

Mayor Pro Tem Scott Gardner's Statement Regarding the Bond Referendum for the 2025 Coastal Storm Damage Reduction Project

How did we get here? A little history

Prior to 2000, as the Cape Fear River, CFR, channel had been dredged to handle bigger ships, south beach had been losing sand for a long time. Several houses were moved off of south beach to other lots on the island. The old villas were lost to the ocean. Overwash from Hurricane Floyd covered SBHW with sand and golf course lagoons with salt water. Sandbags were placed in front of the Club to protect the utility infrastructure. All homes on the ocean front from the western point past Muscadine were threatened. It was a very bad time.

And then the NCPA and USCOE deepened, widened and shifted the CFR channel toward BHI in the early 2000s. We saw accelerated erosion of west beach, and the west end of south beach. The Village worked diligently through tough discussions and negotiations with the ACOE and other parties to create the current sand management plan. Unfortunately, it only called for BHI to get sand from only two of every three channel maintenance dredgings with Oak Island getting the third. That four-year span allowed for further erosion of west beach and the west end of south beach.

Thus, the Village Council embarked on a major effort to provide additional stabilization of the beaches by seeking legislative approval to construct a terminal groin, establishing plans to maintain and replace the soft groin field, and place sand on south beach during the 4 years we went without it. These efforts were to be paid for thru a referendum dedicating 8 cents to general tax rate and created MSDs A (ocean front lots) (6 cents) and B Lots in front of the dune ridge up to the ocean front lots (3 cents) so that those POs who benefit most pay a little more. But all POs pay something.

Since the inception of the beach renourishment fund, property owners on the east of the island have been paying to stabilize west beach and 60% of south beach. I believe it only fair that the rest of us repay the favor and contribute to the stabilization of the beaches on the east end of south beach.

Why? because our public beaches are our most important asset. There would be no BHI without all of our public beaches. Our real estate values would not be what are without our beaches. That the burden of financing Village operations, including beach stabilization, falls almost exclusively on residential property owners is no accident. We have chosen to disallow industrial tax base. We have severely limited the amount of commercial development. We have purposefully chosen an island vision of environmental sustainability, protecting as much as possible our island flora and fauna. We are purposefully a residential community. And accordingly, the tax burden falls on the residential sector.

But, let's stop talking about taxes for a minute.

Why would we consider placing sand on the east end of south beach?

As I said earlier, the Village made a bold move to aggressively stabilize west beach and the west end of south beach. And when I say the Village, I mean the Council in 2014 who proposed and the voters who approved by a 90-10 margin to increase taxes to pay for beach stabilization. As a result, those beaches are in very good shape. These efforts have worked! However, south beach is in very good shape for only the 60% from the west end, or to Flora's Bluff/Killegray Ridge.

The eastern 40% has NOT seen much benefit from the sand management plan. That end of the island is now facing continual erosion. In my view and in the view many people who have spoken with me about these issues, we as an island community need to protect the entire public beach shoreline, not just part of it.

The Village is pursuing long term measures to address this problem including the approval and installation of soft groins, such as have been installed on the west end of south beach, and gaining approval to use Frying Pan Shoals as a borrow site. These objectives will help provide long term stabilization at the east end of the island similar to what we are experiencing on the west end. There is still much design and engineering work to be done to ensure the viability of this solution. Sand placement next year is but a short term but necessary step to allow us to get to the longer-term solution that will benefit all of the island residents.

Let me add that Jay Bird Shoals has reached the end of its useful life as a borrow site. According to the Village's coastal engineer, the 2025 project will have harvested most all of the useful beach quality sand from that area. Currently, there is no place to go to secure sand for future Village renourishment projects. Obtaining approval to use Frying Pan Shoals as a borrow site is critical and essential to the long-term stability of our island beaches.

Consequently, I support two separate bond referendums, both to be paid back over a 7 year term. One totaling \$13.5M for beach stabilization on the west end to include providing fillet/ sand placement for the terminal groin, replacement of the soft groin field and sand placement totaling about 500K CY eastward to about the Black Skimmer/Mourning Warbler area of south beach. Based on our financial analysis, passage of this bond referendum is not expected to affect tax rates as servicing the debt of this bond would essentially maintain the current handling of debt service from the prior project.

The second bond referendum, totaling \$4.5M would place around 500 CY of sand beginning near the Floras Bluff/Killegray Ridge area and continue eastward to the point of Cape Fear. Voter approval of this proposed referendum would give the Village maximum flexibility to ensure the beaches on both the west and east of the south beach are stabilized to allow more time to secure permitting and approval for a soft groin field and allowance for Frying Pan Shoals as a borrow site.

This flexibility would allow for not placing some sand along the middle of south beach, where the beach is wide and placing the sand more easterly on south beach where the beach is narrow and nonexistent at high tide. This east end project may well result in a tax increase, primarily depending on whether or not we receive the federal grant of \$4.5M that we have requested. If we do NOT receive the federal grant and decide to move forward with the authorization of the full amount, this could result in increasing or re-allocating 6 cents on the general tax rate and increasing the municipal service rates by 2 cents.

Furthermore, I want you to think about this. I believe now is the time for all of us to consider the fact that current tax rates for beach stabilization, which worked for west beach and 60% of south beach may not be sufficient to ensure ALL of our public beaches are stable for the future.

Some have suggested we decide today that the Village should pursue ONLY the project on the west end of the island and cease all consideration of the east end project. They say we should not consider this until we have a town hall meeting.

Today's action simply establishes our proposal to the NCLGC and established upper limits for potential borrowing. We will decide at our December meeting whether we will in fact move forward with two referendum and will decide the language of those ballot proposals.

We fully plan to hold a public hearing in December as well as education sessions, allowing for Q and A. We should allow the voters and all property owners to learn more and better understand the implications of referendum to fund the project on both ends of south beach, including the effect on their property taxes. This way we let the voters decide whether or not to move forward with the east end project. Both sides will have plenty of time to "get the vote" out for the March referendum.

I support the two bond proposals that gives us maximum flexibility to resolve longstanding beach erosion problems.