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4 **MINUTES OF THE SPECIAL MEETING OF THE**  
5 **EMERALD ISLE BOARD OF COMMISSIONERS**  
6 **TUESDAY, MAY 30, 2006 – 4:30 pm – TOWN HALL**  
7

8 The special meeting of the Emerald Isle Board of Commissioners was called to  
9 order by Mayor Art Schools at 4:30 PM.

10  
11 Present at the meeting: Mayor Art Schools, Commissioners Allen, Wright,  
12 Messer and Wootten. Commissioner Hedreen was absent at the beginning of  
13 meeting.

14  
15 Others present: Town Manager Frank Rush, Asst. Town Manager Mitsy  
16 Overman, Town Clerk Rhonda Ferebee, Parks & Recreation Director Alesia  
17 Sanderson and Fire Chief Billy Walker.

18  
19 **3. ADOPTION OF AGENDA**  
20

21 **Commissioner Wootten made a motion to adopt the agenda. Board voted**  
22 **4-0 in favor. Motion carried.**

23  
24 **4. RECOMMENDATION -NC COASTAL RESOURCES COMMISSION**  
25 **APPOINTMENT**  
26

27 Frank Rush said he put information in the packet about Mr. Greg Rudolph, who is  
28 an Emerald Isle resident. There is an open position on the Commission that he  
29 would be well suited for. The North Carolina Beach and Waterway Association  
30 has suggested that several towns nominate Mr. Rudolph to the CRC.

31  
32 **Commissioner Allen made a motion to nominate Mr. Greg Rudolph to the**  
33 **Coastal Resources Commission. Board voted 4-0 in favor. Motion carried.**  
34

35 **Commissioner Hedreen was noted as present at 4:40 PM.**  
36

37 **5. RESOLUTION AUTHORIZING CLEAN WATER MANAGEMENT TRUST**  
38 **FUND GRANT APPLICATION-OCEAN STORM WATER OUTFALL REMOVAL**  
39 **AT BOGUE INLET PIER – (06-05-30/R1)**  
40

41 Mr. Rush said pages 4 and 5 of the agenda packet included a resolution  
42 authorizing N. C. Clean Water Management Trust Fund Grant Application. Page  
43 6, 7 is a bullet point summary of the grant application. On page 8 is a summary  
44 of he proposed project budget. Page 9 is a drawing of the property at Bogue  
45 Inlet Pier. At this point in time, we have not entered into any negotiations with  
46

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3  
4 the current owner or the respective new owners. As you know, it is under contact  
5 to be sold. The grant application is due on June 1st, and there needs to be  
6 certain assumptions made about what we would try to acquire and what we think  
7 the purchase price might be, but Mr. Rush wanted to stress to the Board, the  
8 public and the media, that there is no agreement in place right now. We are  
9 attempting to secure some State money so we can go to the table and hopefully  
10 negotiate to acquire the pier property to remove storm water outfall.

11  
12 The concept is pretty much identical to a project in Nags Head, former Janette's  
13 Pier. It was acquired in 2003 with Clean Water Management Trust Fund monies  
14 and was part of a larger storm water project for the Town of Nags Head. The  
15 Town of Nags Head and Dare County partnered on the local share, received a  
16 significant grant to purchase the property and then they conveyed the property to  
17 the North Carolina Aquarium Society. It is planned to be operated as a satellite  
18 facility of the Aquarium on Roanoke Island.

19  
20 As you can see from the paperwork, the Town would ideally like to acquire the  
21 Bogue Inlet Pier property, remove the existing parking lot, remove the existing  
22 storm water outfalls and construct a new parking lot that retains the water on  
23 sight. The Town would probably operate the pier on its own until such time  
24 logistics and budget issues can be worked out with the Aquarium. At that time, it  
25 is envisioned the Town would convey the property to the Aquarium. The  
26 Aquarium would operate it, in perpetuity, as a fishing pier. They would make  
27 some renovations to the property. The total requested from the Clean Water  
28 Management Trust Fund is eight \$8,000,000 dollars. Total project budget is  
29 \$11,050,000 dollars. The Town's contribution would be \$400,000. The Town  
30 would also seek \$400,000 from Carteret County, and \$500,000 from the Division  
31 of Coastal Management. Those funding sources would be earmarked towards  
32 the acquisition of the property. There is also \$500,000 anticipated from the  
33 Parks and Recreation Trust Fund, which is a grant program that will take  
34 applications in early 2007, and a \$500,000 capital campaign that would run  
35 through the N. C. Aquarium Society where individuals could contribute to this  
36 project.

37  
38 Mr. Rush said he has had preliminary discussions with the Division of Coastal  
39 Management, and their Director, Mr. Charles Jones was very supportive of our  
40 efforts. The Mayor has had several people wanting to know where they could  
41 contribute funds for this project.

42  
43 The money from the Town (\$400,000) is obviously money we do not have  
44 budgeted and not in our capital improvement program at the time. Mr. Rush said  
45

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4 maybe we could finance our portion over a short period of time and include it in  
5 future budgets or take it all out of fund balance. The Town, on the other hand,  
6 might be asked to contribute more than the \$400,000. The Trust Fund could  
7 come back and say the Town needs to put in more local money.

8  
9 Mr. Rush said there is a cap on Clean Water Management Trust Fund grants that  
10 are for either waste water or storm water projects of three (3) million dollars. We  
11 are optimistic, after talking with CWMTF Director, the project is classified as both  
12 a storm water project and a land acquisition project and the cap would not apply.  
13 There is talk at the CWMTF they may delay the implementation of the three (3)  
14 million dollars cap until January 1, 2007.

15  
16 Commissioner Allen asked Mr. Rush how he came up with his figure of  
17 \$11,000,000 dollars. Mr. Rush said it was based on all the components: Pier  
18 acquisition of \$8,800,000; acquisition of pier house, bath house and pier  
19 structure, \$750,000; Storm water outfall, \$150,000; construction of new parking  
20 area, \$350,000; and renovations to pier and bath house of \$1,000,000. The 8.8  
21 million is based on approximately four acres of land at a cost of 2.2 million per  
22 acre.

23  
24 **After no further comments, Commissioner Wootten made a motion to**  
25 **approve the Resolution authorizing N. C. Clean Water Management Trust**  
26 **Fund Grant Application for Storm Water Outfall Removal at Bogue Inlet**  
27 **Pier. Board voted 5-0 in favor. Motion carried.**

28  
29 **Note: A copy of Resolution 06-05-30/R1 is incorporated herein by reference and hereby made a part**  
30 **of these minutes.)**

31  
32  
33 **6. FY 06-07 BUDGET**  
34

35 Mr. Rush said he included in their packet (pg 10) were budget adjustments on  
36 both the revenue and expenditure side. These adjustments are based on  
37 conversations from the May 17<sup>th</sup> workshop meeting.

38  
39 Mr. Rush said he would like to take a few minutes to go through the Capital  
40 Improvement/Replacement Program in a little more detail. There are several big  
41 ticket items. In fiscal year 07-08, we have \$500,000 for storm water  
42 improvements at the Island Circle location based on estimates by Moffit and  
43 Nichol, provided we can secure permission to discharge in the dune field. That is  
44 to be funded by pay-as-you-go revenues. The other items in 07-08 are  
45 \$1,500,000 for a new Town Hall/expansion of the police department, to be  
46 financed over a ten year period. There is also \$1,000,000 for a new Fire Station

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1 3. Mr. Rush said Chief Walker was present to talk more about that this evening.  
2 This would also be funded over a ten year period. Mr. Rush just wanted the  
3 Board aware of these items now. Mr. Rush said he wanted to proceed with  
4 design work on the Town Hall/Police Dept. sometime in FY 06-07. There is no  
5 money for the design work, the intention is to use fund balance temporarily and  
6 then roll the design cost into the debt instrument in 07-08. He said he would take  
7 a similar approach with the Fire Station. The estimate for the Fire Station  
8 assumes we will have to purchase land as well. Finally, the last item is the new  
9 EMS building and probably the most achievable project. We could proceed in  
10 hiring an architect to design the building during FY 07-08 and to pay that  
11 architect with EMS reserves they currently have, which is approx. \$225,000.  
12 Further, the Town would supplement the money from EMS in the amount of  
13 \$50,000. The sale of the current EMS building is estimated at \$350,000. The  
14 estimated project would be in the range of \$600 to \$650,000 range.

15  
16 In FY 08-09, we are assuming a grant from Parks and Recreation Trust Fund for  
17 improvement to McLean Park with a \$250,000 local match; assuming a DOT  
18 grant for a new bicycle path expansion; new fire truck and four major pieces of  
19 equipment. All of those numbers fold back into the five year forecast. The  
20 forecast is indicating a \$744,000 deficit in FY 07-08 and similar debt in the years  
21 thereafter. That is a result of the debt coming on line for the new Town  
22 Hall/Police Station. Items not included in the CIP are storm water solutions for  
23 Lands Ends and Spinnakers Reach.

24  
25 Mr. Rush said he thought the Board needed to adopt a CIP each year that best  
26 represents our current thinking. It is helpful for the staff, the Board and  
27 community to get a sense of what the Town is planning. Also too, the fact that  
28 we have a CIP is viewed by outside groups as good management on part of the  
29 Town.

30  
31 Mr. Rush included a memo from Chief Walker in reference to Fire Station 3 and  
32 he asked Chief Walker to come tonight to give the Board a brief summary of the  
33 memo and answer any questions.

34  
35 Chief Walker stated ISO is a company hired by insurance companies that rate  
36 fire department nationwide. The Town had their last rating in 1998 and dropped  
37 the fire rating from a six to a four. At the time of that inspection, ISO said we  
38 needed to look at putting a fire station in the area of Spinnakers Reach. Because  
39 of our summer population we were also told we would be moved to a ten (10)  
40 year inspection cycle. Since that inspection, the State of North Carolina, Office of  
41 the State Fire Marshall has taken over the inspection process and advised us  
42 they will be inspecting Carteret County within the next 18 months, which puts us  
43 in line for the ten year inspection.

44

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1 Chief Walker said they have been looking at places along the Coast Guard Road  
2 corridor and that area seems to be the best location. We have also looked at the  
3 Coast Guard Station. The problem with the Coast Guard Station is it is too far by  
4 ISO standards. If we go further west than Lands End, by ISO's water distribution  
5 map, we would have to have four fire stations.

6  
7 Mr. Rush said his million dollars estimate assumes we would have to purchase  
8 land for approximately \$300,000. We could possibly put the station on the land  
9 at Emerald Isle Woods, but there would be conservation easement to work out  
10 with the Clean Water Management Trust Fund, and that might not be possible.  
11 One option would be to build the water company another well in another location  
12 other than Emerald Isle Woods since they only use the well on the property  
13 maybe once a year.

14  
15 Commissioner Allen asked Chief Walker if the Town does not comply, would the  
16 rating then go from a 4 to 5. Chief Walker said we would probably go to a rating  
17 of 5, but did not think we would go any higher. Commissioner Allen wanted to  
18 know how much money the property owners would have to pay if the rating went  
19 to a 5. Chief Walker said he asked Asst. Chief Askew to get ball park estimates.  
20 He contacted Nationwide Insurance Company to see the difference on a fire  
21 policy for a home valued at \$500,000. There is no difference in price from an ISO  
22 3 to an ISO 4, however, there was about a \$100 difference between an ISO 4 an  
23 ISO 5. Chief Walker said that is for a fire policy, not a homeowner's policy. A  
24 homeowner's policy, anything under a 5 rating the cost is the same.

25  
26 Commissioner Wootten said he had problems with the requirements for a new  
27 fire station and felt like we were being held hostage to some degree.  
28 Commissioner Wootten said when the rating went down some years ago, he did  
29 not see any difference in terms of savings. Commissioner Wootten said before  
30 he makes any decision on this matter, he wants to know more. Further, there is  
31 no way we are going to build a new fire station and police station in the same  
32 year. The fire station should be in FY 08-09 at the earliest. Chief Walker said  
33 that the ratings benefit second homeowners. A person can only have one  
34 homeowner's policy for their primary home. The majority of Emerald Isle  
35 residents are second homeowners and the ISO rating will benefit them.

36  
37 Chief Walker said he looks at life safety first and foremost. He said they have a  
38 7-9 minute response to the Point.

39  
40 Mr. Rush wanted to make clear that the million dollars we have in the 07-08 is  
41 merely a place holder so the Board is aware of it. Commissioner Wootten said  
42 from a realistic standpoint, we should push the fire station out a year, to FY 08-  
43 09. In the meantime, we need to learn more about the ISO rules. Commissioner  
44  
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Hedreen agreed and said the police station is the priority. Commissioner Messer agreed as well. Mr. Rush said he and Chief Walker will continue to look at possible sites for the fire station and gather more information in the meantime on the rules and regulations of ISO.

Mr. Rush said he put together a list of possible expenditure reductions and revenue adjustments per the Board's discussion on the May 17th meeting. Some of those items are as follows: 1) Reduce General Fund transfer to Beach Nourishment Reserve Fund to \$75,000; 2) Eliminate contribution to Lands End for storm water assistance; 3) Eliminate Parks Maintenance Worker position; 4) Reduce Contribution to Island Cat Allies from \$2,500 to \$1,000; 5) Eliminate contribution to Atlantic House; 6) Reduce contribution to Outer Banks Wildlife from \$1,500 to \$1,000; 7) Shingle roof instead of metal roof at Blue Heron Park and Eastern Regional Access; 8) Delay replacement of carpet in aerobics room; 9) Across-the-board reduction in departmental budgets in the amount of \$15,000. The total of all these reductions is \$98,882. On the revenue side, one idea was to increase Community Center fees as follows: 1) Resident/Property Owner Individual from \$60 to \$75 per year; 2) Resident/Property Owner Family from \$90 to \$115 per year; 3) Non Resident Property Owner Individual from \$165 to \$225 per year; 4) Non Resident Property Owner Family from \$225 to \$345 per year. Another source of revenue would be to implement parking fees at the WORA and EORA. The projected revenue for paid parking is included in the packet. A one time capital expenditure for an attendant booth would cost approximately \$8,000. Salaries for attendants will cost approximately \$12,200 per year. Revenue at the WORA range from \$52,800 per year to \$21,120 per year based on the price charged at the meter. Revenue for the EORA would range from \$45,000 per year to \$18,000 based on the price charged at the meter. Total revenue for both sites per year would range from \$97,800 down to \$39,120. Commissioner Messer said this was a bargain in his opinion. Commissioner Allen said, speaking from previous experience, when you start charging for parking, you will catch a lot of heat. Commissioner Wootten asked if you would charge the same amount for residents vs. non residents. Commissioner Wright stated that Emerald Isle residents would be permitted unlimited free parking by presenting their hurricane re-entry permit to the attendant. Individuals with handicapped parking credentials would not be charged. Commissioner Wootten wondered if we would be chasing people in the streets, because they don't want to pay to park. He thought we would be asking for more problems than it is worth. Commissioner Allen said you are dealing with cash money, and you have to have responsible people. He said there were companies that will come in and install the meters and monitor them. Commissioner Hedreen thought it would be a break even situation if you had to

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3 pay them, and besides that, she did no think they were aesthetically pleasing.  
4 Alesia Sanderson said she had checked into companies who provide the service  
5 and by the time you factor in percentages charged by them for their services, the  
6 Town would only see 15 or 20 percent of the revenues. The Board agreed to  
7 look at this again in January or February.

8  
9 The Mayor asked the Board if they were comfortable with the budget reduction  
10 items Frank had gone over with the Board. Commissioner Wootten said he had  
11 no problem with them. We are doing this so we can have a contingency towards  
12 capital projects. If we see that the capital projects come under the cost expected  
13 and we have not eaten up the contingency, then lets go ahead and hire the park  
14 & recreation worker. Mr. Rush said that of all the items on the list, the parks  
15 worker was most needed. Commissioner Wootten mentioned to Mr. Rush to  
16 revisit the salaries again. Mr. Rush stated there was \$93,500 in the budget for  
17 salary adjustments with is approximately a 4.4 % of our full time payroll. The  
18 Mayor asked Alesia if she could go with a seasonal worker. She stated she had  
19 been advertising for a month for part time personnel with no luck. Commissioner  
20 Wootten said if we scale back the percentage in salary increases, we might be  
21 able to proceed with the parks worker. Mr. Rush said each one percent is worth  
22 about \$23,000. Mr. Rush said keep in mind, the CPI was 3.7% for the southeast  
23 and 3.4% for the United States, plus we did not have the reduction in health  
24 benefits. Mr. Rush said, in all honesty, it would be more important to him to  
25 provide raises to employees than to keep the parks worker. I do think it is  
26 needed though. The Board agreed with the other changes.

27  
28 Alesia said Emerald Isle Woods will require a lot of maintenance, and Steve is  
29 working twice as hard to keep the Western Regional Access clean. Our work  
30 load has increased significantly with the additions of the bicycle paths and  
31 sidewalks. The Mayor said he receives comments about how nice the Town  
32 looks and he thought it was important to keep it that way.

33  
34 Commissioner Allen wanted to know how much a penny generates on the tax  
35 valuation. Mr. Rush said currently a penny generates approximately \$150,000.  
36 Realistically, when the new values come on the books next year, it is conceivable  
37 a penny will generate \$400,000 to \$500,000 dollars.

38  
39 Commissioner Wootten commented that we were probably looking at a tax  
40 increase next year. We took \$450,000 out of the General Fund this year for  
41 capital projects with a potential of doing another \$150,000 next year. He doesn't  
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3 want to dip too far into fund balance. He just does not put the parks and  
4 recreation position high on the list.

5  
6 Mr. Rush wanted to follow up on Commissioner Wootten's comment. There is a  
7 lot of validity about projects going over budget. One thing to keep in mind, we  
8 don't know what is going to happen in the future to Bogue Inlet and the  
9 Intercoastal Waterway and there is nothing in the recommended budget to deal  
10 with those issues next year. Commissioner Wootten said there were so many  
11 definitive things that have to happen and not a lot of room to scale down these  
12 projects. Mr. Rush mentioned the Crew Drive project. Commissioner Messer  
13 wanted to know if Crew Drive was going to happen. Mr. Rush said it was still  
14 questionable. He sent an email to the family last week with no response.  
15 Commissioner Messer said we need an answer, they are either going to agree or  
16 not. Commissioner Wootten said to give them until June 30<sup>th</sup>. The Mayor wanted  
17 to know if maybe we could split the payment over two years. Mr. Rush thought  
18 that was a possibility. The Board said we have a meeting on June 13<sup>th</sup>, so give  
19 them until June 12<sup>th</sup> to sign the document.

20  
21 Commissioner Wootten said move forward with the understanding that if  
22 something transpires that does not require as much funding, then we can fund  
23 the parks position. If the Crew Drive project does not work out, we could use part  
24 of the money to fund the parks maintenance worker.

25  
26 Mr. Rush wanted to make sure he understood the Board. If the gateway  
27 easement goes through, then the \$130,000 stays in the budget. If it fails, then the  
28 parks worker would be funded. The Mayor said if the \$130,000 stays in the  
29 budget, then we only have approx. \$72,000 for contingency rather than the  
30 \$125,000. Commissioner Allen thought the position would be budgeted either  
31 way. The position needs to be in the budget, regardless of what happens to  
32 Crew Drive.

33  
34 Commissioner Wootten thought we needed to look into different tax districts/rates  
35 for rental property vs. residential property and full time property owners. The  
36 idea being the rental property is taking more services. Commissioner Messer  
37 said the rental property maintains they are paying the same tax but only use the  
38 service three or four months a year. Mr. Rush said he was not sure that was  
39 legal, but he would look into it.

40  
41 Commissioner Hedreen wanted to know about raising the permit fees in the  
42 inspection department. Mr. Rush said our permit fees were about average and in  
43 some cases, a little high. Commissioner Hedreen also wanted to know, in the  
44  
45

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2 Manager's opinion, why we needed two garbage pickups a week. Mr. Rush said  
3 in part of the Town, you do not need it. It would be difficult to separate them out.  
4

5 Mr. Rush said he put \$239,000 in for permit fees for Planning and Inspections.  
6 Whether or not we will see that much revenue is anyone's guess. The Cable TV  
7 Franchise Fee is controversial, and hopefully Jean Preston is successful in  
8 getting the language changed in the bill, but if not, we might loose \$40,000.  
9

10 Mr. Rush wanted to know if the Board was generally comfortable with the items  
11 in the Capital Improvement Plan, with the exception of the fire station being  
12 moved out to FY 08-09. The Board was comfortable.  
13

14 **9. ADJOURN**

15  
16 **There being no further business, Commissioner Hedreen made a motion to**  
17 **adjourn. The Board voted 5-0 in favor. Motion carried.**  
18

19 **The meeting adjourned at 6:05 PM**

20  
21 Respectfully submitted:  
22  
23  
24

25 Mitsy Overman  
26 Deputy Clerk  
27 Asst. Town Manager/Finance Officer  
28  
29  
30  
31  
32