AGENDA

Monday, March 28, 2022: 3:00 PM
Town Council Work Session
C. Michael Haney Community Room: Southern Pines Police Department
450 W. Pennsylvania Ave

1. CALL TO ORDER

2. TOWN MANAGER'S COMMENTS

3. COUNCIL UPDATES AND DISCUSSION

a. Parkway Reimbursement Agreement

Staff would like to discuss a proposed draft reimbursement agreement with Midland Southern Pines Retail, LLC for the construction of a parkway between 15/501 and Morganton Road.

b. Morganton Road Apartments Project

Bob Koontz of KoontzJones Design and Brian Wise of Fall Line Development would like to discuss a 150-unit multi-family residential development at the southeast corner of West Morganton Road and US Highway 1.

c. Library Entrepreneurship Program

Librarians Laurel Holden and Mary Howard will highlight some of the recent work they've done to support local entrepreneurs.

d. Planning Office Review of Current Development Projects

Planning staff has been asked to provide Town Council a review of current development projects, similar to the review that was provided last fall.

e. Comprehensive Long Range Plan (CLRP) Update Discussion

Staff has submitted a budget request to update the CLRP in the FY 22-23 budget. Staff would like to discuss the proposed scope and timeline.

f. Solid Waste Services

As part of developing the FY 22-23 proposed budget, staff has evaluated the Town's solid waste services in detail, analyzing cost recovery revenues from customer fees against expenditures for collection and disposal. Staff will present this analysis and recommendations.

g. 305 Trackside Lease

Staff recommends extending the expiration date and terms of the current lease with 305 Trackside and will discuss this recommendation with Council.

h. McDeeds Creek Streambank Stabilization Project

The McDeeds Creek streambank runs directly behind the Town's Police and Fire Stations and has created increasing erosion problems, which are impacting the Town's infrastructure. Staff has received bids on addressing this issue and would like to receive direction from Council on the preferred approach for funding and scope.

4. ADJOURNMENT

Meetings/work sessions of the Southern Pines Town Council are now available on the Town's YouTube channel. Video of the Town Council meetings will be live streamed on the channel for viewing either during the meetings or after they have concluded. Please note, the video is provided only for the purposes of viewing the meetings; public comments or questions are not accepted via the live stream. To receive notifications when new content is published, please "subscribe" to the Town's channel at https://bit.ly/3hXx2Qk

MEMO

TO: Mayor and Council members
FROM: Reagan
Date: 03-23-22

RE: Parkway Reimbursement Agreement

As members of Town Council are aware, previous conversations have been held regarding the possibility of entering into a Reimbursement Agreement with Mid-Atlantic Development upon completion and dedication offering of the proposed Parkway planned between Highway 15-501 and Morganton Road. The purpose of Reimbursement Agreements is to promote the initial installation of infrastructure above and beyond that which would be necessary to serve a singular development within a larger area planned for multiple projects over time. In this specific scenario, a full Parkway and utility installation is proposed as part of a singular Target Center to include the national retailer, another anchor tenant (likely grocer), a smaller retail structure, and Multi-Family development. Subject Center would require only a portion of the infrastructure proposed, leading to ongoing "piecemeal additions" like lanes, additional piping, etc. as other sites adjacent to any initial construction come on board in subsequent years.

In addition, due to the location of the Morganton Park South development area and the Parkway representing a key connection between two major roads serving the Center City and allowing easier access to Downtown and all parts of Southern Pines, the area is eligible to have a Municipal Service District created in support of funding any Reimbursement Agreement agreed to by the Town. Under the MSD, participating properties that derive direct benefit from the upfront installation of proposed infrastructure can be taxed above the base property tax set with each fiscal year's Budget effective July 1, with additional tax proceeds used to directly offset the costs of the additional infrastructure (in this model, the Principle and Interest on an installment loan used to pay the Reimbursement amount.)

To this end, we will have with us on Monday afternoon Mitch Brigulio of Davenport Public Finance to present the analysis (a copy of which I have included in your packet) in addition to Mary Nash Rusher, attorney with McGuire Woods LLP of Raleigh who has represented the Town in the drafting of the Reimbursement Agreement (also in your packet) in addition to Resolutions that will become necessary should we move forward with this process. I have also included a Calendar moving forward in order to have the MSD in place for FY 23-24.

Discussion Materials

Town of Southern Pines, North Carolina

March 28, 2022

DAVENPORT PUBLIC FINANCE 1863

Member NYSE | FINRA | SIPC

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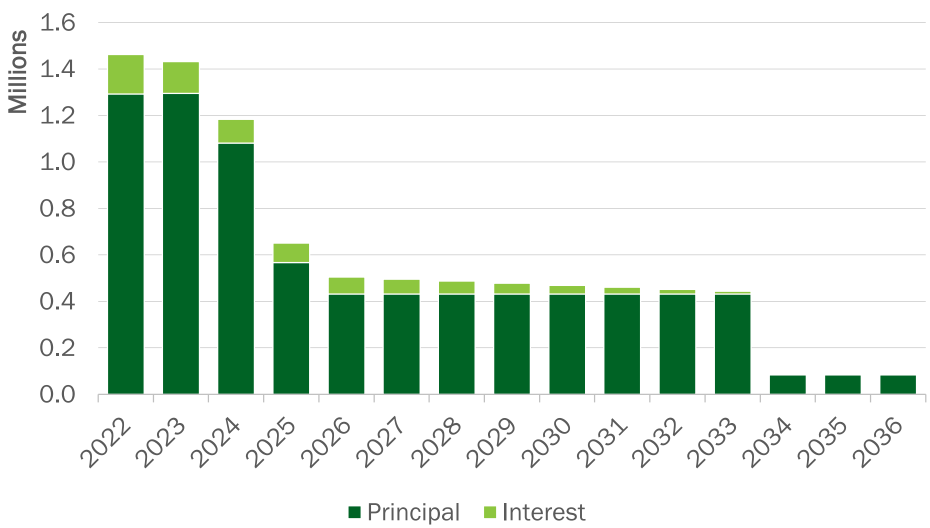
Existing Debt Profile

Existing Tax Supported Debt

Tax Supported Debt Service



Par Outstanding – Estimated as of 6/30/2021

Type	Par Amount
GO Bonds	$0
IPCs / LOBs / COPs	$7,940,744
Total	**$7,940,744**

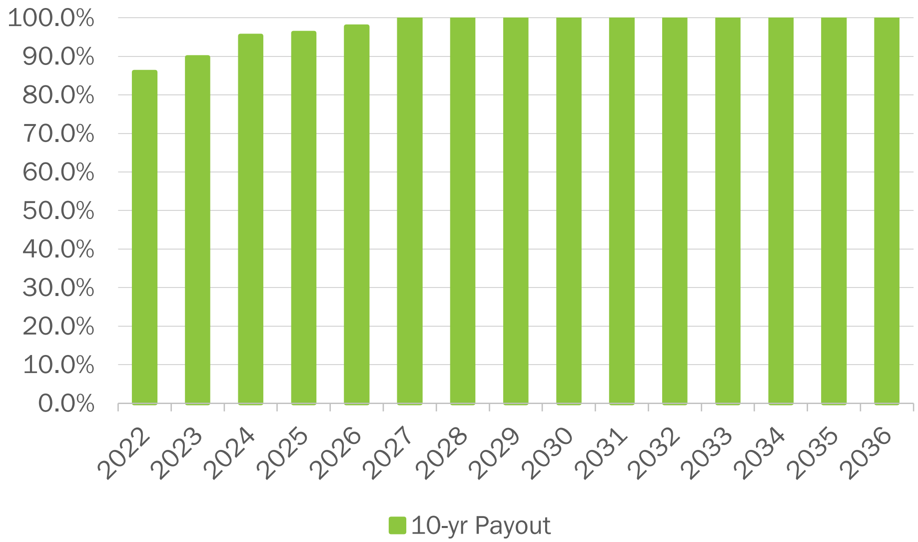
Tax Supported Debt Service

FY	Principal	Interest	Total	10-yr Payout
Total	7,940,744	837,032	8,777,776	
2022	1,292,715	169,388	1,462,103	86.0%
2023	1,295,162	136,272	1,431,435	89.7%
2024	1,080,991	103,116	1,184,107	95.3%
2025	566,865	83,464	650,329	96.1%
2026	431,876	72,755	504,631	97.8%
2027	431,877	63,984	495,861	100.0%
2028	431,876	55,212	487,088	100.0%
2029	431,876	46,440	478,316	100.0%
2030	431,877	37,669	469,546	100.0%
2031	431,876	28,897	460,773	100.0%
2032	431,876	20,125	452,001	100.0%
2033	431,877	11,354	443,231	100.0%
2034	83,333	4,377	87,710	100.0%
2035	83,333	2,785	86,118	100.0%
2036	83,334	1,194	84,528	100.0%

Source: LGC Bond Ledger, 2021 Audit, City Staff

Key Debt Ratio: Tax Supported Payout Ratio

10-Year Payout Ratio

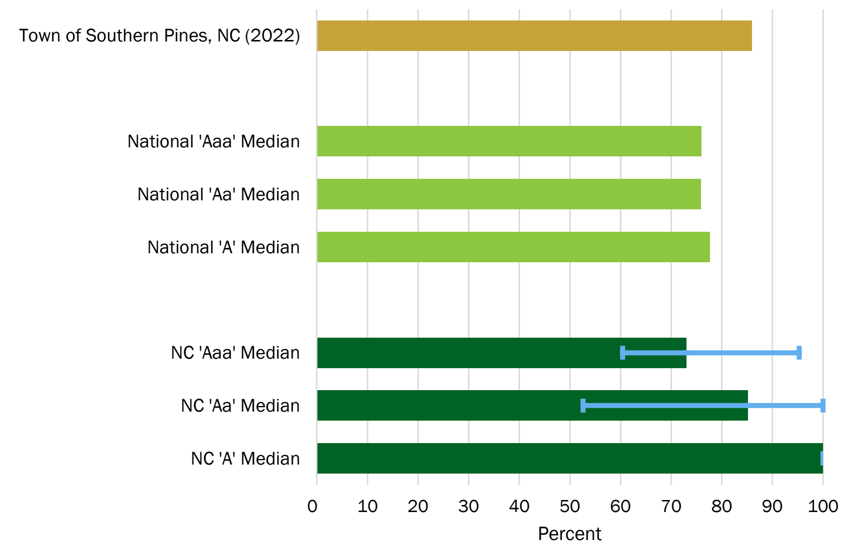


- Existing 10-year Payout Ratio
  - FY 2022: 86.0%

- The 10-Year Payout Ratio measures the amount of principal to be retired in the next 10 years.

- This ratio is an important metric that indicates whether or not a locality is back-loading its debt.

10-year Payout Ratio Peer Comparative



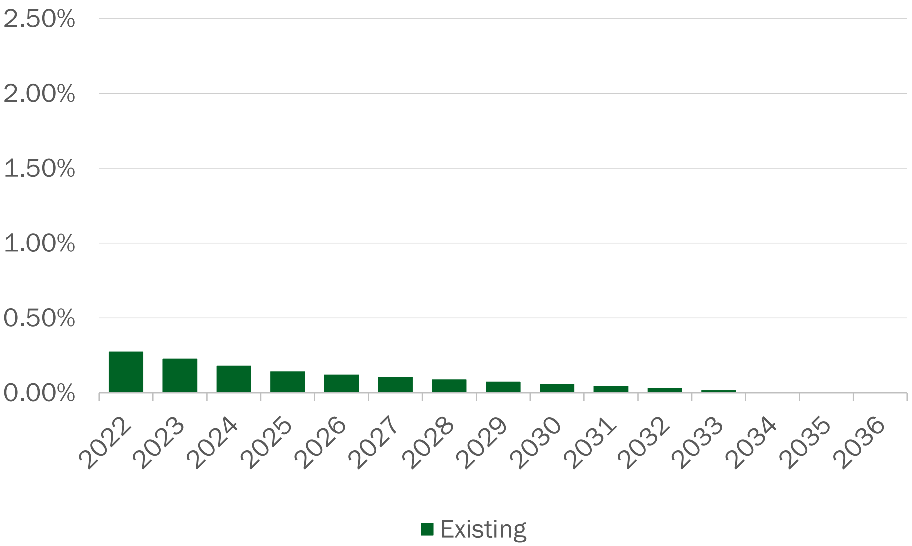
Gold – Reflects Town of Southern Pines Value
Light Green – Reflects National (Aaa, Aa, A) Median Values
Dark Green – Reflects NC (Aaa, Aa, A) Median Values
Blue Line – Reflects Min/Max Values

- Rating Considerations:
  - Moody's: Moody's rating criteria for General Obligation credits allows for a scorecard adjustment if an issuer has unusually slow or rapid amortization of debt principal.
  - S&P: A payout ratio greater than 65% results in a one point positive qualitative adjustment to the Debt & Contingent Liabilities section of S&P's General Obligation rating methodology.

Source: LGC Bond Ledger, 2021 Audit, 2022 Budget, and Moody's Investors Service

Key Debt Ratio: Debt to Assessed Value

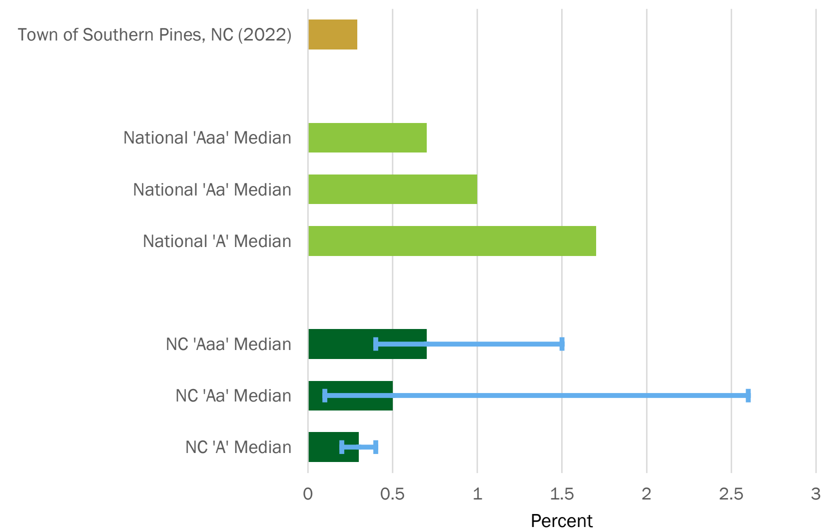
Debt to Assessed Value



- Existing Debt to Assessed Value
  - FY 2022: 0.28%

- Assumed Future Growth Rates
  - 2022 Budgeted Assessed Value: $2,826,484,300
  - 2023 & Beyond: 1.00%

Debt to Assessed Value Peer Comparative



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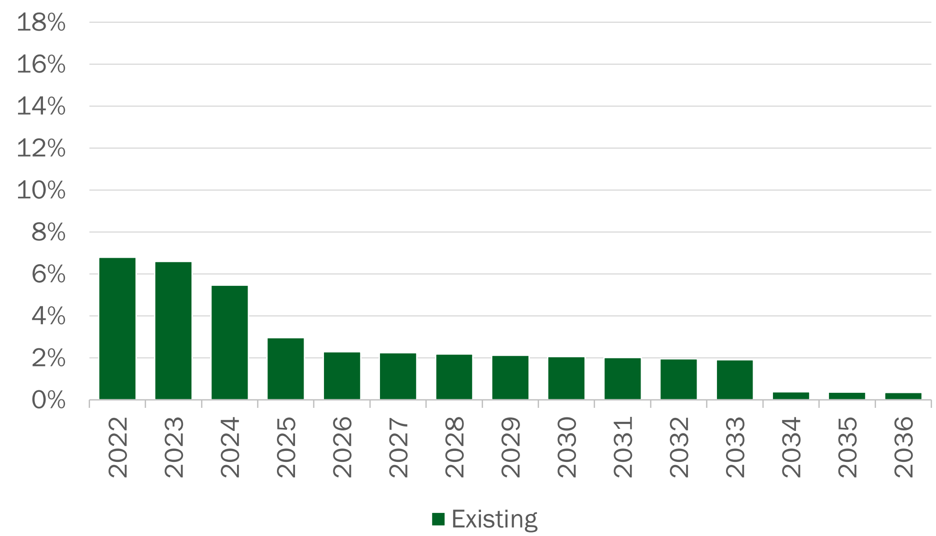
Dark Green – Reflects NC (Aaa, Aa, A) Median Values
Blue Line – Reflects Min/Max Values

- Rating Considerations:
  - Moody's: Criteria for General Obligation Credits defines categories of Debt to Assessed Values as:
    - Very Strong (Aaa): < 0.75%
    - Strong (Aa): 0.75% - 1.75%
    - Moderate (A): 1.75% - 4.00%
    - Weak – Very Poor (Baa and below): > 4.00%
  - S&P: A positive qualitative adjustment is made to the Debt and Contingent Liabilities score for a debt to market value ratio below 3.00%, while a negative adjustment is made for a ratio above 10.00%.

Source: LGC Bond Ledger, 2021 Audit, 2022 Budget, and Moody's Investors Service

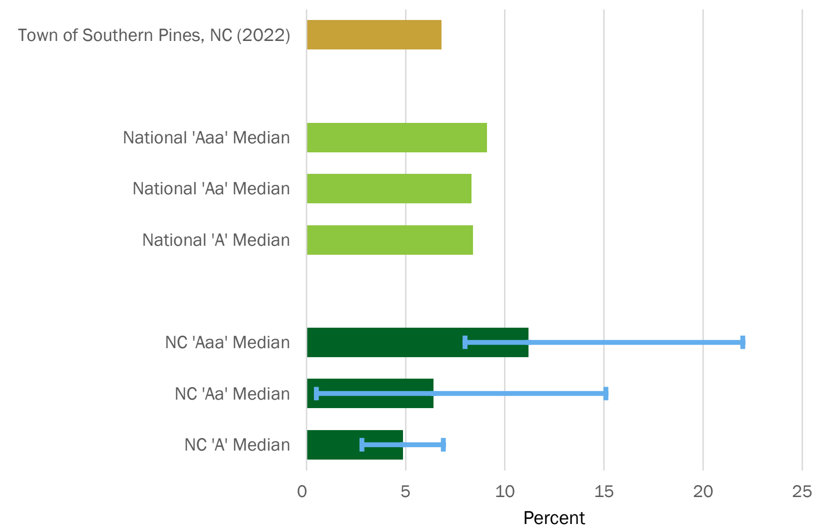
Key Debt Ratio: Debt Service vs. Expenditures

Debt Service vs. Governmental Expenditures



- Existing Debt Service vs. Expenditures
  - FY 2022: 6.79%
- Assumed Future Growth Rates
  - 2021 Adjusted Expenditures: $19,879,603
  - 2022 & Beyond: 1.00%

Debt Service vs. Expenditures Peer Comparative



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Dark Green – Reflects NC (Aaa, Aa, A) Median Values
Blue Line – Reflects Min/Max Values

- Rating Considerations:
  - Moody's: Moody's criteria allows for a scorecard adjustment if an issuer has very high or low debt service relative to its budget Percent.
  - S&P: The Debt and Contingent Liabilities section defines categories of Net Direct Debt as a % of Total Governmental Funds Expenditures as follows:
    - Very Strong: <8%
    - Strong: 8% to 15%
    - Adequate: 15% - 25%
    - Weak: 25% - 35%
    - Very Weak: > 35%

Source: LGC Bond Ledger, 2021 Audit, 2022 Budget, and Moody's Investors Service

Reimbursement Agreement Financing

Reimbursement Agreement Overview

- The Town is considering entering into a Reimbursement Agreement (the "Agreement") with Midland Southern Pines Retail, LLC ("Midland") to reimburse Midland for the construction of a new road to connect U.S. Highway 15-501 to Morganton Road (the "Parkway").

- The construction of the Parkway is intended to support the planned retail/residential development which is anticipated to include a 220,000 square foot retail center, a 13-acre Multi-Family Property and other retail/commercial/multi-family development.

- Under the Agreement, the Town will reimburse Midland for the Cost of the Parkway up to a not-to-exceed of $6,000,000.
  - The Agreement will be terminated if certain construction milestones are not completed within the specified timeline (unless mutually agreed upon by both parties).
  - The Town anticipates financing the reimbursement cost of the Parkway. Acceptance of the Parkway and the associated financing is anticipated to be completed in the Fall 2023 (FY 2024).

- In order to support annual debt service on the financing for the Parkway, a Municipal Service District ("MSD") will be established and will comprise the land adjacent to and benefitting from the new road. An additional tax rate will be levied and paid by property owners within the MSD.
  - Currently there are two property owners in the planned MSD, including Midland.
  - The Town's FY 23 Manager Proposed Budget will include a $0.40 additional MSD Tax Rate. Future Manager Proposed Budgets will include an additional MSD Tax Rate needed to pay the principal and interest due on the Parkway financing (subject to the maximum allowable tax rate under state law of $1.50 per $100 of valuation).

Parkway Reimbursement Financing Assumptions

Proposed Debt Service

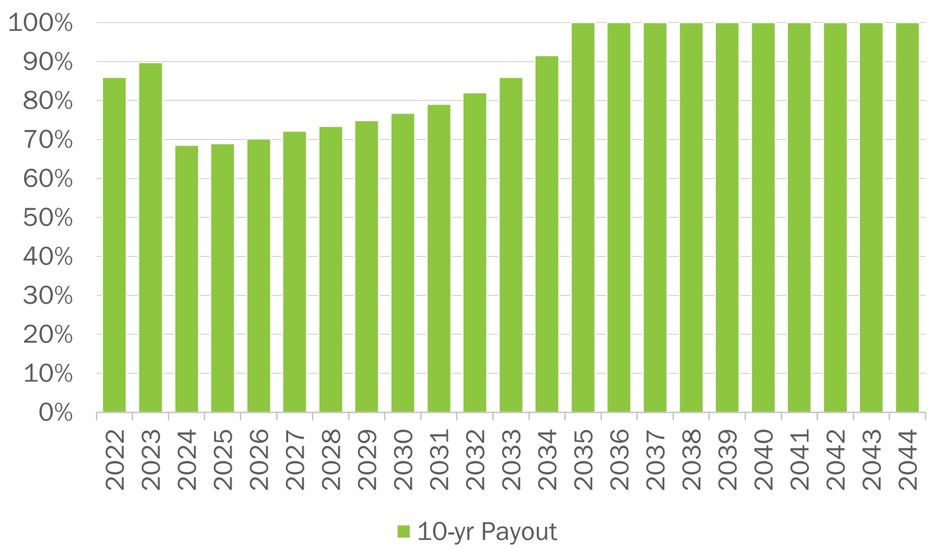
Proposed Principal

Assumptions

- Financing Assumptions:
  - Project Amount $6,000,000
  - Financing Costs 2.0%
  - Amortization: Level Principal
  - Term: 20 Years
  - Interest Rate: 4.50%
  - Closing: FY 2024
  - First Interest: FY 2025
  - First Principal: FY 2025
- Debt Issued: $6,120,000
- Debt Service: $9,011,700

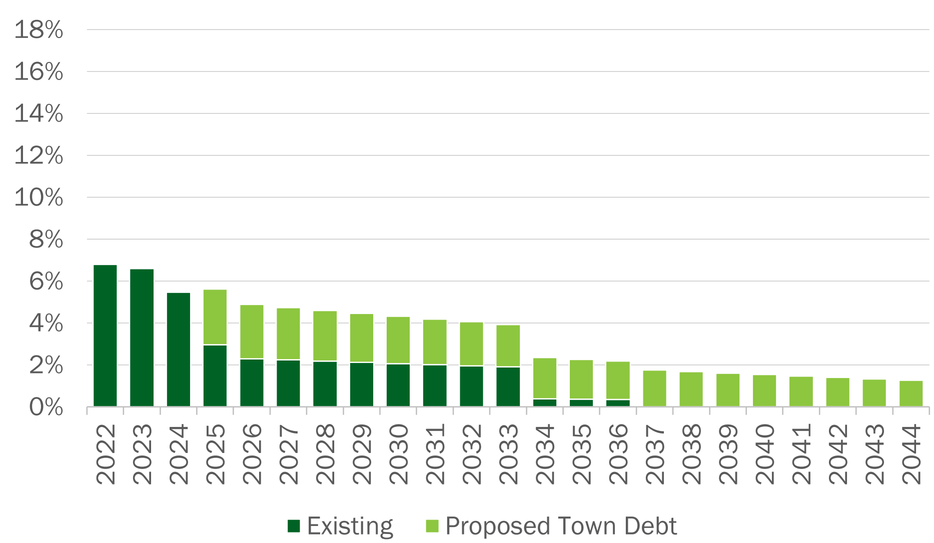
Key Debt Ratios

10-Year Payout



Debt to Assessed Value

Debt Service to Expenditures



MSD Cash Flow Analysis

Preliminary Development Build-Out Schedule

Preliminary Development Assumptions

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Development Assumptions						Assessd Value Assmptions				Project Build Out % (January 1st)			
1	Parcel Owner	Use	Cost (millions)	Size (acres)	Building (sq ft.)	Anticipated Completion	First Full Levy Date	First FY Full Tax Collection	Assessed Value (millions)[1]	Include Project	2023	2024	2025	2026
2	Midland	Retail	$41.0	31.0	220,000	Oct-23	Jan-25	2026	$40.93	Yes	25%	75%	100%	100%
3	Midland	Multi-Family	$35.0	13.0	270 units	Oct-23	Jan-24	2025	$17.2	Yes	0%	100%	100%	100%
4	Subtotal		$76.0	44.0					$58.1					
5														
6	VanCamp	Retail/Office	$11.4	7.6	56,800	Mar-24	Jan-25	2026	$8.02	Yes	0%	0%	100%	100%
7	VanCamp	Retail	$7.4	4.9	36,800	Mar-24	Jan-25	2026	$5.2	Yes	0%	0%	100%	100%
8	VanCamp	Retail	$17.7	11.9	88,800	Mar-24	Jan-25	2026	$12.5	Yes	0%	0%	100%	100%
9	VanCamp	Retail	$10.2	6.8	51,200	Oct-24	Jan-25	2026	$7.2	Yes	0%	0%	100%	100%
10	VanCamp	Retail	$3.8	2.6	19,200	Oct-24	Jan-25	2026	$2.7	Yes	0%	0%	100%	100%
11	Subtotal		$50.5	33.7	252,800				$35.7					
12														
13	VanCamp	Mixed Use	$7.0	4.7	35,200	Jun-25	Jan-26	2027	$6.05	Yes	0%	0%	0%	100%
14	VanCamp	Mixed Use	$20.3	13.6	101,600	Sep-25	Jan-26	2027	$17.45	Yes	0%	0%	0%	100%
15	Subtotal		$27.3	18.3	136,800				$23.5					
16														
17	Grand Total		$153.8	96	389,600				$117.3					

Source: Midland

Source: Midland; Moore County Tax Office

[1]Assessed Value by Project Allocation Method: Size (acres)

- Midland has provided preliminary development / build-out assumptions for the properties within the MSD.

- The Moore County Tax Assessor will determine the Assessed Value of the properties within the new development as of January 1 each year. Assessed Value may differ from the actual cost of constructing the development. An estimate of the Assessed Value of the full project has been developed based on discussions with the Moore County Tax Assessor *(note the values and timing of assessments shown are preliminary estimates only; actual valuations will be subject to the timing and details of the facilities constructed).*

Preliminary Cash Flow Analysis

Full Development (96 Acres)

Cash Flow Analysis

- A cash flow analysis of the potential MSD tax revenue compared to estimated debt service is shown in the accompanying chart.
- This analysis demonstrates the projected and required MSD tax rate necessary to cash flow the annual debt service payments associated with the Town's financing.
- Under State Statute, the combined Town and MSD property tax rate is capped at $1.50.
  - Based on the Town's current property tax rate of $0.40, the maximum MSD Tax rate is $1.10.

Preliminary Cash Flow Analysis

A	B	C	D	E	F	G	H	I
Fiscal Year	MSD Incremental AV[1]	MSD Cumulative AV[1]	MSD Tax Rate	MSD Tax Revenue	Estimated Debt Service	Annual Surplus/ (Deficit)	Cumulative Surplus/ (Deficit)	Required MSD Tax Rate
2023	-	17,200,000	40.0¢	68,800	-	68,800	68,800	0.0¢
2024	10,233,523	27,433,523	40.0¢	109,734	-	109,734	178,534	0.0¢
2025	37,632,955	65,066,477	61.9¢	402,866	(581,400)	(178,534)	-	89.4¢
2026	45,913,297	110,979,774	51.1¢	567,630	(567,630)	-	-	51.1¢
2027	23,499,774	134,479,548	41.2¢	553,860	(553,860)	-	-	41.2¢
2028	-	134,479,548	40.2¢	540,090	(540,090)	-	-	40.2¢
2029	-	134,479,548	39.1¢	526,320	(526,320)	-	-	39.1¢
2030	-	134,479,548	38.1¢	512,550	(512,550)	-	-	38.1¢
2031	-	134,479,548	37.1¢	498,780	(498,780)	-	-	37.1¢
2032	-	134,479,548	36.1¢	485,010	(485,010)	-	-	36.1¢
2033	-	134,479,548	35.0¢	471,240	(471,240)	-	-	35.0¢
2034	-	134,479,548	34.0¢	457,470	(457,470)	-	-	34.0¢
2035	-	134,479,548	33.0¢	443,700	(443,700)	-	-	33.0¢
2036	-	134,479,548	32.0¢	429,930	(429,930)	-	-	32.0¢
2037	-	134,479,548	30.9¢	416,160	(416,160)	-	-	30.9¢
2038	-	134,479,548	29.9¢	402,390	(402,390)	-	-	29.9¢
2039	-	134,479,548	28.9¢	388,620	(388,620)	-	-	28.9¢
2040	-	134,479,548	27.9¢	374,850	(374,850)	-	-	27.9¢
2041	-	134,479,548	26.9¢	361,080	(361,080)	-	-	26.9¢
2042	-	134,479,548	25.8¢	347,310	(347,310)	-	-	25.8¢
2043	-	134,479,548	24.8¢	333,540	(333,540)	-	-	24.8¢
2044	-	134,479,548	23.8¢	319,770	(319,770)	-	-	23.8¢
2045	-	134,479,548	0.0¢	-	-	-	-	0.0¢
2046	-	134,479,548	0.0¢	-	-	-	-	0.0¢
2047	-	134,479,548	0.0¢	-	-	-	-	0.0¢

Assessed Value Sensitivity	
Midland Development	
% Change In Value	0%
Delay in Value (years)	0
Van Camp Development	
% Change In Value	0%
Delay in Value (years)	0

Bond Amortization Assumptions	
Fiscal Year of Issuance	2024
Issuance Date	Oct 1
Interest Rate	4.50%
Term (years)	20
Amortization Structure	Level Principal
Interest Only Periods (years)	0
Bond Issuance Target Amount	6,000,000

MSD Tax Rate	
Method	Solved
Fixed Tax Rate	0.0¢
Max Tax Rate	110.0¢
Min Tax Rate	0.0¢
FY 23&24	40.0¢

[1] Assessed value based upon development projections provided by Midland and guidance provided by Moore County on the full proposed development and allocated based on the size (acreage) for each project.

Preliminary Cash Flow Analysis

Sensitivity Case 1: Midland Development Only (44 Acres)

Cash Flow Analysis

- Sensitivity Case 1 demonstrates the required MSD Tax Rates if only the property owned by Midland is developed.

Preliminary Cash Flow Analysis

A	B	C	D	E	F	G	H	I
Fiscal Year	MSD Incremental AV[1]	MSD Cumulative AV[1]	MSD Tax Rate	MSD Tax Revenue	Estimated Debt Service	Annual Surplus/ (Deficit)	Cumulative Surplus/ (Deficit)	Required MSD Tax Rate
2023	-	17,200,000	40.0¢	68,800	-	68,800	68,800	0.0¢
2024	10,233,523	27,433,523	40.0¢	109,734	-	109,734	178,534	0.0¢
2025	37,632,955	65,066,477	61.9¢	402,866	(581,400)	(178,534)	-	89.4¢
2026	10,233,523	75,300,000	75.4¢	567,630	(567,630)	-	-	75.4¢
2027	-	75,300,000	73.6¢	553,860	(553,860)	-	-	73.6¢
2028	-	75,300,000	71.7¢	540,090	(540,090)	-	-	71.7¢
2029	-	75,300,000	69.9¢	526,320	(526,320)	-	-	69.9¢
2030	-	75,300,000	68.1¢	512,550	(512,550)	-	-	68.1¢
2031	-	75,300,000	66.2¢	498,780	(498,780)	-	-	66.2¢
2032	-	75,300,000	64.4¢	485,010	(485,010)	-	-	64.4¢
2033	-	75,300,000	62.6¢	471,240	(471,240)	-	-	62.6¢
2034	-	75,300,000	60.8¢	457,470	(457,470)	-	-	60.8¢
2035	-	75,300,000	58.9¢	443,700	(443,700)	-	-	58.9¢
2036	-	75,300,000	57.1¢	429,930	(429,930)	-	-	57.1¢
2037	-	75,300,000	55.3¢	416,160	(416,160)	-	-	55.3¢
2038	-	75,300,000	53.4¢	402,390	(402,390)	-	-	53.4¢
2039	-	75,300,000	51.6¢	388,620	(388,620)	-	-	51.6¢
2040	-	75,300,000	49.8¢	374,850	(374,850)	-	-	49.8¢
2041	-	75,300,000	48.0¢	361,080	(361,080)	-	-	48.0¢
2042	-	75,300,000	46.1¢	347,310	(347,310)	-	-	46.1¢
2043	-	75,300,000	44.3¢	333,540	(333,540)	-	-	44.3¢
2044	-	75,300,000	42.5¢	319,770	(319,770)	-	-	42.5¢
2045	-	75,300,000	0.0¢	-	-	-	-	0.0¢
2046	-	75,300,000	0.0¢	-	-	-	-	0.0¢
2047	-	75,300,000	0.0¢	-	-	-	-	0.0¢

Assessed Value Sensitivity	
Midland Development	
% Change In Value	0%
Delay in Value (years)	0
Van Camp Development	
% Change In Value	-100%
Delay in Value (years)	0

Bond Amortization Assumptions	
Fiscal Year of Issuance	2024
Issuance Date	Oct 1
Interest Rate	4.50%
Term (years)	20
Amortization Structure	Level Principal
Interest Only Periods (years)	0
Bond Issuance Target Amount	6,000,000

MSD Tax Rate	
Method	Solved
Fixed Tax Rate	0.0¢
Max Tax Rate	110.0¢
Min Tax Rate	0.0¢
FY 23&24	40.0¢

[1] Assessed value based upon development projections provided by Midland and guidance provided by Moore County on the full proposed development and allocated based on the size (acreage) for each project.

Preliminary Cash Flow Analysis

Sensitivity Scenarios

Cash Flow Analysis

- In order to demonstrate the impacts of key variables to the analysis, the following sensitivity cases have been developed based on Sensitivity Cases 1 (Midland Development Only):
  - 30% Increase or Decrease in Assessed Valuation.
  - 1-year Delay in Development Schedule.
  - 1% Increase or Decrease in Borrowing Rate.

Sensitivity Analysis - MSD Tax Rates (Midland Development Only)

A	B	C	D	E	F	G
Fiscal Year	Sensitivity Case 1: Midland Only	30% Increase in Valuation	30% Decrease in Valuation	1-Year Development Delay	1.0% Increase in Borrowing Rate	1.0% Decrease in Borrowing Rate
2023	40.0¢	40.0¢	40.0¢	40.0¢	40.0¢	40.0¢
2024	40.0¢	40.0¢	40.0¢	40.0¢	40.0¢	40.0¢
2025	61.9¢	49.2¢	81.9¢	110.0¢	71.3¢	52.5¢
2026	75.4¢	61.2¢	98.1¢	109.1¢	83.1¢	67.7¢
2027	73.6¢	59.7¢	95.7¢	73.6¢	80.9¢	66.2¢
2028	71.7¢	58.2¢	93.3¢	71.7¢	78.6¢	64.8¢
2029	69.9¢	56.8¢	90.9¢	69.9¢	76.4¢	63.4¢
2030	68.1¢	55.3¢	88.6¢	68.1¢	74.2¢	62.0¢
2031	66.2¢	53.8¢	86.2¢	66.2¢	71.9¢	60.5¢
2032	64.4¢	52.3¢	83.8¢	64.4¢	69.7¢	59.1¢
2033	62.6¢	50.8¢	81.4¢	62.6¢	67.5¢	57.7¢
2034	60.8¢	49.3¢	79.1¢	60.8¢	65.2¢	56.3¢
2035	58.9¢	47.8¢	76.7¢	58.9¢	63.0¢	54.9¢
2036	57.1¢	46.4¢	74.3¢	57.1¢	60.8¢	53.4¢
2037	55.3¢	44.9¢	71.9¢	55.3¢	58.5¢	52.0¢
2038	53.4¢	43.4¢	69.5¢	53.4¢	56.3¢	50.6¢
2039	51.6¢	41.9¢	67.2¢	51.6¢	54.0¢	49.2¢
2040	49.8¢	40.4¢	64.8¢	49.8¢	51.8¢	47.7¢
2041	48.0¢	38.9¢	62.4¢	48.0¢	49.6¢	46.3¢
2042	46.1¢	37.5¢	60.0¢	46.1¢	47.3¢	44.9¢
2043	44.3¢	36.0¢	57.6¢	44.3¢	45.1¢	43.5¢
2044	42.5¢	34.5¢	55.3¢	42.5¢	42.9¢	42.1¢
2045	0.0¢	0.0¢	0.0¢	0.0¢	0.0¢	0.0¢
2046	0.0¢	0.0¢	0.0¢	0.0¢	0.0¢	0.0¢
2047	0.0¢	0.0¢	0.0¢	0.0¢	0.0¢	0.0¢

Note: Under the 1-year Delay in Development Scenario, the FY 2025 MSD Tax Rate would be capped at the maximum rate resulting in a shortfall of $142,031 that would have to be paid from other revenue sources; the Town could recoup this shortfall in the following fiscal year under this scenario.

Appendix A

Existing Debt Detail

Existing Debt Summary

Total Tax Supported Debt Service

FY	Principal	Interest	Total
Total	7,940,744	837,032	8,777,776
2022	1,292,715	169,388	1,462,103
2023	1,295,162	136,272	1,431,435
2024	1,080,991	103,116	1,184,107
2025	566,865	83,464	650,329
2026	431,876	72,755	504,631
2027	431,877	63,984	495,861
2028	431,876	55,212	487,088
2029	431,876	46,440	478,316
2030	431,877	37,669	469,546
2031	431,876	28,897	460,773
2032	431,876	20,125	452,001
2033	431,877	11,354	443,231
2034	83,333	4,377	87,710
2035	83,333	2,785	86,118
2036	83,334	1,194	84,528

IPCs / LOBs / COPs

FY	Principal	Interest	Total
Total	7,940,744	837,032	8,777,776
2022	1,292,715	169,388	1,462,103
2023	1,295,162	136,272	1,431,435
2024	1,080,991	103,116	1,184,107
2025	566,865	83,464	650,329
2026	431,876	72,755	504,631
2027	431,877	63,984	495,861
2028	431,876	55,212	487,088
2029	431,876	46,440	478,316
2030	431,877	37,669	469,546
2031	431,876	28,897	460,773
2032	431,876	20,125	452,001
2033	431,877	11,354	443,231
2034	83,333	4,377	87,710
2035	83,333	2,785	86,118
2036	83,334	1,194	84,528

IPCs / LOBs / COPs

$6,500,000
2009 Installment Purchase Contract (Huntington National Bank)

FY	Coupon	Principal	Interest	Total
Total		1,083,333	60,613	1,143,946
2022	3.730%	433,333	36,368	469,701
2023	3.730%	433,333	20,204	453,538
2024	3.730%	216,667	4,041	220,708
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-
2040		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
2045		-	-	-
2046		-	-	-

Dated Date: 10/20/2008 Next Call: Current

Purpose: Police Station Insurance: NA

Coupon Dates: Apr 20 / Oct 20 Maturity Date: 10/20/2023

$5,228,150
2018 Installment Purchase Contract (BB&T)

FY	Coupon	Principal	Interest	Total
Total		4,182,516	538,499	4,721,015
2022	2.060%	348,543	84,365	432,908
2023	2.060%	348,543	77,185	425,728
2024	2.060%	348,543	70,005	418,548
2025	2.060%	348,543	62,825	411,368
2026	2.060%	348,543	55,645	404,188
2027	2.060%	348,543	48,465	397,008
2028	2.060%	348,543	41,285	389,828
2029	2.060%	348,543	34,105	382,648
2030	2.060%	348,543	26,925	375,468
2031	2.060%	348,543	19,745	368,288
2032	2.060%	348,543	12,565	361,108
2033	2.060%	348,543	5,385	353,928
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-
2040		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
2045		-	-	-
2046		-	-	-

Dated Date: 4/1/2018 Next Call: Current

Purpose: Fire Sub-Station Insurance: NA

Coupon Dates: Oct 19 / Apr 19 Maturity Date: 4/19/2033

Note: Per Town Staff, Rate was modified from 3.53 to 2.06 in Spring 2021.

$650,000
2020 Installment Purchase Contract (First-Citizens Bank)

FY	Coupon	Principal	Interest	Total
Total		524,895	22,809	547,704
2022	1.910%	127,506	9,420	136,926
2023	1.910%	129,953	6,973	136,926
2024	1.910%	132,447	4,479	136,926
2025	1.910%	134,989	1,937	136,926
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033				-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-
2040		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
2045		-	-	-
2046		-	-	-

Dated Date: 6/16/2020 Next Call: Current

Purpose: Pierce Fire Pumper Truck Insurance: NA

Coupon Dates: Jun 16 / Dec 16 Maturity Date: 6/16/2025

IPCs / LOBs / COPs

$1,250,000

2021 Installment Purchase Contract (First Bank)

FY	Coupon	Principal	Interest	Total
Total		1,250,000	185,031	1,435,031
2022	1.910%	83,333	23,477	106,810
2023	1.910%	83,333	21,885	105,218
2024	1.910%	83,334	20,294	103,628
2025	1.910%	83,333	18,702	102,035
2026	1.910%	83,333	17,110	100,443
2027	1.910%	83,334	15,519	98,853
2028	1.910%	83,333	13,927	97,260
2029	1.910%	83,333	12,335	95,668
2030	1.910%	83,334	10,744	94,078
2031	1.910%	83,333	9,152	92,485
2032	1.910%	83,333	7,560	90,893
2033	1.910%	83,334	5,969	89,303
2034	1.910%	83,333	4,377	87,710
2035	1.910%	83,333	2,785	86,118
2036	1.910%	83,334	1,194	84,528
2037		-	-	-
2038		-	-	-
2039		-	-	-
2040		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
2045		-	-	-
2046		-	-	-

Dated Date: 2/26/2021 Next Call: Current

Purpose: Public Works Complex Insurance: NA

Coupon Dates: Aug 26 / Feb 26 Maturity Date: 2/26/2036

$900,000

2021 Installment Purchase Contract (First Bank)

FY	Coupon	Principal	Interest	Total
Total		900,000	30,080	930,080
2022	1.910%	300,000	15,758	315,758
2023	1.910%	300,000	10,025	310,025
2024	1.910%	300,000	4,297	304,297
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-
2037		-	-	-
2038		-	-	-
2039		-	-	-
2040		-	-	-
2041		-	-	-
2042		-	-	-
2043		-	-	-
2044		-	-	-
2045		-	-	-
2046		-	-	-

Dated Date: 6/4/2021 Next Call: Current

Purpose: Whitehall Land Insurance: NA

Coupon Dates: Jun 4 / Dec 4 Maturity Date: 6/4/2024

Appendix B

Sensitivity Case Details

Preliminary Cash Flow Analysis

Sensitivity Case 2: Midland Development Only (44 Acres); 30% Valuation Increase

Preliminary Cash Flow Analysis

A Fiscal Year	B MSD Incremental AV[1]	C MSD Cumulative AV[1]	D MSD Tax Rate	E MSD Tax Revenue	F Estimated Debt Service	G Annual Surplus/ (Deficit)	H Cumulative Surplus/ (Deficit)	I Required MSD Tax Rate
2023	-	17,200,000	40.0¢	68,800	-	68,800	68,800	0.0¢
2024	13,303,580	30,503,580	40.0¢	122,014	-	122,014	190,814	0.0¢
2025	48,922,841	79,426,420	49.2¢	390,586	(581,400)	(190,814)	-	73.2¢
2026	13,303,580	92,730,000	61.2¢	567,630	(567,630)	-	-	61.2¢
2027	-	92,730,000	59.7¢	553,860	(553,860)	-	-	59.7¢
2028	-	92,730,000	58.2¢	540,090	(540,090)	-	-	58.2¢
2029	-	92,730,000	56.8¢	526,320	(526,320)	-	-	56.8¢
2030	-	92,730,000	55.3¢	512,550	(512,550)	-	-	55.3¢
2031	-	92,730,000	53.8¢	498,780	(498,780)	-	-	53.8¢
2032	-	92,730,000	52.3¢	485,010	(485,010)	-	-	52.3¢
2033	-	92,730,000	50.8¢	471,240	(471,240)	-	-	50.8¢
2034	-	92,730,000	49.3¢	457,470	(457,470)	-	-	49.3¢
2035	-	92,730,000	47.8¢	443,700	(443,700)	-	-	47.8¢
2036	-	92,730,000	46.4¢	429,930	(429,930)	-	-	46.4¢
2037	-	92,730,000	44.9¢	416,160	(416,160)	-	-	44.9¢
2038	-	92,730,000	43.4¢	402,390	(402,390)	-	-	43.4¢
2039	-	92,730,000	41.9¢	388,620	(388,620)	-	-	41.9¢
2040	-	92,730,000	40.4¢	374,850	(374,850)	-	-	40.4¢
2041	-	92,730,000	38.9¢	361,080	(361,080)	-	-	38.9¢
2042	-	92,730,000	37.5¢	347,310	(347,310)	-	-	37.5¢
2043	-	92,730,000	36.0¢	333,540	(333,540)	-	-	36.0¢
2044	-	92,730,000	34.5¢	319,770	(319,770)	-	-	34.5¢
2045	-	92,730,000	0.0¢	-	-	-	-	0.0¢
2046	-	92,730,000	0.0¢	-	-	-	-	0.0¢
2047	-	92,730,000	0.0¢	-	-	-	-	0.0¢

Assessed Value Sensitivity	
Midland Development	
% Change In Value	30%
Delay in Value (years)	0
Van Camp Development	
% Change In Value	-100%
Delay in Value (years)	0

Bond Amortization Assumptions	
Fiscal Year of Issuance	2024
Issuance Date	Oct 1
Interest Rate	4.50%
Term (years)	20
Amortization Structure	Level Principal
Interest Only Periods (years)	0
Bond Issuance Target Amount	6,000,000

MSD Tax Rate	
Method	Solved
Fixed Tax Rate	0.0¢
Max Tax Rate	110.0¢
Min Tax Rate	0.0¢
FY 23&24	40.0¢

[1] Assessed value based upon development projections provided by Midland and guidance provided by Moore County on the full proposed development and allocated based on the size (acreage) for each project.

Preliminary Cash Flow Analysis

Sensitivity Case 3: Midland Development Only (44 Acres); 30% Valuation Decrease

Preliminary Cash Flow Analysis								
A	B	C	D	E	F	G	H	I
Fiscal Year	MSD Incremental AV[1]	MSD Cumulative AV[1]	MSD Tax Rate	MSD Tax Revenue	Estimated Debt Service	Annual Surplus/ (Deficit)	Cumulative Surplus/ (Deficit)	Required MSD Tax Rate
2023	-	17,200,000	40.0¢	68,800	-	68,800	68,800	0.0¢
2024	7,163,466	24,363,466	40.0¢	97,454	-	97,454	166,254	0.0¢
2025	26,343,068	50,706,534	81.9¢	415,146	(581,400)	(166,254)	-	114.7¢
2026	7,163,466	57,870,000	98.1¢	567,630	(567,630)	-	-	98.1¢
2027	-	57,870,000	95.7¢	553,860	(553,860)	-	-	95.7¢
2028	-	57,870,000	93.3¢	540,090	(540,090)	-	-	93.3¢
2029	-	57,870,000	90.9¢	526,320	(526,320)	-	-	90.9¢
2030	-	57,870,000	88.6¢	512,550	(512,550)	-	-	88.6¢
2031	-	57,870,000	86.2¢	498,780	(498,780)	-	-	86.2¢
2032	-	57,870,000	83.8¢	485,010	(485,010)	-	-	83.8¢
2033	-	57,870,000	81.4¢	471,240	(471,240)	-	-	81.4¢
2034	-	57,870,000	79.1¢	457,470	(457,470)	-	-	79.1¢
2035	-	57,870,000	76.7¢	443,700	(443,700)	-	-	76.7¢
2036	-	57,870,000	74.3¢	429,930	(429,930)	-	-	74.3¢
2037	-	57,870,000	71.9¢	416,160	(416,160)	-	-	71.9¢
2038	-	57,870,000	69.5¢	402,390	(402,390)	-	-	69.5¢
2039	-	57,870,000	67.2¢	388,620	(388,620)	-	-	67.2¢
2040	-	57,870,000	64.8¢	374,850	(374,850)	-	-	64.8¢
2041	-	57,870,000	62.4¢	361,080	(361,080)	-	-	62.4¢
2042	-	57,870,000	60.0¢	347,310	(347,310)	-	-	60.0¢
2043	-	57,870,000	57.6¢	333,540	(333,540)	-	-	57.6¢
2044	-	57,870,000	55.3¢	319,770	(319,770)	-	-	55.3¢
2045	-	57,870,000	0.0¢	-	-	-	-	0.0¢
2046	-	57,870,000	0.0¢	-	-	-	-	0.0¢
2047	-	57,870,000	0.0¢	-	-	-	-	0.0¢

Assessed Value Sensitivity	
Midland Development	
% Change In Value	-30%
Delay in Value (years)	0
Van Camp Development	
% Change In Value	-100%
Delay in Value (years)	0

Bond Amortization Assumptions	
Fiscal Year of Issuance	2024
Issuance Date	Oct 1
Interest Rate	4.50%
Term (years)	20
Amortization Structure	Level Principal
Interest Only Periods (years)	0
Bond Issuance Target Amount	6,000,000

MSD Tax Rate	
Method	Solved
Fixed Tax Rate	0.0¢
Max Tax Rate	110.0¢
Min Tax Rate	0.0¢
FY 23&24	40.0¢

[1] Assessed value based upon development projections provided by Midland and guidance provided by Moore County on the full proposed development and allocated based on the size (acreage) for each project.

Preliminary Cash Flow Analysis

Sensitivity Case 4: Midland Development Only (44 Acres); 1-year Development Delay

Preliminary Cash Flow Analysis

A	B	C	D	E	F	G	H	I
Fiscal Year	MSD Incremental AV[1]	MSD Cumulative AV[1]	MSD Tax Rate	MSD Tax Revenue	Estimated Debt Service	Annual Surplus/ (Deficit)	Cumulative Surplus/ (Deficit)	Required MSD Tax Rate
2023	-	17,200,000	40.0¢	68,800	-	68,800	68,800	0.0¢
2024	-	17,200,000	40.0¢	68,800	-	68,800	137,600	0.0¢
2025	10,233,523	27,433,523	110.0¢	301,769	(581,400)	(279,631)	(142,031)	211.9¢
2026	37,632,955	65,066,477	109.1¢	709,661	(567,630)	142,031	-	87.2¢
2027	10,233,523	75,300,000	73.6¢	553,860	(553,860)	-	-	73.6¢
2028	-	75,300,000	71.7¢	540,090	(540,090)	-	-	71.7¢
2029	-	75,300,000	69.9¢	526,320	(526,320)	-	-	69.9¢
2030	-	75,300,000	68.1¢	512,550	(512,550)	-	-	68.1¢
2031	-	75,300,000	66.2¢	498,780	(498,780)	-	-	66.2¢
2032	-	75,300,000	64.4¢	485,010	(485,010)	-	-	64.4¢
2033	-	75,300,000	62.6¢	471,240	(471,240)	-	-	62.6¢
2034	-	75,300,000	60.8¢	457,470	(457,470)	-	-	60.8¢
2035	-	75,300,000	58.9¢	443,700	(443,700)	-	-	58.9¢
2036	-	75,300,000	57.1¢	429,930	(429,930)	-	-	57.1¢
2037	-	75,300,000	55.3¢	416,160	(416,160)	-	-	55.3¢
2038	-	75,300,000	53.4¢	402,390	(402,390)	-	-	53.4¢
2039	-	75,300,000	51.6¢	388,620	(388,620)	-	-	51.6¢
2040	-	75,300,000	49.8¢	374,850	(374,850)	-	-	49.8¢
2041	-	75,300,000	48.0¢	361,080	(361,080)	-	-	48.0¢
2042	-	75,300,000	46.1¢	347,310	(347,310)	-	-	46.1¢
2043	-	75,300,000	44.3¢	333,540	(333,540)	-	-	44.3¢
2044	-	75,300,000	42.5¢	319,770	(319,770)	-	-	42.5¢
2045	-	75,300,000	0.0¢	-	-	-	-	0.0¢
2046	-	75,300,000	0.0¢	-	-	-	-	0.0¢
2047	-	75,300,000	0.0¢	-	-	-	-	0.0¢

Assessed Value Sensitivity	
Midland Development	
% Change In Value	0%
Delay in Value (years)	1
Van Camp Development	
% Change In Value	-100%
Delay in Value (years)	0

Bond Amortization Assumptions	
Fiscal Year of Issuance	2024
Issuance Date	Oct 1
Interest Rate	4.50%
Term (years)	20
Amortization Structure	Level Principal
Interest Only Periods (years)	0
Bond Issuance Target Amount	6,000,000

MSD Tax Rate	
Method	Solved
Fixed Tax Rate	0.0¢
Max Tax Rate	110.0¢
Min Tax Rate	0.0¢
FY 23&24	40.0¢

[1] Assessed value based upon development projections provided by Midland and guidance provided by Moore County on the full proposed development and allocated based on the size (acreage) for each project.

Preliminary Cash Flow Analysis

Sensitivity Case 5: Midland Development Only (44 Acres); 1% Borrowing Rate Increase

Preliminary Cash Flow Analysis

A	B	C	D	E	F	G	H	I
Fiscal Year	MSD Incremental AV[1]	MSD Cumulative AV[1]	MSD Tax Rate	MSD Tax Revenue	Estimated Debt Service	Annual Surplus/ (Deficit)	Cumulative Surplus/ (Deficit)	Required MSD Tax Rate
2023	-	17,200,000	40.0¢	68,800	-	68,800	68,800	0.0¢
2024	10,233,523	27,433,523	40.0¢	109,734	-	109,734	178,534	0.0¢
2025	37,632,955	65,066,477	71.3¢	464,066	(642,600)	(178,534)	-	98.8¢
2026	10,233,523	75,300,000	83.1¢	625,770	(625,770)	-	-	83.1¢
2027	-	75,300,000	80.9¢	608,940	(608,940)	-	-	80.9¢
2028	-	75,300,000	78.6¢	592,110	(592,110)	-	-	78.6¢
2029	-	75,300,000	76.4¢	575,280	(575,280)	-	-	76.4¢
2030	-	75,300,000	74.2¢	558,450	(558,450)	-	-	74.2¢
2031	-	75,300,000	71.9¢	541,620	(541,620)	-	-	71.9¢
2032	-	75,300,000	69.7¢	524,790	(524,790)	-	-	69.7¢
2033	-	75,300,000	67.5¢	507,960	(507,960)	-	-	67.5¢
2034	-	75,300,000	65.2¢	491,130	(491,130)	-	-	65.2¢
2035	-	75,300,000	63.0¢	474,300	(474,300)	-	-	63.0¢
2036	-	75,300,000	60.8¢	457,470	(457,470)	-	-	60.8¢
2037	-	75,300,000	58.5¢	440,640	(440,640)	-	-	58.5¢
2038	-	75,300,000	56.3¢	423,810	(423,810)	-	-	56.3¢
2039	-	75,300,000	54.0¢	406,980	(406,980)	-	-	54.0¢
2040	-	75,300,000	51.8¢	390,150	(390,150)	-	-	51.8¢
2041	-	75,300,000	49.6¢	373,320	(373,320)	-	-	49.6¢
2042	-	75,300,000	47.3¢	356,490	(356,490)	-	-	47.3¢
2043	-	75,300,000	45.1¢	339,660	(339,660)	-	-	45.1¢
2044	-	75,300,000	42.9¢	322,830	(322,830)	-	-	42.9¢
2045	-	75,300,000	0.0¢	-	-	-	-	0.0¢
2046	-	75,300,000	0.0¢	-	-	-	-	0.0¢
2047	-	75,300,000	0.0¢	-	-	-	-	0.0¢

Assessed Value Sensitivity	
Midland Development	
% Change In Value	0%
Delay in Value (years)	0
Van Camp Development	
% Change In Value	-100%
Delay in Value (years)	0

Bond Amortization Assumptions	
Fiscal Year of Issuance	2024
Issuance Date	Oct 1
Interest Rate	5.50%
Term (years)	20
Amortization Structure	Level Principal
Interest Only Periods (years)	0
Bond Issuance Target Amount	6,000,000

MSD Tax Rate	
Method	Solved
Fixed Tax Rate	0.0¢
Max Tax Rate	110.0¢
Min Tax Rate	0.0¢
FY 23&24	40.0¢

[1] Assessed value based upon development projections provided by Midland and guidance provided by Moore County on the full proposed development and allocated based on the size (acreage) for each project.

Preliminary Cash Flow Analysis

Sensitivity Case 6: Midland Development Only (44 Acres); 1% Borrowing Rate Decrease

Preliminary Cash Flow Analysis

A	B	C	D	E	F	G	H	I
Fiscal Year	MSD Incremental AV[1]	MSD Cumulative AV[1]	MSD Tax Rate	MSD Tax Revenue	Estimated Debt Service	Annual Surplus/ (Deficit)	Cumulative Surplus/ (Deficit)	Required MSD Tax Rate
2023	-	17,200,000	40.0¢	68,800	-	68,800	68,800	0.0¢
2024	10,233,523	27,433,523	40.0¢	109,734	-	109,734	178,534	0.0¢
2025	37,632,955	65,066,477	52.5¢	341,666	(520,200)	(178,534)	-	79.9¢
2026	10,233,523	75,300,000	67.7¢	509,490	(509,490)	-	-	67.7¢
2027	-	75,300,000	66.2¢	498,780	(498,780)	-	-	66.2¢
2028	-	75,300,000	64.8¢	488,070	(488,070)	-	-	64.8¢
2029	-	75,300,000	63.4¢	477,360	(477,360)	-	-	63.4¢
2030	-	75,300,000	62.0¢	466,650	(466,650)	-	-	62.0¢
2031	-	75,300,000	60.5¢	455,940	(455,940)	-	-	60.5¢
2032	-	75,300,000	59.1¢	445,230	(445,230)	-	-	59.1¢
2033	-	75,300,000	57.7¢	434,520	(434,520)	-	-	57.7¢
2034	-	75,300,000	56.3¢	423,810	(423,810)	-	-	56.3¢
2035	-	75,300,000	54.9¢	413,100	(413,100)	-	-	54.9¢
2036	-	75,300,000	53.4¢	402,390	(402,390)	-	-	53.4¢
2037	-	75,300,000	52.0¢	391,680	(391,680)	-	-	52.0¢
2038	-	75,300,000	50.6¢	380,970	(380,970)	-	-	50.6¢
2039	-	75,300,000	49.2¢	370,260	(370,260)	-	-	49.2¢
2040	-	75,300,000	47.7¢	359,550	(359,550)	-	-	47.7¢
2041	-	75,300,000	46.3¢	348,840	(348,840)	-	-	46.3¢
2042	-	75,300,000	44.9¢	338,130	(338,130)	-	-	44.9¢
2043	-	75,300,000	43.5¢	327,420	(327,420)	-	-	43.5¢
2044	-	75,300,000	42.1¢	316,710	(316,710)	-	-	42.1¢
2045	-	75,300,000	0.0¢	-	-	-	-	0.0¢
2046	-	75,300,000	0.0¢	-	-	-	-	0.0¢
2047	-	75,300,000	0.0¢	-	-	-	-	0.0¢

Assessed Value Sensitivity	
Midland Development	
% Change In Value	0%
Delay in Value (years)	0
Van Camp Development	
% Change In Value	-100%
Delay in Value (years)	0

Bond Amortization Assumptions	
Fiscal Year of Issuance	2024
Issuance Date	Oct 1
Interest Rate	3.50%
Term (years)	20
Amortization Structure	Level Principal
Interest Only Periods (years)	0
Bond Issuance Target Amount	6,000,000

MSD Tax Rate	
Method	Solved
Fixed Tax Rate	0.0¢
Max Tax Rate	110.0¢
Min Tax Rate	0.0¢
FY 23&24	40.0¢

[1] Assessed value based upon development projections provided by Midland and guidance provided by Moore County on the full proposed development and allocated based on the size (acreage) for each project.

Richmond Office
One James Center
901 East Cary Street
11th Floor
Richmond, VA 23219

Charlotte Office
Independence Center
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Municipal Advisor Disclosure

The enclosed information relates to an existing or potential municipal advisor engagement.

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

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REIMBURSEMENT AGREEMENT
FOR THE PARKWAY

This Reimbursement Agreement (the "Agreement") is made this __ day of _________, 2022 (the "Effective Date") by and between Midland Southern Pines Retail, LLC (the "Owner") and the Town of Southern Pines (the "Town").

WHEREAS, the Owner is or will be the owner of a tract of land containing approximately forty-four (44) acres, more or less, located in the Town of Southern Pines, North Carolina, together with all appurtenances thereunto appertaining, and more particularly identified on Exhibit A (the "Total Property"); and

WHEREAS, the Owner will retain or has retained a portion of the Total Property containing approximately thirty-one (31) acres, more or less, together with all appurtenances thereunto appertaining, as more particularly identified as Morganton Park South-Phase I on Exhibit A (the "Retail Property") for a retail development; and

WHEREAS, in addition to the Retail Property, the Owner intends to convey to an unaffiliated third-party a portion of the Total Property containing approximately thirteen (13) acres, more or less, together with all appurtenances thereunto appertaining, as more particularly identified on Exhibit A (the "Multi-Family Property") for multi-family development. After the conveyance of Multi-Family Property to an unaffiliated third party, other than the inclusion of the Multi-Family Property into the District (as hereinafter defined), the owner of the Multi-Family Property shall have no obligations or benefits under this Agreement, including, but not limited to, the construction of the Parkway or entitlement to any reimbursement under this Agreement; and

WHEREAS, pursuant to the Town of Southern Pines Unified Development Ordinance adopted October 8, 2013 and amended from time to time thereafter (the "UDO"), the Owner has submitted, and the Town has approved, a Conceptual Development Plan Ord. #1947 PD-08-21 ("CDP") and a Preliminary Development Plan (PD-09-21) with an effective date of October 28, 2021 ("PDP") that includes an approximately 220,000 square foot retail center with associated parking and other site improvements to be constructed on the Retail Property (the "Retail Component"); and

WHEREAS, as part of the development of the Retail Property, Owner has agreed to construct a new to-be named road to connect U.S. Highway 15-501 to Morganton Road identified as the "Parkway" on Exhibit A (the "Parkway").

WHEREAS, the Parkway is part of the Town's long term capital improvement plan, as evidenced by the Town of Southern Pines 2022-2023 CIP which has been provided to the Owner; and

WHEREAS, the Town has agreed to enter into this Agreement in order to allow the Parkway to be completed as quickly as possible in connection with the development of the Retail Property; and

WHEREAS, Owner intends to obtain all permits from local, state and federal agencies for the development of the Retail Property and the construction of the Retail Component and the Parkway; and

WHEREAS, the Town has adopted Town of Southern Pines Ordinance #1951 amending Chapter 34 Establishing Section 34.20 Reimbursement Policy for Public Infrastructure, a copy of which has been provided to Owner, which sets forth the procedures and terms under which the Town can enter into reimbursement agreements relating to infrastructure; and

WHEREAS, subject to the terms and conditions contained herein, the Town has agreed to reimburse Owner for a portion of the costs and the construction of the Parkway upon its completion, approval and acceptance for dedication by the Town, pursuant to N.C.G.S. § 160A-499; and

WHEREAS, pursuant to Article 23 of Chapter 160A of the North Carolina General Statutes (the "Municipal Service District Act"), the Town has agreed to create a municipal service district that will encompass the Total Property, and (i) an adjacent approximately fifty-two (52) acre parcel currently owned by Morganton Road Enterprises, LLC, Thomas M. Van Camp, as Trustee of the Ashley Ann Reader Irrevocable Trust, under Agreement dated December 2, 1996, Robert W. and Julie M. Van Camp, as Trustee of the Robert W. and Julie M. Van Camp Living Trust under Agreement dated December 22, 1998 and WSF Land Holding Company, and (ii) and an approximately three (3) acre tract owned by Robert W. and Julie M. Van Camp, as Trustee of the Robert W. and Julie M. Van Camp Living Trust under Agreement dated December 22, 1998 ((i) and (ii) collectively, the "Van Camp Properties"), as outlined on Exhibit A (the "District"), in order to further the economic well-being of the Southern Pines central city by providing direct access from U.S. Highway 15-501 to Morganton Road and the Town's central city; and

WHEREAS, the Owner and the owners of the Van Camp Properties have consented to having their real property included in the District; and

WHEREAS, as permitted by the Municipal Service District Act, the Town intends to impose additional property taxes within the District in order to provide funds to pay for the cost of reimbursing the Owner for the construction of the Parkway and other related infrastructure, including, but not limited to, utilities, sidewalks and storm water facilities;

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and agreements hereinafter contained, it is agreed by and between the parties hereto as follows:

1. Design of the Parkway. The Owner has selected LKC Engineering PLLC (the "Engineering Firm") to design and prepare construction documents for the Parkway. The Engineering Firm shall also administer the contract for the construction of the Parkway, shall prepare the appropriate right-of-way and/or easement maps, and coordinate and secure any required State and Federal environmental and encroachment permits. The Parkway shall extend from U.S. Highway 15-501 to Morganton Road approximately 4,000 linear feet across the Retail Property, the Multi-Family Property, the Van Camp Properties and property of Duke Energy, as shown on the attached Exhibit A and as more particularly described in the plans referenced in Exhibit B. Design specifications shall be mutually agreed upon by the Town and Owner. Construction of the Parkway will also include associated water lines, sewer lines, storm water lines, planted median and/or turn lanes, sidewalks, multi-use paths, street trees, street lighting and curb and gutter sections (collectively, the "Associated Construction Items"), in accordance with the approved CDP, and appropriate to such a cross section in accordance with the Town's UDO. The Town and Owner shall mutually agree upon a name for the Parkway prior to dedication to the Town.

2. Acquisition of Right-of-Way. Upon the preparation of right-of-way and/or easement maps for the Parkway by the Engineering Firm, Owner or its designee intends to secure all of the rights-of-way and/or easements for the Parkway, including slope and construction easements where required.

3. Construction of the Parkway. The Town and the Owner acknowledge and agree that the Owner will construct the Parkway in accordance with the bidding requirements of Article 8 of Chapter 143 of the North

Carolina General Statutes. Upon the preparation by the Engineering Firm of sufficient design documents to enable a solicitation of public bids for the construction of the Parkway, and provided that all clear easements and rights-of-way have been secured, the Owner shall engage and secure a contractor to build the Parkway. The Engineering Firm will solicit the invitation-to-bid, respond to contractor questions, and prepare the necessary addenda prior to the bid opening. The Engineering Firm will conduct the bid opening in compliance with normal Town policies and applicable law. The selection of the Contractor and the terms of the contract between the Owner or its designee and the Contractor for the construction or the Parkway shall be subject to the mutual agreement of the Town and the Owner and such agreement shall not be unreasonably withheld by either party. The identity of the Contractor and the terms of the contract for the construction of the Parkway shall satisfy public bid requirements.

4. Reimbursement. Upon completion of the construction of the Parkway, the Town shall, subject to the terms of this Agreement, reimburse Owner for the Project Costs up to a maximum amount of Six Million Dollars ($6,000,000.00) (the "Maximum Amount"). As used hereunder, the term "Project Costs" shall mean:

(a) Actual costs paid to the Contractor (or its subcontractors) under the construction contract for the construction of the Parkway and associated improvements required at the intersections, including, but not limited to, those intersections with U.S. Highway 15-501 and Morganton Road;

(b) [Design costs paid to the Engineering Firm (or its subcontractors) for the design and oversight of construction of the Parkway, including, but not limited to, traffic impact studies and geotechnical investigations;

(c) Costs of relocating and burying electrical lines impacted by the construction of the Parkway, to include the reconnection of existing facilities;

(d) Cost of installation of the Associated Construction Items required as part of the Parkway as set forth in Section 1;

(e) Interest carry of Owner relating to the construction of the Parkway only; and

(f) Any such other soft costs incurred by Owner in connection with this Agreement.] [TO BE CLARIFIED OR DELETED ONCE BIDS ARE IN AND PRIOR TO EXECUTION]

The Developer shall be responsible for the portion of Project Costs exceeding the Maximum Amount.

5. Completion of the Parkway; Termination of Agreement. Owner or its designee and the Town shall use their best efforts to complete the construction of the Parkway as soon as reasonably and practicably possible. If within twelve (12) months from the execution of this Agreement, final design plans and specifications have not been completed and advertised for public bids; or if within twelve (12) months from advertising for public bids, the contract[s] to construct the Parkway has[have] not been awarded; or if within twelve (12) months from the awarding of such contract[s], the construction of the Parkway has not begun, then this Agreement shall terminate and the Town shall have no obligation to participate in any Project Costs unless an extension of this Agreement is mutually agreed to in writing. In addition, in the event that the Owner fails to close on the purchase of the Total Property by _________ [insert date], then the Owner or Town may terminate this Agreement upon written notice to the other party, whereupon the District implementation shall become null and void, with the Town taking any necessary steps to evidence the same.

6. Condition to Obligate to Reimburse. The Town's obligation to reimburse the Owner for the cost of the Parkway is subject to the following conditions, which the Town agrees to timely and diligently pursue:

(a) The Town is able to obtain financing for the reimbursement of the cost of the Parkway in accordance with Section 7.

(b) The Town has implemented the District.

7. Arrangement for Financing of the Parkway. The Town agrees to arrange for financing to reimburse the Owner for the costs of the Parkway upon its completion. The Town expects to work with Davenport & Company, its financial advisor, in obtaining such financing. The Town agrees that it shall use timely and good faith efforts to obtain such financing.

(a) The Town will take such steps as are required under the Municipal Service District Act to establish the District on or before June 30, 2022 in order to be effective for the fiscal year beginning July 1, 2022. The Owner agrees to cooperate with the Town in creating such District, and will formally consent to the Property being included in the District, and to any required additional taxes related to this Agreement in the District. The owners of the Van Camp Properties are executing this Agreement to indicate their consent to the Van Camp Properties being included in the District and to any required additional taxes related to this Agreement in the District.

(b) The Town Manager will include an additional property tax within the District equal to (i) 40 cents (.40) per $100 in value of property subject to taxation in the Town's proposed budget for the 2022-23 fiscal year and (ii) thereafter, an additional property tax per $100 in value (up to the maximum permitted by applicable law of 150 cents (1.50) per $100 in value of property) to permit the Town to pay the principal and interest due with respect to the IFC (as defined below).

(c) Upon completion of the Parkway, the Owner shall provide reasonable evidence of the associated construction costs to the Town (which may include copies of draw requests or pay applications along with paid invoices, affidavits and lien waivers), and shall initiate the dedication of the Parkway to the Town as a public Street. Provided the Parkway conforms to the requirements of this Agreement, the Town will inform the Owner in writing that the Town will accept the dedication of the Parkway (the "Acceptance Notice"). Within thirty (30) days of the Town's Acceptance Notice, the Town will issue a Request for Proposals to various banks requesting term sheets for an installment financing contract (the "IFC") with the Town to finance the costs of the Parkway to be paid under this Agreement, to be secured by various fixtures that are part of the Parkway. The amount to be financed will not exceed the Maximum Amount plus costs of issuance for a term of not more than 20 years.

(d) The Town will timely apply for and diligently pursue in good faith the approval of the IFC from the North Carolina Local Government Commission (the "LGC"), including attending a preapplication conference, filing a formal application and undertaking such other items as the LGC may require. The Owner will cooperate with the Town in this process, including attending meetings with the LGC and providing copies of construction documentation, as required.

8. Dedication of Parkway. Upon completion of the construction of the Parkway, the Owner will offer the Parkway to the Town by giving written notice to the Town (the "Parkway Offer Notice"). Upon receipt of the Parkway Offer Notice, the Town shall promptly review the construction of the Parkway and notify Owner of any deficiencies. When the Parkway is in form ready for dedication, the Town shall notify the Owner of its acceptance of the dedication of the Parkway.

9. Reimbursement for the Parkway. As soon as reasonably practicable but in no event later than July 1, 2024, the Town will use the proceeds of the IFC to reimburse the Owner the sum of the actual Project Costs of the construction of the Parkway permitted under Section 3, as evidenced in the accounting for costs required by Section 7(c), not to exceed the Maximum Amount.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of all of the parties hereto and their successors and assigns.

11. Choice of Law. All matters relating to this Agreement shall be governed by the laws of the State of North Carolina, without regard to its choice of law provisions, and venue for any action related to the Agreement shall be the Moore County Superior Court or the United States District Court for the Middle District of North Carolina.

12. Notices. Any notice given pursuant to this Agreement, shall be deemed given if delivered by hand or if deposited in the United States Mail, postage paid, certified mail, return receipt requested, and addressed as follows:

If to Town:	Town of Southern Pines 125 SE Broad Street Southern Pines, NC 28387 Attention: Town Manager
And a copy to:	Douglas R. Gill Town Attorney 225 N. Bennett Street Southern Pines, North Carolina 28387
If to Owner:	Midland Southern Pines Retail, LLC c/o Midland Atlantic Properties 8044 Montgomery Road, Suite 370 Cincinnati, Ohio 45236 Attention: John Silverman
And a copy to:	Suzanne Schaffer Lodestar Law 4722 Park Road, Suite B Charlotte, North Carolina 28209

13. Amendments. This Agreement constitutes the entire agreement and understanding of the Town and the Owner with respect to the subject matter hereof, and shall not be amended or modified except in writing signed by both parties hereto.

14. Default. The terms and conditions of this Agreement shall be enforceable by actions for specific performance or injunction in addition to any other remedies available at law or in equity, provided that the non-defaulting party provides due notice setting forth with reasonable particularity the nature of the default and the evidence supporting the finding and determination and an opportunity to cure to the defaulting party and the defaulting party fails to cure the breach within a reasonable time. Any failure or omission of the non-defaulting party to exercise any right or remedy provided herein shall not be deemed a waiver of such party's right to enforce strictly the defaulting party's obligations in any other instance.

15. Severability. If any provision of this Agreement shall be determined to be void by any court of competent jurisdiction, such determination shall not effect any other provision hereof, all of which other provisions shall remain in full force and effect. It is the intention of the parties hereto that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

16. Attorney's Fees. If any suit, action or proceeding in law or equity is brought to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable costs and attorneys' fees.

17. Authority to Enter into Agreement. Owner and the Town certify that they are legally empowered to enter into this Agreement

18. Force Majeure. Notwithstanding anything to the contrary herein, the Owner shall not be liable to the Town for any failure to perform under this Agreement as a result of a force majeure, including, without limitation, the following, acts of governmental authorities, including, without limitation, the denial of permits which Owner has pursued in good faith, delays in the acquisition or condemnation of necessary rights of way or other property for public infrastructure, embargoes, fire, flood, hurricanes, tornadoes, explosions, acts of God or a public enemy, strikes, labor disputes, vandalism, civil riots, or acts of terrorism.

[Remainder of page intentionally left blank]

In witness whereof, the parties here to have executed this Development Agreement as of the date first above written.

MIDLAND SOUTHERN PINES RETAIL, LLC,
a Delaware limited liability company

By: Midland Southern Pines Venture Partners, LLC,
a Delaware limited liability company,
its sole Member

By:______________________________
Name:___________________________
Title:____________________________

TOWN OF SOUTHERN PINES, NORTH CAROLINA

By: ____________________________________
Name:__________________________________
Title:___________________________________

[Signatures of the Owners of the Van Camp Properties on next page]

The undersigned hereby acknowledge their consent to inclusion of their portion of the Van Camp Properties in the Municipal Service District described in Section 7(a) hereof.

MORGANTON ROAD ENTERPRISES, LLC,
a North Carolina limited liability company

By:_________________________________
Name:_______________________________
Title:_______________________________

WSF LAND HOLDING COMPANY,
a North Carolina charitable organization

By:_________________________________
Name:_______________________________
Title:_______________________________

ROBERT W. AND JULIE M. VAN CAMP
LIVING TRUST UNDER AGREEMENT
DATED DECEMBER 22, 1998

____
Robert W. Van Camp, Trustee

____
Julie M. Van Camp, Trustee

ASHLEY ANN READER IRREVOCABLE
TRUST, UNDER AGREEMENT DATED
DECEMBER 2, 1996

____
Thomas M. Van Camp, Trustee

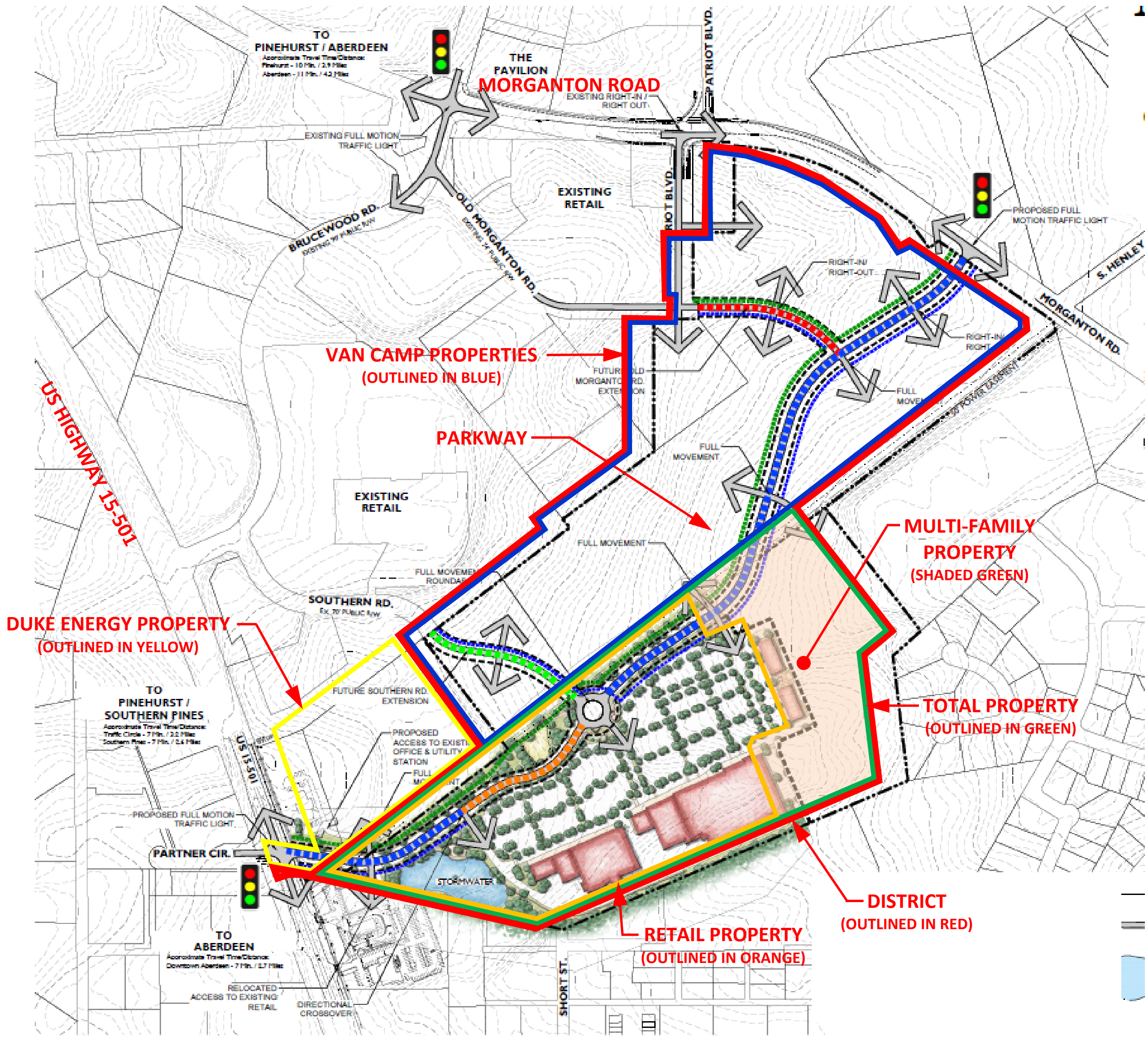
[End of Signatures]

Exhibit A

Map

See attached Map identifying the following:

1. Total Property
2. Morganton Park South-Phase I - Retail Property
3. Multi-Family Property
4. Parkway
5. District
6. Van Camp Properties
7. Duke Energy Property



LEGEND:

Yellow Outline	-	Due Energy Property
Orange Outline	-	Retail Property
Red Outline	-	District
Green Outline	-	Total Property
Blue Outline	-	Van Camp Properties
Green Shaded Area	-	Multi-Family Property

<u>Exhibit B</u>

Plans for the Parkway

- Those certain Civil Plans for Pine Ridge Parkway prepared by LKC Engineering, PLLC dated February 18, 2022 (Sheets C.0 – C-30 and Sheets D-01 – D-10) approved by the Town on ________________.

- Those certain Streetscape Plans for Pine Ridge Parkway prepared by Koontz Jones Design dated December 20, 2021 (Sheets L-1.0 – L-3.0) approved by the Town on ________________.

- Those certain Offsite Improvement Plans for Pine Ridge Parkway prepared by Kimley-Horn & Associates, Inc. dated January 9, 2022 (Sheets R0.00 – R7.03) approved by the Town on ________________.

- Those certain Signal Plans for Pine Ridge Parkway prepared by Kimley-Horn & Associates, Inc. dated February 2022 (Sheets Sig 1.0 – Sig 2.0) approved by the Town on ________________.

- Those certain Lighting Plans for Pine Ridge Parkway prepared by Duke Energy dated March 3, 2022 (Sheets 1 – 2) approved by the Town on ________________.

MEMO

TO: **Mayor and Council members**
FROM: **Reagan**
Date: **03-23-22**

RE: **Parkway Calendar**

March 28 Work Session: Initial discussion of draft Reimbursement Agreement, to include Davenport Financial modeling and general discussion around the MSD and calendar moving forward.

April 6 Agenda Meeting: Introduction and presentation of the required MSD Report, making it available for inspection.

April 12 Business Meeting: Adopt an ordinance defining the MSD upon finding that a proposed district is in need of one or more of the services, facilities, or functions listed in NCGS § 160A-536 to a demonstrably greater extent than the remainder of the city.

April 12 Business Meeting: Repeat presentation of the legally required report (the "MSD Report"), containing the following, and call for a Public Hearing on May 10th:

(a) A map and metes and bounds of the proposed district, showing its proposed boundaries;
(b) A statement showing that the proposed district meets the standards set out in MSD Ordinance; and
(c) A plan for providing one or more of the services listed in NCGS §160A-536 in the district (in this case, the Parkway, or specifically the P&I on a loan covering the Reimbursement Agreement.).

May 10 Regular Business Meeting: Council adopts the Reimbursement Agreement

May 10 Business Meeting: The Town Council holds a public hearing before adopting the first read of the ordinance/MSD Report

- Meets statutory requirement of being at least four weeks after the MSD Report is presented and upon at least one week's published notice.
- Town will mail all owners located within the MSD notice of the public hearing at least four weeks before the hearing.

June 14 Meeting: The Town Council has second reading of MSD Ordinance and adopts

June 14 meeting: Town Council adopts an initial MSD Tax Rate along with the FY 22-23 Budget

Work Session Agenda Item

To: Reagan Parsons, Town Manager

From: BJ Grieve, Planning Director

Subject: Discussion regarding Morganton Road Apartments Project.

Date: March 28, 2022

I. SUMMARY:

On January 18, 2022, the Town of Southern Pines Technical Review Committee (TRC) held a pre-application meeting with Bob Koontz and Paul Saathoff of KoontzJones Design and Brian Wise of Fall Line Development regarding a proposed 150-unit apartment complex on approximately 4.4 acres located at the southeast corner of West Morganton Road and US Highway 1. The subject property is presently developed with an unused multi-unit commercial building fronting West Morganton Road and various other buildings. The subject property is outline in read in the aerial image below.

The subject property is presently zoned GB-General Business (GB). Multi-family residential (LBCS 1151) is not a by-right or special use in the GB zoning district. During discussion at the pre-application meeting, the developer and the developer's representatives asked town staff about the Town Council's interest in seeing the subject property rezoned for, and redeveloped with, multi-family residential development. Town staff was not comfortable speculating on the current Council's interest in rezoning and redeveloping the subject property with that particular land use, so it was recommended that the developers speak directly to the Town Council at a Work Session. Attached to this memo is a copy of the materials that were submitted by KoontzJones Design via email on March 14, 2022 along with a request to be on the March 28, 2022 Town Council Work Session agenda.

II. TOWN COUNCIL ACTION:

No action requested or necessary, planning staff is facilitating a discussion between the developers and the Town Council.

Site Plan Pre-Application Review

Date Received: __________ File No.: PA-____-____

Proposed project: Morganton Road Apartments

Applicant: Bob Koontz - Koontz Jones Design Phone: 910-684-8487 Email: bkoontz@koontzjones.com

Planning

1. Property Address: 275 W. Morganton Road. Parcel ID/PIN: 857100960648; 00056025 857100868514; 00056024 857112867649; 20050092 857112867786;00050660
2. Is the property within the Historic District? NO
3. Zoning district: GB Required setbacks: GB; HCOD Acreage: ±4.4 AC
4. Is the property within a watershed? YES If yes, is it within a High Quality Watershed? YES
5. Is the property located within any of the following Overlay Districts?

   X Highway Corridor Overlay – Urban Village Required buffers: 40' HIGHWAY; 36'/5' SIDE/REAR

   ____ Highway Corridor Overlay – Urban Transition Required buffers: ____

   ____ Downtown Transition Overlay Required buffers: ____

   ____ West Southern Pines Overlay Required buffers: ____

   ____ Rural Residential Overlay Required buffers: ____

   ____ Historic District Overlay Required buffers: ____

   ____ Morganton Road Overlay Required buffers: ____

   ____ Airport Hazard Overlay Required buffers: ____

   ____ Watershed Protection Overlay Required buffers: ____
6. Proposed building square footage: NA
7. Proposed number of dwelling units: 150
8. Proposed type of mixed uses: MULTI-FAMILY RESIDENTIAL
9. Current existing impervious surface: NA % Proposed impervious surface of the project: NA %
10. Parking included? YES # of spaces added: 227 Required buffers: ____
11. Does the proposed project include landscaping? YES Required buffers: HCOD
12. Proposed buffer between the project and adjacent properties: 0'
13. Does the proposed project include a sidewalk and/or greenway system? SIDEWALK
14. Does the project require an Architectural Compliance Permit? YES
15. Does the proposed project require any of the following: ____ Rezoning ____ Ordinance Amendment X Special Use Permit ____ Variance ____ Other: ____

Fire

1. Is the property located within the primary or secondary fire district? NA
2. Does occupancy or site plan meet current requirements listed in the NC Fire Code and the Town of Southern Pines Code of Ordinances for the proposed use of the property? YES
3. What type of building construction is proposed – Type I, II, III, IV or V? NA
4. Will the property be annexed into Town and if not, will the property be served by fire hydrants? YES
5. Is the proposed project intended for commercial, residential or mixed-use development? RESIDENTIAL

Roads shall meet the minimum requirements of the Town of Southern Pines Fire Department.

Engineering

1. Current owner(s): HENDERSON, KATHRYN S TRUSTEE
2. Scope of the project: MULTI-FAMILY RESIDENTIAL
3. Projected start date: NA
4. Number of acres that will be disturbed: ±4.4 AC
5. How will stormwater be controlled to meet the Town's pre/post requirements? ON SITE STORMWATER PONDS OR UNDERGROUND RETENTION
6. Is a water extension required? NA
7. Is a sewer extension required? NA
8. Projected traffic that will be generated by the project: NA
9. Planned typical road cross section? NA
10. Will infrastructure be public or private? Roads NA Water PUBLIC Sewer PUBLIC
11. Has NCDOT been contacted? NO
12. Are there any wetlands on the site? NO
13. Is the area within a red-cockaded woodpecker zone? NO

Date: 1/10/2021

Applicant

A meeting will be scheduled with the Technical Review Committee upon receipt of this application and the following materials:

1. Draft site plan(s) drawn to scale.
2. Architectural elevations and/or renderings, if applicable.
3. Any other materials, i.e. photos, plats, deeds, etc. that will assist the TRC in providing you with feedback on your project.

PLANNING DIVISION
COMMUNITY DEVELOPMENT DEPARTMENT
TOWN OF SOUTHERN PINES
180 SW BROAD STREET
SOUTHERN PINES, NORTH CAROLINA 28387
plan@southernpines.net (910) 692-4003 www.southernpines.net

MORGANTON ROAD APARTMENTS

CONCEPTUAL MASTER PLAN

SOUTHERN PINES, NC
DECEMBER 22, 2021

KOONTZJONESDesign
LAND PLANNING | LANDSCAPE ARCHITECTURE

Work Session Agenda Item

To: Reagan Parsons, Town Manager

From: BJ Grieve, Planning Director

Subject: Overview of current development projects in the Town of Southern Pines.

Date: March 28, 2022

I. SUMMARY:

Planning staff has been asked to provide Town Council a review of current development projects, similar to the review that was provided at the October 25, 2021 Work Session.

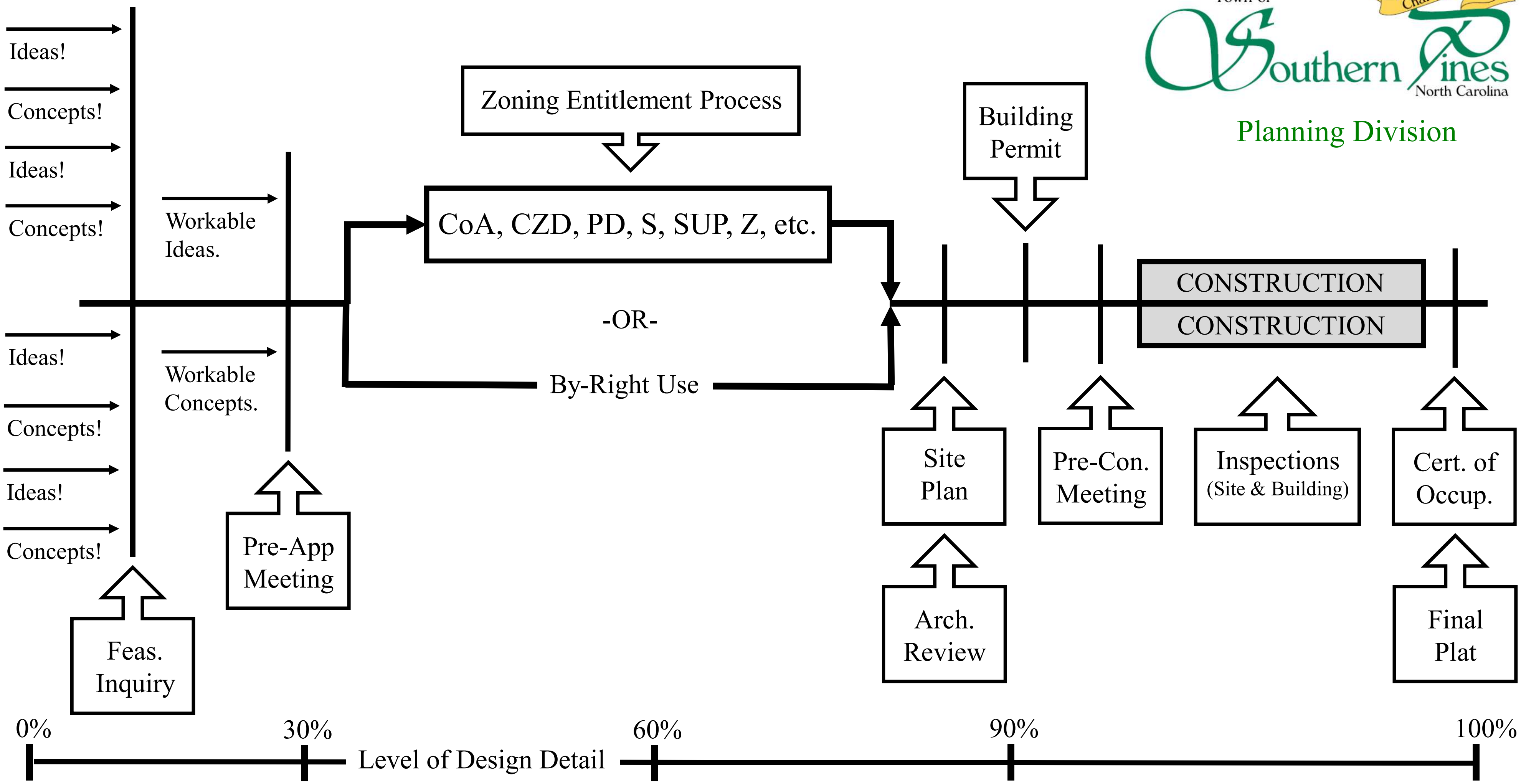
Planning staff will discuss the following topics:

1. Definition of what constitutes a development project and a brief description of the development project review process:
    - A development project is considered by planning staff to be a project requiring a pre-application meeting, possibly some sort of zoning entitlement process (as applicable), site plan review, architectural compliance permit and/or final plat.
    - Development projects typically begin with an initial feasibility inquiry and end with a Certificate of Occupancy, with a lot going on in between.

2. A summary of the development projects being managed by planning staff:
    - Residential Development Projects
    - Commercial Development Projects

II. TOWN COUNCIL ACTION:

No action requested or necessary, planning staff is simply providing this brief summary at the request of Town Council.



Town of Southern Pines North Carolina Chartered 1887

Planning Division

MEMO

TO: Mayor and Council members
FROM: Town Manager Parsons
Date: 03-24-22

RE: CLRP Update Discussion

Following the controversy surrounding a recent development application and Quasi-Judicial approval, there has been discussion of wholesale changes to the UDO and questions around the Comprehensive Long-Range Plan, last updated in 2016.

The purpose of discussion on Monday is to relay plans for a FY22-23 Budget request (contemplated during Budget last year) of $250,000 to update the current CLRP. If Council agrees that an update is a top priority, and essentially directs staff to include funds for such in the forthcoming Budget in June of this year, then staff has prepared a draft Request for Qualifications (RFQ) that we can properly advertise and release ahead of the budget effective date of July1. This approach will allow for the selection of a consultant in the coming months with the goal of entering into contract and hopefully beginning very shortly after July 1 (essentially moving the calendar up a couple of months.)

No vote will be necessary, this is intended simply as a policy and procedural discussion. Significant UDO changes representing philosophical overhaul should be most appropriately contemplated only upon completion, or at minimum significantly into the process of, the CLRP update. That said, if there are immediate desired "one-offs" that have come about as a result of recent events they can be discussed, and potentially processed through Planning, in the coming months.

To: Reagan Parsons, Town Manager

From: Jessica Roth, Assistant Town Manager

Re: Executive Summary: Solid Waste Services - Revenue & Expenditure Analysis

Date: March 23, 2022

As part of developing the FY 22-23 proposed budget, staff has evaluated the Town's solid waste services, comparing cost recovery revenues to actual expenditures. As the attached analysis will document, the Town is projected to spend over $2.21 million in FY 22-23 to serve residential and commercial solid waste accounts. **Without any changes to services or fees, the Town will recover approximately $941,000 in customer fees and must identify over $1.27 million from other funding sources** (which does not include the additional expenditures for services at Town facilities and debris from the street sweeper). The overall goal of this analysis is to present options to reduce this imbalance, through a combination of increased revenues and decreased expenditures through changes in service.

RECOMMENDATION #1 – ELIMINATE CURBSIDE GLASS RECYCLING

Southern Pines is the only area in Moore County whose customers may recycle glass curbside, which will cost over $180,000 in FY 22-23, regardless of the number of customers who actually recycle glass curbside. Staff recommends discontinuing this service effective July 1, 2022, which would result in a net savings of approximately $145,000 (after accounting for an estimated $35,000 in added disposal MSW costs). While staff recognizes the environmental trade-off that is being made, the financial benefit cannot be ignored, since this net savings can be directly applied to projected expenditures for FY 22-23 (and each year in the future).

RECOMMENDATION #2 – INCREASED COST RECOVERY FOR COMMERCIAL CUSTOMERS

The Town provides solid waste services to 392 small commercial businesses, charging a fee of $11/month. GFL will bill the Town $15.39/month/account in FY 22-23 for collection ($72,395) plus actual disposal costs (estimated around $15,000). Unless the Town increases fees, the Town will effectively be subsidizing 29% of the collection fees and 100% of the disposal costs, at a total estimated cost of $51,750. Staff recommends that Council consider increasing the commercial solid waste fees to $16.50/month[1], which would cover 100% of the estimated collection and disposal expenses.

RECOMMENDATION #3 – INCREASED COST RECOVERY FOR RESIDENTIAL CUSTOMERS

The Town will provide solid waste services to 6,175 homes in FY 22-23 and currently charges customers a fee of $12/month. GFL will bill the Town $23.07/month/account for collection ($1,858,981) plus actual disposal costs of MSW and yard debris (estimated around $390,000). Unless the Town increases fees, the Town will effectively be subsidizing 48% of the collection fees and 100% of the disposal costs, at a total estimated cost of around $1.23 million. Staff recommends that Council consider increasing the residential solid waste fees to $19.50/month[1], which would cover 75% of the estimated collection and disposal expenses.

COST BENEFIT

If Council implements these three recommendations, staff estimates a combined cost benefit of over $727,000 (over $145,000 in net savings from eliminating curbside glass + nearly $582,000 in increased customer fees through greater cost recovery). Total expenditures for commercial and residential solid waste would be reduced to around $2.06 million, requiring the Town to identify approximately $540,000 in funding from other sources, rather than $1.27 million.

[1] The proposed fees for commercial/residential accounts to achieve 100%/75% cost recovery assume the elimination of curbside glass recycling.

FY 22-23 Solid Waste Services: Revenue & Expenditure Analysis

As part of developing the FY 22-23 proposed budget, staff has evaluated the Town's solid waste services in detail, analyzing cost recovery revenues from customer fees against expenditures for collection and disposal. As this analysis will document, the Town is projected to spend over $2.21 million on solid waste services in FY 22-23, around 10% of the General Fund budget. Staff estimates that with the current solid waste fee structure, the Town will collect approximately $941,000 in customer fees, leaving the Town to cover the remaining $1.29 million from other funding sources.

This memo will outline the current services provided, including a detailed breakdown of how much each component of the overall service delivery costs the Town and taxpayers and how the Town's services compare to neighboring municipalities. The analysis will also identify some options for FY 22-23 to reduce the $1.29 million imbalance by increasing fees and making changes to the services provided, providing the Town an opportunity to re-direct General Fund revenues toward other services.

STATUS QUO: CURRENT SERVICES

The Town of Southern Pines, through a contract with GFL Environmental, collects and disposes municipal solid waste (MSW), recycling, and yard debris from 6,023 single family homes (increases to 6,175 homes in FY 22-23). The Town also collects and disposes MSW and recycling for 392 small-scale commercial businesses. For a business to qualify for service by the Town, they may only dispose a maximum of two 95-gallon carts per week. Businesses who generate a greater volume of solid waste manage their own service through a vendor of their choice (typically with a dumpster).

Town of Southern Pines Solid Waste Service	Single Family Homes	Commercial
Curbside MSW (weekly)	*Yes*	*Yes*
"Back door" MSW (weekly)	*Yes*	*Yes*
Curbside Recycling (weekly)	*Yes*	*Yes*
Yard Debris (every 2 weeks)	*Yes*	*No*

The Town's services far exceed what residents in other areas of Moore County receive. In fact, Moore County provides no solid waste service – residents and businesses self-select and pay the vendor directly.

Residential Collection Service	Southern Pines	Aberdeen	Carthage	Pinehurst	Whispering Pines	Unincorporated Moore County
Curbside MSW - weekly	2 carts (95 gal)	1 cart	1 cart	1 cart	1 cart	Per private vendor
"Back door" MSW - weekly	Yes	No	No	No	No	No
Curbside Recycling - weekly	Yes	Yes	No	Yes	Yes	No
Curbside Glass Recycling - weekly	Yes	No	No	No	No	No
Yard Debris – every two weeks	Yes	Yes	Yes	Yes - weekly	Yes	No
Bulk Waste	Yes	Yes	No	Yes	Yes	Varies
Solid Waste Fees Charged (adjusted for monthly)	$12	$15.50	$11.99	*1	*1	est. $25-30/cart (customer selects vendor)

[1] *Pinehurst and Whispering Pines provide solid waste services, but do not bill customers directly. Direct billing is commonly used only by municipalities, like Southern Pines, who operate a utility system and then adding solid waste service on to the customers' bills.

STATUS QUO: CURRENT EXPENDITURES

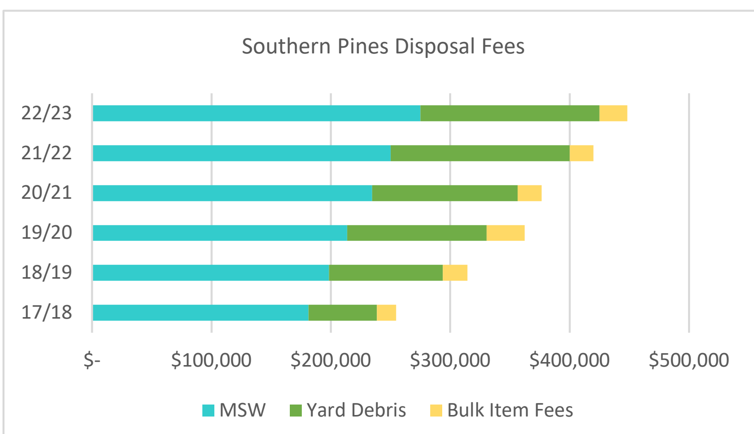
In addition to the residential and commercial services, the Town also pays GFL to dispose debris from the street sweeper, as well as 63 public receptacles, which costs around $45,000 each year. Customers who use dumpsters are billed based on the volume of their dumpster and the frequency of collection. For all of these services combined, staff recommends that $2.4 million be budgeted for FY 22-23 (assuming no changes in services).

STATUS QUO: COLLECTION FEES

The Town collects $12/month from each residence and $11/month for commercial businesses, billed through the utility bill. These revenues can be compared to the actual charges, which are billed monthly by GFL to the Town. GFL has confirmed that its charges will increase 7%, effective July 1, 2022; these increases are also analyzed with the current customer fees, for comparison.

Monthly Collection Fees Per Unit	Residential Single Family		Small Commercial	
	FY 21-22	FY 22-23	FY 21-22	FY 22-23
Number of Units	6,023	6,175	392	392
MSW Collection	$ 9.14	$ 9.77	$ 9.14	$ 9.77
Curbside Recycling Collection	$ 3.12	$ 3.33	$ 3.12	$ 3.33
Glass Processing Fee	$ 2.29	$ 2.29	$ 2.29	$ 2.29
Yard Debris Collection	$ 7.18	$ 7.68	$ -	$ -
GFL charges/account (monthly)	**$ 21.73**	**$ 23.07**	**$ 14.55**	**$ 15.39**
Total Charged by Town to Customer (monthly)	**$ 12.00**	**$ 12.00**	**$ 11.00**	**$ 11.00**
Monthly Difference per Account	**$ 9.73**	**$ 11.07**	**$ 3.55**	**$ 4.39**
GFL charges - all accounts (monthly)	**$ 130,880**	**$ 142,457**	**$ 5,704**	**$ 6,033**
Monthly Costs Recovered - All Accounts	**$ 72,276**	**$ 74,100**	**$ 4,312**	**$ 4,312**
Monthly Difference for All Accounts	**$ 58,604**	**$ 68,357**	**$ 1,392**	**$ 1,721**
GFL charges - all accounts (annually)	**$ 1,570,557**	**$ 1,709,487**	**$ 68,443**	**$ 72,395**
Annual Costs Recovered - All Accounts	**$ 867,312**	**$ 889,200**	**$ 51,744**	**$ 51,744**
Annual Difference for All Accounts	**$ 703,245**	**$ 820,287**	**$ 16,699**	**$ 20,651**

With the 7% increase in collection costs for FY 22-23, the Town will only recover 52% of residential collection costs and 71% of commercial, assuming no changes are made to monthly customer fees or services. Based on these projections, <u>the Town can expect to recover approximately $941,000 in FY 22-23 toward the collection costs of over $1.78 million.</u>

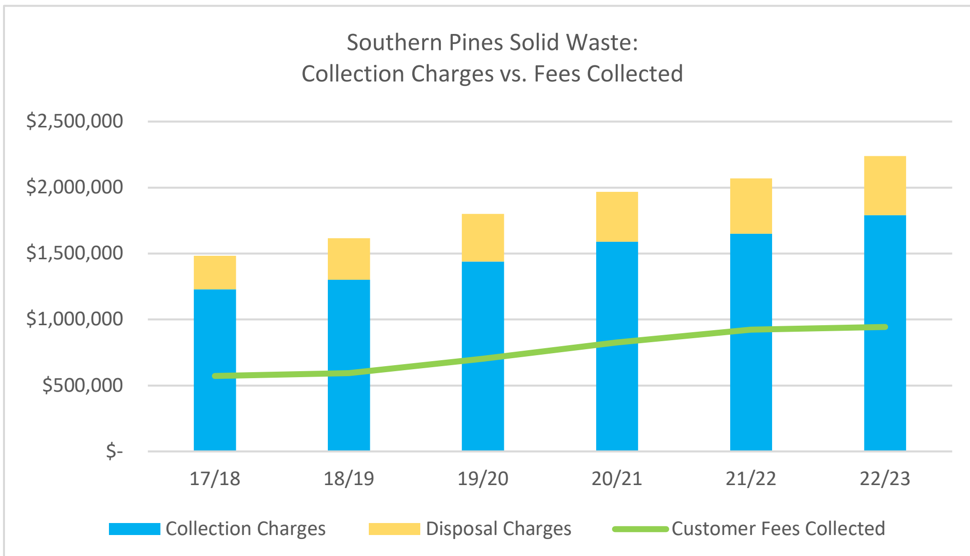


STATUS QUO: DISPOSAL CHARGES

The collection fees billed to the Town by GFL are only part of solid waste services; the Town is also billed for the disposal of MSW and yard debris, as well as the collection and disposal of bulk items. While the per unit fees are fixed for the year, the actual amount billed varies from month to month depending on the actual volume of waste and number of bulk items collected. The following table summarizes actual costs for the previous two years, as well as projected costs for FY 21-22 and FY 22-23 based on trends.

	Bulk Items			**MSW**			**Yard Debris**			**Total Annual Costs for Disposal**	**Annual % Increase**
	Collections	GFL Unit Rate	Annual Cost	Tons	Moore Co. Unit Rate	Annual Cost	Tons	Moore Co. Unit Rate	Annual Cost		
FY 19-20 (actual)	2,008	$15.86	$31,847	4,300	$49.71	$213,751	4,667	$25	$116,687	$362,285	--
FY 20-21 (actual)	1,239	$16.22	$20,097	4,582	$51.17	$234,463	4,353	$28	$121,892	$376,452	4%
FY 21-22 (projected)	1,093	$16.47	$18,000	4,700	$52.72	$247,784	5,000	$29	$150,000	$418,000	11%
FY 22-23 (projected)	1,300	$17.62	$23,350	5,000	$54.30	$271,500	4,600	$30	$140,000	$438,850	5%

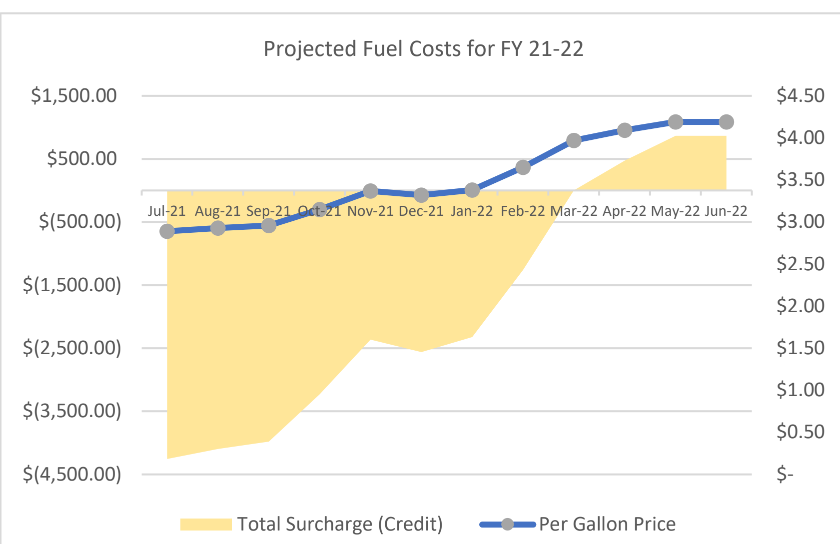
The chart at right illustrates that <u>the customer fees only cover a portion of the collection costs, meaning the Town assumes 100% of the costs to dispose residential and commercial MSW and residential yard debris, as well as both the collection and disposal of residential bulk items.</u> Moore County has confirmed that disposal fees will increase by 3% in FY 22-23, which will further widen the existing gap between actual costs and recovered costs.



<u>**It is estimated that in FY 22-23, without any changes to solid waste services or fees, the Town will recover $841,000 in customer fees and must identify over $1.29 million from other funding sources**</u>.

<u>STATUS QUO: FUEL CREDITS/SURCHARGES</u>

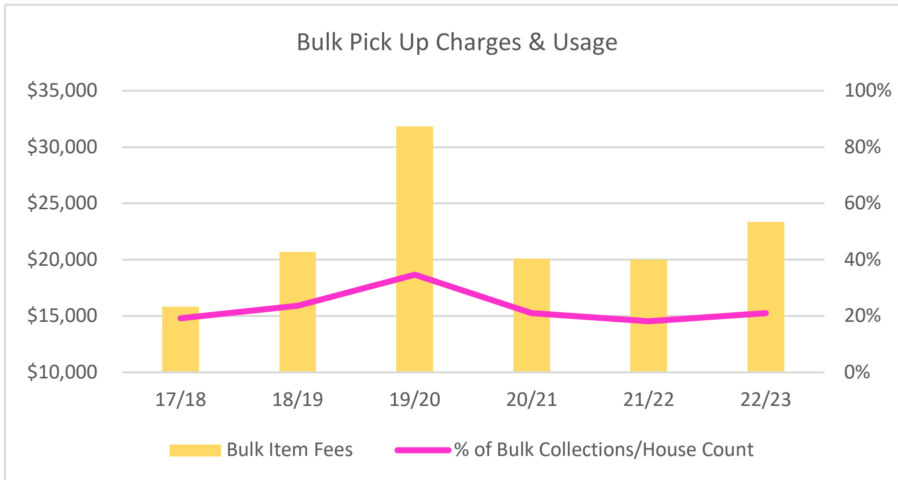
Per the contract, GFL calculates monthly adjustments based on actual fuel costs, resulting in a surcharge (or credit) which is applied to the monthly bill. When the contract was executed in July 2013, the base cost for fuel was established at $3.97/gallon, which increases annually over the life of the contract based on CPI. Given that the base price consistently represented a higher than average price/gallon in recent years, the Town has been receiving an annual credit around $72,000, which is applied to the Town's monthly bill. The FY 21-22 base fuel price is $4.27/gallon. With the current fuel prices, staff anticipates that the bill for February services will represent the last month for the foreseeable future in which the Town will actually receive a fuel credit. Based on current trends, which are illustrated in the chart at left, staff has projected prices per gallon peaking at $4.29 in May and June, representing a total credit of around $20,000 for this fiscal year



(approximately $50,000 less than recent years). For budgeting purposes, staff presumes that the Town will see surcharges in many, if not all months, of FY 22-23.

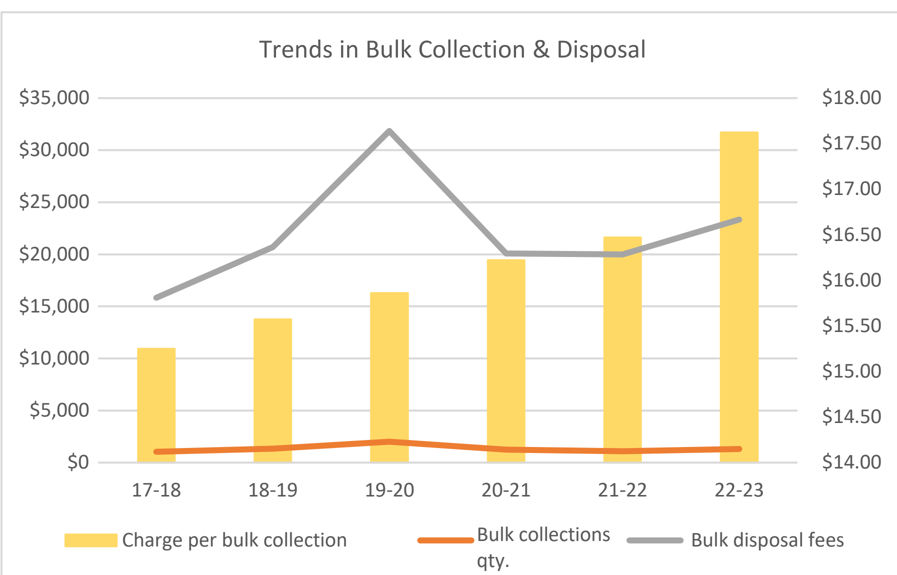
STATUS QUO: BULK ITEMS

The Town collects and disposes bulk items (discarded furniture, mattresses, and other items that won't fit in the garbage carts) on an as-requested basis. GFL will charge the Town $17.62 per collection in FY 22-23, which includes the fees to collect and dispose the item. Residents may schedule up to 3 cubic yards per week and may request this service on a weekly basis, as needed. While the number of collections can vary, GFL completes approximately 1,200 pick-ups each year or around 100 per month. Staff budgets $20,000 annually for this service and none of this is recovered in customer fees.



The chart at right illustrates that only a small percentage of Town residents actually use this service in any given year. The data assumes each collection is associated with a unique house, i.e. 1,239 actual collections in FY 20-21 for 1,239 unique houses. Staff is aware from reviewing monthly bills, there are in fact houses that request multiple collections per year. The chart does not take this into account, but the percentage of homes actually using the service will be lower than the chart shows. This can also be confirmed visually by driving through the community on collection days and seeing the small number of homes that place an item(s) out for collection.

Additionally, the trends documented in the below chart confirm that total disposal fees (the grey line corresponding with the primary y-axis on the left) have increased 48% since FY 17-18. We also see that the actual amount the Town is charged for each individual bulk collection has steadily increased (represented by the yellow bars corresponding with the secondary y-axis on the right). The number of actual collections remains fairly consistent each year at a median of 1,270 (the orange line), suggesting the rising disposal fees/charges are more closely attributed to CPI and increased landfill costs (factors the Town cannot influence), rather than higher usage by residents.



While there are a variety of ways the Town could look at recovering costs for this service, it is recognized that there is an overall community value in providing residents the ability to have bulk items collected at no additional cost. The Town has minimal problems with illegal dumping, which is an unsightly and challenging issue in other communities where residents do not have this ability. Increased dumping also requires more code enforcement resources. With this in mind, staff does not recommend making any changes to this service or cost recovery at this time.

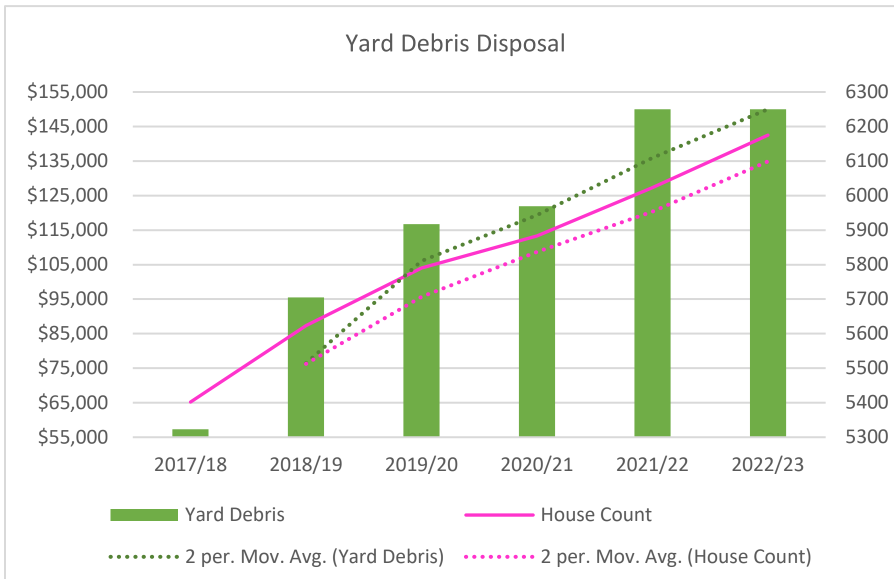
COST RECOVERY OPTION: YARD DEBRIS

The Town collects yard debris in curbside piles every two weeks from single-family residential customers, which currently costs $7.18 per house/month, annualized at $86.16/house or $43,245. This will increase to $7.68 ($47,424) in FY 22-23[2]. The Town pays GFL for this collection, whether a resident actually uses it or not.

Additionally, the Town pays for the debris disposal, which is currently $29/ton with an average yearly volume of 4,500 tons. While the disposal charges vary each year (especially in years like 2022 with significant volume from storms), this is an expense that has grown substantially (144%) over the last five years. Where yard debris accounted for 23% of disposal costs in FY 17-18, it has increased in percentage each year and now accounts for around 32% of the Town's total disposal fees.

At one time, Moore County charged nothing for haulers or residents to dispose yard debris and then added an initial fee of $15/ton. This fee has risen sharply and will be $30/ton in FY 22-23. This is an expenditure that the Town has absorbed wholly at the same time that volume has also steadily increased.

As the chart at right illustrates, while one would expect disposal fees to rise as the Town's house count grows, the increase in disposal fees is outpacing the growth in new homes. Staff projects the Town will pay nearly $150,000 in FY 22 -23 for yard debris, due to 1) disposal increasing from $29/ton to $30/ton; 2) an additional 152 homes; and 3) a $0.50 increase per house per month for collection.



Yard debris collection is offered by Aberdeen, Carthage, Pinehurst, and Whispering Pines and it is helpful to understand how Southern Pines' collection compares to the other municipalities. As the data below shows, with the exception of Aberdeen, the yard debris service offered by Southern Pines is comparable to Carthage and exceeds what Pinehurst and Whispering Pines offer (in terms of volume collected).

Yard Debris Collection	Southern Pines	Aberdeen	Carthage	Pinehurst	Whispering Pines
Frequency	Bi-weekly	Bi-weekly	Bi-weekly	Weekly	Bi-weekly
Volume collected per month	6 yd^3	14 yd^3	6 yd^3	2 yd^3	1/2 yd^3
Collection Method	Pile	Pile	Pile	95-gallon cart	45-gallon cart

There are a number of viable cost recovery and service options that could be considered relative to yard debris collection:

1. Ensure customer fees cover the $7.68/month for collection (or a portion thereof).
2. Ensure the customer fees cover disposal costs (or a portion thereof). Current fees need to be increased by $2.02/house/month to cover the estimated volume. This would generate approximately $150,000 in additional revenue.
3. Incorporate both options 1 & 2 into the customer fee. Adding $9.70/house to the monthly customer fee would allow the Town to recover the estimated costs for both yard waste collection & disposal.

[2] GFL charges the yard debris collection fees based on an agreed-upon annual house count, rather than actual usage.

4. Reduce the volume of debris collected. The easiest way to do this would be to issue carts like Pinehurst and Whispering Pines do, which would also eliminate the debris piles that are regularly visible across the community as they await collection. Staff does not recommend this as an option for FY 22-23, but rather considering it when services are re-evaluated at the end of GFL's current contract next year.

COST RECOVERY OPTION: MSW DISPOSAL

As previously discussed, the Town's fees do not cover any of the actual MSW disposal costs. This not only disincentivizes recycling to a degree, but also makes the Town solely responsible for funding these increasing costs. Over the past five years, MSW disposal fees have increased 52%, which can be attributed to a lot of different factors, including but not limited to, an increase in disposal fees/ton, growing numbers of houses and businesses in Southern Pines, increased household sizes, and residents disposing higher volumes of waste each year, based on a per house calculation. Where it once cost the Town approximately $31.40/account/year to cover MSW disposal, staff projects this will be $38.97 in the current fiscal year. This equates to approximately $3.25/account/month.

There are a number of viable cost recovery and service options that could be considered relative to MSW disposal:

1. Charge customers the full cost of disposing MSW. This could be charged based on actual volumes/costs from the previous year, which would help to encourage greater recycling or finding alternatives other than disposal, i.e. donating gently used items, since customers would now "have some skin in the game."
   As an example of putting this practice into action, the Town paid $234,463 in FY 20-21 to dispose MSW, which equated to $3.12/month/account. The Town could have imposed a volume-based monthly disposal fee of $3.12 in FY 21-22 and applied these revenues toward the current year's disposal charges. This fee could be re-evaluated each fiscal year, passing on either savings or increased costs directly to the customers. This would also allow for the growth in accounts to absorb associated increases in disposal, as the number of accounts would also increase each year, i.e. creating a larger denominator each year. This would be a new revenue, which would vary based on volume and the disposal fees charged per ton, but would significantly help the Town toward recovering the costs of MSW disposal services and communicate the community's part in assisting with this effort.
2. Use another factor to determine a fee to recover disposal costs (or a portion thereof).

COST RECOVERY OPTION: COMMERCIAL COLLECTION FEES

The Town collects MSW and recycling from 392 small commercial businesses at a fee of $11/month. GFL will bill the Town $15.39/month in FY 22-23. Unless the Town increases fees for customer accounts in FY 22-23, the Town will effectively be subsidizing 29% of the waste collection charges for these businesses at a total cost of nearly $36,000 plus disposal. Staff recommends that Council consider increasing the FY 22-23 commercial solid waste fees, as outlined in the attached spreadsheet which details various options.

COST RECOVERY OPTION: RESIDENTIAL COLLECTION FEES

The Town will provide solid waste services to 6,175 homes in FY 22-23 and currently charges customers a fee of $12/month. GFL will bill the Town $23.07/month/account for collection ($1,858,981) plus actual disposal costs of MSW and yard debris (estimated around $390,000). Unless the Town increases fees, the Town will effectively be subsidizing 48% of the collection fees and 100% of the disposal costs, at a total estimated cost of around $1.23 million. Staff recommends that Council consider increasing the residential solid waste fees, as outlined in the attached spreadsheet which details various options.

SERVICE CHANGE OPTION: CURBSIDE GLASS RECYCLING

Glass recycling has diminished nationally due to the closure of glass manufacturing plants and the increased popularity of canned craft beers. Additionally, China's 2018 *National Sword* policy has also contributed to challenges and increased costs by effectively banning the purchase of contaminated materials from foreign waste streams. Curbside recycling is almost exclusively single-stream in order to encourage participation, meaning customers use a single container to combine all recyclable materials. When glass breaks, the small pieces mix with other recyclables, making it almost impossible to sort, which means it must be sold as a contaminated product at a reduced price and to a limited market. For this reason, many providers have stopped accepting glass through single-stream collection.

The effects of the challenges and costs of recycling glass can be seen in Moore County, where Southern Pines is the only area whose customers may still recycle glass curbside. Beginning in FY 19-20, GFL began charging $1.00/account/month to process glass recyclables; this fee increased to $2.29 in FY 20-21, where it currently remains and will stay through at least FY 22-23. **The Town will pay GFL over $180,000 in FY 22-23 to collect glass recyclables curbside.** Like other collection charges, the Town will be billed this fixed fee, regardless of the number of accounts who 1) actually recycle curbside and/or 2) include glass in their curbside bins.

Moore County accepts glass recyclables at seven central facilities for those who do not have curbside collection. In reality, it is assumed there is only a small percentage of community members who actually haul their glass to a central facility, with the majority of customers disposing their glass in the MSW stream.

There are a number of viable options that could be considered to address this current situation and cost:

1. Eliminate curbside glass recycling beginning on July 1. This would directly decrease GFL collection fees by $2.29/month/account or over $180,000 next year.
   It should be noted, the net savings will be lower than $180,000 as we can assume nearly all customers who currently recycle glass curbside would throw it away in the MSW stream (rather than taking it to a central facility). GFL collected a total of 1,282 tons of recyclables in FY 20-21. If we assumed approximately half of this volume was glass (given its heavy weight), it would be reasonable to project an increased 650 tons of glass in the MSW stream in FY 22-23. This would result in approximately $35,000 in added disposal MSW costs when calculated per ton, resulting in a net savings to the Town of $145,000 next year. While staff recognizes the environmental trade-off that is being made, the financial benefit cannot be ignored, since this net savings can be directly applied to projected expenditures for FY 22-23 (and each year in the future). If Council is interested in eliminating curbside glass collection in FY 22-23, staff requests a period of approximately 60-90 days to launch a public education campaign so customers are fully informed of the changes.

2. Staff discussed the possibility of having a central glass collection site in Town, hauling the glass separately from other recyclables, which would make it cheaper to dispose by not being in a single stream. From past experience operating a small municipal recycling/waste facility, staff does not recommend this option, as it needs to be manned to ensure it remains clean, broken glass is discarded, and customers do not dispose unacceptable items.

3. Evaluate customer fees to ensure the Town is adequately recovering the costs for providing enhanced services, like curbside glass recycling. Staff has provided some fee options that could be considered to increase the cost recovery for providing this service.

SERVICE CHANGE OPTION: “BACK DOOR” COLLECTION

Southern Pines is the only municipality in Moore County (and in the greater region) which provides “back door” MSW collection to all residential customers. The standard level of service is to provide it only to residents who have a waiver due to health or physical abilities, with all other customers receiving curbside collection.

This comes at a cost to the Town, estimated at approximately $70,000 for FY 21-22, based on data provided by GFL (staff has requested an updated cost from GFL for FY 22-23). Much of this cost can be attributed to the fact that GFL must operate its routes with a minimum of two employees, one to drive and one to collect the carts. Many waste providers have transitioned away from this model, operating garbage trucks with an automated side loader, as shown at right, which can be run by one operator. This model is safer for operators, decreases personnel costs, and is more consistent and easier to operate when staffing changes may be frequent. Southern Pines has seen the effect of this during the pandemic and current labor shortage, as GFL has struggled to assign two operators to each route. This has impacted the quality of service by causing collection delays or missed houses.

Southern Pines is entering its final year of the current contract with GFL, meaning the contract will either be released for bid or re-negotiated with GFL. Given the challenges and costs of continuing to provide back-door collection (requiring double the labor and specialized trucks), staff believes this may be the final year any vendor is willing to offer this service as a standard service to all customers. There are a number of viable options that could be considered to address this current situation and cost through the remainder of this contract:

1. Eliminate back-door collection services for all residents except those who have a medical waiver. The Town already offers a waiver for residents who need back-door recycling collection (approximately 30 residents participate), so this could mirror that program.
2. Evaluate customer fees to ensure the Town is adequately recovering the costs for providing enhanced services, like back-door collection. At $70,000 per year, this is approximately $12 per account or $1/month/account.
3. Unlike some service options where accounts could "opt in" or "opt out," back-door service is "all in" or "none at all," since GFL would transition the Southern Pines routes to the automated side loader trucks if the Town eliminated back-door service. Regardless of the option chosen, back-door service would always remain an option for those who present a medical waiver.

SERVICE CHANGE OPTION: REDUCE MSW COLLECTION TO ONE CART WEEKLY

Per the terms of the contract, GFL provides and collects two MSW carts weekly for each account, an enhanced service that other local governments do not provide and is one contributing factor to the Town's growing disposal volume and costs. GFL is currently conducting a field survey and will provide data in the coming weeks to document the percentage of residents who actually use more than one cart/week, but we expect it to be a minority of households.

When the solid waste contract is re-established in 2023 (either through re-negotiation with GFL or through adoption with a new vendor), staff recommends establishing the standard level of service at one cart/account/week. For those customers who need more than one cart/week, this can be provided as an enhanced service via a surcharge to cover the additional cart and disposal fees.

If Council is interested in this option, staff also recommends that recycling services be enhanced so that all accounts are provided a recycling cart to encourage and provide for greater volume of recyclables; recycling is currently collected in 18-gallon bins (although the Town will provide an unlimited quantity of recycle bins).

RECOMMENDATIONS

Staff's analysis has identified a number of viable options for decreasing expenditures through changes in service that would not substantially diminish the quality of the Town's existing service and still allow it to meet or exceed what is offered by neighboring local governments.

There are also a number of options for recovering a greater percentage of the actual costs through changes in customer fees. The Town's core governmental services (public safety, fire protection, parks, administration, and similar) are provided regardless of whether a corresponding revenue or fee is received (and often because the service is not profitable for the private sector to perform). Solid waste is considered a business-type activity, like public utilities, certain recreation programs and facilities, parking, and similar, provided in exchange for receiving a corresponding user charge/fee. It is easy, therefore, to determine if the government is recovering the costs associated with providing the service and to adjust customer fees accordingly.

Staff recommends that Council consider certain changes in FY 22-23 and look toward other changes in FY 23-24 and beyond (corresponding with the new solid waste contract), which are summarized in the following table.

Service/Cost Recovery	***FY 22-23 Recommendation***	***Future Recommendations***
Curbside glass recycling	Eliminate for savings of $2.29/account/month	Do not offer
Commercial fees	Adopt policy to attain 100% cost recovery	Fees adjust accordingly (up or down) for 100% cost recovery
Residential fees	Achieve 75% cost recovery (minimum)	Evaluate if 75% cost recovery is appropriate or if adjustments need to be made
Bulk items	No change – continue to cover the cost	Re-evaluate fees if new contract substantially changes the costs
Fuel surcharges	No change – do not add surcharge to fees	Negotiate a credit/surcharge structure in new contract
Yard debris	Achieve minimum of 75% cost recovery for collection and disposal	Adjust fees as needed for 75%+ cost recovery; evaluate feasibility of carts
Back door MSW collection	No change – continue to offer	Negotiate contract with curbside collection as standard, except for medical waivers
Collect 2 MSW carts weekly	No change – continue to offer	Negotiate new contract at 1 cart/week; offer 2 carts with a surcharge
Disposal fees	Incorporate disposal fees into customer fees at same recovery percentages	Same; adjust fees to pass on savings or increases based on actual volume from previous year

Cost Benefit Analysis

Collection Expenses	Residential Status Quo	Residential Proposed - NO GLASS	Commercial Status Quo	Commercial Proposed - NO GLASS
Number of Accounts	6,175		392	
MSW Collection	$ 9.77	$ 9.77	$ 9.77	$ 9.77
Curbside Recycling Collection	$ 3.33	$ 3.33	$ 3.33	$ 3.33
Glass Processing Fee	$ 2.29	$ -	$ 2.29	$ -
Yard Debris Collection	$ 7.68	$ 7.68	$ -	$ -
Total GFL Charge/Account/Month	$ 23.07	$ 20.78	$ 15.39	$ 13.10
Total GFL Charges/Year	$ 1,709,487.00	$ 1,539,798.00	$ 72,394.56	$ 61,622.40
Annual Savings per account type (eliminating glass)	$ 169,689.00		$ 10,772.16	
Total Savings for All Accounts: FY 22-23	**$ 180,461.16**			

Total Expected Expenses - Residential & Commercial	Status Quo - CURBSIDE GLASS	Proposed - NO GLASS
Collection (eliminating curbside glass)	$ 1,781,881.56	$ 1,601,420.40
Disposal ($35,000 for increased glass in MSW)	$ 425,000.00	$ 460,000.00
Collection & Disposal Totals	$ 2,206,881.56	$ 2,061,420.40
Net Savings from Service Changes: FY 22-23	**$ 145,461.16**	

Customer Fees	Residential Status Quo	Residential 75% cost recovery	Commercial Status Quo	Commercial 100% cost recovery
Customer Fees	$ 889,200.00	$ 1,444,950.00	$ 51,744.00	$ 77,616.00
Revenue Increase per account type	$ 555,750.00		$ 25,872.00	
Total Revenue Increase: FY 22-23	**$ 581,622.00**			

Financial Benefit (net savings + increased revenues)	**$**	**727,083.16**
Expenditures - Revenues = Funding Needed from Other Sources	**$**	**538,854.40**

Fee Options for FY 22-23 - Residential Accounts

	Current Fee & Service Structure	52% cost recovery	60% cost recovery	60% cost recovery NO GLASS	60% cost recovery rounded NO GLASS	75% cost recovery	75% cost recovery NO GLASS	75% cost recovery rounded NO GLASS	100% cost recovery	100% cost recovery NO GLASS
MSW Collection	$ 12.00	$ 5.08	$ 5.86	$ 5.86	$ 5.86	$ 7.33	$ 7.33	$ 7.33	$ 9.77	$ 9.77
Curbside Recycling Collection		$ 1.73	$ 2.00	$ 2.00	$ 2.00	$ 2.50	$ 2.50	$ 2.50	$ 3.33	$ 3.33
Glass Processing Fee		$ 1.19	$ 1.37	$ -	$ -	$ 1.72	$ -	$ -	$ 2.29	$ -
Yard Debris Collection		$ 3.99	$ 4.61	$ 4.61	$ 4.61	$ 5.76	$ 5.76	$ 5.76	$ 7.68	$ 7.68
Yard Debris Disposal	$ -	$ 1.05	$ 1.21	$ 1.21	$ 1.21	$ 1.52	$ 1.52	$ 1.52	$ 2.02	$ 2.02
MSW Disposal	$ -	$ 1.69	$ 1.95	$ 1.95	$ 1.95	$ 2.44	$ 2.44	$ 2.44	$ 3.25	$ 3.25
Monthly Costs Recovered per customer	**$ 12.00**	**$ 14.74**	**$ 17.00**	**$ 15.63**	**$ 15.50**	**$ 21.26**	**$ 19.54**	**$ 19.50**	**$ 28.34**	**$ 26.05**
GFL monthly charges per customer (collection + disposal)	$ 28.34	$ 28.34	$ 28.34	$ 26.05	$ 26.05	$ 28.34	$ 26.05	$ 26.05	$ 28.34	$ 26.05
Monthly Difference per Account	**$ 16.34**	**$ 13.60**	**$ 11.34**	**$ 10.42**	**$ 10.55**	**$ 7.09**	**$ 6.51**	**$ 6.55**	$ -	$ -
Annual Costs Recovered - all customers	**$ 889,200**	**$ 1,091,997**	**$ 1,259,996**	**$ 1,158,183**	**$ 1,148,550**	**$ 1,574,996**	**$ 1,447,729**	**$ 1,444,950**	**$ 2,099,994**	**$ 1,930,305**
GFL annual charges - all customers	**$ 2,099,994**	**$ 2,099,994**	**$ 2,099,994**	**$ 1,930,305**	**$ 1,930,305**	**$ 2,099,994**	**$ 1,930,305**	**$ 1,930,305**	**$ 2,099,994**	**$ 1,930,305**
Annual Amount Needed from Other Funding Source(s)	**$ 1,210,794**	**$ 1,007,997**	**$ 839,998**	**$ 772,122**	**$ 781,755**	**$ 524,999**	**$ 482,576**	**$ 485,355**	$ -	$ -
Revenue difference from previous [column] fee/service structure	$ -	$ 202,797	$ 168,000	$ 67,876	$ (9,633)	$ 256,757	$ 42,422	$ (2,779)	$ 485,355	$ -
Revenue difference from current fee/service structure		$ 202,797	$ 370,796	$ 268,983	$ 259,350	$ 685,796	$ 558,529	$ 555,750	$ 1,210,794	$ 1,041,105

Increases to Customer Fees Per Above Structure	**Current Fee Structure**	**52% cost recovery**	**60% cost recovery**	**60% cost recovery NO GLASS**	**60% cost recovery NO GLASS**	**75% cost recovery**	**75% cost recovery NO GLASS**	**75% cost recovery rounded NO GLASS**	**100% cost recovery**	**100% cost recovery NO GLASS**
Total Monthly Bill	$ 12.00	$ 14.74	$ 17.00	$ 15.63	$ 15.50	$ 21.26	$ 19.54	$ 19.50	$ 28.34	$ 26.05
Monthly increase from current $12/month	$ -	$ 2.74	$ 5.00	$ 3.63	$ 3.50	$ 9.26	$ 7.54	$ 7.50	$ 16.34	$ 14.05
Total Annual Bill	$ 144.00	$ 176.84	$ 204.05	$ 187.56	$ 186.00	$ 255.06	$ 234.45	$ 234.00	$ 340.08	$ 312.60
Annual increase from current $12/month	$ -	$ 32.84	$ 60.05	$ 43.56	$ 42.00	$ 111.06	$ 90.45	$ 90.00	$ 196.08	$ 168.60
% Change	0%	23%	42%	30%	29%	77%	63%	63%	136%	117%

Fee Options for FY 22-23 - Commercial Accounts

	Current Fee & Service Structure	71% cost recovery	71% cost recovery NO GLASS	100% cost recovery	100% cost recovery NO GLASS	100% cost recovery rounded NO GLASS
MSW Collection	$ 11.00	$ 6.94	$ 6.94	$ 9.77	$ 9.77	$ 9.77
Curbside Recycling Collection		$ 2.36	$ 2.36	$ 3.33	$ 3.33	$ 3.33
Glass Processing Fee		$ 1.63	$ -	$ 2.29	$ -	$ -
MSW Disposal (estimated)	$ -	$ 2.29	$ 2.29	$ 3.23	$ 3.23	$ 3.23
Monthly Costs Recovered per customer	**$ 11.00**	**$ 13.22**	**$ 11.59**	**$ 18.62**	**$ 16.33**	**$ 16.50**
GFL monthly charges per customer (collection + disposal)	$ 18.62	$ 18.62	$ 16.33	$ 18.62	$ 16.33	$ 16.33
Monthly Difference per Account	**$ (7.62)**	**$ (5.40)**	**$ (4.74)**	$ -	$ -	$ 0.17
Annual Costs Recovered - all customers	$ 51,744.00	$ 62,187.82	$ 54,539.59	$ 87,588.48	$ 76,816.32	$ 77,616.00
GFL annual charges - all customers	$ 87,588.48	$ 87,588.48	$ 76,816.32	$ 87,588.48	$ 76,816.32	$ 76,816.32
Annual Amount Needed from Other Funding Source(s)	**$ 35,844.48**	**$ 25,400.66**	**$ 22,276.73**	$ -	$ -	**$ (799.68)**
Revenue difference from previous [column] fee/service structure	$ -	$ 10,443.82	$ 3,123.93	$ 22,276.73	$ -	$ 799.68
Revenue difference from current fee/service structure	$ -	$ 10,443.82	$ 2,795.59	$ 35,844.48	$ 25,072.32	$ 25,872.00

Increases to Customer Fees Per Above Structure	Current Fee & Service Structure	71% cost recovery	71% cost recovery NO GLASS	100% cost recovery	100% cost recovery NO GLASS	100% cost recovery rounded NO GLASS
Total Monthly Bill	$ 11.00	$ 13.22	$ 11.59	$ 18.62	$ 16.33	$ 16.50
Monthly increase from current $11/month	$ -	$ 2.22	$ 0.59	$ 7.62	$ 5.33	$ 5.50
Total Annual Bill	$ 132.00	$ 158.64	$ 139.13	$ 223.44	$ 195.96	$ 198.00
Annual increase from current $11/month	$ -	$ 26.64	$ 7.13	$ 91.44	$ 63.96	$ 66.00
% Change	0.00%	18.50%	4.95%	63.50%	44.42%	45.83%

MEMO

TO: Mayor and Council members
FROM: Town Manager Parsons
Date: 03-24-22

RE: Trackside Lease Extension Request

Following an open Request for Proposals, in 2017 the Town entered into a Lease for the upfit and use of the Train Depot located along Broad Street entering downtown as an "event venue." The terms of the lease set the rent at $500/mo. for sixty months (5 years) following business opening with an option to renew at "market rate" following the sixty-month period. The reduced rate was in recognition of the value of the structural upfits to be completed and ongoing maintenance by the tenant, all of which accrue to the Town regardless of eventual length of occupancy.

The five-year period from first rental payment (no rent accrued during the period of upfit) was in November of 2017, meaning that October 31st represents the end of term for the initial Lease. While there was a business ownership and management change in 2019 at no point has rent been late or otherwise delinquent during the term of the agreement.

As we are all aware, the pandemic of the past two years has had an impact on any number of businesses, and in particular for obvious reasons any activity that involves the gathering of large groups of individuals. Through the multitude of Executive Order and law changes to rules and regulations around gatherings since Spring of 2020, rent continued to be paid in full and in a timely manner despite an inability to book events or otherwise conduct business in a normal manner. Even as rules began to "loosen," many times causing grey area and questions around what was or was not permissible, the tenant did not try and push any envelopes or otherwise create a potentially awkward situation for the Town given our ownership of the building and role as "landlord."

In recognition of this excellent business relationship and the challenges faced well outside the control and influence of everyone involved, and in discussing the situation with current tenant Susan Wiesner, I would recommend extending the original agreement for <u>twelve months</u> (October 31st, 2023) at the original rate of $500/mo. prior to establishing the "market rate" and discussing longer extension options. If Council is amenable to such an approach, I will have the extension placed on the April Consent Agenda for adoption.

MEMORANDUM

To: Reagan Parsons, Town Manager
Jessica Roth, Assistant Town Manager

From: James Michel, Town Engineer/Assistant Public Works Director

Re: McDeeds Creek Streambank Stabilization Project

Date: March 20, 2022

The McDeeds Creek Streambank behind the Town's Police and Fire Stations has seen an increasing amount of bank erosion over the past few years. The erosion has caused the banks to continually move closer to the facilities and has started to undermine the sheet pile wall which supports the Police Station parking lot. The Town engaged Freese and Nichols (FNI) to study the issue and they prepared a report in June of 2020 with their findings. A summary of the findings include the following with some illustrative pictures:

1. Numerous areas of general erosion of the streambank behind Fire Station 81.
2. Significant deflection of the sheet pile wall behind the Police Station parking lot.
3. Significant erosion around the back side of the Police Station which could impact the parking lot MSE retaining wall.
4. Significant erosion around a sewer main exposing the line.
5. Buildup of debris in the streambed.


Given the uncertainty of the Town's projected revenue leading into the FY21-22 budget preparation, a phased strategy was developed. The entire project was to be designed and split into two phases. The first phase would address the repair of the immediate needs which were identified as the erosion near the police parking lot and under the exposed sewer main as these have the highest likelihood of failure. The remaining needs would then be addressed in a later FY and grant opportunities were to be researched. The engineering of both phases, and the construction of phase 1 were funded in FY21-22 with the Streambank Stabilization Fund CPF50 and corresponding funds in the Sanitary Sewer Modernization Fund CPF63 for the sewer portion of the project. Two grant opportunities were identified and submitted for during the design of the project. The Town was not selected for the first grant. The second grant closes on March 31 with award expected towards the end of April. The likelihood of receiving funding is low as the funds are primarily intended for vegetative debris removal with streambank stabilization projects being a secondary consideration.

FNI completed the design of both phases and while preparing the bid documents, the issuance of the draft rules for the use of ARPA funds were released and indicated the project would be an eligible use. The full project was bid so that a true cost evaluation could be performed to assist with deciding whether to continue with the phased plan or to accelerate the full project. The final ARPA fund rule was also released and the project is an eligible use of the funds. The full project was bid out with two bids received as follows:

1. Fred Smith and Company - $897,188.90
2. KBS Earthworks - $724,458.15

The bids were reviewed by FNI and staff, and KBS bid was found to be the lowest, responsive, and responsible bidder. Accounting for construction contingency, and engineering services during construction, the total project cost would be $888,361 to complete. CPF50 and CPF63 currently have $361,877 available. The sewer portion of the project is currently fully funded in CPF63, so additional funding in the amount of $526,484 to CPF50 would be needed to complete the full project.

If the original phasing plan were to be implemented in lieu of fully funding the project, the current CPF’s are anticipated to adequately fund the project. The smaller phase 1 project would have to be rebid given the reduction in scope. Given the high rate of construction inflation, ongoing uncertainty in the construction market, and the smaller less attractive project, it is feasible that the smaller project could exceed funding levels.

Staff is seeking direction from Council on one of the following options.

Option 1

Prepare a budget amendment to transfer $526,484 to CPF50 to allow the completion of the full project. The contract with KBS Earthworks would be awarded and construction would be anticipated to begin in June-July of this year.

Option 2

Make use of the current funding and rebid the Phase 1 project. It is anticipated to 60 days to make the necessary revisions to the bid document receive new bids. A construction schedule would be determined upon receipt of the bids and award of the contract.

AN ORDINANCE AMENDING THE
AMERICA RESCUE PLAN ACT GRANT SPECIAL REVENUE FUND

BE IT ORDAINED by the town council of the Town of Southern Pines, North Carolina that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following grant project ordinance is hereby amended:

Section 1: This ordinance is to amend the budget for a project to be funded by the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARP/CSLFRF). The Town of Southern Pines (Town) has received the first tranche in the amount of $2,145,000 of CSLFRF funds. The total allocation is $4,671,000, with the remainder to be distributed to the Town within 12 months. These funds may be used for the following categories of expenditures, to the extent authorized by state law.

1. Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
3. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

Section 2: The Town has elected to take the standard allowance, as authorized by 31 CFR Part 35.6(d)(1) and expend all its ARP/CSLFRF funds for the provision of government services.

Section 3: The following amounts are appropriate for the project and authorized for expenditure:

Internal Project Code	**Project Description**	**Expenditure Category (EC)**	**Cost Object**	**Appropriation of ARP/CSLFRF Funds**
	Unassigned			$4,671,000
	TOTAL			$4,671,000

Section 4: The following revenues are anticipated to be available to complete the project:

ARP/CSLFRF Funds:	$4,671,000
General Fund Transfer:	$0
Total:	**$4,671,000**

Section 5: The Finance Officer is hereby directed to maintain sufficient specific detailed accounting records to satisfy the requirements of the grantor agency and the grant agreements, including payroll documentation and effort certifications, in accordance with 2 CFR 200.430 & 2 CFR 200.431 and the Town's Uniform Guidance Allowable Costs and Cost Principles Policy.

Section 6: Copies of this grant project ordinance shall be furnished to the Clerk to the Governing Board, and to the Finance Officer for direction in carrying out this project.

Section 7: This grant project ordinance expires on December 31, 2026, or when all the ARP/CSLFRF funds have been obligated and expended by the Town, whichever occurs sooner.

Section 8: This amended ordinance becomes effective March 28, 2022.

I certify that this ordinance was adopted by the Town Council of the Town of Southern Pines at its meeting of March 28, 2022 as shown in the minutes of the Town Council for that date.

____

Elizabeth Robertson, Town Clerk