

1                   MINUTES OF THE REGULAR SCHEDULED MEETING  
2                   OF THE EMERALD ISLE BOARD OF COMMISSIONERS  
3                   TUESDAY, MAY 13, 2008 – 6:00 P.M. – COMMUNITY CENTER  
4

5 The regular monthly meeting of the Emerald Isle Board of Commissioners was  
6 called to order by Mayor Art Schools at 6:00 PM.  
7

8 Present for the meeting: Mayor Art Schools, Commissioners Nita Hedreen, Tom  
9 Hoover, Floyd Messer, John Wootten, and Maripat Wright.  
10

11 Others present: Town Attorney Richard Stanley, Town Manager Frank Rush,  
12 Asst. Town Manager/Finance Officer Mitsy Overman, Town Clerk Rhonda  
13 Ferebee, Planning Director Kevin Reed, and Parks and Recreation Director  
14 Alesia Sanderson.  
15

16 Also present: Planning Board members Eddie Barber, Bob Conrad, Jim Craig,  
17 Linda Hughs, Bob Smith, Ken Sullivan, and Pete Wachter.  
18

19 After roll call all who were present recited the Pledge of Allegiance.  
20

21 **4. ADOPTION OF AGENDA**  
22

23 *Motion was made by Commissioner Hoover to adopt the Agenda. The*  
24 *Board voted unanimously 5-0 in favor. Motion carried.*  
25

26 **5. INTRODUCTION OF NEW EMPLOYEE – BRITTANY WOOD,**  
27 **RECREATION COORDINATOR**  
28

29 Parks and Recreation Director Alesia Sanderson introduced Brittany Wood, the  
30 Town's new full-time Recreation Coordinator. Ms. Sanderson stated that Brittany  
31 would be coming on board May 21<sup>st</sup>. Brittany is originally from Spring Hope, NC,  
32 and is a 2008 graduate of East Carolina University with a degree in Recreation  
33 Management and Facilities Services. Ms. Sanderson noted that Brittany was  
34 currently completing her internship with the Parks and Recreation. The Board  
35 and public welcomed Brittany.  
36

37 **6. PROCLAMATIONS / PUBLIC ANNOUNCEMENTS**  
38

39 Mayor Schools noted the following Public Announcements:  
40

- 41 • EI EMS Brick Fundraising Campaign
- 42 • Emerald Isle Woods Park – Closed until further notice. Likely to reopen in  
43 June
- 44 • Board of Adjustment Meeting – Wednesday, May 14 – 9 am – Community  
45 Center  
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- Beach Jive After Five – “Stretch” – Thursday, May 15 – 5:30 pm – Western Ocean Regional Access
- Planning Board Regular Meeting – Monday, May 19 – 6 pm – Community Center (rescheduled date)
- Board of Commissioners Budget Workshop – Thursday, May 22 – 6 pm – Community Center (tentative)
- Photography Workshop – Saturday, May 24 – 10 am – 4 pm – Community Center (pre-registration required)
- Memorial Day Holiday – Monday, May 26 – Town Hall, Community Center Closed
- Board of Commissioners Budget Workshop – Thursday, May 29 – 6 pm – Community Center (tentative)
- Blood Drive – Friday, May 30 – 2 pm – 7 pm – Community Center
- Board of Commissioners Budget Public Hearing – Monday, June 2 – 6 pm – Community Center (tentative)
- 4 v 4 Volleyball Tournament – Saturday, June 7 – 9 am until – Western Ocean Regional Access
- Board of Commissioners Regular Meeting – Tuesday, June 10 – 6 pm – Community Center

Mayor Schools added that Tourism Day would take place Thursday at Merchants Park from 11:30 to 1:30 with free hot dogs and drinks. Mayor Schools also noted that the Crystal Coast is featured for the month of May in the magazine found on US Airway flights. Mayor Schools also serves as Chairman of the Tourism Bureau and noted he was very proud of the marketing done by the Crystal Coast Tourism Development Authority.

**7. CONSENT AGENDA**

- a. Tax Refunds / Releases**
- b. Minutes – March 11, 2008 Regular Meeting**
- c. Minutes – April 8, 2008 Regular Meeting**
- d. Resolution Authorizing Contract Amendment with Thompson, Price, Scott & Adams, Co. (08-05-13/R1)**
- e. Resolution Authorizing Contract Amendment with Coastal Planning & Engineering, Inc. for Bogue Inlet Monitoring Activities – (08-05-13/R2)**
- f. Budget Amendment – Beach Nourishment Debt Service / Reserve Fund**
- g. Capital Project Ordinance Amendment – Beach Nourishment Monitoring**

1  
2 ***Motion was made by Commissioner Wootten to approve the Items on the***  
3 ***Consent Agenda. The Board voted unanimously 5-0 in favor. Motion***  
4 ***carried.***

5  
6 **Note: A copy of Resolutions 08-05-13/R1 and 08-05-13/R2 and all other Consent Agenda items are**  
7 **incorporated herein by reference and hereby made a part of these minutes.**

8  
9 **8. PUBLIC COMMENT**

10 **Brief Summary: The public will have the opportunity to address the Board**  
11 **about any items of concern not on the agenda.**

12  
13 There were no comments from the Public.

14  
15 **9. DRAFT UNIFIED DEVELOPMENT ORDINANCE**

16  
17 **a. Presentation**

18 **b. Schedule for Review and Adoption**

19  
20 Planning Director Kevin Reed addressed the Board and provided a PowerPoint  
21 presentation outlining the details of this agenda item. The following excerpt from  
22 Mr. Reed's memo to the Town Manager is provided as additional background:

23  
24 As you know, Town staff has been working on a project to develop a draft Unified Development Ordinance (UDO).  
25 One purpose of this project has been to make the Town's development regulations more user-friendly and organized.  
26 For the purposes of preparing this Unified Development Ordinance, all of the material in Chapters 13, 16, 18, 19, and  
27 20, along with the development-related regulations contained in Chapters 1, 4, 5, and 17, have been assembled  
28 together to create a draft ordinance that is one self-contained document containing all regulations related to land  
29 development.

30  
31 The new draft UDO is organized in the following format, consistent with the manner in which most modern  
32 development ordinances are organized:

33  
34 Chapter 1: General Provisions - - Contains descriptions of the authority for the ordinance and effective date, along with  
35 general purpose and intent and references to the official Zoning Map.

36  
37 Chapter 2: Administration - - Describes the role of the Board of Commissioners in development-related issues, and  
38 establishes a Planning Board and Board of Adjustment. This chapter describes the roles and responsibilities of each  
39 of these bodies, along with the authority and responsibilities vested in Town staff. A key component of Chapter 2 is a  
40 list of application procedures and a list of required components of applications for each of several types of  
41 development applications (e.g., application for a Zoning Permit, Special Use Permit, Subdivision Approval, or Planned  
42 Unit Development).

43  
44 Chapter 3: Zoning Districts - - This chapter establishes and describes the characteristics of all base and overlay  
45 zoning districts. A summary table on page 3-1 at the beginning of the chapter lists the districts.

46  
47 Chapter 4: Use Regulations - - This chapter defines the terms Permitted Use, Special Use, Accessory Use, and  
48 Prohibited Use. A table that begins on page 4-2 is one of the most important components of this UDO, listing all  
49 potential land uses that exist or might be considered for Emerald Isle, and for each use in each district specifying  
50 whether that use in that district is considered a permitted, special, or accessory use.

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1  
2 Chapter 5: Density, Intensity, and Dimensional Standards - - This chapter contains another key table: Table 5-1  
3 summarizes dimensional standards that apply to new development, such as minimum lot size, maximum building  
4 height, and maximum number of dwelling units per acre of land.

5  
6 Chapter 6: Development Standards - - This key chapter pulls together in one place a variety of standards that are  
7 scattered throughout the existing Code of Ordinances. This is the chapter that specifies how development must be  
8 designed, and what it must include. Sections of this chapter deal with design standards, flood damage prevention,  
9 stormwater management, dune and vegetation protection, signs and parking.

10  
11 Chapter 7: Subdivision Standards - - This is a short chapter, requiring that lots be recorded in the County Register of  
12 Deeds and requiring that new lots (except in certain specified circumstances) abut a street.

13  
14 Chapter 8: Nonconformities - - This short but important chapter contains the rules for dealing with development that  
15 was legally established under previous zoning and subdivision regulations but may not meet today's standards.

16  
17 Chapter 9: Enforcement - - This chapter describes what it means to be in violation of the provisions of the Town's  
18 zoning regulations, and specifies remedies and penalties associated with confirmed violations.

19  
20 Chapter 10: Definitions and Rules for Interpretation - - Many of the terms used in zoning regulations carry a specific  
21 meaning, and often the manner in which a term is defined results in a requirement or standard. Accordingly, it is  
22 important that all key terms are defined, and it is useful to have all those definitions in one place. In this draft UDO,  
23 Chapter 10 contains all the definitions for all of the sections.

24  
25 The draft UDO also contains a number of policy changes and other amendments that differ in a variety of ways from  
26 the Town's current development related regulations. In order to assist everyone in understanding these changes and  
27 differences, I have listed them in a brief summary in the following:

- 28  
29
- 30 ■ The Summary Procedures Table (Table 2.1) was created in order to present the various types of  
31 approvals required for the administration of the UDO including who is responsible for the review,  
32 decision making and appeals of these various approvals.
  - 33 ■ Require the issuance of a zoning permit for all development related approvals (i.e. building permits,  
34 sign permits). There will be no fee related to these permits and they will allow the opportunity for  
35 Town staff to review all development proposals and to address zoning concerns and requirements  
36 early in the development process. The permit will also assist in ensuring zoning compliance prior  
37 to and after development.
  - 38 ■ Elimination of the Institutional (I) zoning district with all Institutional zoned properties being rezoned  
39 as Business (B). The Business-1 (B-1) and Business-2 (B-2) zoning districts are eliminated with all  
40 properties being rezoned to Business (B).
  - 41 ■ Elimination of the Residential Motel-Hotel (RMH) zoning district with all RMH properties being  
42 rezoned as Residential-2 (R-2), Residential Multi-Family (RMF), Government (G) or Village-East  
43 (VE).
  - 44 ■ Creation of the Government (G) zoning district with Town and other governmentally held properties  
45 being rezoned as Government.
  - 46 ■ Creation of the Marina Village (MV) and Marina Village Conditional Zoning Overlay Districts (MV-  
47 C). It is not anticipated that any properties will be rezoned to these districts upon adoption of the  
48 UDO. The creation of these two districts is intended to support the preservation of a public marina  
49 in Town as well as facilitate in the redevelopment of property in the vicinity of Island Harbor Marina.
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- Elimination of the various overlay districts that pertain to the Areas of Environmental Concern (AEC) as defined by the Division of Coastal Management. This change will not adversely affect the enforcement of the Coastal Area Management Act (CAMA) regulations at the local level and all applicable CAMA permitting requirements will still apply to all development related activities.
- The Table of Permitted and Special Uses (Table 4.1.2) has been modified to reduce the number of Special Uses and in order to reduce the number of use specific standards for other uses.
- The Table of Dimensional Standards (Table 5.1) was created in order to provide a more concise and easier means of identifying the minimum requirements for lot sizes, building setbacks, height restrictions, etc. These requirements are spread over multiple sections of the current Zoning Ordinance.
- The Town's stormwater regulations have been modified in order to make the Town's regulations compliant with the State's Universal Stormwater Management Program (USMP). Once the State has indicated that the Town's regulations are USMP compliant, then the Town will become the stormwater permitting authority for stormwater activities and no State issued stormwater permits will be required for development.
- The Town's minimum parking space size of 10'x 20' has been eliminated and a parking design table (Table 6.7.1) has been created in order to offer more flexibility when designing a parking lot to meet the Town's parking requirements.

It is important to note that some of the policy changes listed above will result in a need to prepare various amendments to the Town's 2004 CAMA Land Use Plan. It is anticipated that Town staff will proceed with preparing these amendments immediately after adoption of the UDO so they may be reviewed and recommended by the Planning Board; reviewed and approved by the Board of Commissioners; and, forwarded to the Division of Coastal Management staff for consideration and for certification by the Coastal Resources Commission (CRC) in as timely manner as possible.

This draft document was initially presented to the Planning Board at its August meeting. It was discussed further at the Planning Board's September 2007 meeting. Following it discussion of the matter in September, the Planning Board appointed two members (Chairman Jim Craig and Ken Sullivan) to work with Town staff and two members of the Board of Commissioner to further refine the draft document. The Board of Commissioners appointed John Wootten and Tom Hoover to serve on the UDO Committee. This Committee began its work in the Fall of 2007 and after numerous meetings over the course of several months, completed its effort on the draft document in the Spring of 2008. The draft document is now ready for further consideration with the ultimate goal being adoption of the UDO by the Board of Commissioners in the coming months. In order to facilitate the adoption process, I have listed below a possible calendar of events in order to complete this goal as well as certification by the CRC for the required amendments to the Land Use Plan:

- May 19 – Planning Board sets date for special meeting in order for staff to present the draft UDO to the public. Targeted participants include interested citizens, property owners, real estate personnel and the development community.
- June 9 – Planning Board meeting and Town staff conducts informational session as noted above.
- June 23 – Planning Board considers draft UDO and makes a recommendation to the Board of Commissioners on possible adoption.
- July 8 – Board of Commissioners conducts public hearing on draft UDO and new Zoning Map. Board may adopt UDO at this time or defer to a later date.

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- August 25 – Planning Board considers amendments to the 2004 CAMA Land Use Plan and makes a recommendation to the Board of Commissioners on possible adoption.
- September 9 – Board of Commissioners conducts public hearing on CAMA Land Use Plan amendments and adopts resolution requesting certification from the Coastal Resources Commission (CRC).
- November 2008 – Coastal Resources Commission (CRC) certifies Land Use Plan amendments.

Planning Board Chairman Jim Craig explained how much work had gone into this document by the UDO Committee consisting of himself, Planning Board member Ken Sullivan, Commissioners Tom Hoover, and John Wootten, along with Town Manager Frank Rush and Planning Director Kevin Reed. He said many hours had been spent and this document was very thoroughly reviewed and worked.

Mayor Schools indicated they were very appreciative of the efforts on the draft Unified Development Ordinance by the Committee.

Town Manager Rush also wished to note that the language used in the UDO regarding the Universal Stormwater Program was believed to be compliant with the USMP. Mr. Rush stated they had several meetings with DWQ staff to review; they had received a verbal indication that the language would be acceptable and were awaiting a formal written approval from them.

Town Manager Rush also explained that the vast majorities of the changes relative to stormwater made to our ordinance were relatively minor, mostly clarifying type language. In terms of the main substance of our local stormwater ordinance it is very similar to what the Town has had in place since 2001-2002; the most significant requirement being the maintenance requirement. Mr. Rush stated the maintenance requirement applies to stormwater systems that are constructed. Mr. Rush noted that the Town would become the State permitting authority; the Town's consulting engineer would conduct annual maintenance inspections of facilities to make sure they were functioning properly.

Planning Director Reed reiterated that he felt it would be a benefit for folks that the Town would become the permitting authority for stormwater activities, and he looked forward to the Town being USMP compliant, and being the authority that citizens dealt with at the local level.

Town Manager Rush added that we were very fortunate because the main substance of our ordinance was already very consistent with the (USMP) Universal Stormwater Program administered by the State.

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2 **10. FY 08-09 RECOMMENDED BUDGET**

- 3  
4 **a. Presentation**  
5 **b. Schedule for Review and Adoption**  
6

7 Town Manager Frank Rush addressed the Board and provided a PowerPoint  
8 presentation outlining the details of this agenda item. The following excerpt from  
9 Mr. Rush's memo to the Board is provided as additional background:

10  
11  
12 May 13, 2008

13  
14 Dear Honorable Mayor Schools and Board of Commissioners:

15  
16 I am pleased to present the FY 08-09 Recommended Budget for your review and consideration. The total  
17 Recommended Budget across all funds is \$10,621,261, a \$362,903, or 3.5%, increase over the FY 07-08 original  
18 budget total for all annually budgeted funds. This total does not include capital projects authorized by multi-year capital  
19 project budget ordinances, however, all General Fund budget impacts associated with these projects are included in  
20 the FY 08-09 Recommended Budget.

21  
22 **GENERAL OVERVIEW**

23 The largest portion of the total budget is the General Fund. The total General Fund budget is \$7,758,511, which is a  
24 \$375,463, or 5.09%, increase over the FY 07-08 original budget. This increase can be largely attributed to the  
25 inclusion of \$450,000 for the replacement of a Fire Engine and associated equipment during FY 08-09.

26  
27 The budget is balanced, and the recommended General Fund property tax rate for FY 08-09 is 9.8 cents per \$100 of  
28 assessed value. The recommended tax rate is 3.1 cents higher than the FY 07-08 rate of 6.7 cents per \$100 of  
29 assessed value. Although this tax rate increase appears to be severe at first glance, it is important to note that **the**  
30 **impact on the average-value property taxpayer will actually be a net decrease in the overall tax bill** due to the  
31 concurrent elimination of the annual \$180 solid waste fee charged to all developed residential properties. For the  
32 average-value property owner (\$574,982 tax value), these changes result in a net annual savings of \$1.76 in the cost  
33 of Town services in FY 08-09. The Board and the public should note that property owners with a tax value less than  
34 the average (\$574,982) will actually see a larger reduction in their annual bill, while property owners with a higher value  
35 than the average will see an increase in their annual bill. This impact is similar to the typical impact associated with a  
36 property revaluation.

37  
38 The proposed increase in the General Fund property tax rate and the elimination of the annual solid waste fee  
39 represents a shift in the method of financing solid waste services in Emerald Isle. If the Board accepts the  
40 Recommended Budget, the Town's solid waste services will be financed exclusively by property taxes, as is the case  
41 with most Town services. Thus, the recommended change in financing is essentially a redistribution of the costs  
42 associated with solid waste services. As discussed previously with the Board, the primary motivating factor behind this  
43 change is that the financing of solid waste services with property tax revenues is expected to result in an additional  
44 \$400,000 - \$500,000 of sales tax distributions to the Town beginning in FY 09-10. This additional revenue does not  
45 impact the Town's FY 08-09 budget, but will enable the Town to at least partially mitigate the severity of projected  
46 future tax rate increases in FY 09-10 and beyond.

47  
48 Although the rate is increasing, I believe that the Recommended Budget meets the Board's stated top priority to avoid  
49 a tax increase. Overall, the amount of revenue to be generated by annual tax bills in FY 08-09 is approximately the  
50 same as FY 07-08. I am not pleased to recommend a budget that will increase costs for our taxpayers with a tax value  
51 greater than the average, however I am pleased that the Recommended Budget does not increase the cost for the  
52 average-value and lower-value Emerald Isle property taxpayers. As you know, the Town has worked very hard in

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1  
2 recent years to keep the cost of Town services reasonable for our taxpayers, and I believe we have generally been  
3 successful in meeting this goal. This has been accomplished while also providing quality services and completing  
4 valuable projects that have enhanced the quality of life for our residents and visitors. As you know, the Town either  
5 decreased or did not change the General Fund tax rate for 4 straight years earlier this decade. It is also important to  
6 note that over the past 5 years, the consumer price index has increased by 16.45%, or an average of 3.3% per year.  
7 The cost of Town services for the average-value taxpayer over the same 5-year period has increased by only 14.57%,  
8 or an average of 2.9% per year. If the FY 08-09 Recommended Budget is adopted, the average-value taxpayer's cost  
9 for Town services will have increased by only \$71.64 over the 5-year period.

10  
11 I believe that the Recommended Budget represents a responsible revenue and expenditure plan for FY 08-09, and that  
12 it reflects the Board's and the community's highest priorities. The FY 08-09 Recommended Budget includes sufficient  
13 funds to provide fair and responsible compensation for our employees, maintain quality service levels, replace capital  
14 equipment in a timely and cost-effective manner, and continue the Town's investment in capital projects that will benefit  
15 our community for many years to come. As you know, the Town has been extremely active in recent years and has  
16 initiated and has completed several major capital projects that have been well-received by the community. The FY 08-  
17 09 Recommended Budget reduces the level of investment in new capital initiatives from previous years, in part  
18 because of the initiation of annual debt service payments on major projects, and also as part of a deliberate attempt to  
19 "catch our breath" in FY 08-09.

20  
21 The Recommended Budget essentially maintains the "status quo" for Town operations, with a few minor exceptions.  
22 Funding is included for the replacement of three vehicles, including a 22-year old Fire Engine. The Board should note  
23 that several vehicles originally scheduled for replacement have been delayed because they remain in good condition.  
24 Despite intentional efforts to slow down with regard to major capital initiatives, the Recommended Budget does include  
25 funding for some new initiatives, including the development of the new McLean Park on Bogue Sound (primarily grant-  
26 funded), the construction of an additional .4 mile segment of the bicycle path along Coast Guard Road, storm water  
27 and public access improvements in eastern Emerald Isle (grant funded), the initiation of a comprehensive storm water  
28 study in the Archer's Creek watershed (primarily grant funded), and the replacement of 3 aging beach access  
29 walkways.

30  
31 The Town's budget is always prepared with an eye to the future, and this is especially true in FY 08-09. It is always a  
32 top priority of mine to make sure that the long-term impacts of current budget decisions are carefully analyzed so that  
33 the Board of Commissioners is aware of any potential tax rate impacts in future years. As discussed over the past  
34 several months, the Town is heading into a challenging budget period over the next 5 years due to projected revenue  
35 difficulties associated with the decline of the retail and construction economies, and a projected significant decrease in  
36 sales tax revenues associated with the termination of the beach district taxes in 2011. The Town also faces increasing  
37 debt service expenses associated with beneficial capital projects in progress or planned for the near future. As always,  
38 it will be important for the Board to carefully consider the future ramifications of all major budget decisions. I have  
39 once again included an updated General Fund 5-Year Forecast in the Recommended Budget booklet, and this forecast

40  
41 is based on the FY 08-09 budget recommendations, future planned capital expenditures (as outlined in the 5-Year  
42 Capital Replacement / Improvement Program), reasonable inflation rates, and reasonable projections of the Town's  
43 revenue sources.

44  
45 The 5-Year Capital Replacement / Improvement Program includes many beneficial capital projects that have been  
46 discussed previously by the Board of Commissioners, and the projects included in this plan are factored into the  
47 General Fund 5-Year Forecast. The Board should note that the General Fund 5-Year forecast indicates a deficit  
48 equivalent to 1 – 3 cents on the General Fund tax rate over the next 5 years, and indicates that the property tax rate  
49 could increase to nearly 13 cents by FY 12-13. The Board of Commissioners will be faced with important budget  
50 decisions about the inclusion of these projects in the Town's plan, the pace at which these projects are completed, and  
51 / or the potential need for any General Fund property tax rate increases in future years. I look forward to assisting the  
52 Board in formulating its collective priorities and achieving the Town's goals in a fiscally responsible manner.  
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2 The FY 08-09 Recommended Budget also includes the 7th year of special district taxes to finance the debt service  
3 payments on the beach nourishment bonds. These revenues and expenses are budgeted in the Beach Nourishment  
4 Debt Service / Reserve Fund. As you know, and as was communicated to the voters prior to the referendum, the  
5 Town's financing plan calls for these special district taxes to remain in effect for a total of 9 years. (FY 10-11 is the  
6 final year the special district taxes will be levied.) The Town's financing plan intentionally stabilized the Primary Benefit  
7 (oceanfront) District rate and the Secondary (non-oceanfront) Benefit District rate for the entire nine-year period. The  
8 Town maintained the same tax rates for each district for each of the first 5 years, and the FY 07-08 budget included  
9 revenue-neutral tax rates of 16.2 cents and 1.1 cent. The Recommended Budget maintains these same tax rates for  
10 FY 08-09. Total Beach Nourishment Debt Service / Reserve Fund revenues and expenditures equal \$2,369,750 in the  
11 FY 08-09 Recommended Budget.  
12

13 Again, I am pleased to present this Recommended Budget for the Board's review and consideration, and staff and I  
14 look forward to working with you in the coming weeks to make any adjustments the Board deems prudent prior to  
15 adoption. The following pages include a detailed discussion about the many issues impacting the FY 08-09  
16 Recommended Budget.  
17

18 **FY 08-09 BUDGET GOALS and CAPITAL PLANS**

19 Based on direction from the Board of Commissioners over the past year, and priorities expressed at the Board's  
20 special planning workshop in February, I compiled the following list of the Board's expressed goals heading into the FY  
21 08-09 budget process and capital planning process:  
22

- 23 1. Avoid a General Fund tax increase for FY 08-09,  
24
- 25 2. Consider long-term budget impacts and seek to minimize the need for future tax rate increases between FY  
26 09-10 and FY 12-13,  
27
- 28 3. Consider eliminating the annual solid waste fee and replace revenues with property tax revenues to increase  
29 future sales tax distributions; also seek to mitigate tax impacts on the business community,  
30
- 31 4. Maintain General Fund balance at a level that is acceptable to meet cash flow needs, address disaster  
32 recovery needs, and maintain a sound financial position,  
33
- 34 5. Seek funding assistance from Carteret County, recognizing that Emerald Isle's county tax burden has  
35 increased significantly as a result of revaluation,  
36
- 37 6. Carefully review scheduled vehicle replacements to determine if delayed replacement is feasible, and  
38  
39  
40
- 41 7. Establish FY 08-09 as a year to "catch our breath", with minimal initiation of new capital projects.  
42

43 In addition to the budget goals expressed by the Board, I also established the following budget goals for FY 08-09 and  
44 the 5-year capital plan. These goals are as follows:  
45

- 46 1. Recognize the effect of high inflation on Town employees, and provide a fair and responsible compensation  
47 package for FY 08-09,  
48  
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2. Re-focus the Town organization on “the basics” in FY 08-09, and emphasize continuous improvement of existing services and programs,
3. Maintain quality service levels with static budgets or minimal budget increases,
4. Emphasize maintenance activities for Town facilities, buildings, and grounds
5. Rely on grant funding and funding from outside sources for beneficial capital projects, and
6. Complete in-progress capital projects (new EMS Station, new Town Administration Building, Coast Guard Road Storm Water Project), and limit new capital project initiatives.

The FY 08-09 Recommended Budget was developed with each of these goals in mind, and I believe that the majority of these goals have been met with the plan outlined in the Recommended Budget.

**FY 08-09 GENERAL FUND DISCUSSION**

As noted earlier, the FY 08-09 Recommended Budget for the General Fund is \$7,758,511, a \$375,463, or 5.09% increase from the FY 07-08 original budget.

On the revenue side, we are expecting decreases or only modest increases in most revenue sources in FY 08-09. The Recommended Budget includes \$450,000 of installment financing proceeds associated with the new Fire Engine. If this revenue source is not counted, total General Fund revenues for FY 08-09 are actually less than FY 07-08 by approximately \$75,000.

The elimination of annual solid waste fee revenues is completely offset by additional property taxes generated by the 3.1 cent tax rate increase, a total of \$1,320,687. Property tax revenues associated with the current 6.7 cent tax rate are actually slightly less than budgeted in FY 07-08 due to the fact that additional tax value reductions were made by the Carteret County Board of Equalization and Review after the Town’s FY 07-08 budget was adopted last June.

Sales tax revenues for FY 08-09 are projected to be approximately \$85,500 less than included in the FY 07-08 original budget, and the FY 08-09 sales tax estimate is admittedly optimistic. The Town also expects to see interest earnings decline significantly in FY 08-09, from \$125,000 in the FY 07-08 original budget to only \$50,000 in FY 08-09. The Town is currently earning 2.0% - 2.5% on its investments due to continued interest rate reductions by the Federal Reserve.

On the expenditure side, the various Town department budgets have changes ranging from a 7.33% decrease up to a 48.45% increase. The Board should note that the largest decrease is in the Police Department and is due to the elimination of two grant-funded positions and associated capital equipment that were included in the FY 07-08 budget. The largest increase (48.45%) is in the Fire Department, and is primarily associated with the purchase of a new Fire

Engine to replace a 22-year old engine. The budget for Emerald Isle EMS, Inc. has increased by 31.15% due to a continuing shift to paid personnel. Other Town departments have increases ranging from 4.15% to 13.44%.

Across the General Fund, salary expenses have increased by \$111,449, or 4.06%. This increase is the result of a proposed 3.5% cost-of-living adjustment for all full-time employees plus the full-year impact of salary increases approved during the middle of FY 07-08 (for Police positions and various others). This increase is offset by the elimination of two grant-funded positions in the Police Department. Overall, benefits expenses have increased by \$26,629, or 3.08%, due primarily to increases in health insurance premiums and additional 401k contributions, and offset by the elimination of benefits associated with the two Police positions and a reduction in the Town’s required contribution to the NC Local Government Employees’ Retirement System. Operating expenses in the General Fund

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1  
2 have increased by \$304,410, or 12.5%, due to inflationary pressures and the allocation of \$150,000 for the initiation of  
3 commercial dumpster service in FY 08-09.  
4

5 Capital outlay items have increased by \$303,146, or 65.4%, due primarily to the planned replacement of a Fire Engine.  
6 The total amount budgeted for the Fire Engine and associated equipment is \$450,000, thus if this expenditure is  
7 eliminated there would be a net decrease in capital outlay in FY 08-09 of more than \$139,000. For the first time in  
8 several years, the Recommended Budget includes funds budgeted for debt service. A total of \$309,080 is included to  
9 fund the first year of debt service payments for the new EMS station, the Emerald Drive land purchase, and the Coast  
10 Guard Road Storm Water Project. The Transfers to Other Funds category includes \$197,000, a significant decrease  
11 from the \$876,250 included in the FY 07-08 original budget. This decrease is intentional as the Town has relied on  
12 debt financing for recent capital projects rather than annual appropriations. The \$197,000 appropriated in the FY 08-  
13 09 budget is earmarked for storm water and public access improvements in eastern Emerald Isle (grant-funded) and a  
14 new segment of the bicycle path along Coast Guard Road.  
15

16 Specific details about significant General Fund revenue and expenditure issues are outlined below.  
17

18 **Significant FY 08-09 General Fund Revenue Issues**

19 Property Tax Rate Revenue Replaces Annual Solid Waste Fee Revenue

20 The FY 08-09 Recommended Budget includes a 3.1 cent tax rate increase in order to replace revenues generated by  
21 the annual \$180 solid waste fee, which is eliminated in the FY 08-09 Recommended Budget.  
22

23 The Town would have expected to receive approximately \$1,150,000 of revenue from the annual solid waste fee in FY  
24 08-09, and this revenue would have been sufficient to fund nearly 100% of solid waste expenditures. The 3.1 cent  
25 property tax rate increase will result in an additional \$1,320,687 of revenue, which will fully replace the annual solid  
26 waste fee revenues and provide sufficient funding for the initiation of commercial dumpster service. The provision of  
27 commercial dumpster service is estimated at approximately \$150,000 annually, and enables the Town to mitigate  
28 impacts on the business community associated with the 3.1 cent tax rate increase.  
29

30 The average tax value in Emerald Isle is \$574,962. As noted earlier, the 3.1 cent property tax rate increase and  
31 concurrent elimination of the annual \$180 solid waste fee will actually result in a small annual savings of \$1.76 for the  
32 owner of an average-value property in Emerald Isle. Property valued at less than \$574,962 will see a greater overall  
33 reduction in the annual bill, while property valued higher than \$574,962 will see an overall increase in the annual bill.  
34 For example, a property valued at \$400,000 would see a \$56 annual reduction, while an \$800,000 property would  
35 experience an increase of \$68. A chart entitled "Net Change in General Fund Property Tax Bill – Recommended New  
36 Tax Rate + Elimination of Solid Waste Fee" is included in the "Summary Budget Information" section of the FY 08-09  
37 Recommended Budget and includes a detailed calculation of the net change for a wide range of tax values.  
38

39 The proposed change in the way the Town finances solid waste services is expected to increase the Town's annual  
40 sales tax distribution by \$400,000 - \$500,000 beginning in FY 09-10 and beyond. Sales tax is distributed to the County  
41 and the municipalities within the County based on the total amount of property taxes levied, and the annual solid waste  
42 fee revenues are not included in this calculation. Because there is a 10-month lag in the sales tax distribution, the  
43 Town should not expect to see a significant increase in sales tax in FY 08-09. The additional sales tax revenue in the  
44

45  
46 future will help the Town to minimize future property tax rate increases. The estimated \$400,000 - \$500,000 is equal to  
47 approximately 0.9 – 1.2 cents on the Town's General Fund tax rate.  
48

49 In FY 08-09, each 1 cent of the General Fund property tax rate will generate \$426,028 of revenue. The property tax  
50 continues to be the Town's largest single revenue source, providing nearly 54% of total General Fund anticipated  
51 revenues for FY 08-09. This percentage is up from 39% in FY 07-08 due to the elimination of the annual solid waste  
52 service fee.  
53  
54

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1  
2 Short-Term Decrease in Sales Tax Revenue Expected.

3 Sales tax is the Town's second largest revenue source in the General Fund, and has been a more significant revenue  
4 source over the past several years.

5 The Town's actual sales tax distribution in FY 06-07 was \$1,908,450, and had grown dramatically from \$717,888 in FY  
6 01-02. The dramatic increase in the Town's sales tax distribution was the result of the beach district effect, a ½ cent  
7 increase in the sales tax rate by the State, and strong retail and construction spending in recent years. Overall  
8 Carteret County sales tax had been increasing at a rate of 5% - 7% in recent years, and the Town's share of the overall  
9 sales tax amount had increased due to the beach district effect.

10  
11 Through the first 6 months of FY 07-08, overall Carteret County sales tax has increased by only approximately 2%. In  
12 addition, the Town's share of the sales tax distribution has decreased from 7.94% to 7.51%, and is expected to drop to  
13 7.15% near the end of FY 07-08. This reduction in the Town's share is due to relatively larger property tax increases  
14 by other local governments in Carteret County in the last two years. The combination of these factors results in a  
15 projected significant decrease in sales tax distributions in FY 07-08 and FY 08-09.

16  
17 The FY 08-09 Recommended Budget anticipates a total of \$1,897,500 in sales tax revenue. This amount is an  
18 \$85,500 decrease in the amount budgeted in the FY 07-08 budget, and has a significant impact on the Town's budget.  
19 The Board should note that the FY 08-09 estimate of \$1,897,500 is somewhat aggressive, however, the impact  
20 associated with the proposed 3.1 cent tax rate increase should occur in late FY 08-09 and should enable the Town to  
21 meet this revenue estimate.

22  
23 Slight Decrease in Development Permit Fee Revenues Projected

24 The FY 08-09 Recommended Budget anticipates only \$152,500 from development permit fees, a \$15,200, or 9.07%,  
25 decrease from the FY 07-08 original budget. Construction activity has gradually slowed in Emerald Isle over the past  
26 two years, and we are now in one of the slowest periods of new construction ever in Emerald Isle.

27  
28 The FY 07-08 budget estimate for development permit fees partially anticipated the drop-off in new construction, and  
29 current year revenues should come close to budget amounts. A total of 25 new homes have been initiated so far this  
30 fiscal year, plus significant renovation projects have aided in FY 07-08 revenue collections. The FY 08-09 revenue  
31 estimate is slightly more conservative.

32  
33 The Board should note that the FY 08-09 Fee Schedule does include slight adjustments to the base fees for building  
34 permits (from \$40 to \$50), floodplain development permits (from \$40 to \$50), and driveway permits (from \$35 to \$50).  
35 These fee increases are not expected to have a significant impact on revenues, and are proposed only to standardize  
36 the fees at the \$50 level. The FY 08-09 Fee Schedule also establishes a new storm water permit fee of \$50 for  
37 construction projects that disturb less than 10,000 sq. feet (currently no fee), and \$500 for construction projects that  
38 disturb more than 10,000 sq. feet. The \$500 fee is associated with the Town's plan to implement the Universal Storm  
39 Water Management Program (USMP) that would satisfy (and replace) State storm water permitting requirements. The  
40 proposed \$500 fee is slightly less than the State permit fee. Revenues derived from the storm water permit fees will be  
41 earmarked for future storm water system inspections that will be required under USMP.

42  
43 Grant Revenues Tied to Specific Projects / Expenditures

44 The FY 08-09 Recommended Budget includes a total of \$247,285 of grant revenues to support five specific projects /  
45 expenditures.

46  
47 First, the Town is optimistic about receiving two separate grants from the NC Clean Water Management Trust Fund for  
48 storm water initiatives. First, a total of \$97,000 is budgeted for storm water and public access improvements at  
49 soundside street ends in eastern Emerald Isle. Grant funds will enable the elimination of several storm water outfalls in  
50 this area. Second, a total of \$75,000 is budgeted to fund the majority of a planned \$100,000 study to identify storm  
51 water best management practices (BMPs) along Archer's Creek.

52  
53 The FY 08-09 budget also anticipates a \$65,535 Fire Act grant for the majority of cost associated with exhaust  
54 ventilation improvements at both Fire Stations. The FY 08-09 budget also includes an anticipated \$8,000 grant for the

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1  
2 Town's expanded mosquito control program, and a recurring \$1,750 grant for the Town's Wellness Program for  
3 employees.

4  
5 I am optimistic about our chances for success on each of these grants, however, each of these specific projects /  
6 expenditures will likely be eliminated or delayed if the grant is not awarded.

7  
8 Installment Financing Proceeds To Fund New Fire Engine

9 The scheduled replacement of a 1986 Fire Engine (Engine 1) would be financed with \$450,000 of installment financing  
10 proceeds in FY 08-09.

11 The Town currently owns 4 pieces of large fire apparatus, and expects to realize a 20-year useful life on each piece.  
12 The Town has established a replacement plan whereby one piece is replaced every 5 years, and financed for a 5-year  
13 term. The FY 08-09 Recommended Budget anticipates the issuance of \$450,000 of debt for the new Fire Engine in FY  
14 08-09. The debt for the new Fire Engine would be fully retired by FY 13-14, when a then 25-year old Fire Engine is  
15 scheduled for replacement.

16  
17 The Town's official debt policy limits the use of debt for major capital projects and major capital equipment only.

18  
19 Sharp Decrease in Interest Earnings

20 As interest rates decline, the Town's interest earnings are also decreasing. The FY 08-09 Recommended Budget  
21 includes only \$50,000 of projected interest earnings, down from \$125,000 projected at the beginning of FY 07-08.

22  
23 Interest rates have been in a steady decline since the beginning of FY 07-08, and the Town expects to realize  
24 approximately \$89,000 of interest earnings in FY 07-08. The FY 08-09 estimate of \$50,000 assumes an average  
25 balance of \$2 million earning 2.5%. The Town is currently earning between 2.0% - 2.5%.

26  
27 Other Revenues

28 Most other General Fund revenue sources are expected to remain relatively constant, with modest increases or  
29 decreases projected in FY 08-09. There are a few revenues worth noting, however.

30  
31 The FY 08-09 Recommended Budget includes a \$25,000 contribution from Carteret County, a slight increase over their  
32 \$20,000 contribution in FY 07-08. As a result of the Board's stated goal to seek more funding from Carteret County, I  
33 submitted a request to the County Manager for \$100,000 to be earmarked for the planned new bicycle path segment  
34 along Coast Guard Road. That request was denied, and the County Manager included only \$25,000 for Emerald Isle  
35 in his Recommended Budget to the County Commissioners. As you know, Emerald Isle alone is the largest  
36 municipality in the County in terms of tax base, comprising nearly 23% of the total County tax base. Emerald Isle alone  
37 includes more taxable value than Morehead City, Beaufort, and Newport combined. Emerald Isle's taxpayers  
38 contribute nearly \$9.5 million to the County under the new (2007) tax values, which is now \$3 million more than  
39 contributed under the old (2001) tax values. The absence of more significant funding for Emerald Isle in the County's  
40 budget is disappointing.

41  
42 The FY 08-09 Recommended Budget also includes \$40,000 anticipated from the sale of surplus property, a \$20,000  
43 increase over historical revenue levels. The increase in this line item is associated with the planned sale of Fire  
44 Engine 1 after it is replaced. Discussions with Fire vehicle sales personnel indicate that the Town could expect  
45 \$20,000 - \$25,000 from the sale of Fire Engine 1.

46  
47 Finally, the FY 08-09 Recommended Budget does not rely on the use of General Fund balance to balance the budget.  
48 As we have discussed recently, the Town can not afford to utilize General Fund balance for non-emergency items until  
49 fund balance levels rise over time. At June 30, 2008, adjusted General Fund balance is projected to be nearly \$1.975  
50 million, or approximately 25.5% of the FY 08-09 Recommended Budget.

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1  
2 **Significant FY 08-09 General Fund Expenditure Issues**

3 Fair and Responsible Plan for Employee Compensation

4 Aside from meeting the Board's tax goals for FY 08-09, my highest priority for the FY 08-09 budget is to make sure that  
5 Town employees are compensated fairly in the current tough economic times. I believe that the total compensation  
6 plan included in the FY 08-09 Recommended Budget addresses this priority very well, and has been well-received by  
7 the Town's department heads.  
8

9 The FY 08-09 Recommended Budget includes funding for a 3.5% across-the-board cost of living adjustment for all full-  
10 time employees. This amount is slightly less than the CPI adjustment as of March 2008 (4.4%), however, I believe that  
11 the proposed adjustment is fair given the other components of the FY 08-09 employee compensation plan. The total  
12 annual cost of the 3.5% cost of living adjustment is \$93,240 (including percentage-driven benefits).  
13

14 The FY 08-09 Recommended Budget also includes an increase in the Town's contribution to each full-time employee's  
15 401k account. The Town currently contributes 5% of each full-time employee's annual salary to 401k, and the FY 08-  
16 09 Recommended Budget increases this contribution to 6%. Most local governments now offer 5%, and the 6%  
17 contribution should make Emerald Isle stand out as a more desirable employer and assist in recruitment and retention  
18 efforts. Additionally, this adjustment also provides more retirement funds for the employee that can potentially be used  
19 for health care expenses at retirement. As discussed previously, there has been recent demand from the Town  
20 employees for some sort of retiree health coverage. I don't believe it is financially prudent for the Town to provide  
21 retiree health coverage, however, the additional 401k contribution offers a way to at least partially address this concern  
22 with greater cost certainty. The total amount included in the FY 08-09 Recommended Budget for the 401k increase is  
23 \$22,479.  
24

25 The FY 08-09 Recommended Budget also includes \$16,000 in the NonDepartmental account for targeted salary  
26 adjustments at the discretion of the Town Manager. This amount is equal to .67% of the Town's total full-time payroll.  
27 This amount is less than previous years, when the Board has authorized an amount in the \$20,000 - \$30,000 range, or  
28 approximately 1.0% - 1.5% of the Town's payroll.  
29

30 Finally, the Town would continue to offer a quality health insurance plan for our employees with funding provided in the  
31 FY 08-09 Recommended Budget. The Town's premiums for the current health plan will increase by approximately  
32 16% next year, and in order to reduce this expense somewhat there are two lower cost health insurance plans  
33 currently being considered for presentation to the Board at the first budget workshop meeting. Sufficient funds are  
34 included for either option in the FY 08-09 Recommended Budget, with the amount budgeted representing a nearly 10%  
35 increase in the Town's annual health insurance premiums. Both options are considered to be quality plans, and should  
36 not be perceived as a significant reduction in quality by the Town's employees.  
37

38 Commercial Dumpster Service Planned

39 As noted earlier, the planned shift in the financing of solid waste services has the potential to negatively impact the  
40 local business community who will now be paying property taxes for solid waste service that is not currently provided  
41 by the Town. In order to address this concern, the FY 08-09 budget includes funding to implement commercial  
42 dumpster service in Emerald Isle. If authorized, the Town would begin providing this service on or after January 1,  
43 2009, perhaps as late as March or April 2009, depending on several issues yet to be resolved.  
44

45 The FY 08-09 budget includes a \$150,000 contingency amount to provide this service, which is believed to be  
46 conservative. To put this amount in perspective, the Town currently collects trash from approximately 40 dumpsters  
47 located at condominium complexes, and incurs an annual expense of approximately \$62,000. There are  
48 approximately 60 commercial dumpsters in Emerald Isle. It should be noted that tipping fees are expected to be higher  
49 for commercial solid waste, which is typically more densely packed than residential waste. Despite this fact, the  
50

51 \$150,000 contingency is expected to be more than sufficient. As a fall-back position, research indicates that it would  
52 be possible to collect all dumpsters in Emerald Isle (condominium complexes and commercial dumpsters) with the  
53 addition of one staff person and the purchase of one front-end loader truck, at an annual cost of less than \$150,000. I  
54

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1  
2 would prefer to contract for commercial dumpster service, however, the provision of this service by Town staff is an  
3 option if a favorable contract can not be negotiated with a private contractor.  
4

5 The Board should note that the FY 08-09 Recommended Budget includes funding for the Town to provide commercial  
6 dumpster collection only. Commercial businesses would still be responsible for the cost of the dumpster (either buying  
7 or renting), any recycling services, and any restaurant-related services (grease, etc.). The provision of commercial  
8 dumpster service by the Town should be well-received by the Emerald Isle business community, as it represents  
9 overall cost savings for the majority of businesses. In most cases, the additional amount of property taxes is much less  
10 than their current annual expense for dumpster service.  
11

12 There are several issues to be resolved before this service can be implemented, thus the planned January – April 2009  
13 start date. I don't believe any of these issues are "show-stoppers" – they will simply require time and coordination to  
14 address the issues. Among the issues to be resolved are the following:  
15

- 16 • the timing of the transition in order to avoid seasonal issues and to allow sufficient time to disseminate  
17 information to the business community,  
18
- 19 • the applicability of State statutes that require delayed implementation or buy-out payments to existing waste  
20 contractors providing service to the business community,  
21
- 22 • negotiations with the two existing waste contractors servicing the business community in order to achieve the  
23 most favorable arrangement in the short term,  
24
- 25 • the communication system for coordinating the frequency of collection and size of dumpster collected at each  
26 location, and  
27
- 28 • a system to insure that commercial businesses do not cease existing recycling efforts, thus causing an  
29 increase in the amount of commercial trash in dumpsters.  
30

31 I envision that all of these issues can be resolved in the next 3 - 4 months, well in advance of an early 2009  
32 implementation date. The final resolution of any contractual issues would be presented to the Board later in 2008 or  
33 early in 2009.  
34

35 First Year of Debt Service Payments

36 The FY 08-09 Recommended Budget includes the first year of debt service payments on three recent debt issues – a  
37 total of \$309,080.  
38

39 A total of \$121,917 is included for the first year of principal and interest payments for the new EMS Station. The total  
40 principal outstanding at June 30, 2008 is \$500,000 (\$50,000 of this amount is being held in escrow), and the Town's  
41 plan is to fully retire this debt with the proceeds from the sale of the current EMS station on Cedar Street. If the sale  
42 occurs during FY 08-09, this debt would likely be fully retired in FY 08-09. The term of this debt is 5 years.  
43

44 A total of \$86,060 is included for the first year of principal and interest payments on the recent Emerald Drive land  
45 purchase. The total principal outstanding at June 30, 2008 is \$585,000. The term of this debt is 10 years.  
46

47 A total of \$101,103 is included for the first year of principal and interest payments for Phase II of the Coast Guard Road  
48 Storm Water Project. The total principal outstanding as of June 30, 2008 is \$800,000. The term of this debt is 9 years.  
49

50 The Town intends to issue debt for two additional projects in FY 08-09 – the replacement of a Fire Engine (\$450,000)  
51 and the construction of the new Town Administration Building (\$900,000). Debt service payments on both of these debt  
52  
53  
54

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1  
2 issues will not begin until FY 09-10, and are not included in the FY 08-09 budget. The estimated annual debt service  
3 payment for the new Fire Engine is approximately \$102,000 for 5 years, and the estimated annual debt service  
4 payment for the new Town Administration Building is \$113,000 for 10 years.

5 Replacement Fire Engine

6 A total of \$450,000 is included in the FY 08-09 Recommended Budget to replace a 22-year old Fire Engine. As noted  
7 earlier, this purchase, which also includes new air-packs, would be financed with an installment financing agreement  
8 over a 5-year period.

9  
10 This pumper truck is one of four large pieces of fire apparatus owned by the Town:

- 11 • 1986 Pierce (pumper) – scheduled for replacement in FY 08-09 at age 22
- 12 • 1989 Seagrave (pumper) – scheduled for replacement in FY 13-14 at age 25
- 13 • 1998 E-One (ladder) – scheduled for replacement in FY 18-19 at age 21
- 14 • 2004 E-One (pumper) – scheduled for replacement in FY 23-24 at age 20.

15  
16 Each of these fire apparatus are major capital expenditures, ranging from \$450,000 for a pumper truck to  
17 approximately \$700,000 for a ladder truck. The Town's goal is to realize a useful life of 20 years from each truck, and  
18 to replace one every 5 years with a 5-year installment financing agreement, which theoretically should keep the Town's  
19 annual expense relatively level in perpetuity.

20  
21 The Fire Department completed a detailed review of the condition of the 1986 Pierce earlier in 2008 to assist in  
22 determining if the replacement of the truck could be delayed. The replacement of the truck could certainly be delayed,  
23 however, a delay would either require the 1989 Seagrave to remain in service longer than planned or result in a short-  
24 term budget spike to replace both vehicles in a close time frame. Both trucks are also more prone to break-downs as  
25 they age, and it becomes increasingly more expensive to complete repairs. There is also the obvious concern about  
26 having good, reliable equipment for our Fire personnel and the benefit of our citizens.

27  
28 Another final thought about the Fire Engine replacement is that new standards are expected to be implemented in  
29 2009 that are likely to increase the cost of the Fire Engine by approximately \$25,000, plus any inflationary increases.

30  
31  
32  
33  
34  
35 Coast Guard Road Bicycle Path – Reed Drive to Emerald Isle Woods

36 Funds are included in the FY 08-09 Recommended Budget for the construction of a .4 mile segment of dedicated  
37 bicycle path along the south side of Coast Guard Road from its existing terminus near Reed Drive to Emerald Isle  
38 Woods Park. A total of \$100,000 is included for this project.

39  
40 The construction of this segment of bicycle path will improve bicycle and pedestrian safety in this area, and will also  
41 provide an important link from the central business area to Emerald Isle Woods Park. The \$100,000 appropriation is  
42 offset by a \$25,00 contribution from Carteret County. An additional \$11,000 is also available in an existing capital  
43 project fund that will be used to supplement the budget for this project.

44  
45 The Town's bicycle path projects have perhaps been the most well-received projects of any that the Town has  
46 completed in recent years. The continued expansion of the bicycle path system will likely receive a favorable response  
47 from the community.

48  
49 Reconstruction of Aging Beach Access Walkways

50 A total of \$81,000 is included in the Parks and Recreation budget to reconstruct public beach access walkways at  
51 Ocean Oaks Drive, Gregg Street, and at 3<sup>rd</sup> St. Park in FY 08-09. These walkways are the worst of several older  
52 beach access walkways that are deteriorating beyond repair and that are in need of complete reconstruction.

53  
54

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1  
2 The 5-Year Capital Replacement / Improvement Program includes \$81,000 annually over the next 5 years to  
3 reconstruct 2 - 3 existing beach access walkways annually. Construction is set to begin in May on the reconstruction  
4 of walkways at Santa Maria Drive and Cedar Tree Lane with funds budgeted in FY 07-08.

5  
6 Increasing Costs for Emergency Medical Services

7 The FY 08-09 Recommended Budget includes an increase of \$77,725, or 31.15%, for Emerald Isle Emergency  
8 Medical Services, Inc. This amount includes \$20,000 for furnishings for the new EMS Station expected to be occupied  
9 in September 2008.

10  
11 The balance of the increase is primarily associated with increasing personnel costs for the EMS squad. The EMS  
12 squad is essentially transitioning to a fully-paid department, and has reduced its reliance on volunteers considerably  
13 over the past year.

14  
15 There are many EMS issues on the horizon that will need to be addressed in the coming year, and the Joint EMS  
16 Committee (consisting of representatives of the Town and EI EMS, Inc.) has a large agenda over the coming year.  
17 Among the issues to be considered are the structure of a vehicle replacement fund (two ambulances will need to be  
18 replaced in the next five years at a cost of approximately \$125,000 - \$135,000 each), the disposition of EMS billing  
19 revenues (billing for service is currently beginning; no billing revenues are factored into the FY 08-09 Recommended  
20 Budget, 5-Year Capital Replacement / Improvement Plan, or the 5-Year General Fund Forecast), and the long-term  
21 future of the EMS squad. The Joint EMS Committee will begin discussing these issues this summer, and they are  
22 expected to be resolved over the course of the next year.

23  
24 Electronic Community Events Sign

25 The FY 08-09 Recommended Budget includes \$20,000 in the Parks and Recreation Department budget for the  
26 purchase and installation of an electronic community events sign that would be located at the base of the Cameron  
27 Langston Bridge, perhaps adjacent to the "Welcome to Emerald Isle" sign.

28  
29 The Town has experienced a proliferation of temporary banners for beneficial community events produced by the Town  
30 and various community organizations in recent years. It is important for the Town to continue to support and promote  
31 these events, however, the elimination of the temporary banners would improve the aesthetics of the Town. The new  
32 electronic sign would include scrolling messages, and would be used to communicate information about non-profit  
33 events, Town activities, and emergency information.

34  
35 Grant-Funded Storm Water Initiatives

36 The Town is awaiting a decision from the NC Clean Water Management Trust Fund on two grant applications aimed at  
37 improving storm water management in Emerald Isle. The Town remains optimistic about the chances for being  
38 awarded grant funds in FY 08-09, and these revenues and expenditures are included in the FY 08-09 Recommended  
39 Budget.

40  
41 A total of \$97,000 is included for the removal of several storm water outfalls that drain to Bogue Sound in eastern  
42 Emerald Isle. The removal of these storm water outfalls also creates an opportunity to improve public access to Bogue  
43 Sound at these locations, and the public access component is also included in the grant application. The local grant  
44 match is in the form of labor provided by the Town's Public Works Department.

45  
46 A total of \$100,000 is included for an engineering study to determine cost-effective ways to eliminate storm water  
47 outfalls and/or install storm water best management practices (BMPs) along Archer's Creek. A \$75,000 grant is  
48 anticipated, to be matched with \$25,000 of Town funds.

49  
50 Increase in Workers Compensation Premiums

51 Unfortunately, the FY 08-09 Recommended Budget also includes an increase in the Town's general insurance budget  
52 of \$50,000. The total amount of this increase stems from two workers compensation claims over the past year that are  
53 projected to have significant final expenses when fully resolved. Both employees involved were limited to light-duty  
54 work only, and the Town did not have suitable light-duty positions for these employees. Based on discussions with the

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1  
2 Town's insurer, this additional expense will remain with the Town for the next 3 years. Town staff are currently working  
3 with our insurance carrier to hopefully lower these costs, however, we do not expect a significant change.  
4

5 Capital Equipment Replacements

6 The FY 08-09 Recommended Budget implements the updated 5-Year Capital Replacement / Improvement Program,  
7 and allocates sufficient funds for the schedule replacement of vehicles with excessive mileage, age, and wear. The  
8 following vehicle replacements are included in the FY 08-09 Recommended Budget:  
9

- 10
- 11 • a Police vehicle that will replace a vehicle assigned to a Police Lieutenant, with the Police Lieutenant's  
12 vehicle becoming the Police Department's new beach vehicle,
  - 13 • a new 4 x 4 pickup truck in the Public Works Department, and
  - 14 • an all-terrain vehicle used by the Fire Department's Beach Patrol.
- 15

16  
17 The Board should note that there were five other vehicles scheduled for replacement in FY 08-09, however, each of  
18 these vehicles is still in reasonably good condition and can survive another year without diminishing the quality of the  
19 Town's services or the efficiency of Town departments. Vehicles originally scheduled for replacement are as follows:  
20

- 21
- 22 • another 4 x 4 pickup truck in the Public Works Department,
  - 23 • a dump truck in the Public Works Department,
  - 24 • a 4 x 4 pickup truck in the Planning and Inspections Department, and
  - 25 • two Police vehicles.
- 26  
27  
28

29 The future replacement of all of these vehicles is included in the updated 5-Year Capital Replacement / Improvement  
30 Program, and is factored into the General Fund 5-Year Forecast.  
31

32 Other Notable Expenditure Items

33 The FY 08-09 Recommended Budget also includes funding for several other notable items, as follows:  
34

- 35
- 36 • a total of \$12,220 for a more proactive mosquito control program,
  - 37 • a total of \$14,500 for new Christmas decorations and electrical connections,
  - 38 • an additional \$27,400 over FY 07-08 budget amounts across the entire organization for gasoline and diesel  
39 fuel,
  - 40 • a total of \$40,000 for storm water monitoring activities at Emerald Isle Woods,
  - 41 • a total of \$11,000 for HVAC improvements at Fire Station 2,
  - 42 • a total of \$68,986 for exhaust ventilation systems at both Fire Stations (primarily grant-funded),
  - 43 • a total of \$11,900 to implement recommendations from the Town's Safety Committee for safety  
44 improvements in the Community Center and Fire Station 1, and other minor items,
  - 45 • a total of \$12,000 for consulting services to assist in the implementation of an employee performance  
46 evaluation system,
  - 47
  - 48
  - 49
  - 50
  - 51
  - 52
  - 53

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- a total of \$6,900 for the purchase of a new printer and tax software in the Administration budget,
- a total of \$4,550 for a new, digital, recording system for Town Board meetings, and
- a total of \$5,000 to cover exposed insulation in the Community Center gymnasium.

Construction of New Town Administration Building

Design work on the new building to house Town administrative staff will be complete by early FY 08-09. The Recommended Budget anticipates that the Town will enter into an installment financing agreement for construction of the new building in early FY 08-09.

It is anticipated that construction of the new building will cost approximately \$900,000, and that the building will be financed over a 10-year term. Assuming a 4.5% interest rate, annual debt service payments of approximately \$114,000 are expected to begin in FY 09-10. The General Fund 5-Year Forecast incorporates these debt service payments.

The projected cost has been increased to \$900,000 in order to also provide up to \$100,000 for the construction of the new parking lot and also to provide funding for improvements to the existing Town meeting room upon completion of the new Town Administration Building.

GENERAL FUND BALANCE

As noted earlier, the FY 08-09 Recommended Budget does not rely on the appropriation of General Fund balance.

As of June 30, 2008, the Town's adjusted General Fund balance is projected to increase to approximately \$1.975 million as of June 30, 2008. This increase is attributed to the Board's direct appropriation of \$150,000 to General Fund balance in FY 07-08. The increase in fund balance is tempered by a projection that indicates that FY 07-08 expenditures will exceed revenues by approximately \$44,000.

The \$1.975 million of adjusted fund balance projected at June 30, 2008 is equal to approximately 25.5% of the FY 08-09 Recommended Budget amount. This amount is acceptable and is no cause for alarm, however, the Town can not afford to utilize additional fund balance for non-emergency purposes.

The Town should strive to gradually improve General Fund balance levels over the coming years.

OTHER FUNDS

Beach Nourishment Debt Service / Reserve Fund

FY 08-09 is the 7th year of the Beach Nourishment Debt Service / Reserve Fund, which is used to account for the special district tax collections and principal and interest payments on the beach nourishment bonds. The total budget for this fund is \$2,369,750.

FY 08-09 will be the 6th year of principal payments on the 2002 bonds, and 4th year of principal payments on the 2004 bonds. A total of \$1,850,189 of Primary Benefit (oceanfront) special district taxes and \$342,835 of Secondary Benefit (non-oceanfront) special district taxes are anticipated in FY 08-09. These special district taxes are the primary revenue sources for debt service payments in this fund.

The recommended tax rate for the Primary Benefit (oceanfront) special district is 16.2 cents per \$100 of assessed valuation, which is identical to the FY 07-08 rate. The recommended tax rate for the Secondary Benefit (non-oceanfront) special district is 1.1 cent per \$100 of assessed valuation, also identical to FY 07-08.

The Beach Nourishment Debt Service / Reserve Fund is expected to have a fund balance of approximately \$2.39 million at June 30, 2008. This fund balance will be depleted gradually over the remaining years of the debt service schedule, including the use of \$119,213 in FY 08-09.

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1  
2 Current projections indicate that the final ending balance in this fund will be approximately \$308,000 in FY 12-13 after  
3 all bonds have been retired. The Board should note that this amount would be more than \$100,000 higher if the Town  
4 was not required to use funds from the Beach Nourishment Debt Service / Reserve Fund for the now-required 3<sup>rd</sup> year  
5 of salt marsh and macroinvertebrate monitoring in Bogue Inlet.  
6

7 The recommended 3.1 cent increase in the General Fund property tax rate and concurrent elimination of the annual  
8 \$180 solid waste fee will have the most significant cost impact on oceanfront property owners. The Board may wish to  
9 consider a slight decrease to the Primary Benefit (oceanfront) special district tax rate as a way to mitigate the  
10 additional tax burden on oceanfront property owners. The Board should note, however, that any decrease in the  
11 Primary Benefit (oceanfront) rate will likely need to be offset by a slight increase in the Secondary Benefit (non-  
12 oceanfront) rate.  
13

14 **Disaster Recovery Fund**

15 All repairs and FEMA reimbursements associated with previous hurricanes have been closed out, thus no  
16 appropriations are included in the FY 08-09 Recommended Budget for the Disaster Recovery Fund. This fund will only  
17 be utilized if the Town is impacted by a Presidentially-declared disaster event during FY 08-09.  
18

19 **Powell Bill Fund**

20 FY 08-09 is the second year of the new Powell Bill Fund. The new fund allows the Town to better segregate restricted  
21 Powell Bill revenues in the future, and insures compliance with the statutes governing the use of these funds.  
22

23 The Powell Bill Fund includes \$171,000 of expected Powell Bill distributions from the State in FY 08-09. These funds  
24 are restricted to street maintenance and sidewalk functions, and the bulk of these funds will be used to fund the Town's  
25 annual street resurfacing contract. The remaining funds will be used for small-scale street drainage projects and  
26 pothole repairs.  
27

28 As discussed previously with the Board, the cost of street resurfacing has been increasing steadily over the years while  
29 the Town's annual Powell Bill distribution has been holding even and in some years decreasing. The Town's annual  
30 goal for street resurfacing is 2.3 miles annually, or 1/20<sup>th</sup> of the Town's street network – resulting in a 20 year  
31 resurfacing cycle. The Town was only able to fund 1.8 miles of resurfacing in FY 07-08, and we are likely to be faced  
32 with a similar challenge in FY 08-09 and beyond. The FY 08-09 Recommended Budget does not include any  
33 supplemental funding for street resurfacing beyond the annual Powell Bill distribution, however, the Board may wish to  
34 consider supplementing the Powell Bill distribution in FY 08-09 or future years.  
35

36 **Regional Beach Access Fund**

37 A total of \$300,000 is included in the Regional Access Fund to construct the new soundfront McLean Park adjacent to  
38 Chapel By The Sea on NC 58.  
39

40 The Town has already been awarded a Coastal Area Management Act (CAMA) grant to fund the construction of a new  
41 soundside pier, bathhouse, and picnic shelter at McLean Park, and has a total of \$145,000 earmarked for these  
42 improvements. The Town is currently awaiting a decision on a Parks and Recreation Trust Fund (PARTF) grant for the  
43 construction of an all-purpose ball field, new playground, and other park amenities at McLean Park, and should receive  
44 a grant decision in the near future. A total of \$155,000 is included in the Regional Access Fund budget for these  
45 improvements.  
46

47 If the Town is awarded the PARTF grant, all park improvements will be constructed in FY 08-09. If the Town does not  
48 receive the PART grant, the new pier, bathhouse, and picnic shelter will be the only improvements constructed.  
49

50 A new joint parking lot to serve the new park and the Chapel By The Sea will be constructed by the church in  
51 conjunction with the construction of their new church sanctuary. The timetable for the construction of the parking lot is  
52 not certain at this time.  
53  
54

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1  
2 **Special Separation Allowance Fund**

3 The FY 08-09 Recommended Budget does not include a contribution to the Special Separation Allowance Fund. This  
4 fund is projected to have a balance of approximately \$72,000 as of June 30, 2008, and should be sufficient to meet any  
5 pending obligations in the short-term. There are currently no Emerald Isle law enforcement officers eligible for the  
6 Special Separation Allowance payment. The Town should continue to monitor the pending obligations to soon-to-be  
7 retiring law enforcement officers and consider additional payments to this fund in future years.

8  
9 **Special Drug Fund**

10 This fund accounts for restricted Police Department revenues resulting from drug seizures. The actual revenue  
11 collections in this fund are highly variable, thus the FY 08-09 Recommended Budget appropriates fund balance only.  
12 As of June 30, 2008, the fund is expected to have a total fund balance of approximately \$33,000.

13  
14 A total of \$22,000 is appropriated in the FY 07-08 Recommended Budget, which would reduce the Special Drug Fund  
15 balance to approximately \$11,000. These funds will be used to purchase a portable video surveillance camera and a  
16 digital recording system for the Police Station.

17  
18 **CAPITAL REPLACEMENT / IMPROVEMENT PROGRAM**

19 The total investment recommended in the 5-Year Capital Replacement / Improvement Program is approximately \$7.37  
20 million, and is funded with a mixture of pay-as-you-go funding, grant funding, and installment financing proceeds. The  
21 updated plan is less aggressive than previous years, due to the accomplishment of many beneficial projects in recent  
22 years and due to the reality of the Town's budget situation in the coming years.

23  
24 The 5-Year Capital Replacement / Improvement Program includes many beneficial items for the community, however,  
25 these items come with a cost. As noted earlier, the General Fund 5-Year Forecast includes all of the items in the  
26 Capital Replacement / Improvement Program, but projects deficits in future years. The Board of Commissioners will  
27 need to carefully consider the items included in this plan.

28  
29 Some of the significant items in the plan include the following:

- 30  
31
- 32 • all capital replacements and capital projects included in the FY 08-09 Recommended Budget,
  - 33 • the scheduled replacement of various Town vehicles and major equipment, including some notable items:
    - 34 - the replacement of two EMS ambulances in FY 09-10 and FY 11-12, at a cost of \$125,000 and
    - 35 \$135,000, respectively,
    - 36 - the replacement of the Town's brush truck in FY 12-13, at a cost of approximately \$125,000,
    - 37
  - 38 • the use of NCDOT grant funds and local matching funds to construct a dedicated bicycle path along NC 58
  - 39 between Black Skimmer Drive and the Indian Beach town line; assuming that NCDOT grant funds are made
  - 40 available in FY 09-10 (\$400,000 grant, \$100,000 local match) and FY 11-12 (\$400,000 grant, \$100,000 local
  - 41 match),
  - 42 • the allocation of \$100,000 in FY 10-11 and FY 12-13 for to-be-determined additional sidewalk segments,
  - 43
  - 44 • future annual appropriations of \$81,000 of pay-as-you-go funding to replace aging beach walkways that are
  - 45 maintained by the Town,
  - 46
  - 47 • the allocation of \$750,000 for the construction of storm water improvements at Island Circle in FY 09-10 - to
  - 48 be the subject of a \$600,000 grant application to the NC Clean Water Management Trust Fund in 2009, to be
  - 49 matched with a \$150,000 Town appropriation,
  - 50
  - 51 • the issuance of \$800,000 of installment financing debt in FY 09-10 for the construction of a new Fire Station
  - 52 along Coast Guard Road in order to meet ISO requirements (additional research is necessary to determine
  - 53
  - 54

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- other, less expensive options),
- the allocation of \$100,000 of pay-as-you-go funding in FY 10-11 for a new façade on Fire Station 1 to improve the exterior appearance of the building; the new EMS station and new Town Administration Building will be very attractive and an effort would be made to make the Fire Station more consistent with other Town buildings, and
- the annual resurfacing of Town streets with Powell Bill funds.

The Board should note that a potential future cash contribution from the Town to the Aquarium Pier project has been deleted from the 5-Year Capital Replacement / Improvement Program. The Town and the NC Aquariums will be seeking any and all potential grant funds for the project in the coming months and years, and I am optimistic that no additional contribution from the Town will be required.

LOOKING AHEAD

As in previous budgets, considerable effort has been made to plan for future capital expenditures and reasonably anticipated revenue adjustments, and the General Fund 5-Year Forecast included in the FY 08-09 Recommended Budget document incorporates all of this information.

Looking ahead over the next 5 years, the Town's budget situation is less stable than desired, and the Board should consider the 5-year forecast in its FY 08-09 budget decisions. Incorporating the 5-Year Capital Replacement / Improvement Program, the Town is facing potential deficits in the General Fund that are equivalent to 1 – 3 cents on the General Fund property tax rate over the next 5 years. This projected deficit is the result of an aggressive capital improvement plan that has and will continue to provide significant benefits for the community, but is more a result of declining revenues projected over the next 5 years. We will certainly be working diligently over this time period to minimize the severity of any tax rate increases that may be necessary, however, the Board should be aware of this potential. Of course, we must also be cognizant of potential negative impacts from natural, manmade, or economic disasters, and the occurrence of any of these could also impact the Town's tax rate in the future.

There are a few very significant points that the Board should remain aware of regarding the Town's financial future:

- The Town relies heavily on sales tax to balance the General Fund budget. Expected sales tax revenues in FY 08-09 are budgeted at nearly \$1.9 million. The proposed increase in the property tax rate and the elimination of the annual solid waste fee is projected to increase the Town's sales tax distribution to approximately \$2.36 million by FY 10-11, but the Town is then expected to see a decrease in sales tax revenues down to approximately \$1.72 million by FY 12-13 when the beach district tax effect will expire. The Board should note that this decrease would be approximately \$400,000 - \$500,000 more if the proposed property tax rate / solid waste fee switch is not implemented.

Although FY 12-13 is still several years away, it is important for the Board to consider this issue in current budget decisions. It will become even more important in future years to adequately plan for the loss of those sales tax revenues at that time.

- I again recommend that the Board adopt a responsible 5-Year Capital Replacement / Improvement Program in FY 08-09. This tool is very helpful in projecting annual capital expenditures, as it enables sound financial planning for major capital investment and provides for the orderly replacement of the often expensive capital equipment that is essential for quality service delivery. Adherence to a Capital Replacement / Improvement Program will enhance the Town's ability to manage the property tax rate over the long haul. The Capital Replacement / Improvement Plan is also helpful to communicate the Town's plans to its residents and property owners, and can provide confidence that the Town is addressing its challenges and opportunities, and indications of potential future tax rate increases.

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- As noted earlier, it remains very important for the Town to exercise discipline with regard to the General Fund balance. The Town remains in good financial condition, but can not afford to utilize General Fund balance for non-emergency expenditures. As noted earlier, the Town's adjusted General Fund balance is projected to be approximately 25.5% of the FY 08-09 Recommended Budget amount, which is a lower percentage than I would like. The Town has used a relatively small net amount of General Fund balance in recent years, however, as the total budget increases incrementally each year this has the effect of reducing the overall fund balance percentage.

CLOSING

As noted earlier, although the proposed 9.8 cent General Fund property tax rate initially appears to be a severe tax increase, it is important for the Board and the community to recognize that the proposed elimination of the \$180 annual solid waste fee will result in a slight decrease in the average-value property owner's annual bill.

This shift in the financing method for solid waste services will likely be very popular with the average-value property owner, lower-than-average-value property owners, and the business community. This shift will likely not be popular with higher-than-average-value property owners, particularly those on the oceanfront. It will be important for the community to understand that the primary motivating factor behind this shift is to boost the Town's sales tax distributions in future years in order to mitigate the severity of future tax rate increases. As is always the case for local government issues, proper communication of correct information will be essential on this issue.

The Board should recognize and stress to the community the many significant accomplishments of the Town in recent years, when the annual tax rate was actually decreased for 3 years in a row. It is worth repeating that the annual cost of Town services, programs, and projects for the average-value taxpayer has increased by only 14.57%, or 2.9% annually, over the past 5 years, while the Consumer Price Index has increased by 16.45%, or 3.3% annually over that same time period. As you know, the Town has always made it a priority to maintain a low tax burden for our taxpayers, and that priority remains in place today and will be carried forward in the future.

I believe the FY 08-09 Recommended Budget includes the proper balance between respect for our taxpayers, provision of quality Town services, responsible investment in the future of Emerald Isle, and our overall responsibility to enhance the quality of life in Emerald Isle. Staff and I have devoted significant thought and analysis to these budget recommendations, and I hope that the Board and the public will find these recommendations acceptable. As you know, the Town's budget should accurately reflect the Board's collective priorities for the Town, and I encourage the Board to adjust the Recommended Budget in any way that more clearly reflects your priorities and vision for the Town.

Once again, I express my sincere thanks to the Town's department heads and all of our employees for their efforts to make Emerald Isle an even better place than it already is. Our organization is certainly not perfect and can always improve, but overall we are extremely fortunate to have a dedicated and competent workforce serving our residents, property owners, business community, and visitors.

I also again thank the Mayor and the Board of Commissioners for creating a productive and pleasant work environment for myself and the Town staff to work within. I remain grateful for your continuing support for me personally and for the entire Town organization.

Staff and I stand ready to assist the Board in the budget review and adoption process over the coming weeks.

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1

2

3

Respectfully submitted,



4

5

6

Frank A. Rush, Jr.  
Town Manager

7

8

9 Following general discussion the Board confirmed the dates for the first budget  
10 workshop of Thursday, May 22<sup>nd</sup> at 6 pm with a tentative date if needed for a  
11 second budget workshop on Thursday, May 29<sup>th</sup> at 6 pm. The official public  
12 hearing date was also tentatively scheduled for Monday, June 2<sup>nd</sup> at 6 pm.

13

14

**11. APPOINTMENT – CARTERET COUNTY 911 COMMUNICATIONS  
ADVISORY BOARD – 1 VACANCY**

15

16

17

18

19

Town Manager Frank Rush addressed the Board concerning the details of this  
agenda item. The following excerpt from Mr. Rush's memo to the Board is  
provided as additional background:

20

21

22

23

The Town has been asked to make an appointment to the new Carteret County 911 Communications Advisory Board.  
The Board is scheduled to make this appointment at the May 13 meeting.

24

25

26

27

28

29

30

A letter from John Langdon, Carteret County Manager, a resolution adopted by the Board of County Commissioners,  
and the by-laws for the advisory board are attached for your review. The advisory Board will consist of 7 members,  
with one slot designated for a representative from the Town of Emerald Isle. As you know, the Town has not yet made  
a decision whether or not to participate in the consolidated E911 Center, however, the Town has indicated its desire to  
participate on the new advisory board. The information gained by the Town's representative on the advisory board will  
be valuable information when the Town makes a final decision on this issue, likely later this year.

31

32

33

34

The County would like the Town's appointment as soon as possible so that the advisory board can begin its work. The  
County would ideally like to have the advisory board play a key role in the selection of the new Communications  
Manager position recently authorized to lead the E911 consolidation effort.

35

36

37

38

39

40

I believe it will be important for the Town's representative to be a leader in one of our emergency services  
departments. For several reasons, I am asking the Board to consider appointing Police Chief Bill Hargett to be the  
Town's representative on the Carteret County 911 Communications Advisory Board. I believe it will be advantageous  
to the County to have Chief Hargett's perspective and experience on the advisory board, and that it will be beneficial to  
the Police Chief and the Town as we continue to learn about this issue.

41

42

43

44

45

The Board should also note that the new advisory board has one slot designated for a "Chief" appointed by the  
Carteret County Fire and EMS Chiefs Association. Fire Chief Bill Walker is currently the President of this association,  
and there is a possibility that he may be appointed for that slot.

1  
2 ***Motion was made by Commissioner Wootten to appoint Bill Hargett to the***  
3 ***Carteret County 911 Communications Advisory Board. The Board voted***  
4 ***unanimously 5-0 in favor. Motion carried.***

5  
6 **12. COMMENTS FROM TOWN CLERK, TOWN ATTORNEY, AND TOWN**  
7 **MANAGER**

8  
9 Town Manager Rush updated the Board on various issues of importance. The  
10 following is an excerpt from his Manager Comments memo to the Board for  
11 additional background:

12  
13 **Downtown Curbs Painted to Resemble Concrete /**  
14 **Islander Drive Parking, Drainage Improvements**

15 These are two admittedly minor activities, but are examples of the small things that I think make a difference in the  
16 overall appearance of the Town over time. Public Works recently completed repainting the curbs in the middle of  
17 town a gray, original concrete color. The gray replaces the white color from last year, and the previous yellow color  
18 that had not been painted for many years before that. The gray color resembles original concrete, and gives this area  
19 a cleaner look.

20  
21 Public Works also recently completed the removal of continuous asphalt between Islander Drive, Reed Drive, and the  
22 parking lot at the Lighthouse Mini-Golf. All work was completed on the street right of way. Public Works and Parks  
23 and Recreation staff installed sod and nice landscaping to create a "break" in the asphalt and also provide an area for  
24 storm water infiltration. Islander Drive was resurfaced in this area, and a small area for parallel parking on the Islander  
25 Drive right of way was created. The Town worked cooperatively with the owners of the Lighthouse Mini-Golf on this  
26 project, and I believe they are pleased with the final product.

27  
28 **Ordinance Prohibiting Surfing Near The Pier**

29 There is some recent uncertainty about the legality of the Town's long-standing ordinance prohibiting surfing within 250  
30 feet of Bogue Inlet Pier. Although such an ordinance is common in NC beach towns, apparently the charges filed by  
31 Emerald Isle Police Officers are now routinely dismissed, and this information has been circulated to the local surfing  
32 community.

33  
34 I have asked Police Chief Bill Hargett to meet with the District Attorney about this issue, and we will then proceed  
35 accordingly to strengthen our ordinance after that time. Town Attorney Richard Stanley believes the Town's ordinance  
36 can be strengthened and should be enforceable if it includes clearer language regarding safety and also applies to  
37 swimmers and surf fishermen within 250 feet of the pier.

38  
39 We will provide more information about this issue as it develops, and may have an ordinance amendment on an  
40 upcoming meeting agenda.

41  
42 **Work Continues on Handicapped Observation Decks, Ramps at Regional Beach Accesses**

43 Both contractors are making good progress on the construction of new handicapped-accessible observation decks and  
44 ramps to the beach at the Eastern Ocean Regional Access and the Western Ocean Regional Access. Both projects  
45 should be complete by Memorial Day weekend.

46  
47 **Replacement of Cedar Tree, Santa Maria Beach Walkways Set to Begin**

48 There was a slight delay in the CAMA permitting process for the reconstruction of these walkways, but work is  
49 expected to begin during the week of May 12. Work should be complete sometime in June.

50  
51 **New EMS Station**

52 Work on the new EMS Station continues to go well, and the project is slightly ahead of schedule. We are still

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1  
2 projecting a September occupancy date for Emerald Isle EMS, Inc., mainly to avoid the busy summer season.  
3

4 **Sale of Old EMS Station**

5 We are currently working with a potential buyer of the old EMS Station building on Cedar Street, and remain hopeful  
6 that this will ultimately come to fruition. There are a couple of outstanding financing and zoning issues to be resolved  
7 that we are working on.  
8

9 **Dedication of New EMS Station**

10 The Joint EMS Committee will be meeting later in May to discuss the potential dedication of the new EMS Station. A  
11 potential action could appear on the Board's June meeting agenda.  
12

13 **Contracts for Emergency Debris Collection, Generators, and Storm Water Pumps**

14 The bid process is complete for each of these pre-positioned contracts for the 2008 hurricane season, and we are  
15 currently evaluating bids. I had initially hoped to have these contracts on the May agenda, but we have delayed them  
16 until the June meeting. There do not appear to be any irregularities with the bid process, and the contract award  
17 should be straightforward. These contracts would only be activated in the event of a major hurricane event in 2008.  
18

19 **Memorandum of Understanding – The Aquarium Pier**

20 I have reviewed the draft Memorandum of Understanding (MOU) with representatives from the NC Aquariums, and we  
21 have identified a few items that need clarification or revision. I hope to have the MOU finalized at the staff level, with  
22 input from the Town Attorney, in the next couple of weeks. A formal MOU could appear on the Board's June meeting  
23 agenda.  
24

25 **Youth Recreational Opportunities Committee's Work Coming to An End**

26 This committee is in the final stages of its work, and is preparing a final report to the Board of Commissioners. The  
27 committee has been meeting since October 2007. The presentation of the final report will appear on the Board's June  
28 meeting agenda.  
29

30 **Coast Guard Road Storm Water Project**

31 Construction had been expected at the end of April, however, delays in the delivery of pipe have pushed the start date  
32 back slightly. Work is expected to begin in Emerald Isle Woods Park during the week of May 12, with work in Dolphin  
33 Ridge beginning soon thereafter. In all likelihood, work will not be complete in Dolphin Ridge prior to Memorial Day as  
34 initially hoped. The contractor has committed to having Dolphin Ridge cleaned up for the Memorial Day weekend. We  
35 will be working hard to minimize any impacts in Dolphin Ridge and Spinnakers Reach during the summer.  
36

37 All but two storm water easements necessary for the project have been executed. We expect to receive the last two  
38 easements before work begins in the areas affected by those two easements.  
39

40 Emerald Isle Woods Park is temporarily closed. We expect to re-open the park sometime in June, if not sooner.  
41

42 **Town Administration Building**

43 The building elevations, colors, and site plan for the new Town Administration Building have been submitted to the  
44 Planning and Inspections Department for the Town's formal commercial review process.  
45

46 The Town's Technical Review Committee is currently reviewing the plans, and they should be presented to the  
47 Planning Board for approval at the May meeting. The Board of Commissioners will likely consider the commercial  
48 review at the June 10 meeting.  
49

50 I hope to be soliciting construction bids in June, with a possible contract award at the Board's July meeting.  
51

52 **Parks Maintenance Building**

53 The new metal building is up, and electrical work has been completed in the main bays. Public Works and Parks and  
54 Recreation are finalizing a plan for the construction of a mezzanine-level office area, and should begin work on that in

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1  
2 the next few weeks. I remain hopeful that the building will be completely finished and occupied by Parks Maintenance  
3 by July 1. Our intention is to rely on Town labor to construct the office area, however, with the summer nearly upon us  
4 it becomes increasingly more difficult to devote consistent effort to the building.  
5

6 The building looks great, both in terms of the exterior appearance and the site layout. The building is 1,600 sq. ft. and  
7 should serve the Parks Maintenance function very well for the foreseeable future.  
8

9 **McLean Park**

10 We may learn the fate of our Parks and Recreation Trust Fund (PARTF) grant application in the next few weeks. If the  
11 PARTF grant is successful, the multi-purpose playing field, playground, and other park amenities will be added to the  
12 new soundside pier, bathhouse, and picnic shelter, and bid as one complete project later this fall. If the PARTF grant  
13 is not awarded, the pier, bathhouse, and picnic shelter components will move forward later this fall.  
14

15 The adjacent property owners to the west (Ricky and Billy Farrington) are currently preparing to dredge an existing  
16 canal on their property. The Town has agreed to allow the placement of spoils from the canal on the McLean Park site,  
17 which will help to further elevate the site in preparation for the future playing field construction. Silt fencing is in the  
18 process of being installed on the site.  
19

20 **Tourism Enhancement Grant Awarded by the Crystal Coast Tourism Development Authority**

21 The Emerald Isle St. Patrick's Festival has been awarded a \$5,000 grant for advertising activities associated with the  
22 2009 event. A total of \$11,700 was requested, and the Town received nearly half of the amount requested. The TDA  
23 received total requests of more than \$370,000, and has a total grant award limit of \$165,000.  
24

25 **Internet Auction Results**

26 The Town recently completed an internet auction of 6 surplus Town vehicles. The Town earned a total of \$18,072 from  
27 the sale of a 1995 Police car, two 1998 pickup trucks, two 2001 Police cars, and a 2002 Police car. Each vehicle had  
28 excessive mileage and had exhausted its useful life for Town operations.  
29

30 **The Point**

31 The migration of sand from east to west continues at a relatively rapid pace, and has now curved around the Point to a  
32 location near the Town's vehicle ramp. The beach continues to widen on the oceanfront, however, the elevation of the  
33 flat beach is still not high enough to prevent water from reaching the dunes on major high tides or during storm events.  
34 The area directly off the Point (west of the sandbags) continues to be shallow, and we are hopeful that the area will  
35 continue to recover.  
36

37 We are still seeking ways to place sand at The Point this coming winter, but I am gradually becoming less optimistic.  
38 The money and cooperation is in place with the Corps of Engineers to place sand on The Point, however, the local  
39 navigation channels are all in good shape and don't need much dredging work to generate even the small volume of  
40 sand that we need.  
41

42 I am scheduled to meet with our consultants, Coastal Planning & Engineering, on May 12 to discuss the potential  
43 permit modification request to re-dredge a small area of the new channel to place sand at The Point. I will update the  
44 Board on the results of this meeting at the May 13 meeting. I ultimately envision the Town seeking funding from the  
45 NC Division of Water Resources, the Carteret County Beach Commission, and the Town's Beach Nourishment Debt  
46 Service / Reserve Fund to place sand in this area if a workable plan can be developed.  
47

48 **Town Hall Day**

49 I have attached a copy of a flyer about the NC League of Municipalities' annual Town Hall Day on Wednesday, June 4.  
50 Please let me know if you'd like to attend.  
51  
52  
53  
54

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1  
2 **Water Resources Congress Meeting**

3 The NC Water Resources Congress, a group that lobbies for funding for navigation dredging and beach nourishment  
4 funding, will be meeting in Raleigh on May 21. I have attached a copy of a recent mailing from this group for your  
5 information. Please let me know if you'd like to attend their May 21 meeting in Raleigh.

6  
7 The Town is a long-standing member of this group, and will join again for 2008. The annual dues are \$250.

8  
9 Town Manager Frank Rush provided a brief update as to the status of the  
10 conditions at the Point.

11  
12 **13. COMMENTS FROM MAYOR AND BOARD OF COMMISSIONERS**

13  
14 There were no further comments from the Mayor or Board of Commissioners.

15  
16 **14. CLOSED SESSION – PURSUANT TO NCGS 143-318.11(a)(3),**  
17 **ATTORNEY-CLIENT PRIVILEGE**

18  
19 ***Motion was made by Commissioner Messer to enter Closed Session. The***  
20 ***Board voted unanimously 5-0 in favor. Motion carried.***

21  
22 ***Motion was made by Commissioner Messer to return to Open Session. The***  
23 ***Board voted unanimously 5-0 in favor. Motion carried.***

24  
25 There was no action taken as a result of Closed Session.

26  
27 **15. ADJOURN**

28  
29 ***Motion was made by Commissioner Messer to adjourn the meeting. The***  
30 ***Board voted unanimously 5-0 in favor. Motion carried.***

31  
32 ***The meeting was adjourned at 7:23 pm.***

33  
34 Respectfully submitted:

35  
36  
37  
38 Rhonda C. Ferebee, CMC  
39 Town Clerk