



CITY OF BOILING SPRING LAKES
FREQUENTLY ASKED QUESTIONS REGARDING
THE DAMS RESTORATION

1. It seems as if we have all the money needed for the Dam Reconstruction, why do we need the referendum to pass?

Answer: When it was thought that the City would need to borrow \$15 million, the Local Government Commission (LGC) required the City to hold the referendum because it would have increased the tax rate for the citizens. The LGC wanted to ensure the citizens had a say. The City will still need to borrow money for cash flow purposes because FEMA pays on a reimbursement basis. We have to initially pay the contractors for their work, submit for repayment from FEMA and wait sometimes up to six months for reimbursement. There also is a chance that there will be cost escalations or problems during construction that may arise and have not been included in the current estimates. That being said, the amount needed will be a lot less than \$20 million. It is anticipated that amount may be approximately \$5 million. Please keep in mind, taxes would only increase **IF** we borrow funds and the amount of funds we actually borrow would determine the amount of any tax increase.

2. Why does the referendum still have the \$20 million amount?

Answer: When the ballots were sent to be printed in August, we needed to ask for \$20 million. The ballot is now set and cannot be changed.

3. Why should I approve the \$20 million if the City will only need \$5 million?

Answer: A yes vote for the referendum is showing support for the City to rebuild the dams. The LGC will not let the City borrow more money than we need, as shown by construction budgets and estimates. The City also doesn't want to borrow any more than is needed. As stated above, it is anticipated the amount needed will be approximately \$5 million.

4. What is the breakdown of the funds expected to be received?

Answer: The potential funding scheme, as listed in the recent McGill presentation, is as follows:

Funds expected to be received from FEMA	\$19,945,000
Funds already received from NC Legislature	14,000,000
Funds to be received from Brunswick County (over 4 years)	3,000,000
Funds to be received from DCIP Grant	14,900,000
Potential General Obligation Bond	<u>5,000,000</u>
TOTAL ANTICIPATED FUNDS	\$56,845,000

5. What is the anticipated tax impact of borrowing \$5 million?

Answer: The tax implication may be \$.05 tax increase (an 18% increase). If the City is able to get additional funding, that will be a bonus; and the additional funding can be used to pay down the debt the City is incurring.

Not counting properties that are only land or commercial property, Boiling Spring Lakes has approximately 400 properties valued less than \$100,000, about 1,500 properties between \$100,000 and \$199,999, approximately 625 properties between \$200,000 and \$299,999, and about 175 properties over \$300,000.

The possible tax implications of a .05 tax increase by house value are:

Home valued at \$122,970, an increase of \$61.48 or \$5.12 per month

Current tax bill:	fire district	137.50	increased tax bill:	137.50	
	BSL tax .282	346.78		BSL tax .332	408.26
	County tax .485	<u>596.40</u>		County tax .485	<u>596.40</u>
	Total tax bill	1,080.68		Total tax bill	\$1,142.16

Home valued at \$184,960, an increase of \$92.48 or \$7.71 per month

Current tax bill:	fire district	137.50	increased tax bill:	137.50	
	BSL tax .282	521.59		BSL tax .332	614.07
	County tax .485	<u>897.06</u>		County tax .485	<u>897.06</u>
	Total tax bill	1,556.15		Total tax bill	\$1,648.63

Home valued at \$216,780, an increase of \$108.39 or \$9.03 per month

Current tax bill:	fire district	137.50	increased tax bill:	137.50	
	BSL tax .282	611.32		BSL tax .332	719.71
	County tax .485	<u>1,051.38</u>		County tax .485	<u>1,051.38</u>
	Total tax bill	\$1,800.20		Total tax bill	\$1,908.59

Home valued at \$335,550, an increase of \$167.78 or \$13.98 per month

Current tax bill:	fire district	275.00	increased tax bill:	275.00	
	BSL tax .282	946.25		BSL tax .332	1,114.03
	County tax .485	<u>1,627.42</u>		County tax .485	<u>1,627.42</u>
	Total tax bill	\$2,848.67		Total tax bill	\$3,016.45

6. When would the tax increase begin?

Answer: The bond referendum will enable the City to start the bid process and get the project started. The City will continue to attempt to secure alternate funding at the State level in the meantime. If received, those alternate funds will ensure no tax increase is realized as a result of the dam reconstruction. If a tax increase would be needed, it would not begin until construction is complete.

7. Who do are our representatives for Boiling Spring Lakes?

Answer:

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