

1 MINUTES OF THE SPECIAL MEETING
2 OF THE EMERALD ISLE BOARD OF COMMISSIONERS
3 FY 2008-2009 BUDGET
4 MONDAY, JUNE 2, 2008
5 6:00 PM – EMERALD ISLE COMMUNITY CENTER
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8 The special meeting of the Emerald Isle Board of Commissioners was called to
9 order by Mayor Art Schools at 6:00 pm.

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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, and Town Clerk Rhonda Ferebee.

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17 **ADOPTION OF AGENDA**

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19 ***Motion was made by Commissioner Wootten to adopt the Agenda. The***
20 ***Board voted unanimously 5-0 in favor. Motion carried.***

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22 **FY 08-09 BUDGET**

- 23
24 a. **General Comments**
25 b. **Board of Commissioners Comments**
26 c. **Official Public Hearing**
27

28 Town Manager Frank Rush started out with general comments, referencing his
29 prepared handout regarding the FY 2008-2009 Budget Options. (A complete
30 copy of the handout is hereby attached in its entirety and made a part of these
31 minutes.)

32
33 Town Manager Rush following input from the May 22, 2008 Special Budget
34 Workshop Meeting presented two options for the Board's consideration.
35 Option 1) General Fund tax rate of 9.8 cents as included in the FY 08-09
36 Recommended Budget eliminating the \$180 solid waste fee; Option 2) decrease
37 proposed General Fund tax rate from 9.8 cents to 7.0 cents - .3 cent increase
38 over current 6.7 cent rate, and maintaining the annual \$180 solid waste fee.
39 Town Manager Rush outlined both options and the related potential budget
40 adjustments.

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42 Town Manager Rush stated that these two options based on group and individual
43 discussions with the Board seemed to emerge as the most reasonable and likely
44 options to be supported. Mr. Rush indicated he would be happy to put together
45 information for any other scenarios the Board may wish to consider as well.
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Motion was made by Commissioner Messer to open the Public Hearing. The Board voted unanimously 5-0 in favor. Motion carried.

Herb Pelley, 10213 Corree Cove Drive, said he was curious about what the Town would do if there was a disaster this summer, what reserve would be used to replace the beach.

Mayor Schools indicated that the Town had a \$2 million reserve, but typically during hurricanes what happened was that if it was declared to be a FEMA disaster the Town uses its funds to fix and then receives reimbursement from FEMA. The Town has as much money as they have ever had in the past. Town Manager Rush added that the budget that the Board was considering is the annual budget, it didn't include any of the reserve funds, the Town has close to \$4.5 million in reserves, and about \$2 million in General Fund, about \$2.5 million in the beach nourishment debt service reserve fund that is available for emergency purposes. Mr. Rush said the Town has a good healthy fund balance level if needed. Mr. Rush noted that if during a hurricane event, it is a Presidentially declared disaster, and the Town can document the erosion that occurred on the beaches as a result of that storm, the Town can apply for, and has been successful on two occasions in the past, in getting FEMA to pay for the replacement of that sand.

Mr. Pelley asked if the Town couldn't get reimbursed that way would they extend the beachfront owners to another 10 years. Town Manager Rush stated that the bonds that paid for the Town's last beach nourishment project would be fully retired with the last payment being Fiscal Year 2012-2013, the creation of the special tax districts had a sunset clause that says once the bonds are retired those districts will automatically expire. The Board at that time could certainly make a decision to create new tax districts, and have another referendum, that would obviously depend on the conditions at that time.

Tom Minnick, 9803 Sandy Court, commented that he had read past Board Minutes from 2001 and 2002 and he never saw in the minutes where the Board consciously had a discussion of whether to use the State sales tax rebate when it was coming back into the Town to take into revenue or offset the beach nourishment tax or to split the use. Mr. Minnick said the Board had the opportunity to address the \$900,000 that is being assumed to come into the revenue, and he suggested they use \$400,000 of that as originally done to begin with to go back into the revenues and use the rest to offset the beach renourishment bond.

Mayor Schools said that he and Commissioner Messer were the only Board members here that were on that particular Board and he remembered that there was a discussion at Board meetings and several Commissioners, none of which

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2 are here now, being emphatic that the bond referendum was sold on the fact that
3 the non-oceanfront owners would get back more money than they were putting
4 into it so it would definitely not be used to pay the bond off.

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6 Commissioner Messer agreed stating that the oceanfront owners were not the
7 problem; if you had an oceanfront property then you would support beach
8 nourishment. In order for the referendum to pass to get the beach nourishment,
9 it was the non-oceanfront people they needed to get to support the referendum,
10 they promised a 3 cent tax reduction, a penny per year for 3 years which they did
11 which caused the non-oceanfront owners to support. Commissioner Messer
12 added that if the non-oceanfront owners had not voted for the referendum it
13 would not have passed.

14
15 Jim Osika, 413 Channel Drive, said he felt the fairest thing for everyone having
16 the same service and to make it as equal as possible, would be Option 2 versus
17 Option 1.

18
19 Mayor Schools read aloud for the public a written statement from Jerry
20 Stockdale, 8521 Oceanview Drive, who was unable to attend the meeting and
21 requested that his views be included during the public hearing; (a copy the
22 written statement is attached hereto in its entirety and hereby made a part of
23 these minutes). Mr. Stockdale indicated in his written statement that he
24 requested that the Board not support the proposal of including the cost of solid
25 waste removal in the property tax rate instead of charging a fixed fee to each
26 customer. He stated that such a change would be inequitable to beachfront
27 taxpayers as their tax would be drastically increased while at the same time
28 some inland taxpayers would realize a tax reduction. He also requested that the
29 Board not support the idea of giving local businesses a windfall in the form of free
30 dumpster service as part of the proposal.

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32 Mayor Schools also added the comment from Mr. Stockdale's comments that he
33 thanked the Mayor and Board for the incredible job they did for our town and that
34 Emerald Isle had never been better.

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36 ***Motion was made by Commissioner Messer to close the Public Hearing.***
37 ***The Board voted unanimously 5-0 in favor. Motion carried.***

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39 **BOARD DISCUSSION & DIRECTION**

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41 Following public hearing the Board had discussion and the Board members
42 voiced that they favored Option 2. Commissioner Wootten though was
43 concerned if it would be enough as he wanted to avoid another tax increase next
44 year. Commissioner Wootten expressed his concerns about the \$400,000 deficit
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2 next year. Commissioner Wootten thought a 7.3 cent rate would give a good
3 chance of not having to raise taxes next year.

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5 Town Manager Rush said that he projected the Town looking at a deficit of about
6 \$457,000 next year, that does not include the proceeds of the sale of the old
7 EMS Station which would hopefully be sold within the next year, and it also does
8 not include any billing revenues from EMS which they are starting to bill right
9 now, which they think will generate somewhere between \$70,000 to \$100,000
10 per year. Mr. Rush said if you assume you will pay off the fire engine debt next
11 year, which will knock about \$120,000 off of the deficit, and if you have another
12 \$80,000 of EMS billing revenues, the deficit would be down to about \$250,000
13 which might be more manageable with some other things that could be reduced
14 next year.

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16 Commission Messer supported Option 2 the way it was written, that while he
17 understood prior planning, he believed in dealing with what you have now and
18 then dealing with what you have then at that time. He felt if the EMS Station and
19 EMS billing revenues come in then the \$457,000 will wash itself and the Town
20 could be looking next year with no tax increase then.

21
22 The Board was in agreement that doing away with the solid waste fee was not an
23 issue. On the table was either 7 cents or 7.3 cents. Following much discussion
24 by the Board the general consensus was that the rate of 7 cents would be voted
25 on at the Regular Board meeting scheduled for June 10.

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27 ***Motion was made by Commissioner Hedreen to adjourn the meeting. The***
28 ***Board voted unanimously 5-0 in favor. Motion carried.***

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30 ***The meeting was adjourned at 6:48 pm.***

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32 Respectfully submitted:

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36 Rhonda C. Ferebee, CMC
37 Town Clerk
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