

## MAYOR SAYRE'S STATEMENT AT LGC MEETING ON MAY 4, 2021

Commissioners,

The legislation that created the statute that in turn created the Bald Head Island Transportation Authority proceeded without the participation or even knowledge of the Bald Head Island community. At inception the Village Council supported this concept, albeit with reservations. Unfortunately, a lack of transparency to the community persisted due to Non-Disclosure Agreements required by the Seller, in combination with nearly all deliberations occurring in Closed Sessions deemed proprietary information.

As time passed, some on the Authority board became concerned about appraisals, projections and asset values. For my part I became alarmed that the emphasis of the deliberations was on the financing structure without proper analysis of the complex asset being transferred. In particular I became more and more concerned that deferred capital expenditures and deferred maintenance were not being reflected in either the purchase price or the future operating projections.

In particular the deficiencies at the two terminals include, but are not limited to, dysfunctional baggage handling, poor passenger management and lack of thorough planning for future dredge spoils disposal and parking.

Another critical shortcoming is the limited amount of useable land at the Bald Head Island Terminal where passengers, employees, trams, carts, baggage, baggage dollies, Public Safety vehicles and the occasional emergency vehicle all compete within the constrained land area. Safety is a real concern. Remarkably, at present there are no toilet facilities on the land that is planned to convey to the Authority.

All in all, the remediation of these issues as well as others could easily cost \$10M and very possibly much more. Disturbingly these issues were not adequately analyzed, often not even acknowledged, in the due diligence process. Also, to my knowledge no non-resident member of the Authority, nor the consultant preparing the due diligence report, witnessed in person the operational difficulties of the transportation system at high traffic periods, even though those periods occur from Memorial Day to Labor Day and on many of the holidays in between.

Perhaps more than other enterprises, the transportation system relies on and is judged by the performance of its diversified employees. No compensation study was performed even after the Village recommended its independent consultant, already familiar with the local job market. In order to operate a first-class system, there is the definite possibility that compensation will need to be above the norm. Also, retirement programs need to be examined.

When I speak of the Bald Head Island community, that includes residents, property owners, service providers, non-profits and all guests. They all are what makes Bald Head Island work. Recently there seems to be a sentiment that our community's transportation system needs outside supervision. I disagree. The Village and the community are ever mindful of the difficulties inherent in working and visiting the island and are constantly trying to improve the conditions. A case in point is the present

construction of vastly improved Contractor Services facilities with an eventual Village cost exceeding \$2M.

Similarly, it has been expressed that the transportation system is a regional responsibility. I disagree. The transportation system has one duty: to transport passengers and vehicles from Southport to Bald Head and back again. It is not a gateway to other destinations. It is a utility of the community of Bald Head Island which will be paying off its debt.

An appropriate test would be to ask who is harmed if this utility is mismanaged or a natural or man-made disaster occurs? Not the vast majority of Southport, Brunswick County or State citizens. But all of the Bald Head Island community would be harmed, which consequently should have the majority responsibility for management of the transportation system.

Thank you.