



Council Workshop Agenda

MYRTLE BEACH CITY COUNCIL:

BRENDA BETHUNE, MAYOR
MICHAEL CHESTNUT
JACKIE HATLEY, MAYOR PRO-TEM
JOHN KRAJC
MIKE LOWDER
PHILIP N. RENDER
GREGG SMITH

**MYRTLE BEACH CITY COUNCIL SPECIAL MEETING AND WORKSHOP
9:00 A.M., TUESDAY, DECEMBER 1, 2020
BALLROOMS D-E, MYRTLE BEACH CONVENTION CENTER
2101 NORTH OAK STREET, MYRTLE BEACH, SC 29577**

NOTE: CITIZENS ARE INVITED TO ATTEND AND PARTICIPATE IN THE MEETINGS. CITIZENS WHO WISH TO ADDRESS COUNCIL ON NON-AGENDA ISSUES ARE ASKED TO SIGN IN PRIOR TO THE START OF THE MEETING AND STATE THEIR NAMES PRIOR TO SPEAKING.

ANYONE WHO REQUIRES AN AUXILIARY AID OR SERVICE FOR EFFECTIVE COMMUNICATION OR PARTICIPATION SHOULD CONTACT THE CITY CLERK'S OFFICE AT (843) 918-1004 AS SOON AS POSSIBLE, BUT NO LATER THAN 48 HOURS BEFORE THE SCHEDULED EVENT.

A. Call to Order

B. Reports from Outside Guests

1. One Grand Strand Downtown Development Framework Presentation
2. Public Safety Enhancement Fee Proposal

C. Reports from City Staff – Financial Issues

1. Financial Impact of Pandemic – FY20 Overview, FY21 Update and FY22 Prediction
2. Proposal for Uses of New County Hospitality Fee Revenues
3. Review of Downtown Funding Sources
4. Expense Side Challenges for FY22

D. Council Consideration and Action Items

2nd Reading Ordinance 2020-046 approving the amendment of the redevelopment plan for the Oceanfront Redevelopment Project area providing for redevelopment of certain additional area within the City of Myrtle Beach, South Carolina; designating such additional area as a redevelopment project area; making findings with respect to

the additional redevelopment project area; designating additional redevelopment projects within and benefitting the redevelopment project area; and, other matters relating thereto.

Tax Increment Financing (TIF) is a redevelopment tool whereby tax values in a given district are frozen as to their availability to pay for local government operations. Any increases in tax revenues (the "tax increment") arising from redevelopment are instead earmarked to pay for public infrastructure improvements supporting the redevelopment. The city has used TIF for development of Broadway at the Beach (1995-2009) and redevelopment of the former Myrtle Beach Air Base (2005-present).

The Oceanfront Redevelopment District was created in 2008 and covers parcels between the ocean and Kings Highway, from 16th Avenue North to Sixth Avenue South. This amendment extends the boundaries:

- *Northward along the oceanfront to 21st Avenue North, including all parcels facing 21st Avenue North.*
- *Along Kings Highway to take in the Arts & Innovation District, including all properties along the northwest side of the highway, Broadway Street and Oak Street.*
- *Along Kings Highway southward to 14th Avenue South.*

The amendment further adds \$258 million for projects that may be funded from incremental taxes or other sources consistent with the Downtown Master Plan, including, among other things:

- *Performing Arts Theater*
- *New Library and Children's Museum*
- *Renovations to Existing Library Structure*
- *City Square*
- *Public Utility and Streetscape Improvements*
- *Restoration of Transitional Properties*

2nd Reading Ordinance 2020-048 an ordinance to authorize the City Manager to execute a Purchase and Sale Agreement (and any other related documents and/or minor modifications thereto) with Ponderosa, Inc. (current operators of the Pirateland Family Camping Resort), conveying city-owned properties totaling 63.92 acres, identified as portions PIN #460-00-00-0006 (TMS #192-00-01-022), PIN #460-00-00-0001 (TMS #192-00-01-039) and PIN #460-00-00-0005 (TMS #192-00-01-021) to that group at a price of \$26,442,361.

The city-owned parcels (located south of current city limits) were conveyed to the city from the U.S. Government in 1948 and have been leased to the purchaser and used for campground purposes since 1990. The property is currently under lease to the purchaser through February 28, 2025. The purchaser proposes to continue to use the property as a campground. No other use is contemplated.

The key business points of the proposed transaction are, as follows:

- *The sales price is a negotiated figure mid-way between the city's appraisal of the property and the proposed purchaser's appraisal. Together with the city-owned parcels in 2020-049 below, the total sales price is \$60,000,000 (\$413,679 per acre).*

- *Of that amount, a total of \$10,000,000 will be paid at closing (scheduled by 12/31/2020).*
- *The remaining \$50,000,000 will be paid within five years from the date of closing.*
 - *The city will hold a mortgage for that amount secured by these properties.*
 - *In order to incentivize the payment of the remainder within this five year period, the interest rates applied to the unpaid balance increase each year and a sales credit based on the 2020 lease amount is reduced each year.*
- *The purchaser will execute an “Annexation Petition” no earlier than five years after closing, provided: the petition is legally permissible, the proposed city zoning allows all existing uses and the city takes over stormwater system maintenance (currently maintained by Horry County).*

2nd Reading Ordinance 2020-049 an ordinance to authorize the City Manager to execute a Purchase and Sale Agreement (and any other related documents and/or minor modifications thereto) with TBD (wholly owned by Lakewood Camping Resort), conveying city-owned properties totaling 81.12 acres identified as portions of PIN #460-00-00-0002 (TMS #192-00-01-038) and PIN #460-00-00-0004 (TMS #192-00-01-020) to that group at a price of \$33,557,639.

The city-owned parcels (located south of current city limits) were conveyed to the city from the U.S. Government in 1948 and have been leased to the purchaser and used for campground purposes since 1990. The property is currently under lease to the purchaser through February 28, 2025. The purchaser proposes to continue to use the property as a campground. No other use is contemplated.

The key business points of the proposed transaction are, as follows:

- *The sales price is a negotiated figure mid-way between the city’s appraisal of the property and the proposed purchaser’s appraisal. Together with the city-owned parcels in 2020-049 below, the total sales price is \$60,000,000 (\$413,679 per acre).*
- *Of that amount, a total of \$10,000,000 will be paid at closing (scheduled by 12/31/2020).*
- *The remaining \$50,000,000 will be paid within five years from the date of closing.*
 - *The city will hold a mortgage for that amount secured by these properties.*
 - *In order to incentivize the payment of the remainder within this five year period, the interest rates applied to the unpaid balance increase each year and a sales credit based on the 2020 lease amount is reduced each year.*
- *The purchaser will execute an “Annexation Petition” no earlier than five years after closing, provided: the petition is legally permissible, the proposed city zoning allows all existing uses and the city takes over stormwater system maintenance (currently maintained by Horry County).*

1st Reading Ordinance 2020-050 an ordinance repealing Ordinance 2019-022, 2019-023 and 2019-024, adopted March 7, 2019, to restore city hospitality fees and local accommodations taxes to the status and rates they held prior to the adoption of the foregoing ordinances.

In March 2019, Council adopted three ordinances to implement changes in the collection of hospitality and local accommodations taxes. The changes were based on findings that the county hospitality fee, adopted in 1997 with the consent of Horry County municipalities to fund the RIDE program, had reached its sunset date, and the municipalities could now

collect Hospitality and Accommodations Taxes inside their corporate limits without exceeding the statutory caps. The city subsequently filed suit to enjoin the county from continuing to collect its Hospitality Fee inside municipalities for the exclusive benefit of unincorporated areas.

In October 2020, the parties signed the Settlement Agreement in Principle (SIP), which has been approved by the Court (with the exception of matters pertaining to class certification and the common fund distribution). Per the SIP:

- *Effective January 1, 2021, the municipalities will roll back local Hospitality and Accommodations Taxes to the rates they charged prior to January 2019.*
- *Horry County will resume collecting the 1.5% hospitality fee in the city on January 1, 2021.*
- *After withholding 1% of collections as an administrative fee, Horry County will return the remainder to each municipality for uses set out in statutes authorizing Hospitality and Local Accommodations Taxes.*

The 1.5% County Hospitality Fee is projected to increase city revenues by \$9-10 million next fiscal year (approximately \$18 million in a year with no pandemic or other economic interruption).

1st Reading Ordinance 2020-051 to amend Ordinance 2019-030, the 2019-20 Budget Ordinance to: recognize extraordinary events of March-June 2020 and their impacts upon the 2019-20 budget; reconcile appropriations with audited results; reclassify two funds as to their fund types; and, other matters relating thereto.

Each year, the city considers whether it must adopt a wind-up ordinance to account for adjustments that changed the original adopted budget. In 2020, aside from normal issues of timing at the close of the year, a number of events occurred that necessitate a wind-up ordinance to include:

- *The pandemic, and associated economic and operational impacts.*
- *Settlement of the hospitality fee lawsuit.*
- *Increases in funding declared surplus by the Air Base Redevelopment Authority and, subsequently, distributed to the Horry County School District, Horry County and City of Myrtle Beach.*

The resulting changes to the 2020 Budget reflected in this amendment include:

- *Downtown Development and Debt Service Funds to reconcile with year-end accruals.*
- *Local Accommodations and Hospitality Tax Funds to transfer to the appropriate operating funds and collected revenue that had been sequestered by court order during the hospitality fee lawsuit, but since released following settlement of that suit.*
- *Air Base Tax Increment Funds to recognize the increase in funds declared surplus by the Redevelopment Authority on October 1, 2020, and distributed to the taxing districts.*
- *Conversion of the Baseball Stadium and Municipal Golf Course Fund from “enterprise” to “special revenue” funds.*

1st Reading Ordinance 2020-052 amending Ordinance 2009-052 relating to: obligations issuable for redevelopment projects benefitting the Oceanfront Redevelopment Project Area; providing for the addition of new areas to the

redevelopment project area described therein; and, providing for the deposit of incremental revenues from the added redevelopment project area to the special tax allocation fund created thereunder.

The Oceanfront Redevelopment District was created in 2008 and covers parcels between the ocean and Kings Highway from 16th Avenue North to 6th Avenue South. The proposed Ordinance 2020-046 amends that original area by extending the boundaries:

- *Northward along the oceanfront to 21st Avenue North, including all parcels facing 21st.*
- *Then, along Kings Highway to include the Arts & Innovation District, including all properties along the northwest side of Kings Highway, Broadway and Oak Streets.*
- *Along Kings Highway southward to 14th Avenue South.*

This ordinance directs the deposit of incremental revenues arising from the expansion area into the Oceanfront Tax Increment Fund and designates the incremental revenues from the expanded Oceanfront Redevelopment District to secure future obligations issued to finance the projects provided for in the District Redevelopment Plan. The ordinance does not, however, authorize the issuance of debt. That must be done for each issuance by separate City Council action.

1st Reading Ordinance 2020-053 providing for: the issuance by the City of Myrtle Beach, South Carolina of a revenue note, in the principle amount of not exceeding \$10,000,000; prescribing the form and details of such note; and, other matters relating thereto.

This arrangement reconstitutes the revolving loan pool that has been in effect since March 2015. The pool has been, and will continue to be, used as a source of temporary financing for construction of projects included in the Downtown Master Plan and the Oceanfront Redevelopment Plan (as amended in proposed Ordinance 2020-046). The pool also allows for strategic property acquisitions and demolition/disposition resulting from code enforcement actions.

The Master Bond Ordinance providing for the issuance of obligations of the Oceanfront Tax Increment District (as amended in proposed Ordinance 2020-052) allows for the issuance of obligations secured by the incremental revenues of the district. This note will be the first obligation authorized under the proposed amended Bond Ordinance (2020-052) for the Oceanfront Tax Increment District. The note will be secured by a senior lien of net parking revenues from the Parking Facility and by a junior lien of incremental tax revenues from the Oceanfront Redevelopment District.

Resolution R2020-047 to ratify and retroactively consent to certain Horry County ordinances (collection of 1.5% hospitality fee).

Horry County's 1.5% hospitality fee was adopted in 1996 with the consent of the municipalities to fund the RIDE program. Each municipality gave the county consent to collect the fee within their corporate limits, provided that the fee would be used to fund the RIDE program and be subject to a sunset provision matching the maturity of the projected debt issue for that program (January 1, 2017).

In 2016 and 2018, the county took unilateral action to continue collecting the fee beyond both January 1, 2017, and the final retirement of the RIDE debt. Legal action followed and

eventually culminated in a Settlement Agreement in Principle (SIP) between all parties and subsequently was approved by the Circuit Court (the issues of class certification and the common fund distribution are on appeal, but that does not affect any other provisions of the SIP).

In compliance with the SIP:

- *The cities will give retroactive consent to the county to resume collections of the 1.5% hospitality fee and the rental car fee inside their corporate limits, and the county will resume collecting the fee from city businesses on January 1, 2021.*
- *After withholding 1% of the collections as an administrative fee, the county will then return to each municipality the amounts collected in each.*
- *The city will continue collecting taxes at current rates through December 31, 2020.*

The 1.5% County Hospitality Fee is projected to increase city revenues by \$9-10 million next fiscal year (approximately \$18 million in a year with no pandemic or other economic interruption).

Resolution R2020-048 to amend Resolution R2020-037 adopting the Downtown Master Plan, Phase 1 of the Downtown Master Plan Implementation Plan and the Advanced Plan of the Downtown Master Plan, to also adopt the “One Grand Strand Downtown Development Framework” and to direct the City Manager to begin the process of implementing the Governance recommendations of that report and to develop a 2021 Advanced Implementation Plan. [Note: This resolution is included on this agenda for informational purposes and discussion. Council action is not anticipated until the December 8, 2020, City Council meeting].

A group of local business and community leaders have voluntarily formed “One Grand Strand” (OGS) to begin considering the development of this community and assist City Council to refine and implement the vision for the City of Myrtle Beach. Toward this end, OGS has hired a team of internationally known consultants: James Lima Planning + Development and Plan and Process, LLP (Principal Planner Rob Lane). OGS has asked the consultants to: review City Council’s Downtown Master Plan (including the original Master Plan, Implementation Plan and the Advanced Master Plan); recommend refinements to that plan; and, suggest steps to assist with implementation. This report will be summarized in the first presentation listed on today’s agenda.

Here is a list of the most significant notes from this report:

- *The team concurs with the findings and recommendations of Council’s Downtown Master Plan and identifies complementary redevelopment strategies for the broader Opportunity Zone.*
- *The team underscores the urgency of the revitalization of Myrtle Beach’s downtown in terms of the: effect on the reality and perception of crime in the community; impact on the local economy and the quality of life of our residents; and, the image of the community to our visitors.*
- *The report suggests certain implementation actions, most notably the formation of a “Place Management Organization” (PMO) comprised primarily of downtown business and property owners, to assist City Council with the governance of this multi-decade effort.*

The effect of this resolution is to:

- *Adopt the One Grand Strand Downtown Development's Framework as an additional element of Council's overall Downtown Master Plan.*
- *Specifically concur with the report's recommendation regarding the creation of the "Place Management Organization" (PMO).*
- *And, to direct the City Manager to:*
 - *Begin working with area business and property owners toward the creation of that PMO and to bring back a plan for implementing such by the end of February.*
 - *Begin development of a specific 2021 Advanced Implementation Plan to reflect the work accomplished thus far, along with the recommendations of the Advanced Master Plan and the recommendations of One Grand Strand Downtown Development Framework.*

Resolution R2020-049 to amend Resolution R2020-034, setting forth the policy of the City Council concerning Workforce Housing, for the purpose of adopting the "City Employee Residency Assistance Program." [Note: This resolution is included on this agenda for informational purposes and discussion. Council action is not anticipated until the December 8, 2020, City Council meeting].

City Council set the Workforce Housing Policy through the adoption of R2020-034 in August 2020. Since then, Council has also contracted for management of this initiative with Habitat for Humanity of Horry County. The effect of this amendment is to adopt the "City Employee Residency Assistance Program" designed to make living in the city more affordable for the majority of our full-time employees (those making less than \$75,000 or 93.4% of the city's workforce). Additional incentives are provided for residency within designated "target areas."

As proposed, the program has two elements:

- *Homeownership Assistance:*
- *Employee picks a target amount they would like to save for a down payment, closing costs or write down the interest rate (maximum of \$10,000), along with a target date for achieving this goal (maximum of 52 pay periods).*
- *City withholds 50% of the target amount per pay period until they reach 50% of the target. When employee reaches 50%, the city matches it at a rate of \$1.00 by the city and \$1.00 by the employee (40% within a target area with a match of \$1.50 to \$1.00).*
- *The city's match would be secured by a second mortgage.*
- *For every year that the employee lives in the home and continues to be employed by the city, the second mortgage is reduced by 1/5 of the original amount.*
- *At the end of fifth year, the second mortgage is satisfied.*

Rental Assistance:

- *Employees who currently reside outside the city will be eligible to apply for rental assistance of \$100/month upon moving into the city (\$150/month within a target area) for a maximum of three years.*
- *Employees who currently rent a unit in the city, but outside of a target area, would be eligible for a stipend of \$50/month.*
- *Employees who currently rent a unit in the city inside of a target area would be eligible for a stipend of \$75/month.*
- *As a condition of eligibility, employees must annually provide copy of the lease and agree to notify the city if they move out of the unit for which they receive the stipend.*

Proposed funding for this program (\$100,000) is available from the City's Workforce Housing Fund. That fund is comprised of revenues derived from a charge of 0.25% of the value of each construction permit (after the first \$100,000). By ordinance, these funds cannot be used for other unrelated purposes. The balance of that fund currently exceeds \$700,000, exclusive of the \$246,000 commitment to Habitat for Humanity for program management services.

E. Non-Agenda Items from the Public

F. Communications from City Council and City Manager

G. Executive Session*

H. Adjournment

****Note:** South Carolina law requires that Council's business is conducted in public with limited exceptions, known as "Executive Sessions." Subjects eligible for Executive Session include:*

- Personnel matters.*
- Negotiations concerning proposed contractual arrangements and proposed sale or purchase of property.*
- The receipt of legal advice relating to:*
 - A pending, threatened, or potential claim.*
 - Other matters covered by the attorney-client privilege.*
 - Settlement of legal claims, or the position of the city in other adversary situations.*
- Discussions regarding development of security personnel or devices.*
- Investigative proceedings regarding allegations of criminal misconduct.*
- Matters relating to the proposed location, expansion, or provision of services encouraging location or expansion of industries or other businesses.*

Motions to go into Executive Session must be made in public and specify one or more of the reasons above. Council takes no votes or action in Executive Session. Council may take action on matters discussed in Executive Session which are deemed to be "emergency" concerns upon reconvening in open session.