

January 27, 2021

The Local Government Commission
North Carolina Department of State Treasurer
Attention: Dale R. Folwell, CPA Chairman
3200 Atlantic Avenue
Raleigh, North Carolina 27604

Re: Bald Head Island Transportation Authority ("Authority")

Dear Mr. Folwell:

We write this letter as concerned homeowners, residents, business owners and, most of all, taxpayers of Bald Head Island. We have great concern about the potential adverse impact the sale of the Bald Head Island Ferry to the Bald Head Island Transportation Authority (BHITA). In the nearly three years the BHITA has existed property owners have received little or no information about the process or deliberations. This is troubling. The ferry's affordability and service levels are critical to the island.

We do not represent any organization in particular, we are just highly concerned Bald Head Island stakeholders. It is unfortunate that the largest homeowner's association on the island does not believe advocacy for homeowners is their responsibility and that the seller of the ferry system has seen fit to exclude virtually all the BHI property owners from knowledge and information of this transaction. We write this letter of request as concerned ferry system customers.

We request that the transaction be delayed by six months and require during this extension, the BHITA have a series of public meetings disclosing the details of the transaction, the projections for the future in terms of ferry rates, parking fees and operating schedules. Additional information on ferry replacement schedule and capital improvements to the ferry landings in Southport and Bald Head Island would be needed as the current structures are insufficient at busy periods now. These facilities will need significant capital improvements in the next five years, especially given current projections of rising sea level and navigation channel deepening. The information shared with the public by the BHITA is non-existent. The BHITA is a public entity created by the State and should be providing information to the public and seeking public input.

We support the concept of the transaction. The BHITA, as a state entity, is a better long-term solution to own and operate the ferry than the Texas based Mitchell family. The BHITA will have greater interest in the residents and visitors to the state than a non-resident owner. We understand that the ferry system is valuable and a fair value must be paid. However, from our perspective, the BHITA has been more focused on maximizing the amount paid to the Mitchells rather than ensuring a long term, viable transportation system for the island, Brunswick County and the state.

Currently, the ferry system is operated under the oversight of the North Carolina Utilities Commission (NCUC) and service level changes and fare increases are reviewed and approved by that entity. The parking fees and barge fees are not controlled by the NCUC and have risen substantially since operations were relocated to Deep Point. Although not perfect, it allows for changes to ferry ticket price increases to go through a process with customer input as well as input from the Mitchell family. The current price control system has proven to be a good check on the cost and operations of the ferry to keep prices fair and provide a profit that has been acceptable to the owner. We would like to understand how the service levels, schedule and prices will be determined in the future. The scant information provided so far gives us no comfort.

Again, we request a delay of six months of the pending transaction to allow for public education and input. A series of presentations from the BHITA and allowing for stakeholder input would be a positive step in making the transaction effective for all parties. In the attached we outline some of our concerns.

Thank you,

Al Buzzard	Doug Anderson	Lisa Way
Andrea Taylor	Drew Ann Cook	Lori Carey
Antoinette Powell	Elyse Armitage	Louis Welmore
Barbara McQuaide	Gene Douglas	Marlene Carter
Beth Kapil	Gordon Davis	Marty Gaunt
Betsy Barr	Hayler Osborn	Meredith Jeffries
Betsy Carr	James Henderson	Miriam Leonard
Bill Morton	Jason Ainsworth	Missy Anderson
Bill Way	Joan Guilkey	Norman Armitage
Bob Carter	Joe Brawner	Pam Ridings
Brett Belch	Johanna Ainsworth	Patricia Barnard
Browse Barnard	John Day	Patrick Smithey
Carmen Mugge	John Jeffries	Paul Carey
Cathy Sigal	John Register	Paul Mugge
Chris Taylor	Joseph Elphick	Richard Beavers
Chuck Hunter	Joyce Douglas	Richard Nelson
Cindy Belch	Joyce Lambert	Richard Swaim
Cindy Gaunt	Joyce Nelson	Rick Anderson
Cindy Swaim	Judith Osborn	Robert Nixon
Claude Pope III	Judy Brawner	Robert White
Courtney Callihan	Jules Showalter	Sean Callihan
Cynthia Henderson	Kathey Anderson	Shari Beavers
Dale Krapf	Kay Carwile	Stephen Cook
David Guilkey	Kay Murphy-Brown	Susan Nance
David Hunter	Ken Ridings	Suzi Buzzard
David Showalter	Larry Leonard	Virginia White
Dennis Carwile	Leigh Day	Watts Carr
		Wayne Lambert

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Sharon Edmundson, Deputy Treasurer
Tim Romocki, Director Debt Management
Susan Rabon, Chair, Bald Head Island Transportation Authority
Village of Bald Head Island Council
K. Christopher McCall, Village Manager
Chad Paul, CEO, Bald Head Island Limited, LLC

Some Bald Head Island Ferry Concerns

Cost and schedule:

Apparently the BHITA will increase fares immediately upon acquisition of the assets. Cost increases at this point will all be built into the price paid to the Mitchell's and does not increase available cash flow for the authority to spend on operations and capital improvements. Will the schedule be that same as it has been for years? The island has thrived on a set schedule of the ferry system overseen by the NCUC.

Capital improvements (boats):

What is the schedule for replacing and/or maintaining the ferry vessels? The vessels have recently had sporadic performance issues and have had to be pulled out of service a number of times in the past year. Is there capital available to support improved ferry schedule performance?

Capital improvements (ferry terminals):

How much capital is available for needed improvements at the terminals. Deep Point needs to have the baggage handling system replaced as it has not been used as was designed originally for years because of design flaws. New parking has to be built as the parking lot is overflowing in the busy summer months. The Bald Head terminal is woefully inadequate. Issues including one of the docks is under water at monthly high tides (and tides are projected to continue to increase even more rapidly as a result of global warming and increased dredging of the shipping channel) and is un-useable at those times. The baggage handling and vehicle service areas are too small and poorly designed resulting in failure at busy times. Bags piled on top of bags as they are loaded and off loaded. This building should be completely rebuilt. The BHI terminal area available for trams, tram parking, arriving and departing passengers, and baggage drop-off and pick-up is not currently adequate and requires redesign, improvement, and possibly relocation.

Management:

Who is going to manage the ferry system going forward? As the Mitchell family has sold off a number of businesses and real estate in the past few years the ferry service levels have deteriorated culminating in an unusually poor 2020 service levels. In addition to the abandoned baggage handling system at Deep Point the ticket system utilizes paper tickets purchased only at the Deep Point terminal and there is no reservation system to allow for planning by travelers. Frankly, it is hard to believe that these antiquated systems are still in place in 2020. The process for deciding the management structure and company should solicit and fully consider user input.

Operating capital:

How much operating capital is available to the authority in the event of lower-than-expected demand or unforeseen capital needs? From the available information it appears that there is little cushion for those possibilities. With the bond rating of BBB- it would be fair to assume that any additional capital would be difficult to find and, if found, likely very expensive. In that event it is likely the authority would have to increase fares dramatically or decrease service which would further reduce demand. Since the ferry and the island's economic viability are closely linked it could create a downward economic spiral for both entities.

Additional signatures January 28, 2020

Andrew Aronson
Ann Elder
Anna Hattaway
Anne Berry
Annemarie Marinelli
Ashley Jones
Beth Fordham-Meier
Betsy Nelson
Betty Lawrence
Bill Linebarger
Bob Price
Bob Vaughan
Braden Holloway
Buddy Lawrence
Buddy Reger
Chip Berry
Chris Hoke
Chris Parrish
Colleen Parrish
Dan Boyce
Dan Nelson
Dave Stuver
David Elder
Deborah L Wildgoose
Douglas B. Eberle
Elizabeth Bellucci
Gail Liesegang
Garnett Kelsoe
Gordon Holmes
Hobart Corwin
Hollis King
James A. Koch
Jerry Maggio

Jim Bourdon
Joan Maggio
Joe Barnard
Joe Snee
Joep van Huystee
John Marinelli
John Richter
Joseph Novia
Judy Richter
June Beasley
June Beasley
Karen Stuver
Kate King
Kathleen T. Koch
Kathy Linebarger
Kim Scagnelli
Kris Clark Aronson
Kris Riley
L. Darryl Quarles
Lee Gutshall
Lee Weaver
Lewis Beasley
Linda St Jean Carlow
Lynn Barnard
Marcella Kelsoe
Marijke van Huystee
Mark King
Mark Scagnelli
Mary Beth Snee
Mary Holloway
Mary Mears
Mary Taylor

Melanie Robbins
Merry Vaughan
Michael Caufield
Michael Jones
Mike Becker
Mike Stevens
Mitch Boyd
Natalie Boyd
Patricia J Miller
Paula Corwin
Phil Ross
Prudy Weaver
Randy Novia
Randy Riley
Robert B Liesegang JR
Robert B Liesegang Sr
Robert Iseman
Robert Taylor
Robert Vaughan
Roger Mustian
Roxann Mustian
Sandy Hattaway
Scott Mears
Sherry Becker
Stephen M Cobb
Steve Smalley
Sue Stevens
Suzanne Price
Tammy Holmes
Terry Reger
Theresa Bourdon
Wyndham E. Eberle

Additional signatures January 29-31, 2020

Abby Brotherton	FA Mcleod	Phil Ross
Ainsley Moyer	Frank Klaine	Rex Osborne
Ann Cathcart	Gage Bennington	Richard Allison
Ann Haglund	Gail Gaukel	Rick Zelina
Anne Gardner	Gene O'Callaghan	Robert Blau
Ben Bonifant	Gene Ramm	Robert Drumheller
Bill Grantmyre	Heather Ruland	Ruth Young
Bill Michels	Jane Mago	Ryland Pruett
Brian Geraghty	Jeanmarie Delloso	Sandra Yancey
Cam McIntyre	Jennifer Golwyn	Sarah Neuwirth
Carmen Mugge	Jim Roese	Scott Ingersoll
Carolyn Bell	Joe Snee	Scott Yancey
Catherine McIntyre	John Jeffries	Sharon McCoy
Charles Gaukel	Karen Klaine	Sherry Roese
Christine Osborne	Kelly Pruett	Steve Kennedy
Chuck Ruland	Kurt Haglund	Steve Terrio
Claire Bonifant	Kurtis Moyer	Sue Kennedy
Clinton Young	Lisa Zelina	Susan Allison
Conn Sharp	Mark Delloso	Susan Terrio
Dan Golwyn	Marvin Neuwirth	Susan Weaver
David Bennington	Mary Beth Snee	Suzanne Whitmeyer
Deb Geraghty	Mary Michels	Tim Bell
Debra Drumheller	Mary Sue Smith	Tim Brotherton
Delores O'Callaghan	Maryann Ingersoll	Tim Smith
Dixon McLeod	Mike Stocum	Tina Bullard
Drew Bullard	Palmer Sugg	Wendy Stocum
Erica Grantmyre	Paul Mugge	