



## STAFF REPORT Executive Department

<b>MEETING DATE:</b>	December 10, 2024
<b>PROJECT:</b>	Consideration of An Ordinance Authorizing an Economic Development Incentive Agreement between the Town of Bluffton and Encompass Health Corporation (ECH) for facility expansion – First Reading
<b>PROJECT MANAGER:</b>	David Nelems, DRCI CEO

### **REQUEST:**

Request for Town Council to first reading of an ordinance approving the execution and delivery of an economic development agreement Encompass Health Corporation (ECH).

### **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:

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

## **DISCUSSION:**

DRCI received a grant request from Shawn Patzkowsky, with Encompass Health Corporation (ECH). ECH owns and operates an existing 38-bed inpatient physical rehabilitation facility located at 107 Seagrass Station Road in Bluffton.

The proposed project is an addition of 12-beds to the Bluffton, LLC facility (increasing to 50-beds total), expansion of the existing therapy gym, addition of a dialysis suite and creation of additional parking. The additional private rooms will be in a one-story, approximately 8,250 square foot addition, which will be constructed on the southeast side of the hospital campus. This addition will also include a day room, a multipurpose room, and other support spaces. The gym will be expanded by approximately 900 square feet. The four-bay dialysis suite will be in approximately 900 square feet of additional space adjacent to the existing wing of patient beds. The additional parking will be established through a reconfiguration of the parking area which will add 56 parking spaces to the hospital campus. The expansion project will include a total of approximately 10,050 square feet of new space

The total investment for the project is \$11,300,000. It is expected to create 10 new jobs by the end of the first year after completion and a total of up to 30 new jobs within five years. Average wages for the FT jobs added for this project is completed to be \$73,000 per year, working up to an average of \$82,000 per year by year five.

Construction is expected to begin in the fourth quarter of 2025 and is expected to be completed in the third quarter of 2026.

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 ECH proposed developments, the significant investment and potential new jobs, staff recommends the following grant percentages. It is recommended that ECH 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 as it relates to the portion of the project dedicated for incentive eligible uses.

The estimated fees related to the ECH development and estimated grant Amounts are as follows:

Fee	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Building Permit Fees	\$ 80,255	\$ 40,128				
Development Agreement Fees	10,500	5,250				
Stormwater Fees	3,000	1,500				
BJWSA Capacity Fee	40,000	40,000				
Business License Fee	3,817	1,909	1,909	1,909	1,909	1,909
	<b>\$ 137,572</b>	<b>\$ 88,786</b>	<b>\$ 1,909</b>	<b>\$ 1,909</b>	<b>\$ 1,909</b>	<b>\$ 1,909</b>
			Estimated Total 5 year Benefit			<b>\$ 96,420</b>

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

<b>Bluffton Taxes / Fees Estimate (5 Year Total)</b>	<b>Amount</b>
Initial Building & Development Fees	\$ 93,755
Property Taxes	60,000
Business License Fees	19,086
Total Taxes & Fees	\$ 172,841
Five Year Grant Total	\$ 96,420
<b>Net Revenue (Initial 5 Years)</b>	<b>\$ 76,420</b>

**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 ENCOMPASS HEALTH CORPORATION, INC.**

**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**, Encompass Health Corporation ("Developer") owns 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 eleven million three hundred thousand dollars (\$11,300,000) to expand on the property eight thousand two hundred and fifty (8,250) square feet of medical and healthcare space (collectively, the "Development") located at 107 Seagrass Station Road in Bluffton, and (b) create over thirty (30) jobs, earning an average of eighty-two dollars annually (\$82,000)

**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**

Larry Toomer Mayor

*Sent via email: cforster@townofbluffton.com*

September 23, 2024

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

**Re: Project Sabal - Request for Economic Development Incentives**

Dear Mr. Forster,

Earlier this year, a member of my team (Shawn Patzkowsky) spoke with Bluffton Assistant Town Manager, Chris Forster, and the CEO of the Don Ryan Center for Innovation, Inc, David Nelems, to discuss the prospect for economic development incentives for a health care project in Bluffton, SC. Based on guidance from Chris and David, we are submitting this formal request for incentives and Project Profile Worksheet for your consideration.

**Company Overview:**

With a national footprint that includes 150+ hospitals in 36 states and Puerto Rico, Encompass Health Corporation ([www.encompasshealth.com](http://www.encompasshealth.com), "EHC", or the "Company") is the largest owner and operator of physical rehabilitation hospitals in the United States. The Company has approximately 38,500 employees and controls approximately 25% of licensed inpatient rehabilitation hospital beds. Approximately 229,500 patients are discharged from EHC facilities annually.

EHC provides high-quality, compassionate rehabilitative care for patients recovering from a major injury or illness. We utilize advanced technology and innovative treatments to maximize recovery. The typical EHC patient is an individual (often 65+) that has been discharged from an acute care hospital, but still requires a hospital level of care alongside intensive physical therapy to regain the strength and stamina to successfully transition home. These patients are admitted to an EHC facility where they are scheduled to receive at least three hours of physical therapy per day, five days per week. The average length of stay is approximately 12 days.

As the nation's largest provider of inpatient rehabilitation, our teams have the tools, resources and support to set the standard for excellent patient care. We foster a culture of compassion and collaboration, encouraging the empowerment of employees to learn



and grow together. EHC is ranked as one of Fortune's 100 Best Companies to Work For and Modern Healthcare's Best Places to Work in Healthcare.

### **Project Overview:**

EHC is the sole owner of Encompass Health Rehabilitation Hospital of Bluffton, LLC ("Bluffton, LLC"), which is a 38-bed inpatient physical rehabilitation hospital located at 107 Seagrass Station Road, Bluffton, SC 29110. The real property utilized by Bluffton, LLC is secured via intercompany lease with Encompass Health South Carolina Real Estate, LLC ("Real Estate, LLC"), which is also a wholly owned subsidiary of EHC (See [Attachment A](#)). Bluffton, LLC and Real Estate, LLC are hereafter jointly referred to as "EHC Bluffton".

The proposed project is an addition of 12-beds to the Bluffton, LLC facility (increasing to 50-beds total), expansion of the existing therapy gym, addition of a dialysis suite and creation of additional parking. The additional private rooms will be in a one-story, approximately 8,250 square foot addition, which will be constructed on the southeast side of the hospital campus. This addition will also include a day room, a multipurpose room, and other support spaces. The gym will be expanded by approximately 900 square feet. The four-bay dialysis suite will be in approximately 900 square feet of additional space adjacent to the existing wing of patient beds. The additional parking will be established through a reconfiguration of the parking area which will add 56 parking spaces to the hospital campus. The expansion project will include a total of approximately 10,050 square feet of new space. Please see [Attachment B](#) for a map identifying the location of Bluffton, LLC, a project site plan and a project space plan.

This project will enable Bluffton, LLC to help address the area's need for additional inpatient rehabilitation capacity identified by the 2024 South Carolina Health Plan ("State Health Plan" or "Plan"). The 2024 Plan identifies a need for 35 additional beds in the service area which includes Beaufort, Jasper, and Hampton counties.

Adding the dialysis suite at Bluffton, LLC will increase the number of dialysis patients that can be treated simultaneously at the hospital and will double the hospital's capacity to provide inpatient rehabilitation care for dialysis patients. This project will also provide patients, family, and staff with extra gym space and parking. This project will not involve the development of a new service or the discontinuance of an existing service.

If all internal approvals are secured for Project Sabal, construction is expected to begin in the fourth quarter of 2025. Assuming there are no extraordinary events or circumstances beyond the control of the parties involved, construction is expected to be completed in the the third quarter of 2026.



As noted in the Project Profile Worksheet accompanying this letter, the total project cost is estimated to be \$11,300,000. Project cost is broken down as follows:

Building and Sitework	\$ 8,930,000
Architect/Engineering Fees	\$ 790,000
Equipment Costs	\$ 1,200,000
Permitting & Fees	\$ 380,000
Estimated Total Cost	\$11,300,000

Project Sabal is expected to create approximately 10 new jobs by the end of the first year after completion and up to a total of 30 new jobs within five years. Average wages for full-time jobs added after Project Sabal is completed is estimated to be \$73,000 per year, working up to an average of \$82,000 per year by year five.

**Request for Grant:**

In accordance with the Amended Town of Bluffton Municipal Code of Ordinances, Chapter 6, Article VI, Exhibit I, we ask that you consider an offer of economic development incentive grant for Project Sabal. Our expansion project is located within the designated Incentive Area and will contribute to the goals and benefits identified in Article VI as warranting consideration for an incentive offer. Any offered incentives would be greatly appreciated. An offer of multiple incentives including 1) up to 50% of the town's planning, building permit fees and other review fees; 2) up to 50% of the business license fees collected by the town for up to five years; 3) up to 100% of the Beaufort-Jasper Water & Sewer Authority's capacity fees and 4) any other incentives that the Council may offer, potentially including a property tax abatement, would be that much more impactful and contribute further the long-term success of the hospital.

If you have any questions about this request or the accompanying Beaufort County Project Profile Worksheet, please contact Shawn Patzkowsky at (205) 970-5673, or [shawn.patzkowsky@encompasshealth.com](mailto:shawn.patzkowsky@encompasshealth.com).

Respectfully,



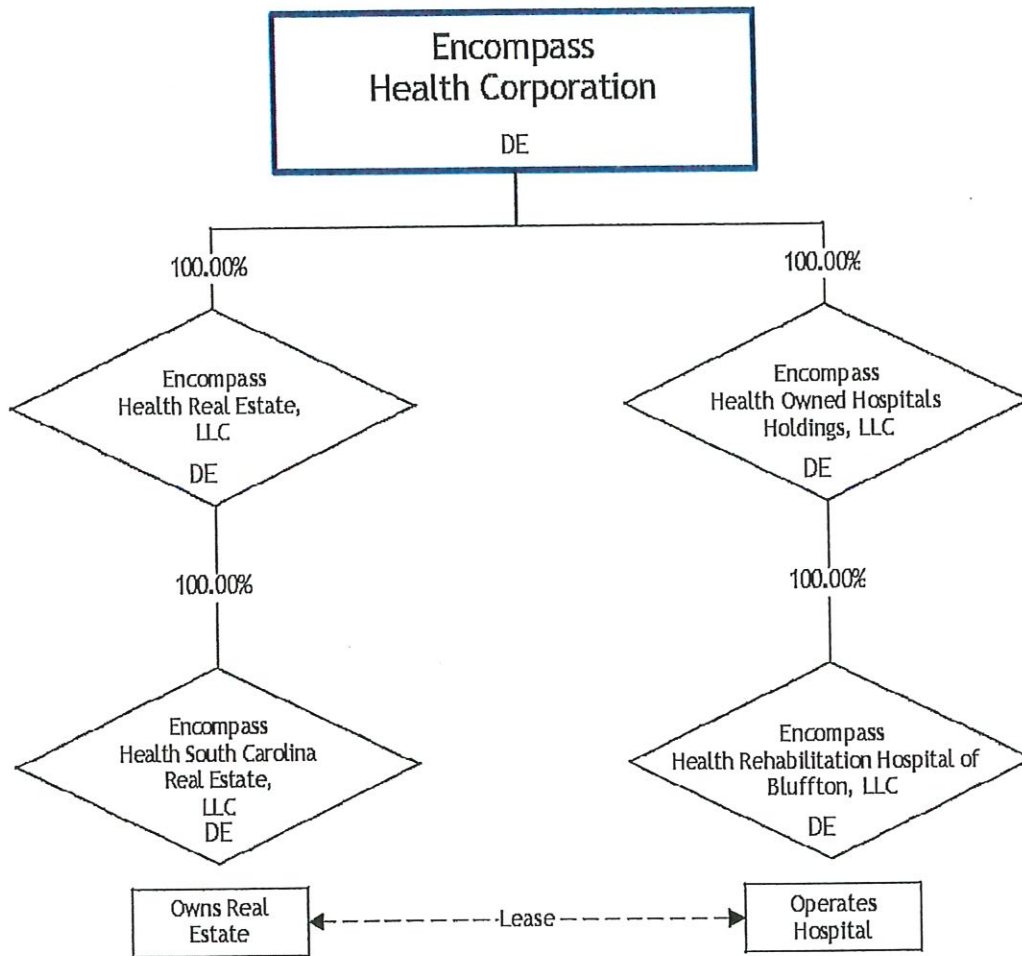
Robert W. McCallum, III  
Vice President

RWM/sep

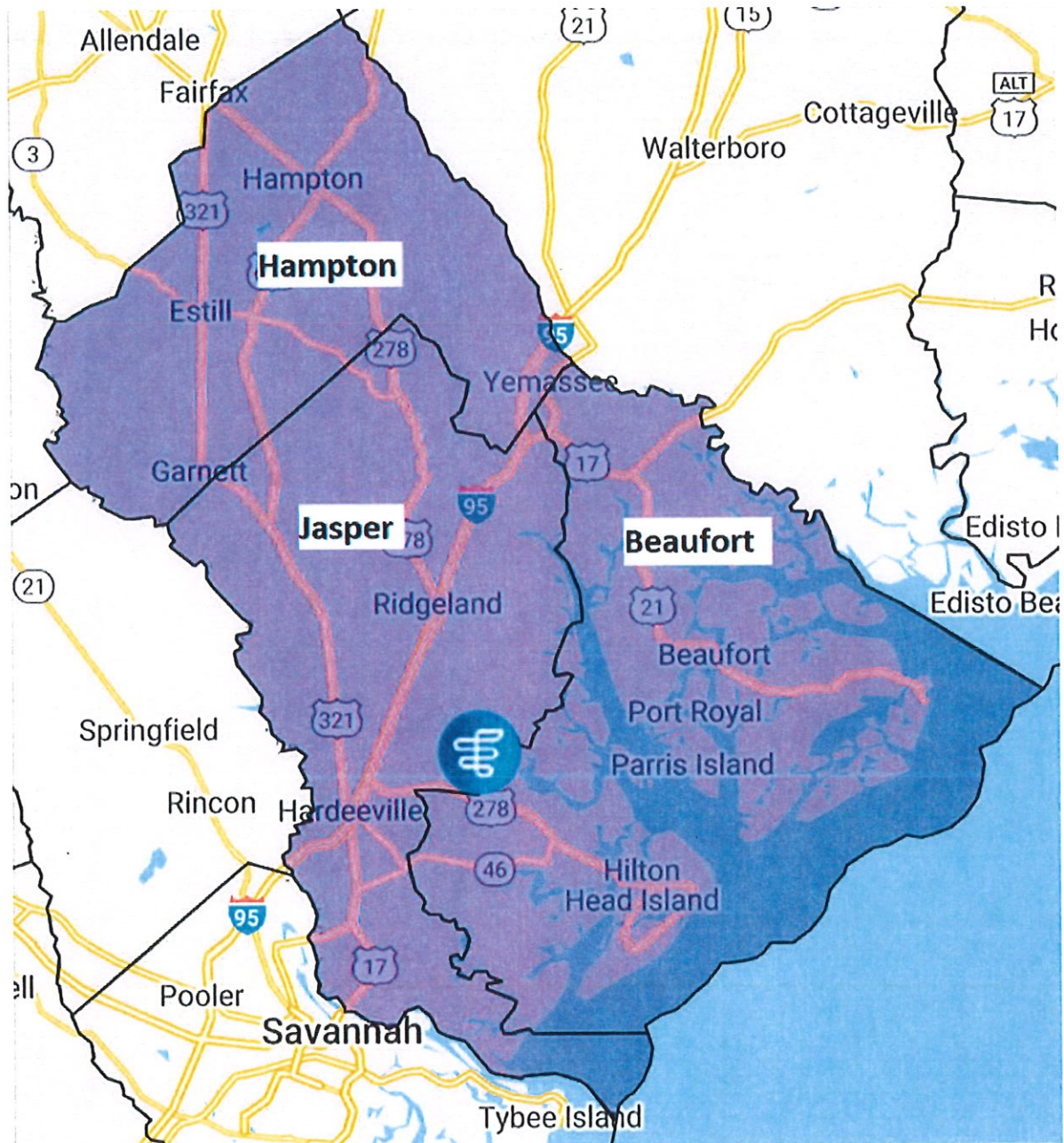
Enclosure

Attachment A

Encompass Health Rehabilitation Hospital of Bluffton, LLC and  
Encompass Health South Carolina Real Estate, LLC

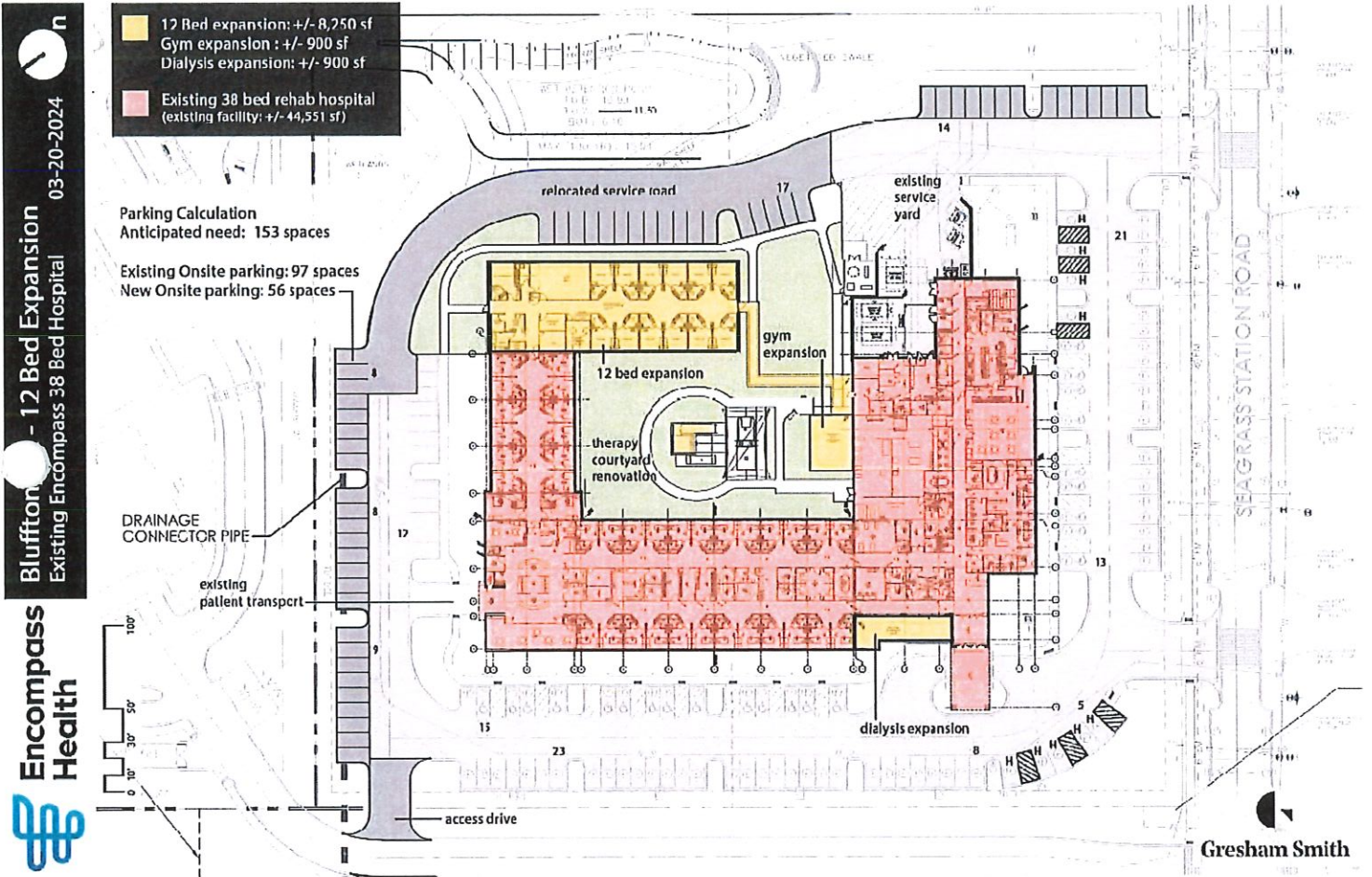


Attachment B





# Attachment B

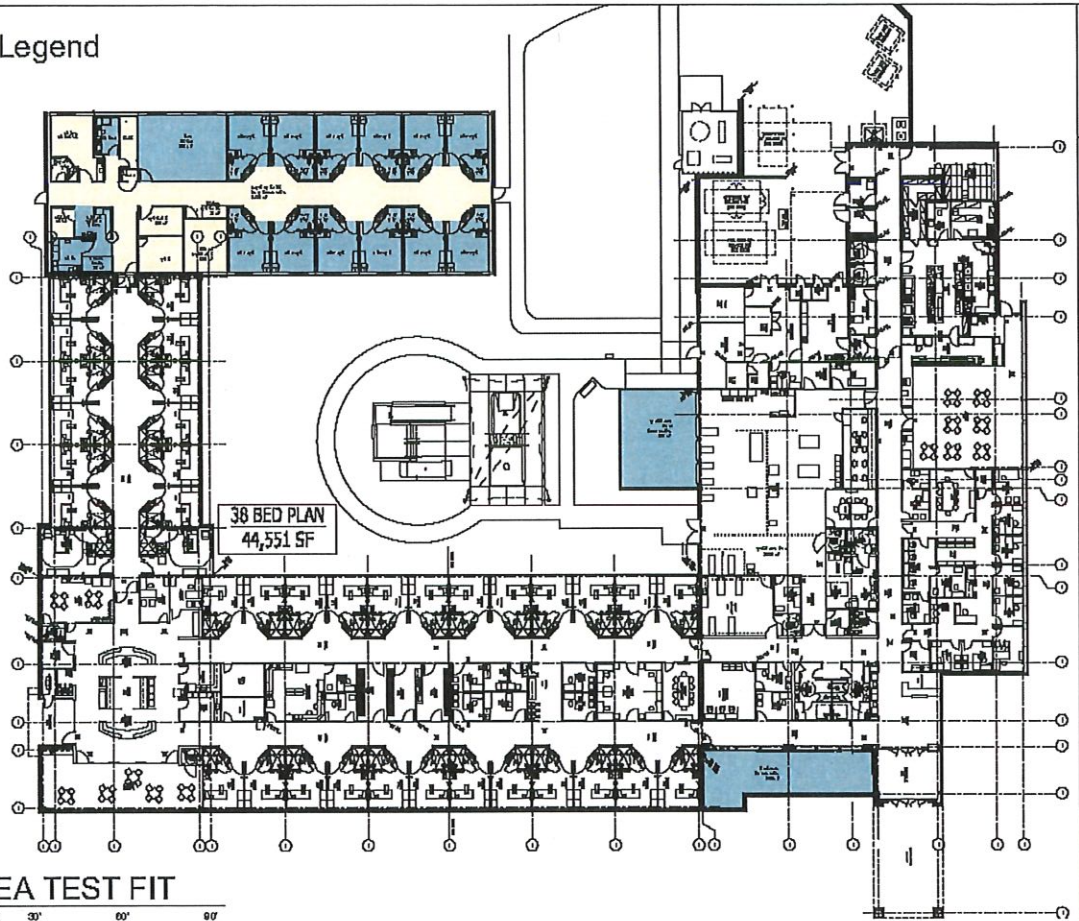


# Clinical Area Color Legend

- CLINICAL
- NON-CLINICAL
- EXISTING HOSPITAL (NOT IN SCOPE)

## Area Schedule (Clinical Area)

Name	Area
CLINICAL	6790 SF
NON-CLINICAL	3265 SF
	10055 SF



1 CLINICAL AREA TEST FIT  
1" = 30'-0"

A000  
03/20/24

ENCOMPASS HEALTH REHABILITATION HOSPITAL AT BLUFFTON  
107 Sagarra Station Road, Bluffton, SC 29910

Crisham  
Smith

Project Profile Worksheet	
Project Information	
Company Name:	Encompass Health Rehabilitation Hospital of Bluffton, LLC Encompass Health South Carolina Real Estate, LLC
Project Name:	Project Sabal
Type of Project:	Expansion in SC
Type of Entity:	LLC
Type of Business:	Service
NAICS or SIC Code:	622310
Address:	107 Seagrass Station Road, Bluffton, SC 29910-9549
Completed By:	Shawn Patzkowsky
Phone Number:	(205) 970-5673
Email Address:	<a href="mailto:shawn.patzkowsky@encompasshealth.com">shawn.patzkowsky@encompasshealth.com</a>
Date:	7/31/24



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

Encompass Health Rehabilitation Hospital of Bluffton, LLC ("Bluffton, LLC") operates a 38-bed inpatient physical rehabilitation hospital located at 107 Seagrass Station Road, Bluffton, SC 29910. The real property associated with this facility is owned by Encompass Health South Carolina Real Estate, LLC ("Real Estate, LLC") and is leased by Bluffton, LLC via intercompany lease. Both entities are subsidiaries of Encompass Health Corporation ("EHC"). Patients at Bluffton, LLC are typically recovering from a life-changing illness or injury. Our specialties include neurological rehabilitation, orthopedic rehabilitation, stroke rehabilitation and spinal cord injury rehabilitation. Patients are typically admitted for approximately 12 days, during which they receive 3 hours of physical therapy 5 days per week. Our expert clinicians combine the latest technologies, real-world simulations and advanced therapies into a treatment plan that helps develop the strength and stamina needed to transition home. The proposed project is a bed-expansion, which would add 12 new single-patient rooms to the existing 38 bed hospital. The exact timing of the construction process is not yet known. Hospital projects in South Carolina require a Certificate of Need ("CON") from the Bureau of Facilities and Services Development at the South Carolina Department of Health and Environmental Control. Once a CON granted, next steps will be formalized. It is expected that construction will begin in 2025 and will be completed in 2026.

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

Funding for the project will be provided by the parent of the applicants, Encompass Health Corporation (EHC). EHC owns and operates 150+ inpatient physical rehabilitation hospitals in 36 states and Puerto Rico. EHC is committed to expanding its operations via new hospital projects and expansion of existing hospitals. With a limited pool of capital investment available, project opportunities are evaluated against one another to determine which should receive funding. As of July 5, 2024, there were 42 separate new hospital projects across 21 states being evaluated.

Estimated Capital Investment	Year 1	Year 2	Year 3	Year 4	Year 5	
	2025	2026	2027	2028	2029	Total
Land Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building - New Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building - Purchase of Existing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building - Renovations						
~Internal Renovations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
~External Renovations	\$ 2,100,000	\$ 8,000,000	\$ -	\$ -	\$ -	\$ 10,100,000.00
Building - Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Machinery & Equipment - New		\$ 1,200,000	\$ -	\$ -	\$ -	\$ 1,200,000.00
Machinery & Equipment - Used	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pollution Control Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Capital Investment</b>	<b>\$ 2,100,000.00</b>	<b>\$ 9,200,000.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,300,000.00</b>



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					
	2026	2027	2028	2029	2030					
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		\$ -		\$ -		\$ -		\$ -		\$ -
Professional	10	\$ 39.06	4	\$ 40.23	5	\$ 41.43	6	\$ 42.68	6	\$ 43.96
Technical		\$ -		\$ -		\$ -		\$ -		\$ -
Sales		\$ -		\$ -		\$ -		\$ -		\$ -
Clerical		\$ -		\$ -		\$ -		\$ -		\$ -
Craftsman (skilled)		\$ -		\$ -		\$ -		\$ -		\$ -
Operators (semi-skilled)		\$ -		\$ -		\$ -		\$ -		\$ -
Laborers (unskilled)		\$ -		\$ -		\$ -		\$ -		\$ -
Service		\$ -		\$ -		\$ -		\$ -		\$ -
		\$ -		\$ -		\$ -		\$ -		\$ -
		\$ -		\$ -		\$ -		\$ -		\$ -
		\$ -		\$ -		\$ -		\$ -		\$ -
<b>New Job Creation to Date and Avg. Weekly Wage</b>	10	\$ 39.06	4	\$ 40.23	5	\$ 41.43	6	\$ 42.68	6	\$ 43.96

Total New Jobs to SC

31

Estimated Jobs Relocated to New Facility		
<i>Jobs are full time employees of the Company</i>		
Employment Category	Full Time Jobs	Avg Annual Wage
Discretionary by employee; none employer directed		\$ -
		\$ -

Estimated Utility Requirements (or increase if expansion):	
Water	50 gpm
Sewer	1500 GPD
Electric	125 KW
Gas	100 CFH
Use of Port?	Not Applicable

Estimated Business Activities:	
Annual Materials Purchased for Operations:	Additional ~ \$100,000 per year
Annual Number of Visitors to the Facility:	Discharges from 1,100 to 1,400 over 5 years
Avg Visitors Length of Stay:	12 days per patient

Benefits - Please provide a brief description of the benefit package offered to employees in the area below. Please include percentage paid by employer.
<p>EHC offers full-time employees a comprehensive benefits package which includes a 401(k) retirement savings plan, several health insurance plans to choose from, as well as plans for prescription medications, life, accidental death &amp; dismemberment, short term &amp; long term disability, dental and vision insurance. The percentage of health insurance paid by EHC depends upon the health insurance plan selected by the employee. The company paid percentage for these plans are as follows:</p> <ul style="list-style-type: none"> <li>- 401(k) retirement savings plan - Employer matches 50% of the first 6% of employee pay contributed to the plan.</li> <li>- Health insurance &amp; prescription medication coverage - Employer paid portion is 74%.</li> <li>- Basic Life Insurance - Fully paid by EHC for coverage up to 1x annual base salary up to \$500K.</li> <li>- Accidental Death &amp; Dismemberment Insurance - Fully funded by employee.</li> <li>- Short-term Disability Insurance - Fully funded by employee.</li> <li>- Long-Term Disability - Fully paid by EHC for coverage up to 50% of salary up to \$10,000 monthly benefit.</li> <li>- Dental Insurance - Employer portion paid is 46%.</li> <li>- Vision Insurance - Fully funded by employee.</li> </ul> <p>EHC also offers reimbursement of tuition and associated mandatory fees for up to two courses per academic term, with an annual maximum per individual of \$3,500 for full-time and \$1,750 for part-time employees.</p>

Briefly describe the financing structure for this project.
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It is anticipated that the project will be funded from accumulated earnings and current cash flow.

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF BEAUFORT )

**THIS AGREEMENT** dated the \_\_\_\_ day of \_\_\_\_\_ 202\_, is between the Town of Bluffton, S.C., a municipal corporation with offices at 20 Bridge Street, SC 29910 ("Town"), and Encompass Health Corporation, ("Developer") an Alabama based corporation located at 9001 Liberty Parkway Birmingham, AL 35242.

## BACKGROUND STATEMENT

One of the primary missions of the Town is to encourage economic development and thereby improve the tax base and enhance the livability of the Bluffton area.

In September 12, 2023, the Bluffton Town Council adopted an Ordinance (“the Ordinance”) establishing an economic development incentive plan. The Ordinance was codified as Article VI within Chapter 6 – Businesses and Business Regulations, and is incorporated herein by reference.

The Developer has acquired commercial property located at 107 Seagrass Station Road; the property is within the Town limits and within the Incentive Area identified in the Ordinance.

The Developer has requested an economic incentive grant from the Town in return for the Developer's agreement to expand existing medical and healthcare space in the amount of 8,250 square feet used for an eligible use as outlined in the Ordinance.

Revenues from business licenses, stormwater fees, building permits and property taxes are estimated to exceed \$172,841 in a five-year period. There is also an estimate that the development will create an additional 30 jobs.

Based upon the foregoing, the Town Council of the Town of Bluffton has determined that the mission of the Town to encourage economic development will be enhanced by the completion of the Developer's project.

## STATEMENT OF AGREEMENT

1. In consideration of the mutual representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:
2. The Developer will expand existing medical and healthcare space in the amount of 8,250 square feet for uses eligible in the Ordinance. The Developer expects construction to begin in the fourth quarter of 2025 that complies with the definition of eligible uses as referenced in the Ordinance. All potential business occupants must fall within the uses identified in the

Ordinance, Section 6-145(a)(5) or the grant award may be amended in accordance with the Ordinance, Section 6-146(c)(3).

3. The Town will pay the Developer a grant based on the increase in fees and business

licenses. The grant will be provided over a five-year period on the 1<sup>st</sup> of the month in which the expansion opens and on such date each subsequent year, contingent upon a certificate of occupancy being issued to an occupant who fits the definition of eligible use in the Ordinance. The grants will be percentage based on the increase in values over the bases established for each of the below categories for the following percentages.

	Year 1	Year 2	Year 3	Year 4	Year 5
Permit Fees	50%	-	-	-	-
BJWSA	100%				
Business License	50%	50%	50%	50%	50%

The Business License amount will be set based on the amount paid at the time of issuing their building permit and subsequently on their paid renewal application amount that covers an entire twelve-month operation period. The permit fees will be based on the fees paid for work done prior to the Certificate of Occupancy and initial Business License of any tenants being issued.

4. The total amount of the grant shall not be greater than the direct value received by the Town and delivered from the capital investment during the contribution period.
5. The benchmarks, measures and reporting for this Agreement shall be:

Benchmark	Measure	Reporting
Target industries	Healthcare, and or medical; in the alternative, provide notice of expansion to all target industries in the Ordinance	Provision of tenant's business license with the Town of Bluffton.
Total project investment	\$11,300,000	Budget spreadsheet with accompanying invoices and proof of payment.
Property valuation		

6. Notifications shall be addressed:

To Developer:  
Shawn Patzkowsky  
Encompass Health Corporation

To Town:  
Town Manager  
Town of Bluffton  
20 Bridge Street  
Bluffton, SC 29910

7. The Background Statement above is included in the terms of this agreement. The terms and conditions of the Ordinance are incorporated by reference.

IT IS SO AGREED as of the date above first written.

**Encompass Health Corporation    Town of Bluffton, South Carolina**

By:\_\_\_\_\_ By:\_\_\_\_\_

Its:\_\_\_\_\_ Its:\_\_\_\_\_

## Recommended Motion

Consideration of An Ordinance Authorizing an Economic Development Incentive Agreement between the Town of Bluffton and Encompass Health Corporation, Inc. – David Nelems, DRCI CEO

**“I make a motion to approve first reading of an Ordinance Authorizing an Economic Development Grant Incentive Agreement between the Town of Bluffton and Encompass Health Corporation Development of an 8,200 square feet expansion of Medical and Healthcare Facility Space located at 107 Seagrass Station Road in Bluffton.”**