

1 MINUTES OF THE REGULAR SCHEDULED MEETING
2 OF THE EMERALD ISLE BOARD OF COMMISSIONERS
3 TUESDAY, MAY 10, 2005 – 6:00 P.M. – TOWN HALL
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6 The regular monthly meeting of the Emerald Isle Board of Commissioners was
7 called to order by Mayor Pro-Tem Floyd Messer at 6:00 P.M.
8

9 Present for the meeting: Mayor Pro-Tem Floyd Messer, Commissioners Pete
10 Allen, Nita Hedreen, Robert Isenhour, and John Wootten.
11

12 Absent for the meeting: Mayor Art Schools
13

14 Others present: Town Attorney Richard Stanley, Town Manager Frank Rush,
15 Asst. Town Manager/Finance Officer Mitsy Overman, Town Clerk Rhonda
16 Ferebee, Planning Director Kevin Reed, Acting Police Chief Bill Hargett, and
17 Acting Asst. Police Chief Jeff Waters.
18

19 ***Motion was made by Commissioner Hedreen to excuse the absence of***
20 ***Mayor Art Schools. The Board voted unanimously 5-0 in favor. Motion***
21 ***carried.***
22

23 After roll call all who were present recited the Pledge of Allegiance.
24

25 **4. ADOPTION OF AGENDA**
26

27 ***Motion was made by Commissioner Hedreen to adopt the Agenda. The***
28 ***Board voted 5-0 in favor. Motion carried.***
29

30 **5. PROCLAMATIONS / PUBLIC ANNOUNCEMENTS**
31

32 Mayor Pro-Tem Messer noted the following proclamations and announcements
33 for the public:
34

- 35 • **Salvation Army Week – May 9 – 15 (05-05-10/P1)**
- 36 • **Rip Current Awareness Week – June 5 – 11 (05-05-10/P2)**
- 37 • **Presentation - Town of Emerald Isle D.A.R.E. Program**
- 38 • **Bicycle and Pedestrian Advisory Committee Meeting – Monday,**
39 **May 16 – 6:00 pm, Community Center**
- 40 • **Beach Jive After Five Concert – Thursday, May 19 – 5:30 pm –**
41 **7:00 pm – Western Ocean Regional Access**
- 42 • **Board of Commissioners Budget Workshop Meeting – Monday,**
43 **May 23 – 6:00 pm, Community Center**
- 44 • **Planning Board Regular Meeting – Monday, May 23 – 6:00 pm –**
45 **Town Hall**
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- **Board of Commissioners Budget Workshop Meeting / Budget Public Hearing – Thursday, June 2 – 6:00 pm – Town Hall**
- **Board of Commissioners Regular Meeting – Tuesday, June 14 – 6:00 pm – Town Hall**

(Note: A copy of Proclamations 05-05-10/P1 and 05-05-10/P2 are incorporated herein by reference and hereby made a part of these minutes.)

Jeff Waters, Acting Assistant Police Chief, spoke to the Board concerning the Town of Emerald Isle D.A.R.E. Program providing a brief background history of how the program was originally established. Asst. Chief Waters stated that the objective of the program D.A.R.E (Drug Abuse Resistance Education) was to put uniformed officers in classrooms to teach a comprehensive 17 week program to 5th and 6th grade school children, the program has since been expanded to include an anti-gang, and anti-violence message as well. Asst. Chief Waters stated that the program now in its 22nd year has expanded into all 50 states, implemented in more than 8,000 communities, and expanded on the objectives of what the program involves and how their achievements are met, which includes training carefully selected law enforcement officers to teach a structured sequential curriculum in the schools. Asst. Chief Waters stated that 3 years ago he was one of the selected law enforcement officers for the D.A.R.E. program and he thanked Acting Chief of Police Bill Hargett, and the Town of Emerald Isle Board of Commissioners for allowing the Police Department of Emerald Isle to be a part of the great program at White Oak Elementary Program.

The Board expressed their appreciation to Acting Asst. Chief Waters for his work with the D.A.R.E. program. Acting Chief of Police Bill Hargett added they couldn't have found a better person to teach this course, noting the dedication and fabulous job done by Officer Waters. Town Manager Frank Rush also read a statement written by Mayor Art Schools concerning the D.A.R.E. program.

6. CONSENT AGENDA

- a. **Minutes – March 18 Special Meeting**
- b. **Minutes – April 12 Regular Meeting**
- c. **Bicycle and Pedestrian Advisory Committee By-Laws**
- d. **Resolution Authorizing 2005 Financial Audit Contract (05-05-10/R1)**
- e. **Resolution Accepting Wellness Grant (05-05-10/R2)**
- f. **Resolution Authorizing Disposal of Surplus Property (05-05-10/R3)**
- g. **Resolution Authorizing Contribution for Coastwide NC Economic Study (05-05-10/R4)**

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**h. Resolution Authorizing CAMA Public Access Grant Applications
(05-05-10/R5)**

**i. Resolution Supporting the Continuation of the Existing Distribution
Formula for Funds Expended on the Intrastate System and
Transportation Improvement Program (05-05-10/R6)**

(Note: A copy of Resolutions 05-05-10/R1, 05-05-10/R2, 05-05-10/R3, 05-05-10/R4, 05-05-10/R5, and 05-05-10/R6 are incorporated herein by reference and hereby made a part of these minutes.)

Commissioner Wootten requested that Consent Agenda Item 6c – Bicycle and Pedestrian Advisory Committee By-Laws be removed from the Consent Agenda and included as part of Agenda Item 14 – Appointment – Bicycle & Pedestrian Advisory Committee.

Motion was made by Commissioner Allen to adopt the Consent Agenda with the exception of Item 6c – Bicycle and Pedestrian Advisory Committee By-Laws. The Board voted unanimously 5-0 in favor. Motion carried.

7. PUBLIC COMMENT

There were no comments from the public.

8. PRESENTATION – FY 2005-06 RECOMMENDED BUDGET

Frank Rush Town Manager provided for the Board a detailed presentation summarizing the FY 05-06 Recommended Budget. A copy of the Town Manager's Budget Message is provided as follows:

May 10, 2005

Dear Honorable Mayor Schools and Commissioners:

I am pleased to present the FY 05-06 Recommended Budget for your review and consideration. The total Recommended Budget across all funds is \$9,089,545 including the special district tax collections and debt service payments associated with the locally-funded Emerald Isle beach nourishment projects.

GENERAL OVERVIEW

The largest portion of the total budget is the General Fund. The total General Fund budget is \$6,196,073, which is a \$63,832, or 1.04%, increase in expenditures from the FY 04-05 original budget. The budget is balanced, and I am extremely pleased to report that the recommended General Fund property tax rate for FY 05-06 is 15.5 cents per \$100 of assessed value, which is a 1-cent, or 6.1%, decrease from the FY 04-05 rate of 16.5 cents. Town staff and I have worked to limit additional expenditures, and these efforts combined with anticipated growth in key revenue sources and strategic budget planning have enabled the development of a Recommended Budget with this tax rate reduction. As you know, a General Fund tax rate reduction was the Board of Commissioners' top priority heading into the FY 05-06

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4 budget process, and I am pleased that the Recommended Budget addresses the Board's top priority. The Board and
5 the community should note that a 15.5-cent General Fund property tax rate would be the lowest actual General Fund
6 property tax rate in Emerald Isle since 1969 (as far back as records were readily available), and perhaps in the entire
7 history of the Town of Emerald Isle.
8

9 It is always a top priority of mine to make sure that the long-term impacts of current budget decisions are carefully
10 analyzed so that today's decisions don't result in unavoidable additional property tax burdens in future years. I have
11 once again included an updated General Fund Five-Year Forecast in the Recommended Budget booklet, and this
12 forecast is based on the FY 05-06 budget recommendations, future planned capital expenditures (as outlined in the 5-
13 Year Capital Replacement / Improvement Program), reasonable inflation rates, and modest growth in the Town's
14 revenue sources. I am pleased to report that the updated forecast indicates only manageable deficits projected over
15 the next four years with a 15.5 cent property tax rate, and only a slightly higher deficit in year five. As we get closer to
16 these future budget years, it is very likely that necessary adjustments can be made at that time to stabilize the property
17 tax rate.
18

19 As pleased as I am to recommend a tax rate decrease, I am equally pleased to report that the FY 05-06
20 Recommended Budget enables Town departments to continue current service levels, replace necessary capital
21 equipment on a timely basis, and also includes funding for beneficial projects that will have a measurable and visible
22 impact on the quality of life in Emerald Isle. Among these projects are the design and construction of Emerald Isle
23 Woods Park, additional bicycle paths and sidewalks, improvements to the Town's beach and sound accesses, efforts
24 to improve the appearance of the NC 58 corridor and surrounding areas, and planning for important projects scheduled
25 for construction over the next 2-5 years, including a new Police Station and traffic improvements at the intersection of
26 Coast Guard Road and NC 58.
27

28 Due to escalating solid waste collection costs and waste volumes, the Recommended Budget does include a \$3, or
29 2.1%, increase in the annual solid waste service fee charged to owners of all developed properties in the Town of
30 Emerald Isle. The FY 05-06 Recommended Budget includes a fee increase from \$147 per housing unit to \$150 per
31 housing unit, and the recommended annual fee equates to \$12.50 per month for all solid waste services provided by
32 the Town. These solid waste services include residential solid waste collection and disposal, recycling collection and
33 marketing, yard waste collection and disposal, beach strand trash collection and disposal, container roll-back services,
34 solid waste ordinance enforcement, and other miscellaneous solid waste functions. Although I would prefer not to
35 recommend an increase in the solid waste fee, I am pleased that the recommended fee, when considered on a
36 monthly basis, will still be significantly lower than many other communities' fees and many private sector solid waste
37 contracts.
38

39 The FY 05-06 Recommended Budget also calls for the fourth year of special district taxes to finance the debt service
40 payments on the beach nourishment bonds. As you know, and as was communicated to the voters prior to the
41 referendum, the Town's financing plan calls for these special district taxes to remain in effect for a total of nine years.
42 The Town's financing plan intentionally stabilized the Primary Benefit (oceanfront) District rate at 48 cents per \$100 of
43 assessed value, and the Secondary (non-oceanfront) Benefit District rate at 3 cents per \$100 of assessed value for the
44 entire nine-year period. I am pleased to report that the FY 05-06 Recommended Budget retains the 48-cent and 3-cent
45 special district rates for the fourth year in a row, and enables us to meet our debt service obligations according to
46 schedule. The FY 05-06 Recommended Budget does include the transfer of \$150,000 from the General Fund to the
47 Beach Nourishment Debt Service / Reserve Fund to replace funds used to cover the higher-than-expected construction
48 cost of the Bogue Inlet Channel / Western Phase Beach Nourishment Project.
49

50 For the third year, the Recommended Budget also includes a detailed Capital Replacement / Improvement Program to
51 effectively plan for future capital needs. The Board should note that the Capital Replacement / Improvement Program
52 included in this document reflects established capital replacement schedules developed by the department heads and
53 myself, includes special projects already underway, and includes recommendations for additional projects over the
54 next five years. While I believe I have included many projects aimed at addressing the Board's priorities, the Board
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4 should thoroughly review and amend this plan before adoption so that it adequately reflects your priorities. I am
5 pleased to note that the proposed Capital Replacement / Improvement Program is factored into the 5-year budget
6 forecast, and appears to be achievable with no or minimal additional property tax burden on our property owners over
7 the five-year planning horizon.

8
9 Again, I am extremely pleased to present this Recommended Budget to you with a 1-cent tax rate decrease. As you
10 will read in a moment, there are several factors contributing to this Recommended Budget, and it is important that the
11 Board recognize these factors as you review and consider the Recommended Budget. The following pages include a
12 detailed discussion about the many issues impacting the FY 05-06 Recommended Budget.

13
14 **FY 05-06 BUDGET GOALS**

15 Based on direction from the Board of Commissioners over the past year, and priorities expressed at the Board's
16 special planning workshop in March, I compiled the following list of the Board's expressed goals heading into the FY
17 05-06 budget process:

- 18
19 1. Present a Recommended Budget with a decrease in the General Fund tax rate,
20
21 2. Consider utilizing any projected FY 04-05 surplus for the early retirement of outstanding debt prior to June
22 30, 2005, and consider the early retirement of any remaining outstanding debt in the FY 05-06 budget,
23
24 3. Maintain the Town's General Fund balance at a level that is acceptable to meet cash flow needs, address
25 disaster recovery needs, and maintain a sound financial position,
26
27 4. Proceed with design and construction of Emerald Isle Woods Park, provided that the Town can provide the
28 required local match without impacting the General Fund tax rate,
29
30 5. Develop a responsible financing plan to proceed with plans for the renovation / expansion of the existing
31 Police Station or construction of a new Police Station, and
32
33 6. Continue efforts to provide a system of sidewalks and bicycle paths in Emerald Isle.

34
35 In addition to the budget goals expressed by the Board, I also established the following budget goals for FY 05-06.
36 These goals are as follows:

- 37
38 1. Consider long-term implications of annual budget decisions, and attempt to stabilize the tax rate over the
39 foreseeable future,
40
41 2. Limit expenditures to the maximum extent practical while continuing current service levels,
42
43 3. Maintain acceptable funding levels for the replacement of essential capital equipment, and schedule such in
44 a manner that stabilizes annual capital expenditures,
45
46 4. Continue investment in projects and services that will have a measurable and visible impact on the quality of
47 life in Emerald Isle, and
48
49 5. Provide for fair compensation for Town employees to promote healthy morale.

50
51 The FY 05-06 Recommended Budget has been carefully developed to accomplish the goals outlined above. Each of
52 the strategic decisions in the FY 05-06 Recommended Budget is rooted in the accomplishment of one or more of these
53 goals.
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FY 05-06 GENERAL FUND DISCUSSION

As noted earlier, the recommended FY 05-06 Recommended Budget for the General Fund is \$6,196,073, a \$63,832, or 1.04%, increase from the FY 04-05 original budget.

The various department budgets have changes ranging from a 24.5% decrease up to a 20% increase. These changes are almost entirely related to capital outlay or special-item spending - the operating budgets for all departments have only modest increases. Expenditures for proposed salary and benefit increases are actually less in the FY 05-06 Recommended Budget than approved in FY 04-05. Total debt service expenditures have increased by \$230,000 due to the planned early retirement of the outstanding debt on the 2004 Fire engine purchase. This increase is more than offset by the re-direction of funds previously earmarked for the Coast Guard Road Storm Water Project, which would not receive funding in FY 05-06. As noted previously, the General Fund budget does include the transfer of \$150,000 to the Beach Nourishment Debt Service / Reserve Fund.

On the revenue side, total revenues have increased by an identical amount. The 1-cent property tax rate reduction results in less property tax revenue, however this loss is more than offset by significant growth in the tax base over the past two years, continued increases in sales tax revenues, and strong development permit fee revenues. Other General Fund revenue sources are expected to remain relatively constant, with relatively small increases or decreases projected for most revenues. The recommended increase in the annual solid waste service fee (from \$147 to \$150) will enable this fee to support 100% of the Town's solid waste expenses.

Important FY 04-05 Budget Action Significantly Impacts FY 05-06 Recommended Budget

Due primarily to revenues exceeding estimates in FY 04-05, we are projecting a General Fund surplus of approximately \$140,000 at the end of FY 04-05. There are several reasons for the projected \$140,000 surplus in the FY 04-05 General Fund budget.

First, the Town's sales tax collections are again expected to significantly exceed the original budget estimate. The Town's original FY 04-05 budget anticipated \$1,600,000 of sales tax revenues. Current projections indicate that the Town should receive approximately \$1,765,000 of sales tax revenue during FY 04-05, resulting in a \$165,000 surplus in this revenue source. As you know, the Town earmarked \$150,000 of this sales tax revenue to begin replacing funds in the Beach Nourishment Debt Service / Reserve Fund during FY 04-05. (This same budget capacity is available in FY 05-06 to continue the necessary \$150,000 transfer to the Beach Nourishment Debt Service / Reserve Fund.) The additional \$15,000 (beyond the \$150,000 transfer) contributes to the projected overall FY 04-05 surplus.

Second, FY 04-05 is on pace to be another record year for new construction in Emerald Isle, and we expect to exceed the original development permit fee revenue estimates by approximately \$90,000. As you know, the Town was intentionally very conservative with development permit fee revenue estimates when the FY 04-05 budget was adopted. During FY 04-05, the Town did recognize an additional \$45,000 of this anticipated revenue for various capital needs, however, the additional \$45,000 is contributing to the projected overall FY 04-05 surplus.

Finally, the continued development in Emerald Isle has significantly increased the Town's tax base, now estimated at more than \$1.475 billion, and this has resulted in unanticipated additional property tax revenue in FY 04-05. Property tax revenues are expected to exceed original budget estimates by approximately \$65,000, and this additional revenue is contributing to the projected FY 04-05 surplus. In addition, current projections indicate that some other revenues will exceed original budget estimates in FY 04-05, and these also contribute to the projected overall surplus of approximately \$140,000.

In an effort to enhance the Town's budget position heading into FY 05-06, I am recommending that the Board of Commissioners utilize approximately \$136,000 of the projected FY 04-05 surplus for the early retirement of outstanding debt on the 2003 brush truck purchase and the 2004 Fire engine purchase prior to June 30, 2005. The early retirement of this debt will make it possible to fully retire the remaining outstanding debt (\$250,000) on the Fire engine

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3 in FY 05-06 with current revenues, thus "freeing up" approximately \$112,000 of budget capacity in FY 05-06 that would
4 have been required for the annual debt service payments on these items. This action alone is the most significant
5 action that enables the recommended 1-cent reduction in the General Fund property tax rate.
6

7 **Significant FY 05-06 General Fund Revenue Issues**

8 1-Cent Tax Rate Decrease Mostly Offset by Strong Growth

9 In FY 05-06, 1 cent of property tax will generate approximately \$147,000 of revenue. With a 1-cent tax rate decrease,
10 the Town's property tax revenue will decrease by approximately \$147,000. However, very strong growth in the Town's
11 tax base over the past two years is expected to result in a decrease of only \$26,000 of property tax revenue compared
12 to the amount anticipated in the original FY 04-05 budget. Total property tax revenues for FY 05-06 are estimated at
13 just over \$2.3 million.
14

15 It appears that there has been a significant lag time in the Carteret County Tax Office's addition of new taxable
16 properties to the tax rolls over the past two years, and they appear to be adding these properties in a timelier manner
17 now. The taxable values used to estimate property tax revenues for the FY 04-05 budget did not include a good
18 portion of the new construction completed in the prior year, and resulted in a conservative property tax revenue
19 estimate. This fact and the continued construction boom contribute to the relatively minimal decrease in property tax
20 revenues despite the 1-cent reduction.
21

22 Sales Tax Will Cover Transfer to Beach Nourishment Debt Service / Reserve Fund

23 As noted earlier, the FY 04-05 original budget anticipated \$1,600,000 of sales tax revenues. The FY 05-06
24 Recommended Budget anticipates just over \$1,784,000 of sales tax revenues, an increase of more than \$184,000.
25 Although this is a significant increase, a total of \$150,000 of this additional revenue was previously earmarked to
26 replace funds in the Beach Nourishment Debt Service / Reserve Fund.
27

28 Sales Tax Impacted by Property Tax Rate Reductions

29 As noted earlier, current projections indicate that FY 04-05 sales tax revenues will total approximately \$1,765,000. The
30 FY 05-06 Recommended Budget estimate of \$1,784,000 is only \$19,000, or 1.0% higher than the amount projected at
31 the end of FY 04-05. Although sales tax revenues are projected to increase at a rate of 4-6% over the next year state-
32 wide, the Town will not realize this rate of increase due to the fact that the Town decreased its General Fund tax rate
33 by 1-cent in FY 04-05 and an additional 1-cent decrease is proposed for FY 05-06. The sales tax distribution formula
34 is directly related to the amount of property taxes levied by a County or municipality. Essentially, the more property
35 taxes levied, the greater proportion of sales tax revenues, and the less property taxes levied, the smaller proportion of
36 sales tax revenues. A tax rate increase by Carteret County and / or other municipalities in the County also affects
37 Emerald Isle's sales tax revenues.
38

39 More Aggressive Estimate for Development Permit Fees

40 The FY 05-06 Recommended Budget anticipates a total of \$259,000 from development permit fees. This estimate is
41 more aggressive than the FY 04-05 original estimate, however, this estimate is still slightly less than actual
42 development permit fee revenues in FY 03-04 (\$263,000) and the projected total for FY 04-05 (\$271,000). The FY 04-
43 05 original budget estimate was intentionally very conservative at \$181,000, thus the FY 05-06 Recommended Budget
44 estimate is \$78,000 more than the FY 04-05 original budget estimate.
45

46 The FY 05-06 Recommended Budget assumes that approximately 110 new homes will be initiated in Emerald Isle over
47 the next fiscal year, which is less than the 120 new homes projected for the entire FY 04-05 (88 through March 31), the
48 127 new homes initiated in FY 03-04, and the 128 new homes initiated in FY 02-03. The current construction boom
49 does not show any immediate signs of slowing down, thus the FY 05-06 Recommended Budget estimate is much more
50 aggressive than the FY 04-05 original estimate.
51

52 Although I am comfortable with the FY 05-06 Recommended Budget estimate for development permit fees, the Board
53 should note that a downturn in the current construction boom could adversely affect our revenues and require mid-year
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4 budget adjustments. Even a return to previous historical averages could have an adverse impact on Town revenues.
5 For comparison purposes, the actual number of new homes initiated in FY 01-02 was 67, and total development permit
6 fee revenues were approximately \$154,000.
7

8 \$3 Increase in Annual Solid Waste Service Fee

9 The \$3 recommended increase in the annual solid waste service fee is expected to yield approximately \$28,000 of
10 additional revenue in FY 05-06. In addition, the significant new construction in Emerald Isle over the past two years is
11 expected to result in \$32,000 of additional revenue. This additional revenue will insure that the Town's solid waste
12 services remain 100% supported by the annual solid waste fee levied on all developed properties.
13

14 Total solid waste costs are expected to increase by more than \$36,000 in FY 05-06, and the solid waste fee will also
15 cover indirect costs for other Town employees involved in providing solid waste services in Emerald Isle.
16

17 Other Revenues

18 As noted earlier, other General Fund revenue sources are expected to remain relatively constant, with small increases
19 or decreases projected in FY 05-06. There are a few notable exceptions, however.
20

21 The FY 05-06 Recommended Budget relies on total interest earnings of \$60,000, as compared to \$30,000 included in
22 the FY 04-05 budget. As you know, interest rates have been increasing steadily throughout the fiscal year, and more
23 rate increases are expected over the next year. Current projections indicate a total of \$50,000 of interest earnings for
24 FY 04-05, and much of this fiscal year saw the Town receiving a 1.0% - 2.0% return on its investments. The Town is
25 currently earning approximately 2.5%, and future rate increases will only enhance the Town's interest earnings.
26

27 The Town continues to experience healthy growth in utility franchise taxes and telecommunications sales taxes. Utility
28 franchise taxes and telecommunications sales taxes have been increasing at a rate of 4% - 5% over the past few
29 years, and a similar increase is anticipated in FY 05-06. Overall, a total of nearly \$250,000 is anticipated from these
30 revenue sources in FY 05-06. Cable television franchise fees have also increased at a rate of 4% - 8% over the past
31 few years, and a similar increase is anticipated in FY 05-06. Cable television franchise fees are estimated at nearly
32 \$68,000 for FY 05-06.
33

34 The FY 05-06 Recommended Budget includes \$24,000 from the imposition of a new canal dredging fee to be levied on
35 the property owners fronting on the canal on Bogue Sound Drive. Each of the 30 property owners would be assessed
36 a one-time \$800 fee to generate the \$24,000 anticipated in the FY 05-06 budget. These funds would provide the local
37 match for a \$96,000 grant awarded by the NC Division of Water Resources to dredge the canal in FY 05-06.
38

39 Finally, the FY 05-06 Recommended Budget does not rely on General Fund balance to balance the budget. Available
40 General Fund balance at June 30, 2005 is projected to be approximately \$2.13 million, or more than 34% of budgeted
41 expenditures in the FY 05-06 Recommended Budget. The avoidance of fund balance to balance the budget will insure
42 that the Town's fund balance is not depleted, and also helps to maintain the structural integrity of the Town's budget in
43 future years.
44

45 **Significant FY 05-06 General Fund Expenditure Issues**

46 Early Retirement of Fire Engine Debt & Brush Truck Debt

47 The total outstanding debt on the new Fire engine purchased in FY 04-05 is approximately \$348,000. As noted earlier,
48 I am recommending that the Board retire \$98,000 of this outstanding debt in FY 04-05 prior to June 30. That leaves a
49 balance of \$250,000 of outstanding debt on the Fire engine, and the FY 05-06 Recommended Budget includes this
50 amount. The early retirement of outstanding debt on the new Fire engine and brush truck will "free up" approximately
51 \$112,000 of budget capacity that would have been necessary for principal and interest payments on this debt during
52 FY 05-06.
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4 The \$250,000 earmarked for the early retirement of the Fire engine debt is money that was previously earmarked for
5 annual pay-as-you-go expenditures for the Coast Guard Road Storm Water Project. As you know, the Town has
6 earmarked approximately \$250,000 annually for the past 4 years for the storm water project. The actual construction
7 cost for Phase I in FY 04-05 was in excess of \$500,000 (funded on a pay-as-you-go basis), and the Board previously
8 directed that the annual \$250,000 allocation for FY 05-06 be redirected for other General Fund needs in FY 05-06.
9 The FY 05-06 Recommended Budget redirects these funds to fully retire the outstanding Fire engine debt, and this
10 action is the most significant factor in the Town's ability to reduce the General Fund tax rate to 15.5 cents.

11
12 Funding Included for Re-Write of Development Ordinances

13 The FY 05-06 Recommended Budget includes \$20,000 in the Planning and Inspections Department to obtain the
14 services of a consultant to assist in a comprehensive re-write of the Town's various development ordinances. This
15 effort is probably long overdue, as the Town's underlying ordinances are more than 20 years old and have generally
16 been amended in a piecemeal fashion over that time. The result, which is not uncommon, is a document that has
17 various development regulations scattered among many different chapters in the Code of Ordinances, is difficult for
18 staff and the public to understand, and includes internal conflicts that require difficult interpretations.

19
20 Many cities and towns have abandoned the use of separate ordinances for subdivisions, zoning, streets and sidewalks,
21 storm water, etc, in favor of one document known as a "unified development ordinance". The \$20,000 included in the
22 FY 05-06 Recommended Budget would be used to hire a consultant to draft a "unified development ordinance" that
23 does the following:

- 24
25 1) consolidates all of the Town's development ordinances into one document that can easily be reproduced
26 and provided to developers, builders, and the public;
27
28 2) simplifies the provisions in the ordinances so that they are easier to understand, but without sacrificing the
29 substance of the Town's current development controls;
30
31 3) eliminates conflicting and confusing provisions in different sections and subsections, and, most
32 importantly,
33
34 4) fully incorporates the policy goals outlined in the Town's 2004 CAMA Land Use Plan.

35
36 We expect that this process will take approximately 1 – 1 ½ years to complete, and will require significant time and
37 input from the Planning and Inspections Director, the Planning Board, the Town Manager, and the public. Our goal will
38 be to present the new "unified development ordinance" to the Board of Commissioners sometime in mid / late 2006.
39 Ideally, this document will also include new regulations governing development within the "Village East" and "Village
40 West" zones, which we hope to make progress on during FY 05-06.

41
42 Funding Included for Planning Efforts for New Police Station, Coast Guard Road Traffic Improvements

43 The FY 05-06 Recommended Budget includes \$10,000 for consulting services to assist the Town in finalizing plans for
44 a new / renovated / expanded Police Station. The Police Chief and Town Manager will be working closely over the
45 next year, with the help of a consultant, to develop a recommendation regarding a new vs. renovated / expanded
46 facility, the size of the facility, and, if a new facility is recommended, the exact location. Our goal will be to have the
47 Board of Commissioners reach a decision on this issue prior to the adoption of the FY 06-07 budget in June 2006. As
48 will be discussed later, the Recommended 5-Year Capital Replacement / Improvement Program includes funding for
49 the detailed design of this facility in FY 06-07 with construction scheduled for FY 07-08.

50
51 The Recommended Budget also includes \$10,000 for consulting services to assist the Town in determining the scope
52 of needed traffic improvements at the Coast Guard Road / NC 58 intersection. The Town Manager, Public Works
53 Director, and Planning and Inspections Director will be working over the next year, with the help of a consultant, to
54 develop a recommendation regarding traffic improvements at this location. This intersection has created traffic
55

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4 problems for many years, and with the increase in homes along the Coast Guard Road corridor, the more frequent use
5 of second homes in this area, and the new commercial development at this intersection, it is prudent for the Town to
6 develop and construct a solution to these traffic issues. The Recommended 5-Year Capital Replacement /
7 Improvement Program includes funding for the construction of improvements in FY 06-07.
8

9 Air Conditioning for the Community Center Gymnasium

10 A total of \$28,000 is included in the FY 05-06 Recommended Budget for the installation of air conditioning in the
11 gymnasium at the Community Center. We plan to install multiple roof-top units on the gymnasium, and have these in
12 place well before the 2006 summer season. The air conditioning will greatly enhance the comfort of patrons using the
13 gymnasium for athletic events, special events, and the occasional warm-weather election.
14

15 Local Grant Match for Phase II Bicycle Path

16 The FY 04-05 budget originally included a total of \$35,000 to match a \$140,000 NCDOT grant to construct Phase II of
17 the NC 58 Bicycle Path. As you know, cost overruns for Phase I required the Town to utilize these funds for Phase I.
18 The FY 05-06 Recommended Budget includes the replacement of this \$35,000 local match, and will allow the Town to
19 construct the Phase II path in the fall / winter of 2005 / 2006. This path will extend the recently constructed bicycle
20 path terminating at Merchants Park east along the south side of NC 58 to Black Skimmer Drive, and will result in a
21 continuous 2-mile path from Coast Guard Road to Black Skimmer Drive.
22

23 More New Sidewalks

24 The FY 05-06 Recommended Budget includes \$25,000 to continue to utilize inmate labor, when available, to complete
25 the NC 58 sidewalk on the north side from Emerald Plantation to Coast Guard Road. Our goal is to complete this
26 segment prior to the 2006 tourism season, which would result in a continuous 2-mile sidewalk from Coast Guard Road
27 to the Town Hall complex.
28

29 One New Position Included in FY 05-06 Recommended Budget

30 The FY 05-06 budget includes approximately \$32,000 for the creation of a new Laborer position in Public Works. This
31 position will primarily focus on auto and equipment mechanic duties, and will enable the Town to retain the services of
32 our current inmate laborer who will soon be released from prison, and who has done an outstanding job over the past
33 year. The creation of the new position will also augment the Public Works Department's ability to meet ever-increasing
34 demands for service.
35

36 Funding Included for Modest Salary Increases

37 The FY 05-06 Recommended Budget includes funding for a 3.2% cost-of-living adjustment for all Town employees.
38 The Consumer Price Index for the 12 months ending March 2005 reflected a 3.2% increase. The total cost of these
39 salary increases, including associated benefits, is approximately \$75,000.
40

41 I have also included an additional \$20,000 in the Recommended Budget (in the Nondepartmental account) for
42 additional salary increases for targeted positions and employees. This amount is equal to 1.0% of the Town's full-time
43 payroll. Any additional salary adjustments would be determined after considering current market conditions, changing
44 job duties, and job performance over the past year. These funds will be used in the same manner as in FY 03-04 and
45 FY 04-05, when a total of \$20,000 and \$25,000, respectively, was allocated for this purpose. Although not every
46 employee would receive a salary adjustment from these funds, the net result is that the average salary increase
47 budgeted in FY 05-06 is approximately 4.2%.
48

49 Additionally, a total of \$10,000 is included in the FY 05-06 Recommended Budget to fund the implementation of a
50 formal employee performance evaluation system. As you know, a consultant is currently completing work on a formal
51 position classification system, and these results will be presented to the Board in June or July. This study includes
52 complete job descriptions, a review of internal salary equity among Town positions, the establishment of defined salary
53 ranges (but not steps), the implementation of new personnel policies governing salary advancement, and a review of
54 all of the Town's personnel policies. The implementation of a formal employee performance evaluation system is the
55

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4 next step in our efforts to improve the Towns' personnel system, and my goal is develop the system, complete
5 necessary training for all supervisors, and conduct performance evaluations on each employee in early 2006 for their
6 performance during the previous calendar year.

7
8 Scheduled Funding for Capital Equipment Replacements

9 The FY 05-06 Recommended Budget implements the Town's 5-Year Capital Replacement / Improvement Program,
10 and allocates sufficient funds for scheduled major replacements. The following are funded in the FY 05-06
11 Recommended Budget:

- 12
13
 - three replacement Police cars to replace vehicles with excessive mileage, age, and wear,
 - 14
 - 15 • the replacement of a 5-year old Beach Patrol all-terrain vehicle,
 - 16
 - 17 • the replacement of a 16-year old right-of-way mowing tractor in the Public Works Department,
 - 18
 - 19 • the replacement of a 10-year old Cushman vehicle in the Public Works (Solid Waste) Department, and
 - 20
 - 21 • the replacement of an 8-year old pickup truck in the Parks and Recreation Department.

22

23 All of these scheduled replacements have been re-assessed prior to the budget process, and are judged to be in need
24 of replacement. All surplus vehicles will be auctioned off through the Town's website.

25
26 All of these scheduled replacements are funded with pay-as-you-go revenues in the FY 05-06 Recommended Budget.

27
28 Other Notable Expenditure Items

29 The Recommended Budget also includes funding for several other notable items, as follows:

- 30
31
 - a total of \$31,000 to make significant repairs to the Town drainage pipe in Cape Emerald subdivision, which
32 has been a continual cause of small sinkholes in this area,
 - 33
 - 34 • a total of \$20,000 to purchase an 8-passenger van primarily for use in transporting the Town's inmate labor
35 crews back and forth; this van is necessary in order to add a planned, second 3-man inmate labor crew for
36 the Parks and Recreation Department,
 - 37
 - 38 • a total of \$35,000 to complete necessary exterior façade repairs to Fire Station 1 and replace the existing
39 overhead garage doors that are deteriorating,
 - 40
 - 41 • a total of \$201,150 contributed to Emerald Isle EMS, which is a \$45,150 increase over the FY 04-05 amount;
42 this amount includes funding for additional personnel expenses and for the creation of a vehicle replacement
43 capital reserve fund,
 - 44
 - 45 • as noted earlier, a total of \$24,000 derived from canal dredging fees to provide the local match on a grant to
46 dredge the Bogue Sound Drive canal,
 - 47
 - 48 • a total of \$5,000 to construct needed drainage improvements on Ocean Drive in the eastern areas of Town;
49 our plan is to allocate \$5,000 annually to address the main problem areas with small infiltration systems,
 - 50
 - 51 • a total of \$5,000 to plant street trees along the NC 58 right-of-way in the main business area,
 - 52
 - 53 • a total of \$15,000 to make significant repairs to the Town's public dock at Cedar Street Park, and

54

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- a total of \$25,000 to match a \$75,000 CAMA grant request to construct handicapped accessible walkways and platforms at the Eastern and Western Ocean Regional Accesses, and also to re-construct an existing, aging walkway to make it handicapped-accessible.

MAJOR PROJECTS FUNDED BY GRANTS AND CAPITAL PROJECTS FUNDS

Emerald Isle Woods Park Development

The FY 05-06 Recommended Budget includes funding for design work and the initiation of construction of the new Emerald Isle Woods Park. As you know, the Town has already received a \$250,000 grant from the Parks and Recreation Trust Fund, and these funds are in hand in the Towns' Capital Projects Fund. These grant funds will be expended during FY 05-06, and the Town's required \$250,000 local match will be provided in FY 06-07 (and is included in the Town's 5-Year Capital Replacement / Improvement Program and 5-year budget forecast).

We are currently seeking proposals from park design firms, and we intend to make a recommendation on a park design consultant to the Board of Commissioners in June or July. Design work will begin soon thereafter, and we hope to solicit construction bids later this fall. We plan to begin construction soon thereafter, and will be striving to complete the park in mid / late 2006.

The Town has submitted a request for a 2-year extension to complete the park, which would result in a June 30, 2007 completion date. There is now some question about whether or not a 2-year extension will be granted, and the Town may be forced to complete the park with a 1-year extension, or by June 30, 2006. If the Town is forced to complete the park by June 30, 2006, I recommend that the Town temporarily borrow the required \$250,000 for the local match either from its General Fund balance or through a financing institution, and repay these funds in the FY 06-07 budget (as the current plan is to spend these funds in FY 06-07 anyway).

Western Ocean Regional Access Parking Lot Paving

As you know, the Town received a \$120,000 grant from the NC Division of Coastal Management in 2004 to pave the parking area at the Western Ocean Regional Access. The Town provided the \$40,000 local match in the FY 04-05 budget, and these funds are currently in the Town's Capital Projects Fund. Due to the use of the Western Ocean Regional Access as a staging area for the Bogue Inlet Channel / Western Phase Beach Nourishment Project, this project was not completed this fiscal year. These funds will be used to pave the parking lot in the fall of 2005 after the summer season.

OTHER FUNDS

Beach Nourishment Debt Service / Reserve Fund

This is the fourth 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 \$2,803,472 in FY 05-06. This is the third year of principal payments on the 2002 bonds, and first year of principal payments on the 2004 bonds. Nearly \$2.55 million is allocated for principal and interest payments, with the balance allocated to fund balance.

The Beach Nourishment Debt Service / Reserve Fund is expected to have a fund balance of approximately \$2.54 million at June 30, 2005. The Board should note that this amount is less than projected last year due to the use of \$2.13 million from this fund balance to cover additional construction costs associated with the Bogue Inlet Channel / Western Phase Beach Nourishment Project. As you know, our plan is to contribute \$150,000 annually from the General Fund for the next 6 years to replace a portion of these funds. The Beach Nourishment Debt Service / Reserve Fund balance accumulation is intentional in order to stabilize the special district tax rates over the entire nine-year period that they will be in effect. This fund balance will be depleted gradually over the remaining years of the debt service schedule.

Current projections indicate that the final ending balance in this fund will be approximately \$600,000. Over the next few years, we will be seeking ways to shorten the length of time that the special district taxes remain in effect, and this projected ending balance may ultimately be used to help achieve this goal.

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Special Separation Allowance Fund

The FY 05-06 budget includes an increase in the annual contribution to the Special Separation Allowance Fund to \$21,000. This level of funding should enable the Town to gradually reserve sufficient funds to meet the Town's projected liabilities. As you know, the fund is used to reserve funds for future special separation allowance payments for retiring law enforcement officers. At June 30, 2005, we project the balance in this fund to be approximately \$43,000.

Special Drug Fund

This fund accounts for restricted Police Department revenues resulting from drug seizures. The actual revenue collections in this fund are highly variable; thus a total of only \$5,000 is anticipated in FY 05-06. If there is a need to utilize additional funds received, a budget amendment will be presented for the Board's consideration during the fiscal year. These funds may only be used for Police Department equipment. At June 30, 2005, we project the balance in this fund to be approximately \$23,000.

Regional Beach Access Fund

This fund will be used to budget and account for the Western Ocean Regional Access parking lot improvements noted earlier. This fund will also be used to budget for planned handicapped walkway improvements at the Eastern and Western Ocean Regional Accesses and at an existing, aging walkway. We plan to seek a \$75,000 CAMA grant for this purpose, and a \$25,000 local match is budgeted.

RECOMMENDED CAPITAL REPLACEMENT / IMPROVEMENT PROGRAM

The total 5-year investment recommended in the Capital Replacement / Improvement Program is approximately \$7.7 million, and is funded with a mixture of pay-as-you-go funding, grant funding, and installment financing proceeds. I am pleased to report that based on current projections that this plan is achievable with no or minimal impact on the Town's property tax rate in the future. Some of the significant items in the plan include the following:

- The use of \$250,000 of pay-as-you-go funds in FY 06-07 for the local match for the construction of Emerald Isle Woods Park.
- The use of \$250,000 of pay-as-you-go funds and \$1,000,000 of FEMA grant funds in FY 07-08 for the construction of Phase II of the Coast Guard Road Storm Water Project (planned pumps in Lands End and at Island Circle, and further improvements to the Emerald Isle Woods receiving site).
- The issuance of \$1.7 million of installment financing debt in FY 07-08 for the Police Station project.
- The issuance of \$400,000 of installment financing debt in FY 08-09 to replace an aging Fire Engine.
- The use of \$100,000 of pay-as-you-go funds to reconstruct Bogue Inlet Drive in FY 08-09.
- The use of \$50,000 of pay-as-you-go funds to construct traffic improvements at the intersection of Coast Guard Road and NC 58 in FY 06-07.
- The use of NCDOT grant funds and required local matching funds to construct additional bicycle paths in FY 06-07 and FY 08-09.
- The use of \$100,000 in FY 07-08 to purchase off-island property for a Public Works storage yard.
- The annual replacement of Town vehicles and equipment with pay-as-you-go funding.
- The annual resurfacing of Town streets with Powell Bill funds.

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- Annual appropriations of pay-as-you-go funding for additional sidewalks.
- Annual appropriations of pay-as-you-go funding to match prospective CAMA grants for beach access improvements.

The Board should note that the most significant policy decision in the Recommended Capital Replacement / Improvement Program is the indefinite delay of Phase III (Spinnakers Reach) of the Coast Guard Road Storm Water Project. This project has been pushed beyond the 5-year planning horizon in order to fully gauge the effectiveness of Phases I and II. The annual \$250,000 appropriation that would be utilized to construct Phase III is re-directed for debt service on the Police Station project beginning in FY 08-09.

The Board should also note that the plan assumes that the Town will be awarded a FEMA grant for Phase II of the Coast Guard Road Storm Water Project and construct the project in FY 07-08. I am optimistic that we will receive grant funds, however, if we are denied grant funds the Capital Plan will need to be adjusted in order to fund Phase II.

LOOKING AHEAD

Looking ahead over the next five years, the Town's budget situation appears to be relatively stable. I have put considerable effort into planning for future capital expenditures and reasonably anticipated revenue adjustments, and the General Fund 5-Year Forecast included in the FY 05-06 budget document incorporates all of this information.

Based on this analysis, I remain reasonably confident that the Town can stabilize the General Fund tax rate at the 15.5 cent level for several years, although projections indicate that the achievement of this goal will likely be slightly more challenging than predicted in previous fiscal years. 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 impact our ability to stabilize the tax rate in the future.

There are a few key points that the Board should be aware of regarding the Town's financial future:

- The Town continues to rely more and more heavily on sales tax revenues to balance the General Fund budget. To illustrate this point, a graph is once again included in the Summary Budget Information section of the FY 05-06 budget document. You will note that in FY 01-02, the Town received approximately 30 cents of sales tax revenue for every General Fund property tax dollar received, and that in FY 05-06, the Town expects to receive 78 cents for every General Fund property tax dollar received. Without these additional sales tax revenues, the Town's General Fund property tax rate would be significantly higher than the 15.5 cents recommended.

This positive impact is associated entirely with the beach nourishment special tax districts. The Town's sales tax revenues are highly dependent on the sales tax distribution method utilized by the Carteret County Board of Commissioners, which is currently based on the total amount of property taxes levied. The Board should continue to monitor any efforts at the County level or by other municipalities to change the distribution formula, which has obviously worked in our favor. A switch from the property tax method to the per capita method would have significant negative impacts on the Town's budget. I don't envision this occurring, as the County would also lose if the formula is changed, however, circumstances change and anything is possible.

The Board should also recognize that FY11-12 is the last year that the Town will receive additional sales taxes associated with the beach nourishment special tax districts. Although that date is still 6 years away, it will become important in future years to adequately plan for the loss of those sales tax revenues at that time.

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- Although it requires discipline, I again recommend that the Town adhere to a responsible Capital Replacement / Improvement Program in the future. This tool is very helpful in stabilizing 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 greatly enhance the Town's ability to stabilize 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.
- The Board should exercise discipline with regard to the General Fund balance. The Town is fortunate to have an acceptable level of fund balance now, however, I would like to see the Town gradually increase the General Fund balance in the future to a level approaching 50% or more of annual General Fund expenditures. As noted earlier, the Town's available General Fund balance is projected to be approximately 34% of recommended FY 05-06 General Fund expenditures.

CLOSING

As I noted earlier, I am extremely pleased to present a Recommended Budget that reduces the General Fund tax rate to 15.5 cents. If adopted, this will be the third year in a row with a 1-cent tax rate decrease.

I believe the Recommended Budget respects our taxpayers, effectively controls operating costs, invests appropriately in our employees, allocates funding for projects and services that will have a measurable and visible impact on the quality of life in Emerald Isle, and effectively plans for important future capital needs. I am hopeful that the Board and the community will be pleased with these recommendations.

I'd like to once again express my sincere appreciation to the department heads and all of our employees for their daily efforts to contribute to the excellent quality of life in Emerald Isle. We are fortunate to have a workforce comprised of quality people, and I sincerely appreciate their efforts on behalf of our residents, property owners, and visitors.

Although the position is challenging and, at times very stressful, I continue to be appreciative of the opportunity to serve this community as Town Manager. I thank the Mayor and each member of the Board of Commissioners for your continued support and guidance.

I look forward to reviewing the Recommended Budget with you in the coming weeks. Obviously, I hope that you will concur with the vast majority of these recommendations, but I sincerely encourage you to adjust this Recommended Budget in any way that more clearly articulates your priorities for FY 05-06 and your long-term vision for the community.

Respectfully submitted,

Frank A. Rush, Jr.
Town Manager

Town Manager Rush made note again of the planned Budget Workshop on May 23rd at 6:00 pm, and another Budget Workshop and the official Public Hearing scheduled for Thursday, June 2nd at 6:00 pm, anticipating that the budget will be adopted on Tuesday, June 14th.

The Board as well as the audience applauded Town Manager Frank Rush for the excellent presentation and preparation of the FY 2005-06 Recommended Budget.

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4 **9. ORDINANCE AMENDING THE TOWN CHARTER TO CHANGE THE**
5 **LENGTH OF THE MAYOR'S TERM FROM 2 YEARS TO 4 YEARS (05-05-10/O1)**
6

7 There being no comments from the public or further discussion by the Board,
8 ***motion was made by Commissioner Wootten to adopt the Ordinance***
9 ***Amending the Town Charter to Change the Length of the Mayor's Term***
10 ***from 2 years to 4 years. The Board voted unanimously 5-0 in favor. Motion***
11 ***carried.***

12
13 (Note: A copy of Ordinance 05-05-10/O1 is incorporated herein by reference and hereby made a part
14 of these minutes.)
15

16 **10. ORDINANCE AMENDING CHAPTER 19 – ZONING – REGARDING THE**
17 **PLACEMENT OF VACATION RENTAL SIGNS (05-05-10/O2)**
18

19 Kevin Reed Planning Director presented information to the Board concerning the
20 proposed ordinance amending Chapter 19 – Zoning – Regarding the Placement
21 of Vacation Rental Signs, the ordinance amendment would allow the placement
22 of one sign per vacation rental unit, provided that the sign does not exceed 4 sq.
23 ft. and that the sign is affixed to the structure. Mr. Reed noted that at the Board
24 of Commissioners meeting on April 12, 2005 there was discussion by the Board
25 concerning the recent proliferation of vacation rental signs. Mr. Reed said this
26 issue was discussed in a meeting with representatives of vacation rental
27 companies and they were in support of limiting where, and the number of signs to
28 be placed on a property, and agreed to support such an ordinance amendment.
29 Mr. Reed said the Planning Board at the direction of the Board of Commissioners
30 at their April 25, 2005 meeting considered this issue and voted unanimously to
31 recommend that the Board of Commissioners adopt the proposed changes as
32 presented.
33

34 ***Motion was made by Commissioner Wootten to open the Public Hearing.***
35 ***The Board voted unanimously 5-0 in favor. Motion carried.***
36

37 There were no comments from the public.
38

39 ***Motion was made by Commissioner Isenhour to close the Public Hearing.***
40 ***The board voted unanimously 5-0 in favor. Motion carried.***
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4 ***Motion was made by Commissioner Allen to adopt the Ordinance***
5 ***Amending Chapter 19 – Zoning – Regarding the Placement of Vacation***
6 ***Rental Signs. The Board voted unanimously 5-0 in favor. Motion carried.***

7
8 (Note: A copy of Ordinance 05-05-10/O2 is incorporated herein by reference and hereby made a part
9 of these minutes.)

10
11 **11. PROPOSED REZONINGS – RESIDENTIAL MOTEL / HOTEL (RMH) TO**
12 **RESIDENTIAL – 2 (R-2)- WESTERN EMERALD ISLE**

13
14 Kevin Reed Planning Director provided an overhead presentation of the
15 properties being considered for rezoning. Mr. Reed said this is the continuation
16 of the implementation of the recommendation in the 2004 CAMA Land Use Plan
17 to rezone properties zoned RMH to R-2, specifically where the Land Use Plan
18 designates the property as single and dual family residential. The area
19 considered tonight includes Spinnakers Reach and Spinnakers Landing
20 Subdivisions. Mr. Reed said the Planning Board considered this issue at their
21 April meeting and recommended unanimously that the rezoning be approved.

22
23 ***Motion was made by Commissioner Wootten to open the Public Hearing.***
24 ***The Board voted unanimously 5-0 in favor. Motion carried.***

25
26 Felice Rizzetto, 9020 Crew Drive, spoke of his concerns specifically as to the
27 purpose of rezoning mobile home parks and campgrounds. He was concerned
28 with the possibility of eviction of campsite owners should that property be
29 rezoned.

30
31 Commissioner Wootten stated that the rezoning tonight did not concern
32 campgrounds or mobile home parks.

33
34 Mayor Pro-Tem Messer added that any rezoning requests that do come before
35 the Board will require public hearings to be held regarding that particular issue.
36 Mayor Pro-Tem Messer advised that Mr. Rizzetto schedule an appointment with
37 Town Manager Frank Rush to discuss this issue further.

38
39 ***Motion was made by Commissioner Allen to close the Public Hearing. The***
40 ***Board voted unanimously 5-0 in favor. Motion carried.***

41
42 ***Motion was made by Commissioner Isenhour to rezone the properties in***
43 ***Spinnakers Reach and Spinnakers Landing, as outlined on the attached***
44 ***map, from RMH to R-2. The Board voted unanimously 5-0 in favor. Motion***
45 ***carried.***

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4 **12. COMMERCIAL EXTERIOR COLOR REVIEW – FLIP FLOPS EMERALD**
5 **ISLE MINI MART**
6

7 Kevin Reed Planning Director addressed the Board concerning this item. Mr.
8 Reed reminded the Board that the commercial review for the expansion of Flip
9 Flops Emerald Isle Mini Mart was approved in January 2005. Mr. Reed said at
10 that time there were a series of pending changes being considered regarding
11 how the Town regulates exterior commercial colors. The Board at the January
12 meeting did not approve the commercial colors, but only the approval of the
13 expansion. The Board of Commissioners did adopt at the April 2005 meeting a
14 new set of standards for commercial colors that went away from the Town's color
15 chart and in addition required all commercial structures, no matter when
16 constructed, to seek approval from the Town prior to repainting. Mr. Reed said
17 the developers and owners of Flip Flops Emerald Isle Mini Mart are requesting
18 approval of their original color scheme, which consisted of a first floor exterior
19 building color of Sponge Bob Rip Curl Red which matches the exterior color of
20 the existing portion of the property, and the second floor would have white siding,
21 tin roof, and accented with white trim.
22

23 Commissioner Isenhour felt that Sponge Bob Rip Curl Red didn't meet the new
24 ordinance, being neither subtle, neutral, nor earth tone. However, he felt it
25 preferable to have the one color on the building totally rather than two different
26 colors.
27

28 Following detailed discussion of this issue by the Board and Town Attorney
29 Stanley, ***motion was made by Commissioner Wootten to approve the***
30 ***painting of the addition of Flip Flops in this Sponge Bob Rip Curl Red as a***
31 ***variance in accordance with Section 19-71 of the Ordinance that is being***
32 ***applied so that there is not degradation or incongruity between colors in***
33 ***the building. The Board voted unanimously 5-0 in favor. Motion carried.***
34

35 **13. DISCUSSION – SOLID WASTE CONTRACT**
36

37 Town Manager Frank Rush provided details of the Solid Waste Contract for the
38 purpose of discussion by the Board. The following excerpt from Mr. Rush's
39 memo to the Board is provided for background:
40

41 The Board is scheduled to discuss issues associated with the Town's contract with Waste Industries, Inc. for solid
42 waste services at the May 10 meeting. I am seeking direction from the Board regarding whether or not the Board is
43 interested in extending the contract for an additional year, and also regarding the ultimate termination date of the
44 existing contract.
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4 The Town's current contract with Waste Industries expires on June 30, 2006. The current contract has been in place
5 through various extensions since 1993. As you know, the Board previously indicated its intention to redesign the
6 Town's solid waste service and undertake a competitive bid process for the redesigned service prior to June 30, 2006.
7 As we discussed in March at the Board's general planning workshop meeting, I contacted Waste Industries to request
8 a 4-month extension of the contract to October 31, 2006 so that the Town would have only one service provider
9 throughout the entire 2006 summer season, and could schedule the transition (if a new contractor is the successful
10 bidder) for the off-season.

11
12 I have attached a copy of a letter from Keith Stroud, Waste Industries' Branch Manager, dated April 21 and a
13 subsequent email dialogue dated May 2 and May 3. As noted, Waste Industries has rejected the Town's request for a
14 4-month extension of the contract, and has offered to reduce the annual CPI adjustment if the Town agrees to a 12-
15 month extension to June 30, 2007. For the past two years, the Board has opted to accept the CPI increase and has
16 rejected Waste Industries' offers to waive or reduce the CPI adjustment in exchange for one-year extensions in order
17 to pursue a competitive bid process in 2006. Based on our previous discussions, I suspect that this will also be the
18 Board's decision again this year, but I have scheduled time for the Board to discuss this issue on the May 10 agenda.
19

20 As we have discussed previously, my recommendation is to allow the current contract to expire on June 30, 2006 or
21 sometime after the 2006 summer season and undertake a competitive bid process for a redesigned solid waste service
22 that reflects today's needs. I recommend that the Board determine any desired changes to collection frequency,
23 collection schedules, routes, container pick-up and return locations, etc. late in 2005 or early in 2006 and seek
24 competitive bids prior to the expiration of Waste Industries' contract. I am disappointed that Waste Industries is not
25 amenable to an extension of the contract through October 31, 2006, however, I understand their rationale for rejecting
26 this request.
27

28 In light of these issues, I offer the following options for the Board to consider:
29

- 30 1. Accept the CPI increase (3.1%) and allow the contract to terminate on June 30, 2006. Begin efforts to
31 redesign the solid waste service in December 2005, solicit bids in February 2006, award a new contract in
32 March 2006, and begin service with the successful bidder on July 1, 2006.
- 33
34 2. Accept the CPI increase (3.1%) and request a contract extension until December 31, 2006. This would
35 enable Waste Industries to perform services in the slower, more profitable off-season, and they may be
36 amenable to such an extension. Begin efforts to redesign the solid waste service in July 2006, solicit bids in
37 September 2006, award a new contract in October 2006, and begin service with the successful bidder on
38 January 1, 2007.
- 39
40 3. Accept Waste Industries' offer for a one year extension at a reduced CPI (1.55%) and allow the contract to
41 terminate on June 30, 2007.
42

43 The Board should note that the FY 05-06 Recommended Budget includes sufficient funds to accommodate the 3.1%
44 CPI adjustment.
45

46 I recommend the Board pursue Option #2 above, and if Waste Industries is not amenable to a 6-month extension then
47 I recommend Option #1 above. I do not recommend Option #3, as it presumes that the Town will never have the
48 opportunity to redesign the solid waste services and / or conduct a competitive bid process for these services.
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4 Following discussion and the general consensus of the Board, Town Manager
5 Frank Rush stated that he would accept the CPI adjustment for next year, and
6 allow the contract to terminate on June 30, 2006. Mr. Rush recommended that in
7 November the Board start looking at different service levels, changing collection
8 dates, routes, pickup locations, and other alternatives and be prepared to solicit
9 bids in early January 2006, hopefully getting a firm under contract by March 1,
10 2006 which would allow four months time for transition if needed.

11
12 **14. APPOINTMENT – BICYCLE AND PEDESTRIAN ADVISORY COMMITTEE**

13
14 **Consent Agenda Item 6c. - Bicycle and Pedestrian Advisory Committee By-**
15 **Laws** – this item was removed from the Consent Agenda to be included with
16 Agenda Item 14 as requested by Commissioner Wootten, and approved by the
17 Board.

18
19 Town Manager Frank Rush stated that the By-Laws were drafted by the Bicycle
20 and Pedestrian Advisory Committee, and Parks and Recreation Director Alesia
21 Sanderson who provides staff support for the group. Mr. Rush gave a brief
22 overview of the content, which includes the membership consisting of eight
23 members, all appointed by the Board of Commissioners. Mr. Rush noted that
24 when the committee was first established there were specific slots, these by-laws
25 don't specify any specific slots, basically stating eight members, with the only
26 specification being that one member must represent the Emerald Isle Business
27 Association, the other seven can come from anywhere in Emerald Isle, with any
28 kind of interest they may have. The by-laws also address meetings, officers, and
29 other standard items. Mr. Rush stated that the terms are all two-year terms, four
30 appointed for a one-year term initially, the others appointed for two years to
31 create a staggered term composition. Mr. Rush noted there is currently one slot
32 vacant.

33
34 ***Motion was made by Commissioner Wootten to accept the by-laws as***
35 ***presented. The Board voted unanimously 5-0 in favor. Motion carried.***

36
37 ***Motion was made by Commissioner Wootten to appoint Dick Eckhardt to***
38 ***fill a vacant term on the Bicycle and Pedestrian Advisory Committee that***
39 ***expires in December 2005. The Board voted unanimously 5-0 in favor.***
40 ***Motion carried.***

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**15. COMMENTS FROM TOWN CLERK, TOWN ATTORNEY, AND TOWN
MANAGER**

There were no comments from the Town Clerk or Town Attorney.

Town Manager Frank Rush updated the Board concerning the status of the Bogue Inlet new channel, connecting channel and concerns involving the dike. Mr. Rush discussed the possibility of opening a portion of the western ocean regional access by the weekend. Mr. Rush advised the Board regarding the progress of the stormwater project.

16. COMMENTS FROM BOARD OF COMMISSIONERS AND MAYOR

There were no further comments from the Board of Commissioners or Mayor Pro-Tem.

17. ADJOURN

Mayor Pro-Tem Messer adjourned the meeting at 7:32 pm.

Respectfully submitted:

Rhonda C. Ferebee
Town Clerk