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January 2, 2015

Dear Property Owner:

After careful and thorough consideration, the Town of Kitty Hawk is proceeding with a project to nourish the Town's beaches and build up the oceanfront dune. The reasons for pursuing this project are many and include:

- Reduce the vulnerability of public infrastructure including NC 12, town roads between NC 12 and U.S. Highway 158, and utilities to storm-induced erosion.
- Reduce flooding experienced in many non-oceanfront areas throughout the Town during ocean over wash conditions, including portions of Highway NC 12 and U.S. Highway 158. This flooding, which at times can render routes impassible, greatly limits the ability for emergency personnel to respond.
- Reduce the vulnerability of homes within the Town that front the Atlantic Ocean and are exposed to wave events during nor'easters and other large storm events as well as natural trends.

At an estimate of \$23,327,770, the cost of this beach nourishment project is beyond the scope of what the Town can accomplish on its own and will require additional funding from other sources. Recognizing the importance of this project to Kitty Hawk and the broader community, Dare County has generously committed to contributing \$18,679,573 of the expense, leaving \$4,648,197 to be funded by the Town of Kitty Hawk.

Similar to other towns, along the Outer Banks, Kitty Hawk is seeking to establish "municipal service districts" to help fund the project. Municipal service districts are special tax districts that raise money for specified purposes (in this case, beach nourishment/storm damage reduction projects). If the Municipal Service Districts are approved, tax rates will be established for each district with collection beginning July 1, 2015, for a duration of five years. Estimates for tax rates shown below are based on raising sufficient revenue to pay off the five year loan for Kitty Hawk's share of the project construction, while building a reserve to begin project maintenance.

In establishing the boundaries for the proposed municipal service districts (see attached map), the Town of Kitty Hawk determined which properties are most impacted by ocean overwash and flooding from storm events.

- District A – All properties along the oceanfront and between N.C. Highway 12 and U.S. Highway 158, as well as commercial properties near these highways, gain the most direct

benefits from the beach nourishment/storm damage reduction project. A special tax rate of \$.15 per \$100.00 of assessed value is proposed for all properties within District A.

- District B – Although the benefits may be less direct, all property owners within the remaining areas of Kitty Hawk will benefit from the improved public beaches and reduction in flood damage to be provided by the proposed project. A special tax rate of \$.04 per \$100.00 of assessed value is proposed for all properties within District B.

If you cannot determine within which of the municipal service districts your property is located (A or B), please contact the Planning & Inspections Department at (252)261-3552 for assistance.

Kitty Hawk Town Council recognizes the significant impact that a project of this scale can have on the community, both physically and financially. At this time, the Council members request your assistance in providing them with any comments regarding the establishment of municipal service districts to help fund the beach nourishment/storm damage reduction project.

You are invited to attend a public hearing to be held at 6:00 p.m. on Monday, February 9, 2015 in the Kitty Hawk Municipal Building , Kitty Hawk, NC to provide comments or ask questions about the proposed municipal service districts or beach nourishment/storm damage reduction project.

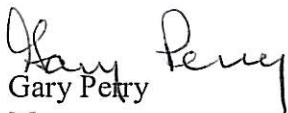
If you cannot attend the public hearing, but have comments concerning the proposed municipal service districts or beach nourishment/storm damage reduction project, you are welcome to mail your comments to Town Manager John Stockton at P.O. Box 549, Kitty Hawk, NC 27949 or email your comments to the Town at info@kittyhawktown.net.

A report containing the following information is available for review in the office of the Town Clerk at Kitty Hawk Town Hall:

1. A map showing the boundaries of the proposed municipal service districts.
2. A statement confirming that the proposed municipal service districts meet the standards set out in N.C.G.S. 160A-536 to finance, provide, or maintain the following services, facilities, or functions: (a) beach erosion control and flood and hurricane protection works; (b) drainage projects.
3. A plan for providing beach erosion control and flood and hurricane protection works and drainage projects in the proposed municipal service districts.

This is notice of a public hearing for the establishment of two (2) Municipal Service Districts for beach erosion control and flood and hurricane protection in accordance with GS 160A-535-160A-544.

Sincerely,


Gary Petry
Mayor