



**Minutes**  
**Town of Atlantic Beach, North Carolina**  
**Town Council – Work Session**  
**Thursday, October 8, 2020 at 2:00pm**



A regularly scheduled work session of the Atlantic Beach Town Council was held Thursday, October 8, 2020 at 2:00 p.m. in the Council Meeting Room, 125 West Fort Macon Road, Atlantic Beach, North Carolina and electronically via Zoom.

**Members Present:** Mayor A. B. Cooper, III; Mayor Pro Tem Richard Johnson; Councilmembers: Harry Archer (via Zoom), M.J. Forrest, Danny Navey and Austin Waters

**Members Absent:** No members were absent

**Others Present:** David Walker, Town Manager; Betty Odham, Planning Secretary; Morgan Gilbert, Parks and Rec Director; Sabrina Simpson, Admin Services Director; Marc Schulze, Public Works Director; Mike Simpson, Fire Chief; Jeff Harvey, Police Chief; Michelle Eitner, Planning Director

**CALL TO ORDER**

Mayor Cooper called the meeting to order at 2:00 p.m. All members above were present in the boardroom, except Councilman Archer, who was present via Zoom.

Councilman Archer made a motion *to approve the agenda*. Seconded by Councilman Waters. Approved unanimously, 5-0. Motion carried.

**3. a.) Review of Tentative Action Plan: Public Safety Facilities**

Mayor Cooper explained to the Council that this was a tentative action plan for the Public Safety Facility as the Council has not approved the project at this time. The bids are going out soon and should be back at the end of October which is when we will be presented with our guaranteed maximum price from the contractor. At that point, Council can then decide on whether or not to move forward with the project. In the meantime, we want to have everything in place to be able to move forward if the Council sees fit.

David Walker, Town Manager provided an overview to the Council, stating that a detailed memo was sent out approximately a week ago, and the same is included in tonight's agenda packet, outlining a lot of the work that is taking place behind the scenes to prepare with the new Public Safety Building if Council decides to move forward with the project. No documents have been signed other than the ones the Council has approved. We are putting steps in place to allow us to move quickly if the Council desires to act. The bid opening for the project is scheduled for Thursday, October 22, 2020 in the Boardroom, which will be a public meeting and the Council can attend alongside Thomas Construction who will be managing the Bid. Thomas Construction held a pre-bid meeting this morning with contractors in the Boardroom via Zoom. There were approximately 30 contractors that participated in the meeting. Once the bids are in, the contractor will establish a Guaranteed Maximum Price to present to Council. Financing quotes for \$7,000,000 for 20-year fixed rate term have been provided to Council. Lowest bid was received by First Bank with an interest rate of 2.45%. The process we must go through for financing includes submitting loan details to the Local Government Commission and State Treasurer's office which takes a 30-day application period for processing and review by their staff. Part of this project involves demolition. We will receive bids for demolition for the taking down of the old Public Works Building as well as the Boardroom Building and the Town Hall Facilities Building on Wednesday, October 14<sup>th</sup>. The reason for taking bids soon on the demolition is because the metal building is the location for the new proposed lift station in order to maintain the use of the fire station during construction. Also included in tonight's agenda packet is the information regarding the temporary relocation of Police Department and Town Hall staff to Atlantic Station during construction. After looking at all options available, we feel the spaces available at the Atlantic Station Shopping Center at 1010 W Fort Macon Road are definitely the most cost effective for both the Police and the Town Hall operations. Cost information provided included lease, moving expenses and operational costs for the year of relocation during construction.

Mayor Cooper wanted to back up to the financing framework. Quotes were received for \$7,000,000 loan but what we had been envisioning from the last meeting was a \$6,000,000 loan, using \$1,000,000 from our fund balance from the General Fund and some of the Utility Fund to make up that \$1,000,000. He doesn't expect a lower principal to lower the rates very much. Rates are very low. Obviously if less money is borrowed, the payment every year would be less. With the same terms and a \$6,000,000 loan, the payments would be approximately \$383,000 annually. The feedback that was received at the Public Hearing was citizens would rather us do a shorter amortization period, such as 10 or 15 years instead of 20 years. Given how low the rates are, it would be smart to consider a 20-year period and of course we could pay off early. The LGC would accept a 20-year term, but does not like to see 25-year terms. The first thing the Council should decide is do we want to borrow \$6,000,000 at 20 years or borrow more and have a shorter amortization period.

There was a lengthy discussion the specific terms of the loan to decide if the Town should borrow \$6,000,000 or \$7,000,000, and for 15 or 20 years.

Mayor Pro Temp Rich Johnson asked what the rational was behind going to borrowing \$7,000,000 versus the \$6,000,000 previously discussed.

Mayor Cooper stated the \$7,000,000 was the information in the original quotes before it was discussed to bring the principal down to \$6,000,000. The rational he can think of is there are historically low rates and it's a good time to borrow.

Councilman Waters stated the only concern he has as borrowing \$6,000,000 versus \$7,000,000 would be if that \$1,000,000 needs to be used on other projects such as the Causeway Sewer Plan.

Mayor Pro Tem Johnson asked why the term of the loan was solicited at 20 years. At the Public Hearing, it was noted that citizens preferred a 15-year term on the loan.

Mayor Cooper stated the loans could be re-bid at 15 years.

Mayor Pro Tem Johnson asked what the total payout differential would be on 15 years versus 20 years. He knows the rate is very low but its still 5 extra years paying on the loan.

Mayor Cooper noted even if the loan was issued at 20 years, the Town could pay the loan off in a 10 or 15 year schedule. The Town Park annual debt service started out at over \$400,000 and after refinancing, that same annual debt service is now lower than \$300,000 without increasing the terms of the loan.

Councilman Waters wants to compare the amount of loan the Town is used to paying and the potential amount the new loan will be to determine how that may be related to a tax increase.

Mayor Cooper stated that at the last Public Hearing, the citizens noted they would rather see a tax rate increase and pay the building off early than to see the terms extended to 20 years.

Mayor Pro Temp Johnson stated he thought the argument to go to a \$7,000,000 loan makes sense at this low rate and to keep the cash reserves for other projects which are critical. He doesn't want to stretch the loan out further than necessary.

Councilman Navey stated the only thing he could add to the record is he likes the extra flexibility the extra five years would provide to the Town.

Mayor Cooper calculates for \$7,000,000 at 2.45% with a 20-year amortization rate annual payment is \$446,000, which is an increase of \$146,000 over our average \$300,000 payment of the last several years on the Town Park. That is the equivalent of .8 cents on the tax rate. A 15-year amortization annual payment is \$563,000, an increase of \$263,000 over the existing \$300,000 annual payment on the Town Park. That is the equivalent of 1.5 cents on the tax rate. Average increase for taxpayers is \$51.00 per year. Consensus is the larger loan with the intent of paying on a 15-year payment schedule. The question now is do we get the loan on a 20-year schedule to allow for additional flexibility.

Council Navey stated he liked the flexibility of a 20-year loan, but he is ok with 15-year loan as well. He will fully support either way.

Mayor Pro Tem Johnson stated if the loan could be obtained at 15-year term and taxes be raised no more than .02, then he would commit to going that route.

Councilman Waters stated he had crossed this bridge being in the car business and people say they will pay off the loan early and don't end up following through because of lack of discipline. He is ok with either a 15 or 20 year term.

Councilman Forrest stated his preference would be going with the 15-year term because the sooner the Town can pay off this debt the better. He feels like a 15-year term is what the citizens asked for and is the way proceed.

Councilman Archer prefers 20 years to increase flexibility for years to come.

Councilman Navey stated that after hearing the argument for 15 years, he would agree with a 15-year term.

Mayor Cooper instructed Town Manager Walker to send out re-bid to banks for \$7,000,000 for 15 years and to prepare the Local Government Commission application with the intention of meet the November 3, 2020 application deadline for the December 1, 2020 Local Government Commission meeting date for approval. With this meeting date, the June 30, 2020 financial audit must be submitted to the LGC no later than November 13, 2020.

Town Manager Walker discussed the new potential temporary location at the Atlantic Station Shopping Center at 1010 West Fort Macon Road for Police and Town Hall staff during construction, with the exception of the Mayor, Clerk and Town Manager who will be relocated to the Public Services Building at 1400 West Fort Macon Road. Staff has worked hard to put together a temporary layout and storage plan for these spaces, which are two units that are located beside the Ace Hardware location. The biggest concern is in regard to the Police Department. There has to be room for their ammunition and gun storage space and evidence room which must be secure. We must work with Spectrum on relocating the computer fiber lines as well as the mainframe servers. Police Department is on a separate system that will have to be moved as well. We are working with electrician to determine the lines and power ampage that will be needed to support the electrical components of the work stations. The third unit in question is basically just air-conditioned storage space that will be needed to store all of the furniture and file cabinets that will need to be retained during construction. Public Services staff will be constructing walls for the ammunition and evidence storage spaces. It is expected the temporary space will be used for one year. The Public Services conference room will be utilized as much as possible for Council, Board of Adjustment, and Planning Board meetings, but for additional space for larger meetings, the Fire Department bays can be used or possibly a rental space at one of the local hotels. If things are favorable, and Council gives the green light, we would be looking at a November to December timeframe for relocation beginning with the Police Department. The leases would be for one year at the Atlantic Station Shopping Center. We are also taking bids for the lift station at the 125 West Fort Macon Road site for the new construction over the next few weeks. Staff has been working on this relocation plan for approximately six months.

Mayor Cooper stated regardless of what happens with the bids he thinks we should proceed with the demotion of the old Public Works building. The site could be cleared off and even become additional parking for the main beach access.

**b.) Review of Plan for West End Stormwater Project: Phase 1**

Engineers have been working on a plan and took bids last week for the entire project. The lowest bid was from SF Ballou at \$399,000. The project that is being proposed to Council is a project of approximately \$250,000 that covers the area shaded in yellow on the map below. The money would come from the stormwater fund which collects about \$400,000 per year. The funds would be used to cover the cost of the project, \$250,000 along with the surveying and engineering costs associated with it. We will be finalizing the plan over the winter and bringing it to Council to approve. Project will take approximately four months.



**Adjourn**

There being no further action taken or business before Council the meeting stood adjourned. The time was 2:57 pm.

These minutes were approved at the October 26, 2020 meeting of the Atlantic Beach Town Council.

ATTEST:



*Sabrina Simpson*  
Sabrina Simpson – Deputy Town Clerk

TOWN OF ATLANTIC BEACH

*A. B. Cooper, III*  
A. B. Cooper, III - Mayor

Minutes prepared by Betty Odham, Planning Secretary.