

# MINUTES

## FACILITIES COMMITTEE MEETING

4:45 P. M., MARCH 2, 2020

### A/V CONFERENCE ROOM

Jennifer Pharr, Chairperson, called the meeting of the Charleston City Council Committee on Facilities to order at 4:45p.m., MARCH 2, 2020, in the Audio/Visual Room in City Hall.

#### **Committee Members Present:**

Jennifer Pharr, Chair

Ben Adams

Brady Campbell

Adam Knauff

Sam Minardi arrived @ 4:55

Shannon Snodgrass

#### 1. Approval of Previous Minutes –

Councilmember Campbell moved to approve the minutes of the previous meeting on 2-18-2020. Councilmember Adams seconded. There was no objection and the minutes were approved.

#### 2. Continued Discussion Concerning the Leases and Maintenance of City Owned Facilities –

Councilmember Pharr reminded the Committee that there are a number of City leases (YWCA, Roark-Sullivan, etc.) with long leases and the City covering the utilities. The Committee had been provided a copy of the lease and corresponding resolution for Roark-Sullivan, with the intent to review the lease (as well as others) to see if any responsibilities such as rent could be passed on to the organizations to offset the City's costs. For example, it was mentioned that the utility bill at the Roosevelt Building is \$16,000 a month.

Speaking specifically to the Roark-Sullivan building, Councilmember Pharr stated that the Committee was going to explore options for the 50-year lease (37 years are remaining). Councilmember Snodgrass asked if the Attorney's Office had reviewed it, and asked if the building could be given to them. Chief of Staff, Matt Sutton, replied that it was part of the conversation. Councilmember Adams said that one of the biggest issues is that replacing things like the HVAC system would be ridiculously expensive for the organizations. Councilmember Snodgrass asked what was proposed during the last meeting. Councilmember Adams said they were mostly trying to gather information at that point, since they had not yet seen the leases. 2 of the leases are set to expire in 2022 and 2024.

Councilmember Adams stated that for the Roark-Sullivan building, the City pays maintenance expenses and utilities. Last year, that was about \$30,000. Councilmember Snodgrass asked if the Committee received any sort of direction concerning that. Councilmember Pharr responded that the Committee will need to make some sort of recommendation as to what they would want to do with the leases, particularly the ones that will be expiring in the next few years. Each lease is very different depending on who occupies it, whether it be a restaurant, non-profit, etc. They will need to be mindful of how those organizations will be able to afford the huge expenses that the City is currently covering. If language already exists in the lease that says the organization could be responsible for that, it would help to offset the City's costs.

Councilmember Adams stated that since the non-profit groups are receiving such a great deal, the organizations would almost certainly never want to take ownership of the building and all of the associated costs. Councilmember Snodgrass asked that if the building was donated, would the City be liable for the lease. Councilmember Adams said that would be up to the attorney, although it seemed like the City would be. He further stated that the City spent \$204,000 in Maintenance fees for the 4 properties (Roark-Sullivan, Smith Street Station, Sojourners and Mel Wolfe Center). Councilmember Snodgrass asked if the value of the Roark-Sullivan property was known, so that they could determine if the property was an asset or liability; that number was not known at that time. Councilmember Adams added that for that property, the City spent \$20,000 on maintenance and \$30,000 on utilities. Councilmember Campbell said the Committee will need to decide if the City wants to keep sinking money into the facility because they think it's a good service to the community, or decide if they want to sell the property. Councilmember Adams added that when some of these organizations were started, the City probably took on so much of the costs to help them get started.

Councilmember Pharr asked if any of the organizations were paying utilities. Sutton answered that 2 were (Smith Street Station and Mel Wolfe Center) and 2 were not (Roark-Sullivan and Sojourners). Councilmember Snodgrass asked what the lease payments were; it was answered there were no lease payments. Sutton confirmed that they have their own liability insurance and the City has insurance on the building. Councilmember Pharr said that the Committee will have to have conversations with Sojourners and Roark-Sullivan to begin discussing the utilities at a minimum. Sutton said that the Committee could make a recommendation to the Administration to start that conversation, or the Committee could do that themselves.

Councilmember Campbell recommended the Committee start the conversation and ask for the Administration for its position. Sutton replied that the most the Administration had discussed with the organizations was concerning which maintenance belongs to the City and which belongs to the organization. For example, the Administration has had a discussion with one of the organizations over air filters. When they examined the lease, it seemed like that would fall under routine maintenance, which the group would cover. At the Smith Street Station building, the car wreck that tore down some of the brick was clearly the City's responsibility. Additionally, they have been exploring what happens if

the organizations fail to provide that routine maintenance which leads to larger problems. Councilmember Minardi confirmed that the maintenance cost provided did not include the cost of City labor. Councilmember Snodgrass confirmed that the Roark-Sullivan lease was valid as it had passed Council in 2007.

Councilmember Pharr stated that the Committee's options were to bring in the organizations for a discussion, or recommend that the Administration do that. Councilmember Minardi said the Committee should absolutely talk to them about utilities, the bigger question being if the City wanted to keep the property. Councilmember Snodgrass was of the opinion to give the facilities to the organizations. Councilmember Minardi said there might some legal issues with that. Councilmember Pharr stated that Sojourners is not interested at all in having ownership. Sutton added that as the leases start to expire, further decisions would have to be made.

Councilmember Snodgrass said she didn't know what options there would be for the 50-year lease. Councilmember Adams said the Committee could see if they could have them pay their utilities. Councilmember Snodgrass asked if the City could ever sell the Roark-Sullivan building, being bound by a 50-year lease. From the audience, Councilmember Jenkins said he believed there was case law pertaining to binding future City Councils to limit these types of leases to 1 year, so there may be a possibility to alter that lease. Councilmember Snodgrass recommended that the Committee needed to know where it stood in regard to the lease before they could begin to negotiate. Councilmember Campbell requested that the City Attorney review the lease for the Roark-Sullivan building, and give the Committee possible options. Specifically, Councilmember Campbell said they would want to know what would happen if the City were to divest itself of the property. Councilmember Snodgrass agreed. Councilmember Adams added that 50 years is the maximum allowed lease time per State code.

Councilmember Pharr said they will also want to have a conversation about the utilities, specifically with Roark-Sullivan (are they doing the preventative maintenance, how often, etc.). Councilmember Adams said he interpreted the lease to read that the organization should be paying utilities. Councilmember Snodgrass asked if the lease would be void if the organization is technically violating it. Councilmember Minardi wasn't sure, as the City had been allowing that to happen for years. Councilmember Knauff said they might be able to use that to get out of the lease (which was not a recommendation, just an option). Councilmember Minardi confirmed that Roark-Sullivan had never paid a lease as far as the current Administration knows. Councilmember Snodgrass said if the Committee was to be charged with making recommendations, then they would need to discuss things like whether an organization was honoring their lease. Councilmember Adams added that the Roark-Sullivan lease was enacted over 10 years ago, and their current leadership may not be aware of every stipulation contained in it.

Councilmember Pharr recommended that the conversations with the organizations happen within the Committee, which would be open to the public. The Committee can ask them if they are aware of the terms of their leases, and will additionally ask the City Attorney to review the leases with the Committee's questions in mind. Councilmember Minardi added that if the Committee decided not to review the upcoming expiring leases, they should give the organizations proper notice to prepare. Councilmember Adams suggested that they Committee alert the organizations that they will be discussing leases and finances. Councilmember Snodgrass asked why they hadn't been sent a letter stating the fact that they hadn't been paying the lease or utilities. Councilmember Adams said that was most likely because this is new information that has come to light relatively recently.

Councilmember Campbell asked if the City should send out a certified letter before they met with the Committee; Councilmember Adams recommended reaching out to them informally. Councilmember Snodgrass said it would be good for the Committee to know what parts of the leases are not being honored. Councilmember Knauff suggested that they ask the City to produce a letter stating that there are possible violations of the lease, asking them to meet with the Committee to give them enough time to put together any financial information etc. Councilmember Minardi added that there wasn't anything wrong with the Committee asking the City Attorney to uphold the terms of the lease, and for the Committee to bring the organizations in for a conversation. Councilmember Knauff thought it would be a good idea to have the City Attorney review the lease, send the Committee and the organizations their findings and ask them to meet with the Committee for a discussion. Councilmember Snodgrass agree that the intent of the meeting should be made clear.

Mayor Goodwin added that most Councilmembers and members of the community probably don't even realize that the City owns those buildings and supplement them with City funds. She gave the example of how the City supplements the Humane Association's budget because of the service they provide to the City. She posited that perhaps the money spent on those buildings (as a result of being occupied by non-profit organizations) be similarly recognized in the budget. Additionally, she did not think it would an interrogation to bring in the groups to ask how they operate (since the City pays for the facility), and how the City can help to keep the cost down. She suggested that the Committee might also want to tour those facilities. Councilmember Snodgrass suggested having a standard way to record the information presented to the Committee.

Councilmember Pharr said that no matter how it is presented to them, it will be a shock to Roark-Sullivan to have to pay utilities since they have never been required to do so. It would be best, in her opinion, to have the Committee meet with them. Councilmember Snodgrass advised caution, as the mentioned organizations are not the only 501(c)(3) that are subsidized by the City. To have certain standards for one group but not all, could put the City in a dangerous situation. Councilmember Campbell wondered if there were any grants the organizations could pursue to help supplement the cost of the lease, utilities, etc. Councilmember Snodgrass confirmed that one of the organizations

has a substantial foundation.

Councilmember Pharr asked the Committee how they would like to proceed. The Committee decided to invite 2 groups at a time (at the same meeting, but not at once) to reviewing all the leases and ask for a financial picture of the organization, starting with Roark-Sullivan and Smith Street. Sojourners and Mel Wolfe will be invited to the following meeting.

Councilmember Campbell motioned to adjourn the meeting. Councilmember Minardi seconded.

Meeting adjourned.