

TOWN COUNCIL

STAFF REPORT Executive Department



MEETING DATE:	February 13, 2024
PROJECT:	Consideration of An Ordinance Authorizing an Economic Development Incentive Agreement between the Town of Bluffton and Solomon Property Holdings, LLC in support of the development of 15,000 square feet of a Health & Wellness Facility – Second and Final Reading
PROJECT MANAGER:	Chris Forster, Assistant Town Manager

REQUEST: Request for Town Council to approve first reading of an ordinance approving the execution and delivery of an economic development agreement with Solomon Property Holdings SC, LLC.

BACKGROUND:

The laws or Constitution of the State of South Carolina, 1895, as amended, empowers towns to enact ordinances related to the expenditure of public funds for public purposes and necessary for the Town to levy certain taxes and fees.

Town residential development has grown exponentially over the past decade. Commercial development has lagged the residential growth. Certain areas of the Town of Bluffton, notably west of Buckwalter parkway, are experiencing a void of commercial development in certain critical service industries. There also remains a lack of affordable housing to accommodate the demand for a diverse local workforce.

In September of 2023 the Bluffton Town Council adopted an Ordinance establishing an economic development incentives plan:

- (i) To promote the redevelopment of existing buildings and infill development within the Incentive Areas;
- (ii) To support the establishment of the categories of new businesses that the Council determines will significantly increase the overall commercial activity within the Town, provide the Town's residents with sufficient options within the Town rather than having to travel elsewhere; encourage tourists and those who reside in surrounding communities to make use of businesses within the Town; and increase property values within the Town as a whole; and

- (iii) To develop the Incentive Areas into commercial spaces that match the Town's sense of place and contributes to the Council's overall priorities established within our Comprehensive and Strategic Plans; and
- (iv) To support the development of affordable housing to encourage relocation of professionals working in one of the professions supported by the incentivized developments.

The intended use of the development must be for one or more of the following business purposes:

healthcare, dental, home health, pharmaceutical retail, and similar ancillary uses;

- (i) childcare services;
- (ii) affordable housing developments (separately or part of a larger project);
- (iii) mixed use commercial and similar flex-use space;
- (iv) corporate headquarters; and
- (v) other uses, as may be determined by the Council, that are consistent with the Goals, and the Plans.

DISCUSSION:

Staff received a grant request from Solomon Property Holdings SC, LLC (SPH) on November 19th, 2023. SPH intends to build a 15,000 square feet health and wellness facility in the New Riverside Village development at the corner of SC 170 and SC 46. If awarded a grant, SPH is willing to dedicate the development to tenants in the healthcare and wellness industries. Currently committed is a dental office which will occupy 5,000 square feet of space.

The total investment in the project is over ten million eight hundred thousand dollars (\$10,800,000). It is expected to employ 67 full-time positions. The average annual salary is expected to be \$109,000.

SPH began their permitting process after July 1 of 2023 and within the FY timeframe of the start of the economic development incentive plan. The estimated construction timeline is 13-14 months. The development will generate an estimated \$13,788 in property taxes annually and an estimated 10,100 in business license revenue related to the construction and \$2,800 in business license revenue annually.

The ordinance allows for grant awards equal to; up to 50% of all permitting fees, up to 100% of BJWSA capacity fees and up to 50% of business license fees for up to five years. The Council has additional discretion to grant additional grant amount if deemed necessary to advance the goals of the ordinance.

Staff have developed the following guide for determining eligible grant amounts based on the

significance of qualifying developments.

New Jobs	or	Minimum Capital Investments	Eligible Grant Percentages		
			Permit Fees	BJWSA Capacity Fees	Business License Fees
5		\$500,000	10%	20%	50% (1 Year)
10		\$750,000	15%	30%	50% (2 Year)
15		\$1,000,000	20%	50%	50% (3 Year)
20		\$1,500,000	35%	75%	50% (4 Year)
25+		\$2,000,000+	50%	100%	50% (5 Year)

Based on the size of the SPH proposed development, the significant investment and potential new jobs, staff recommends the following grant percentages. It is recommended that SPH receive an economic development incentive grant equal to 50% of all town permitting and development fees, 100% of their BJWSA capacity fees and 50% of business license fees and an additional 50% of property taxes for five years.

The estimated fees related to the development as well as the dental office and estimated grant mounts are as follows:

Fee	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Development Plan Preliminary	\$ 500	\$ 250				
Development Plan Finals	1,000	500				
COFA Fee	100	50				
Building Permit - Commerical	22,700	11,350				
Building Permit - Commercial Plan Check	17,000	8,500				
Stormwater Review	250	125				
Stormwater Plan Review Amendment	142	71				
Stormwater Erosion Inspection	3,000	1,500				
BJWSA Capacity Fee	40,000	40,000				
Business License Fee	10,100	5,050	1,416	1,416	1,416	1,416
Property Tax (Bluffton Only)	13,788	6,894	6,894	6,894	6,894	6,894
	\$ 108,580	\$ 74,290	\$ 8,310	\$ 8,310	\$ 8,310	\$ 8,310
				Total 5 year Benefit		\$ 107,530
* These are estimates and actuals are subject to change.						

The estimated benefit and net revenue to the Town over 5 years are as follows:

Bluffton Taxes / Fees (5 Year Total)	Amount
Initial Building & Development Fees	\$ 44,692
Property Taxes	68,940
Business License Fees	35,350
Total Taxes & Fees	\$ 148,982
Five Year Grant Total	\$ 107,530
Net Revenue (Initial 5 Years)	\$ 41,452

NEXT STEPS: The Town Council may approve the ordinance as submitted, approve with amendments, or deny approval of the ordinance.

ATTACHMENTS:

1. Ordinance
2. Grant Request Letter
3. Project Profile Worksheet
4. Site Plan
5. Building Rendering
6. Motion

**AN ORDINANCE OF THE TOWN OF BLUFFTON, SOUTH CAROLINA,
APPROVING THE EXECUTION AND DELIVERY OF A DEVELOPMENT
AGREEMENT WITH SOLOMON PROPERTY HOLDINGS SC, LLC**

WHEREAS, South Carolina law authorizes municipalities to take actions not inconsistent with the Constitution and general laws of the State, regarding any subject the municipality finds necessary and proper for the general welfare and convenience of the municipality, including to execute and deliver contracts, to assist in redeveloping blighted areas, and to expend public funds for economic development; and

WHEREAS, the Council has further determined that the Town should offer certain incentives to encourage private investment and recruit both small businesses and new employers to the Incentive Areas; and

WHEREAS, while the Incentives may benefit the Incentive Recipients (as defined herein), the primary beneficiary of the Incentives will be the Town and its citizens who shall realize the following benefits (the "Benefits"):

- (i) Increased property values within the Incentive Areas and the Town as a whole;
- (ii) Increased revenue from property taxes, business license fees, and permit fees;
- (iii) Increased tourism and commercial activity within the Town as a whole; and
- (iv) Meeting needs of the community residents by encouraging growth within targeted sectors to provide adequate services to Town residents; and
- (v) Assist in providing access to a variety of affordable housing options; and,

WHEREAS, the Incentives, as provided for in an Incentive Agreement (as defined herein), shall be structured in such a way that the value of the Benefits to the Town will exceed the value to the Incentive Recipients; and

WHEREAS, the financial benefit of the Incentives to the Incentive Recipients will only be realized at such time as certain Benchmarks (as defined herein) are met or continue to be met. Should all the Benchmarks be accomplished, the Town believes that there is a high probability that the Benefits will be realized by the Town and that the value of the Benefits will exceed the value public funds expended on the Incentives; and

WHEREAS, Solomon Property Holdings SC, LLC ("Developer") owns, or intends to purchase, real property (the "Property") in the Town of Bluffton, South Carolina (the "City") and to develop the Property; and

WHEREAS, on the Property, Developer intends (a) to invest over ten-million eight hundred thousand dollars (\$10,800,000) to purchase, design, and construct on the property fifteen thousand (15,000) square feet of Class A, health and wellness office space (collectively, the "Development"), and (b) create over sixty five (65) health and wellness related jobs in the first year, earning an average of one hundred nine thousand dollars annually (109,000).

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF BLUFFTON, SOUTH CAROLINA, AS FOLLOWS:

1. The City hereby authorizes the Town Manager to make minor corrections, execute, and deliver such documents as may be necessary or useful to affect the implementation of the Economic Development Agreement attached to this ordinance.

2. The Project Agreement, with whatever changes are (a) not materially adverse to the Town and (b) approved by the Town Manager (after advice of Town's counsel), is approved and is incorporated by reference in this Ordinance as if set forth fully in the Ordinance's body. The Town Manager's execution of the final Project Agreement shall be conclusive evidence of the Town's approval thereof.

3. The Town Manager is, acting alone, authorized to take whatever actions and execute and deliver whatever documents (including the Project Agreement) as either of them deems appropriate to affect this Ordinance's intent.

THIS ORDINANCE SHALL BE EFFECTIVE IMMEDIATELY UPON SECOND READING.

TOWN OF BLUFFTON, SOUTH CAROLINA

Mayor

(SEAL)

Attest:

City Clerk

First Reading: _____

Second Reading: _____

EXHIBIT A

DEVELOPMENT AGREEMENT

(SEE ATTACHED)

Solomon Property Holdings SC, LLC
33 Red Knot Rd
Bluffton, SC 29910
JSOL1978@icloud.com
248-701-2129
November 19th, 2023

Mr. Chris Forster
Assistant Town Manager
Town of Bluffton
20 Bridge Street
Bluffton, SC 29910

Letter of Intent for the Town of Bluffton Economic Development Incentive Program

Dear Mr. Forster,

I am writing to express my strong interest in applying for the Town of Bluffton's Economic Development Incentive Program. After thorough research and consideration, I am excited to present my proposal for Solomon Property Holdings SC, LLC for the development of a best-in-class Health & Wellness facility which aligns seamlessly with the goals and priorities of the program.

I am particularly impressed by the Town of Bluffton's emphasis on bringing quality healthcare closer to the residents in the fastest growing areas. The purpose of this project is to provide best-in-class healthcare to a quickly growing community where the demand is greatest. This project will significantly enhance the overall quality of life of the residents and will positively impact the economic, social, cultural and health of the community.

The total length of construction is estimated to take 13 months, of which site prep commencing 1 week ago. I am committed to ensuring the successful implementation of the project in accordance with the proposed timeline and budget and providing regular updates as needed.

I have carefully reviewed the eligibility criteria and application guidelines provided by the Town of Bluffton, and I am confident that my project meets all those requirements. I am excited to leverage this opportunity by making a positive and meaningful contribution to the health and wellbeing of the community in which my family lives.

Sincerely,



Jeffrey Solomon DDS

Project Profile Worksheet	
Project Information	
Company Name:	Solomon Property Holdings SC, LLC
Project Name:	Old Moreland Dental
Type of Project:	Start Up
Type of Entity:	LLC
Type of Business:	
NAICS or SIC Code:	62
Address:	255 New Riverside Village Way Bluffton, SC 29910
Completed By:	Jeffrey Solomon
Phone Number:	248-701-2129
Email Address:	JSOL1978@icloud.com
Date:	11/19/2023



Project Description - Please include the product/service and a brief description of the project including timing.

This project will consist of approx 15,000 square feet of luxury, Class A, Health & Wellness space. It is located within New Riverside Village at the Highway 170 and Highway 46 traffic circle. The project has just begun prep work, and total length of time of construction is estimated to take 13-14 months in duration. The tenant mix will consist of a variety of health & wellness related business's that will complement one another, create a vibrant atmosphere, and will be considered the premiere healthcare destination in the area.

Project Alternatives - Are other sites or project configurations under consideration? Please list other potential locations.

Project alternatives include Pooler, GA and Hilton Head Island, SC

Estimated Capital Investment	Year 1	Year 2	Year 3	Year 4	Year 5
	2024	2025	2026	2027	2028
Land Costs	\$ 1,400,000	\$ -	\$ -	\$ -	\$ -
Building - New Construction	\$ 7,000,000	\$ -	\$ -	\$ -	\$ -
Building - Purchase of Existing	\$ -	\$ -	\$ -	\$ -	\$ -
Building - Renovations					
~Internal Renovations	\$ -	\$ -	\$ -	\$ -	\$ -
~External Renovations	\$ -	\$ -	\$ -	\$ -	\$ -
Building - Leasehold Improvements	\$ 900,000	\$ -	\$ -	\$ -	\$ -
Machinery & Equipment - New	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -
Machinery & Equipment - Used	\$ -	\$ -	\$ -	\$ -	\$ -
Pollution Control Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Investment	\$ 10,800,000.00	\$ -	\$ -	\$ -	\$ -

Estimated New Jobs at New Facility										
<i>Jobs are full time employees of the Company</i>	By the end of the First Year of Operation		By the end of the Second Year of Operation		By the end of the Third Year of Operation		By the end of the Fourth Year of Operation		By the end of the Fifth Year of Operation	
	2024		2025		2026		2027		2028	
Employment Category	New Full Time Jobs Created	Avg Hourly Wage	New Full Time Jobs Created	Avg Hourly Wage	New Full Time Jobs Created	Avg Hourly Wage	New Full Time Jobs Created	Avg Hourly Wage	New Full Time Jobs Created	Avg Hourly Wage
Managerial	6	\$ 50.00	8	\$ 50.00	10	\$ 50.00	12	\$ 50.00	14	\$ 50.00
Professional	13	\$ 150.00	15	\$ 150.00	17	\$ 150.00	19	\$ 150.00	21	\$ 150.00
Technical	10	\$ 25.00	12	\$ 25.00	14	\$ 25.00	16	\$ 25.00	18	\$ 25.00
Sales	9	\$ 25.00	11	\$ 25.00	13	\$ 25.00	14	\$ 25.00	16	\$ 25.00
Clerical	12	\$ 20.00	13	\$ 20.00	15	\$ 20.00	16	\$ 20.00	18	\$ 20.00
Craftsman (skilled)	4	\$ 50.00	6	\$ 50.00	8	\$ 50.00	10	\$ 50.00	12	\$ 50.00
Operators (semi-skilled)	8	\$ 30.00	10	\$ 30.00	12	\$ 30.00	14	\$ 30.00	16	\$ 30.00
Laborers (unskilled)		\$ -		\$ -		\$ -		\$ -		\$ -
Service	5	\$ 25.00	7	\$ 25.00	9	\$ 25.00	11	\$ 25.00	13	\$ 25.00
		\$ -		\$ -		\$ -		\$ -		\$ -
		\$ -		\$ -		\$ -		\$ -		\$ -
		\$ -		\$ -		\$ -		\$ -		\$ -
New Job Creation to Date and Avg. Weekly Wage	67	\$ 52.69	82	\$ 51.95	98	\$ 51.12	112	\$ 51.03	128	\$ 50.51

Estimated Jobs Relocated to New Facility		
<i>Jobs are full time employees of the Company</i>		
Employment Category	Full Time Jobs	Avg Annual Wage
		\$ -
		\$ -

Estimated Utility Requirements (or increase if expansion):	
Water	11,109 GPD
Sewer	11,109 GPD
Electric	
Gas	
Use of Port?	No

Estimated Business Activities:	
Annual Materials Purchased for Operations:	\$1,200,000
Annual Number of Visitors to the Facility:	23,000
Avg Visitors Length of Stay:	1 hour

Benefits - Please provide a brief description of the benefit package offered to employees in the area below. Please include percentage paid by employer.
Benefit package include base salary plus bonus potential, 401K retirement plan with 3% safe harbor non-elective contribution with profit sharing component. Paid vacation time, PTO & Health benefits comprising of r

Briefly describe the financing structure for this project.
Land purchased with cash. Construction loan of approx \$6,200,000 and line of credit of approx \$900,000

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gun (mid November) with site
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Total	
\$	1,400,000.00
\$	7,000,000.00

\$	-
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\$	-
\$	-

\$	900,000.00
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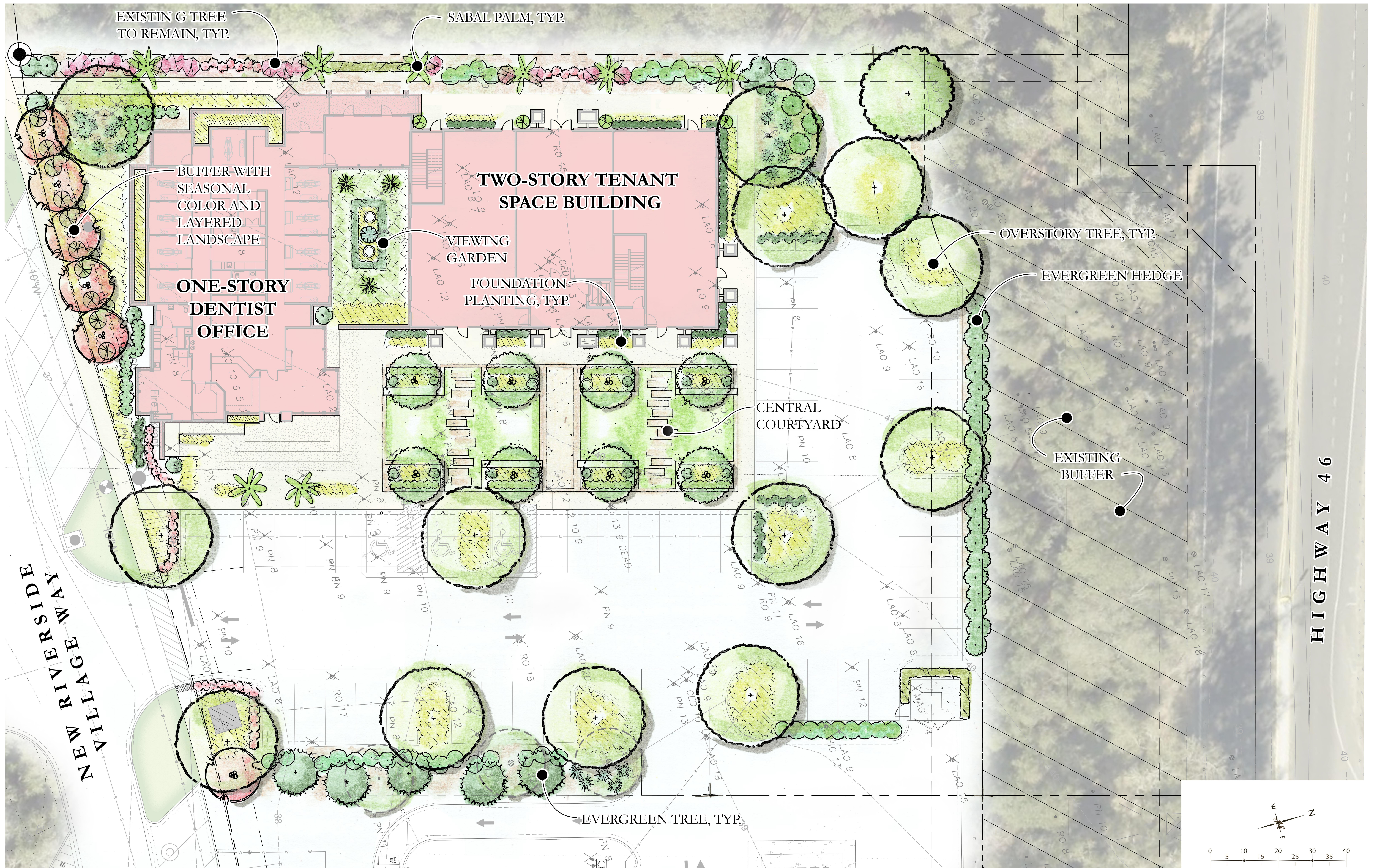
\$	1,500,000.00
\$	-
\$	-
\$	10,800,000.00

Total New Jobs to SC
487

medical, dental and vision.



ILLUSTRATIVE SITE PLAN



Recommended Motion

Consideration of An Ordinance Authorizing an Economic Development Incentive Agreement between the Town of Bluffton and Solomon Property Holdings, LLC in support of the development of 15,000 square feet of a Health & Wellness Facility - Chris Forster, Assistant Town Manager

"I make a motion to approve second and final reading of an Ordinance Authorizing an Economic Development Grant Incentive Agreement between the Town of Bluffton and Solomon Property Holdings, LLC."