

State Tourism Agency Will Become Landlord for Ambitious Lakefront Resort

A plan to create a revenue stream for some state parks has compelled the S.C. Budget and Control Board to make the state tourism department a landlord for a private company that plans to develop a resort on 325 acres on Hartwell Lake in Oconee County.

The board voted 4-1 Tuesday to approve a 46-year sublease between the S.C. Department of Parks, Recreation and Tourism (PRT) and Sanctuary Pointe LLC, which proposes to construct a "championship" golf course, hotel, convention center, shopping center and potentially a marina on Hartwell Lake off Interstate 85 near the state line with Georgia. The estimated price tag for the project is \$100 million, according to the *Anderson Independent-Mail*.

S.C. Comptroller General Richard Eckstrom cast the sole opposing vote.

PRT Director Duane Parrish said there is no state money in the project. Specifics on the amount of projected revenue from the sublease were not immediately known; agency spokesman Marion Edmonds was out of the office Tuesday and could not respond to additional questions from *The Nerve*.

The U.S. Army Corps of Engineers Savannah District had already approved the Sanctuary Pointe project for the land it owns but leases to the state tourism department. Any plan for a future marina must be approved by the Corps of Engineers because there already is another marina on Hartwell Lake, WYFF-TV in Greenville recently reported.

"I have two problems with this project, one of which is the potential environmental harm, environmental impact. I don't see that there is any way how this project could have any positive impact on the environment," Eckstrom told Budget and Control Board members Tuesday, noting that the project will create erosion.

"Another big problem I have is the business plan," Eckstrom added. "It's a concept that is an exciting concept, but I'm not sure it's realistic."

Parrish said the developer is ready to go, and an environmental review would be the first thing done. He also said that "the risk is more to the lender."

Documents show the state will receive a rent of 1 percent of gross receipts in the first three years and 1.5 percent of gross receipts the next 43 years once it starts generating revenue.

Eckstrom questioned Parrish what would happen if the project goes bad. Parrish said the Corps of Engineers would have the state tear down what is there and restore it.

Rep. Brian White, R-Anderson, chairman of the House Ways and Means Committee and a member of the Budget and Control Board, said he is familiar with the project. He envisions it being a retreat option for people in Atlanta or Charlotte, calling it a "win-win."

"Eighteen-wheel truck drivers don't stop to play golf," Eckstrom countered.

White responded people will stop and visit that region.

Eckstrom also questioned the one response to the request for proposals for the project that came at the time of the depths of the national recession. He noted that Sanctuary Pointe offers a template similar to another project that didn't work out well for the state.

Eckstrom responded with the following email upon further inquiry from *The Nerve*:

"The project I was referring to was Patriots Point in Charleston. The state had lofty plans for a developer to build a luxury hotel, rental cottages, and a marina on state-owned property adjacent to the state's Maritime Museum at Patriots Point. Those plans were interrupted by Hurricane Hugo (September 1989). The developer was bankrupted, at least in part, by severe damage to the hotel that was under construction when Hugo hit."

"The state had excitedly pursued this grand development as a way to increase attendance to the museum and receive a portion of annual revenues it expected would be generated by the finished development," Eckstrom continued. "The similarities are striking: hotel, conference center, rental cottages, marina, golf packages, annual revenue streams, 'no cost,' 'no risk,' etc.

"So the state thought there'd be no risk or downside with Patriots Point, as it thinks for Sanctuary Pointe. Yet it took about a decade for the state to recover the use of its own property at Patriots Point and it spent a bundle in legal fees to do it. Interestingly, our 1997 CAFR (Comprehensive Annual Financial Report) disclosed in footnote 17 (page 93) that this 'interrupted development project' was the primary reason that Patriots Point Development Authority, the operator of the museum, had accumulated a deficit of \$1.677 million through June 30, 1997.

"Eventually a hotel/rental cottage/marina complex was built by Hilton at Patriots Point, but it produced quite a painful headache for the state to get to that point!"

"So some might say that the state doesn't seem to be getting the point(e)," Eckstrom concluded.

The Sanctuary Pointe project is expected to create about 400 construction jobs and 500 permanent jobs, according to documents. The project first emerged as an idea in the 1980s but went nowhere until about four years ago.

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