

Bald Head Island Transportation Authority

vs.

**Village of Bald Head Island
Comparison**

| Item | Bald Head Island Transportation Authority | Village of Bald Head Island |
|---|---|--|
| Financing | Revenue Bonds totalling \$55.94M. | General Obligation Bonds totalling up to \$54.0M. The Village does not have to fund a reserve fund and pays less in cost of issuance and discount rate, saving over \$5M. As a consequence, the Village has set aside these funds for immediate capital expenditures for buildings and equipment. |
| | Interest rate of 4.15% paid over 30 years totalling \$99.25M. | Interest rate in the 2.43 to 2.93% range paid over 30 years totalling in the neighborhood of \$76.26 to \$81.50M, resulting in an overall savings of \$17.7-\$23.0M or \$590,000 per year in reduced debt service payments. (from Village's bond application to the LGC) |
| | Pro forma calls for a 20% increase in ferry ticket prices to cover debt service and costs of improvements over time. | Based on debt service savings, it is possible ferry rates do not have to be raised a full 20%. However, with the full 20% increase, the Village can make immediate capital and operational improvements which the Authority can not make. |
| | In the case of unrealized projected revenue, the Authority would need to increase rates and or decrease services to meet their debt obligation. | Unrealized projected revenue would be offset by the Village's ability to secure more advantageous financing. Additional response would be met by increase in rates, adjusting tax rates as last resort. |
| | In the case of unexpected expenses due to equipment failure, the Authority would need to increase rates or decrease service to offset expenses | In the case of unexpected expenses due to equipment failure, the Village could secure loans, increase rates or issue bonds. Again, rate increases and/or adjusting tax rates would be a last resort. |
| Capital Improvements/ Deferred Maintenance | The purchase agreement does not include monies set aside to immediately remedy critical current needs but does include dollars for remedies in the future. | Accepting projected revenue schedule outlined by the purchase agreement, the Village financing advantage using GO bonds would allow for substantial interest payment savings (see above) which could be directed to stabilizing and enhancing the system, including equipment replacement and building improvements sooner rather than later in the BHITA plan. |
| Governance/ Accountability | Board includes representation by state of NC , Brunswick County, Southport, and BHI. When the initial vote was taken to go public with the BHITA proposal it was approved over objection of the only board members who live full time on the Island and use the ferry regularly. There is a proposal to establish an advisory committee constituted mainly with users of the system, but excludes the Mayor or Mayor Pro Tem. Authority conducts its meetings in Southport. <i>As currently constituted, the Governor, the General Assembly, and the Secretary of Transportation control the appointments of six members, or a majority of the eleven member Authority board. Bald Head Island controls three of eleven seats on the Board.</i> | With concern for direct access by all entities; public, private, commercial, non-profit, etc. with vested interests in the Island, the transportation system would be incorporated into the Village organization. Transportation would be similar to Public Safety and Utilities, providing direct access by the users and held accountable to the public via Village government. Council will establish a Transportation Advisory Committee to provide input to Council on all matters related to the transportation system. The Village conducts its meetings on BHI and would have the Transportation System as a standing monthly agenda item to review financials, service/operations, and progress updates on critical projects. <i>Bald Head Island controls all five seats on the Council.</i> |
| Transition | The Authority has agreed to a transition services agreement with BHI Limited which would allow for the transition of operations to occur over 18 months. | The Village would negotiate a transition services agreement with the input of consulting services to ensure a reasonable, proper and seamless transition within an appropriate timeframe. |
| Operations | The Authority is not unlike a board of trustees. It would transition from the existing transportation system, hiring a general manager, creating a new start-up organization under Authority control. It has no experience operating a utility. | The Village has years of experience operating water and waste water utilities, as well as, waste disposal and road maintenance. It will immediately hire a general manager, hire project managers to help transition from the existing transportation system, and enfold the operation into its existing structure. Already established departments of finance, communications, human resources, and IT, all under the direction of a professional municipal government manager are in place and ready to upgrade and adapt to the new entity. |
| Employee Compensation | The Village has not seen any data on how the BHITA will handle this issue, despite requests for a compensation study which seems essential to determining employee compensation and benefits going forward. | The Village is conducting ongoing research to ensure the proper and fair transitioning of Transportation employees into Village operations. The Village recognizes and appreciates the hard work of the captains, supervisors, and front line employees with the intent to create a positive and stable work environment through competitive compensation/benefits and ensuring appropriate staffing to provide excellent service. |
| Emergency Operations | In the case of natural disaster, the Authority would be turning to the Village declaration of emergency and coordinate their support to the Island. | The transportation system would be directly incorporated into the Village Emergency Management Plan in the case of a natural disaster. Preparations for evacuation, support during and reentry after events would be integral to the Management Plan. |