

1 MINUTES OF THE SPECIAL WORKSHOP MEETING
2 OF THE EMERALD ISLE BOARD OF COMMISSIONERS
3 FY 08-09 RECOMMENDED BUDGET
4 THURSDAY, MAY 22, 2008
5 6:00 PM – COMMUNITY CENTER LOUNGE
6
7

8 The special workshop meeting of the Emerald Isle Board of Commissioners was
9 called to order by Mayor Art Schools at 6:00 pm.

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

13
14 Others present: Town Manager Frank Rush, Asst. Town Manager/Finance
15 Officer Mitsy Overman, Town Clerk Rhonda Ferebee, Fire Chief Bill Walker,
16 Public Works Director Artie Dunn, Parks and Recreation Director Alesia
17 Sanderson, Planning Director Kevin Reed, and Police Chief Bill Hargett.

18
19 Also present: Ben Dadd and Cliff Owens, Emerald Isle EMS.
20

21 **ADOPTION OF AGENDA**
22

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

26 **RECOMMENDED TAX RATE / SOLID WASTE FEE DISCUSSION**
27

28 Town Manager Frank Rush spoke to the Board in detail about the recommended
29 tax rate and elimination of the solid waste fee. He discussed the proposed 3.1
30 cent tax increase from 6.7 to 9.8, and also the elimination of the \$180 annual
31 solid waste fee. Mr. Rush noted that those with property valued at less than
32 \$575,000 would see a decrease in their total bill, and those with property valued
33 greater than \$575,000 would see an increase in their bill. The reason for this
34 proposal is because the sales tax in Carteret County is distributed based on the
35 amount of property taxes that are billed. The Town bills about \$1.2 million in
36 solid waste fees but doesn't get credit for that in the sales tax distribution. By
37 switching the solid waste fee over to a property tax basis it would provide
38 \$400,000 to \$500,000 in additional revenue for the Town starting in FY 09-10.
39 Mr. Rush pointed out that 2010 would be the last year that the special 16.2 cent
40 and 1.1 cent beach tax would be in effect. He added that in the following year at
41 the end of FY 11-12 the Town would start to see a sharp decline in the sales tax
42 revenues and in FY 12-13 they would see the full years impact, and that impact
43 would be somewhere between \$900,000 and \$1 million, equivalent to
44 approximately 2 to 2.5 cent on the tax rate. Mr. Rush said in planning how to
45 make up that deficit in FY 12-13, the elimination of the solid waste fee and the
46 tax rate increase is targeted at addressing that now. Essentially, the additional
47 \$400,000 to \$500,000 of additional sales tax revenues that the Town would

1
2 receive with this switch basically cuts that deficit in half. Mr. Rush outlined and
3 discussed the 4 options that all accomplish the same amount of revenue in terms
4 of balancing the general fund budget for the Board's consideration.

5
6 (A complete copy of the Supplementary Budget Information as outlined and discussed by Town
7 Manager Frank Rush is attached in its entirety and hereby made a part of these minutes.)

8
9 **PUBLIC COMMENT**

10
11 Tom Minnick, 9803 Sandy Court, stated that he wanted the Board's decision to
12 be principle based. Mr. Minnick suggested as another option the Town do away
13 with the trash fee and the beach renourishment tax, put that into the budget, and
14 whatever the budget is then they decide what the property tax will be, go ahead
15 and increase it based on that. He felt the Town would get back greater sales tax
16 and that would enable the Town to maintain because the overall tax rate would
17 be fairly high and probably higher than the 9.7 that Mr. Rush was recommending
18 but they would get back a greater amount of sales tax and everyone would be
19 paying the same property tax. Mr. Minnick asked that the Board find a way,
20 principle based that would accomplish the end objective and make sure of fair
21 taxation for everyone.

22
23 Bob Smith, 2208 Emerald, felt that getting hit with a lump sum at one time is what
24 people have a hard time with. He asked the Board to think about those on set
25 and limited income. He said he would suggest that of the options mentioned that
26 he would keep things the way they are for now and look at things again next
27 year.

28
29 **FY 08-09 RECOMMENDED BUDGET PRESENTATION / Q & A**

- 30
31 a. Fire Department
32 b. Emerald Isle EMS
33 c. Public Works / Solid Waste / Powell Bill
34 d. Parks and Recreation
35 e. Planning and Inspections
36 f. Police Department
37 g. Governing Body / Legal / Administration / NonDepartmental
38 h. Debt Service / Transfers to Other Funds
39 i. Other Funds
40 j. 5-Year Capital Replacement / Improvement Program

41
42 Town Manager Frank Rush began with general comments. Following this each
43 Department Head summarized for the Board their budget requests, priorities and
44 goals for the Fiscal Year 08-09.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33

EMPLOYEE HEALTH INSURANCE

Town Manager Rush explained the proposed plans to lower health insurance premiums this year either by opting with a BCBS plan with slightly increased co-pays or by transitioning to a high deductible health plan through BCBS combined with a Health Savings Account for each full-time employee, to include a Town contribution to each HSA of \$1,000. Mr. Rush noted that either option amounted to approximately \$440 per month per employee. Mr. Rush added that after polling employees two-thirds were in favor of the HSA health plan. The Board expressed they were comfortable with these health plan options.

ADDITIONAL BOARD DISCUSSION

The Board determined that they would discuss all tax rate options with Town Manager Rush individually as needed and meet again for a Special Workshop Meeting for the purpose of holding a public hearing as planned on Monday, June 2, 2008 at 6 pm in the Emerald Isle Community Center.

ADJOURN

Motion was made by Commissioner Hoover to adjourn the meeting. The Board voted 5-0 in favor. Motion carried.

The meeting was adjourned at 9:05 pm.

Respectfully submitted:

Rhonda C. Ferebee, CMC
Town Clerk