

# **City of Myrtle Beach**

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**Budget Discussion  
City Council Workshop  
June 6, 2022**

## **Follow Up Discussion on the FY23-24 Budget**

- **The FY24-28 Capital Improvement Plan**
- **Economic Uncertainty**
- **Change Since 1<sup>st</sup> Reading**

## The 5-Year Capital Improvement Plan

- The FY23-24 Budget only appropriates funding for the FY23-24 Capital Improvement Projects
- Appropriations for Debt Funded Capital Improvement Projects require additional approval prior to commencement
  - **State Code section 5-7-260** requires that City Council formally adopt an ordinance to “authorize the borrowing of money”.

## Changes to the 5-Year Capital Improvement Plan since 1<sup>st</sup> reading

- Baseball Stadium 5-Year Capital Improvement Plan
  - The FY23-24 (first year) use of Long Term Debt for planning for Stadium Renovations was changed to use of Fund Balance.
- Arts & Innovation 5-Year Capital Improvement Plan
  - The FY23-24 funding for the Arts & Innovation District was changed from “Long Term Debt/Grants/Developer Contributions/TBD” to:
    - \$2.5 Tax Credit Equity (Performing Arts Theater)
    - \$25m Long Term Debt (Private participation and grants are anticipated but not yet identified).

| Baseball Stadium Projects<br>2023-24 through 2027-28 |                  |                  |                   |                  |                  |                   |
|------------------------------------------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|
| <u>Financing Sources</u>                             | <u>2023-2024</u> | <u>2024-2025</u> | <u>2025-2026</u>  | <u>2026-2027</u> | <u>2027-2028</u> | <u>Total</u>      |
| Hospitality Tax                                      | 20,000           | -                | -                 | -                | -                | 20,000            |
| Horry County Share                                   | 36,000           | 1,516,954        | 16,076,755        | -                | -                | 17,629,709        |
| Baseball Stadium Fund Balance                        | 64,000           | -                | -                 | -                | -                | 64,000            |
| Long Term Debt                                       | -                | 3,519,559        | 37,512,429        | -                | -                | 41,031,988        |
| <b>Total Financing Sources</b>                       | <b>120,000</b>   | <b>5,036,513</b> | <b>53,589,184</b> | <b>-</b>         | <b>-</b>         | <b>58,745,697</b> |
|                                                      |                  |                  |                   |                  |                  |                   |
| <u>Project Total</u>                                 | <u>2023-2024</u> | <u>2024-2025</u> | <u>2025-2026</u>  | <u>2026-2027</u> | <u>2027-2028</u> | <u>Total</u>      |
| Stadium Renovation/Visitor Club House                | 100,000          | 5,036,513        | 53,589,184        | -                | -                | 58,725,697        |
| HVAC Replacements                                    | 20,000           | -                | -                 | -                | -                | 20,000            |
| <b>Total Baseball Stadium Projects</b>               | <b>120,000</b>   | <b>5,036,513</b> | <b>53,589,184</b> | <b>-</b>         | <b>-</b>         | <b>58,745,697</b> |



| Arts & Innovation District Projects                  |                   |                   |                   |                   |                    |                    |
|------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| 2023-24 through 2027-28                              |                   |                   |                   |                   |                    |                    |
| <u>Financing Sources</u>                             | <u>2023-2024</u>  | <u>2024-2025</u>  | <u>2025-2026</u>  | <u>2026-2027</u>  | <u>2027-2028</u>   | <u>Total</u>       |
| Tax Credit Equity                                    | 2,500,000         | -                 | -                 | -                 | -                  | 2,500,000          |
| Long Term Debt*                                      | 14,951,257        | 24,683,711        | 30,891,232        | 12,909,300        | 284,261,250        | 367,696,750        |
| <b>Total Financing Sources</b>                       | <b>17,451,257</b> | <b>24,683,711</b> | <b>30,891,232</b> | <b>12,909,300</b> | <b>284,261,250</b> | <b>370,196,750</b> |
| <u>Project Totals</u>                                | <u>2023-2024</u>  | <u>2024-2025</u>  | <u>2025-2026</u>  | <u>2026-2027</u>  | <u>2027-2028</u>   | <u>Total</u>       |
| Redevelopment Projects                               |                   |                   |                   |                   |                    |                    |
| Performing Arts Theatre                              | 12,727,000        | -                 | -                 | -                 | -                  | 12,727,000         |
| New COMB Library                                     | 2,211,200         | 22,560,000        | -                 | -                 | -                  | 24,771,200         |
| Children's Museum                                    | -                 | -                 | 2,093,000         | 6,045,900         | 6,045,900          | 14,184,800         |
| New Art Museum                                       | -                 | -                 | -                 | -                 | 12,500,000         | 12,500,000         |
| Art Museum Parking Deck                              | -                 | -                 | -                 | -                 | 12,600,000         | 12,600,000         |
| Rails to Trails                                      | 1,000,000         | 1,000,000         | -                 | -                 | -                  | 2,000,000          |
| City Hall Phase I                                    | -                 | -                 | 19,068,000        | -                 | -                  | 19,068,000         |
| City Square and Park                                 | 113,057           | 350,711           | 5,736,232         | -                 | -                  | 6,200,000          |
| New City Administration Phase 2                      | -                 | -                 | -                 | -                 | 66,231,000         | 66,231,000         |
| New Law Enforcement Annex                            | -                 | -                 | -                 | 4,157,400         | 18,821,300         | 22,978,700         |
| New Law Enforcement Complex Phase 3                  | -                 | -                 | -                 | -                 | 96,792,050         | 96,792,050         |
| New Law Enforcement Parking Deck                     | -                 | -                 | -                 | -                 | 54,411,000         | 54,411,000         |
| Municipal Parking Deck                               | -                 | -                 | -                 | 1,721,000         | 16,500,000         | 18,221,000         |
| Train Depot New Parking Lot                          | 1,000,000         | -                 | -                 | -                 | -                  | 1,000,000          |
| Development Contingency                              | 400,000           | 650,000           | 500,000           | 885,000           | 200,000            | 2,635,000          |
| Art Museum Demolition                                | -                 | -                 | -                 | -                 | 60,000             | 60,000             |
| City Services Roof Repair                            | -                 | -                 | 2,820,000         | -                 | -                  | 2,820,000          |
| City Hall Renovations                                | -                 | 23,000            | 574,000           | -                 | -                  | 597,000            |
| Downtown Cultural Engagement Lighting                | -                 | 100,000           | 100,000           | 100,000           | 100,000            | 400,000            |
| <b>Total Arts &amp; Innovation District Projects</b> | <b>17,451,257</b> | <b>24,683,711</b> | <b>30,891,232</b> | <b>12,909,300</b> | <b>284,261,250</b> | <b>370,196,750</b> |

*\*Private participation is expected to be a component of project funding as Downtown revitalization moves forward.*

# FY24 – FY28 Capital Improvement Plan

| Project Category             | 2023-2024     | 2024-2025    | 2025-2026     | 2026-2027    | 2027-2028     | Total         | %     |
|------------------------------|---------------|--------------|---------------|--------------|---------------|---------------|-------|
| General Pay As You Go        | \$12,714,000  | \$12,273,400 | \$10,447,500  | \$9,387,000  | \$9,526,000   | \$54,347,900  | 7.4%  |
| MB Convention Center         | 5,440,000     | 5,241,300    | 993,900       | 541,500      | 9,079,000     | 21,295,700    | 2.9%  |
| Whispering Pines Golf Course | 56,000        | 64,000       | 59,600        | 76,000       | 70,000        | 325,600       | 0.0%  |
| Pelicans Baseball Stadium    | 120,000       | 5,036,513    | 53,589,184    | -            | -             | 58,745,697    | 8.0%  |
| Ocean Front Boardwalk        | 310,000       | 2,935,000    | 5,710,000     | 660,000      | 4,660,600     | 14,275,600    | 1.9%  |
| MB Air Force Base            | 1,446,000     | 3,500,000    | 7,116,500     | 1,456,000    | -             | 13,518,500    | 1.8%  |
| Storm Water                  | 44,559,241    | 19,904,000   | 21,114,000    | 2,534,000    | 2,334,000     | 90,445,241    | 12.3% |
| JTR Sports Center            | 310,000       | 810,000      | 450,000       | 200,000      | -             | 1,770,000     | 0.2%  |
| Arts & Innovation District   | 17,451,257    | 24,683,711   | 30,891,232    | 12,909,300   | 284,261,250   | 370,196,750   | 50.5% |
| Solid Waste                  | 1,192,000     | 200,000      | 200,000       | 200,000      | 200,000       | 1,992,000     | 0.3%  |
| Water & Sewer Infrastructure | 18,451,500    | 12,073,500   | 35,620,500    | 26,520,000   | 13,645,000    | 106,310,500   | 14.5% |
| Total 5-Year Plan*           | \$102,049,998 | \$86,721,424 | \$166,192,416 | \$54,483,800 | \$323,775,850 | \$733,223,488 | 100%  |

| Funding Sources              | 2023-2024     | 2024-2025    | 2025-2026     | 2026-2027    | 2026-2027     | Total         | %     |
|------------------------------|---------------|--------------|---------------|--------------|---------------|---------------|-------|
| General (Tax, Fees, Other)   | 8,854,100     | 13,033,954   | 27,680,755    | 7,521,500    | 6,334,000     | 63,424,309    | 8.7%  |
| Admissions Tax               | 100,000       | 125,000      | 125,000       | 125,000      | 160,600       | 635,600       | 0.1%  |
| Road Maintenance Fee         | 1,368,000     | 1,375,000    | 1,375,000     | 1,400,000    | 1,450,000     | 6,968,000     | 1.0%  |
| Grants                       | 34,942,400    | 16,670,000   | 7,078,000     | 1,000,000    | 1,097,500     | 60,787,900    | 8.3%  |
| Hospitality Tax              | 6,585,000     | 4,820,000    | 12,601,500    | 4,191,000    | 8,769,500     | 36,967,000    | 5.0%  |
| Hospitality Fee              | 2,620,000     | 2,880,000    | 3,300,000     | 1,400,000    | 2,500,000     | 12,700,000    | 1.7%  |
| Tourism Development Fee      | 3,280,000     | 1,264,200    | 1,400,000     | 1,000,000    | 1,000,000     | 7,944,200     | 1.1%  |
| General/Hospitality Debt     | 5,000,000     | 10,000,000   | -             | -            | 8,558,000     | 23,558,000    | 3.2%  |
| Water & Sewer Revenue Bonds* | 15,739,000    | 8,350,000    | 31,600,000    | 21,625,000   | 9,645,000     | 86,959,000    | 11.9% |
| Storm Water Revenue Bonds*   | 8,610,241     | -            | 12,628,500    | -            | -             | 21,238,741    | 2.9%  |
| Long Term Debt*              | 14,951,257    | 28,203,270   | 68,403,661    | 16,221,300   | 284,261,250   | 412,040,738   | 56.2% |
| Total 5-Year Plan            | \$102,049,998 | \$86,721,424 | \$166,192,416 | \$54,483,800 | \$323,775,850 | \$733,223,488 | 100%  |

**\*All Projects Funded with any borrowing (Long Term Debt) must first be approved by City Council through 2 readings of an ordinance before authorized.**

74.2% of Projects  
will require  
additional  
Council Approval  
(\$544M)

# Managing Uncertainty

A great deal of uncertainty remains regarding the world and national economic environment and the impact it may have on our local economy.

Questions remain:

- Will pent up travel demand continue to drive visitors to our area?
- Will the labor market continue to be tight, leaving us with high vacancy levels?
- What impact will the anemic workforce have on local businesses to operate at full capacity?
- How much will commercial and residential development decline?
- How will inflation affect buying power?

## Flexibility through:

Continual monitoring of revenues and expenses

- If revenues are impacted to a greater degree than expected:
  - Freeze Capital Spending
  - Freeze Vacancies
  - Reduce Temporary & Part Time Employment
  - Freeze non-essential operating expenditures
- If revenues are impacted to a lesser degree than expected:
  - Continue to build reserves to manage future economic disruptions
  - Pay Off the Revolving Loan Pool borrowing
  - Fully fund the RHRA
  - Escalate Capital Outlay and Capital Improvements projects with available funds



## City Fund Balance Highlights

Council has expressed their commitment to fiscal health and sustainability regarding the financial standing of the City of Myrtle Beach.

### Governmental Fund Balances:

General projected Fund balance is in within the City's minimum policy objective with current Fund Balance as a percentage of expenditures at 21.3% for FY24.

Debt Service projected Fund Balance is 44.3% and the ratio of recurring sources to recurring uses is 100.4%.

MB Air Force Base TIF Fund Balance is projected to be \$23.1m, with approximately \$13m of outstanding capital improvements to be funded. The goal of paying off outstanding debt by FY28/FY29 is attainable.

| Fund                               | Est. Fund Balance |
|------------------------------------|-------------------|
| <b>Tourism Revenue Funds</b>       |                   |
| Tourism Development Fee            | \$ 124,187        |
| Hospitality Tax                    | 17,866,503        |
| Hospitality Fee                    | 7,548,124         |
| Local Accommodations Tax           | 1,680,089         |
| State Accommodations Tax           | 32,500            |
|                                    | <hr/>             |
|                                    | \$ 27,251,403     |
| <b>Other Special Revenue Funds</b> |                   |
| MB Convention Center               | \$ 1,054,535      |
| Sports Tourism                     | 301,516           |
| Whispering Pines Golf Course       | 259,694           |
| Baseball Stadium                   | 383,475           |
| Downtown Development               | 2,659,251         |
| Oceanfront TIF                     | 3,053,691         |
| MB Air Force Base TIF              | 23,109,430        |
| CDBG                               | 454,886           |
| Work Force Housing                 | -                 |
| Storm Water                        | 4,624,965         |
|                                    | <hr/>             |
|                                    | \$ 35,901,443     |
| <b>Special Revenue Funds</b>       | \$ 63,152,846     |





## Change Since 1<sup>st</sup> Reading – Managers Recommended Budget

### Change:

**MID Revenue projection  
Increased from \$615k to  
\$650K, net increase of \$35k.**

### Unchanged:

The FY24 Manager's Recommended Budget contains:

An Operating increase of 13.5%, as follows:

General Government – 14.0%

Enterprise Operations – 11.1%

**Overall Budget Increase: 22.6%, or \$66.0m**

60.0% (\$39.6m) of the increase is attributable to  
Capital Projects.

## Fiscal Year 2024 Proposed Budget

|                               | FY2021-22<br>Actual | FY2022-23<br>Budget | FY2023-24<br>Recommended Budget | % Δ    |
|-------------------------------|---------------------|---------------------|---------------------------------|--------|
| Governmental Operations       | \$ 256,738,735      | \$ 234,571,906      | \$ 267,365,585                  | 14.0%  |
| Enterprise Operations         | 54,060,969          | 51,413,799          | 57,127,196                      | 11.1%  |
| Total Operating Budget        | 310,799,704         | 285,985,705         | 324,492,781                     | 13.5%  |
| Governmental Capital Projects | 38,083,261          | 38,555,750          | 82,406,498                      | 113.7% |
| Reconciling Items             |                     |                     |                                 |        |
| Enterprise Capital Projects   | 2,293,943           | 23,914,000          | 19,643,500                      | -17.9% |
| Total Reconciling Items       | 2,293,943           | 23,914,000          | 19,643,500                      | -17.9% |
| Less: Interfund Transfers     | (50,420,840)        | (56,251,069)        | (68,310,368)                    | 21.4%  |
| Grand Total Appropriations    | \$ 300,756,068      | \$ 292,204,386      | \$ 358,232,411                  | 22.60% |

**When compared to FY22 Actuals, the FY 24 Budget variances are:**

**Total Operating Budget: 4.4%**

**Total Appropriations net of Capital: (2.0%)**

**FY23 Budget vs. FY24 Total Appropriations net of Capital: 11.5%**