



Town of Southern Shores

5375 N. Virginia Dare Trail, Southern Shores, NC 27949

Phone 252-261-2394 / Fax 252-255-0876

www.southernshores-nc.gov

February 26, 2019- COUNCIL PLANNING SESSION MINUTES

February 26, 2019 Minutes: The Town of Southern Shores Town Council met in the Pitts Center located at 5377 N. Virginia Dare Trail at 9:00 a.m. on Tuesday, February 26, 2019 to conduct a planning session.

COUNCIL MEMBERS PRESENT: Mayor Bennett, Mayor pro tem Chris Nason, and Council Members Fred Newberry, Jim Conners and Gary McDonald.

OTHERS PRESENT: Fire Chief Ed Limbacher, Town Manager Peter Rascoe, Deputy Town Manager/Planning Director Wes Haskett, Finance & Human Resource Officer Bonnie Swain, Town Clerk Sheila Kane and Town Attorney Robert Hobbs

CALL TO ORDER / PLEDGE OF ALLEGIANCE / MOMENT OF SILENCE

Mayor Bennett called the meeting to order at 9:00 A.M., led the Pledge of Allegiance, and held a moment of silence.

SOUTHERN SHORES VOL. FIRE DEPT. FACILITIES CONSTRUCTION AND FINANCING REPORT (CHIEF LIMBACHER)

Council received a brief update from SSVFD Fire Chief Ed Limbacher on the current progress of site clearing and commencement of construction of his Department's new fire station. Also present at the planning session was Town Attorney Robert Hobbs to brief the Council on the SSVFD lender's communication of requested changes to the current 10-year contract between the SSVFD and the Town of Southern Shores. Sometime after the Town entered into the new contract, the Town Attorney and Town Manager were notified by the lender's local closing attorney that due to the type of financing mechanism being provided the SSVFD by its lender, certain changes in the SSVFD's new contract with the Town were being requested in order for the lender to protect its security interest. Attorney Robert Hobbs presented three documents for Council consideration/approval.

- Comprehensive Declaration of Easements
- Assignment of Fire Services Contract
- Amended and Restated Fire Services Contract

MOTION: Mayor Bennett moved to approve all three documents as presented by Town Attorney Robert Hobbs. The motion was seconded by Councilman Conners and passed unanimously (4-0).

Southern Shores Volunteer Fire Department

Progress report
2/20/2019



Site Status



- I have been on the site each day to meet with Gregory Peck (Superintendent for A. R. Chesson) to discuss any issues or problems.
- Demo is complete
- Site work is 95% complete
- Last Friday, all the tree stumps were removed. This was somewhat of an issue due to all the power lines along Pintail Trail. However, we are fortunate that our Asst. Chief, Ronnie Carlson, is also a supervisor for Dominion Power, which made it easier to work through this issue. At this point, most of the site prep is complete.

Soil Remediation



- A representative from McCallum Testing was on site each day to direct and approve how much soil was necessary to take out. (This was so the contractor removed only what was necessary, basically saving money)
- I am waiting for a final report from SCN on the soil remediation quantities and if there will be any additional costs associated with this work.

Issues to Date



- DPW gate – Chesson has redesigned the gate.
 - The original gate was a bi-fold wooden gate.
 - The new gate will be able to be rolled open and closed and will be much more durable. Greg and I met with David Bradley and advised him as to the gate design and progress. The gate has been installed, they are working on the driveway, hopefully it will be done in a week or so.
- Citizen complaint – A resident from Foxwood Circle complained when the company doing the site work was using a vibrating roller to compact the site. After the complaint, they used a different method to complete the work.

Moving forward – next phase



- The next phase will be setting the footer.
 - Greg said he expects to begin this process on Wednesday.
-

Financing



- Financing has changed, we were able to negotiate a better rate which if you remember was 3.71, the new rate is 3.15.
- As everyone remembers the payment at 3.71 was \$333,551.96 annually.
- Under the new rate the payment will be \$314,020 annually.
- That is a savings of \$19,531 per year or \$488,299 over the life of the loan.

TOWN FACILITIES ASSESSMENT REPORT - OAKLEY COLLIER ARCHITECTS, PA (TIM OAKLEY AND ANN COLLIER)

At Council's February 20, 2018 Planning Session meeting Council unanimously voted to direct the Town Manager to budget for a facilities assessment in the FY2018-2019 budget (Motion made by Mayor Bennett and seconded by Council McDonald).

Town Manager Peter Rascoe stated the Town Hall building itself has three deficiencies noted by staff; work flow, confidentiality, and deficiency of space. Also noted by the consultants were security issues, no protection for employees.

Conditions Assessment Options

Town of Southern Shores
Oakley Collier Architects
January 24th, 2018 / 8:15 AM



Condition Assessment Findings

- Town Hall** - 10,000 sq ft
- Inefficient Layout
 - Functionally Obsolete
 - Code Deficiencies
- Police Dept** - 10,000 sq ft
- Lacking Security Upgrades
 - Functionally Obsolete
 - Insufficient Vehicular Circulation
- Kern P. Pitts** - 10,000 sq ft
- Inefficient Layout
 - Inadequate Construction for Modifications
 - Code Accessibility Deficiencies
- Public Works** - 10,000 sq ft
- Insufficient Staff Support Space
 - Does Not Meet Space Needs
 - Code Accessibility Deficiencies

Town Hall



Police Dept



Kern P. Pitts



Public Works



Option 1

(Improve Building Deficiencies/Expand Police Dept)

Design Benefits

- Improves building deficiencies
- Brings buildings up to code
- Provides parking (60 total)
- Provides access to/from site
- Improves vehicular access
- Expands Police Department
- Expands Town Hall

Challenges

- Three building systems to maintain
- Town Hall Efficiency

Total SF: 14,265 SF
Cost: \$2,141,297



OPTION 1

Town Hall Department
Existing: 10,000 sq ft
Existing: 10,000 sq ft
Total: 20,000 sq ft

Police Department
Existing: 10,000 sq ft
Existing: 10,000 sq ft
Total: 20,000 sq ft

COLOR LEGEND

- TOWN HALL OFFICE
- POLICE OFFICE
- PUBLIC BUILDING SUPPORT
- PRIVATE BUILDING SUPPORT
- PROPOSED SUPPORT
- RECEPTION AREA

Option 2

(New Town Hall/Expand Police Department)

Design Benefits

- Improves building deficiencies
- Brings buildings up to code
- Provides more functional space for Town Hall Departments
- Provides parking (88 total)
- Provides access to/from site
- Improves vehicular access
- Expands Police Department

Challenges

- Departments are still separate
- Two building systems to maintain
- Provides no entry port

Total SF: 16,255 SF
Cost: \$5,109,059



OPTION 2

Town Hall Department
Existing: 10,000 sq ft
Existing: 10,000 sq ft
Total: 20,000 sq ft

Police Department
Existing: 10,000 sq ft
Existing: 10,000 sq ft
Total: 20,000 sq ft

COLOR LEGEND

- TOWN HALL OFFICE
- POLICE OFFICE
- PUBLIC BUILDING SUPPORT
- PRIVATE BUILDING SUPPORT
- PROPOSED SUPPORT
- RECEPTION AREA

Option 3 (New Town Hall & Police Department)

Design Benefits

- Meets town needs for future growth
- Brings all programs together
- One set of building systems to maintain
- Provides parking (72 total)
- Provides access to/from site
- Improves vehicular access

Challenges

- Largest upfront cost

Total SF: 17,290 SF
Cost: \$5,917,190



Option 1 (PW)

Improve Building Deficiencies & Expand Public Works

Design Benefits

- Improves building deficiencies
- Brings buildings up to code
- Provides access to road
- Provides additional storage
- Provide additional garage bays

Challenges

- Site Limitations
- Offsite storage (EMTS)

Total SF: 4,600 SF
Cost: \$476,895



PROJECT BUDGET SUMMARY

Properties Condition Assessment

PLANNING COST ANALYSIS	
Option One	
Scope of Work	Extended
Town Hall - Renovation & Addition	\$699,585
Police Station - Code Deficiencies	\$197,356
Police Training - Renovation & Addition	\$843,510
Police Training - Code Deficiencies	\$20,500
General Sitework	\$200,000
Construction + Soft Costs Total	\$2,141,297

PLANNING COST ANALYSIS	
Option Two	
Scope of Work	Extended
Demo	\$200,000
New Town Hall	\$2,400,000
Police Station - Renovation & Addition	\$1,443,510
Police Training - Code Deficiencies	\$20,500
General Sitework	\$400,000
Construction + Soft Costs Total	\$5,109,895

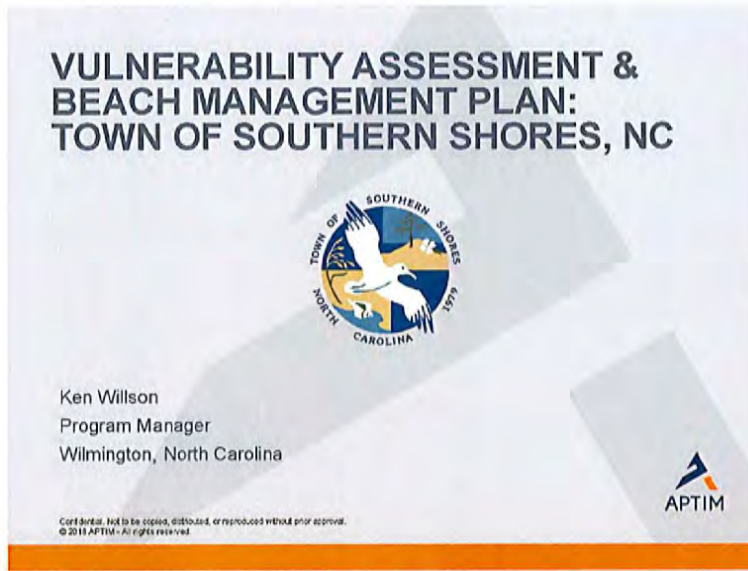
PLANNING COST ANALYSIS	
Option Three	
Scope of Work	Extended
Demo	\$200,000
New Town Hall/Police Station	\$4,630,000
Police Training - Code Deficiencies	\$20,500
General Sitework	\$400,000
Construction + Soft Costs Total	\$5,917,190

PLANNING COST ANALYSIS	
Public Works	
Scope of Work	Extended
Public Works - Renovation & Addition	\$374,775
General Sitework	\$10,000
Construction + Soft Costs Total	\$476,895

BREAK (10:05-10:25 a.m.)

Mayor Bennett called a brief recess.

BEACH MANAGEMENT PLAN REPORT - APTIM COASTAL PLANNING & ENGINEERING OF NORTH CAROLINA, INC.
(KEN WILSON)



PRESENTATION OUTLINE:

1. *Introduction/Background*
2. *Vulnerability Analysis*
3. *Project Extent / Project Volume*
4. *Cost*
5. *Schedule*
6. *Recommendations*

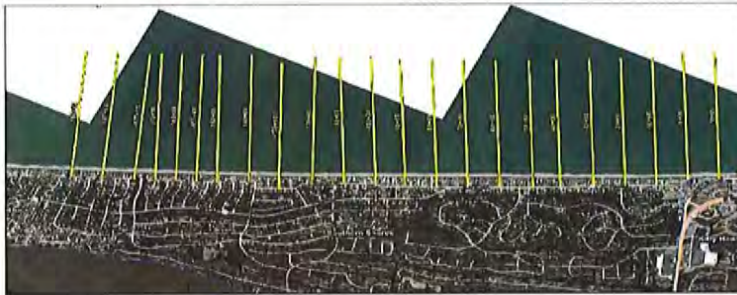


INTRODUCTION / BACKGROUND:

- ▶ *2 Parts: Storm Vulnerability Analysis & Development of Beach Management Plan*
- ▶ *Stated Goals of Beach Management Plan:*
 - ▶ provides a reasonable level of storm damage reduction to public and private development
 - ▶ mitigates long-term erosion that could threaten public and private development, recreational opportunities, and biological resources
 - ▶ maintains a healthy beach that supports valuable shorebird and sea turtle nesting habitat
- ▶ Beach Management Plan aims to coordinate the efforts of Southern Shores with neighboring communities in Dare County to achieve cost savings where possible
- ▶ Establishes eligibility for the Town to recoup sand losses from coastal storms through FEMA Public Assistance Program

INTRODUCTION / BACKGROUND:

Project Location and Beach Profiles:



VULNERABILITY ANALYSIS:

- ▶ *SBEACH – Storm Induced Beach Change Model - USACE*
- ▶ *Simulated Multiple Scenarios:*

Table 5. Peak Water Levels Modeled

Scenario	Tide	SLR Rate	Year	Surge (ft)	Tide (ft, NAVD)	Stage (ft, NAVD)
1	Measured	N/A	2003	4.44	1.18	5.62
3	Measured	Measured	2018	4.44	1.41	5.85
4	Spring	Measured	2018	4.44	2.27	6.71
11	Measured	RCP 8.5	2048	4.44	2.19	6.63
14	Spring	RCP 8.5	2048	4.44	3.05	7.49

VULNERABILITY ANALYSIS:



VULNERABILITY ANALYSIS:



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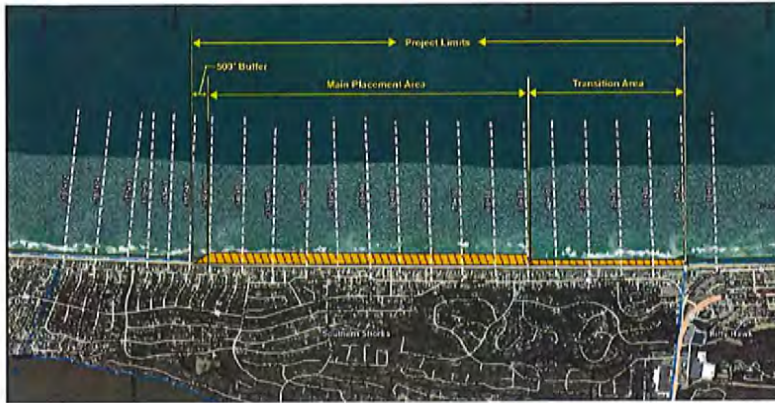
BEACH MANAGEMENT PLAN:

- ▶ *Project Extent*
 - > *Erosion Rates*
 - > *Vulnerability Analysis*
 - > *Beach Volumes*
- ▶ *Project Volume*
- ▶ *Project Schedule*
- ▶ *Project Cost Estimates*

PROJECT EXTENT / PROJECT VOLUME:

- ▶ *Manageable long-term erosion rates*
- ▶ *Current configuration of the dune system provides good protection*
- ▶ *SBEACH Used to determine where dune crest is vulnerable*
- ▶ *Average volume of "healthy beach"*
- ▶ *Which profiles exhibit a sand deficit...*

PROJECT EXTENT / PROJECT VOLUME:



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PROJECT EXTENT / PROJECT VOLUME:

- ▶ Option 1: 45 cy/ft. Main Fill, 30 cy/ft. Transition Fill – 665,650 cy
- ▶ Option 2: 30 cy/ft. Main Fill & Transition Fill – 492,300 cy
- ▶ Option 3: 57 cy/ft. Main Fill, 30 cy/ft. Transition Fill – 803,050 cy



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COST:

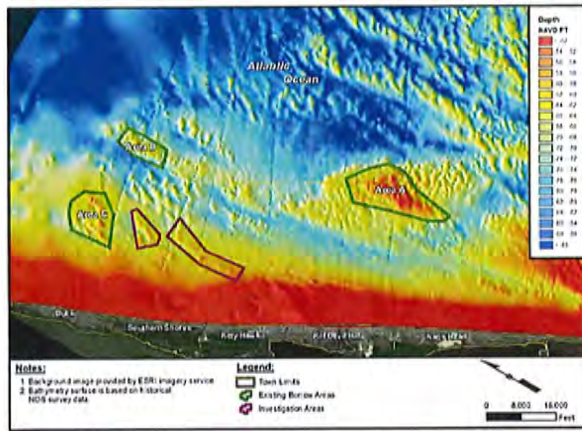
Executive Summary Table 2. Project Option Cost Estimates

Option	Volume (cy)	Permitting / Design Soft Cost	Construction Cost	Construction Soft Cost	Construction Env. Monitoring Costs	Contingency Cost (10%)	TOTAL COST
1	665,650	\$435,000	\$9,708,000	\$219,500.00	\$178,600.00	\$1,053,900	\$11,593,000
2	492,300	\$435,000	\$7,425,000	\$201,500.00	\$129,800.00	\$819,100	\$9,010,400
3	803,050	\$435,000	\$11,443,000	\$233,500.00	\$213,000.00	\$1,232,500	\$13,557,000

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COST:



SCHEDULE:

Table 12. Proposed Project Schedule for Southern Shores Beach Nourishment Project

Milestone	Start Date	Completion Date	Number of Months
Project Initiations (Interagency Kickoff Meeting)	February-2020	February-2020	1
Borrow Area Development/Refinement	April-2020	February-2021	10
Final Design Work	July-2020	January-2021	6
Federal Permitting	February-2020	June-2021	16
State Permitting	November-2020	June-2021	7
Obtaining Easements for Construction	January-2021	January-2022	12
Development of Construction Plans and Specifications	December-2020	June-2021	6
Solicitation of Bids	June-2021	August-2021	1.5
Award Construction Contract	August-2021	September-2021	1.5
Construction	May-2022	October-2022	5

RECOMMENDATIONS:

- ▶ Determine Whether to Pursue Project / Which Option To Pursue
- ▶ Begin Coordination with County and Neighboring Communities
- ▶ Initiate Financial Planning
- ▶ Continued Monitoring of the Beach Profiles (2019)

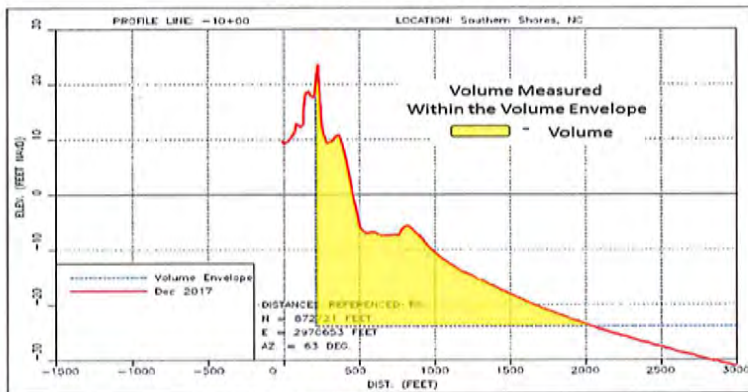
QUESTIONS

Ken Willson
Kenneth.Willson@aptim.com
910.443.4471

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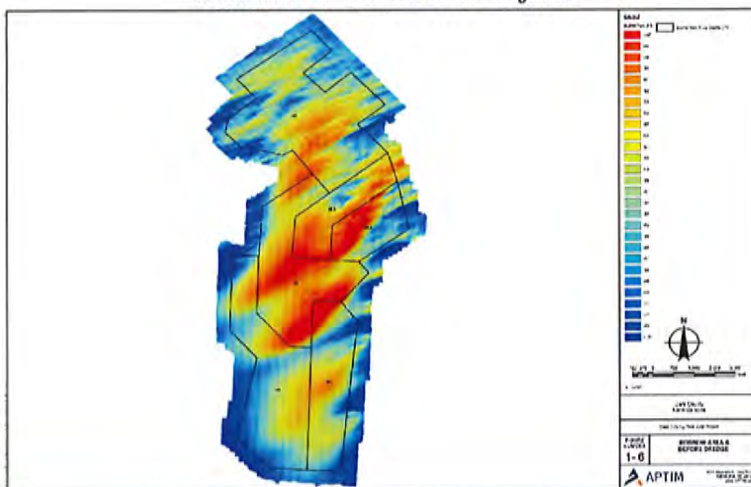
BEACH MANAGEMENT PLAN: PROJECT EXTENT (BEACH VOLUMES)



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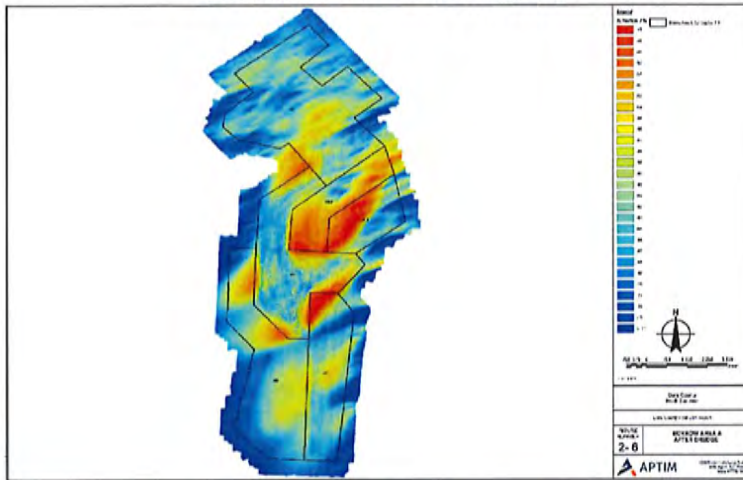
Sand Source For Future Projects



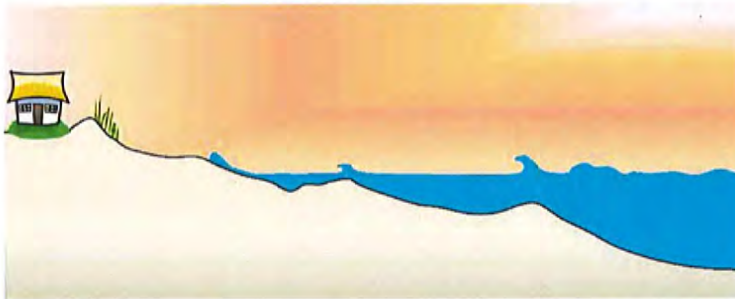
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Sand Source For Future Projects

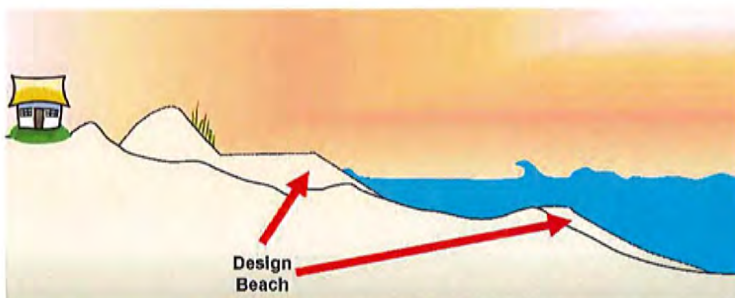


STORM DAMAGE REDUCTION PROJECT



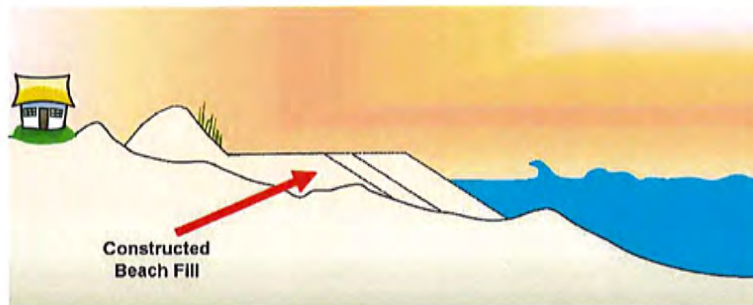
Pre-Project Conditions

STORM DAMAGE REDUCTION PROJECT



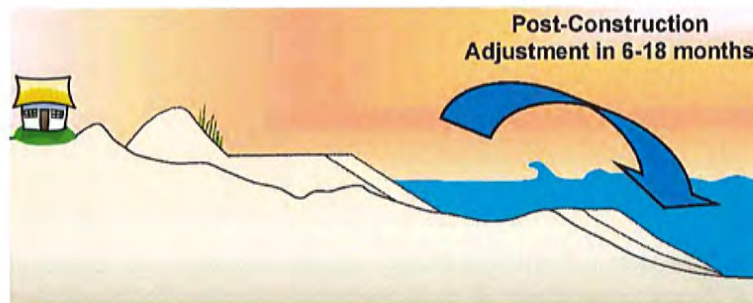
Design Beach

STORM DAMAGE REDUCTION PROJECT



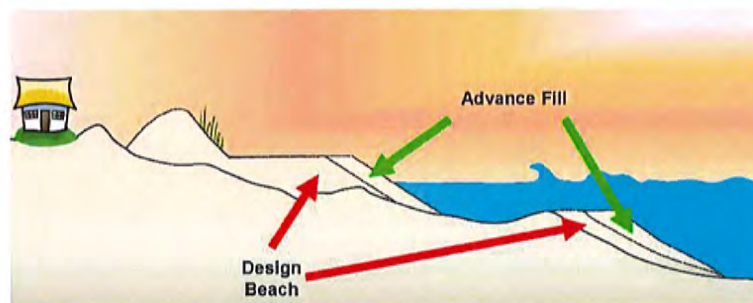
Initial Construction

STORM DAMAGE REDUCTION PROJECT



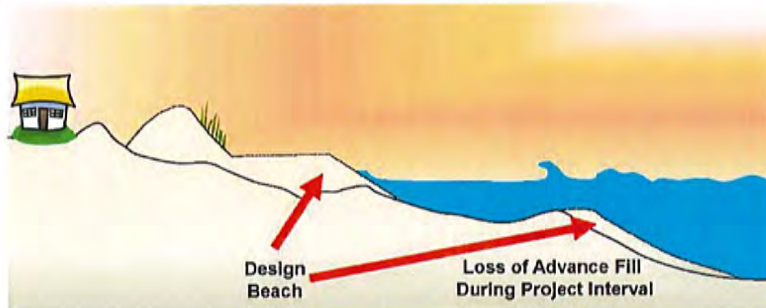
Equilibration of Beach Fill

STORM DAMAGE REDUCTION PROJECT



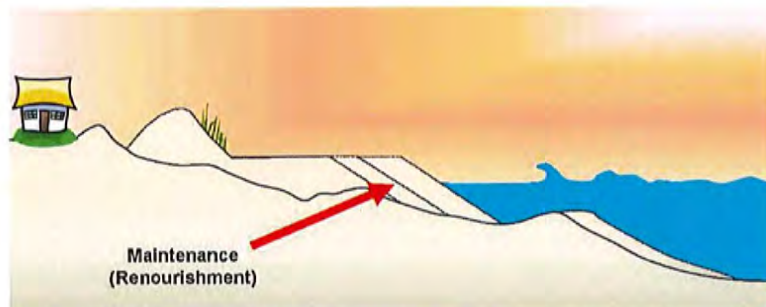
Nourishment Interval

STORM DAMAGE REDUCTION PROJECT



Nourishment Interval

STORM DAMAGE REDUCTION PROJECT

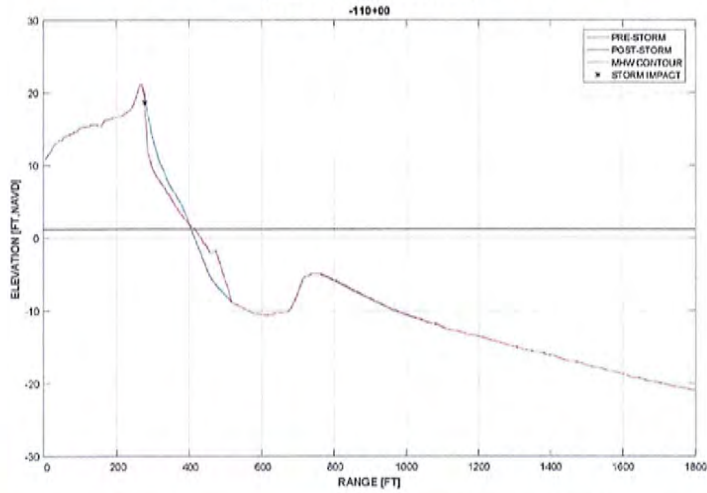


Maintenance = Beach Renourishment

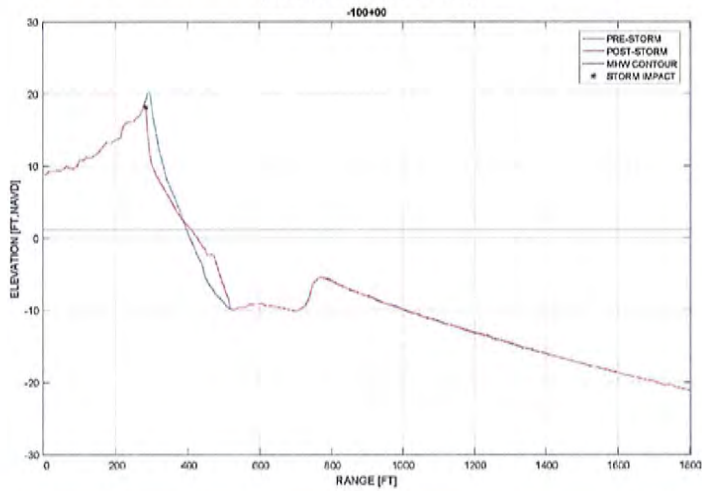
PROJECT EXTENT / PROJECT VOLUME:

- ▶ Rates from 2004 to 2006:
 - > Average rate < 1.0 cy/ft./yr. (-150+00 through 0+00)
 - > Average rate ~ -5 cy/ft./yr. between -140+00 and -40+00)
- ▶ Rates from 2006 to 2017 – Every profile exhibited positive volume change with an average of ~ 3 cy/ft./yr.
 - > 2017 rates on south end reflect placement of fill during 2017 beach project
- ▶ Rates from 2013 to 2017 along northern 3 profiles (N. of Hillcrest Dr.) – 0.4 cy/ft./yr.
- ▶ Anomalous erosion that occurred along south end leading to beach project.

BEACH MANAGEMENT PLAN: PROJECT EXTENT (BEACH VOLUMES)



BEACH MANAGEMENT PLAN: PROJECT EXTENT (BEACH VOLUMES)



FINANCIAL PLANNING - POSSIBLE BEACH NOURISHMENT - *DEC ASSOCIATES, INC.* (DOUG & ANDREW CARTER)
D.E.C. Associates Inc., a Charlotte-based financial consulting firm presented financial planning and options available for large projects such as beach nourishment.



Town of Southern Shores

Shoreline Protection Project and Financial Planning Discussion

February 26, 2019

Contents

- General Introduction
- Shoreline Protection Financial Planning
- Financing Modes Available
- Services We Provide
- Conclusion/Questions

General Introduction

- Southern Shores recognizes the need for financial planning with particular emphasis on the beach as the primary economic driver
- Town has identified need for nourishment of shoreline and beginning to review alternatives for funding
- Current focus on most cost effective means to meet the need, including methods to raise estimated nourishment costs
- N.C. Statutes provide limited means to finance shoreline protection and likely necessitating partnership with the Town and Dare County
- We are here to discuss the role of financial planning in moving forward with shoreline protection and the long term role it plays in town finances

General Introduction

What is a financial advisor?

- Independent firm that provides advice related to financial management and raising capital
- Registered with the SEC & MSRB

Who is DEC Associates and firm professionals?

- N.C. based advisor, ranked number one by volume for the over 14 years of firm existence for N.C. local government clients
- Provides advice with respect to debt, pay-go and other sources for capital
- Provides financial advice related to financial planning and execution of the plans
- Financial policy development

Shoreline Protection Financial Planning

Importance of financial planning

- Provides a road map
- Sets policies and achievement objectives
- Measures achievement
- Provides for annual review and can change as needed
- Provides for greater financial alternatives
- Provides tool to match needs with priorities

Creation of town-wide financial policies

- Financial metrics – fund balance levels, etc.
- Investment policies
- Debt policies
- Appropriate accounting mode for beach costs

Shoreline Protection Financial Planning

Shoreline protection creates upfront capital investment and operating cost to meet beach objectives

- Borrowing of the initial beach nourishment cost is customary
- Potential for partnership with the County
- Debt service and operating cost for the beach likely would be best accounted for by a separate Beach Fund
- Planning will consume approximately two years potentially

Long term beach maintenance is a continuing cost and process into the future

- Continue to accumulate beach fund future maintenance cost
- Plan for future maintenance capital cost and methods to fund

Financing Modes Available

Pay-Go

Borrowed

- General Obligation Bonds
 - Voter referendum required
 - Authorization Lasts for 7 Years
 - Public hearing process to authorize vote
 - Pledges unlimited tax levy to pay debt service
- Installment Purchase Financing – G.S. 160A-20
 - Voter Referendum not required
 - Requires public hearing
 - Requires pledge of real property for collateral
 - Requires increased time to due to real property pledge
 - Cost of property appraisals and other cost

Financing Modes Available

Borrowed (continued)

- Special Assessment Bonds – G.S. 160A-220
 - Special Assessment would be petitioned by 66% of property to be assessed – a voluntary process
 - Multiple public hearings
 - Able to be blended with another type of borrowing – not likely singular method
 - Requires pledge of property assessment
- Special Obligation Bonds (SOBs) – G.S. 159I-30 – Generally preferred method
 - No voter referendum required
 - State law requires use of municipal service district (MSD)
 - MSD can be formed and levy (or not) a tax inside the district
 - Requires pledge of taxes and/or fees not levied by the town
 - May need partnership with the County

Financing Modes Available

Unique N.C. elements of SOBs

- Selected revenues are identified as source of credit pledge
 - Can only pledge selected tax revenues that are not levied by the Town
 - Any other lawful source of non-tax revenue can be pledged – examples
 - Potential use of inter local agreements
- Revenues for Debt Repayment
 - Pledge of selected Town tax and other revenues and can remain in the General Fund budget as customary
 - Actual revenue sources for debt service could include portion of Occupancy Tax, Town wide property taxes, municipal service district taxes, others?

Services We Provide

- DEC Associates Inc would provide a full "Soup to Nuts" suite of services for the entire shoreline protection project timeline
 - Advise on structure, timing and raising of funds to create the revenue streams to fund the project
 - Creation of funding model projecting revenues and expenditures needed to fund the project and its continual maintenance
 - Creation of calendars through the planning and issuance phases to keep the project on timing
 - Advise on the financial structure and credit package needed to attract banks and favorable interest rates
 - Complete LGC support including presentations, data creation and application process
 - Work in concert with the County and other neighboring Towns to achieve lowest cost of project through timing or coupling of projects

Final Observations

Town Council will need to determine which funding method best accomplishes the goals of the nourishment project

Long term planning is essential – not only for initial project, but future maintenance and beach operating costs as well

Costs and timing will need to be accurately identified in order to begin creating the Financial Plan for funding of nourishment project

DEC would be pleased to assist the Town and its staff in creation of the Financial Plan and implementation of it

COUNCIL COMMENTS

Councilman Newberry stated all three presenters made a point that Southern Shores needs long-term planning. There could be significant financial challenges ahead if Council was to consider what was presented today. It seems like everything that Southern Shores has done has been just in time. A better job at long term planning is needed. He further stated all the presentations were excellent. In April budget items will be considered and how we are going to pay for them.

Mayor Bennett stated he agreed with Councilman Newberry long range planning concept and stated it is Council's function. Council needs to be sitting down and figuring what the needs are and how to prioritize them. He stated he is willing work with Council, involve staff, and establish some guidelines.

Councilman McDonald stated what Council looked at today has between a 17-24-million-dollar price tag. The Fire Department is already out there, an expense that has been budgeted. He said Beach nourishment is something we can't just ignore, so a plan must be developed to do that. The facilities assessment was excellent. If you look at the deficiencies, there is a large amount of money that needs to be spent just to bring the buildings up to standard.

Councilman Conners thanked the Town Manager for arranging today's speakers, He stated he thinks this is a planning meeting and agrees that a little more formalizing of that can be done but Council needs to work together.

Mayor Bennett stated Council working together is critical. Whether Council meets all together in a public venue or as individuals on a committee and report back. He stated he would like to hear Council's thoughts on discussing budgeting, financing and a long-range plan. The Mayor suggested a staff and council committee to start.

Councilman Conners stated he would like to have more planning sessions where full Council and staff are present.

Councilman Newberry stated he would like to hear from the public.

Councilman Conners agreed that he felt public meeting with the full Council involved is the way to go but Council needs to find a way to get the public to attend the meetings.

Town Manager Rascoe interjected stating Council may find that it will be pretty easy to get the public in attendance once you start talking MSD's and what it is going to cost.

TOWN MANAGER COMMENTS

Town Manager Peter Rascoe stated the first item Council heard today that needs to be done this current fiscal year was mentioned by Ken Willson, a survey in June at the cost of \$15,000. Mr. Rascoe recommended that this item be placed on the April agenda as a budget amendment for Council consideration. He stated Council will be able to then decide if they want to continue with the beach nourishment process for sure.

He further stated Council's budget planning sessions are coming up in April. The cost of DEC for two components of the contract, also the cost of Ken Willson's firm, can be considered for FY 19-20. These are items Council could go along and commit to now, as far as beach nourishment. He stated once Doug Carter is under contract, all the things discussed today will fall into place. The question is going to be when and the Town should know by tomorrow as to what type of financial commitment the County can provide.

Councilman McDonald stated he would like to see the beach survey budget amendment on the March agenda because the project needs to be scheduled for June. Town Manager Rascoe stated the March agenda has already gone out and that Mr. Willson said April timeframe is fine.

GENERAL PUBLIC COMMENT

1. Paul Borzellino-16 7th Ave-Supports beach nourishment and would like to see northern end included in the nourishment project. Thanked Council for paying attention to needs. The financial experts brought in for planning session were excellent.
2. Ann Sjoerdsma-69 Hickory-would like a public information session to discuss what went on today. Moving faster than what she would like.

MOTION: Councilman McDonald moved to adjourn. The motion was seconded by Councilman Conners. The motion passed unanimously (5-0). The time was 12:30 p.m.

ATTEST:

Thomas G. Bennett, Mayor

Respectfully submitted,

Sheila Kane, Town Clerk

