

**TOWN OF MOUNT PLEASANT, SOUTH CAROLINA
FINANCE COMMITTEE
MONDAY, AUGUST 6, 2018
Municipal Complex, Committee Meeting Room, 3rd Floor
100 Ann Edwards Lane, Mount Pleasant, SC 29464**

MINUTES

PRESENT: Tom O'Rourke, Chair; Joe Bustos, Kathy Landing and Gary Santos

STAFF PRESENT: Eric DeMoura, Town Administrator; Marcy Cotov, Chief Financial Officer

ALSO PRESENT: Jonathan Yates (Hellman Yates & Tisdale, PA); and Keith Powell, Optima

Mr. O'Rourke called the meeting to order at 9:18 a.m.

1. Approval of Minutes from the [July 2, 2018](#) meeting

Mr. Bustos moved for approval; seconded by Ms. Landing. All present voted in favor.

2. Public Comments

[None]

3. Consideration of an [easement request for the purpose of a cell tower](#) at the Carolina Park Recreation Complex

Ms. Cotov stated that the Town received a request from Optima Towers for an easement at Carolina Park. She stated that Administration, Recreation and Finance staff has reviewed the request. She said both the Town and Optima have almost resolved the issues; however, did not come to a full agreement based on Optima's last proposal.

3. EASEMENT CONSIDERATION – CELL TOWER

Location: Carolina Park Recreation Complex

Terms:

Optima: Initial 5-year term with five additional 5-year terms

Staff: Initial 5-year term with four additional 5-year terms

Initial rent:

Optima: \$16,000 per year

Staff: \$17,300 per year

Shared rent:

Optima: \$2,800 for 2nd tenant collocation

Staff: \$3,200 for 2nd tenant collocation

Escalation: 12.5% each 5-year term

She stated that the following picture is what it would look like, which is their stealth tower. She said it does have a small building where some of the equipment would be housed.



She stated that the following illustration is the location where the tower would be located in the corner of the parking lot.



Ms. Cotov stated that their proposal is for a five-year term with five additional five-year terms. She said staff's recommendation is for a five year term, with four additional five-year terms, which is in conformance with most of what the Town does. She said their proposal for the initial rent is \$16,000 per year. Staff's recommendation, based on the last two years in lowcountry rent and current Mount Pleasant land value, is \$17,300 per year. She said the shared rent is when they have their second co-location, which they proposed would be \$2,800. She said the \$2,800 would be put with their \$16,000 proposal and at the beginning of each additional five-year term, there would be a 12 ½% increase. She said the Town's calculation was \$3,200 for the second location and the same 12 ½%. She said prior to Optima going to the next steps and processes, they wanted to know if the Town is in agreement with the financial side.

Jonathan Yates, 105 Broad Street, Charleston, stated that he would like to thank both Ms. Farrell and Ms. Cotov for working with them on this proposal, as well as the Recreation Department. He said this is a very important facility, not only for Carolina Park, but the surrounding area to address some coverage and capacity deficits. He feels very strongly that they will work through the details with the Town. He said this will be one

of the more expensive facilities that Optima has ever engaged in, so they would like to work with staff to get the numbers closer. He said this tower will be somewhat unique and somewhat similar to the tower in Rivertowne. He said what they are proposing is that they will have a tower with the standard monopole. The picture provided earlier is a conceptual rendering of a facility Optima is doing in a park in the City of North Charleston. He said what they are proposing is, versus the equipment on the ground behind a chain-link fence, an architecturally designed building to match what is designed for the park so that it looks better in context. He said they would like to keep this process moving.

Keith Powell, Optima Towers, 1009 Mathis Ferry Road, thanked Committee and staff for working with them on their proposal. He said the goal is to provide the coverage that is needed in the north area with Carolina Park, Park West, as well as the schools and everything that is moving up in that area. He stated that they have attempted to bring a good modest application to the Town to do this project in a reasonable manner. He understands that this will be there long term and believes the numbers are very close.

Mr. O'Rourke stated that he felt there was a desire for negotiation.

Mr. DeMoura stated that staff stands behind their figures. He said ultimately this would need to be incorporated into an amendment to the Carolina Park Development Agreement. He said cell towers are not a right-of-use, so the Town would need to amend the development agreement to allow for this usage and reflect the terms in a separate agreement.

Ms. Landing asked what the alternative would be if both parties are not able to compromise on the numbers. She asked what the alternative would be to provide the same facility and if there were any other vendors.

Mr. DeMoura stated that staff feels very strongly about their numbers and would request that Committee and full Council support these figures. He stated that he is not aware of any other vendors.

Mr. O'Rourke stated that Optima Towers approached the Town to do this project and they will decide whether they accept the offer by the Town or not. He said if they do not accept it, there is no tower.

Mr. DeMoura stated that Optima Tower would need to seek other property owners to place such a tower.

Ms. Landing stated that it looked to be a \$1,300 a year difference.

Mr. Yates stated that Optima Towers has gone a lot further than any other site in the tri-county area and wanted to provide the best proposal possible to the Town. He said they will review it again; however, the initial ground rent is much higher than they normally pay in the tri-county area. He said they also included, which they normally do not, a second-tenant rental. He said this is going to be a significant capital expenditure for Optima and in a situation such as this, they typically have a five-year initial term and nine five-year options for a total of fifty years. He said they have shrunk this back to thirty years and will need the thirty years in order to realize their investment back for this facility. He said rating this with what they know they are paying throughout the tri-county area, it is a very rich deal.

Ms. Landing asked what this area would be used for if Optima does not erect a tower. She asked if it would remain as it is.

Mr. Santos stated that he is agreeable with the Town's figures.

Ms. Landing stated that it would be nice to have this investment.

Mr. DeMoura stated that the public is giving up use of this property for a quarter of a century, in lieu of something else, and \$17,300 does not feel like a big asking price for this.

Mr. Bustos stated that the area around Faison Road will all be light industrial or economic development on the other side of Faison Road. He said there are a number of houses in that area as well. The point of the cellular tower is to provide better coverage in order to obtain more customers.

Mr. Yates stated that the customers are already there; however, it is to accommodate the customers, because the customer base is already there. He said they are attempting to cover where the customers live, work and play, particularly with the park. He said cellular phone coverage is essential, not only in emergency situations, but for other uses.

Mr. Bustos asked about the number of cellular phone service providers that the tower will accommodate.

Mr. Yates stated that it will be designed for at least four providers. He added that they are the infrastructure provider with a platform that allows the cellular phone providers to go on the tower. He said over the past ten years the major carriers have been attempting to seek lower rental rates. He stated that rent from 10 to 15 years ago have not increased, unlike real estate. He said this cannot be compared to a typical real estate deal, as they are more of a static provider.

Mr. Bustos stated that he does not feel the amount the Town is asking is too much to add four more cellular providers on this tower to provide more coverage for their customers.

Ms. Landing asked what the capital expenditure will be to build this tower out.

Mr. Powell stated that they have approximately \$450,000 to \$460,000 for one plant in RiverTowne, which is very similar to the ground proposal at Carolina Park.

Ms. Landing asked Mr. Powell if they have negotiated their contract with RiverTowne's Property Owners Association.

Mr. Powell responded in the affirmative. He stated that their figures are fair. He stated that he does not have an issue with the additional \$1,300; however, would like to request adding on an additional five years for a total of 30 years on the end of the lease. He said this would help support the additional rental amount.

Mr. DeMoura stated that this is the Town's park and they change over the course of time, based on recreation needs. He said that Oceanside

Academy may one day want to build a football stadium which would require that area to increase in parking. He said there would be walkability back and forth in the recreation complex to their site. He said by allowing an easement on public property over this period of time, it changes the Town's plans. He said while cellular phone coverage is great, he believes the Town is giving up a great deal by allowing the carrier to be there and feels it is worth something.

Ms. Landing said she does not believe that in 30 years, cellular towers will still be utilized and believes other technology will take over. She said if Optima has the right to have this property, will they be able to use it in another way if a cellular tower is no longer there, and could this be written into the contract.

Mr. Powell said their use is very defined. He said the tower by Park West has been there for over 20 years. He said he does not believe the towers are going away.

Ms. Landing stated that if the Town agrees with the thirty years and are firm with the \$17,300 perhaps an agreement could be reached. She said if there are provisions that are strict on its usage, if the tower is no longer required in 25 years, then Town would take over.

Mr. Powell stated that the Town ordinance addresses a portion of this. If the tower is not being utilized for what it is designed for, then they must take the tower down.

Mr. O'Rourke stated that there is a desire to have this on Town property and there have been staff negotiations with Optima and it is at the point where a motion will be entertained or not to approve what staff has recommended or changes can be discussed.

Ms. Landing made a motion to meet Optima Towers part way by approving what staff has recommended, except that the Town allow Optima Towers the extra five years on the contract renewal so that their numbers work in terms of the Capital Expenditure up front; seconded by Mr. Bustos.

Mr. Bustos and Ms. Landing were in favor. Mr. O'Rourke and Mr. Santos were opposed.

Mr. DeMoura said he believes there needs to be a recommendation out of Committee. He said this could be sent to full Council without a recommendation; however, it would then force Council to take up the deliberation of this matter.

Mr. Santos made a motion to approve staff's recommendation for the Optima Tower at Carolina Park.

Ms. Landing asked if there could be more discussion first.

Mr. O'Rourke stated that there was a motion and a vote on the issue and stated that Ms. Landing could amend her motion.

Mr. Santos stated that there is a motion on the floor which requires a second before further discussion.

Mr. O'Rourke stated that Mr. Santos' motion is currently not being discussed, as Ms. Landing is considering amending her motion. He stated that Mr. Santos' motion is still there, but if Ms. Landing would like to amend her motion to the existing motion, she may.

Mr. Powell asked if the issue is 25 years versus 30 years.

Ms. Landing responded in the affirmative.

Mr. O'Rourke stated that his issue is that Staff, who Council puts their trust in, does this type of work all the time, and they have studied this and made a recommendation to Committee members. He said he has not been present for the negotiations and is not aware of the details, so for him, it is accepting staff's recommendations

Mr. Santos agreed.

Mr. Powell stated that they (Optima) would be happy to accept staff's recommendation.

Ms. Landing said it is not that she does not trust Staff, because she implicitly and explicitly does; however, it is due to a comment that was made that it would cost more in this location than anywhere else. She is

very concerned, because she has been talking to business owners all the time and listening to their concerns. She said she consistently hears that it is more expensive to do business in Mount Pleasant than anywhere else in the entire area. She does not want this reputation to continue, because she would like to bring in more services to the Town. She stated that Council needs to be aware that if the Town is costing more on everything that people come to them with, then that reputation is justified and is going to perpetuate.

Mr. O'Rourke asked Ms. Landing to rescind her motion.

Ms. Landing stated that she will amend her motion to accept Staff's recommendation in regard to the Optima Tower request for a cellular tower.

Mr. O'Rourke stated that he feels we already have this motion.

Mr. Pagliarini responded in the affirmative and said that unless it is amended, it will be voted on as is.

Ms. Landing asked if she should amend her motion.

Mr. O'Rourke asked if Mr. Santos' motion should now be addressed.

Mr. Pagliarini responded in the affirmative.

Mr. O'Rourke stated that there is a motion on the floor to approve staff's recommendation and asked if there is a second.

Mr. O'Rourke seconded the motion.

All present voted in favor.

4. Consideration of an amendment to Town of Mount Pleasant Code of Ordinances [Chapter 154: Impact Fees](#)

Ms. Cotov stated that what is provided is Chapter 154 that has been amended or updated in several ways. She said the first is that the 10th edition of the Institute of Transportation Engineers (ITE), Trip Generation Manual is incorporated. If you look at appendix A, you will see many of the changes where the latest studies shown have changed up and down on trip generations. She said in some cases, it has eliminated some and

added some. She said staff did a line in/line out so that Committee members are able to truly see the changes.

4. CHAPTER 154: IMPACT FEES

Proposed Updates

- Uses Tenth Edition of the Institute of Transportation Engineers' (ITE) *Trip Generation Manual* instead of the Ninth Edition
- Provides for sixty (60) months instead of twenty-four (24) months of inactivity before requiring all impact fees and not just the net amount from prior use
 - The 24 month timeframe is often too short a timeframe to finalize a lease agreement and receive a building permit
 - An extended timeframe will allow adequate time for leases and building plans to be approved encouraging reuse of existing spaces, especially for smaller businesses
 - Five (5) years generally coincides with updates to the Long Range Transportation Plan and required review of Impact Fees
- Removes references to prior discount rates
- Minor corrections

Ms. Cotov stated that the national manual is updated approximately every five years. She said there is also a section and that when the original impact fees were done, a section was added stating that if a business is vacant for 24 months, they must do the whole impact fee instead of just the difference between the new use and the prior use. She said what staff found is that it was not sufficient time and penalized the smaller businesses. She said staff is recommending to increase this time to 60 months so they truly know the business was vacant and not just trying to work through the process. She said the original impact fee ordinance showed the schedule of the phase-in. She said it had last July, this past January, and the most recent, July. She said because those have already passed, references to those periods have been eliminated and now all it refers to is 80% of the maximum for a 20% discount throughout the ordinance. She stated that the last minor correction is one that had the Transportation Director reviewing recreation fees and that this was not necessary. She said it was a minor cleanup.

Mr. O'Rourke asked if Committee's recommendation will go to full Council to amend this ordinance.

Ms. Cotov stated that because it is adjusting fees slightly based on trip generations, it will require a Public Hearing, so with Committee's recommendation, it would go for first reading and a Public Hearing at the August Town Council meeting.

Mr. Bustos made a motion to recommend approval; seconded by Mr. Santos.

Ms. Landing stated that the five years generally coincides with updates to the Transportation Plan and required review of impact fees. She asked if this is the five-year point.

Ms. Cotov responded in the negative and stated that this is one year. She said they did this last April, and that state code requires the Town to update the Long-Range Transportation Plan, the Comprehensive Plan and Development Impact Fees together, so staff will likely not bring this back for another five years when the Long-Range Transportation Plan and Comprehensive Plan are due to be updated. She stated that the state code requires them to do this in conjunction and the Town falls under the state ordinance.

Ms. Landing stated that these are helpful; however, for Economic Development, especially since the Town's fees recently rose to the maximum allowable in July, she asked if this precludes the Town from bringing up this topic again in the subsequent months.

Ms. Cotov responded in the negative and said there are certain adjustments that can be made to this ordinance during the five-year period without having to go through the whole process, which happens in conjunction with the Long-Range Transportation Plan and the Comprehensive Plan. She said Council members may bring back the consideration on that discount rate at any time. She said the maximums do not change; however, Council may at any time during the process, adjust the discount rate which is currently 20% of the maximums.

All present voted in favor.

5. Executive Session to receive legal advice regarding Shem Creek Phase 3

Mr. Santos moved to adjourn into executive session as discussed by the Chairman; seconded by Ms. Landing. All present voted in favor.

Committee adjourned into Executive Session at 9:48 a.m., and reconvened the meeting at 9:59 a.m.

6. Post executive session

Committee may take action on any item listed on an executive session agenda or discussed in an executive session during a properly noticed meeting.

Mr. O'Rourke declared that legal advice was received regarding Shem Creek Phase 3; however, no action was taken.

7. Adjourn

There being no further business, meeting was adjourned at 9:59 a.m.

Respectfully submitted,
Barbara Ashe
August 6, 2018