



MINUTES
Town of Atlantic Beach, North Carolina
Town Council Work Session Meeting
125 W Fort Macon Road and
Electronically via Zoom
Wednesday, July 13, 2022

The regularly scheduled meeting of the Atlantic Beach Town Council was held Wednesday, July 13, 2022 at 3:00 p.m. in the Council Meeting Room, 125 West Fort Macon Road, Atlantic Beach, North Carolina.

Members Present: Mayor A. B. Cooper, III; Mayor Pro Tem Austin Waters; Councilmembers: Renea Baker, Joey Dean, Danny Navey; Joseph Starling

Members Absent: None

Others Present: David Walker, Town Manager; Katrina Tyer, Town Clerk; Jeff Harvey, Police Chief; Marc Schultz, Public Works Director; Elisabeth Webster, Planner

CALL TO ORDER

Mayor Cooper called the meeting to order at 3:00 p.m.

APPROVAL OF AGENDA

Councilmember Baker made a motion *to approve* the agenda as prepared. Seconded by Councilmember Dean. Vote was unanimous, 5-0. Motion carried.

REVIEW OF WASTEWATER UTILITY SERVICE RESERVATION AGREEMENT BETWEEN THE TOWN OF ATLANTIC BEACH AND RED BIRD UTILITY OPERATING COMPANY, LLC

Mayor Cooper reviewed the history trying to supply sewer capacity to the Causeway. At a work session two years ago, the Council discussed the future of the Causeway and concluded that without a central wastewater solution, we would have to accept that the future of the Causeway would be single family residential (because of septic tank rules). If that was the case, we would have to update the UDO to make it more of a residential zone. The directive of the Council was that we did not want to lose the commercial character of our COR Zone and that we should try to find a wastewater solution.

After that, we looked at options from building our own plant next to the west end water tower to working with owners of existing package plants (Peppertree, Sugarloaf, etc.). That is when we started talking to Worth Baker and Kenneth Smith (Baker and Smith) about the Sugarloaf Utility which is located across from Atlantic Station and serves Atlantic Station, Palm Suites, Cottages of Bay Ridge, etc. When Red Bird, a public utility company, showed interest in the plant, we worked with them and worked out the proposed agreement between the Town and Red Bird. We have negotiated this agreement with the help of one of NC's leading utilities lawyers, David Drooz.

Red Bird is the NC subsidiary of Central States Water Resources, one of the fifteen largest wastewater companies in the country, and is in the business of running water and wastewater systems across the US. In the past few years, they have started increasing their holdings in NC, including some package plants in Pine Knoll Shores. Being a public utility, they do not need permission from the Town to buy the Sugarloaf plant or to upgrade the system and provide service to whomever they want and they have a right to run pipes in the right-of-way. Fortunately, the Utilities Commission told Red Bird to work with the Town and we want to ensure that some of the capacity goes to the Causeway and the rest of the Commercial Corridor Zone (COR).

Red Bird has a contract to buy the Sugarloaf Wastewater Utility from its current owners (it's in an estate, the previous owner died a few years ago and his heirs do not want to continue running it). Initially Baker and Smith had the Sugarloaf Utility under contract, but they could not get approval from the Utilities Commission to purchase the utility. As the Utility Commission explained to us, they do not like developers owning public utilities, they would prefer they be owned and operated by larger public utilities. Red Bird fits this description, so Baker and Smith stepped aside and assigned their contract to Red Bird.

In our negotiations with Baker and Smith, the Town was going to have to pay for the installation of the collection infrastructure. This would consist of sewer mains and lift stations to get the wastewater back to their plant. Ron Cullipher did some initial planning so we could apply for grants, but we were unsuccessful in obtaining a FEMA grant. It was estimated that it would cost the town about \$1.5 million to install the infrastructure, which we would eventually recoup through tap fees. Now

that Red Bird is involved, the Town does not have to front this \$1.5 Million. Red Bird has the financial strength to install and maintain the collection system as well as the plant and they will recoup the cost through tap fees.

The purpose of the agreement between the Town and Red Bird is to reserve 85,000 gallons per day of capacity in the Sugarloaf utility for the COR Zone. In exchange for reserving this capacity for the COR Zone, the Town promises to pay for any unused capacity after a period of approximately seven years from the date of the agreement. The risk of us having to pay anything seven years from now is very low. If the contract is approved, Red Bird will then seek State approvals and build an additional plant. They have already been speaking to property owners in the COR Zone and obtaining Reservation Agreements.

The Causeway Small Area Plan that we are developing this summer with the consultants from Yard & Co. will be in place prior to the system coming online. This will ensure that any development in COR Zone is done according to the detailed standards we will develop in this Small Area Plan. Any development connecting to the wastewater system will need to have to be commercial or mixed-use (commercial on the ground floor, with residential above).

Councilmember Dean expressed concerns regarding use of abandoned septic systems. The county should have rules in place to address use and closure of the abandoned systems.

It was the consensus to receive public input and determine approval of the proposed contract with Red Bird at the July 25, 2022 regular Council meeting.

ADJOURN


There being no further action taken or business before Council the meeting stood adjourned. The time was 3:46pm.

These minutes were approved at the August 22, 2022 meeting of the Atlantic Beach Town Council.

TOWN OF ATLANTIC BEACH

ATTEST:

(seal)


Katrina Tyer - Town Clerk




A. B. Cooper, III - Mayor