Position Statement by the Daufuskie Island Council Relating to the Potential Acquisition of the Beaufort County Dock Building and Adjoining Dock

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After extensive research, legal advice, and community input, the Daufuskie Island Council has determined that the long-term interests of the Council and the community will <u>not</u> be served by the Council's accepting Beaufort County's offer to transfer title to the Council for the building located at the county dock.

The decision has not been an easy one. The Council greatly appreciates the County Council's offer to provide this building and a small plat of adjoining land to the Daufuskie Council. Furthermore, accepting this offer would ensure that this property stays with the island community, and removes the risk of it being sold to a private interest.

However, we have reluctantly concluded that it is not prudent for the Daufuskie Council to own this property.

The Council bases its decision on a number of factors, including the following:

Ownership is Contrary to Council's Mission

The DI Council was formed to be an advocate for the community on key public policy issues, and to serve as a liaison between Daufuskie and Beaufort County and other public official stakeholders. As such, it was not set up to own property.

Financial

The Council is not a 501-c-3 organization, so people cannot give on a tax deductible basis. There is no revenue generating mechanism that can be used to offset the cost of owning property, and those costs could be sizable. Taking on ownership and associated costs could bankrupt the Council.

Assuming ownership of the property and developing plans for "next steps" could entail considerable legal costs, closing-related costs, and necessary improvements.

Whether or not the property once again housed a privately-run restaurant or became more of a community-based pavilion, there would be costs associated with ownership that would be beyond the means of the council.

Those costs might be covered through a restaurant lease, but what if that business weren't successful? If the property were simply made available for a mixed-use, multiple vendor type of arrangement, the liability coverage would still require the council to hold a policy extensive to cover multiple entities. Additional costs including repairs, utilities, and maintenance would need to be covered.

Real or Perceived Conflict of Interest

Ownership of property potentially places the Council in conflict with itself and with the community when discussing what is best for the entire island, as opposed to what is best for the property owned by the Council.

Implications for Other Projects and Issues

The Council is an all-volunteer entity with no staff nor office, and extremely limited financial resources. Taking on a project of this substance would almost certainly divert the members' time and efforts from other major projects and issues.

Legal

We have been advised that there are mechanisms for protecting the Council and individual members from legal liability. However, it should be noted that potential legal exposure was a reason cited by several County council members when explaining why they no longer wanted the County to own the property.

Long-Term Implications

Assuming ownership of the property not only obligates the 2018 Daufuskie Island Council, but future Councils for decades to come.

Conclusion

In short, the Council has concluded that while taking ownership of a property with close proximity to a public dock presents a good business opportunity, we do not believe it is an appropriate undertaking for a nonprofit public body.

Moving Forward

The Council continues to believe that that this county-owned property should remain a resource for the Daufuskie community, and we are determined to be an advocate with the County for continued access and benefit for Daufuskie's residents and property owners.

To that end, we plan to immediately focus on determining if a consensus can be reached about short-term and long-term use of this property. As an example, we have obtained a commitment from the RS&H consulting firm to underwrite a Survey Monkey for outreach to Daufuskie property owners and residents about this matter. (When this survey tool was used during the Daufuskie Plan review process, there was an impressive 70 percent response rate.) We will be communicating in the near future with the community about this and other mechanisms for soliciting timely feedback on the use of this property.

We appreciate the community's interest in preserving this valuable resource for Daufuskie Island, and are committed to serving as a strong advocate for its continued availability.