

Questions & Answers

The following are questions received by the Village prior to, during, and after the GO Bond Town Hall that took place on December 11, 2023. The questions have been organized into the following categories: **finance/tax**, **shoreline**, and **bond referendum**.

Finance/Tax Questions

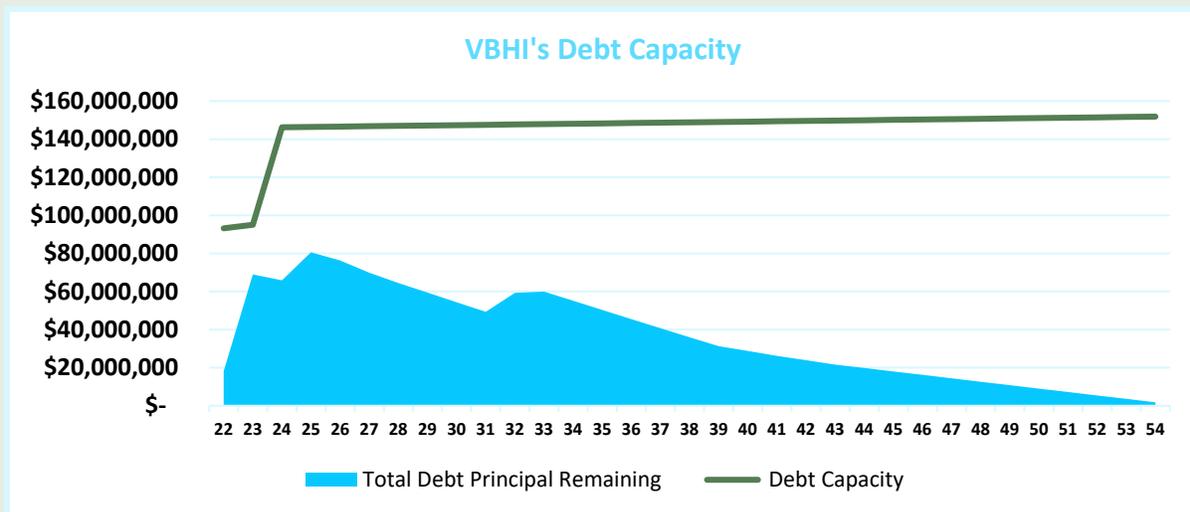
Question: I understand that the Village has submitted various requests in the tens of millions of dollars for grants or other types of financial assistance from both the State and the Federal government and that these requests are justified on the basis of critical upcoming needs for the island. They cover funds for various types of island infrastructure including beach renourishment issues.

Please provide what the total amounts of the funds requested are currently outstanding with the state and separately with the federal government.

If these requests which are submitted on the basis of important needs are ultimately turned down in whole or in part will the property tax payers need to pay for these expenditures over the coming years via new debt issued by the Village and would these important needs be of a significantly higher priority to the island's future than issuing a \$4.5mm GO bond today for a sand placement by the Shoals Club that has a high risk of being washed away in the near term?

We have a finite amount of debt capacity and should it not be preserved for no risk or low risk important infrastructure needs such as the ones that are outstanding with the various governments for assistance?

Answer: The Village assesses and prioritizes critical needs. We then investigate potential Federal and State funding opportunities. If Federal and State funding is not approved, then the Village will look to other options including re-scoping projects, cost-cutting, other funding options, etc., before going to the taxpayers to fund project priorities.



Question: How would the six-to-seven-year cycle of renourishment be financed? Assuming that the Village would have to pay for all the east end renourishment projects, and that a single project is expected to raise tax rates by 10.3% to 13%, why does beginning this expanded program not implicitly commit us to a projected total tax increase of 30-40% to fund the full 6-to-7-year cycle of renourishment?

Answer: The maintenance cycle would be financed through ad valorem taxes, including the municipal service districts (MSDs), as well as accommodation taxes. The Village is at the maximum allowed level of 6% to charge for accommodation taxes.

Regarding the amount of the tax increase, we do not expect anywhere near 30-40% tax increase to fund the full six-to-seven-year maintenance cycle. The more immediate plans for 2025 are, in the worst-case scenario of project costs of \$20.2 million, taxes would need to be increased by a maximum of \$0.0550 (~9.5%) for a total island-wide tax rate of \$0.6329. Properties within MSD Zones A and B would have incremental additions of \$0.0183, each, and their total tax rates (including the island-wide rate) would be \$0.7180 for Zone A, and \$0.6895 for Zone B. If we are successful in obtaining the Federal grant we have requested (\$4.5M), and the project cost is around \$18M, the tax rates would not need to be increased, as the amount of cost that the Village would need to finance would be comparable to current levels of debt service obligations (~\$13.5M).

Question: On the charts showing the impact to the tax rate for property owners for both scenarios, it only listed homes of various values but no lots and no businesses or other entities (Conservancy and Lighthouse for example) - would there be a tax change for those as well?

Answer: Yes. The charts showing the impact are based on assessed value as of this year's revaluation. So, if there is a vacant lot that has the same value as a lot that has a home on it (which could happen if the location is prime), the tax impact would be the same for both properties. To vote in the referendum, the property owner must meet the residency requirements to be a registered voter on Bald Head Island. Certain non-profit entities, such as the BHI Conservancy and Old Baldy Foundation, are exempt from ad valorem property taxes.

Charts referred to are on pages 50 & 54 [HERE](#).

Question: Option A - \$13.5M for 500,000 cubic yards of sand for South Beach and option B only \$4.5 for 500,000 cubic yards for Point. Can we reasonably conclude, then, it's about \$9M for "set-up" and about \$4.5M per 500,000 cubic yards for sand?

Answer: The \$13.5M for option "A" was to fund the most reasonable (minimum) west end fill volume based upon monitoring history to get us the amount of sand to fill the Terminal Groin fillet through the soft-tube groin field (approximately 500k cubic yards). Costs for these types of contracts include a substantial amount for personnel and equipment mobilization (just to show up) in the tune of \$1.5-2.0M with a per cubic yard price on the volume.

Question: How did the Village land on Option A and B and, more importantly, is there time to consider another option if a better solution becomes apparent before we put these referendums up for vote? (i.e., what other alternatives did we consider? What other models for cost sharing, if any?)

Answer: Options A and B were proffered “conceptually” and discussed at the annual Council Retreats in 2022 & 2023 in moving forward with the ongoing engineering/design and for inclusion in our permit application submittals to the State Division of Coastal Management and US Army Corps of Engineers (August 2023). This was the alternative in recognizing the need for Option A to maintain the Terminal Groin fillet and soft-tube groin field, in addition to providing some volume of sand to mitigate the ongoing erosion along the eastern end of South Beach. Given timing of regulatory reviews for permit decisions to construct the project starting in January 2025, any deviation from the current critical pathway will have significant effect on the ability to construct the project. In order to avoid delays, the Council decided to move forward based on the recommendation of the Village’s coastal engineer.

Question: What success have our local neighbors (OKI, Holden, etc.) had with recovering FEMA funds for sand replacement when recent storms impacted their beaches more negatively than, say BHI (Isaias, Idalia, etc.)? I'm very familiar with the FEMA recovery rates for infrastructure repairs after a state of emergency has been declared, but less so with beach/sand replacement....is that a "given" or more of a negotiated thing?

Answer: The Village is not aware of specific details of the success/failure rate of other local municipalities in recovering FEMA funds. Village staff has researched which municipalities have received FEMA Public Assistance funds in the past for their beaches and that information can be viewed [HERE](#). The FEMA Public Worksheets (PW) are not a given as it all must be documented – the volume of sand loss has to be quantified in addition to many other details submitted to FEMA for approval of the PW – the Village typically works through our NCEM Public Assistance partner as well. The potential reimbursement costs to replace the sand would include the cost for the volume of sand (per c/y) and required mobilization & demobilization of equipment (dredge plant/pipe/bulldozers etc.) and personnel. The project would have to be formally bid out with receipt of a minimum of three (3) responsive bids from prospective contractors and awarded by Council.

FEMA Eligibility Guidelines [HERE](#) (page 180).

Question: What alternatives were offered or considered for private funding by either the Club or the Club's casualty insurance carrier to contribute to paying for the sand replacement at the point?

Answer: It is Village staff’s understanding that the Club would not have funds to contribute, as they are already funding at considerable expense within their budget for the initial installation of the sandbag revetment and may expend an additional amount if/when they receive a variance from the Coastal Resources Commission (CRC) to increase the base width & height of the existing sandbag revetment – but we are not privy to their finances or casualty insurance.

Question: How much did BHI spend on lobbying efforts WHP, WHSMP and/or USACE in 2023 versus litigation efforts for Transportation System (ROFR, Ownership, Appeals)? What does the Village have planned for each of those in 2024?

Answer: The Village's lobbying expenses are fixed annual costs paid monthly and included in the annual budget – the current fiscal year lobbying contract is approximately \$120k and would be proposed to continue into the next fiscal year (FY25).

The cost for litigation is not static and has been dependent on the level of work required of the attorneys and other consultants. In Fiscal Year 2023 (July 1, 2022 – June 30, 2023), the Village expended approximately \$1,618,000 in litigation matters associated with the Transportation System. Currently, in Fiscal Year 2024 (July 1, 2023 – June 30, 2024), the Village has expended approximately \$551,000.

Question: Scenario C from the GO Bond Town Hall presentation (Slide 36 [HERE](#)) is the worst-case scenario in which the Village would use remaining funds from a prior GO Bond to borrow an additional \$2.2 million. This will be needed if the bids on the project exceed \$18 million. Both referenda would need to pass for the Village to be able to borrow these additional funds. Will voters be asked about the \$2.2 million for the 2024 Bond Referendum?

Answer: This will not be a question on the referendum because the voters in the previous referendum have already authorized this debt. There will be two questions, one on the borrowing of \$13.5 million and the other on the borrowing of \$4.5 million. However, the potential tax impact of all three proposed debt scenarios, including the \$2.2 million, will be included on the ballot and is also included in the disclosure statements. The tax impact of the \$2.2 million additional debt is shown on Slide 51 [HERE](#).

The Federal grant of \$4.5 million is also still out there for Congressional approval. The Village must work under the assumption that it will not receive the grant. The Village is expecting to know for certain about the grant funding in February 2024. The questions for the ballot must go to the Board of Elections well before then (early voting starts on 2/15), so the question on the \$4.5 million must be on the ballot.

Question: All of your projections are based on a seven-year debt structure. What are we projecting based on current erosion rates, how long are the benefits of these projects are going to last?

Answer: The debt structure is based on the need to pay back the borrowing principal and interest before the Village needs to construct another privately funded beach nourishment project. The Village does not want to be paying for more than one project at a given time or having that much debt on the books at one time.

In terms of erosion, the beach is dynamic, it is eroding and accreting. The Village is currently trying to make it to the next Army Corps of Engineers project (projected for 2027 – contingent upon Federal funding). The efforts the Village is making now are to make the beaches stable, to the maximum extent feasible, until the next Corps project (Schedule on Slide 5 [HERE](#)).

Taking into consideration also that the Village needs to consider the possible impact of storms. The Village is eligible for FEMA Public Assistance (PA) funds if there is a

Presidentially declared disaster due to the impacts from the storm, the funds are contingent upon the Village meeting the eligibility guidelines which include having an engineered and maintained beach (FEMA guidelines [HERE](#) on Page 180). The entire shoreline is included in the Village's shoreline maintenance plan and is currently eligible for FEMA PA reimbursement funds. The Village's coastal engineering consultants survey the shoreline regularly so in the event of a storm, the pre-storm shoreline can be compared to the post-storm shoreline to measure the impact and determine approximate cubic yards of sand needed to replace the sand lost due to the storm.

Shoreline Questions

Question: What do the experts hired by the Village and the Shoals Club believe is the likely frequency with which the newly proposed sand placement westward from the Point will need to be replenished? (If they haven't given a range of durations and a best guess average, why haven't they been asked to do so?)

Answer: The potential fill project at or near the Shoals Club is currently proposed as a one-time event. It is noted that the fill project segment considered is some 6,000 feet (i.e., 1.1 mile) long extending from the Point at the Shoals Club back westward.

Additional modeling will be needed to better determine the appropriate engineering solution and corresponding maintenance plan. The 2025 project simply buys the Village time to get us there. In the meantime, the Village is meeting with the US Army Corps of Engineers (USACE) regarding an agreement that would allow the Village to work with the USACE on sand placement in more strategic areas with the Village paying for that part of the channel dredging project outside the USACE's normal project scope (similar to the Village 2025 plan which bypasses sand placement along South Beach where a substantial beach has been accreting since the construction of the terminal groin in 2015).

Question: Why does it make sense to spend \$7 million taxpayer dollars (for the immediate project - \$4.5M new bonds plus \$2.5 M in previous approved by unissued bonds) and perhaps \$7 million every two years primarily to protect the Shoals Club, which is appraised at \$6.448 M (land and improvements)? What **public** infrastructure is threatened by the erosion at the Point (in contrast to the erosion at the west end that threatened utilities along South Bald Head Wynd)?

Answer: The potential threat to public infrastructure if the shoreline erosion along the south facing shoreline were to extend landward to the extent it could impact areas along Station House Way, particularly during storm events. With prior King Tides and storm surge from Hurricane Ian, there has been wave runup extending to the new residential home at the very southern end of Station House Way.



September 20, 2022 – Hurricane Ian – Still of [video](#) taken by Ethan Clark, North Carolina's Weather Authority (New home on the left, Shoals Club on the right).

Regarding infrastructure, the Village installed a large sandbag revetment among other strategies to protect the infrastructure along South Bald Head Wynd in front of the BHI Club. However, the Village spent many more dollars with sand placements, soft groins, and vegetative beach plantings to stabilize other parts of west beach and the west end of south beach to provide protection where infrastructure was not threatened but public beaches and private property were. This is why the voters in 2009/2010 voted for a tax increase and the creation of Municipal Service Districts for the purpose of providing a funding stream for beach stabilization efforts.

Question: Assuming that sand placement at the Point will need replenishment every 2 years, like sand placement at the terminal groin, what will that renourishment cost (best case as an extension from the Corps disposal projects, worst case as a separate project drawing from the impoverished sands of our Jay Bird Shoals borrow site)?

Answer: Sand placement at or near Cape Fear is currently proposed as a one-time project. The feasibility of renourishment would in all probability need to be in concert with some form of structural erosion control measure(s). The latter are NOT permittable at present without legislation strategically modifying State of NC regulatory constraints.

Additionally, the loss of sand on the east end of South Beach is not expected to be as drastic as at the point on the west end since there is not a 42-foot-deep Federal navigation shipping channel drawing the sand away from the east end. An analysis of sand loss on the east end will need to be modeled to determine the quantity and timing of sand placement, each dependent on the type of permanent structure (sand-tube groin(s) or Terminal Groin) that is placed there. The 2025 sand placement is intended to buy time to complete the modeling and obtain legislative/regulatory approvals assuming Village Council approves moving forward in that direction TBD.

Question: What likelihood do your political and shoreline management experts give to the approval of a terminal groin at the Point, given the very strong opposition to hardened

structures on North Carolina beaches and the absence of an inlet / dredged navigation channel next to the Point that was used to justify the existing terminal groin? Is the approval of a second terminal groin essential to the long-term success of this expanded renourishment program? And even if there were a groin, wouldn't the beach still need renourishment on a schedule like the other terminal groin?

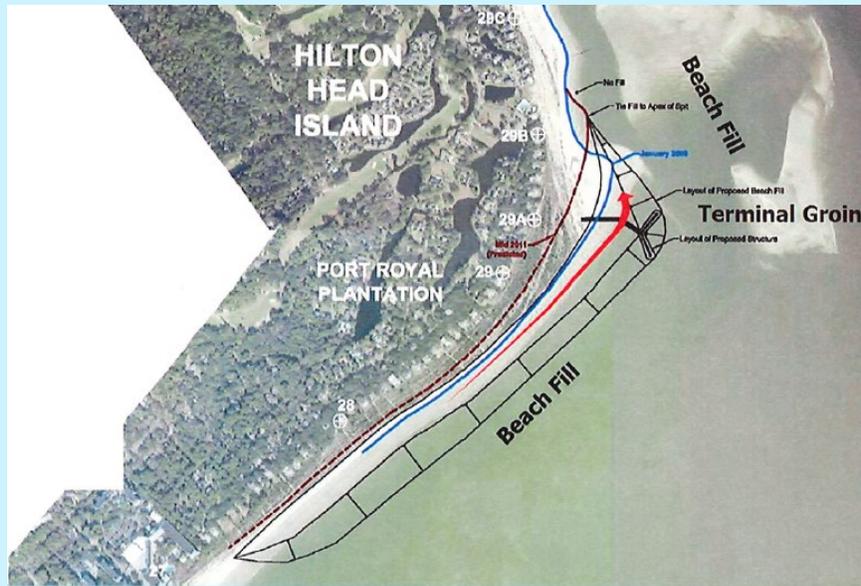
Answer: A Terminal Groin (TG) as well as other similar structural erosion control measures proposed are NOT permissible at Cape Fear at this time. The performance of any proposed erosion control measure(s) (i.e., Terminal Groin, groin field, breakwater etc.) would need to be determined by in-depth numerical modeling.

The Village has learned that permitting will not be easy. Local NC legislative representatives have demonstrated a willingness to pursue a legislative solution on behalf of the Village. Passage of such legislation is to be determined. In depth modeling as mentioned will have to be done to determine the efficacy of any proposed structure which would likely require routine nourishment in similar fashion to the Terminal Groin and soft-tube groin field at the west end of South Beach. Annual shoreline monitoring has shown the existing Terminal Groin at the west end of South Beach to be successful in slowing the erosion and shoaling rate of sand back into the Federal navigation shipping channel. It is expected that a maintenance plan would need to be developed much like on the west end.

Question: What effect would a terminal groin at the east end of South Beach have on the erosion patterns of East Beach? Wouldn't starvation of the easterly sand bank lead to greater erosion of East Beach by the long shore currents? Wouldn't a groin, in the unlikely event it were approved, likely be robbing East Beach to benefit South Beach? If that hasn't been studied, shouldn't it be before the Village continues lobbying for a statutory change?

Answer: It is accurate that any future structural erosion control measure proposed at or near Cape Fear would need to be subject to in-depth numerical modeling for purposes of analyzing potential impacts to South & East Beach, as well as overall performance. It is anticipated that any attempt to modify existing regulatory constraints on structural measures for erosion control on oceanfront shorelines in NC should be general in nature, and not limited to just one type of approach. The configuration of the nearshore portion of Frying Pan Shoals essentially controls the conditions of East Beach shoreline today, which over the last 15 years of monitoring by survey has varied from erosional to accretional.

Hilton Head SC has been dealing with a similar problem where two separate facing shorelines converge (one east west, one north south). A Y-shaped Terminal Groin was engineered by the Village's coastal engineer (Olsen & Associates) that has slowed the movement of sand from west to east and north to south. As Terminal Groins are engineered & designed specific to each site, the engineers would need to look at this with more in-depth modeling to determine if a similar like structure would mitigate erosion at the point of Cape Fear.



Hilton Head Island, SC

Question: The Terminal Groin on the west end of South Beach seemed like a once in a lifetime deal, what are the chances that the Village will get the permit to build one on the east end?

Answer: The original bill authorized four Terminal Groins for the state of North Carolina. Two more groins were added to a later bill. To date, Bald Head Island and Ocean Isle Beach are the only two that have been constructed. There is some differences between the Terminal Groin we have now, near the shipping channel and the location for the proposed groin on the east end. Generally speaking, Terminal Groins are site specific to the conditions and are modeled, engineered and designed for each location. Modeling and engineering will need to be performed. The Village has had a State representative visit the island to see the impacts and they are aware of the problem and are willing to work with the Village. The effort is moving forward. The point of Cape Fear is very dynamic so whichever alternative is considered, it must work for both East Beach and South Beach.

Question: Can you show us what things would look like if the bond does not pass, visually?

Answer: No, there is not a way to show a what-if scenario visually because the beach is highly dynamic. Some areas that were losing sand are now accreting. These measurements can be found in the Village's monitoring reports. Which can be viewed [HERE](#). From a practical standpoint there is not a way to show visually what future conditions can look like along the shoreline.

Question: Sand sources were discussed. Has anyone discussed the mouth of the creek recently? It used to be dredged. Has anyone thought about that as a source of sand.

Answer: Historically the dredged material from the mouth of the creek was placed along the shoreline in front of Row Boat Row or on the West Beach side south of the BHI Marina channel entrance. It is limited in quantity 50,000 – 75,000 cubic yards versus about 1 million cubic yards for the projects that place sand on South Beach. The Village’s shoreline management program and its annual monitoring includes the area along Row Boat Row and West Beach, analysis of that area is included in the engineers annual report and would identify the potential need for sand placement that could either come from dredging of the mouth of BHI Creek and/or maintenance dredging of the Federal navigation shipping channel as it did during the Corps maintenance project in 2013.

Question: Has the Village looked at recent beach nourishment project bids in the area as it is determined the estimated cost of the 2025 project and how it would compare?

Answer: According to the Village’s coastal engineering firm, there are only four firms nationally that can construct this project. Right now, the cost of dredging has gone up significantly over the last couple of years principally because of the amount of money that’s been put into the economy through the infrastructure act. There are hundreds of millions of dollars that are going into projects that involve dredging mostly at ports and channels. So that the competition right now is not good for constructing a small project like ours. Projections to date are based on what we expect at this point in time. The Village has obtained the cost estimates for the Wrightsville Beach project which is under construction. It’s a Federal project similar to the Village’s 2025 project in cubic yard volume, it has mobilization, it has cost per cubic yards, etc. The costs are similar to what we’re projecting.

Question: Erosion is higher on the east end, it was not always like that (based on vegetation that had been there for a long time), what caused it?

Answer: The erosion rates that we have are not based on modeling, they're based on surveys that are performed every six months and codified as monitoring reports at the end of each fiscal year (view [HERE](#)). So, the erosion rates that we have and that we know are **actual** they're not hypothetical. Yes, the loss rates on the east end of the island are higher, and unfortunately, the modeling reports show that what happens on the east end of South Beach basically has to do with Frying Pan Shoals. It's a morphological feature which shifts around, and it has shifted around to the disadvantage of the island over the last decade or so. The “tail wags the dog” there and it is not something that can be modified in contrast to the other end of the island where a Terminal Groin structure can be built to try to mitigate or to reduce portions of the impact of the navigation project down the beaches. At this point in time there is no legislative authority to build any type of structure whether it be a soft structure or hard structure on the East end of South Beach. Those options were provided in the report that the Shoals Club received from its coastal engineer CPE ([HERE](#)) and they are hypothetical. There are only two solutions on the east end of South Beach in the vicinity of the point. One is to wait and see what happens. The other is to place sand and see what happens. Because it is not a very predictable circumstance due to the effects of the shoal.

In this case the Village has proffered a solution which has two parts. Part one is conventional, to put sand on the west end of South Beach to mitigate the known impacts of the Federal navigation shipping channel and to keep the soft-tube groin field full to protect the roadway

and landward infrastructure behind it. Also, to comply with the Terminal Groin permit terms which require routine sand placement there otherwise the Terminal Groin theoretically would have to be removed. Part two, on the east end, the Village has proffered a temporary solution to place sand and determine what the cost benefit of that sand is over X number of years. We cannot predict with any great assurance as to the longevity of that sand because of the rate of erosion that occurs there which occurs primarily, or in entirety due to the effect of Frying Pan Shoals and storm effects which occur.

Over the last 12 months there's been accretion on the east end of South Beach. There's a level of accretion that we haven't seen for some time. However, it's also a fact that this is a very low energy year with respect to tropical storm and hurricane impacts which are the main impetus for the loss of sand at that location due to the way the shoal moves around after major storms. So, you have a two-fold solution here which, depending on costs, the Village can attempt to address. In the long term, there are two things potentially down the road, one of which is trying to negotiate with the Army Corps of Engineers on the terms of how it places sand on the beaches.

Right now, when Congress authorizes a navigation project the disposal associated with that navigation project is at a least-cost option and that's what the Corps must fulfill. When the Corps eventually gets permits to modify the channel to increase its depth and width, at that point in time, the Village has the possibility of negotiating terms which can be codified by Congress and specifically, for example, change the way disposal occurs on Bald Head Island and Oak Island. At that time the Village will have an option to change the disposal area. Over the years, every time the Village has requested changes the Corps has responded with the least-cost option policy.

Question: What made the vegetation loss occur suddenly? The vegetation on the east end of South Beach was stable for at least 10 years and was gone in 2016.

Answer: As far as the vegetation that was present for many years, that was lost, that is basically from storm impacts. There are no man-made activities which have caused what has happened over the years. What Olsen Associates and CPE (Shoals Club's coastal engineering firm) have observed is that the formation of Frying Pan Shoals in the proximity of the shoreline dictates what happens there. What we've seen is that during major storms and hurricanes is that there's a breakthrough in the shoal formation between the actual shoreline and a portion of the shoal. What happens is you have this funnel created in the nearshore area whereby sand can be very easily driven off the island and through the shoal formation itself. Until that area infills, we won't enjoy the benefit again of Frying Pan Shoals as we did several years ago when the beach condition down there was very robust and there was a significantly different configuration. Until that happens the only thing the Village can do is react to the existing conditions and place sand until the Village can change legislation which would allow the Village to add structures or some type of structural solution in addition to any beach fill activities at that location.

Question: Can the Village place sand in that specific area to push the funnel out father?

Answer: No, the Village cannot. The sand that you would need to do that, in which CPE expressed as a hypothetical, would have to come from Frying Pan Shoals. The Village has not been able to get a permit to borrow sand from Frying Pan Shoals for purposes of

beneficially affecting the beach itself, rather than some secondary type of solution, so that is not an available solution.

Question: Are there alternatives that the Village can pursue?

Answer: Yes, the Village has some flexibility in the scope of the 2025 project. This could include not replacing the soft-tube groins at the West End to make up any overages (not recommended as this could endanger the landward roadway/infrastructure including water, sewer, and power in that area and residential properties and BHI Club property).

The Village expects to bid out the project splitting it into three segments. Segment 'A' of the fill project at 500,000 cy shall be considered the Base Bid. Segment 'B' of the fill project at 500,000 cy shall be bid as Option No. 1 to the Base Bid. Segment 'C' of the fill project at 250,000 cy shall be bid as Option No. 2 to the Base Bid. Acceptance of Option No. 1 or Option No. 2 by the Village shall be dependent upon cost and beach conditions at the time of award.

Providing options within the bid will give the Village the option to pick and choose depending on outcomes of the bids received from prospective dredging contractors. Sometimes you can negotiate or rebalance the bids, but there is a risk of causing a protest from the bidders. There are only three to four dredging contractors out there and because it is a small project compared to the larger Federal projects, the intent is to leverage by having the project constructed in the same general timeframe as the Federal projects to entice the dredging firms. There is also the limited dredging window, where no dredging can take place between April 1 and November 15 due to the sea turtle nesting season.

Question: Can the Village install a temporary groin on the east end of South Beach to see if a permanent one will work?

Answer: Even a "temporary" groin structure will require a change in legislation. It's just not something that will be permitted under the existing law.

Question: Is there time to defer the options that would have additional implications at least before the community knows what repercussions might be from its litigation matters and the impact that has on the taxes?

Answer: This project is time dependent on the Wilmington Harbor Sand Management Plan, so the Village is looking at 2025 or 2032. The Village understands the concerns about the litigation expenses and is doing everything it can to keep the impacts to a minimum.

Question: Would the Village bid these out together?

Answer: Yes, the project bid documents has a Segment 'A' of the fill project at 500,000 cy which shall be considered the Base Bid. Segment 'B' of the fill project at 500,000 cy which shall be bid as Option No. 1 to the Base Bid. Segment 'C' of the fill project at 250,000 cy shall be bid as Option No. 2 to the Base Bid. Acceptance of Option No. 1 or Option No. 2 by the

Village shall be dependent upon cost and beach conditions at the time of award. Once bids are received the engineer will evaluate and make a recommendation based on the costs.

Question: Irene was mentioned in the presentation, but there was no mention of Florence. What happens if there's a major hurricane as far as FEMA goes?

Answer: Every storm is unique and with Florence, it brought about a different issue than Irene in that the flooding issue came from rainfall. The beach system had minimal impacts due to Hurricane Florence. Since the Village does the fall and spring profile survey monitoring every year, the Village has the data to show what the shoreline is like pre-storm and then after the storm the Village can have a survey performed and Olsen Associates will be able to calculate the volume of sand loss due to the storm event. This is entered into the Village's FEMA Project Worksheet which is submitted to FEMA for reimbursement to replace that sand. Hurricane Irene's timing just happened to coincide with the Village's efforts in securing permitting that was already underway for dredging the mouth of Bald Head creek afforded the Village the opportunity to use that sand from the creek mouth to replace the sand that was lost on West Beach and around the point.

Question: It has been discussed that the cost to get sand to the east end of South Beach is higher, what is the differential cost (not mobilization or sand amount)?

Answer: The expected mobilization costs today average \$4M or more. It's not just the dredge showing up but the logistics of bringing thousands of feet of pipeline (some submerged pipe, some shore pipe) and the set up and assembly of same.

The sand placement along the eastern end of South Beach will require additional equipment (pipe) and labor to extend the pipe for pumping of sand in addition there may be the need for a booster pump to pump the sand as the further distance away from the dredge plant requires more pumping power and there tends to be a decrease in efficiency of the flow of sand with the distance all of which dredging contractors account for in their costs of the project.

Bond Referendum Questions

Question: We vote in March; do we anticipate that we will know if the Village has been awarded the \$4.5 million grant before we vote?

Answer: This is a possibility. However, at this time, the Village must operate as if the grant has not been awarded.

Question: How many property owners on BHI are subject to paying debt service on the bonds through their property taxes, and how many registered voters are there amongst those property owners who will be voting on this bond issue?

The point of the question is to ascertain the proportion of tax paying property owners who are also registered voters. I was told by Brunswick County only full-time residents were eligible for voter registration.

Answer: As of June 2023, there are approximately 2,783 tax parcels within the municipal limits of the Village of Bald Head Island with 2,016 unique owners (some owning multiple parcels). Note, all properties that are not exempt by state statutes are subject to property taxes. As of December 2023, there are approximately 382 registered voters.

Question: What happens if we pass a GO Bond for the 4.5 million, but we actually get the federal grant at some point between printing of the ballot and the beginning of voting?

Answer: The timing in receipt of the \$4.5M federal grant will have no impact on the ballot language as the language had to be submitted to the Brunswick County Board of Elections by December 18th, 2023. If the Village is notified that the federal grant is awarded before the date of the referendum (March 5th, 2024) then the Village will communicate with island residents and voters of that fact.

Question: Can the measure on the ballot for GO Bond B for \$4.5 million be worded something to the effect of asking voters to approve it IF we don't get the Federal grant but that we aren't obligated to get it if we do get the grant?

Answer: The ballot language is drafted to meet the specific requirements of election statutes as recommended by the Village's Bond Counsel.

Question: The Village has the two proposed bond amounts of \$13.5 million and \$4.5 million, if the Village gets both bond proposals approved, we have \$18 million to work with. If the bid comes in for Part A (\$13.5M) and it's \$17 million, how does the Village handle that? Can you take money away from the east end even though people voted to do Part B for the east end?

Answer: There is flexibility because the ballot language and the way the bond orders work is the amounts are not restricted to geographic areas, they're just restricted to the type of project you're doing which is beach nourishment. The Village is not allowed in the ballot language to restrict the geographic location of those projects, it's just the nature of the projects is beach nourishment. What's being described in terms of voter information, in this session and during a public hearing, is to explain why the Village would need the additional \$4.5 million which would be if voters agreed to do the Part B project. So, if the \$13.5 million passes and the \$4.5 million additional funds pass, and the estimates come in higher for Part A, the Village can use funds as needed to cover that cost. Of course, you'd also have the additional \$2.2 million (left over from the last bond referendum) that the Village could authorize and issue at that point.

The Village is asking voters to decide the largest amount of money they will authorize and give the Village the ability to issue bonds later. The Village is currently educating voters as to the reasons for the need to borrow the \$13.5 million, \$18M or the \$20 million. The Village is not restricting the use by geographic area. The Village is explaining why it will need a larger amount of money if the Village decides to approve going forward with Part B. So, the Village would have that flexibility. The Village does have the \$2.2 million authorizing issued, and this has been authorized by voters. Issuing bonds under any of these authorizations would require later Village Council action and would provide voters with an additional opportunity to weigh in.

Question: Is the language of the \$4.5m earmark specific to placement of sand on the east end of the beach – or if the earmark ends up in the appropriations bill, could it be used to reduce the amount of bonds issued – and thus to reduce our tax rate?

Answer: As previously mentioned, the Village cannot specify the geographic placement of sand in the question on the ballot. If the Village receives the \$4.5 million from the federal grant, it can be used to reduce the total amount that is borrowed for the 2025 project and may prevent a tax increase depending on the total amount of the bids received by contractors. The total amount passed in the referendum is the amount the Village can issue for beach renourishment. As with previous bond issues, any portion unissued can be used for any future beach nourishment project.

Last updated on 1/5/2024