

COMMITTEE ON REAL ESTATE

January 12, 2016

A meeting of the Committee on Real Estate was held this date beginning at 4:10 pm at City Hall, 80 Broad Street, First Floor Conference Room.

PRESENT

Councilmember White, Chair, Councilmembers Waring, Riegel and Moody and Mayor Tecklenburg. **Staff:** Colleen Carducci, Director of Real Estate Management, Frances Cantwell, Assistant Corporation Counsel, and Christopher Morgan, Director of Planning

The meeting was opened with a moment of silence by the Chair.

APPROVAL OF MINUTES

On motion of Councilmember Moody, seconded by Councilmember Waring, the Committee voted unanimously to approve the minutes of the December 14, 2015 meeting.

REQUEST APPROVAL OF THE MAYOR TO EXECUTE THE ATTACHED FIRST AMENDMENT TO PARKING AGREEMENT BETWEEN THE CITY OF CHARLESTON ("CITY") AND RIVERS ENTERPRISES INC., THE CHARLESTON GATEWAY CENTER, LLC, MAZYCK HOLDINGS, LLC ("RIVERS"), AND TRANSAMERICA FINANCIAL LIFE INSURANCE COMPANY ("LENDER"). (TMS: 459-13-04-001; 24 CALHOUN STREET – AQUARIUM GARAGE) [ORDINANCE]

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Without objection, the Real Estate Committee took up Items "a" and "b" together.

Ms. Carducci stated that there are two parking agreements that the City entered into with Rivers Enterprises and others relating to the Gaillard and Aquarium Garages. The Agreement for the Aquarium Garage was put into place in 1998 and the agreement for the Gaillard Garage was in 1999. The Gaillard parking agreement has not been used yet. They haven't used any of their allotment for parking, but they've been using about 200 parking passes in the Aquarium Garage. Staff learned just last year about the 1999 agreement relating to the Gaillard. We approached Mr. Rivers in an effort to amend the agreement in a way that would have less of an impact on the Gaillard Garage. He has put forth these agreements and is agreeing to reduce the guarantee of the City from 100 down to 80. He also agreed to time limit it to 30 years with two 10-year options. For the Aquarium Garage, he wants the City to agree to the commitment of the 200 passes under the same terms and conditions that are currently in the agreement. There would be no term adjustment. Both agreements are for market rate.

Councilmember Moody noted that on a certain day, there were multiple events at the Gaillard and there was confusion about how the parking would work. He asked how close are to capacity at the Garages. Ms. Carducci stated that at the Gaillard Garage, there's a commitment to the School District for 160 parking passes, which includes the 40 passes under 75 Calhoun, most of which are used during the daytime. As of January this year, the parking rate structure was changed, so everyone had the option of daytime passes only or 24/7 passes. She hasn't checked to see how many elected the daytime passes, although most people have done that. The daytime passes include Saturday mornings. Councilmember Moody confirmed that they have to be out of the Garage by a certain time, or else they would be subject to the regular rate. Ms. Carducci stated that the Library has 25 daytime passes in the Gaillard Garage, as well as additional passes in the Aquarium Garage. We've shifted City staff to the Aquarium Garage, so there are plenty spaces during the daytime in Gaillard Garage. After the Gaillard has been operating for a few more months, we'll see how it works. We may be able

to shift some of the people out of the Aquarium Garage and put them back into the Gaillard. All City vehicles and all City staff, for nighttime events, are asked to use the Aquarium Garage so that the Gaillard Garage is left open for people who are attending performances and events. There are some time scheduling and parking conflicts when they have filled the Auditorium and they have a large capacity event in the Banquet Hall. There are only 600 parking spaces in the Gaillard Garage so there would not be enough parking spaces for that type of event. There are notices sent to people saying that there are multiple events so to plan to arrive early or plan to park at the Aquarium Garage. It has been going smoothly since the first few events when they weren't getting the word out. Councilmember Moody asked who was in charge of that. Ms. Carducci replied that it is the management company in conjunction with staff and the Real Estate Division. At the Aquarium Garage, the College is still working on an alternative parking plan for their students. For the spring semester, they will still have 200 students and faculty parking in the Aquarium Garage. They were told 3 years ago that we were no longer going to be able to provide parking with all of the development going on in that area. For the fall semester, they had 300 parking spaces and will be down to 200 for the spring. We are watching it. Eventually, we will need to look at additional parking if there's a way to expand the Aquarium Garage.

Councilmember Moody stated that we may need to watch that piece of property on the corner between the aquarium and the Garage and be careful what we do as a City with that. Councilmember Waring stated that there are two properties over there. The parcel just mentioned by Councilmember Moody was where the international African American Museum was going to go, but we voted to move it. That parcel was to be sold to replenish Parcel B because Parcel B was supposed to go toward affordable housing. We have yet to put the property up for sale. He also mentioned the parcel across the street next to Wilbur Johnson's firm on the north side. He asked if we have the capacity at the Aquarium Garage to handle that. Ms. Carducci stated we're contemplating 125 parking passes for overnight hotel parking. We do have a commitment to provide parking for the commercial uses. All the residential uses on Concord Park have to self-park. Councilmember Waring asked if an office building were to come to the location where the museum was supposed to be, is there capacity in the Aquarium Garage. Ms. Carducci stated that the City can choose to do with that property whatever it wants. If Council was minded to sell it and have an office building put there, it doesn't mean that we have to put them in the Aquarium Garage. We could have them park themselves. They would have parking on the lower two levels and then have offices above. Council could also choose to have that parcel developed to be an expansion of the Garage.

Councilmember Riegel confirmed that this item is a guarantee to have spaces available for them. He stated that they are still paying market rate. We're not losing any revenue. He asked if there is no 8-5 requirement and if that's a 24/7 guarantee. Ms. Carducci stated that they pay market rate and now we have a tiered rate. They could choose to pay the 24/7 rate or they could choose to pay for daytime use. If they chose the daytime rates, they would be time limited. Councilmember Riegel asked for each pass, regardless of the time they buy, what counts towards their allotment. Councilmember Waring confirmed that we are going to be gaining capacity if the College finds alternative space for their students. Ms. Carducci said they are using 200 spaces of our capacity. Councilmember Waring asked if the goal was for them to eventually reduce that. Ms. Carducci replied that the goal is that they self-park. They've been doing RFP's for parking garages and parking lots as well as working on various things. It would be good if they came up with a great option. Councilmember Moody asked that if Rivers is allowed to have up to 200 spaces and they don't want to rent those 200, does that go away or could the City rent them. Ms. Carducci said that's what we have been doing. We have been fully utilizing our capacity. If they came to us and said they need additional parking, we would need to make some shifts. Because we have City staff parking in garages, we have the flexibility to shift between the Gaillard and Aquarium Garages. We always have people who return passes. As we get passes returned, we can start holding those if we need to fill to capacity for a commitment that we have. Councilmember Moody asked if the commitment is that they have up to that amount of spaces but they don't have to rent them. Ms. Carducci said that was correct. In the new parking agreements, we're trying to change it so that if they don't pay or stop paying then they can lose their right to the parking spaces. That way, we don't have to have that reserve capacity. Councilmember Moody suggested having a new parking agreement whereby if they don't need the spaces, they could reserve at a reduced rate and then we could rent it out to someone else. Councilmember Waring confirmed that this is a guaranteed 200 parking spaces. He stated that the previous agreement had a sliding scale.

Councilmember Moody stated that if it's a guarantee, they need to be paying something for it. If they're not using them, they should still pay something for the guarantee.

Mayor Tecklenburg asked if there is a net gain of spaces between the two Garages. Ms. Carducci stated that the guarantee is 100 spaces in each up to 150 if they're available, which would be 300 total if available and 200 guaranteed. These two agreements changes that to a guarantee of 200 in the Aquarium Garage and 80 in the Gaillard Garage. It's a guarantee of 280. Mayor Tecklenburg inquired about the term on the Aquarium Garage. He confirmed that it is a perpetual one as well. He asked how the City got Mr. Rivers to agree to a fixed time at the Gilliard. Ms. Carducci stated that we started out pushing to eliminate the Gaillard parking because they were using more than their commitments in the Aquarium Garage. In an effort to preserve his Gaillard spaces, he agreed to the term on the Gaillard agreement. It's 30 years plus two 10-year options. The Aquarium Garage agreement is forever. Councilmember Riegel asked if we are charging anything for the privileges of having those spaces. Councilmember Moody stated that he doesn't think they're paying anything right now if they don't use the spaces. Ms. Carducci stated that was correct. Councilmember Riegel inquired if they should be and whether the ordinance should be amended. Ms. Carducci stated that we could add something to this agreement that would cause them to pay to reserve each pass that they're not paying for. It's not something that was in the original agreement and it has not been discussed with Mr. Rivers at this point. Councilmember Riegel inquired if it should be deferred until Ms. Carducci can come back with some information. The Chair said there have been multiple meetings occurring over the last several weeks with Planning, Traffic and transportation and the neighbors that reside in Dockside, Laurens Place and Anson House along with the developer on the south side, which is the condo project that is being deferred. Part of what has come out of those conversations is that we need to take a more comprehensive look at this entire area and identify the parking needs going forward. He stated his understanding that the developer on the site next to Wilbur Johnson's firm is a hotel and they have met with the residents and already presented to them the plans. The African American Museum, when built, is now currently a parking lot and all of those spaces will go away. Unless there is some immediate timeline for this to move forward, it would be appropriate to pause and get an assessment of what we have. He asked Mr. Pena and the Traffic and Transportation Department to look at an audit of all of the on-street parking in that area. According to a discussion that was held with Mr. Lindsey, it appears that we could pick up 25 or more on-street parking spaces by just getting a better utilization of on-street parking in that area. Ms. Carducci stated that she was not aware of any reason that it would need to go forward immediately.

Councilmember Moody stated that the reason we would want to charge a fee for committed but not rented spaces is if we have debt on the property. For us to hold spaces that we might be able to rent out to others, there possibly should be a fee for that. If we're getting ready to tie it up for 50 years, we won't have that opportunity. The Chair stated that whether it be a non-usage fee or tying it to an annualized review of their needs, that gives us the opportunity to put it out at market rate so that we can ensure that we're being efficient with those spaces. It's not going to be long before we need those spaces. Having a comprehensive assessment of this area would be valuable. Councilmember Moody stated that the wording in the agreement could say that we can give them up to 200, but if only need 150, we can rent the rest out. Councilmember Waring asked if there are other agreements with other entities where we provide a guarantee of spaces and we charge them. Ms. Carducci stated that the older agreement for 100 Calhoun would be included in that. The way that agreement was worded, they're guaranteed 235 spaces, but it's tied to zoning. They're using closer to 100 parking passes. It's only for as long as that office building is there. Councilmember Waring confirmed that they don't pay for the guarantee. The Chair stated that whether it is a non-usage fee or an arrangement annualized, the intention is so that we can have the most efficient use. Councilmember Moody stated that he doesn't mind the guarantee, but we need some revenue.

The Chair asked if the Committee could be provided with a breakdown of those spaces, in particular for the Aquarium and Gaillard Garages. It would include who the current commitments are to and how many spaces we have available. We'll be able to use that as we look at the rest of the area. Ms. Carducci stated that all of the City's garages are managed extremely tightly. When you go into a garage, we may say we have a commitment of a certain number of spaces, but we do overcommit the number of passes because of the oversell that we have. About 20% of the passes are not in the

garage at any given time. The City does far better than other areas with our percentages of oversell. We may have 90% passes committed, but we have plenty of room for the transient users. We do have a couple of garages that fill, but that tends to be Wentworth and St. Philip garage that will fill for an hour during the peak class time. The Chair suggested getting an occupancy report from ABM that outlines daytime usage, nighttime usage, occupancy rates quarterly or monthly. Ms. Carducci stated that our current gate equipment doesn't allow us to easily get that type of information. As we install our new gate equipment, we'll be able to pull good reports that will give us that information. The Chair asked if ABM does not keep that. Ms. Carducci stated that they have to do physical counts to give occupancy levels because our gate equipment is old. Mayor Tecklenburg stated that, in effect, being at 90% or overbooking and renting spaces to the general public, the City is renting those spaces when they're not being used. Ms. Carducci stated that we use those spaces for the transient users. We would have to reduce some of our current passes to meet the guarantee if they called on the guarantee. Mayor Tecklenburg stated that he wasn't sure we need to defer because we're already renting the spaces when Mr. Rivers is not using them. He said we're still going to do the study. The Chair said that the transient usage is simply an hourly opportunity to increase revenue over time. The African American Museum will have no on-site parking so we have to park those employees, all of the employees that currently park on that site and the hotel employees. They will all need parking passes. Ms. Carducci stated that on the IAAM site, 0 George is no longer parking there because they found alternative parking. That parking lot is used by some Aquarium employees, but the majority of that lot is for the College of Charleston. 75 passes are there for the Spring semester. The Chair stated that there are a lot of moving parts in that area. Councilmember Riegel stated if it's going to be for 50 years, we have to do our due diligence.

On the motion of Councilmember Riegel, seconded by Councilmember Moody, the Real Estate Committee voted to defer Items "a" and "b" and asked staff to look at additional parking needs.

CONSIDER THE FOLLOWING ANNEXATION:

i.) 2116 Saint James Drive (TMS# 343-02-00-073) 0.24 acre, James Island (District 11)

Mr. Morgan stated that this is a single-family residence in Riverland Terrace.

On the motion of Councilmember Moody, seconded by Councilmember Waring, the Committee voted unanimously to approve the annexation listed above.

Councilmember Waring asked if there was an update on the WPAL property. Ms. Carducci stated that currently there is a new plat being prepared. It was sent to us, but there were a few errors. The radio tower site with the access that it needs to go up to Wappoo Road, is going to be carved out of what's going to be deeded to the City. We will acquire everything else. Mr. Grant will retain the lease for the marsh area so that we don't have any involvement or obligation with that. We believe that eliminates the City's concern. Once that plat is reviewed and the parcel subdivision is approved, we'll be able to close. Mr. Grant's attorney and our attorney, David Humphreys, are working to finalize that so that we can move to closing.

There being no further business, the meeting was adjourned at 4:46 p.m.

Techina Jacques
Clerk of Council's Office