

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

 **Roll Call.**

**Present:** Mayor Brenda Bethune, Michael Chestnut, Gregg Smith, Jackie Hatley, John Krajc.  
**Absent/Excused:** Mike Lowder, Philip N. Render.

**1. Reports from Outside Guests**

- Presentation of the “One Grand Strand Downtown Development Framework”.

 Michael Clayton explains that the goal is to create a dedicated Place Management Organization (PMO) that will focus on a healthy, economically valued, safe and socially activated downtown and to establish a Municipal Improvement District (MID) as a funding source for the priorities that will be established by the PMO.

 Bill Pritchard, Planning Commission Chairman, expresses of support.

 Ann Dunham, expresses concerns of tax impacts.

 Michelle Plyler, Gay Dolphin, requests more communication regarding funding sources

 Mark Lazarus, states presentation is promising, creating atmosphere where locals will want to be. Requests that a government complex be considered.

- Public Safety Enhancement Fee Proposal.

 John Pedersen discusses that to enhance the level of public safety otherwise made available throughout the City to meet the specific needs of our residents, guests, the business community generally, & the hospitality industry. To heighten the accountability of Myrtle Beach visitors at the property level. May also be used for infrastructure improvements, & admin to serve the needs of the City’s residents, guests, the greater business community, & the businesses that pay the fee.

**2. Reports from City Staff - Financial Issues**

- Financial Impact of the Pandemic (FY20 Overview, FY21 Update, FY22 Prospects)

 Michelle Shumpert reviews financial highlights from current year and looking forward.

- Proposal for Uses of New County Hospitality Fee Revenues

 Mr. Pedersen reviews potential ideas for uses of funds.

- Review of Downtown Funding Sources

 Mr. Pedersen explains the Downtown Master Plan can be implemented without increasing either property taxes or business license fees. Each individual downtown redevelopment project must be analyzed to evaluate eligible/appropriate funding sources, potential partners/investors. A unique funding plan will be prepared and reviewed by City Council. No project can proceed without City Council approval. Any debt issuance must be approved by City Council.

**3. Council Consideration and Action**

**2<sup>nd</sup> Reading Ordinance 2020-046 approving the amendment of the redevelopment plan for the Oceanfront Redevelopment Project area providing for redevelopment of certain additional areas within the City of Myrtle Beach, South Carolina; designating such additional areas 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 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 King’s Highway from 16<sup>th</sup> N. to 6<sup>th</sup> S. This amendment extends the boundaries:*

- *Northward along the oceanfront to 21<sup>st</sup> N, including all parcels facing 21<sup>st</sup>.*
- *Then along King’s to take in the Arts & Innovation District, including all properties along the northwest side of the Highway, Broadway and Oak Streets.*
- *Along King’s Highway southward to 14<sup>th</sup> S.*

*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:*

- *A performing arts theatre.*
- *New library, and children’s museum.*
- *Renovations to the existing Chapin Library structure.*
- *City Square.*
- *Public utility and streetscape improvements.*
- *Restoration of transitional properties.*

*The amendment establishes that certain projects are eligible to be undertaken as funding becomes available. It does not commit the City to any new funding.*



**Motion:** To Approve, **Moved by** Michael Chestnut, **Seconded by** Gregg Smith.



**Vote:** Motion carried by unanimous roll call vote (**summary:** Yes = 5).

**Yes:** Mayor Brenda Bethune, Michael Chestnut, Gregg Smith, Jackie Hatley, John Krajc.

**Absent:** Mike Lowder, Philip N. Render.

## **ADOPTED**

**2<sup>nd</sup> 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 of PIN 460-00-00-0006/TMS192-00-01-022, 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.

*These city-owned parcels (located south of the current City limits) were conveyed to the City from the US 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:*

- *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/acre).*
- *Of that amount, a total of \$10,000,000 will be paid at closing (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 period:*
    - *The interest rates applied to the unpaid balance increases each year.*
    - *A credit based on the 2020 lease amount is reduced each year.*
- *The purchaser will execute an “Annexation Petition” no earlier than five years after the Closing provided the Petition is legally permissible, the proposed City zoning allows all existing uses, and the City take over stormwater system maintenance (currently maintained by Horry County).*

## **CONTINUED**

**2<sup>nd</sup> 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 the 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.

*These city-owned parcels (located south of the current City limits) were conveyed to the City from the US 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:*

- *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 2020-048 above, the total sales price is \$60,000,000 (\$413,679/acre).*
- *Of that amount, a total of \$10,000,000 will be paid at closing (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 period:*
    - *The interest rates applied to the unpaid balance increases each year.*
    - *A credit based on the 2020 lease amount is reduced each year.*
- *The purchaser will execute an "Annexation Petition" no earlier than five years after the Closing provided the Petition is legally permissible, the proposed City zoning allows all existing uses, and the City take over stormwater system maintenance (currently maintained by Horry County).*

## **CONTINUED**

**1<sup>st</sup> Reading Ordinance 2020-050** an ordinance repealing Ordinance No. 2019-22, 201923 and 2019-24, 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 forgoing ordinances.

*On 03/2019, Council adopted three ordinances to implement changes in its collections 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.*

*On 10/2020, the parties signed the Settlement Agreement in Principle (the "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 01/01/2021, the municipalities will roll back their local Hospitality and Accommodations Taxes to the rates they charged prior to 01/2019.*
- *The County will resume collecting its 1.5% hospitality fee in the City on 01/01/2021.*
- *After withholding 1% of collections as an administrative fee, the 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).*

 **Motion:** To Approve, **Moved by** John Krajc, **Seconded by** Michael Chestnut.

 **Vote:** Motion carried by unanimous roll call vote (**summary:** Yes = 5).

**Yes:** Mayor Brenda Bethune, Michael Chestnut, Gregg Smith, Jackie Hatley, John Krajc.

**Absent:** Mike Lowder, Philip N. Render.

**1<sup>st</sup> Reading Ordinance 2020-051 to amend Ordinance No. 2019-30, the 2019-20 Budget Ordinance, recognizing extraordinary events of March-June 2020 and their impacts upon the 2019-20 budget, reconciling appropriations with audited results, reclassifying 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:*

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

*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 collected revenue that had been sequestered by court order during the hospitality fee lawsuit, but released following settlement of that suit.*
- *Air Base Tax Increment Funds, to recognize the increase in funds declared surplus by the Redevelopment Authority on 10/01/2020 and distributed to the taxing districts.*
- *Conversion of the Baseball Stadium and Municipal Golf Course Fund from “enterprise” to “special revenue” funds.*

 **Motion:** To Approve, **Moved by** Gregg Smith, **Seconded by** John Krajc.

 **Vote:** Motion carried by unanimous roll call vote (**summary:** Yes = 5).

**Yes:** Mayor Brenda Bethune, Michael Chestnut, Gregg Smith, Jackie Hatley, John Krajc.

**Absent:** Mike Lowder, Philip N. Render.

**1<sup>st</sup> Reading Ordinance 2020-052 amending Ordinance No. 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 King’s Highway from 16<sup>th</sup> North to 6<sup>th</sup> South. Proposed Ordinance 2020-046 amends that original area by extending the boundaries:*

- *Northward along the oceanfront to 21<sup>st</sup> North, including all parcels facing 21<sup>st</sup>.*
- *Then along King’s to take in the Arts and Innovation District, including all properties along the northwest side of the Highway, Broadway and Oak Streets.*
- *Along King’s Highway southward to 14<sup>th</sup> 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.*

 **Motion:** To Approve, **Moved by** Michael Chestnut, **Seconded by** Jackie Hatley.

 **Vote:** Motion carried by unanimous roll call vote (**summary:** Yes = 5).

**Yes:** Mayor Brenda Bethune, Michael Chestnut, Gregg Smith, Jackie Hatley, John Krajc.

**Absent:** Mike Lowder, Philip N. Render.

**1<sup>st</sup> 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 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.*



**Motion:** To Approve, **Moved by** Michael Chestnut, **Seconded by** Gregg Smith.



**Vote:** Motion carried by unanimous roll call vote (**summary:** Yes = 5).

**Yes:** Mayor Brenda Bethune, Michael Chestnut, Gregg Smith, Jackie Hatley, John Krajc.

**Absent:** Mike Lowder, Philip N. Render.

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

*The 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 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 & its rental car fee inside their corporate limits and the County will resume collecting the fee from City businesses on 01/01/2021.*
- *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 12/31/2020.*

*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).*



**Motion:** To Approve, **Moved by** Michael Chestnut, **Seconded by** John Krajc. .



**Vote:** Motion carried by unanimous roll call vote (**summary:** Yes = 5).

**Yes:** Mayor Brenda Bethune, Michael Chestnut, Gregg Smith, Jackie Hatley, John Krajc.

**Absent:** Mike Lowder, Philip N. Render.

**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 12/08/2020 Regular City Council Meeting].**

A group of local business and community leaders have voluntarily formed “One Grand Strand” to begin considering the development of this community generally and to assist the City Council to refine and implement its 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), to review City Council’s Downtown Master Plan (including the original master Plan, the Implementation Plan, and the Advanced Master Plan), to recommend refinements to that Plan, and steps to assist with implementation. This report will be summarized in the first presentation listed on today’s agenda.

The most significant take-aways from this report are:

- 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 its effect on the reality and perception of crime in the community, the impact on the local economy, 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 the City Council with the governance of this multi-decade effort.

The effect of this resolution is to:

- Adopt the One Grand Strand Downtown Development Framework as an additional element of Council’s overall Downtown Master Plan.
- Specifically concur with the Report’s recommendation regarding the creation of the PMO.
- 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, the recommendations of the Advanced Master Plan, and the recommendations of One Grand Strand Downtown Development Framework.

**NO ACTION WAS TAKEN ON THIS ITEM**

**Resolution R2020-049 to amend Resolution R2020-34, 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 12/08/2020 Regular City Council Meeting].**

City Council set out its 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 downpayment, closing costs, or to write down the interest rate (maximum of \$10,000), and 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 City: \$1.00 Employee (40% within a target area with a match of \$1.50: \$1.00).
  - The City’s match would be secured by a second mortgage.

- For every year that the employee lives in the home & continues to be employed by the City, the second mortgage is reduced by 1/5 of the original amount.
- At the end of year 5 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.

## NO ACTION WAS TAKEN ON THIS ITEM

### 4. Executive Session

\* South Carolina law requires that City Council's business be 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. The Committee can take no votes or take action in Executive Session. The Committee may take action on matters discussed in Executive Session which are deemed to be "emergency" concerns upon reconvening in open session.



**Motion:** To Enter Closed Session to discuss pending litigation on Hospitality Fees, Horry County School District concerning redevelopment at Former Air Force Base, NAACP, and County Seascape Properties, **Moved by** Michael Chestnut, **Seconded by** Jackie Hatley.



**Vote:** Motion carried by unanimous roll call vote (**summary:** Yes = 5).

**Yes:** Mayor Brenda Bethune, Michael Chestnut, Gregg Smith, Jackie Hatley, John Krajc.

**Absent:** Mike Lowder, Philip N. Render.

2:56 P.M.



**Motion:** To Exit Closed Session, **Moved by** John Krajc, **Seconded by** Michael Chestnut.



**Vote:** Motion carried by unanimous roll call vote (**summary:** Yes = 5).

**Yes:** Mayor Brenda Bethune, Michael Chestnut, Gregg Smith, Jackie Hatley, John Krajc.

**Absent:** Mike Lowder, Philip N. Render.

4:04 P.M.



**Motion:** To Adjourn, **Moved by** Jackie Hatley, **Seconded by** John Krajc.



**Vote:** Motion carried by unanimous roll call vote (**summary:** Yes = 5).

**Yes:** Mayor Brenda Bethune, Michael Chestnut, Gregg Smith, Jackie Hatley, John Krajc.

**Absent:** Mike Lowder, Philip N. Render.

4:04 P.M.

ATTEST:

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BRENDA BETHUNE, MAYOR

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JENNIFER ADKINS, CITY CLERK