City for the purchase of fitness equipment and FF&E (furniture, fixtures and equipment) per the Lease and Management Agreement with Roper St. Francis and included in the project budget.

**LIVABILITY: ACCOUNT:225000-52206 APPROPRIATION: \$55,000**

Approval to establish a contract for Short Term Rental Software with Bear Cloud Software (STR Helper), PO Box 302362, Austin, TX 78703; Solicitation #18-P021R. This is an annual expense.

**FIRE DEPARTMENT: ACCOUNT:062018-58010 APPROPRIATION: \$1,256,712.56**

Approval to purchase two (2) 2019 Pierce Arrow XT Custom Pumper Trucks from Spartan Fire & Emergency Apparatus, 319 Southport Rd., Roebuck, SC 29376; Solicitation #18-P015R. 2018 Lease Purchase funds will be used.

**FIRE DEPARTMENT: ACCOUNT:062018-58010 APPROPRIATION: \$1,275,082.37**

Approval to purchase one (1) 2019 Pierce Arrow XT 100' Tower Ladder Truck from Spartan Fire & Emergency Apparatus, 319 Southport Rd., Roebuck, SC 29376; Solicitation #18-P016R. 2018 Lease Purchase funds will be used.

**4. CARTA FY2019 BUDGET**

Councilmember Seekings said Mr. Ron Mitchum was present if the Committee had any questions regarding the budget, and he had sent a memo to the Mayor and Council.

On a motion of Councilmember Lewis, seconded by Councilmember Seekings, the Committee on Ways and Means voted unanimously to approve the CARTA FY 2019 Budget.

**5. BUDGET FINANCE AND REVENUE COLLECTIONS: APPROVAL OF THE ADDITIONAL COST OF THE DESIGN AND CONSTRUCTION OF THE TEMPORARY PARK AND RIDE LOCATION IN THE AMOUNT OF \$18,200. THE ORIGINAL APPROVAL WAS FOR \$40,000. THE TOTAL COST OF LOT WAS \$58,200. THE ORIGINAL AMOUNT BUDGETED WAS \$100,000. THE ADDITIONAL COST WILL COME FROM THE REMAINING PROJECT BUDGET.**

On a motion of Councilmember Mitchell, seconded by Councilmember Seekings, the Committee on Ways and Means voted unanimously to approve the additional cost of the design and construction of the temporary Park and Ride location in the amount of \$18,200.

**6. OFFICE OF CULTURAL AFFAIRS: APPROVAL TO ACCEPT \$5,000 FROM SOUTH ARTS TO SUPPORT CREATIVE PLACEMAKING EFFORTS IN THE UPPER PENINSULA. THE PROJECT PERIOD WILL BE 7/1/2018 THROUGH 6/30/2019. A 1:1 CITY MATCH IS REQUIRED. MATCHING FUNDS WILL COME FROM FOUNDATION SUPPORT FOR THE MOJA ARTS FESTIVAL AND THE PICCOLO SPOLETO FESTIVAL.**

On a motion of Councilmember Waring, seconded by Councilmember Mitchell, the Committee on Ways and Means voted unanimously to approve to accept \$5,000 from South Arts to support creative placemaking efforts in the Upper Peninsula..

**7. OFFICE OF CULTURAL AFFAIRS: APPROVAL TO APPLY FOR \$5,000 FROM THE SOUTH CAROLINA PORTS AUTHORITY COMMUNITY GIVING PROGRAM TO SUPPORT OUTREACH PROGRAMS OF THE 2018 MOJA ARTS FESTIVAL. NO CITY MATCH IS REQUIRED.**

On a motion of Councilmember Mitchell, seconded by Councilmember Waring, the Committee on Ways and Means voted unanimously to approve to apply for \$5,000 from the South Carolina Ports Authority Community Giving Program to support outreach programs of the 2018 MOJA Arts Festival.

**8. OFFICE OF CULTURAL AFFAIRS: APPROVAL TO APPLY FOR FUNDING FROM THE GAYLORD & DOROTHY DONNELLEY FOUNDATION LOWCOUNTRY ARTISTIC VITALITY GRANT. AWARDED FUNDS ARE BASED ON THE GDDF BOARD'S RECOMMENDATIONS. FUNDS WILL BE USED TO SUPPORT LOCAL ARTISTS AND ARTS ORGANIZATIONS IN CHARLESTON DURING THE PICCOLO SPOLETO FESTIVAL, MOJA ARTS FESTIVAL AND FREE VERSE FESTIVAL. NO CITY MATCH IS REQUIRED.**

On a motion of Councilmember Mitchell, seconded by Councilmember Waring, the Committee on

Ways and Means voted unanimously to apply for funding from the Gaylord & Dorothy Donnelley Foundation Lowcountry Artistic Vitality Grant.

**9. OFFICE OF CULTURAL AFFAIRS: APPROVAL TO APPLY FOR FUNDING FROM THE NATIONAL ENDOWMENT FOR THE ARTS IN THE AMOUNT OF \$50,000. FUNDS WILL BE USED TO SUPPORT PUBLIC ART INITIATIVES AND FESTIVAL EVENTS IN CONJUNCTION WITH COMMEMORATIONS OF THE 350<sup>TH</sup> ANNIVERSARY OF THE SETTLEMENT OF CHARLESTON. THE PROJECT PERIOD WILL BE 7/1/2019 TO 6/30/2020. A CITY MATCH IN THE AMOUNT OF \$50,000 IS REQUIRED. MATCHING FUNDS WILL COME FROM CORPORATE SPONSORSHIPS AND PAID ADMISSIONS.**

On a motion of Councilmember Mitchell, seconded by Councilmember Lewis, the Committee on Ways and Means voted unanimously to approve to apply for funding from the National Endowment for the Arts in the amount of \$50,000. Funds will be used to support public art initiatives and festival events in conjunction with commemorations of the 350<sup>th</sup> anniversary of the settlement of Charleston.

**10. PARKS-CAPITAL PROJECTS: APPROVAL OF A DESIGN CONTRACT WITH LIOLLIO ARCHITECTURE IN THE AMOUNT OF \$277,418 FOR PHASE I DESIGN SERVICES FOR THE RETROFIT OF CFD STATION 8 AT 370 HUGER ST. PHASE I SHALL INCLUDE CONCEPTUAL DESIGN THROUGH CONSTRUCTION DOCUMENTS WITH COST ESTIMATING IN PREPARATION OF A FUTURE PHASE II FOR CONSTRUCTION. THE PROJECT IS A 75/25 MATCH FEMA HAZARD MITIGATION GRANT. THE SCOPE OF PROJECT IS TO ENCOMPASS THE RETROFIT OF THE EXISTING HISTORIC FACILITY TO A CATEGORY IV EMERGENCY FACILITY INCORPORATING CURRENT CODE AND CFD PROGRAM GUIDELINES IN A FLOOD-PRONE LOCATION. THE DESIGN CONTRACT WILL OBLIGATE \$277,418 OF THE \$340,309 PROJECT BUDGET. FUNDING SOURCES FOR THIS PROJECT ARE A FEMA HAZARD MITIGATION GRANT (\$255,232) AND 2015 GENERAL FUND RESERVES (\$85,077).**

On a motion of Councilmember Lewis, seconded by Councilmember Wagner, the Committee on Ways and Means voted unanimously to approve a Design Contract with Liollo Architecture in the amount of \$277,418 for Phase I design services for the retrofit of CFD Station 8 at 370 Huger St..

**11. PUBLIC SERVICE: APPROVAL OF CHANGE ORDER #1 WITH PALMETTO GUNITE CONSTRUCTION CO., INC. IN THE AMOUNT OF \$173,102 TO INSTALL ONE NEW MANHOLE AT THE BRICK PIPE DUE TO ACCESS ISSUES ALONG SMITH STREET AND TO LINE THE EXISTING PIPE DUE TO UTILITY DAMAGE AND DETERIORATION OF GROUT ALONG THE PIPE. THE APPROVAL OF CO#1 WILL RESULT IN AN INCREASE OF \$173,102 TO THE CONSTRUCTION CONTRACT (\$74,250 TO \$247,352). FUNDING WILL COME FROM THE DRAINAGE FUND.**

Councilmember Moody asked about why the amount of the increase was so large for one manhole cover. Frank Newham, Senior Engineering Project Manager, said they discovered several sewer laterals running through the pipe, so they had to add three to four manholes and then the line the pipe to keep the pipe from collapsing. He said that is why the extra money was in there.

On a motion of Councilmember Waring, seconded by Councilmember Griffin, the Committee on Ways and Means voted unanimously to approve Change Order #1 with Palmetto Gunitite Construction Co., Inc. in the amount of \$173,102 to install one new manhole at the brick pipe due to access issues along Smith Street and to line the existing pipe due to utility damage and deterioration of grout along the pipe.

**12. FIRE DEPARTMENT: APPROVE A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY, MUSC, AND MUSC-HA WHEREBY MUSC RESIDENTS WILL BE PROVIDED ON-SITE CLINICAL AND DIDACTIC TRAINING EXPERIENCES IN CHARLESTON FIRE DEPARTMENT BASIC LIFE SUPPORT PROTOCOLS AND PROCEDURES. THE MOU WILL BE IN EFFECT UNTIL JUNE 30, 2019.**

On a motion of Councilmember Lewis, seconded by Councilmember Shealy, the Committee on Ways and Means voted unanimously to approve a Memorandum of Understanding between the City, MUSC, and MUSC-HA whereby MUSC residents will be provided on-site clinical and didactic training experiences in Charleston Fire Department basic life support protocols and procedures.

**13. CONSIDERATION OF AN AMENDMENT TO THE OPERATING AGREEMENT BY AND BETWEEN THE CITY OF CHARLESTON AND THE GAILLARD MANAGEMENT CORPORATION (COUNCILMEMBER WILLIAM DUDLEY GREGORIE)**

Mayor Tecklenburg, Councilmember Waring, and Councilmember Moody explained they would be abstaining from voting as they served on the Gaillard Management Corporation Board of Directors.

Councilmember Shahid said the Operating Agreement was approved before he began serving on Council, and he wanted to make sure he understood the dynamics. Councilmember Gregorie asked Councilmember Shahid if he read his memo of July 11<sup>th</sup>, and Councilmember Shahid said he did, as well as an e-mail from Stephen Bedard, President and CEO of the Gaillard Management Corporation. Councilmember Gregorie said his presentation would not be any different from what was included in his July 11<sup>th</sup> letter. Councilmember Shahid asked Amy Wharton, Chief Financial Officer, if the City was committed to a dollar amount to support the Gaillard Center (“the Gaillard”) and if that was part of the agreement. Ms. Wharton stated the City was not, and there was no dollar amount in the current agreement. Councilmember Shahid stated that in Councilmember Gregorie’s letter, there was an understanding when the City completed the construction on the Gaillard. Ms. Wharton said she could not answer because she had not been a part of those discussions.

Councilmember Gregorie asked Ms. Wharton what the Gaillard had been receiving from the City annually. Ms. Wharton said that in the past, the City had supported the Gaillard with tourism dollars in the amount of \$1.4 million that was approved by Council during the budget process. The City also paid the utilities on the building and made lease payments on the lighting equipment. The City would also begin lease payments for the sound equipment that the Gaillard just purchased. Councilmember Gregorie asked if the \$1.4 million was specifically for operations, and Ms. Wharton confirmed. Councilmember Gregorie said he proposed formalizing an agreement, which would be a better business

model, instead of the City having to deal with the allocation annually without a specific amount. This amount was based on what the City had provided in the past, which was \$1.4 million, and it would allow anyone who might want to invest in the Gaillard to see that the operating expenses would be taken care of by the City on an annual basis.

Councilmember Griffin asked how many years the City had given \$1.4 million to the Gaillard. Ms. Wharton stated the City had given this to the Gaillard for the last two years. Councilmember Griffin asked what the amounts were prior to this. Ms. Wharton said that in 2015, the City gave \$1.1 million, and in 2016, the City gave \$1 million. Councilmember Griffin said the number was going down a little bit, and Ms. Wharton clarified that the number was going up. Councilmember Griffin said it made sense, the numbers did not come out of nowhere, and he believed there was some sort of agreement. He did not think the Gaillard should receive any less money because the City paid the light bill, and the City utilized the facility just as much as the Gaillard, particularly with the City offices. Ms. Wharton explained that it represented just the Gaillard's portion. The City paid for the whole building. Councilmember Griffin said he thought the City should continue its support and put it in writing because the Gaillard did so much for the City, created tourism dollars, and contributed to revitalization downtown. The City had been contributing money, and he did not understand why the City could not continue to do this.

Chairman White read a letter from Jennifer Cook, Assistant Clerk of Council, dated May 1, 2015, to Stephen Bedard, specific to the Operating Agreement. He read as follows: "Funding associated with support of GMC's operations of the Gaillard, as it relates to this Agreement, must be recommended by the Mayor to Council and approved by Council in the overall annual funds appropriation process each year. The City financial investment to aid in the operations should be expected to be required annually moving forward with the overall support slowly reducing after the first three to five years of operation." Chairman White said he was not saying his position was that the City should not fund the Gaillard. Councilmember Seekings asked what Chairman White was reading. Chairman White said it was a memo associated with the Operating Agreement, and he distributed it to the Committee for their review.

Councilwoman Jackson said she agreed with everyone that the Gaillard was a resource and an asset that the City would want to continue to support for as long as needed, but she thought the letter Chairman White read gave a hint to her question where she saw other communities begin their contributions strong and built-in some sort of declining formula where if the Gaillard made 'x,' the City did not have to contribute 'y.' She did not see anything like this in the draft agreement and did not know if this would be the final version or if they could discuss inserting formulaic terms that would be fair. She said if disaster struck, and the City could not entertain the visitors and customers that attended the Gaillard, the City's money would be there to balance that. It would be a floating formula so that over time, the Gaillard would be paying more, and the City would be paying less.

Councilmember Seekings said that the City budgeted annually. It did not know what was going to happen in 2019, 2020, or beyond. The City went through the budgeting process based on the City's needs projected at a given time going forward for one year only, although it reserved some things for five and ten years down the road. He worried about making commitments ten or twelve years in the

future that increased rather than decreased. He said as they sat in the Chamber ten years ago, they weren't thinking about sea level rise, flooding, and the billions of dollars in needs. He said the Gaillard was a great asset to the City, but the City had an obligation to think about where its monies and resources would be spent given the actual needs and time on an annualized basis. This would be committing a large sum for 11 years with an escalator. He also worried that this would encourage others to seek long-term commitments from the City for assistance. The Gaillard was not the only entity in the world involved in the arts, and there were others that the City had some ownership interest in and an interest in making sure that they succeeded. He did not want to over-commit and asked where the money would be obtained.

Ms. Wharton stated the money would come from tourism dollars composed of Accommodations and Hospitality Taxes. Councilmember Seekings said this would be coming out of a budget for which the City did not know in any given year what the formula would be. He said it was impossible to tell today, based on the allocation the Gaillard would be receiving, what percentage the City was committing eight or nine years down the road. He said this would be an absolute dollar commitment of \$1.4 million with an escalator over the course of 11 years, and it would be outside of the City's budget process. He thought the Committee should think about that, as it gave him some concern that people asking for money in any given year outside of the budget process, and the City approving it, would become the norm.

Susan Herdina, Corporation Counsel, said the Legal Department had not had an opportunity to provide input on the agreement, and they would like the opportunity to do that. A question that had come up, preliminarily, was the long-term commitment. The City Council did not have the authority to bind future Councils if it was a matter of governmental and legislative function. However, if it was a proprietary function, the next analysis was if it were reasonable. She asked that whatever the inclination was of the Committee, that the Legal Department have the opportunity to review the agreement and possibly come back with terms that might be more in the interests of the City than the Gaillard.

Councilmember Lewis said since the issue was coming before Council tonight, it seemed like Legal would have had a chance to study it and give the Committee guidance, but Legal was saying they had not looked at it. However, Councilmember Gregorie sent the letter and included it in the agenda a week before. Councilmember Lewis said it seemed like they were behind the ball and stayed behind the ball because City Council was receiving an amended agenda at every meeting. He said items should be on the agenda that they needed to study, but they were receiving agendas stating that items would be sent under separate cover. He asked who was responsible for the items being placed on the agenda that were sent to City Council, so that they did not have to take all night to make decisions. He said that something was wrong because there was an item on the agenda, and Legal was stating they had not had a chance to read it. Councilmember Lewis asked if Legal read the letter that Councilmember White read at the meeting and if they were familiar with it. Susan Herdina confirmed and said that Legal was just asking for the authority to review the agreement and negotiate it, if possible. That was not an opportunity that had been presented to Council at that point, but she was asking for that opportunity now.

Councilmember Gregorie said they had been worrying about drainage in the City all of his life, and the City had been addressing drainage in the City as best they could most, if not all, of his life. Drainage was not something that had just popped-up over the last 12 years, and the City had been studying drainage for many years. There was much the City received from the Gaillard that it could not put a price-tag on, particularly the educational component and the exposure of the City's children to a worldwide cultural center. When the City started looking at the Gaillard and the \$1.4 million, he thought they also needed to look at the benefits they received from the Gaillard. With respect to Legal, he explained that he sent his memo and the amendment on July 11<sup>th</sup>, and it was July 17<sup>th</sup>. He had sent it in time for the agenda meeting, and that was why it was in the agenda packet. He felt that had been enough time for legal staff to review it and make recommendations at the meeting if there were any amendments. He did not understand what the hesitation was with regards to something that was a much better model. If the City found itself in a situation where it had to cut back, they could cut back if there was an emergency. He thought City Council had the authority to do that. This decision was no different, but it was a much better business model for the Gaillard, which was a part of the City's inventory that could be protected. They could also make sure that any potential investors would be assured that there was a constant flow of money for operations. This would be no different from what the City had done with facilities like the Joe Riley Ballpark and the Gibbes Museum, both of which had an agreement with the City. He was concerned by some of the pushback. It cost money to keep the City's crown jewel a crown jewel. If the City had provided \$1.4 million for the last two years, then he thought that was a basis to determine where the City should go in the next five to ten years, and he did not understand what difference it would make by sending the amendment to another Committee. The document had been made available for six or seven days, and it was not just placed on the Councilmembers' desks. He had some discussions before he placed it on the agenda, and he had also provided the Mayor notice that it would be on the agenda.

Councilmember Shahid said he agreed 100% that they needed to support the Gaillard and make sure it was fiscally solvent. He agreed with Councilmember Gregorie's comments that it was a crown jewel. He said Stephen Bedard and the Board should be applauded for their work and how they had turned it around. He read the memo, and the numbers spoke for themselves. The Gaillard had done a lot for the community beyond performing arts, as it also brought in students through its educational component. The City could not put a dollar amount on these benefits, but he was concerned about being fiscally responsible. When he read the agreement, it looked like the City was locked-in to a specific dollar amount for fiscal years 2019 and 2020 at \$1.45 million. Then it went up to \$1.5 million in fiscal years 2021, 2022, and 2023. He asked what the precedence was for doing this and if the City had other agreements like this for facilities like the Dock Street Theatre, the Gibbes Museum, the Joe Riley Ballpark, and the Aquarium.

Ms. Herdina stated that the River Dogs were not comparable because City Council recently approved improvements to the executive boxes, and the City was paying \$100,000 over a certain period of time to reimburse the River Dogs. This was a capital facility improvement and not a stream of revenue that had been given for operations. It dealt with capital expenditures, as opposed to operations and maintenance. Councilmember Shahid asked if the City had this type of agreement with



any other facility. Ms. Herdina said it was her understanding that the City may have a similar agreement with the Charleston Museum, but she had not had a chance to look at it yet and know what the terms were. She did not want to discuss the terms in open Council, but because the original agreement was written in a way that asked the Gaillard to come back every year for their appropriation, which they received, there was no backstop in the agreement that said if there was an emergency or if funds were not available, that the City could change the amount of the revenue that it was giving. That was one of the questions she would ask the attorney for the Gaillard. If the City had an emergency, should the City not have the opportunity, if it's in the City's best interests, to suspend paying the money for one year? Those were the types of questions she asked that they look at. Another issue was amending the contract for a very robust educational program, however there was no tie between the money for which they were asking and the programs, so she would have asked if some portion of the revenue could be dedicated to the educational program. She did not feel like she had the authority to renegotiate, but those were some of the things that she would want to discuss because the amendment did not come through the City's Legal Department initially. Councilmember Shahid asked if Ms. Herdina agreed that the way the document was written currently, the City was legally locked-in for specific amounts for specific years, regardless of any contingencies. Ms. Herdina said that absent the destruction of the building, she was not sure there was any way to get out of the funding requirement.

Councilmember Gregorie asked Ms. Herdina if she was suggesting that if the City had an emergency, that City Council could not amend the contract, regardless of what the agreement said. Ms. Herdina said she thought Council's option would be to terminate the agreement. Councilmember Gregorie explained he was trying to say that Council would have options, and this would be one of them. Ms. Herdina confirmed that this would be an option. Councilmember Shahid said the way the document was written, Council did not have much legal wiggle room if there was a financial problem, and that was of paramount concern to him. He wanted to support the Gaillard and make sure it was solvent, but the Committee was not putting it through the normal budgeting process, and it was legally locking the City into a fixed number for a fixed number of years. The City might have some legal options to maneuver out of that, but it concerned him.

Councilmember Mitchell said some of the Committee members were on Council when the Operating Agreement was approved years ago. The Gaillard used to lose money every year, so even if the City did not do this, it had to support it anyway. There had been flooding in Charleston all of his life, and they were still dealing with it, but he intended to support the item. He explained that he told the Mayor he would listen to the discussion first before he made his decision, and he had decided to support it. Some of the discussion regarding flooding was upsetting to him because the City would have to support the Gaillard one way or the other if anything should ever happen. The City needed to make sure the Gaillard was sound. If something happened, City Council could change it at that time, but no one knew what was going to happen tomorrow. The Gaillard was a part of the City, and they were going to have to support it anyway.

Councilmember Wagner said he had the Council item regarding the original Operating Agreement from 2015. It basically said the same thing that was in the letter, except the language was from the actual document. He read, "the funding associated for the support of GMC's operation of the

Gaillard Center as it relates to this Agreement must be recommended by the Mayor to Council and approval by Council in the overall annual funds appropriation process each year.” Councilmember Wagner said that was the same thing that was read in the letter. He said the wording, “as a start-up non-profit,” was the key because they were going to lose money with those words. He then read, “as a start-up non-profit, GMC will need to build-up equity just as we prudently have a healthy under-signed fund balance. As it begins, its use of the facility when the Gaillard Center completes construction in the fall. City financial investment to aid in its operation should be experienced to be required annually moving forward with the overall support slowly reducing after the first three to five years of operations.” Councilmember Wagner said this was a very optimistic time for Council because they had just built a 100 year building. He continued, “As was previously discussed with Council, the advantage of a City continuous non-profit is the expectation of the private philanthropy in the coming years allowing GMC to build strong educational and community outreach programs. Among other things with funds privately donated for these purposes, GMC is already off to a great start with the outreach efforts.” He explained that’s what was originally brought to Council. Council knew they were going to lose money the first few years, and they had a very optimistic projection that the City’s support was going to dwindle after three to five years. The big emphasis was on outreach. Councilmember Gregorie’s letter and Mr. Bedard’s letter had given all of them the numbers. He said there was a tremendous amount of educational outreach.

Councilmember Wagner said they could not have philanthropy if they could not show that the City was going to pull its weight. If this was unknown, he did not think others would invest in the Gaillard, and this was driving this request from Councilmember Gregorie. Councilmember Gregorie said there was an escape clause for both the City and the Gaillard. What would happen if the Gaillard said they could not meet their obligations, and they needed the City’s help? Who would pay the bills? He thought the answer would be whoever owned the building. The City was losing a little over \$1.2 million on the old Gaillard when it was still under Special Facilities before it became a public-private partnership. Basically, all the City had done was carry that forward. At that time, the City was looking at all of the office space it would have that it would not have to pay for, and it would save millions of dollars by not having to rent places elsewhere. The City had moved in, and it was not renting spaces anymore, so that was going to offset the \$1.2 million that the City had lost every year. That was the history, and the City needed to look at it to see if there were other things that would come out in the future. The City could not do this without private help and philanthropy if the educational programs were going to be kept at their current level.

Councilmember Shealy said the Gaillard had been a part of his life ever since he went to elementary school. He went to concerts when he was in high school, and he had graduated and received his diploma there. The difference between then and today was the City was the only show in town back then, and if someone wanted to see something, one would have to drive to Columbia. Now, the City had a world-class facility, and it was a draw. It pulled people to the City, and it was new and just beginning. He remembered walking into his first show at the new Gaillard and thinking it was completely different than it used to be. For him, it was worth the investment, so that the City could create confidence to pull in money in from other places, and he hoped the Committee supported it.

Councilmember Griffin said he had a legal question regarding future Councils and asked Ms. Herdina to clarify. Ms. Herdina said that if the City was acting in the governmental or legislative function, the City did not have the authority to bind future Councils. If the Council was acting in a business or a proprietary area, the Council could bind future Councils, so long as the agreement was long-term, reasonable in its terms, fair, and there was a benefit to the citizens. In this situation, governmental and legislative functions were things like hiring employees, deciding how many police officers the City wanted, collecting garbage, and things of that nature. She thought this fell more in the proprietary or business category, which meant that this Council could move forward into a long-term agreement, on the condition that Council felt the agreement would be fair, reasonable, and had some benefit to the taxpayer.

Councilwoman Jackson said she was not going into this with a decision that the City would not support the Gaillard to the fullest ability that it needed. The City had not seen the best days of the Gaillard, and she thought, as a fiscal agent for the taxpayers, that if the Gaillard got to a point where they were not reliant on the same proportion for their revenue budget that they were currently, then they should probably have a formula that allowed them to reduce the City's support. That was the only thing she did not see in the agreement that she had seen in other public-private partnerships in terms of operational support, but she would never say that the City should not support the Gaillard.

Councilmember Seekings said he heard the word "push-back," and this was debate regarding an agreement that was given to the Councilmembers a week ago which committed a substantial sum of the City's funds, and he felt that asking some questions was a legitimate way to debate the issue. He said it had nothing to do with being for or against the Gaillard. It was just making sure that what the City was putting in place was appropriate, accurate, defensible, and fundable. To make sure they did it right, it should be reviewed by the City's counsel, as the agreement had not been drafted by them, even though the City would be funding it and making a \$15 million commitment. He said that City Council rarely went about doing something like this so quickly. It was not push-back, but debate to make sure the City was doing it right. They wanted the Gaillard to succeed, but they also wanted to make sure that it succeeded in conjunction with all of the other City's budget processes, needs, and wants as it was an 11 year commitment. As had been pointed out, they could go back and vote to change it, but once it was in place, it was a contract between the City and the Gaillard. He would be voting in favor it, but he asked that the Agreement be reviewed by Corporation Counsel to make sure it was acceptable before it was delivered.

Chairman White said that there was no one on Council that denied the Gaillard was an important part of the City. To have a city the size of Charleston with the cultural facilities it had was absolutely incredible. Were it not for one very great philanthropist in the community, they would not have the facility they had today. Regardless of the vote, there should be no question as to the City's support. He had all the faith in the world in Steve Bedard at the helm of the Gaillard, and he thought he had done a tremendous job while there and would continue to do so. The City was getting ready to enter into a 10 year commitment, which may or may not exceed his time there, but the City would not let the Gaillard fail. The City would fund it, it always had, and it always would because it was something they were lucky and blessed to have.

On a motion of Councilmember Gregorie, seconded by Councilmember Mitchell, the Committee on Ways and Means voted to approve the Amendment to the Operating Agreement by and between the City of Charleston and the Gaillard Management Corporation.

Mayor Tecklenburg, Councilmember Waring, and Councilmember Moody abstained from voting and completed Conflict of Interest forms which are on file in the Office of the Clerk of Council.

Councilmember Waring thanked everyone for what they said during the healthy debate, but he thought the Committee should recognize the CFO, the Board members, Ms. Barkley, Martha Rivers Ingram, former Mayor Riley, others that put together the legal team, and everyone who had given to the finest private-public partnership in the history of Charleston.

There was applause in the Chamber.

**14. THE COMMITTEE ON REAL ESTATE: (MEETING WAS HELD JULY 17, 2018 AT 3:00 P.M. AT CITY HALL, 80 BROAD STREET, FIRST FLOOR CONFERENCE ROOM)**

- a. Discussion regarding the old fire station at King Street and Simons Street  
*(Councilmember James E. Lewis)*
- b. Request authorization for the Mayor to execute an Agreement to Provide Workforce Housing with 124 Spring, LLC (the "Owner"), in which the Owner agrees to provide 4 workforce housing units as part of its development at 124 Spring Street (Charleston County TMS No. 460-11-02-027), in accordance with the zoning regulations for the Sanctuary Court Planned Unit Development.
- c. Request approval of the Perpetual Easement across a portion of 28 Woolfe Street as a connection to the Lowline Bike and Pedestrian Path (TMS: 459-09-01-052; a portion of 28 Woolfe Street) The property is owned by CRP/SSCP Woolfe Street Owner, LLC.  
***(To be sent under separate cover by the Legal Department.)***
- d. Request authorization for the Mayor to execute an easement agreement, together with the appropriate easement drawing, under which the City will grant an overhead electric transmission line easement to South Carolina Electric and Gas Company ("SCE&G"), utilizing approximately 16 feet of the western portion of the City's property located to the east of Nassau Street, between Lee Street and Cooper Street (TMS No. 459-05-04-208). The Mayor will be authorized to execute the agreement and drawing without further action by City Council upon approval of the form of the agreement by Corporation Counsel. ***(To be sent under separate cover by the Legal Department.)***
- e. Request approval of the Purchase and Sale Agreement for the sale of a portion of the City property on the SE corner of Lee and Nassau Streets to RCCBB Properties, LLC.

(a portion of TMS: 459-05-04-208; Southeast corner of Lee and Nassau Street). The property is owned by the City of Charleston. [Ordinance] ***(The Purchase and Sale Agreement will be sent under separate cover by the Legal Department.)***

- f. Request approval of the Amendment to extend the closing date of the Purchase and Sale Agreement relating to the City acquisition of the property on Nassau Street (TMS: 459-05-03-005). The property is owned by Edward K. Pritchard, III.
- g. Request authorization for the Mayor to execute a temporary access agreement, under which the City will permit Sabal Homes at Bennett's Bluff, LLC, to access and use a portion of the City's property located off Fort Johnson Road in the area known as Bayview Farms on James Island, in the City of Charleston, Charleston County, South Carolina (TMS Nos. 428-00-00-040, 428-00-00-042, and 428-00-00-043) for the purpose of conducting tree installation, tree maintenance, and related activities within or near the right-of-way of Elliott's Cut Drive in accordance with the City's Street Tree Manual. The Mayor will be authorized to execute the agreement without further action by City Council upon approval of the form of the agreement by Corporation Counsel. ***(To be sent under separate cover by the Legal Department.)***
- h. Request authorization for the Mayor to execute an Agreement of Purchase and Sale for the vacant parcel located at the address referenced above from the Seller, 8B Dogwood Road, LLC in the amount of \$375,000 contingent upon a Market-Rate appraisal and a Phase One (1) Environmental Report (TMS: 355-16-00-083; 1816 Dogwood Road). The property is owned by 8B Dogwood Road, L.L.C.
- i. Executive Session: Discussion regarding the City's acquisition of the parcel on the NE corner of Morris and St. Philip Street (TMS: 460-12-02-053) for use as a storm water shaft site related to the Calhoun West Drainage project. The property is owned by Vanderking 535 LLC. Action may or may not be taken.
- j. Executive Session: Discussion regarding Forest Acres Phase II acquisition. Action may or may not be taken.
- k. Request authorization for the Mayor to consent to the Children's Museum submission of tax credit applications ***(To be sent under separate cover by the Legal Department)***
- l. Request approval of \$1,617,200.00 in funding from 2017 General Fund Reserves for the City to close on the purchase of approximately 1.502 acres of real property, as shown on the plat attached hereto and incorporated herein by reference as Exhibit 1, from Norfolk Southern Railway Company, as set forth in the purchase and sale agreement between Norfolk Southern and the City dated October 10, 2017 attached hereto and incorporated herein by reference as Exhibit 2, as amended, contingent upon receipt of a purchase and sale agreement, executed by BCDCOG, under which

BCDCOG will purchase the property from the City for \$1,617,200.00, with reasonable contingencies acceptable to corporation counsel, and closing of the transfer of the property from the City to BCDCOG to occur on or before September 14, 2018; provided, however, it would be preferable for the City to procure an agreement among the City, Norfolk Southern, and BCDCOG, under which the City would assign the purchase agreement with Norfolk Southern to BCDCOG, but such preference shall not qualify or limit approval of this request.

- m. An ordinance authorizing the Mayor to execute a Purchase and Sale Agreement with the Berkeley-Charleston-Dorchester Council of Governments (“BCDCOG”), under which the BCDCOG will purchase from the City approximately 1.502 acres of real property to be acquired by the City from Norfolk Southern Railway Company, bounded to the south by Mount Pleasant Street, to the east by Meeting Street Road, to the west by King Street Extension, and to the north by a line extending from Courtland Avenue, with the purchase price being the amount paid by the City to acquire the referenced property from Norfolk Southern, and with closing to occur on or before September 14, 2018. ***(The Purchase and Sale Agreement will be sent under separate cover by the Legal Department.)***

Councilmember Moody, Chair of the Real Estate Committee, said that Item ‘a’ was discussed at the Public Works and Utilities Committee meeting where that Committee had spent a lot of time on it, so they allowed that issue to be discussed by Public Works. Item ‘b,’ which was an agreement to provide workforce housing with 124 Spring, LLC, was approved, as well as item ‘c,’ which was the approval of a perpetual easement across 28 Woolfe Street. Item ‘d’ was deferred. Item ‘e’ was a Purchase and Sale Agreement for the sale of a portion of City property on the SE corner of Lee and Nassau Streets, and the City agreed to sell the property. The proceeds from the sale would stay in that area. Item ‘f,’ which was an amendment to extend the closing date of the Purchase and Sale Agreement regarding the City’s acquisition of property on Nassau Street, was approved, as well as item ‘g,’ which was a temporary access agreement for access and use of property located in Bayview Farms by Sabal Homes. Item ‘h’ was denied because the City did not want to buy the property at that price. The Committee went into Executive Session to discuss items ‘i’ and ‘j.’ Item ‘k’ was the Children’s Museum submission of a tax credit application, and the Committee approved the application moving forward. Items ‘l’ and ‘m’ pertained to the purchase and sale of property to the Council of Governments in connection with the Lowline. When the Committee came out of Executive Session regarding item ‘i,’ the City voted to purchase the land for the drainage shaft on that piece of property. The City was still negotiating the piece of property next to it. Item ‘j’ was received as information only, and no action was taken.

Councilmember Lewis asked about the sale of the property on Lee and Nassau streets, and said if the property was sold, the money needed to go into Housing and Community Development for affordable housing. Councilmember Moody said that part of the property was acquired during the switch with DOT and the right-of-way, and the money had to stay within that area. Councilmember Lewis said they just needed to make sure that the money went towards affordable housing. Councilmember Moody said this property was land-locked, it was sold for ingress/egress, and there was a lot they could use the money for, but that is what they discussed at the Committee.

Councilmember Mitchell also stated that they needed to keep the money for affordable housing.

He asked what the AMI was for the workforce housing on item 'b,' 124 Spring Street LLC. Councilmember Moody said they asked for the execution of an Agreement to provide Workforce Housing on that site, and Councilmember Mitchell asked if they were going to start at 60%, 80% or 120%. Councilmember Moody said he thought 12 units were going to be built there, and four of them were going to be workforce housing. Geona Shaw Johnson, Director of Housing and Community Development, said she believed the target was 80%. Jacob Lindsey, Director of Planning, Preservation and Sustainability, said he did not have information regarding the AMI with him, but they could research it. There were 28 total units, and four of those were to be workforce. Councilmember Mitchell said he wanted to make sure the AMI was on the record. Chip McQueeney, Assistant Corporation Counsel, said it was 120% AMI, and the rent was 33%, which was not usually what the City did. He said he checked the minutes from August 2016 when Council had asked questions about this, and it was clear this was approved as part of the PUD. The Workforce Housing Agreement reflected exactly what was in the PUD and approved by Council. Four dwelling units would be at 120% AMI with 33% of the qualified household. Mrs. Shaw Johnson said that to date, they had not had a PUD that addressed a 60% AMI rental. Councilmember Mitchell said he wanted to let developers know about the need for housing in the City of Charleston in the district which he represented and that they needed to look at housing at 60% of the Area Median Income. Not everything was going to be 80-120% of AMI, and if any more like that came before him, he would not support those projects. The City needed to provide housing for people who were there and had children. They could not just push everyone out of the City to somewhere else. They needed to have a mixture of people living in the City of Charleston. He said that from this day forward, he was asking developers to create housing that would be around 60% of the Area Median Income.

On a motion of Councilmember Moody, seconded by Councilwoman Jackson, the Committee on Ways and Means voted unanimously to approve the Committee on Real Estate Report as presented.

The Committee on Ways and Means recommended giving first reading to the following bills:

*An ordinance authorizing the Mayor to execute on behalf of the City a Purchase and Sale Agreement, under which the City would convey to RCCBB Properties, LLC, certain real property owned by the City at the northeast intersection of Nassau Street and Cooper Street, measuring and containing approximately 0.04 acres, more or less, and generally shown on Exhibit B to the attached Purchase and Sale Agreement, being a portion of Charleston County TMS No. 459-05-04-208, to include the authority to execute any and all deeds or other documents as may be necessary to consummate the sale of the property under the terms and conditions of the Purchase and Sale Agreement.*

*An ordinance authorizing the Mayor to execute a Purchase and Sale Agreement with the Berkeley-Charleston-Dorchester Council of Governments ("BCDCOG"), under which the BCDCOG will purchase from the City approximately 1.502 acres of real property to be acquired by the City from Norfolk Southern Railway Company, bounded to the south by Mount Pleasant Street, to the east by Meeting Street Road, to the west by King Street Extension, and to the north by a line extending from Courtland Avenue, with the purchase price being the amount paid by the City to acquire the referenced property from Norfolk Southern, and with closing to occur on or before September 14, 2018.*

There being no further business presented, the Committee on Ways and Means adjourned at 6:17 p.m.

Jennifer Cook  
Assistant Clerk of Council