Where we are

• We are here today to present a status update on the Surfside Beach Pier project to the Town of Surfside Beach Council and the public.

• We will also be asking council to make one decision:
  • Identify a Pier building option for design and construction

• This will enable the architectural and engineering design team to move forward with the design and specifications for the construction bid documents as well as inform the financing, timeline, and construction processes.

• On August 26, 2017, the Surfside council unanimously voted to rebuild the pier using concrete thereby making it more resilient and less costly to maintain.
The FEMA Public Assistance (PA) Program

• The Town of Surfside Beach has come to agreement with FEMA on a Public Assistance Grant based on:
  • The cost to complete an “In-Kind” pier repair to restore facility design, function, and capacity
  • The cost to complete specific Hazard Mitigation measures to make the project more resilient
    • Rebuild in concrete instead of wood,
    • Elevate the pier, etc.

• Use of FEMA funding requires the entire project to be compliant with Federal laws, regulations, and policies
  • These reviews and requirements may add time and cost to the project:
    • Federal procurement requirements may be more stringent and time consuming
    • Federal Environmental and Historic Preservation (EHP) compliance requirements must be adhered to
    • Federal EHP consultations may require up to 18 months of review by FEMA
    • Failure to comply with these requirements may jeopardize FEMA funding

• All pier and building design options will require FEMA review and final approval
Town of Surfside’s FEMA Reimbursement Status

• The original FEMA grant estimate was ~$92k.
• The FEMA grant value at the last status update (August 2017) was ~$5.6M.
• The current and final FEMA PA grant value is $9.95M, broken down as follows:
  • “In-Kind” repairs = $8,267,018
  • Hazard Mitigation = $1,482,534
  • Direct Administrative Costs = $197,669

• Total FEMA funding for project delivery (design through construction) = $9,749,552

• FEMA pays 75% and the State of South Carolina pays 25% of this amount.
• Direct Administrative Costs (DAC) reimburse the Town for administering this grant.
• This grant is “capped” (can not be increased) and includes all costs associated with the project (demolition, design, construction, etc.).
Existing Pier Footprint
Pier/Building Replacement General Information

- Replacement pier footprint to match existing
  - Pier footprint must remain the same (length and width may not change under current permit)
- Building footprints will match existing or be expanded to already-permitted size
- Replacement pier elevation must be ~10’ above existing pier
  - Buildings must be elevated per FEMA V-Zone maps
  - Town of Surfside has 3-ft freeboard requirement to lowest structural member
Pier Design: Concrete Structure with Timber Deck

Estimated Pier Construction Cost - $9,400,000
Pier Design: Concrete Structure with Timber Deck

- Estimated service life – 50 years
- Initial maintenance – 25 years
- Expected maintenance items:
  - Isolated timber deck board and rail replacement
  - Concrete spalls
- Increased resiliency to future storms
Building Layout Option 1
(Existing Footprint)

Building A = 3,168 Gross SF
Building B = 1,860 Gross SF
Total Leasable Area = 5,028 SF

Est. Building Construction Cost = $865,000
(above podium)
Optional restaurant (Bldg. A) rooftop seating = $325,000
Total Option 1 with rooftop seating = $1.19M
Option 1 Financing Overview

Project Cost
- Estimated FEMA Grant Amount: $9.75 million
- Estimated Additional Project Cost (Town Share): $0.52 million
- Total Project Cost: $10.27 million

Estimated Annual Revenues Available for Debt Service:
- Accommodations Fund: $50,000
- Hospitality Fund: $106,000
- Pier Enterprise Fund: $364,000
- Total: $520,000

Coverage of Revenues over Debt Service
- Total Revenues Available: $520,000
- Estimated Debt Service Payment (5 Yr): $114,000
- Debt Service Coverage: 4.58x

- Town Share (Debt): $515,000
- Interest Cost: $91,000
- Total Principal and Interest: $606,000

Revenue Assumptions
- No growth in revenues or expenses over 2016 levels
- No pier fund revenues during construction
- No new pier revenues from new businesses

Debt Assumptions
- Sale Type: Bank Placed
- Term: 5 Years
- Interest Rate: 3.50%
- Preliminary; subject to change as plan of finance is finalized
- Does not include interim loan interest cost above Town Share
- Does not include costs of issuance (can be financed with proceeds of the loan)
Building A = 5,197 Gross SF
Building B = 1,860 Gross SF
Building C = 2,669 Gross SF
Total Leasable Area = 9,726 SF

Est. Building Construction Cost = $1.58M  
(above podium)
Optional restaurant (Bldg. A) rooftop seating = $575,000
Total Option 2 with rooftop seating = $2.16M
Building Layout Option 2 (OCRM Footprint)
Option 2 Financing Overview

**Project Cost**
- Estimated FEMA Grant Amount: $9.75 million
- Estimated Additional Project Cost (Town Share): $1.23 million
- Total Project Cost: $10.98 million

**Estimated Annual Revenues Available for Debt Service:**
- Accommodations Fund: $50,000
- Hospitality Fund: $106,000
- Pier Enterprise Fund: $364,000
- Total: $520,000

**Coverage of Revenues over Debt Service**
- Total Revenues Available: $520,000
- Estimated Debt Service Payment (10 Yr): $152,000
- Debt Service Coverage: 3.43x
  - Town Share (Debt): $1,230,000
  - Interest Cost: $385,000
  - Total Principal and Interest: $1,615,000

**Revenue Assumptions**
- No growth in revenues or expenses over 2016 levels
- No pier fund revenues during construction
- No new pier revenues from new businesses

**Debt Assumptions**
- Sale Type: Bank Placed
- Term: 10 Years
- Interest Rate: 4.00%
- Preliminary; subject to change as plan of finance is finalized
- Does not include interim loan interest cost above Town Share
- Does not include costs of issuance (can be financed with proceeds of the loan)
Building Layout Option 3
(OCRM Footprint – Three Buildings, Two Stories)

Level 1
Building A = 5,197 Gross SF
Building B = 1,860 Gross SF
Building C = 2,669 Gross SF

Level 2
Building A = 3,825 Gross SF
Building B = 1,860 Gross SF
Building C = 2,669 Gross SF

Total Leasable Area = 18,080 SF

Est. Building Construction Cost = $2.76M (above podium)
Building Layout Option 3 (OCRM Footprint – Two Stories)
Building Layout Option 3 (OCRM Footprint – Two Stories)
Building Layout Option 3 (OCRM Footprint – Two Stories)
Option 3 Financing Overview

Project Cost
• Estimated FEMA Grant Amount: $9.75 million
• Estimated Additional Project Cost (Town Share): $2.41 million
• Total Project Cost: $12.16 million

Estimated Annual Revenues Available for Debt Service:
• Accommodations Fund: $50,000
• Hospitality Fund: $106,000
• Pier Enterprise Fund: $364,000
• Total: $520,000

Coverage of Revenues over Debt Service
• Total Revenues Available: $520,000
• Estimated Debt Service Payment (10 Yr): $297,000
• Debt Service Coverage: 1.75x

• Town Share (Debt): $2,410,000
• Interest Cost: $753,000
• Total Principal and Interest: $3,163,000

Revenue Assumptions
- No growth in revenues or expenses over 2016 levels
- No pier fund revenues during construction
- No new pier revenues from new businesses

Debt Assumptions
- Sale Type: Bank Placed
- Term: 10 Years
- Interest Rate: 4.00%
- Preliminary; subject to change as plan of finance is finalized
- Does not include interim loan interest cost above Town Share
- Does not include costs of issuance (can be financed with proceeds of the loan)
Summary of Building Options

Option 1
(Existing Footprint)

Option 2
(Three Buildings,
One Story)

Option 3
(Three Buildings,
Two Stories)

- Option 1
  - 5,028 SF
  - $865k

- Option 2
  - 9,726 SF
  - $1.58M

- Option 3
  - 18,080 SF
  - $2.76M
Summary of three building options with concrete pier

<table>
<thead>
<tr>
<th></th>
<th>Option #1: Existing Bldgs.</th>
<th>Option #2: with Bldg. C</th>
<th>Option #3: A, B &amp; C - Two Story</th>
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<td><strong>Project Cost</strong></td>
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<tr>
<td>Estimated FEMA Grant Amount:</td>
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<td>$ 9,750,000</td>
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<td>Estimated Additional Project Cost (Town Share):</td>
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<td>Total Project Cost:</td>
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**Estimated Annual Revenues Available for Debt Service:**

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<th>Fund</th>
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<th>Option #2</th>
<th>Option #3</th>
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<tr>
<td>Accommodations Fund</td>
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<td>106,000</td>
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**Coverage of Revenues over Debt Service**

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<td>753,000</td>
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<tr>
<td>Total Principal and Interest:</td>
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<td>3,163,000</td>
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- Preliminary; subject to change as plan of finance is finalized
Action Items

Next Steps

• We need a motion from the Town Council to
  • Proceed with building design Option One, Two, or Three
  • It is also possible to design and construct a variation of these options as well, as long as an agreed upon decision is made by the council

• Once a motion is made, the Town’s project delivery team will develop:
  • Project timeline,
  • Project Construction Documents,
  • FEMA EHP Consultation documents,
  • Project financing plan, etc.