Supplementary Information for Town Council

Surfside Beach, South Carolina

March 26, 2018
What Direction Does Staff and the Working Group Need?

- Staff and the working group need to understand the scope of work desired by Town Council.
  - Does Council agree that expanding the footprint is prudent?
    - If so, can Option 1 be eliminated?
  - If Council is in agreement that expanding the footprint is necessary, what / how much space would Council like to add?
    - Rooftop deck over existing restaurant?
      - This location could minimize obstruction of view given proximity to the shore
    - Storage for existing restaurant?
      - Possibly solved with second story / rooftop deck
    - New retail?
    - Arcade?
    - Flex space / community space?
    - Combination of the above?
  - Understanding these preferences will enable the architect / engineering team to revise plans to provide the appropriate square footage.
    - The design will be flexible, so final decisions regarding the use of space can be made later.

- The design phase cannot begin until this direction is provided.
What Direction Does Staff and the Working Group Need?

Summary of Current Options

- Town has already received approval by the Ocean and Coastal Resource Management (the “OCRM”) for the expanded footprint.
  - Options 1-3 all fit within this OCRM approval.
  - A change in OCRM approved plan would result in a delay of the project.

- **Option 1** is existing footprint
  - Total Leasable Area = 5,028 SF

- **Option 2** is the most square footage allowed by OCRM for a single story facility.
  - Total Leasable Area = 9,726 SF (nearly doubles the current space)
    - Restaurant is 30% larger
    - Restaurant deck is 50% larger
    - Building C is added and could be used for multiple purposes
      - Flex space / community space, arcade or retail (among many others)

- **Option 3** is the most square footage allowed by OCRM
  - Footprint doesn’t expand (Option 2 includes maximum footprint) but second story added to entire facility
  - Total Leasable Area = 18,080 SF (3.5 times the current space)
Revenue Generated From Existing Businesses

Bait and Tackle & Surf Diner – Town Revenue:
- 2016: $134,000
- 2017: $141,000

Other 2016 Revenues
- Pier Admission: $69,000
- Fishing: $135,000
- Parking: $162,000

Total 2016 Revenues: $500,000
### Summary of Building Options with Concrete Pier

<table>
<thead>
<tr>
<th>Project Cost</th>
<th>Option #1 Existing Bldgs.</th>
<th>Option #2 with Bldg. C</th>
<th>Option #3 A, B &amp; C - Two Story</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated FEMA Grant Amount:</td>
<td>$ 9,750,000</td>
<td>$ 9,750,000</td>
<td>$ 9,750,000</td>
</tr>
<tr>
<td>Estimated Additional Project Cost (Town Share):</td>
<td>515,000</td>
<td>1,230,000</td>
<td>2,410,000</td>
</tr>
<tr>
<td>Total Project Cost:</td>
<td>10,265,000</td>
<td>10,980,000</td>
<td>12,160,000</td>
</tr>
</tbody>
</table>

**Estimated Annual Revenues Available for Debt Service:**

<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>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodations Fund:</td>
<td>$ 50,000</td>
<td>$ 50,000</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>Hospitality Fund:</td>
<td>106,000</td>
<td>106,000</td>
<td>106,000</td>
</tr>
<tr>
<td>Pier Enterprise Fund:</td>
<td>364,000</td>
<td>364,000</td>
<td>364,000</td>
</tr>
<tr>
<td>Total:</td>
<td>520,000</td>
<td>520,000</td>
<td>520,000</td>
</tr>
</tbody>
</table>

**Coverage of Revenues over Debt Service**

<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>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues Available:</td>
<td>$ 520,000</td>
<td>$ 520,000</td>
<td>$ 520,000</td>
</tr>
<tr>
<td>Estimated Debt Service Payment:</td>
<td>114,000</td>
<td>152,000</td>
<td>297,000</td>
</tr>
<tr>
<td>Debt Service Coverage:</td>
<td>4.58x</td>
<td>3.43x</td>
<td>1.75x</td>
</tr>
</tbody>
</table>

- Preliminary; subject to change as plan of finance is finalized

- Option 2 nearly doubles the current space, and if identical agreements are negotiated, could produce $130,000 - $140,000 (per audited financials) of incremental revenues to the Town. This would cover most of the new debt payment for the project.
- Option 3 represents 3.5x the space currently in place. It would require an additional $150,000 of revenue over Option 2 to cover its cost. If all new space was occupied and paid amounts similar to the current tenants, incremental revenues could cover the new debt payment for the project.
Surfside Beach Pier Project – Next Steps

Today

1. Council Provides Direction to staff and Working Group
2. Design Begins

June 18

3. Submit Responses to FEMA EHP Consultation
   - Requires basic information about project scope
     - Expected 2.5 months after Design Begins
   - 18 month FEMA review begins

Nov. 18

4. Bid Project
   - Sooner if FEMA EHP Consultation complete ahead of schedule

Aug. 19

5. Construction Bids Due
   - Contractor Selected
   - Demolition Begins

Sep. 19

6. FEMA EHP Consultation complete
   - Demolition Complete
   - Construction begins

Dec. 19

- If the FEMA EHP Consultation is complete before the 18 month estimate, the calendar could be shortened by a similar amount
Surfside Beach Pier Project – Next Steps

Dec. 19

- FEMA EHP Consultation complete
- Demolition Complete
- Construction begins

Mar. 21

- Construction Complete (Aggressive Timeline)
  - 15 Months

June 21

- Construction Complete (Conservative Timeline)
  - 18 Months
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