

May 12, 20120 - 1st reading
May 26, 2020 - Presented for 2nd Reading

2020-24 (2ND READING): AN ORDINANCE TO DECLARE A SPECIFIC TARGETED BUSINESS DEVELOPMENT PROJECT KNOWN AS THE GREAT AMERICAN SURF PARK AS ELIGIBLE FOR DEVELOPMENT INCENTIVES, PURSUANT TO CHAPTER 15, ARTICLE IV, SECTION 15-53.1 OF THE CODE OF ORDINANCES.

Applicant/Purpose: American Surf Parks, LLC (Applicant)/to approve the use of the financial incentive policy for the proposed surf park/amphitheater project.

Brief:

- The applicant proposes to develop a surf park on City-owned property behind the Sports Center, east of Grissom, & south of Burroughs & Chapin Boulevard.
- The premises contain ~295,000 cubic yards of stockpiled spoil dirt which must be removed at an estimated cost to the developer of \$2,000,000.
- A large portion of the spoil dirt will be used on the property adjacent to the proposed surf park to create an amphitheater w/ a sloping seating bowl.
- The estimated capacity of that amphitheater is approximately 2,000 spectators w/ fixed seats, & 8,000 more in the seating bowl.
- The financial incentive policy allows the City to rebate up to 2% of project construction costs.
- No changes since 1st reading.

Issues:

- The proposed ordinance authorizes the application of the Voucher Incentive Program to this project.
- Pursuant to that program the Applicant is eligible for reimbursement of certain fees paid to the City upon issuance of a project Certificate of Occupancy.
- The amount of the reimbursement is 2% of the construction costs of the project, which is estimated to be \$41,000,000 which would allow for a Voucher Incentive of \$820,000 over a 5 year period.
- Ordinance requires that:
 - A building permit must be issued w/in 6 months of Council's approval.
 - The project must be completed w/in 36 months after permit issuance.
 - The incentive voucher for a specific fee, tax, or assessment can only be paid after the payment is received.
 - All incentive vouchers expire 5 years from the date of issuance (Council may extend the voucher for a year).

Public Notification: Normal meeting notification.

Alternatives: Do not approve & hope that the developer builds the project anyway.

Financial Impact: Staff estimates the total projected revenues from the surf park operations alone at nearly \$450k/year (exclusive of rent) for phase 1. This estimate includes city property taxes, business license fees, TDF, Hospitality Fees, & the City's portion of the State Admissions Tax. A separate phase 2 is contemplated w/ a proposed hotel. Staff has not estimated the financial impact of the amphitheater.

Manager's Recommendation:

- 1st reading (4/12/2020).
- I recommend approval (4/26/2020).

Attachment(s): Proposed ordinance, exhibits.

CITY OF MYRTLE BEACH
COUNTY OF HORRY
STATE OF SOUTH CAROLINA

AN ORDINANCE TO DECLARE A SPECIFIC
TARGETED BUSINESS DEVELOPMENT
PROJECT KNOWN AS THE GREAT AMERICAN
SURF PARK AS ELIGIBLE FOR DEVELOPMENT
INCENTIVES, PURSUANT TO CHAPTER 15,
ARTICLE IV, SECTION 15-53.1 OF THE CODE
OF ORDINANCES.

WHEREAS, Section 15-53.1A of the Code of Ordinances of the City of Myrtle Beach provides that the Council may provide "Voucher Program Incentives" of up to 2% of the total investment (up to a maximum of \$2,000,000) for the following "Specified Targeted Businesses":

- Technology.
- Medical providers.
- Experiential retail.
- Workforce housing, and;

WHEREAS, the "Voucher Program Incentives" allows certain development and operating expenses paid to the City by a developer or subsequent property/business owner to be reimbursed by the City to that developer or subsequent business owner after the underlying project has received a Certificate of Occupancy, and;

WHEREAS, on August 13, 2019, City Council approved M2019-112 authorizing the City Manager to enter into a non-binding Letter of Interest from American Surf Park, LLC, (the "Applicant") the purpose of which was to establish terms and conditions for the lease of property to house a surf park and amphitheater on City owned property shown as Exhibit 1 of this ordinance and to allow the Applicant to perform their due diligence, and;

WHEREAS, the Applicant has now submitted a proposed lease agreement and site plan that is consistent with that earlier Letter of Interest; and,

WHEREAS, in recognition of the tangible economic benefits accruing to the City from this proposed development, the Applicant requests approval of the Voucher Incentive Program as a Specified Targeted Business Development (Experiential Retail category).

NOW THEREFORE, the City Council finds and ordains that:

1. The proposed The Great American Surf Park is eligible for development incentives, pursuant to Chapter 15, Article IV, Section 15-53.1 as a Specific Targeted Business Development Project (Experiential Retail category).
2. The City will enjoy significant on-going economic and employment benefits accruing from the proposed project as shown in Exhibit 2.
3. The Applicant has satisfied the requirement of providing sufficient documentation to the Manager, and has agreed to furnish good faith estimates for any information as may be needed to determine the amount of the incentives that may be provided.
4. The Voucher Program is hereby approved at the rate of 2% of the total investment based on the total hard costs of construction based upon documentation to be provided after the

1 certificate of occupancy has been awarded.

- 2 5. The Voucher Program shall be administered as indicated in Section 15-53.1B of the Code
3 of Ordinances of the City of Myrtle Beach.

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5 This ordinance shall become effective upon adoption.
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10 BRENDA BETHUNE, MAYOR

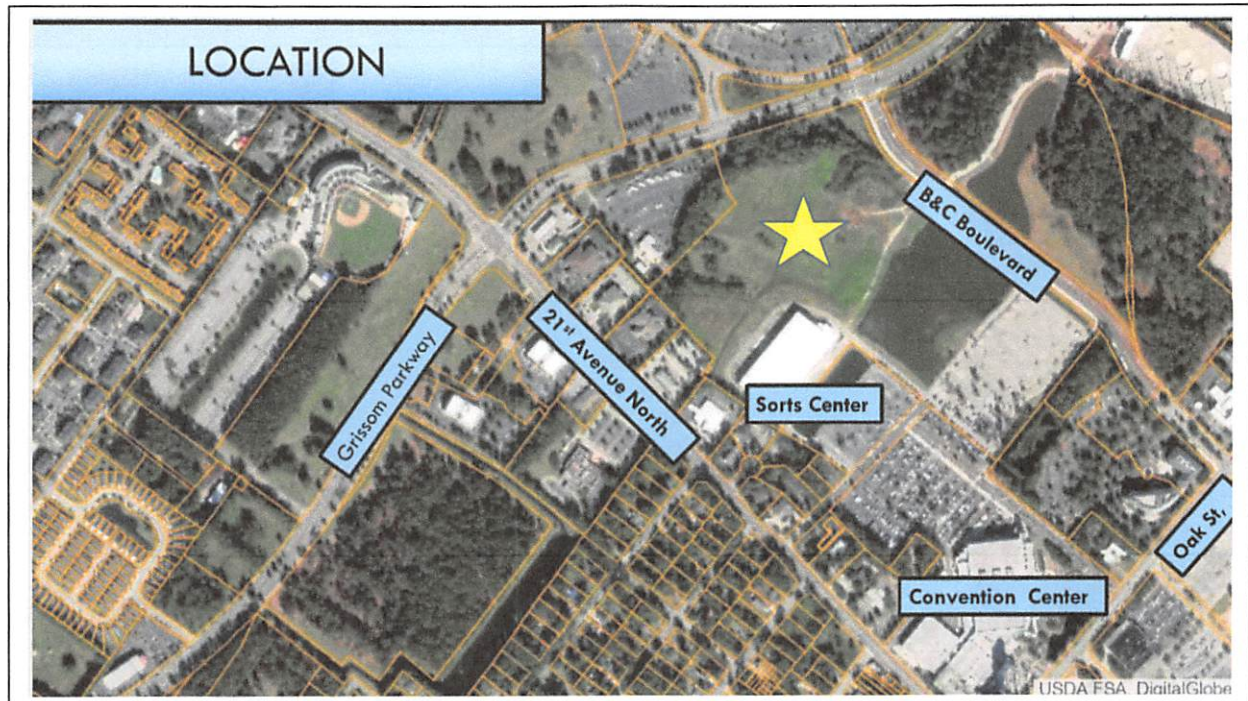
11 ATTEST:
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15 LINDSEY HARING, ADMINISTRATIVE ASSISTANT
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17 1st Reading: 5-12-2020

18 2nd Reading: 5-26-2020

Location of Proposed Surf Park/Amphitheater Site



Significant On-Going Economic and Employment Benefits Accruing from the Proposed Project

CITY TAX REVENUES (EXCLUSIVE OF RENT & AMPHITHEATER REVENUES)			
City Tax Revenue (Phase 1 only)		City Tax Revenue (w/ Phase 2)	
Surf Park Property Tax:	\$98,000	Surf Park Property Tax:	\$98,000
Business License	\$31,000	Business License	\$31,000
Tourism Development Fee	\$38,000	Tourism Development Fee	\$38,000
Local Hospitality Fee – F&B	\$64,000	Local Hospitality Fee – F&B	\$64,000
Local Hospitality Fee – Admissions	\$62,000	Local Hospitality Fee – Admissions	\$62,000
Admissions Tax (If Tax District Est.)	\$155,000	Admissions Tax (If Tax District Est.)	\$155,000
Total :	\$448,000	Hotel Property Tax (Phase 2)	\$118,000
		<u>Accommodations Tax (Phase 2)</u>	<u>\$107,000</u>
		Total :	\$673,000