

County Objects to Woodlake Legislation

‘There Are Major Complex Issues’

- David Sinclair/Managing Editor The Pilot
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Moore County leaders say they were caught by surprise when they learned their three state legislators filed bills last week that would authorize the commissioners to create a special tax district for the Woodlake community to pay for dam repairs.

The legislation calls for holding a referendum to allow Woodlake property owners to decide if they wanted to be taxed to pay for the repairs, which are projected to cost \$9 million.

The county said in a news release Tuesday afternoon that state Reps Jamie Boles and Allen McNeill and Sen. Tom McInnis did not inform the county commissioners that they were introducing the legislation.

The statement said the county has been talking with the Woodlake community since Hurricane Matthew damaged the dam in 2016. The dam has since been breached after being declared deficient by the state.

The statement issued on behalf of the Board of Commissioners said there have been “multiple meetings” with Woodlake residents, including the most recent one attended by legislators, commissioners, county staff and Woodlake representatives Jan. 18 during which only incorporation was discussed.

Woodlake representatives have asked McInnis and Boles to pursue legislation allowing the gated community to incorporate, coming Moore County’s 12th municipality.

“Moore County officials sympathize with the daunting situation faced by Woodlake residents,” the release said. “However, there are major complex issues that need to be resolved, including ownership and control of the dam and lake. It is currently owned by a German corporation, Woodlake CC Corp.”

In addition, it says the state has a lien of more than \$1 million to recover the cost of the dam breach and could take action to enforce it, including foreclosure on the dam.

The county also said in the release that Resident Superior Court Judge James Webb entered a judgment in favor of Woodlake residents against Woodlake CC Corp for \$162.5 million, which is now a lien on the property. The county said in the release that there are 13 liens against Woodlake CC Corp totaling more than \$167.3 million.

With the total amount of judgments and liens, county officials say there is an imminent risk of the owner filing bankruptcy, tying up ownership for several years.

“These and other legal matters are complicated and difficult to address,” the release said.

County officials say the cost to repair the dam could “potentially be significantly more” than \$9 million. In addition to the initial cost of repairing the dam and restoring the lake, the county says there will be recurring costs for ongoing maintenance, repairs and monitoring.

“All of the potential costs need to be identified prior to moving forward,” it said.

County officials also said that if flood control related to access to N.C. 690 is a purpose of the dam repair, as stated by McInnis, the federal and state government roles must be identified. It says that as the bill is written now, it only allows for a special assessment for dam repair and fails to address future associated costs.

“Furthermore, not all homeowners on Woodlake want to incur an assessment,” the county said in the release. “Various groups within Woodlake have approached the county with a number of possible solutions ranging from no county involvement to full county involvement, and all of them need to be explored before a final decision is made.

“Creating a new tax assessment district and funding the dam repairs would require the county to acquire substantial debt, which would likely negatively impact the county’s recently improved bond rating, causing the county to incur higher interest costs,” the release said.

Moore County voters approved issuing \$103 million in bonds for Moore County Schools and \$20 million for Sandhills Community College, as well as incurring \$31 million in new debt for the McDeeds Creek Elementary School.

The county will also be borrowing money soon for additions and renovations to North Moore High School.

In addition the county is mandated by former Chief Justice Sarah Parker to construct a new court facility, which will require the county to incur millions more in debt, the release said.

“The county was very fortunate to receive an improved bond rating for the upcoming bond issuance and is very reluctant to add further debt beyond what is planned and has been discussed with the rating agencies.” it said.

County officials say they do not want to set a precedent since there are various dams in private communities that could be in need of repair, “nor do they want to set a precedent that when any privately owned entity runs into trouble, the county taxpayers will come to the rescue.”

Given all the complexities, the statement said that “it is regrettable that the local legislative delegation did not consider the county’s concerns before sponsoring the subject bills, nor inform County officials of plans to do so.

“The county is supportive of the Woodlake community’s efforts to incorporate and feels incorporation is the better direction to pursue at this time. All of these complex issues create major obstacles that make the legislation premature.”

Charlie Jones, a longtime Woodlake resident and chairman of the Restore Woodlake Committee, said he was not surprised by the position taken by county officials. Jones said he disagreed with the county’s assertion that the bill would set a precedent.

“You set precedent every time you make a zoning rule,” Jones said. “You don’t set precedent when you make an informed decision.”

Jones noted that a proposed assessment district would generate new revenue for the project.

“We had suggested this to them quite some time ago, and we had pointed out that a new taxing district would be a new form of tax revenue, which kind of obviates their objection,” Jones said.

Boles, McNeill and McInnis have said they will “work diligently” in getting the legislation passed.

Boles and McNeill filed a companion bill in the House last week on the same day McInnis filed legislation in that chamber. The two representatives said in a joint news release that this would be “a viable step in restoring Woodlake and hearing the voices of those in the community.”

“This legislation is an attempt to bring some relief to those negatively impacted by the condition of the Woodlake dam and gives residents the option to create a fee district to generate revenue to repair the dam,” they said in the release.

Any referendum would be conducted by the county Board of Elections in conjunction with the Moore County Board of Commissioners, which would have to vote to create such a district and levy the assessment. A similar approach was taken to finance repairs the dam of Lake Ledbetter in Richmond County, McInnis’ home county.

Members of the Restore Woodlake Committee have pressed the commissioners in the past to employ the same process for them but they rejected the idea because of concerns about the county possibly facing financial liability.

Under the arrangement for Lake Ledbetter, the Richmond County Board of Commissioners issued bonds to pay for the dam’s repair. The money was repaid by property owners through the creation of a special tax assessment district.

Boles said Monday that all three legislators are onboard in supporting the bills and feel it offers a solution to help Woodlake residents should they choose that route in approving a referendum.

“It puts it in the people’s hands,” Boles said.

Boles favored a similar approach last year of requiring that a referendum be held as part of any legislation allowing Woodlake to incorporate as a municipality. He said last October that he had heard from a number of Woodlake residents who were opposed to paying additional municipal taxes.

Both he and McNeill, a Randolph County Republican whose district includes a small part of Moore County, said at the time that it would be difficult getting legislation passed to allow an area to incorporate because of the additional taxation — something the GOP-controlled General Assembly has been resistant to in the past.

Boles said the referendum on a special assessment for the dam repairs would let Woodlake residents decide if this is what they want to do. He said he expects the legislation will pass in both chambers.

“Anything with a referendum attached to it has a good chance of passing,” Boles said.

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