

**MINUTES SPECIAL MEETING
OF THE EMERALD ISLE BOARD OF COMMISSIONERS
FOR THE PURPOSE OF A BUDGET WORKSHOP
MAY 30, 2002 – 9:00 A.M. – TOWN HALL Present:**

Mayor Art Schools

Commissioner Emily Farmer
Commissioner Pat McElraft
Commissioner Dick Eckhardt
Commissioner Floyd Messner
Town Manager Frank Rush
Town Clerk Carolyn Custy

Frank Rush – One thing I want to mention before Mary talks about their budget. The recommendation that I have given you all included a total \$174,097 in the recommended budget for EMS. As you all probably know they had asked for \$197,650. When I developed the recommendation because it was a tight budget year and we were trying to find money anywhere we could find it, the recommendation was \$23,000, almost \$24,000 less than was requested. The rationale behind that was there was a \$10,000 contingency in their request and there is also, by my estimation, they would have also expected about \$10,000 of additional revenues from investment earnings and also from rental income from an apartment that they are building and the last three, I think it was \$3,600, was just an across the board 2% reduction that I had asked all Departments to make and applied that same reduction to the EMS budget at that time to come up with that \$174,097 figure. In the mean time, I have met again with Mary Metzler to discuss the budget some more. I may have been a little bit overly optimistic on the additional outside revenues that they receive from investment earnings and I am amending my recommendation to \$180,650, so it is roughly an increase of \$6,500 over what was included in the recommended budget after taking another look at their outside revenues coming in, so the number I would recommend to you now is \$180,650. Having said that, there is one other aspect to that, I met the other day with Mary and I think we can work out a good process to assure accountability and make the Town's fuel available to the EMS Department. We would bill them for our cost of the fuel, the advantage is that we don't pay, or we get reimbursed for State and Federal gasoline tax so that will save them roughly forty cents a gallon. That will save them roughly in the neighborhood of \$1,500 to maybe \$2,000.

Mary Metzler – I met with Frank, although I appreciate him coming up with a little bit more than he originally recommended I personally still would ask the board to fund us at our requested amount. I am not sure if you really realize how much Emerald Isle EMS saves this town. We provide twenty-four hour a day, seven day a week paramedic coverage; three vehicles, two ambulances and the suburban. No other unit in this County does the same, number one. We provide mutual aid to Salter Path and Western Carteret. Western Carteret is fully paid and they

are paramedic but the best they can do 99% of the time is one ambulance and we provide the second ambulance and we are doing this at less than just about any squad in the County, except for a couple of really small ones that have ten to twelve calls per year. As I said to Frank, since Friday of this past weekend until last night, we have had close to twenty calls. If our budget gets cut, we have to decide which calls to answer and which services we can provide. We are fixing to put out \$90,000 for a new ambulance because one of our units is becoming less than dependable. As you know with all the vehicles, it sometimes costs you more to keep repairing one than it costs to replace it. This vehicle is ten years old, it is our habit to replace vehicles at ten years. We have one on order, it should be here next month, early in June. We will be writing a check for \$90,000. One of the things we try to do is to try to avoid paying interest, because that raises the cost, which is one of the reasons we have a fund balance built into our contingency fund. If we have de-fib to go down, we are talking \$20,000 to \$40,000. We are not talking \$100 here and a \$100 there. We now have to pay for every single thing we provide for a patient, all the drugs, all the bandages, everything. That is relatively new. It used to be that we would pick up supplies at the hospital, put a ticket on the patient's chart and the patient would be charged. They don't do that any more. We have to pay for everything. I just bought drugs the other day, we are required to have certain drugs on the ambulances whether we use them or not, I had to buy all new drugs to replace the ones that were out of date and could no longer be used. Some of our drugs are \$60 a pop, just for one drug. That's not even adding, I mean if you got it at the hospital it would probably cost you \$300, so it's cheaper to get it on the ambulance. I spent all day the day of my meeting with Frank, doing EMS stuff for free; to the hospital to pick up stuff, to the drug store to pick up stuff, to Jacksonville to pick up oxygen, meeting with Frank. For less than \$200,000, which is what we had originally talked about, granted last year we got \$100,000 because we had already started collecting money so we said we would take half, but we had originally agreed on \$200,000 a year so that's what we asked for this year. I don't want to get in a fight with anybody but I think you folks need to realize that if you had to pay for the service, if the Town had to do it, to provide the same service that we provide now, with the number of ambulances that we can roll and the number of people on it, your cost for salaries alone, at the going rate, would be close to \$500,000, just to provide two ambulances with two people on each, not even to have anyone on the suburban. I think you are getting a bargain at \$197,000. If you tried to contract it out with anybody else, the reason we can do it so cheaply is because we have a lot of volunteers and to get a volunteer paramedic is incredible because it is approximately 400 to 500 hours of class just to get to the paramedic level and we very rarely get a volunteer paramedic. Both of our paramedics are volunteers. We do pay someone during the day, during the week. To have one-person full time, twenty-four hours a day, seven days a week would cost approximately \$125,000. We are providing full time paramedic coverage for less than it would cost you to have two paramedics full time and that doesn't even include your ambulances, your squads or anything else. I think \$197,000 is cheap, a real bargain. I don't intend, nor do I think any of our people intend, to be affiliated with a group that cannot provide the service at the level that we are accustomed to providing. I've worked in Lenoir and Onslow as a paid paramedic and in both cases there have been instances in which one ambulance didn't even have a battery for their de-fib and on the way to a cardiac call had to stop at the other ambulance to get the battery. I do not intend to be associated with that kind of a thing. That's my spiel. I'm certainly not happy with \$174,000 and I'm not terribly pleased with \$180,000. I told Frank, if we don't use

the \$10,000 this year that I would not ask for it next year but I just wrote a check for \$14,000 the other day to upgrade our third defibrillator to the paramedic level. There would be my contingency fund right there if something happened. I won't begrudge any service in this town, but if you look, just as a point of interest, a yoga instructor gets paid more per hour than a paramedic, not that I have anything against yoga. As I told Frank, my tax bill here is less than my bill for my part of a cottage in Massachusetts and that's split five ways and my tax bill here is still lower and if you work it out it is less than \$300 per person for tax payers to come up with that \$197,000 and I certainly, even if I paid \$30 per year for ten years, I haven't even paid the cost of one call if you go someplace where it's paid. The minimum charge is \$350 to ride on an ambulance, and that's if they don't do anything. They add if they have to use oxygen, they add if they have to use this and that. If it is an ALS call it's \$450 minimum, plus drugs, etc. So an average of less than \$30 per person, with the number of taxpayers you have, \$30 per person would bring over \$210,000 and I really think that's pretty cheap. You do what you are going to do, but if we come up short at the end of this year, you may have it next year and I'm not trying to threaten anybody but I am letting you know my feeling.

Mayor Schools - Mary, one thing without you even asking the board, rest assured that everybody in this room knows that EMS is a tremendous deal for this Town. There is no way in the world it could be done any better or any cheaper. In Frank's defense, for what he is doing, I am sure he agrees with you whole heartedly, that it's a terrific, fantastic deal but he's the middleman and obviously the commissioners are the ones who are going to decide. I would say that if you kept in line with your expenses and you came back in the spring and said it was not enough, somebody is going to listen.

Mary Metzler – If we didn't have enough money and we came back in the spring and you didn't give us any more I dare say that you would have EMS. I don't mean that in a threatening way but, that would be our only alternative because we still get income but the only one we can count on is our rent.

Mayor Schools – I agree.

Mary Metzler – I am getting ready to write a check for \$90,000 for an ambulance which means that there will be less money, I mean, that's money that's in a money market that would be earning interest that will no longer be earning interest, that's a considerable chunk. I've used almost all of the \$100,000 that we were given for the first, since January, and we haven't even gotten into our busy season, we are just starting our busy season and we have already almost used it all up.

Commissioner McElraft – You said that you covered Salter Path and Western Carteret. Do they contribute at all? Is there any way we can get them to contribute?

Mary Metzler – I don't know whether you can or not but I don't see how. Every squad in the county provides mutual aid for every other squad.

Commissioner McElraft - Who covers Salter Path?

Mary Metzler – Salter Path. They have their own squad but their volunteers are basic, so if they have a critical call they will call us and if they have a second call they will call us.

We have two paramedics and an EMT-I who runs with our squad because we are advance life support and their squad isn't, so in order to keep up their certification they are affiliated with a ALS squad.

Commissioner McElraft – I had one other question. The employee's expenses this year were actual \$70,000 projected We have estimated for \$85,000. That's about 20% increase, is that another person or is that raises or what?

Mary Metzler – Well, we don't really have another person. We pay, the way we operate is we pay someone from 6:00 A.M. to 6:00 P.M. Monday through Friday. They all work part time and the reason they work less than forty hours a week is so that we do not have to pay them benefits. Then at night we have, almost all of our squads have a volunteer on it, volunteer paramedic on it, except for one, so we rotate paid paramedics through on that one. Right now I have one of my paramedics out on disability, can't use her hands, so her squad is being covered by a paid person. I have another paramedic who will be gone for two weeks on vacation, so his coverage will have to be covered by a paid person. This is to account for things like that.

Commissioner McElraft – O.K. but that's part of increase. That hasn't happened in past years. I mean, that's a 20% increase and I was just wondering, is that a really high estimate or is that really what we feel it is going to take. One person being out on disability, does that account for an extra \$15,000 or is that, I'm not trying to be difficult, I'm just wondering if that is a real high estimate that's really not going to happen. I'm just trying to look at every penny here because we are asking every department to economize.

Mary Metzler – I think that also includes the stipends that we put in.

Frank Rush – That does include the stipends. The same numbers are on the bottom of this sheet, you can look at the history.

Commissioner Marks – It only takes one volunteer. If one of our volunteers moved away, we would have to claim the coverage that they are providing now for free but you would have to pay for some more day time coverage.

Commissioner McElraft – I was just wondering if that was an estimate of if that's a true figure.

Mary Metzler – When we originally did the budget we didn't know that one of our paramedics would be incapacitated by about two and one half months. So for two and one half months I have to pay someone to cover her shift.

Commissioner Marks – If the paramedic, who is a volunteer, has to pick up another shift, then they get paid for that second shift that they cover.

Mary Metzler – If it's on a weekend, then I have to pay someone for twenty-four hours, so we're talking about \$300 a day.

Commissioner McElraft – I think you are all worth a lot more than that but I just looked at that figure and the past history and what this years projected was and thought gosh that's almost \$17,000 more and I wondered if that was another person or what but if that's just an estimate.

Commissioner Farmer – I'll tell you, I've been very uncomfortable with the way things have changed with EMS and the Town. I understand why we did this, I support you guys 100% but it's discussions like this that I didn't ever want to get into. To be sitting here haggling over, how many dollars are we talking about, \$11,000. We have real budget constraints, but at \$200,000 you guys are such a bargain it's ridiculous and to be sitting here haggling over it makes me ill.

Mary Metzler – Emily, like I told Frank, the contingency fund, if it's not used this year, I mean, you guys know our expenses, and that's where we're different, we have a difference of opinion. I feel that we're a contracted service and that's sort of, when you contract a service you say this is what I will provide it for, if you can't pay that then you can go find someone else who will do it cheaper. Frank considers us almost like a Town Department saying we are going to take 10% off your budget or we're going to reduce it just because we can or because we need to and I disagree with him on that point. We are not a Town Department but by the same token, because we are providing you with, as part of our original contract when you only gave us a few thousand dollars a year, we were providing you with our budget and where we spent our money, you know that we have money put aside so Frank is going, you've got this money in hand. Well, you don't know, Waste Industries may have a million dollars in hand, but that doesn't change the fact that they will provide you with this service for this year for this amount of money. It really doesn't make any difference. We are trying to buy the lot next door to our building and put up a bay to house our ambulances. One of the reasons we have to replace our ambulances and spend a lot of money on our ambulances and our vehicles is that they sit outside. Two of the three vehicles sit outside all the time because we have no place to put them so we are trying to negotiate with the owner either to buy the lot or do a long term lease so we can put up a big bay and park our ambulances which will help the cost of having to get them repainted. That's what the money is put aside for. It's not put aside so that we can all go to Hawaii or some place like that. The one thing I give, the one thing that we give our members every year is a Christmas party in February. We do it in February because we are busy at Christmas time. This is the one thing that we provide, entertainment for one night. The rest of the time they do it for basically nothing.

Frank Rush – I will say this. I would have loved to have given you all a budget with the full amount in it. I would love to have given you all a budget that had a full amount for every other department that we've got in town and for every project but I was trying to put together something that would limit our tax burden on our people. When I look at these budgets the first thing I'm looking for are cuts that would be relatively painless and in my view the first \$20,000 that was recommended, which has now been revised to about \$17,000, in my view are relatively painless cuts because they were for contingency items and there were other revenues coming in so, that was the rationale behind it. I recognize that it's a tremendous bargain for the Town. I've said many times here and at the County that Emerald Isle EMS is in my view, the one volunteer department that really works the way it is supposed to in this county. I recognize that but just to give you a little more insight as to where the recommendation came from.

Mayor Schools - Mary, I know these are legitimate expenses or you wouldn't have put them down here, I just have a question about laundry. There was nothing last year and it's \$3,500 this year?

Mary Metzler – We used to get our sheets free from the hospital and now they charge us for sheets.

Mayor Schools – The Outside Fees went from \$1,200 to \$4,500?

Mary Metzler – Yeah, that included the audit and our monthly, having the books done and so forth.

Mayor Schools – Expense 218, does that mean you are talking about the building?

Mary Metzler – That’s Cedar Street. We are going to have to do something, either paint or side the outside of it, it’s for general upkeep on the whole building.

Mayor Schools – Correspondence

Mary Metzler – That’s sending out letters to thank people for donations, that kind of stuff. We sent a letter out to everybody saying that we are now being funded by the Town and we are not asking for donations, per se. We also send out information quarterly, this is what you do for jellyfish stings, this is what you do for this and that and just keep them refreshed on what we are doing.

Mayor Schools – Frank writes articles for the Island Review and I right articles too and we try to write on subjects that are meaningful but sometimes we start searching for things to put in there. Is that something that, as far as I am concerned, we can just turn the column over to you every quarter for EMS to put information in there. If we could do something like that to cut out some expenses. The Town does not pay anything for that column to be in the Island Review.

Mary Metzler – That would be fine.

Commissioner Eckhardt – You know, all accolades aside, I don’t think you are going to get anyone to tell you that you are not doing your job. I think we need to find a different way, and I think you used the word “contractual” and I don’t mean to equate it to Waste Industries but it is very similar to something like Waste Industries. Where they come in with a contract, it’s definitely different but it’s very similar to that, so, I think, as a Board, we need to find some way to treat this without getting into the ticky-tacky.

Mary Metzler – I couldn’t agree with you more and that’s what Frank and I have a big disagreement when you contract with someone else you don’t get into how much they pay their people, where their money goes. They just say we will provide this service for “X” number of dollars and you either accept it or you don’t accept it. To sit here and say you shouldn’t be spending this much for accountants or this much for somebody else, it really shouldn’t make any difference. If I’m providing the service that I told you I would provide for the money that we are providing it, it shouldn’t make any difference where, not that I care whether you know it or not, but I mean that’s, to sit here and bicker over the various items for a contracted service, you are not treating us like you treat the other contracted services.

Commissioner Eckhardt – In the past, if donations did not come up to the revenue that you had expected, what had you done?

Mary Metzler – To be perfectly honest with you, we never really had that problem. Once we changed over the way we did donations, we were having some problems early on and then we had a former member who was a fundraiser who recommended some changes and after that we did pretty well. So we really didn’t have that problem, but had it gotten to the point where we couldn’t meet our expenses, we would have folded and it would have been the Town’s responsibility.

Commissioner Marks – I have been fundraising for the last twelve years and every single year since 1990 we have seen an increase in donations, except last year. We saw a decrease from the previous year. That and the fact that the County was threatening to go to a tax for everybody in a true sense would have killed the donation thing. There were other factors, the biggest factor of all was that 40% of the people who got letters, sent us a donation, which is an incredible return rate. That means 60% sent us nothing and many of those people are million dollar property owners and some of those people we had calls for transport to the hospital and still didn't give anything. You can't do anything about it because it's a voluntary donation.

Frank Rush – Our contract with the Emergency Medical Services Squad basically says that we will negotiate the amount each year, that's what we are doing. In most communities where this type of arrangement exists, what we are doing right now is exactly the way it is done. I do not view EMS as a Town department, I view it as sort of a hybrid between something like a Waste Industries and a Town Department.

Commissioner Farmer – I must agree with Mary that this is cheap and it certainly not an extravagant budget and I truly am bothered sitting here.

Frank Rush – If you all want to fund the full request I've got another revised proposal for you that I will hand out but basically you will have to come up with another \$17,000 either through revenue enhancements or additional cuts in our budget.

Commissioner Farmer – I do think that Art's suggestion of you guys taking over the column however frequently you want to do it, quarterly or half a year or whatever, is a good one and there may be other expenses that you have that the Town can help with.

Mary Metzler - Right, if the Town sells us gas, that would save us, I don't know how much without sitting down, seeing how many gallons we get every year which is not the way we keep it.

Commissioner Farmer – Part of this is because this is a switch. You are switching from having operated totally on your own to being funded by the Town and that's why I think really going through this right now is helpful, to see if there are ways that the Town can help them out, to cut costs. I don't really look forward to going through this another year, you know. I mean I just, I do feel very strongly that you are not a department of the Town and you are contractual agreement I don't know what Waste Industries books looks like, you are not Waste Industries, you are somewhere in between but the idea of us saying, I'm sorry you can't give flowers to people, I mean come on.

Mayor Schools – For what my two cents are worth, I certainly don't mean to be saying that at all.

Mary Metzler – If we get less than we asked for we will have to not do some things like sending flowers. We are going to have to cut out something like that. I certainly can't cut out fuel and I can't cut out laundry, I can't not pay the accountant because you folks require that we, and I mean, I don't have a problem with that, I want everything to be above board and I would probably still keep the accountant and have somebody do the books and check up on us. It's for our own safety, so that no one could ever come and say we misused the money.

Who does vehicles maintenance for the Town?

Frank Rush – Public Works Department does some vehicle maintenance, other stuff goes out to various garages.

Would that be helpful at all?

Mary Metzler – Not really, a lot of our maintenance is done by members.

Commissioner Marks – A lot of the stuff that we have, when we have air conditioning problems or transmission, we have to take it to New Bern, even Jacksonville won't touch it.

Commissioner McElraft - What I would like to do is go with the \$180,650 that has been negotiated between the two of you and then look at this \$85,000 if it comes up at the end of the year that you really did have to spend that \$85,000 that's \$15,000 more which is almost that \$17,000, then we can find a way then to try to make it up somewhere in the budget. Hopefully we will have some extra sales tax revenue by then. Right now the budget is just crunched to the "nth" and I just cannot see any way we can do the whole amount right now.

Has that \$180,000 actually been negotiated between the two?

Mary Metzler – It's a figure that we talked about. I told him that I would be willing to take that \$10,000 out but realize that if something came up I might have to come back to you and, again, I am not threatening, but as far as I am concerned, the Town can have it. I can't provide what I'm used to providing for the last twenty-two years, which is operated service, available all the time with the necessary equipment and so forth to do it then I don't want to be a part of it. I agreed to knock that \$10,000 off and then if we buy gas through the Town we save a little bit there, \$1,200 or \$1,400.

Frank Rush – The way I arrived at \$180,650 is if you knock off the \$10,000 contingency, that gives you \$187,650, there is \$3,600 in rental income, that gets you down to somewhere around \$184,000, figuring on \$3,350 of interest earnings were factored into it, but if you factor in another \$1,500 in savings on fuel, which is about what I think it would be, then relying on maybe \$2,000, \$2,5000 interest earnings.

Commissioner Farmer - I got down to \$184,150 with the \$10,000 contingency gone so essentially your contingency is, it becomes the General Fund the way it is for the Departments which you are not. \$2,000 for public relations I took off, if we go through Island Review and \$1,500 for fuel.

Mayor Schools - \$185,000 is the number that I come up with. The Town and EMS needs to get together and at least communicate from time to time to make sure we are on the same page. I don't think we are out of sink but I want to make sure we stay in sink. I would like to see the board go with \$185,000.00 with the understanding that if it starts getting squeaky the first part of the year come back and say it's making it or it's not making it.

Sorry Frank.

Frank Rush – It is your decision.

I do hope that you understand that we wouldn't even be doing this if things weren't just so incredibly tight in the budget right now.

Mary Metzler – I understand that and at the same time, everything that we buy has gone up, everybody is in the same position and that's why, and I told Frank, if we could get more people to volunteer we could, we need drivers, a 24-48 hour course and you could be a driver. If the board can in anyway do anything about encouraging volunteerism, we have put up flyers, we have put up posters, but I think people in the Town need to realize that if they want the service they are either going to have to volunteer for it or they are going to have to pay for it. I mean granted, there is no other way to get around it. They are getting it cheaply because a very small portion of the people who live here on this island are volunteering for it. Some of my volunteers are getting older and, I am one of them, and unless we get some younger people to start taking the place of some of my volunteers the Town is going to have end up having to foot the whole bill. Again, there is a class starting up the end of June if anybody is interested in being a driver, or knows anybody who is interested. We have had somebody say, I don't want to drive, I want to save lives, driving saves lives too. If they don't want patient contact we still need for the ambulance to get there and to get to the hospital, we still need drivers. I am in a position where I have more paramedics than drivers, which is an enviable position to be in. If you know anybody who can donate some time, and the more volunteers we have the less time you have to donate.

Mary, what kind of classes do they have to go through?

Mary Metzler – They have to take a 48-hour class.

I know at one point you guys were looking to see just how much certification they needed .
Mary Metzler – Yeah, they have to be certified at the Ambulance Attendant level to drive, which is about a forty-eight hour class and then they have like twenty-one to twenty-four hours a year continuing education. It's not a terrible expenditure of time and if we got a few drivers, right now we are running every five days and I have enough people at ALS level that if I got three or four drivers we could do it every six days. The more people we have
Speaking of ambulances, when you get the new ambulance, what will happen with the old one?

Mary Metzler – It's sold or traded in.

What kind of revenue do you expect to get out of that?

Mary Metzler – You pay \$90,000 and you are lucky if you get \$9,000.

Does that go back into your contingency fund then? Maybe that will help with that \$10,000.
Mayor Schools – As you can tell and I hope you already knew it before but everybody is exceptionally appreciative of EMS. Do you all have any meetings or anything where it might be beneficial if I came and at least expressed our appreciation to the squad?

Mary Metzler – First Tuesday of every month at 7:30 P.M.. That would be very much appreciated.

Are there any grants out there, from the Federal government, for volunteers

Mary Metzler – Yes. We have applied a couple of times for grants and been turned down, in most cases. I think we got one.

Commissioner Marks - One year every body in the state got like \$3,500 but we usually get turned down because we have money in the bank, which was our funding operation. If people were given a rescue tax then that didn't count.

Maybe we could have you come and talk at one of the Board meetings, encourage volunteers at our Board meetings.

Mary Metzler – I would be happy to do it.

Commissioner Farmer – I think the other issue that I would hope the Town and you could work on is the coordination between the Fire Department and EMS.

Mary Metzler – One of the things we were discussing too is, there are some calls, of course this issue goes way back, the Fire Department was forced on EMS when we first started, the first contract that we had with the Town. I have no problem with the Fire Department coming, I like to have the big boys for lifting power. As far as most of the time, on the medical stuff, I mean that, whether they are there or not I don't really care. I do like, we certainly used them carrying the big boy off the beach. There are some times like, we had a call to Primary Care yesterday. There is no need to send a fire truck to Primary Care. They are in the way there because there is not a enough room for everybody and we always have enough people at Primary Care if we need to lift. I would like them to work out some way to say, dispatchers do not dispatch the Fire Department. Originally they were supposed to dispatch them during the day and at night on 10-18 calls, but then sometimes the dispatcher would dispatch them to a fish hook and they wouldn't dispatch them to a cardiac call and I mean we couldn't get them to do it right so we said do it for everything. I was thinking if I gave them a list, do not dispatch to Primary Care, do not dispatch to a jelly fish sting, do not dispatch to a fish hook, we can always call them if we get there and we have a 400 pound person we can call and say send us a guy to help lift, but I think it is ridiculous to be running that big fire truck back and forth. That's wasting gas, it's wear and tear on the fire truck. Sometimes all we need is one fellow, one fellow in a pick-up truck or something. Frank would probably need to talk to Billy about it and everything and who ever is in charge of dispatchers. If I made a list that they could put it right up there, don't send them to Primary Care. Why do they need to run a big fire truck from over here to respond to the P.D. If they came over in the pick-up truck, if they had a fire call, it takes them thirty seconds to get back and get the fire truck. It's not like they are way down. I talked to one of the firemen, they said they have to do it because they may have a fire, well, they go down and play around on the beach, down at the point, when they are practicing with their rubber rafts and stuff like that, well they may have a fire on the east end. That's going to happen, you can't cover every contingency. All these years, all the years that the fire department has been responding, I can't think of two times when they had a fire when they were helping us. I don't even think there were any times.

Frank Rush – I think the issue is on the dispatch side and we really need to talk about improving the dispatch capabilities and maybe some additional training. I know you all are probably

familiar with Emergency Medical Dispatch and maybe trying to get some more of that training. Mary Metzler – That would be great if we could do that but, I mean, if we could work out something where I gave them a list of don't bother to send somebody on this, and we could get these dispatchers to actually do it, it would be a big help.

Frank Rush – I think that's really where the issue is and where we need improvement.

Mary Metzler – That would cut down a little bit on the Fire Department's use of gas, wear and tear on the trucks and it wouldn't hurt us any either.

Mayor Schools – Mary, do you think that whether it's me or some other board member or several board members, should we set up some type of quarterly meetings just to make sure we get together and talk. My theory is, if we don't do something that all of a sudden, tension builds up somewhere and it gets too far out of check before we start talking about it unless we have some pre-assigned time that we just automatically get together.

Mary Metzler – That would be fine with me. I don't really care but, except for budget time right now, it seems to be a really big problem, but I would be happy to get together once a quarter or if somebody wants to come to our meeting once a quarter.

Mayor Schools - I just want to keep contact. I would much rather deal with a small problem than deal with ten little problems that may have gotten to a big problem. If we don't deal with the small problems we get really big problems.

Mary Metzler – I understand that because we have the same thing within the Department itself. If somebody doesn't bring up the small problem when it's small then it gets to be large and affects everybody. I try to encourage everybody to do that, if they have a small problem to talk to me before it becomes a big problem and hard to deal with.

Mayor Schools – On the Island Review, we have to turn stuff in basically by the first of each month and it comes out like the middle. I think one just came out this past weekend. Just keep that in mind.

Frank Rush – If you have anything you want to put in the Town's column too, I mean, might as well put it where it's cheapest to do.

Mary Metzler – That would be fine. We will submit some stuff periodically and you can put it in whenever and wherever you choose.

It would be nice to have something water related, jelly fish type stuff.

The \$185,000 that we are talking about is for your year when?

Mary Metzler – From July to July.

So you are on the same? You mentioned Frank, that this is the way a lot of towns handle it. Does anybody have any ideas how we can handle this without doing this, without getting into the knit-pick, let Mary and her staff manage her budget.

Frank Rush – I don't know, I mean, I'm open to any ideas. I don't know of any other way to do it. If you, to a certain degree you are paying for preparedness, you are paying for the availability of service. I've not used it since I've been here thankfully, hope I don't ever. It's difficult, the

only other alternative is to set a per call fee for the service but in most cases that doesn't come close to covering the true cost of service.

Mary Metzler – In Onslow, when I worked there, they were collecting about 40% of their billing.

I mentioned this to Doje one time and she gave me a lecture.

Frank Rush - Really, that's the only way I know of that you wouldn't get into a resource allocation process like we are going through here.

Mary Metzler – Other people have talked about, in my personal feeling is not charge because, again, I think this is a service the same with Fire Department, Police Department. You don't charge someone who has a fire.

My concern would be, if you start charging people, people are not going to make the phone call when they need to make the phone call, even knowing that insurance will reimburse whatever .

There are people with no insurance.

Mary Metzler - I'm not saying charge everybody, what I'm saying is, we have no choice, charge everybody or you charge nobody.

Mary Metzler – No mam, no mam, you cannot.

Frank Rush – Where that comes into play is I guess, different levels of aggressiveness in collecting from your patients.

Mary Metzler – I mean you either hire people to do it, to do the billing and so forth or you send it out in which case you don't get all the money that comes in, they take 10% off the top of everything that comes in.

Frank Rush – I'm not suggesting that we change.

Commissioner Farmer – I will tell you that one day we are going to have to but I don't think we are there yet.

In the future, what we are doing right now by going with the \$185,000 is saying come back in January. We are playing with numbers and if we could get away from that the next time around I think it would be a benefit.

Frank Rush – The only thing I will say is that, what if the next time around the request is for \$300,000. If you all want we can structure a contract that says we are going to give you “X” number of dollars and we are going to give you “X %” increase each year and determine that ahead of time but that may not be sufficient to meet their needs or maybe we are paying too much, but I don't know of any other way of doing it when you are talking about a public service like this that is funded by tax dollars that set it up.

Mayor Schools – I personally thought this exercise was pretty good. Hopefully, obviously nobody is antagonistic with EMS, we are very sympathetic with EMS. I think all have an understanding of where each is coming from and if nothing else, we have sat in here for almost an hour just talking about EMS and if that's the only hour we spend all year, that's an hour well

spent.

Plus we see services that we can share, the newsletter, and things like that, that can help. We have to ultimately look at this as it's coming from the taxpayer. As commissioners, we need to as commissioners, protect the taxpayers too but we also want to protect lives so we want to make sure that you stay, get the funds that you have to have. There are some that are kind of iffy here, I think that \$15,000 you said was coming in so that might work out in your favor, if they can sell the ambulance that will be another \$9,000 that can go back into contingency so hopefully you won't have to come at the end of the year for this.

Mary Metzler – I just as soon not.

But if you do. Thanks again Mary.

Commissioner Eckhardt – Again, I think we are playing with the numbers and, I'm uncomfortable. Saying \$185,000 and \$10,000 later.

If she doesn't need it then she's not going to spend it. If we said \$195,000 and she spent \$185,000.

It goes back into the contingency fund, which is a general fund, but we have to understand we are on a very limited budget.

Commissioner Eckhardt - I know that, you don't have to tell me that, I just think we are playing with the numbers here and I think in the future we should get away from that. Didn't we say \$185,000 now and you can get \$10,000 later?

If the Fire Department runs out of money don't you think they are going to come and ask us?

Frank Rush - I certainly didn't make any effort to go in there and try to tell the EMS Department you should cut flowers or you should cut salaries or whatever. The reductions that I made were purely motivated by budget concerns and honestly in my view were relatively painless items. Contingency is just that, if it's a good year it's great to have that. If it's not such a great year in my view it's something that could go in terms of setting our budget. The other \$10,000 was additional revenues that are coming into the squad that basically could fund all those things.

Frank Rush – What I've got for you here today is a couple of things, I've made a list of items that we've wrapped up our meeting this last Tuesday, pass that out. In response to that we have gone back and looked again at each of the items listed here, these are the sort term issues at the top. Just to quickly go down the list, the telephone line items you'll see in just a second that we have revised our estimate on telephone expenditures and thus are able to eliminate another \$6,500 by doing a better job of estimating the expenditures for next year. That does not include any savings that we might enjoy by going out to competitive bids and we will do that, it's just that we can't get through that whole process before the budget is adopted but at any rate we were able to eliminate \$6,500 in budget there. Number two is just simply stating a decision that was made, we pulled out the \$1,750 from the ?. Number three, Pat had asked that we look again at the Building Maintenance line item in the Fire Department budget and have identified another \$1,500 deduction in that line item, that's on the list you will get in just a second. Number four, the actual cost of irrigation at the Highway 58 entrance corridor in February was \$106, in March was \$166, April was \$147, and May was \$136. If you break that out on an annual basis it probably somewhere in the \$1,200 and \$1,500 range, it won't use as much in December and

November. That's something that they did initially try, to have wells installed, but DOT would not allow them to install wells on the right-of-way. My personal view is that the corridor looks a lot nicer right now that the grass is in and the irrigation is in but nonetheless, that's roughly what it will run \$1,200 to \$1,500 on an annual basis. Number five is simply stating your desire for some additional salary increases for targeted positions. Number six, the Recreation Center hallway tile. I didn't have a chance to go down there and look at that. It is an area that's about a little over 1,000 square feet. The initial estimate we got was about \$4 per square foot. That was from one person, anything we do down there we can get competitive bids on. I have asked Alesia to go back and look at her current budget and see if there is a way that we can squeeze that out in the current year and she has told me that she thinks she can so we can eliminate that from next years budget so that will reduce our burden for next year. Number 7, the burning permit fee, is an interesting one. We are one of the few towns that allow burning within the city limits and actually we are doing so illegally. We are in violation of State Law and in talking to Chief Walker in the past he has tried to eliminate that practice but met with resistance in the community and we have continued with that. He says we issue roughly 200 of those permits per year. There is about 10-15 minutes of staff time involved, assuming there is not a fire, at that location but I don't know if it would be right to start charging a fee for something that is illegal and I guess my recommendation to you all would be that we shy away from that.

Well, I have a little trouble with our issuing permits for something that is illegal.

Commissioner Marks – I think Carteret burns without permits

Why is it not legal?

Frank Rush – There is a State Law that says that if you provide yard waste pick up you can't burn in your community and I was quite frankly, I was shocked to learn that we allowed it because I have never been in a community that allowed it.

Commissioner Marks – Well, it isn't just yard waste. Unless things have changed, a lot of that is contractor waste. When they build a house, they put a pile of stuff that is non-burnable and that has to be hauled off the island. Unless something has changed

Frank Rush – It is illegal to burn contractor debris, I don't know if people do that or not.

I've seen a lot of vegetation that's been pulled down and that's been burned.

Commissioner Messer – I haven't seen a contractor burning anything in a long, long time.

I think we should put it on an agenda item to discontinue burning.

Frank Rush – Chief Walker informs me that there will be some upset citizens so you might want to prepare yourselves for that.

Should we start charging them for taking away yard debris?

Frank Rush – That’s something I’d like to look at in the future. I mean, ideally I would like to look at it now but I don’t think we could do a thorough job of it now.

Commissioner Marks – I’ve said that to Frank already, if it’s financially feasible, I would like to see us chip yard waste and using it here. We did that at one time.

Frank Rush – I do have both of those actually on the longer-term issues. That would be one of my priorities for the work program for next year to make sure that we analyze that appropriately and make whatever changes.

Commissioner Marks – I worry about, when I look at that pile down at 10th Street that still hasn’t been picked up or prepared properly, but it wouldn’t take much to set that on fire and spread throughout.

Frank Rush – On that particular issue I have had Mitsy contact that property owner .

Commissioner Marks – I was sitting there when Gayle was on the phone with the property owner trying to explain to him why it couldn’t be picked up the way it was and she deserves a gold medal for that.

Commissioner Messer – She had good training with irate renters at my place.

Frank Rush – It’s something I don’t want to make a snap decision on. I’d really like to sit down and evaluate it a little more.

So why don’t we put burning on the long-term list too?

Frank Rush – Yeah, we’ll bring the burning thing to you maybe in June. I’m going to give you copies of the June agenda before you leave here and you might want to bring your sleeping bags. Number eight, the annual cost for Island Review. I got some additional information but basically we pay \$289 per month for our one page allotment plus we pay, it’s averaging about \$550 per month for postage costs. The mayor’s column is free, we also get some free space for Parks & Rec events and programs. The budget estimate that we have in there is accurate based on our costs for service now. If you all want to take a look at me doing it every other month or quarterly I don’t see that’s going to save us any money, it’s not a direct correlation in terms of having a monthly cost or quarterly cost, that’s up to you all to decide.

Mayor Schools – She said the postage we paid for was to Emerald Isle residents and we don’t pay for it when it goes out of town.

They didn’t used to send it to Emerald Isle residents, you just had to pick it up somewhere. That would remain, even if we didn’t have an article, we’d still have to pay postage to Emerald Isle residents so there’s not that much of a savings.

Mayor Schools - The monthly rate was going to be like \$269 or so, the quarterly rate was going to be three something.

Frank Rush – Yeah, she did offer to decrease the monthly rate it by \$20, and the quarterly rate

would be \$329.

Mayor Schools – The main thing that I got out of this, and I don't think it's a big deal, but maybe we just should make sure that whatever goes in there goes through Frank so that he knows what's going on in each month.

I don't think anybody has written anything.

Frank Rush – We will stick to one page a month. There may be one or two months out of the year that we may want to have something longer, like we have hurricane evacuation information going in this time, that is going to be an extra page. If we did the beach nourishment stuff I am sure there would be additional articles.

Commissioner Marks – I would like to see you pursue the riptide thing, contacting Atlantic Beach, Indian Beach and Pine Knoll Shores, in terms contributing to a full page or something like that because we are not the only ones who have riptides.

Frank Rush – It was clear that the change that was made was clearly a savings to the tune of like \$5,000 to \$6,000 per year.

That might be something that can be put in for free because she has different columns that she puts in for free, she doesn't charge anything for that. Now, I am looking, I was just comparing, just putting our column in, Emerald Tidings, once a month, I mean once a quarter compared to once a month. That's \$420 a quarter savings, so that would be \$1,600 if we just did that.

Commissioner Marks – I know we are looking for

Mayor Schools – If we are going to get EMS to put something in the Island Review once a quarter, then we will probably need space each month.

Commissioner Marks – I very much feel that the once a month thing is to our benefit. Who remembers which quarter there will be information.

I guess what I'm saying is that every month she puts in a synopsis of everything that has gone on, it's almost a repeat of what Frank puts in. I mean, it's really not that much different than what she is putting in for free and what we are paying for. So I was thinking if we only do that once a quarter it would eliminate a little of you having to do something every month. You could always put in your Mayor's column or we could switch it to a Manager's column. That would save \$420 a quarter.

Frank Rush – Sometimes there is overlap between what she prints on the meeting right up and sometimes I want to emphasize certain aspects of a particular project or decision and I kind of look at her as kind of a newspaper reporter and I kind of look at it as my public information tool for the Town to, sometimes I restate those things, and honestly there is a schedule, maybe I need to talk to her about changing my deadline for getting stuff in, because the schedule is not ideal based on the way our meetings are and I can't get anything timely in there.

Commissioner Messer – Are we doing the newsletter anymore or are we doing it through the Island Review now?

No newsletter, just the Island Review.

Frank Rush – The number nine is the one, I think I mentioned the possibility of actually ordering the fire truck this next fiscal year and having payments start the following year. In the five-year projection I prepared for you, I took the same approach but I had us ordering the truck in 2003/2004 with payments in 2004/2005. I would really like to order the truck now but for budget reasons it was not included but if you all feel strongly about that it is something you can talk about some more. Number 10 is the Recreation fees for the Rec Center and I've got some information on that as well. The other items at the bottom we pretty much have talked about all of them, add the meals tax on there and we'll investigate that for the future as a revenue source.

Someone else had mentioned impact fees.

Frank Rush – We can look into that also. Those are typically difficult to implement.

That may be something that we can't do but we could at least have the information.

Frank Rush – Those were the significant items that I recall from the last meeting, if I've missed anything please tell me. What I have prepared based on that is, I went back and was trying to find a way to shave a little bit more off of the tax rate. I know that there are those of you who would like to shave even more than that so I have listed some other ideas.

Commissioner McElraft - Before you get to that can I ask you one more question about D.O.T. not letting us do wells there. We can pay for a well in one year. What was their reasoning?

Frank Rush – I think they wanted to protect their right-of-way.

Commissioner McElraft - We are protecting their right-of-way, we are beautifying their right-of-way. Could we pursue that a little bit more and see if we can get a different answer from them?

Frank Rush – I can certainly pose the question again, I don't know how fruitful. Whenever they initiated that project that was their first thought, was to do exactly that and it got turned down.

D.O.T. is just very protective of their right-of-ways for obvious reasons.

Commissioner McElraft - If not, could we pursue the property owners that are adjacent to the D.O.T. properties to see if we could put a well on their property. Paxton Holt was the one who talked about using the water. Let's ask them and see. If we can save the Town \$1,500 per year.

Mayor Schools – How much would it cost to dig a well?

Commissioner McElraft - \$800 for a well that could water both, probably, I don't know, we might have to have one on each side, I'm not sure how that would work.

Frank Rush – I apologize, I did not recall this when we were talking earlier. Now that we have gone ahead with the water system, apparently there are different irrigation systems when you have a well versus when you have City water because of the pressure difference. The note that I have here says that we will basically have to upgrade the irrigation that we have just installed if we go back to a well system.

Commissioner McElraft – Let's find out how much it would cost to upgrade it because \$1,500 a year for water is not cheap.

Frank Rush - She's got here that the cost of the deep well is figured at approximately \$4,000 each, we would have to have one on each side of the road.

Commissioner McElraft - I am only paying \$800.00 to water two properties.

He's talking deep wells, not an aquifer.

Frank Rush - This is a larger area than a residential property.

Commissioner Messer - It's going to take a lot of well and a lot of trunk to run all of those sprinklers.

Commissioner McElraft - I just think we need to check it out because I do, maybe we can use storm water.

I don't think you want a deep well.

Commissioner McElraft - I would rather see two smaller wells on each side that would focus in on different parts of it even.

If we are doing this to get away from using the aquifer then you don't want a deep well.

Mayor Schools - Maybe you all can clear something up, in this newsletter that the water company sent out a week or two ago, it said something in there about surface water, which is like rivers and streams, and then there is ground water, and I thought they said all their water came from ground water which is not deep well. Is that, did I read that right?

Frank Rush - That is right, all their water comes from ground water. They are taking all of it out of the aquifer. On the sheet that I handed out here, on the top just for your information I gave you the numbers in terms of what we would have to either cut the budget by or increase revenues by to achieve different tax rates. If we want to cut the tax rate by 2.5 cents then basically we will have to come up with a little over \$342,000 and on down the list you can see that. I broke this into three columns. These are listed as potential adjustments for you to consider. The first group are things that I guess I will put my name on as recommendations. I was trying to get us down to 19.5 cents. Some of these we have already talked about, reducing the telephone line item. We did have \$5,458 in the contingency/general fund that was really just to round off the budget, to make it balance, obviously that would go. The third item, the increased funding to EMS, \$6,553, you would actually have to add another \$4,350 to that now after the decision this morning, that was based on the \$180,650 number. Eliminate the warning flag system, eliminate the Recreation Center flooring, reduce the Fire Department building maintenance, those are all things that we have talked about. The last two, increase the sales tax estimate by \$25,000. After going back and re-running the numbers on the sales tax I feel comfortable that we could increase that estimate by \$25,000 through next year.

Are we talking about \$120,000?

Frank Rush – Yes, and still be conservative based on the latest numbers we have looked at. The last one on there is the beer and wine tax and that is one of the items that the Governor withheld in the current fiscal year. We did not budget that for next year and he has that included in his budget for next year and I feel like that's pretty safe, it's probably as safe as the utility franchise tax and I think it will be reasonable for us to include that as another revenue source next year, I had not originally included it. The sum total of all those items was \$51,655. That got us down to a tax rate of 19.62. I basically am saying that we could probably afford to appropriate \$16,000 or \$17,000 in fund balances just to round the tax rate down to 19.5 cents. I did go back last night and took a look at the most recent printout of our budget status right now. The good news is that I don't think we will have to appropriate an additional \$32,000 to balance this year's budget. I think I had told you previously that we were looking like we were going to go over a little bit this year, the biggest factor contributing to that was we made almost \$21,000 selling surplus vehicles and that made a big difference so I think we are going to come in right on target for this year which will help our fund balance by another \$32,000 or so next year. I am not crazy about using even that small amount from the fund balance but it is certainly reasonable if we want to try to get the tax rate down a little bit. The second grouping there are other adjustments that have been mentioned to me by individual commissioners in the last week or so. A total of \$1,000 in contributions to other agencies. The Recreation Center fees, I talked again with Alesia about possibly raising those fees and this is something for you all to consider on the Recreation Center fees having a modest increase of \$10 per year for most people. The net effect of all fees would be around \$5,000 that could result in additional revenues to the Town next year. The last two items are something that I would want to caution you about. We do have the old storm water fund and the old beach nourishment fund that will have balances in them. My initial budget basically just let that money sit there for whatever might be necessary in the future. It was suggested that perhaps that money could go to offset the tax burden next year. You all could certainly consider appropriating those funds as a revenue next year. The only thing I would caution you about is that is money you would have to make up the following year. That was Pat's idea.

Commissioner McElraft – Which we'll have money from sales tax next year to make that up.

Frank Rush – The very last two items on there, and honestly everything on this list is obviously subject to your approval and consent, my thought process was that the first group was probably much more likely to be approved, the second group certainly up for discussion among you and then the third group is something that is a little bit preliminary right now that I really need to do a little more work on and spend some time with the Police Chief and analyze this a little more. We did have a police officer that resigned last week. I had an exit interview with him this morning. He had nothing but glowing things to say about the Town and the Police Department. He is simply leaving because of basically doubling his salary, I certainly can't fault anyone for that. He is moving to Canton, Ohio. I had eliminated a vacant position in Public Works, which is the only other vacancy that we have right now. My thought, and I don't want to decrease our presence on the streets, we have twelve patrol officers dedicated right now and we always have three people on the street, and we have three detectives and generally there is one of them on duty at all times. My thought, and again it is very preliminary, I really just want to kind of throw out a feeler here to you all right now, is possibly take a hard look at how many cases our detectives are dealing with and possibly shift a detective into a patrol position. I really need to

take a harder look at the number of cases in that workload. I have gotten started on that a little bit, Carolyn is helping me get some information from other towns. That would be the thought, if it's something that you all think is worth pursuing I will look further at it. If that's something right off the bat that you all are going to say don't even consider it, I won't spend the time investigating it.

Commissioner Messer – I have often wondered why we needed three detectives.

Mayor Schools – What's Mark's position.

Commissioner Messer – But the figures you come up with, the caseload would be interesting.

Frank Rush – Obviously it's not a decision to make just on a whim. Obviously the Chief's position is he wants to fill the position. He is more concerned about just losing the presence on the street so I want to talk further.

I don't want to lose a police officer but I do wonder about the detectives.

Commissioner Marks – When one of our detectives is out of town being shared with somebody else, do we get some kind of reimbursement on that?

Frank Rush – We do. Paul Cheshire does some work with the Drug Enforcement Administration and we get reimbursements for those. Yeah, I have wondered the same thing since I've been here, just haven't really delved into it until this point and it is certainly very timely. That is something that, the total salary and benefits of that officer position is just over \$37,000. There is some possibility that we could eliminate the police vehicle that we had programmed for next years budget. Basically what that means is we would probably shift one of the Explorers over to a patrol vehicle, which certainly could be done. We have relatively new Explorers for the detectives right now, we could obviously get it marked as a police car and have that available.

Mayor Schools – It might have changed in the last couple of days but there was a police car parked out here without license plates.

Frank Rush – Was it a Crown Vic?

Mayor Schools – Yes.

Frank Rush – Honestly, I don't know. We do have a couple of reserve vehicles.

Mayor Schools – There were two of them over there, one had license and one didn't have license.

Frank Rush – I don't know but yes, we did sell several police cruisers, we sold seven vehicles total.

Mayor Schools – How many bids did we receive?

Carolyn Custy – I have not counted them but we had a bunch of them, the most we have ever

had.

Commissioner Messer – There were six or eight people bidding on each vehicle.

Frank Rush – I was pleased with the results. We got pretty good prices on them.

Commissioner Messer – I think you did too. I don't know what Mr. Sanderson's going to do with all of those vehicles, he paid a pretty good piece of money for some of them.

Frank Rush – Does anybody object to me looking into that further?

Commissioner Marks – I think we need more information.

Frank Rush – At any rate, I guess the point of all this is I feel like we could get to 19.5 cents, it's not much but it does help somewhat. I guess it's really just, prior to the re-evaluation the Town's tax rate was 19.5 cents so at least it will enable you to keep the Town's tax rate from beyond what it was prior to the re-evaluation.

Commissioner Farmer - I am uncomfortable about taking money out of the fund balance.

Frank Rush – We would basically have to use about \$17,000, to get to the 19.5. I didn't want to appropriate the fund balance either but after taking another look at where we stand this year my initial, our initial estimate was that we would have to use \$32,000 extra to get through this year. I don't think we are going to need to do that now so we are still coming out to the good. The other thing I wanted to bring up to you all, just throw this out here, and it has to do with the fund balance to a degree. The Governor's proposal for the extra ½ cent sales tax, I had mentioned to you that it might be wise to wait until the, almost the last minute, to approve the budget, and if that additional ½ cent sales tax comes through that we could cut the tax rate by an equivalent amount at that time. I don't really know how that's going to go yet, I don't think the General Assembly has let out of the bag yet how they feel about it but one thing you might want to consider is adopting a budget without that included and then, if that does come through, that money could either go to fund balance, if we start receiving that next year

Tell me again the amount of money you are talking about.

Frank Rush – It's roughly between \$175,000 and \$200,000. If we adopt a budget with a 19.5 cent tax rate

Commissioner Messner – Is that about a cent and a half?

Frank Rush – Yes, about a penny and a half is \$205,000, somewhere around there.

Commissioner Farmer – If we get it then I have no problem taking that \$16,000 out of the fund balance.

Frank Rush – We don't know if we are going to get it and I guess the only thing I'm saying is that if you approve the budget at 19.5 or 20 cent tax rate, we move on through the year, if that comes through that's great it's a big bonus, that comes through you can either put it toward the fund balance in the middle of the year or you could use it for some other thing that you might want to do, if you want to give some more money to EMS or other salaries or whatever the case may be, spend it on capitol projects, that's another option that's out there.

We can actually use it to decrease the tax rate the next year.

Frank Rush – You could. It's definitely going to come through next year, I mean, I say that, there are statutory provisions that bring that on next year and everything I'm hearing out of the County is that they are very supportive of the ½ cent sales tax, unanimously.

But I definitely wouldn't want to use it for this year if we did, I mean if it was approved and it looks, the County's approving it, we're approving it, if we get the legislature to approve it, that's a penny and a half to take out this year.

I'm not going to approve anything that's a tax increase at all so, I'll just let it be known right now, not that my vote counts but anyway, that's the way I feel about it.

Frank Rush – If you all don't want any tax rate increase I really think there's got to be additional cuts identified.

I think that we can do it with this local option sales tax.

Frank Rush – I think we can if that comes through.

If it doesn't, we can take storm water and pay it off more slowly, we can take \$50,000 out of storm water and \$50,000 out of beach nourishment, that's just sitting there. Instead of going into the tax payer's pockets, let's go into the Town's pocket a little bit. We are not taking out of general fund to do this. I just really think, we've got a 3-cent tax increase, we've got a 48-cent tax increase that the people voted in, and I cannot go with another tax increase. I think there is a way to do it without going into their pockets and that's what I'm going to stand firm on my own personal self.

Frank Rush – What were your ways to do it again?

The local option sales tax.

Frank Rush – I mean setting that options aside because we don't know if it will materialize.

My option then is to take the storm water project and instead of paying it off in two years, pay it off in three or four years the \$500,000. Just like we did when we bought the park, the western access park, we paid that off \$50,000 a year.

Frank Rush – Is there anything else?

Commissioner Messer – Our fund balance is in pretty good shape, it looks like to me compared

to other towns.

Mayor Schools - We have about half the fund balance that other towns have.

Commissioner Messer – I must be looking at the wrong percentages then.

Frank Rush – I don't think it would be wise, our fund balance I projected next year will be about 26% of our budget I would really like to see it up in the 50% to 60% range over time. If it was a flush budget year I would be recommending that you appropriate money to fund balance.

We've taken over \$500,000 out of the general fund for storm water so that's what I'm saying, we keep saying it two cents for storm water but it really isn't because we've taken \$500,000 out of the general fund so that's where the general fund money has gone, the end of the year balance is \$319,000.00 etc. Two years in a row we took what was left over, it was almost \$500,000, we set out for the storm water. That came out of the general fund that would have been in the general fund now. What I'm saying is that's a tax on the people because it was taken out of the general fund.

When we agreed to do that we recognized that. We took a lot of other stuff out of the general fund too.

Mayor Schools – Anything we wouldn't have spent would have wound up in the general fund, regardless of what it was.

Commissioner McElraft -But I'm saying, you can't tell people they are only spending two cents a year for storm water because that's not true.

Commissioner Farmer - Your logic is off Pat.

Commissioner McElraft – Where did that \$500,000 come from?

Mayor Schools – I don't follow you.

Commissioner McElraft – Well, you are saying there is only two cents a year that we are paying to storm water that's not true, we took \$500,000 to start the kitty. That came out of the taxpayer's pocket too. Let's be honest here, it's not just two cents.

Mayor Schools – I agree with your logic. I didn't realize money was taken out of the general fund.

Commissioner McElraft – Absolutely, whatever the fund balance was at the end of those two years we put into storm water. You weren't here then. But anyway, my whole point is we can take the storm water payment, pay it off more slowly, we can take \$50,000 out of storm water and \$50,000 out of beach nourishment, that's sitting in those accounts.

Commissioner Farmer – How is that beach nourishment fund set up, do you remember? I have a lot of trouble taking beach re-nourishment money that was specifically taxed to people, that one cent.

We did sandbags with it.

Commissioner Farmer – Yeah, but you are saying take the remaining \$50,000.

Frank Rush – There is about \$248,000 left in the beach nourishment fund.

Commissioner Farmer – I don't support taking it out of either of them.

Commissioner McElraft – I support taking it out of those rather than taking it out of the taxpayer's pocket and that's what we are going to do if we raise our taxes and that's just my own personal opinion. There is a way to do it without it and I'm sure the taxpayers would appreciate it.

Frank, when are we likely to hear, when the legislature decides to do with the Governor's budget?

Frank Rush – I would say it could be any time between now and June 30th but judging on last year it could be any time between now and December.

I'm certainly not comfortable counting on that ½ cent sales tax until we know it's coming.

Frank Rush – I would not, I would advise you not

Commissioner McElraft - But there is a way of paying off the storm water, \$500,000 over payments, like we did the access park.

Commissioner Farmer – Yeah, I won't support that either. We set it up as two cents a year and two cents it is.

Commissioner McElraft – Two cents it is plus \$500,000. Don't forget that did come out of the general fund.

Commissioner Farmer – That was a decision of the previous board decided to make to set up the storm water fund.

Commissioner McElraft – What I'm saying is if we pay off the storm water payment more slowly

Commissioner Farmer – After we pay off the land we then have engineering costs that we have to pay, that's why.

Commissioner McElraft – Why don't we just stretch it out a little bit longer? And then we also have all of these sales tax revenues that we can't really publicly talk about that are going to be coming in for the beach nourishment rebate.

Commissioner Farmer – If you look at the projection, we have already spent that rebate.

Commissioner McElraft – It's a good thing we have it isn't it, \$125,000. Take a penny off the tax.

Commissioner Farmer – A lot of this argument is 3 cents and 48 cents, so that's \$17,000,000 that we are getting.

Commissioner McElraft – But you know what, the tax payers voted for that too, Emily didn't they and they didn't for storm water.

Frank Rush – The next step is for you all to give me some direction on how you feel about these items.

Commissioner Marks – I would like to see some more information on the police officer before

we make any decision on that.

Frank Rush – It comes to \$51,655.00 minus \$4,350, which means that you would have to use roughly \$21,000 from the fund balance to get to a 19.5-cent tax rate. You've got an option there, if we make these adjustments, you can either use \$21,000 and get the tax rate down to 19.5 cents or you can take that \$47,000 and put it in fund balance or spend it on something else or whatever you all want to do.

Mayor Schools – I guess the tax rate is always on the half cent? We don't do 19.7.

Frank Rush – You can do 19.26 cents if you like. I've never seen it done to the hundredth, I've seen it done to the ten, like 37.4. I just was trying to keep it neat but we can do that if you want to.

Mayor Schools – I was just wondering because I have never seen one that wasn't on the half cent.

Frank Rush – You can see on the second group, on the side there, basically I'm just not comfortable taking that much money out of fund balance to take it down to 18.5 cents so it is suggested here that you have \$20,000 left over at the rate of 19 cents. These are ideas I have had for you to think about, if there are others you want me to look at I would be happy to do it.

Commissioner Marks – In the second grouping, I would definitely favor the increasing (?) a little more in line with what it costs to operate it. Why would the old storm water fund not go to pay off the storm water debt?

Frank Rush – Basically because it wasn't necessary. When we approved the debt for the land purchase the debt came out to right around \$260,000 and that was a little bit less than was generated by the two cents so that money is just sitting there and it's up to this board to decide what you want to do with that money.

I'm lost. On the storm water \$50,000, you are saying that we would have to put it back in?

Frank Rush – No, you would not have to put it back in at all. What I'm saying is that if you use that \$50,000 to balance your budget next year, that money is not going to be there the next year so you are going to have to make that up from somewhere.

Commissioner Marks – You mean in terms of balancing the budget?

Frank Rush – Yeah, it's a one time revenue source and you are going to have a \$50,000 hole that you will have to fill next year, possibly with additional sales tax revenue or through cuts or whatever the case may be.

Commissioner Farmer - Why don't we take that \$50,000 and pay off \$50,000 of the storm water. I have no problem using storm water for storm water and beach re-nourishment for beach re-nourishment. That's what they are there for.

Frank Rush – That's really, essentially, you can make the case that that's exactly what this is doing. You can put this \$50,000 in the budget and say this is going to help pay the debt on the storm water project. Instead of us paying \$260,000 from tax revenues we are going to pay \$210,000 from tax revenues but still you wind up with the same results the following year, instead of having \$260,000.00 available again to pay debt service on the storm water land we've only got \$210,000, you'll have to come up with the other \$50,000 from somewhere else. It's

kind of like the problem you are having with fund balance this year. We used \$392,000.

But you are paying off \$50,000 that has to be paid off anyway.

Frank Rush – If you want to take that \$50,000 and apply it to the principal, we can do that but that's not going to cut your annual payment this year by \$50,000. I guess that what this would be doing is you would be taking this \$50,000.00 and putting it toward our debt service payment for next year. That's fine, I just want to make sure that you are aware that you will have to make up that \$50,000 or \$100,000 up the following year from somewhere. Essentially you can call this \$100,000 fund balance. It is fund balance in the other funds. The advantage here is that we don't have anything identified that we need that money for, it's kind of sitting there as a contingency for the particular projects down the road.

It's not legally earmarked like your tax district money is.

Frank Rush – That money is only earmarked as much as this board as much as this board says it is.

Commissioner Messer – What is our fund balance now?

Frank Rush – I projected our fund balance to be about \$1,350,000. I may be off by a couple of bucks. Yeah, I projected \$1,354,531. As of June 30th last year, it was \$1,302,699.00.

Commissioner Messner – Are you comfortable with that figure?

Frank Rush – I'm comfortable with it. We're not in any crisis by any means but I think we don't want to go any lower, particularly with the bond sales coming up. It will be important that we have a good fund balance, particularly as we go into hurricane season, it's good to have that beefed up. We are a little low compared to other beach towns but we are not in a crisis. We are about \$52,000 more than last year, in terms of actual dollars. The percentage will be a little higher too, we were at 24.16% for this year and according to these numbers we would be at 25.83%. There are other beach communities that are in the 50% to 60% range and some are higher than that.

Mayor Schools – The point about being higher than last year, the way this local government commission calculates it, we are not higher. They put that un-appropriated balance back in general fund

Frank Rush – Comparing apples to apples, we are a 1.5% higher than last year. The difference in the local government commission's calculation is that they counted that \$319,000 that we are spending, that we don't really have. The bottom line is, it would be my recommendation not to tap the fund balance for any significant amount. I would be comfortable with \$16,000 to \$20,000 or so but I really wouldn't advise you to go beyond that. You certainly can do that, there are other communities that are tapping fund balances to get through this tough budget year. The implications of that are that you have to make that whole up somewhere down the line and you run the risk of not having enough reserves if you need it.

That's fine. My only other question is that \$16,000 from the fund balance.

Frank Rush – Leading into my next question for you all, do you want to take that \$47,305 and use it to try and cut the tax rate by ½ penny or do you want to invest that in something else?

The only way I want to do anything is to cut the tax rate.

The \$47,305 is not ½ a penny.

Frank Rush – It is roughly 4/10 of a penny. We could have a 19.6-cent tax rate. Actually, I guess if you, I didn't hear any opposition to the recreation center fees, if you add that \$5,000 from group two up to group one, that gets you to \$52,305. That means you would have to use about \$16,000 from the fund balance to get to the 19.5 cents.

Let's put the fund balance dipping to the side. So I'm back on storm water fund. Were we planning on using that \$50,000 for any part of the storm water project?

Frank Rush – My intentions for that money was basically just to leave it there just in case there was some unforeseen need that would come up with the project. That was also my intention with the beach nourishment, the old beach nourishment reserve, is just to have that money available in case something came up. We are planning on financing the design costs for the storm water project as part of the construction costs, it was all part of the package, that we would go through a ten year financing package, two years from now, after the land is paid off, so those costs are planned for that debt issue as part of the overall project. This \$50,000 is money that the board can decide to do with what it wants.

Commissioner Marks – If we go ahead and start construction on the road, we are looking for a parks ramp, we have to match that.

Frank Rush – The local match for the parks ramp is factored into financing plan so that cost would be included in there as well. That's my plan as we move forward right now, you all can change that if you want and use this money for this if you like but that was the way the numbers were based. I was trying to keep the entire twelve-year commitment, two years for the land and ten years for the infrastructure, within the two-cent tax rate that has been allocated.

So basically, the interpretation is that it's sitting there, both the nourishment and storm water.

They are both essentially in the general fund.

Frank Rush – They are separated from the general fund. They are not part of our 1.3 million dollar general fund balance, they are separate.

Is there any reason to keep that account open.

Frank Rush – My intention was to keep it open and leave the money there until you all decided to spend it. If you made the decision at some point not to spend it, then we would just roll it into the general fund.

I'm wondering if we should roll it into the general fund.

Commissioner Eckhardt - I lost track of the timing on the proceeds from the County relative to the occupancy tax. When does that start? The money that we really cannot use for anything else but nourishment or beach maintenance?

Frank Rush – We will receive \$540,000 next fiscal year. They have not decided how they are going to remit that to us, whether it will be monthly or quarterly or annually. The early response I got from the finance director was that it would probably be quarterly but that has not been decided.

Commissioner Eckhardt - Lets say we run into more sandbag problems, can that be used to pay for sandbags for example?

Frank Rush – That is exactly what we did this past year.

Commissioner Eckhardt - No, I don't mean this; I mean money coming from the County as far as the occupancy tax.

Frank Rush – In terms of the language in the legislation, it probably would be a bit of a stretch but in a practical sense we have factored that money in to our repayment plan for the bond so if you did use it for something else you would have to make it up.

It's already spoken for.

Commissioner Eckhardt – That's the one-cent?

Frank Rush – It's both actually, there is one cent that is factored into the repayment plan for beach nourishment bonds but there is also that \$540,000 a year for four years, it is committed as a revenue source to pay off the bond as well. If you decided to take that money and use it for something else then you are creating a hole in the repayment plan for the beach nourishment project.

Commissioner Eckhardt – I thought there was beach maintenance money coming in beyond the pay off relative to the County, in other words the Beach Commission.

Frank Rush – There is roughly about 1.5 million dollars a year coming in from the county in additional room taxes for beach nourishment needs. Part of that 1.5 million for the first four years is coming back to the beach towns, that's where we get our \$540,000.00 allocation from. The balance of that money is going to build up over the next eight to ten years, beyond that for that matter, and right now that money is earmarked for the long-term, the local match on the long term, 50-year shore protection project and the comment that got you confused is, I suggested that if we do a FEMA beach maintenance plan that we rely on those future room occupancy taxes collected by the County as our commitment to funding for any emergency beach restoration that might be needed down the road, making the assumption that the 50-year project never comes through. If the 50- year project comes through then that room tax money goes to pay the local match and we don't even have to think about taxing our people. If that 50-year project doesn't come through the County is going to have that money there that I would presume the Beach

Commission would divvy that out among the beach communities to help them meet their needs at that time and that's the money that I was eying for a beach maintenance plan.

Commissioner Eckhardt – So there is no distribution of that at this time.

Frank Rush – Only that first \$540,000.

And the Beach Commission did agree that all the Towns would be included in a FEMA plan with that money.

Commissioner Eckhardt – So what do we do for bags then, if we need bags?

Frank Rush – If we need additional sandbags I will suggest to you that, right now we have about \$248,000 in the beach nourishment fund, let's say you took \$50,000 now and use it for next years budget, you would still have roughly \$198,000 that would be sitting there and that would be the fund that I would recommend for something like sandbags if necessary.

Commissioner Eckhardt – So we could, realistically, go into storm water and beach nourishment?

I don't have any problem putting the storm water back into the general fund since we really don't have any need for that money; we've already got it covered by two cents.

Frank Rush – If that's what you all want to do, you can do that.

And just close that account.

Frank Rush – You will not be harming any other project. The only thing I would caution you about is the \$50,000 you'll have to make up next year.

I guess that's what I don't understand.

If we are putting it in the general fund why do we have to make it up?

Frank Rush – Just putting it in fund balance?

Yes, I am saying close that account.

It may not mean that because we are going to have all the sales tax that we can't talk about, because we are afraid the County will change but we can't talk about the sales tax revenue we are going to have next year. That will off set that next year because all that's going into general fund. This year we need it to help the taxpayer out, we need it to lower their tax burden as much as we can.

I certainly agree with the first three and the second and the question is what information you get on the detective.

Did Alesia have any big problems with increasing the fees?

Frank Rush – She is a little uncomfortable with it but not to any great degree. She is just concerned about complaints from users of the Recreation Center that apparently the last time fees were raised there was quite a bit of upset users, quite a few upset users, and she is just concerned about this again this time, but in terms of the fee increases proposed, \$10 a year additional for most people and \$15 a year for a family package, she felt like that was a reasonable amount, she was just concerned about the backlash from users.

Commissioner Marks – In terms of sandbags, the only sandbags that are the Town's responsibility are at Bogue Inlet Drive?

Frank Rush – That is correct, the other sandbags are provided by the property owners

Commissioner Marks – And they all have just been replaced?

Frank Rush – Just ours have been replaced.

Commissioner Marks – They were how old at that point?

Frank Rush – I don't know, I want to say about two years.

Commissioner Marks – What say we take the storm water fund and add it to the fund balance and maybe half of the beach nourishment fund and hold that aside for sandbag replacement or whatever emergency on the beach.

I am going to have to think about both of those.

Mayor Schools – What is your objection to using the Beach Nourishment funds?

Well, we can't do that I don't think because that was tax dollars that were earmarked on the tax bill for beach re-nourishment and they should stay for beach re-nourishment.

Sandbags are not beach re-nourishment.

It's a beach related expense.

It is not a beach re-nourishment though. These are not legally earmarked for anything. Storm water is not legally earmarked, the beach nourishment tax has been set aside for beach nourishment to do all the, start the permitting process or whatever. They are out of the taxpayer's pocket and they are still part of the general fund, they are not a legislated earmarked

I don't want to make a decision on this today.

Well, I can't meet again. I'm leaving on Sunday. It will be Tuesday night I guess when the decision is made.

Frank Rush – When will you be returning?

Next Sunday, the ninth.

Mayor Schools – Do we have to make the decision Tuesday night?

I don't think so.

Mayor Schools – I am asking the question because I thought there was going to be another meeting after that to approve the budget.

Frank Rush – The initial calendar that I had given you has a special meeting on June 17th. If you are ready to adopt it on June 10th you can do that, if you are not you have until June 30th. You can have as many meetings as are necessary.

Commissioner Marks – I will be leaving June 15th and will not return until June 30th.

Frank Rush - You do not have to have the full board present to adopt the budget but if you want to have a full board present then you will need to do it before June 15th. Honestly, I don't know whether the legislature will make a decision on the sales tax before June 15th or not. I don't know if it is something that they will tackle at the beginning and make a decision or if it will just be folded into their overall budget decision which could be God knows when.

Mayor Schools – We are talking about the last day being the 14th then?

Commissioner McElraft – I will be back Saturday the 8th.

Frank Rush – One thing you might be able to do is have a workshop meeting either on the 10th or earlier in the day on the 11th and we could have the budget ready for consideration the night of the 11th.

Does anyone know when the general assembly is even going to look at this?

Frank Rush – I have been following it closely in the papers and they have not talked about it yet to my knowledge, I don't know. The only thing they have said is they are going to talk about the lottery relatively early in the session and make a decision on it right off the bat but I haven't heard anything about the sales tax, have you all?

Is it possible to revise a tax rate?

Frank Rush – No. The only other option is there is a provision where you can adopt an interim budget and then come back and adopt your official budget when that interim budget expires or

shortly before that.

Mayor Schools – So then you don't have any tax rate.

Frank Rush – Yeah, I mean you have got to rely on your reserves and any other revenues that are coming in from other sources.

Mayor Schools – From a cash flow standpoint, it doesn't have any affect because you don't send the tax bills out until late August..

Frank Rush – That's correct.

When does the County get that information?

Frank Rush – When does the County need what?

The tax rate information.

Frank Rush – They do the personal property and motor vehicles. I don't know when they need it. I think we would be able to go a month and still meet the County's needs.

Does County prepare our local tax bills?

Frank Rush – We do our own tax bills here, they do motor vehicles and personal property.

The only thing our tax rate affects is the things that we do ourselves, correct?

Frank Rush – No. Your car and mobile home or whatever is taxed at the same rate as your home is.

That's your town tax.

Frank Rush – That's correct, and we don't bill for those things, we bill your real property.

Has any town around here ever done an interim budget, do you know?

Frank Rush – I don't know about around here but there are communities that do it. It's not all that common but it's been done. There may be some that do it this year for the same reason.

I'll have to think about it, meanwhile we need to set up a meeting right?

Could we do it on the 10th before the meeting and just at least talk about the police officer?

Frank Rush – Sure.

Commissioner Marks – Or if you could get that information to us ahead of time in our packets then we don't have to

It could be a real quick meeting.

Frank Rush – Yeah.

That's really the only thing we will be deciding about and then everybody giving their answers on the other, storm water and beach nourishment. Then if we could do an interim budget, to wait and see what happens with the local options.

Commissioner Eckhardt – Storm water and beach nourishment, say that we want, lets take a look at both options, with it and without it. Whether we could all support that. I guess what I am hearing is, I think I've heard it before, I think I've heard it from you Pat, is that you are not going to vote for the current budget.

Commissioner McElraft - Oh, I am going to approve a budget that would balance the budget with no tax increase and I know that we can do that.

Commissioner Eckhardt – So you are saying no tax increase. You are not going to vote for a budget that includes a tax increase.

Commissioner McElraft – Not with a tax increase, no.

Commissioner Farmer – We don't have anything here that is proposing no tax increase at all

Commissioner McElraft – Oh, yes we do. Maybe not on your sheet but with the local option sales tax and if that doesn't come through then delaying the payments on the stormwater land.

Commissioner Eckhardt - Let's keep that off to the side

Commissioner McElraft – No, that's a possibility. If it doesn't come through then we take the storm water two-year payment and make it a three or four-year payment and then we are fine. We've got the sales tax revenue coming in for beach nourishment next year.

Commissioner Eckhardt – What is the down side?

Commissioner Farmer – Well, I think we need to think about it, I mean if, it puts off two years.

Commissioner McElraft – It's not putting anything off, it's just taking longer to pay off the land, it doesn't mean the project is going to be set back at all.

Frank Rush – The implications of that, from my viewpoint, are that, let's say you extend it to three years, you would probably cut your annual debt service payment by \$60,000 to \$70,000 or so. Next year it would free up that much money in the budget next year, and I may be off by \$5,000 or \$10,000 or so. If you pay it off in three years instead of two the way that the original plan was set us was that we take two years, pay off the land, that would get us to June, 2004, then we would have one year before the clean water trust fund agreement, our deadline on that is June, 2005. That was when the additional debt would come on for the infrastructure for ten years. The way it was set up, two cents was sufficient to cover that. If you stretch the payment

out to three years, you are going to have some savings this year and next year no doubt. That third year, if you stick with the plan that's been laid out now, you are going to have an additional cost, you are going to have to fund somehow or you are going to have to delay the beginning of the infrastructure construction for another year and go to the clean water trust fund and get an amendment to the grant agreement. Those, as I see it, are the consequences of doing that.

Commissioner Marks – I thought that we were going to use the ownership of the land as our equity to borrow money for the infrastructure.

Frank Rush – No. The land won't be used, basically that debt would be secured by the infrastructure itself, that will be the collateral for that, the land does not have to serve as collateral so we do not have to have it paid off. If you all want you can go borrow money tomorrow for the infrastructure but we are trying to spread the cost out.

Commissioner Farmer - What I am hoping we will do once we own the land is that we will go back to FEMA and say re-do your cost benefit analysis and remove the land from it since we already own it and see if we can get FEMA funds.

Frank Rush – You probably can free up about \$70,000 next year if you stretch it out to three years.

Commissioner McElraft – What about stretching it to five?

Frank Rush – If you stretch it to five, you can probably free up somewhere around \$125,000 to \$130,000. You would have to go through and refinance that through BB&T or the low bidder.

Commissioner Farmer – Is that going to require going to the local government commission?

Frank Rush – As long as it is less than 59 months we don't have to go to the local government commission. If you want to do it for five years you could just do it for a month less.

Commissioner Farmer – What time are we meeting on the 10th?

Frank Rush – It's up to you all.

Commissioner McElraft – I have a conference call so, after 9:30 A.M.? That's a Monday right?

When are we having the budget hearing?

Frank Rush – The budget public hearing is scheduled for June 11th at the regular meeting

Commissioner Eckhardt – What time again?

9:30 A.M.

Mayor Schools – The budget public hearing is on June 11th and the sales tax won't be decided by then so, if the sales tax gets approved in two weeks, do we have another hearing?

Frank Rush – No, you won't have to have another hearing. You have to have one public hearing before you can adopt

Commissioner McElraft - So on the 11th we can adopt an interim budget pending hearing on the local option sales tax, which we could act upon in July.

Frank Rush – Yeah, you could do that.

Commissioner Farmer – I think you would have to put some reasonable time frame on it though.

Commissioner McElraft – Oh yeah, I would think we would have to make a decision by July.

Frank Rush – I would need to know that on the 10th so that I could prepare it for you all to consider on the 11th or you could adopt the budget on the 14th before Doje leaves Town, you could have a special meeting.

Commissioner McElraft – O.K., so we have the public hearing on June 11th and then at that time, we need to let you know on the 10th if we want you to prepare an interim budget.

Frank Rush – I mean, I imagine that interim budget will be kind of bare bones, enough to pay people's salaries, put gas in the cars, that kind of thing.

Commissioner Farmer - What would that do to EMS?

Frank Rush – You all could approve one months worth of funding for the interim budget if you want to. It gets a little bit more confusing because when we come back to do the real budget we got to factor in everything that we've spent that first month and it just makes it a little more complicated but it can be done. So 9:30 A.M. on June 10th I will have some additional information about the police officer position and I assume you all will talk some more about using the storm water and beach nourishment fund money.

Tell me one more time, I've asked you 60,000,000 times, the ½ cent sales tax will generate probably how much this year?

Frank Rush – Between \$175,000 and \$200,000. The association of county commissioners estimated it at \$186,000; my estimate was closer to \$200,000.

Everything on this list up until, use the storm water fund as a one-time revenue, is everyone comfortable with those items? Should I assume that decision is made?

Frank Rush – It was suggested to me by Emily that perhaps we should consider limiting that and I put it on there just so you all can talk about it. I'll let you explain the rational if you like.

Commissioner Farmer – Well, there is no real deep thinking rational here, N.C. Shore and Beaches, not necessarily my own philosophy. I think there are probably as many supporters of Coastal Federal on Emerald Isle as there are Shore and Beach. I really don't think the Town should be involved in either. Frank was saying that we could contribute to Coastal Federation, that individual commissioners can do that if they want, individual residents can do that if they want, I know that Shore and Beach has individual memberships.

Mayor Schools – On the EDC one, I know Emerald Isle is not looking for industrial development, but I would hope that is going to be something Carteret County needs to pursue.

Commissioner Farmer – And our County taxes go up for that.

Frank Rush – Like any other association that we join, that's our membership fee.

Commissioner Farmer – My problem with EDC is that Emerald Isle has no representation on it at all. It's not open to public meetings law so we have no idea what they are doing. They may be

doing great things but, and our county taxes are paying for it.

Commissioner McElraft – One thing that N.C. Shore and Beaches does, they are funding a workshop on vegetation. I just want to let you all know that. They are also lobbying for beach access and also lobbying for disclosure, the guy that was talking last night about the point and about his real estate agent not telling him, they are lobbying for that, so they do some very, very worthwhile things and not just for beach nourishment. But I realize that we are in a budget crunch so we can take them off if that's what you all want to do.

Commissioner Eckhardt – I guess we are talking about pennies here but I see that we are headed toward a place here where we are going to be telling Frank at the last minute that we don't want a budget increase.

On the 10th we are going to be coming back and saying no increase, is that what we're saying?

Commissioner McElraft -That's what I've been saying all along.

So you are saying that.

Commissioner McElraft - Oh yes, absolutely.

Commissioner Messer - Frank knows my feeling on it from way back.

Commissioner Eckhardt - We have wasted our time for three meetings

Commissioner Messer – Exactly.

Commissioner McElraft - I don't think so; I think we have come up with some good cuts here and I think we have come up with a possible solution to that. I don't think we have wasted our time at all. I think that is what the taxpayers are paying us \$50 a month for to get in there and try to solve the problem and keep their taxes low. We keep saying it is only 2.5 cents but you have to remember there is a tax they all voted in and that is 3 cents and 48 cents, those are taxes.

I just wanted to understand where you are coming from.

Commissioner McElraft – I think there is a way of doing it. There are options. We can pay the storm water off in 59 months without going to Local Government. We can take money out of Storm Water and Beach Nourishment Fund, after all that came out of tax payers pockets. It's just a tough year for the tax payer and I just want to do everything I can to help them out.

Mayor Schools – Do we have anything else that we need to discuss?

Frank Rush – Am I to assume then that everything up to and including increasing the Recreation Center fees is acceptable?

Commissioner Farmer - Everything on that list is fine except Storm Water and Beach Renourishment and then whatever you find out about the police.

Frank Rush – Is that the consensus of everybody? Everyone agreed and Mr. Rush will have the

information for you on the police officer on the 10th.

Commissioner Farmer made a motion to recess until 9:30 on June 10,2002. The board's vote was unanimous with a vote of 5-0.

The meeting was recessed at 11:40 A.M.

Respectfully submitted

Carolyn K. Custy
Certified Municipal Clerk

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