

1 MINUTES OF THE SPECIAL WORKSHOP MEETING  
2 OF THE EMERALD ISLE BOARD OF COMMISSIONERS  
3 FY 10-11 RECOMMENDED BUDGET  
4 TUESDAY, MAY 18, 2010

5 6:00 PM – ADMINISTRATION BUILDING CONFERENCE ROOM  
6

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

9  
10 Present for the meeting: Mayor Art Schools, Commissioners Nita Hedreen, Tom  
11 Hoover, Floyd Messer, John Wootten, and Maripat Wright.

12  
13 Commissioner Wootten was absent at the time of roll call but arrived and was  
14 counted present following the Adoption of Agenda at 6:05 pm.

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

20  
21 Also present: Ben Dadd and Bobby O'Donnell, Emerald Isle EMS, Inc.  
22

23 **Adoption of Agenda**

24  
25 ***Motion was made by Commissioner Wright to adopt the Agenda. The***  
26 ***Board voted unanimously 4-0 in favor. Motion carried.***

27  
28 **General Comments**

29  
30 Town Manager Rush had no comments at this time.  
31

32 **Public Comment**

33  
34 Mayor Schools asked for any public comments at this time.  
35

36 Lee Lipsitz, 11007 Inlet Drive, along with neighbors Bob Townsend, and Larry  
37 Warren, spoke about the sand tax and what they considered the unfairness of it.  
38 Mr. Lipsitz said he had been part of a group that met to push the project of beach  
39 nourishment. Mr. Lipsitz said they thought the beach nourishment taxes were set  
40 in concrete and didn't realize the Board voted on them on a yearly basis.  
41

42 Mr. Rush clarified for the public that the Board in 2001 established the special tax  
43 districts and took all the actions to have a bond referendum. They were very  
44 clear intentionally before the referendum to inform people that the tax rates would  
45 be 48 cents on the oceanfront, 3 cents for everyone else in Town. The Town  
46 also made it very clear that they would keep those rates the same for a period of  
47 9 years so that people would know exactly what they would be paying.

MINUTES OF THE SPECIAL WORKSHOP MEETING  
OF THE EMERALD ISLE BOARD OF COMMISSIONERS  
MAY 18, 2010  
Page 2 of 4

1  
2 Technically the Board had adopted the budget each June and they had set those  
3 same rates every June as promised to taxpayers. The only change in the rates  
4 was with FY 07-08 budget as it was a revaluation year, the Board established the  
5 current rates of 16.2 cents and 1.1 cents which were revenue neutral and  
6 generated the same amount of revenue under the new values as the 48 cent and  
7 3 cent under the old values. Mr. Rush said they were very clear that 48 cents  
8 and 3 cents was what it would take to pay off the bond over a 9 year period and it  
9 was important to make sure the public understood that so they knew what they  
10 were getting into.

11  
12 Bob Townsend said that the Town had treated him and his properties very fairly  
13 and he was here tonight to support Mr. Lipsitz and understand the sand tax and  
14 the reason his taxes had gone up.

15  
16 Greg Nies, resident and property owner, said he understood the special tax  
17 district was going away at the end of 2010 for the final payment and yet he heard  
18 proposals for 3 cent and 1 cent sand taxes, he thought the whole special tax  
19 district was going away.

20  
21 Town Manager Rush stated that when the bonds were approved in March 2002  
22 the Town communicated they were 8 year bonds and the Town needed to levy  
23 the 48 and 3 cents for 9 years to payoff those 8 year bonds. The 9<sup>th</sup> and final  
24 year is FY 10-11, the final bill at what is now 16.2 and 1.1. Those special tax  
25 districts will sunset after the bonds are paid off. The bonds because they were  
26 done in two phases, while they were 8 year bonds they were two years apart, so  
27 the first set of bonds will be paid off in FY 10-11, the second set of bonds will be  
28 paid off in FY 12-13, so they are still taxing for 9 years and there is enough  
29 money in reserve after this coming FY to payoff those bonds according to the  
30 schedule in FY 11-12, and FY 12-13. What the Board had preliminarily decided,  
31 as part of the static line of exception 25 year beach nourishment plan, so as to  
32 keep the beach nourished in perpetuity was to levy a new 3 cent oceanfront rate  
33 and 1 cent non-oceanfront rate beginning in FY 11-12; If the Board decided to go  
34 forward with that when they adopt the budget in June 2011 a year from now. The  
35 Board will make that decision officially in June 2011, they had preliminarily  
36 expressed support in part because of some of the fairness issues raised. Mr.  
37 Rush said the resolution that created those special districts said that those  
38 districts will sunset after the bonds are retired; the bonds will not be retired until  
39 FY 12-13 so at some point they would have to go through a new process to  
40 reestablish those special tax districts again. To create a special tax district does  
41 not require a referendum. In March 2002 what the voters in the referendum  
42 voted on was should the Town issue the bond, the debt. The process to create  
43 the special tax districts was actually very simple. It requires a notice be mailed to  
44 all property owners, a public hearing, and then you establish the tax district. The  
45 Board would then determine the tax rate every year at budget time in June just

MINUTES OF THE SPECIAL WORKSHOP MEETING  
OF THE EMERALD ISLE BOARD OF COMMISSIONERS  
MAY 18, 2010  
Page 3 of 4

1  
2 like they had done over the last 8 years or so. Mr. Rush said it was his intention  
3 during the course of the next fiscal year to reestablish those special tax districts.

4  
5 Commissioner Wright added that this was all part of the 50 year beach  
6 nourishment plan, and if they want money from FEMA, they have to have a plan  
7 and they have to have dedicated funds or else if the beach is washed away  
8 FEMA doesn't give the Town anything.

9  
10 Larry Warren, resident, spoke about easements in his area to pump water and  
11 that he was not in favor of providing an easement to allow water to be pumped  
12 on his property.

13  
14 Penny Keadey, 10106 Sea Breeze, spoke on behalf of Lands End about the  
15 plans for pumping water out of Lands End and the Point. Ms. Keadey said they  
16 had contacted Moffat & Nichol to do some preliminary studies for them and what  
17 they would like was to be able to partner with the Town. Ms. Keadey  
18 encouraged the Town to consider partnering with Lands End to get the project  
19 done.

20  
21 Mayor Schools said they would definitely try to work together with Lands End to  
22 solve the water problems. Town Manager Rush said that after the Board adopts  
23 the budget perhaps he, Commissioner Wright and Wootten as the Stormwater  
24 Committee members, could meet with the Lands End Board again and try to  
25 pursue these ideas further.

26  
27 **FY 10-11 Recommended Budget Presentations / Q & A**

- 28  
29 a. **Emerald Isle EMS**  
30 b. **Fire Department**  
31 c. **Public Works / Solid Waste / Powell**  
32 d. **Parks and Recreation**  
33 e. **Planning and Inspections**  
34 f. **Police Department**  
35 g. **Governing Body / Legal / Administration / NonDepartmental**  
36 h. **Debt Service**  
37 i. **Other Funds**  
38 j. **5-Year Capital Replacement / Improvement**  
39 k. **5-Year General Fund Forecast**

40  
41 Town Manager Rush and Department Heads summarized for the Board their  
42 budget requests, priorities and goals for the Fiscal Year 10-11. Town Manager  
43 Rush also discussed with the Board and provided a handout that detailed the  
44 projected impact to the business community of a 2.8 cent property tax increase /  
45 solid waste fee switch.

1  
2 **Employee Health Insurance Plan**  
3

4 Town Manager Rush explained the proposed BCBS health insurance plan with  
5 the Board. The Town received the renewal notice and there was a 12.5% cost  
6 increase this year which was included in the recommended budget. The Town  
7 has a high deductible health plan with a \$2,000 deductible. Anything greater  
8 than \$2,000 is covered under the plan by Blue Cross Blue Shield. The Town to  
9 help offset the high deductible makes a \$1,000 contribution to every employee's  
10 health savings account. Mr. Rush said we had evolved over the years from  
11 traditional co-pays, deductibles and co-insurance in an effort to contain costs and  
12 had basically migrated to this plan. The Board expressed their agreement with  
13 the health plan as described.  
14

15 **Additional Board Discussion**  
16

17 There was general discussion of the recommended budget by the Board with  
18 Town Manager Rush including extensive discussion about stormwater issues.  
19 The consensus of the Board was to stay with the proposed 8 cent tax rate. Town  
20 Manager Rush indicated they would have further time to make their final  
21 decisions whether at the public hearing on June 1 or the regular board meeting  
22 on June 8.  
23

24 The Board determined that there was no need for another budget workshop  
25 meeting to be held prior to the public hearing; and so, the next scheduled  
26 meeting would take place on June 1, 2010 at 6 pm in the Town Board Meeting  
27 Room for the purpose of the Budget Public Hearing/Workshop.  
28

29 **Adjourn**  
30

31 ***Motion was made by Commissioner Messer to adjourn. The Board voted***  
32 ***unanimously 5-0 in favor. Motion carried.***  
33

34 **The meeting was adjourned at 8:25 pm.**  
35

36 Respectfully submitted:  
37  
38  
39

40 Rhonda C. Ferebee, CMC  
41 Town Clerk  
42  
43  
44  
45