



## Fripp Island Public Service District

General Obligation Bond Referendum

Town Hall Discussion Materials

July 29, 2017

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I. Overview of the Fripp Island Public Service District

II. Overview of the Revetment and Damage Caused by Hurricane Matthew

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# Overview of the Fripp Island Public Service District

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## Overview of the Fripp Island Public Service District

- The District is a Special Purpose District created by the South Carolina legislature in 1962, when development of the island was just beginning.
  - A Special Purpose District is a district created by an Act of the South Carolina General Assembly, which provides limited and specific governmental services within a specific area. Typical functions granted to SPDs include, fire protection, sewage treatment, water or natural gas distribution, and recreation.
  - Special Purpose Districts do not include any state agency, department, commission or school district.
- Services provided originally included water supply, fire protection and erosion control.
- In 1993, with the acquisition of the island's sewer system from the Fripp Company, the District's services expanded to include wastewater collection and treatment.
- In 2003, operation and maintenance of the Fripp Inlet Bridge also became a District responsibility when ownership of the bridge was transferred from the Fripp Island Property Owners Association to the District.
- The District is governed by the Fripp Island Public Service District Commission, originally composed of three members appointed by the Beaufort County legislative delegation
  - Legislation was amended in 1974 to increase the number of commissioners to six
  - With the successful passage of a voter referendum in November 2000, the Commission became an elected body and the first election of Commissioners took place in November 2001.
  - Commissioners are elected to 4-year terms, and elections are held in even-numbered years

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# History of the Revetment

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## Overview

- In 1974, developers completed a 2,000-foot concrete seawall and rock groin along Fripp Inlet to protect the Ocean Point golf course and the area where New Haven Villas were built.
- Shortly thereafter, the Fripp community decided that a rock revetment along the beachfront was the best means for checking erosion.
- The district adopted a policy that it would design the revetment and individual property owners would be responsible for the cost of installation and maintenance.

## Damage Caused in 1983 Storm

- On the weekend of October 8, 1983, very high tides driven by strong northeasterly winds caused extensive damage along the Fripp Inlet shoreline in the vicinity of Porpoise Drive and Remora Drive.
  - This damage destroyed the road and a water main.
  - During the next 15 months, the District built the revetment along the Fripp Inlet to protect the road and water and sewer lines during future storm events.
  - The following two slides show the damage caused by the storm in 1983.

# Shoreline Damage 1983

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# Shoreline Damage 1983

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# Hurricane Matthew Revetment Damage

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## Overview

- Hurricane Matthew hit the barrier islands of South Carolina and the Lowcountry on October 8th.
- The Fripp Island Public Service District's Fripp Inlet revetment along Porpoise Drive was heavily damaged and sustained several major breaches.
- Notwithstanding the damage to the revetment itself, the revetment accomplished its intended purpose, with no loss of water or sewer lines and minimal damage to the road.

## Response of the District

- Upon gaining access to Fripp Island after evacuation orders were lifted, PSD Commissioners and staff began working immediately to repair the areas of the revetment that incurred the worst damage.
- An existing approved proposal for revetment repairs was converted to an emergency repair to combat the effect of erosive wave action along the roadway, which could directly endanger the District's water and sewer lines beneath the road.
- The District submitted a Request for Public Assistance to FEMA for federal funds to assist in covering costs of hurricane-related damages to the revetment and a permit was obtained from the SC Department of Health and Environmental Control's Office of Ocean and Coastal Resource Management (OCRM).
- A survey of elevations at cross-sections along the revetment was done for comparison with a survey done in 2012, in order to determine the average loss of elevation along the revetment.
  - It was determined that the loss of elevation from the top of the revetment ranges from 1 to 4 feet.



# Hurricane Matthew Revetment Damage



# Hurricane Matthew Revetment Damage



# Hurricane Matthew Revetment Damage



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# Project Description

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## Revetment Repair

- Complete repair of the Revetment will include:
  - Rework revetment base, adding fill as necessary
  - Replacement of damaged filter cloth
  - Build-up of the revetment crest to the approximate pre-storm elevation of 8' NAVD 88 (approximately 3-4' above existing road surface), using armor stone for protection against erosive wave action
  - Add an armor stone “blanket” to the toe and slope of revetment to further protect against erosive wave action
- Repair of the Revetment is projected to cost up to \$2.3 million.

## Harbor River Waterline Replacement

- The South Carolina DOT intends to replace the swing bridge spanning the Harbor River along U.S. Highway 21 in Beaufort County.
- The District's 10" water main, which provides potable water service to Harbor, Hunting and Fripp Islands is located within SC DOT's right-of-way and buried in the causeway approaches on both sides of the bridge.
- SC DOT policy requires utilities whose lines are located within DOT rights-of-way to relocate their lines at the utility's expense.
- Replacement of the Harbor River Waterline is projected to cost up to \$3.2 million

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# How will the District pay for the Project?

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## Voter Approved G.O. Bonds

- Voter approved General Obligation Bonds allow the District to:
  1. Fund the full project cost of both projects
  2. Pay the least amount of interest
  3. Maintain cash reserves (primary source of budgetary flexibility)
  4. Maintain 8% debt capacity (primary source of budgetary flexibility)

## Tax Impact of General Obligation Bonds

- The following page provides an overview of the projected tax impact of the proposed General Obligation Bonds, detailed below:
  1. Level Debt Service
    - The first page shows the impact of both 15 and 20 year amortizations for the revetment project using a level debt service structure.
    - The water line replacement project will be amortized over 20 years with a level debt service structure.
  2. Wrapped Debt Service
    - The second page shows the impact of both 15 and 20 year amortizations for the revetment project using a wrapped debt service structure.
    - The water line replacement project will be amortized over 20 years with a level debt service structure.

# General Obligation Bond Tax Impact – Level Debt Service

## Observations

- The two scenarios shown below fund both projects while using a 15 year and 20 year maturity.
- A level debt service structure is used.

			A				B		
1	2	3	4	5	6	7	8	9	10
			Waterline Replacement	Revetment Repairs Scenarios					
			SRF G.O. Loan	General Obligation Bond			General Obligation Bond		
			3,200,000	\$2,300,000			\$2,300,000		
			Level Debt Service	Level Debt Service			Level Debt Service		
			1.90%	2.85%			3.35%		
Fiscal Year	Value of a Mill	Existing Debt Service	Debt Service	Debt Service	Total Debt Service	Mills Required	Debt Service	Total Debt Service	Mills Required
2017	46,573	442,944	-	-	442,944	9.51	-	442,944	9.51
2018	46,573	442,944	-	28,535	471,479	10.12	33,541	476,485	10.23
2019	46,573	442,944	76,040	209,030	728,014	15.63	171,965	690,949	14.84
2020	46,573	442,944	199,152	209,011	851,107	18.27	171,883	813,978	17.48
2021	46,573	442,943	198,478	208,879	850,299	18.26	171,700	813,121	17.46
2022	46,573	442,944	198,751	209,632	851,327	18.28	171,417	813,112	17.46
2023	46,573	442,943	198,991	209,243	851,177	18.28	172,034	813,968	17.48
2024	46,573	442,944	199,141	208,740	850,825	18.27	171,516	813,601	17.47
2025	46,573	442,944	199,244	209,123	851,311	18.28	171,898	814,086	17.48
2026	46,573	347,405	198,304	209,364	755,072	16.21	172,146	717,855	15.41
2027	46,573	60,789	198,340	209,462	468,590	10.06	172,260	431,388	9.26
2028	46,573	60,788	199,276	209,417	469,481	10.08	171,240	431,304	9.26
2029	46,573	60,788	199,150	209,230	469,168	10.07	172,120	432,058	9.28
2030	46,573	60,788	198,968	208,901	468,656	10.06	171,832	431,587	9.27
2031	46,573	60,788	198,743	209,429	468,959	10.07	171,410	430,940	9.25
2032	46,573	60,788	198,475	208,786	468,048	10.05	171,854	431,116	9.26
2033	46,573	60,789	199,107	-	259,895	5.58	172,130	432,025	9.28
2034	46,573	60,788	198,692	-	259,480	5.57	172,239	431,719	9.27
2035	46,573	60,806	199,191	-	259,997	5.58	172,181	432,178	9.28
2036	46,573	-	198,643	-	198,643	4.27	171,955	370,597	7.96
2037	46,573	-	199,009	-	199,009	4.27	171,561	370,570	7.96
2038	46,573	-	198,328	-	198,328	4.26	-	198,328	4.26
Total		4,881,013	3,854,018	2,956,778	11,691,809		3,298,877	12,033,908	
						<b>Millage Increase</b>	<b>8.77</b>	<b>Millage Increase</b>	<b>7.97</b>

Analysis is preliminary and subject to change



# General Obligation Bond Tax Impact - Wrapped Debt Service

## Observations

- The two scenarios shown below fund both projects while using a 15 year and 20 year maturity.
- A wrapped debt service structure is used.

			A				B		
1	2	3	4	5	6	7	8	9	10
			Waterline Replacement	Revetment Repairs Scenarios					
			SRF G.O. Loan	General Obligation Bond			General Obligation Bond		
			3,200,000	\$2,300,000			\$2,300,000		
			Level Debt Service	Wrapped Debt Service			Wrapped Debt Service		
			1.90%	3.00%			3.50%		
Fiscal Year	Value of a Mill	Existing Debt Service	Debt Service	Debt Service	Total Debt Service	Mills Required	Debt Service	Total Debt Service	Mills Required
2017	46,573	442,944	-	-	442,944	9.51	-	442,944	9.51
2018	46,573	442,944	-	48,075	491,019	10.54	54,338	497,282	10.68
2019	46,573	442,944	76,040	118,610	637,594	13.69	90,500	609,484	13.09
2020	46,573	442,944	199,152	119,110	761,206	16.34	90,150	732,246	15.72
2021	46,573	442,943	198,478	118,550	759,971	16.32	90,800	732,221	15.72
2022	46,573	442,944	198,751	117,960	759,655	16.31	90,415	732,110	15.72
2023	46,573	442,943	198,991	118,340	760,274	16.32	91,030	732,964	15.74
2024	46,573	442,944	199,141	118,660	760,745	16.33	90,610	732,695	15.73
2025	46,573	442,944	199,244	117,920	760,108	16.32	91,190	733,378	15.75
2026	46,573	347,405	198,304	157,150	702,859	15.09	147,735	693,444	14.89
2027	46,573	60,789	198,340	332,150	591,278	12.70	229,285	488,413	10.49
2028	46,573	60,788	199,276	333,810	593,874	12.75	229,895	489,959	10.52
2029	46,573	60,788	199,150	333,170	593,108	12.74	229,295	489,233	10.50
2030	46,573	60,788	198,968	333,290	593,046	12.73	229,520	489,276	10.51
2031	46,573	60,788	198,743	333,140	592,671	12.73	229,535	489,066	10.50
2032	46,573	60,788	198,475	333,720	592,983	12.73	229,340	488,603	10.49
2033	46,573	60,789	199,107	-	259,895	5.58	229,935	489,830	10.52
2034	46,573	60,788	198,692	-	259,480	5.57	229,285	488,765	10.49
2035	46,573	60,806	199,191	-	259,997	5.58	229,425	489,422	10.51
2036	46,573	-	198,643	-	198,643	4.27	290,320	488,963	10.50
2037	46,573	-	199,009	-	199,009	4.27	290,835	489,844	10.52
2038	46,573	-	198,328	-	198,328	4.26	-	198,328	4.26
Total		4,881,013	3,854,018	3,033,655	11,768,686		3,483,438	12,218,468	
						<b>Millage Increase</b>	<b>6.83</b>	<b>Millage Increase</b>	<b>6.24</b>

Analysis is preliminary and subject to change

# Timeline of the District

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DATE	TASK
July 29 @ 9:00AM	▪ Town Hall Meeting
August 5 @ 9:00AM	▪ Town Hall Meeting
<b>August 15</b>	▪ <b>Hold Special Election in District</b>
August 28	▪ County Council Adopts Resolution Declaring Result of Election
August 29	▪ File Resolution with Clerk of Court
September 28	▪ Closing of Series 2017 (Funds Revetment Project)
FY 2019	▪ Closing of Series 2019 (Funds Waterline Replacement)

# Questions and Answers

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## Questions and Answers

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