

**MINUTES OF THE BUDGET WORKSHOP
OF THE EMERALD ISLE BOARD OF COMMISSIONERS
JUNE 22, 2001 – 9:00 AM - TOWN HALL**

Present were Mayor Harris, Commissioners Farmer, McElraft, Trainham, and Wootten. Also present were Interim Town Manager Mitsy Overman and Town Clerk Carolyn Custy. Commissioner Murphy was excused as he was out of town.

Mayor Harris said there was some update information that Interim Town Manager Overman had put before them. She turned it over to Ms. Overman.

Ms. Overman said the printout is the new expenses for all departments. She made all corrections and re-ran them. They total \$5,181,000. She also gave them a copy of the revenue sheet, which is two pages. That also adds up to \$5,181,000. She did not re-run the capital outlay sheets.

Commissioner Wootten asked what tax rate she had used. **Ms. Overman** said she had included some short sheets as explanation of the revenue. The proposed 2001-2002 ad valorem tax revenue figure calculates at \$1,326,000,000 times a tax rate of \$0.175 times a tax collection of 99.5%. The inventory tax has been reduced to 0 because of state frozen revenues; beach vehicle permits have been reduced from \$65,000 to \$20,000; fleet purchase proceeds have increased slightly due to a dump truck in the Public Works Department; local option sales tax has been increased slightly but the League suggests that we not take that to the percentage they were projecting earlier because we just do not know what is going to happen in the state; and the other revenue increase/decrease is based on this year's current revenues. Concerning the \$1.326 billion, she received a fax from Vicki Landingham advising that the real estate value has gone down about \$9 million since the previous figure. That does not include personal property, and she does not know what the personal property figure will end up to be, but she guesses about \$25,000,000. They are still pretty close to the \$1.326 billion.

Commissioner McElraft asked if Ms. Landingham said when they would be through with re-valuations. **Ms. Overman** replied that they do not get through with the hearings until June 30. All this is a guess.

Commissioner Wootten said this is the second update she had gotten. This number started out at \$1.33-something billion, then down to \$1.326 billion, and now it is down to \$1.324 billion. Adjustments have been made as it goes along. Is it at the bottom yet? Who knows? The difference from the beginning high number to what it is now is about \$20,000 in terms of revenue, so it is not worth worrying about when you bring it down to that level. **Ms. Overman** said that is why she did not readjust the figure, because it will not make that much difference in the total.

Mayor Harris asked what she should put up as a minus. **Ms. Overman** replied \$9

million.

Commissioner Wootten said they have a balance at 17.5%, but in order to do that, she had to go into the general fund by x number of dollars. **Ms. Overman** said she had to go into the general fund by \$109,000. **Commissioner Wootten** said that is close to a penny.

Commissioner Farmer asked where that puts us in general fund percentage. **Ms. Overman** said she guessed 21%. **Commissioner Wootten** said that is way too high. We have too much money in savings. **Commissioner Farmer** said her understanding was that in the past, one of the reasons for that is a cushion in case we have horrendous hurricane damage. **Commissioner Wootten** said the cushion is now so large . . . by about \$400,000.00. The point is that although she has the budget set at 17.5%, if they dip into the general fund for \$109,000, it is more like 18.3%. Revenue neutral is 15%. **Ms. Overman** said it was 15.25%, but 15% for simplicity.

Ms. Overman said she had given all the commissioners copies of all of the funds. Most of these are transfers from general fund for the upcoming budget year. There is a \$50,000 transfer from general funds to fire equipment fund to start setting aside money for a fire truck. Regional access parking fund is actually not money coming from general funds but is a grant that will be coming from CAMA. Beach renourishment fund is a transfer from general funds.

Commissioner Farmer asked what is in the beach renourishment fund now. **Ms. Overman** replied there is \$209,000. **Commissioner Farmer** said we took out money from that for the sandbagging at the point. **Ms. Overman** said they spent \$34,000 on the sandbags.

Ms. Overman said the debt service fund that is the total of all the lease purchases for the upcoming fiscal year, the ones currently under lease and the new lease. Special drug fund does not affect general funds, that is money that comes from the state of North Carolina that is paid to the police department for controlled substances. Separation allowance fund is \$5,100. That is a transfer from general funds because we are trying to set aside money for police retirement, and that liability at the time is about \$50,000. We are going to set aside 10% a year for police retirement. That is called a special fund.

Ms. Overman said Commissioner Wootten did a little spreadsheet to show where the differences in last year's budget and this year's budget are, what the increase is. The only thing she found this morning is that we do not have contingency. Commissioner Wootten had a \$20,000 contingency. She suggested Commissioner Wootten might want to elaborate on the spreadsheet.

Commissioner Wootten said there are two pieces of paper they have. One is two columns put together. He did that because he thinks it is important to compare what we think will happen this year by 30 June to what we are saying we are going to do in the budget for next year. Last time we were talking about an increase of about \$300,000, and it turns out it is substantially more than that. He wanted to make sure everybody understood that we have a major increase in expenses

to the tune of \$600,000. What is happening is the \$4.788 million in his handwriting is what Ms. Overman projects the end of the fiscal year coming up, but within that \$4.788 million is the \$240,000 that is left over from last year that is being moved from the general fund to the stormwater management fund. In their accounting system, they have to show that as an expense, and it is really not an operating expense. It is a fluke of the way the government has to account for things, that when they move money from one fund to another, they have to expense it in one place and pick it up as revenue in another. If you back that out, we are comparing \$4.6 million to current budget of \$5.181 million, or an increase of \$600,000. That is what we have tentatively agreed to so far. What he tried to do was take this sideways and see how it breaks out. Where does it all come from?

All the numbers are changes from one year to another, with the exception of the top line, Fiscal Year 2001 Projected—they are the numbers that Ms. Overman thinks will happen again this fiscal year. Down at the bottom is the budget number, and what he did in between was try to pick out the major changes and totaled them on the right hand side. For example, EMS \$95,000. We're talking about \$100,000 going to EMS, but last year we gave them \$5,000, so it is an increase of \$95,000. And the library, for example. The budget this year is \$25,000 for the library, and last year we gave them \$5,000; so the change is \$20,000.

Commissioner Farmer had a question that goes back to the e-mail she sent yesterday to Ms. Overman about the lease purchase. She needs spelled out for her exactly what new vehicles were added. She started to get very confused. She knows the dump truck. Is that why the lease purchase is higher? **Commissioner McElraft** said \$63,000 of it is Public Works. **Commissioner Wootten** said that is the dump truck. **Commissioner McElraft** said \$27,000 is Fire. **Commissioner Wootten** said that is the pick-up truck. **Commissioner McElraft** said \$8,000 is police department. **Commissioner Wootten** said every year they lease a new batch of police cars, and this year it is costing \$8,000 more than it did last year.

Commissioner Wootten mentioned the Police Department grant of \$57,500. That is another big number. **Commissioner Trainham** asked if he had taken the contingency of \$20,000 out and asked if he had taken it out of the bottom line. **Commissioner Wootten** said not yet.

Ms. Overman said capital outlay equipment under Parks and Rec, \$38,600, is the gym floor.

Commissioner Wootten said we have now identified everything that is in the budget already, but we have another issue to deal with in terms of stormwater and what we are going to do there. We should get that out on the table before we start deciding what we are going to do. He has some ideas about how to absorb some of the costs out of the savings, and he thinks he can make the case for doing that.

Commissioner Trainham asked about the last item. **Commissioner Wootten** said it means that the current year of Powell Bill funds, we are projecting to spend \$181,000. Of that \$181,000, \$31,632 was money carried forward. That is a surplus you can carry forward and you don't have

to use it every year.

Commissioner Wootten went back to stormwater management. We had calculated a total project cost for stormwater on Coast Guard Road at \$4.8 million. The numbers at the time broke into \$3.2 million to buy the property and \$1.6 million to do what he calls the plumbing and engineering. Clean Water Management Trust Fund approved a grant of \$2.4 million. He said he hates moving forward without the piece of paper on that. **Commissioner Farmer** said all they have is an e-mail. **Mayor Harris** asked if there is anything later than the e-mail.

Commissioner Farmer replied no. **Mayor Harris** said she was told that within 10 days after the e-mail we would hear. **Commissioner Farmer** said they have no office manager right now—they are short-staffed. She does not even know whether the state is allowing them to hire anybody because they have a hiring freeze. **Ms. Overman** said they don't return long-distance telephone calls. **Commissioner Farmer** said all the legislators have been notified. When she was in Raleigh a few days ago, she talked to Ronnie Smith about it, and he was patting himself on the back.

Commissioner Wootten said we have to assume there is a grant, and we have also been told that the funding is available relatively quickly. **Commissioner Trainham** asked how much time we have to match that. **Commissioner Wootten** said the other assumption is that we will be able to use the \$2.4 million from the Clean Water Management Trust Fund and add to that with town funds whatever we need to. That is the way we proposed to do it. **Commissioner Farmer** said Bill Holman has said we can do that with some sort of legal contract saying that the town will finish its commitment. **Commissioner Trainham** asked if there was a time line on that. **Commissioner Farmer** replied no. Todd Miller seems to think they will not give us a hard time about it.

Commissioner Wootten said we will have \$2.4 million available from the Clean Water Management Trust Fund. What is it going to take to buy the piece of property? We have two appraisals—number one is for \$3.46 million; number two, which is verbal only, is \$3.1 million. The owner of the property does not have to follow either one of the appraisals. We have to decide what we are going to match.

Commissioner Farmer said there is another thing we need to keep in mind; that is the trust fund has granted us this money with the understanding that the property cost will be around \$3.2 million. If we decide we want to spend \$5 million on the property, we might lose the funding.

Commissioner Wootten asked what happens if they decide to pay the \$3.46 million.

Commissioner Farmer said she did not think that would be a problem; that is ballpark. But she thinks if it were significantly more than that, we would need to have another conversation.

Commissioner Wootten said if it were significantly more than that, this Board would have to have a conversation about not going through with it. At some point, the cost benefit of this trips.

Commissioner Wootten said his recommendation is to plan on a rounded \$3.4 million for budgeting. They have to put an anchor down someplace and move on. They have Clean Water

Management Trust Fund at \$2.4 million, we need to come up with \$1 million, we have \$221,000, and that says in order to just get the property, the Town will have to come up with \$780,000. The assumption is we will have to come up with it in the fairly near term, meaning 60 to 90 days if everything else falls in place. He gave the Board a spreadsheet of potential interest payments.

Commissioner Wootten said he would like to focus their attention on the \$800,000 line. The differences between the interest of 6, 7, or 8 percent are really not material. He is homing in on \$282,000 a year figure on a 3-year basis. His recommendation at this time is to raise taxes 2 cents, which will generate \$260,000 per year, and go into debt for \$800,000 for a period of 3 or 3½ years, either with a bank or with the owner.

Commissioner Farmer asked why he was thinking 3 rather than 5. **Commissioner Wootten** replied because they have an additional \$1.6 to \$1.8 million of expense coming. Some of it will be offset by grants, hopefully, although he is not too optimistic. He would lay out a program over 10 years at \$260,000 a year. Take the first 3 years to buy the property and then do the plumbing each year with the \$260,000 being the cash source for doing that.

Commissioner Trainham asked Ms. Overman about the 2-cent raise in taxes. What is the median valuation difference? Has anybody come up with figures on that at all? The fact that the re-valuation of properties has gone up, has it gone up sufficiently to dictate to us what our percentage of increase in tax should be? Ms. Overman replied that it would not be that much. **Ms. Overman** said 1 cent represents about \$130,000. **Commissioner Trainham** said the question they will get from the public is the same question asked of the county, and that is why are we going up on taxes because our valuations have gone up. **Ms. Overman** said revenue neutral would be 15 cents, but the total increase in the budget this year is not revenue neutral. **Commissioner Trainham** said it is the same thing the county faced the other day.

Commissioner McElraft said if we had not had re-valuation, we would have had to go up because we have an additional \$633,000 of additional expenses at \$100,000 a year, and it would have been a 6-cent increase. **Commissioner Trainham** said that is probably the better answer. **Commissioner McElraft** said if they put stormwater on it, it would have been an 8-cent increase. Actually, we will be lowering.

Commissioner Farmer said the concern she has is with beach renourishment in the back of her mind. If we go up too much on the tax rate, she is concerned that when it comes time for a referendum on beach renourishment, people will say that the county has increased them, the town of Emerald Isle has increased them, and now they are talking about another 3 cents for beach renourishment? She does not know what options we have except to go back and look at the budget. **Commissioner Wootten** said he thinks we ought to do that, we need to go back and look at that one sheet and make sure every one of those items has to be done. **Commissioner Farmer** said with the exception of the 2 cents for stormwater, it is hard to point to things in the new budget that stand out, except EMS, and show this is why the taxes are going up. She said a revenue neutral position is ridiculous. She does not think that is feasible.

Commissioner McElraft asked how much of the fluff could be taken out of general funds to help the taxpayer. Could we take out enough to bring it down a couple of cents? **Ms. Overman** replied that she and Commissioner Wootten have different feelings about that. She goes back to the hurricanes. If they have \$1 million sitting in cash management and drop \$750,000 in a matter of 3 months for one storm for yard debris clean-up, and it costs also about \$300,000 a month to operate. If we have a storm, the \$1 million is no longer there, and it is months before we get our money back, so not only do we lose interest on the money, we have a hard time meeting expenses waiting for FEMA to give the money back. She does agree with Commissioner Wootten that we probably have \$200,000 to \$300,000, maybe even \$400,000, but she cautioned the Board to be careful.

Commissioner Wootten said we have in the general fund right now \$1.960 million, which he rounded to \$2 million. In addition to that, we have \$240,000 sitting in stormwater, and \$210,000 in beach renourishment. That is a total of about \$2.5 million. The stormwater and beach renourishment funds are restricted, but if we got into a cash bind, we can use it. It is not like it is not there, not to use. Stormwater hopefully will go away when we buy the property. So we'll be down to \$2.25 million of cash. The state requirement of 8% is \$260,000. This town operates on a cash basis of about \$300,000 a month, and prudence would say to have 3 months of cash. If something happened storm-wise, or if revenue did not come in, it would be prudent to have 3 months of cash, rounded to \$1 million. Then you have the potential of a storm, and \$600,000 to \$700,000 could go out the door in a heartbeat. It would be nice to have \$1.6 million available to feel very comfortable. Look at this from an equity position and a taxpayers' position—\$2.5 million is half of the operating revenues of the town. If you are looking at this from a commercial standpoint, the town has 50% equity. Even the most risky commercial company goes down to 30%, and a big company drops down to 15%. We have too much money, and we have an obligation to the taxpayer to use that money. It earns interest at 6%, or \$120,000 a year, but if you are raising taxes on people to keep up a cash reserve, it doesn't make sense.

Commissioner Wootten said that what we went through in 1996, and we were in desperate straits, this \$2.5 million cash figure was down about \$1.2 million, and we made it through the desperate cash situation. **Ms. Overman** said it actually got to about \$750,000, which is only 2½ months to operate the town. **Commissioner Wootten** said if you go back and look at what has happened in the past, a worst-case scenario, the lowest we ever went was \$700,000, and we started at \$1.2 million back then. It also depends on when things happen because revenue starts coming in September and goes up, then goes back down to nothing. **Ms. Overman** said right now the revenue is nothing. In June, July, and August, they pull \$300,000 out of the bank each month with nothing coming in. **Commissioner Wootten** said in the last December-January time frame, we had \$3.1 million in cash.

Commissioner Wootten said the other thing that bothers him is that if the town ever got strapped for cash, we could go borrow it. That is the prudent way to manage money. You don't put it in the nest egg to build it up and up and up. Pete Allen was the greatest proponent of this.

Commissioner Farmer asked what 20% would be. **Commissioner Wootten** said it would be

\$1 million. The denominator is the revenue figure, so 5.1 is what you have to calculate from.

Commissioner Wootten suggested taking about \$400,000 out of the reserves. **Ms. Overman** is already tapping for \$100,000 in the budget. So they can find another \$300,000. He is not making judgments about the items in the budget, but if they are going to set aside \$50,000 for a fire truck, take it out of cash reserves. You don't have to raise taxes to set aside \$50,000. And the \$50,000 isn't going anywhere—it's going to sit there. Why not go ahead and do the gym floor out of reserves? **Ms. Overman** asked about the pick-up truck for the fire department at \$26,000. Are we going to keep that in there, which is included in the 17.5 cents, or do you want to pay cash for it?

Commissioner Wootten said there are two trucks needed for the Fire Department. One is a replacement of the pick-up truck, \$26,000; the second is what we are setting aside \$50,000 for. That truck will cost \$350,000. **Commissioner Trainham** asked if we have to buy the little truck this year. **Ms. Overman** said Chief Walker had requested it for this year. **Commissioner Wootten** said this is the truck that is the hand-me-down from Public Works a couple years ago.

Commissioner McElraft said if they set it aside, it is still drawing interest. They could pay the \$26,000 for cash and save the interest they have to pay on that, too.

Commissioner Farmer asked Ms. Overman what figure she would honestly be comfortable reducing the general fund. **Ms. Overman** replied that 3 cents would set aside \$396,000. She didn't feel comfortable doing any more than 3 cents. They are at 17.5 cents, and Commissioner Wootten wanted to go to 2 cents for stormwater, which is 19.5 cents, minus the 3 from fund balance, and that would make it 16.5, counting stormwater, which is still 3 cents lower than we currently are right now.

Commissioner Wootten said he had to take into account the \$100,000 they already dipped into the fund. **Ms. Overman** said she meant 3 cents additional.

Commissioner Farmer said her problem was that, as she was going through the budget yesterday, the tenor of the taxpayers is really clear, and she was trying to figure out where they can cut out some of the fluff. It really isn't fluff. It means postponing starting a fund for the fire truck another year, maybe talking about not purchasing as many vehicles as we have been talking about, but it is really just delaying things. When you look at it this way, it seems like a very reasonable budget.

Commissioner Wootten said the two softies in his mind are the gym floor and the addition to the Inspections Department of the half person. **Commissioner Farmer** said she did not think people would complain about that. **Commissioner Wootten** said people wonder why they are adding staff. That is what they'll be criticized for.

Commissioner McElraft said the reason we're doing the gym floor now is to save taxpayers down the road because they'll have to rip that all up. **Commissioner Farmer** asked if we have

some sort of warranty that goes with the new floor. She didn't want to get into the position of putting in a new floor on top of the old one, and it turns out that was the worst thing they could have done, that the guy was wrong and they should have pulled up the old floor.

Commissioner Wootten said the other thing they have to look at is the general insurance increase. **Ms. Overman** said there is something wrong with that. She thinks it is a lot lower than that. **Commissioner Wootten** said the \$633,000 is good, so all he is doing is finding reasons for it. **Ms. Overman** said we are down to \$613,000 taking out the \$20,000 contingency, and they'll look at the insurance.

Commissioner Wootten said it looks like this year general insurance is going to cost \$65,000, and she has \$150,000 in this budget. **Commissioner McElraft** said we are taking the 3 cents out of general fund and we could end up at 16.5 cent tax rate including 2 cents for stormwater. **Ms. Overman** said they might end up with 16 rather than 16.5, especially if the insurance figure is way out of line. \$60,000 is about ½ cent.

Mayor Harris said the only thing on the list that we are not sure of is the insurance. We took out contingency, and insurance is the big question.

Commissioner Wootten said EMS is, too. **Ms. Overman** said that is another \$100,000 we can deduct if we are not going to do the EMS. **Mayor Harris** said the latest thing as of 10:00 last night was they are renegotiating. **Commissioner Farmer** said she thought that would be wise. **Mayor Harris** said after the news of Cape Carteret, we don't know.

Ms. Kathleen Bliley, reporter for Carteret County News-Times, said Cape Carteret is laying off all the paid employees because they don't have any cash. Mayor Harris asked if the county would step in and give them their tax money back. Ms. Bliley said the county says they don't owe them any tax money—they overestimated their sales tax receipts. The county is saying it was down, the state is saying it's up. **Commissioner Wootten** said that is not related to the central EMS question.

Commissioner McElraft said she thought we had better count on the \$100,000 for EMS. **Commissioner Farmer** agreed.

Commissioner Wootten said he thought it would be good to run the deductions of the reserves past Joy Bell just to be sure he is not out in left field. He would rather have the auditor confirm it.

Commissioner Trainham asked why they took the contingency out. **Commissioner Wootten** said it was never in there to start with. This paper starts with the actuals for the year and the budget, and he is trying to find major reasons for the change. He spotted something that said contingency and put \$20,000 against that, and Ms. Overman told him that was not the case.

Commissioner McElraft said the 3 cent occupancy tax that will be split between the three

towns, which is about \$300,000 a year, cannot be used for other than beach nourishment; but it gives us some fund balance. We could always take out that \$240,000 and put it in the general fund if we had to, if we got in a bind, and keep that in beach nourishment. Hopefully the occupancy tax will give us a little buffer, too.

Commissioner Farmer asked about the tax rate with the budget before we go into the increase in stormwater and decrease in general fund. **Commissioner Wootten** replied 17.5 cents, and even at that, it would take \$100,000 out of the general fund. Revenue neutral is 15 cents. We have since added 2 cents to the stormwater, and that brings it to 19.5 cents.

Commissioner McElraft said we had actually decreased from revenue neutral except for the stormwater.

Commissioner Wootten said they are not pulling a slight of hand by using the general fund because it is just too big. **Commissioner McElraft** said they are just not raising taxes to pay for the extra things, and there is no fluff in the budget. **Commissioner Farmer** said she did not think so either because whatever we put off we will have to pay for next year, and what sort of shape will we be in next year?

Commissioner McElraft said even with stormwater, we will be a penny lower than Indian Beach, and look at all the services we have. We have a very low tax rate here.

Commissioner Wootten said this board or some board is going to spend \$350,000 two or three years from now for a fire truck. We either start setting the money aside now or wait to go into debt then. He thinks it is fiscally prudent to set the money aside so you have a cash buffer, too.

Ms. Overman asked if they wanted to direct her to put the 2 cents in for stormwater and the 3 cents from the fund balance and re-run everything.

Mayor Harris asked if it was the consensus of the Board. It was.

Commissioner Wootten asked how they would catch up with Ms. Overman again. He suggested doing it quickly. **Ms. Overman** said she could probably finish it Monday.

Commissioner Farmer said she thought it would be nice to have something on the back table for people to help them understand. **Commissioner Wootten** said they could boil it down to something very simple.

Ms. Bliley asked if there was anything she could get a copy of. She is used to looking at budget stuff. She has some good figures but will be doing a story for Sunday just to give people an idea. **Mayor Harris** said Commissioner Wootten would fax her something by late evening.

Commissioner Wootten went back to stormwater. We turned on Moffat and Nichols to lead a project to get permitting authority for this piece of property for the whole project. The schedule

has that being done during the July timeframe. He was hoping we could bring some kind of negotiations, and we probably need to get Derek Taylor involved in terms of the property. Hopefully that could come together with the permitting process and preliminary approval at the same time. We have heard from the public already that there is no sense in buying this piece of property if it is not permissible.

Ms. Overman asked about the point. She asked if they had seen the chron from CSE Baird. The only thing she could figure was that under task 5, they have environmental assessment and impact statement, where option 1 EA is \$25,000 to \$35,000, and option 2, environmental impact statement, is \$45,000 to \$60,000. Either way, we are looking at \$50,000.

Commissioner Wootten said he had sat in on a session with Tim Cana on that subject. What CSE Baird don't know right now is whether the Corps of Engineers is going to require a national assessment or a national impact statement on the point. That is the difference in the price ranges, and the first thing they recommended doing was getting together with all the interested parties to make that determination—what would satisfy the Corps of Engineers in term of the point.

Commissioner Farmer said we know that the state has said a mitigated EA would be okay. **Commissioner Wootten** asked who is in charge of that process. Anybody who says no seems to have the winning vote. **Commissioner Farmer** said that is the advantage to a mitigated EA because basically what they are saying is whatever the federal agencies say need to be done, whatever Fish and Wildlife says needs to be done, we will do.

Mayor Harris said the only thing she was aware of that the fishery maybe said was the piping plover, and that has already been washed out into the ocean anyway. **Commissioner Farmer** said what Tracy Weiss at Fish and Wildlife might be a very good ally because what they would be doing is adding habitat to the piping plover by doing the point project.

Commissioner McElraft said she had talked to the Corps of Engineers yesterday. She had talked to Tom Jarritt, who used to be with the Corps, about a section 11-35, which is the environmental restoration of the piping plover habitat, like the turtle habitat. It takes two to three years to get that. The Corps funds the first \$100,000 of the complete study, then it's a 50-50 split. She asked him if that would be feasible down there, and he thought it would be. Those are the kinds of projects that the Corps is actually getting funded through Congress.

Commissioner Farmer said unfortunately they had a disaster at the Oak Island turtle project. They ended up renourishing with rock instead of sand, which is not good turtle habitat. **Commissioner McElraft** said we don't have that problem here. **Commissioner Farmer** said you want to make sure that people aren't going to be skittish.

Commissioner McElraft said she had talked with Donna Moffat yesterday. She told her we had piping plover down there before the Corps started dredging, and now our piping plover nests are sitting in the middle of the inlet. She agreed that they would be working with us to try to get some resolution. Commissioner McElraft said if the Corps furnishes the first \$100,000 of the

study, we aren't out anything on that part of it, just to see if it is feasible to do a section 11-35 down there. The Corps can spend up to \$5 million to restore that. It takes two to three years to get the funding.

Commissioner Wootten said Ms. Overman's question is do we want to add money to this year's budget or to take it out of beach renourishment funding which is set aside already. **Ms. Overman** said CAMA is not going to give us a permit until we get an environmental assessment done. Do we sit here and try to wait for federal funding from the Corps?

Commissioner McElraft said she thought we need to go forward. The Corps would accept the EAs that we are doing right now. She did not know about a reimbursement-type situation. She knows that the section 206 will reimburse a privately funded beach nourishment project, but she thinks an 11-35 project has to be a Corps project.

Commissioner Trainham said what bothers him about the whole thing is that once they get the assessment and they go through all the rigmarole of having to get this in place and take two to three years to do that, are we then going to be assured that we will get that channel changed. What assurances do we have?

Commissioner Farmer said she did not think anybody would say no. It is a question of whether Emerald Isle wants to pay for it. **Ms. Overman** said bottom line they are looking at \$1.8 to \$3.8 million.

Mayor Harris asked if they wanted to take the \$35,000. **Commissioner McElraft** said she we need to start a process and need to go ahead and start the EAs and all the environmental assessments to be ready in case we do get started. She thinks we need to pursue an 11-35 down there. Did Donna Moffat say the Corps was using a long dredge? **Mayor Harris** said they are working on it; they have not made a decision as of yet. As soon as they find proof one way or the other, this Board would be the first to know.

Commissioner Wootten asked if they want Ms. Overman to add \$35,000 to the budget. **Commissioner McElraft** said she would rather take it out of beach nourishment so they say it is a beach nourishment project. **Commissioner Farmer** said she does not want the tax to go up, take it out of beach nourishment. **Commissioner Trainham** said take it out of beach nourishment. **Commissioner Wootten** agreed. **Ms. Overman** said she would tell Mr. Cana to proceed with the EA, not to exceed \$35,000.

Commissioner Farmer said she would like someone to look into a mitigated EA, which is apparently not just a plain old EA. Ms. Overman said she would mention that.

Commissioner Wootten said before Tim Cana proceeds, he is going to have his plate together so he knows exactly what road he is going to go down. That came across loud and clear. So the best guy to be doing the talking for us is Cana and that crowd, although they do not like this kind of money either. This is not their kind of business. They are as bothered about having to do the

environmental assessments as anybody. They want to lay out how to fix it.

Commissioner Farmer said the only other concern she has about the point is that when you do something in one place, it has an impact on another place. And it is her understanding that when the channel moves farther to the west, you tend to have oceanfront erosion at the point.

Commissioner McElraft said she didn't think so. **Commissioner Wootten** said what is happening now is the high water is coming in over the shoales and circling out, and what is causing the erosion at the point is the outgoing tide beating in. **Commissioner Farmer** said she is talking oceanfront, not point erosion. **Commissioner McElraft** said that right now we have such a barrier of sand out there it is almost like a jetty. What is happening is all the sand is washing down from Indian Beach and trapping down here. It is not able to even go around the curve there. She does not think it will affect the oceanfront at all. That sand bar is almost like another island.

Commissioner Farmer suggested keeping in the back of their minds that they could fix the point and may end up facing renourishing the oceanfront there.

Mayor Harris asked if there were any more questions about the budget. Commissioner Farmer said Commissioner Wootten would explain it to the public.

Commissioner Farmer wondered if there was something further that we need to be doing about EMS. **Commissioner McElraft** said she didn't think we could scream any louder. **Mayor Harris** said everyone knows how the Town of Emerald Isle is upset that the county will try to take it over. We are all against it. **Commissioner Trainham** said the county knows that. **Commissioner Wootten** said the only other thing they could do is get Sam Stell's e-mail address and publish it. That is the turning point. **Mayor Harris** said he does not have e-mail.

Mayor Harris said they need to let her know after this meeting about the letter from County Manager Pete Allen. He wishes that Frank Rush continue working with the county on the beach nourishment and room occupancy tax; however, they have read Mr. Rush's letter to the Board. She personally does not feel that Mr. Rush could work the county and Emerald Isle, but she needs to know their thoughts.

Commissioner Wootten said he did not think the two pieces of paper are related at all. **Commissioner Farmer** said she did. She thinks they are related in that it shows how he can end up between a rock and a hard place. **Commissioner Wootten** said only as he perceives it. **Commissioner Farmer** said she saw his e-mail this morning, and she has another take on that. She does not agree with Commissioner Wootten. She thinks Mr. Rush will have more than his hands full in Emerald Isle. If Mr. Allen has questions and wants to call him, she has no problem with that. She didn't see why Mr. Rush would need the Board's permission for that. But she did not think he should be working for the county when he is working for the town.

Commissioner McElraft said he will actually be working for the town if he continues to help with the occupancy tax situation. She thinks we ought to give Mr. Rush a little credit; let him

make the judgment himself, and if he thinks he needs to work on some of these projects and he has time for it, fine. **Commissioner Wootten** agreed.

Mayor Harris said Mr. Rush has already indicated to us that he had two hats that are very difficult for him. **Commissioner McElraft** said he then needs to be the judge of that. She did not think we need to answer Mr. Allen on this except to say if Mr. Rush has the time and wants to do it, he can do it. **Commissioner Trainham** said we need to leave it up to Mr. Rush.

Commissioner Farmer said she does not want to answer Mr. Allen that of course he can. **Commissioner McElraft** said they would say they would leave it up to Mr. Rush if he has the time to do that and wishes to do it. **Commissioner Trainham** said he may discover he doesn't have the time to do it.

Mayor Harris said she thinks there will be a conflict. **Commissioner Farmer** agreed. **Commissioner Trainham** asked if Mr. Rush would notice that and would back off. He has confidence in Mr. Rush. **Mayor Harris** said she has great confidence. **Commissioner Farmer** said it may not be a question of backing off; it may be that there is a time when we need him to be advocating for us and he is also working for the county.

Commissioner McElraft said advocating for beach nourishment and occupancy tax on the federal level is for us. **Mayor Harris** said we want him speaking for and looking after Emerald Isle. **Commissioner McElraft** said he will absolutely do that as our manager, but it will not preclude his being involved in the other things, which he has been instrumental in.

Commissioner Wootten said he would rather have him up there doing it as best he can.

Mayor Harris said she will not answer Mr. Allen's letter. It will be passed on to Mr. Rush to make his own decision.

Mayor Harris reminded the Board that the Beach Renourishment Committee would meet Monday at 8:30 A.M. if they want to attend. **Commissioner McElraft** said it would probably be their last meeting.

Mayor Harris said she had not finished re-checking the survey. Some of the folks in condos did not realize they are not oceanfront. They thought they were, and they are not, just certain buildings are.

Commissioner Wootten said he could tell them the numbers, and they will not change that much. **Mayor Harris** said she was hoping the survey would show that half of the people wanted a beach renourishment referendum, and it is not.

Commissioner Wootten said if they take Emerald Isle residents and non-Emerald Isle residents, 76% say yes. **Mayor Harris** said they have 2,510 returned.

Commissioner Wootten explained how the database and results were set up. **Commissioner McElraft** said the town clerk is entering the information into the database. **Commissioner Wootten** said there is an icon on the machine in the mayor's office that they can click on.

Mayor Harris asked if it was agreed that most comments on the surveys were that it was the 48 cents and 3 cents that were not liked; they needed to be more equal. **Commissioner Wootten** said 10% of the people made that comment. **Commissioner Farmer** said some said businesses should be paying more.

Commissioner McElraft said after they look at the comments, we may have an oceanfront tax district, a second-row tax district, an off-the-oceanfront, and maybe charge less for oceanfront. She has heard more from oceanfront people saying it is an unfair balance.

Commissioner Wootten said just Emerald Isle voters are running right at 60% in favor, saying yes. If Mayor Harris reaches another conclusion, she needs to show him that.

Commissioner Farmer requested that the Crystal Coast thoroughfare plan be on the July agenda. They have a resolution they want us to approve. It was in the packet that was in our mailbox a month ago. **Commissioner McElraft** asked if the resolution would direct five lanes into Emerald Isle. **Commissioner Farmer** said it was a resolution in support of the thoroughfare plan, which is the five lanes into Emerald Isle and widening the bridge to four lanes and widening the rest of Hwy 58. It includes the overpass, but that is only part of it. It also has four-laning up the bridge, five-laning Emerald Drive to Town Hall. **Mayor Harris** said that is what we voted against. **Commissioner Farmer** said we had only voted on the overpass.

Commissioner McElraft asked if we need to not only discuss a resolution but have some information on it. She asked if there would be public hearings on this. **Mayor Harris** replied no. **Commissioner McElraft** said we need to have them come and explain to us why they need to five-lane Emerald Isle. **Commissioner Farmer** said Mike Upchurch came and talked about that. **Commissioner McElraft** said he had said that was 20 years down the road. **Commissioner Farmer** said that is what this is, a 20-year plan. **Commissioner McElraft** said she did not think we need to address the resolution. **Commissioner Farmer** said they do, absolutely. They are asking for Emerald Isle's, and the other towns', support for this county plan.

Mayor Harris said she thought we had already made that very clear to them, that we don't want the bridge, we don't want five lanes. **Commissioner Farmer** said we made it clear, but we weren't addressing the thoroughfare plan. We were addressing the overpass. They are asking for a resolution.

Mayor Harris said Stormwater is on the agenda for July 10. They will have the stormwater workshop July 2. **Ms. Overman** said if they were planning on having a public hearing on stormwater, we need to advertise. **Commissioner McElraft** said she did not think we would be ready for it after this workshop. **Mayor Harris** said they have to publicize it. **Commissioner**

Farmer said stormwater is only on there if there is a public hearing. **Commissioner McElraft** said we will listen to them and then go back and make changes like they did with the sign ordinance. It will not be ready by July 10.

Commissioner Farmer suggested holding a public hearing on stormwater later in July. **Mayor Harris** took stormwater off the agenda for July 10.

Ms. Overman said she had the new books from DOT on the thoroughfare plan but asked if she should have more information on this. **Commissioner Farmer** said somebody put in our mailboxes a stapled thing from the DOT on the Crystal Coast thoroughfare plan, and that was the resolution they wanted us to adopt.

Ms. Overman mentioned the civil penalties. We have been changing all the ordinances to put a penalty on them so the town can keep the money for civil penalties. Our parking violations are not civil, so all that money goes to the county. The animal ordinance is civil. We have to have civil violation ticket books printed up in order for the police to cite. While we are getting the ticket books printed, we thought if the violation of animal laws and violation of solid waste are on there, why don't we look into making the parking ticket civil. **Commissioner Farmer** asked if the state would let us do that. **Ms. Overman** said if we are going to make some of this civil, we should make everything civil. She would like to put that on the agenda because we need to get the ticket books printed. It is just a matter of making an amendment to change this ordinance and this ordinance to civil penalties.

Commissioner McElraft asked if that would include parking in a fire lane. **Ms. Overman** said any parking. **Commissioner McElraft** said parking in a fire lane is \$150 fine. **Ms. Overman** said she thought parking in a fire lane would be a state violation, and the litter they will continue to write as a state violation because that is \$150.

Mayor Harris said she would put civil penalties on the agenda. **Ms. Overman** said she would go through all the ordinances and see which ones we can change to civil that are not civil now. In the meantime, if anybody wonders why they are not citing the animals that are running along the roads, they have no book to cite them with.

Mayor Harris said the Merchants Association were delighted that we are making the trash people pick up and there will not be any on the ground. They thanked us for enforcing it. **Commissioner McElraft** asked if we have notified the real estate companies yet. **Mayor Harris** said Ms. Overman was going to do that, and she will write the thank you notes. **Commissioner McElraft** asked if we were allowing them to just get the trash cans and then through the fall to get the containers built. **Ms. Overman** said we are in the wrong time of the year; everybody's rental brochures are already printed for this season. You can give them a copy of the ordinance and they can work on getting their racks in place, but as far as notifying all their rentals between now and October, we are in the wrong time of the year to be doing that. She put it on the web site yesterday.

Commissioner McElraft asked about the stormwater meeting. She said she had a question about the topography survey that is going to be done. Will there be a surveyor here to answer questions because we could not answer those questions and neither could the engineers who were on the Planning Board. We need to have a surveyor here because the comment was that the surveyors were throwing their hands up saying there is no way we could ever get those surveys done. She would like to have a surveyor here to tell them why they are saying that.

Meeting was recessed at 10:45 a.m.

Respectfully submitted,

Carolyn K. Custy
Town Clerk