

1 **MINUTES OF THE SPECIAL WORKSHOP MEETING**
2 **OF THE EMERALD ISLE BOARD OF COMMISSIONERS**
3 **FY 14-15 RECOMMENDED BUDGET**
4 **TUESDAY, MAY 20, 2014**
5 **6:00 PM – TOWN ADMINISTRATION BUILDING**
6
7

8 **1. Call to Order**
9

10 The special workshop meeting of the Emerald Isle Board of Commissioners was called
11 to order by Mayor Barber at 6:02 pm.
12

13 **2. Roll Call**
14

15 Present for the meeting: Mayor Eddie Barber, Commissioners Nita Hedreen, Tom
16 Hoover, Floyd Messer, John Wootten, and Maripat Wright.
17

18 ***Motion was made by Commissioner Hedreen to excuse the absence of***
19 ***Commissioner Wright. The Board voted unanimously 4-0 in favor. Motion***
20 ***carried.***
21

22 (Commissioner Wright arrived and was counted present for the meeting at 6:15 pm.)
23

24 Others present: Town Manager Frank Rush, Town Clerk Rhonda Ferebee, Parks and
25 Recreation Director Alesia Sanderson, Public Works Director Artie Dunn, Planning
26 Director Kevin Reed, Fire Chief Bill Walker, Police Chief Jeff Waters.
27

28 Also present: EI EMS, Inc. Chief Susan Walker, and Arlayne Calhoun.
29

30 **3. Adoption of Agenda**
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32 ***Motion was made by Commissioner Wootten to adopt the Agenda. The Board***
33 ***voted unanimously 4-0 in favor. Motion carried.***
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35 **4. General Comments**
36

37 Town Manager Rush quickly reviewed that the recommended budget was balanced with
38 the same net tax rate for all taxpayers, there was however a shift in the way the rates
39 were distributed. Mr. Rush said that the general fund tax rate would go from 12.5 cents
40 to 14 cents, a 1.5 cent increase, however, the primary benefit district which was all
41 oceanfront and inlet front property owners would go from 4.5 cents to 3 cents, and the
42 secondary benefit district would go away altogether, eliminating the 1.5 cent impact, and
43 there would be no special tax rate for that secondary benefit district. The net impact on
44 all taxpayers was the exactly the same and the net impact on the general fund was
45 exactly the same, the net impact on the future beach nourishment fund was exactly the
46 same so the Town would continue to reserve approximately \$680,000 per year for the

1 Town's future beach nourishment needs. Mr. Rush said this would allow the elimination
2 of the secondary benefit district altogether for approximately 6,000 property owners,
3 making it easier administratively for town staff, also simpler for our taxpayers going
4 forward.

5
6 Mr. Rush noted that the only impact our taxpayers would see next year would be a
7 recommended \$5 increase to the annual solid waste fee, which shows up on the annual
8 tax bill.

9
10 Mr. Rush noted as far as expenditures the recommended budget would be a budget
11 maintaining the current level of service, current quality of service with no significant new
12 initiatives, programs or projects to be funded with town revenues.

13
14 Mr. Rush noted two projects included in the budget that would not be funded with Town
15 tax revenues; one being the improvement of the parking lot at the Eastern Ocean
16 Regional Access and the installation of significant stormwater features completely
17 funded by a State grant; the second being the potential construction of a new Welcome
18 Center in Emerald Isle ultimately funded by lease payments from the Tourism
19 Development Authority.

20 21 **5. Public Comments**

22
23 Commissioner Wootten noted that Emerald Isle resident Hank Mahns who was in
24 attendance at the meeting had expressed concerns he wanted Mr. Rush to address
25 about the shifting of the tax rates from the special district beach districts to the general
26 fund as far as the division of the funds.

27
28 Mr. Rush explained that over the last 3 years they had generated approximately
29 \$675,000-\$680,000 per year from those special district taxes; which had been in the
30 form of about \$345,000 from the primary benefit district (4.5 cents), and about \$331,000
31 (1.5 cents) from the secondary benefit district, so roughly \$675,000 - \$680,000 per year;
32 so if the Board accepted his recommendation and makes the change included in the
33 recommended budget, again the tax rate instead of being 4.5 cents for primary district
34 and 1.5 cents for secondary district, would be 3 cents for primary district and 0 cents for
35 secondary district. The 3 cents would generate about \$231,000 per year just from the
36 oceanfront/inlet front properties, then the Town would take the proceeds from the 1.5
37 cent general fund tax increase roughly \$450,000, transfer that from the general fund to
38 the future beach nourishment fund each year, more of an administrative change in the
39 way the funds would be collected and the tax rate distributed.

40
41 Mr. Rush said the concern he thought Mr. Mahns might have, which was a valid one,
42 was that some future Board may say they don't want to transfer \$450,000 from the
43 general fund to the future beach nourishment fund, they may say they want to transfer
44 \$300,000 or some other amount. Mr. Rush said that his intent and recommendation

1 moving forward with this was that the Town would continue to transfer roughly \$450,000
2 per year every year from the general fund, but that would require diligence by the Board
3 of Commissioners each year to do that but he would say that it was really the same
4 every year anyway even if the tax rates were kept intact this year, because the Board
5 could easily decide next year that instead of having a 1.5 cent tax rate for the secondary
6 benefit district you only want a 1 cent or a 2 cent, the Board has that flexibility every
7 year to change the rate up or down, going forward the Board still has that same
8 flexibility, it will just be in the general fund instead of the beach nourishment fund. At
9 the end of the day Mr. Rush noted the change was just semantics.

10
11 Mr. Mahns said at first it seemed as if they were doing something to reduce some
12 efforts on the staff and that was the first thing, as what's a little staff effort versus this
13 shift so he felt there had to be something more to it. He felt with the funds going into the
14 general fund it was something that could go on forever, but as the beach nourishment
15 rate, if for some reason it wasn't needed for a while it would be a reduction out of the
16 beach nourishment rather than out of the general fund.

17
18 Mr. Rush said in the past the Board had talked about a new sales tax for beach
19 nourishment, they actually requested that a couple of times and it hadn't happened, but
20 if that happened two years from now and that generated \$500,000 a year for the Town,
21 he thought it would be very likely that the Board of Commissioners would decide to
22 reduce the tax rate whether it was the general fund or special tax district, those were
23 things they would want to consider given the opportunity. Mr. Rush said these were all
24 very valid concerns and questions, and again the reasons for changing this year were
25 twofold – one making it easier on the town staff, just one less piece of information they
26 need to keep up with, not a huge savings on the staff but it helped and everything that
27 could make the staff more efficient gave them more time theoretically to do something
28 else good for the community, secondly, it eliminated the separate secondary district
29 taxing authority, making it easier for the taxpayer to understand when they received
30 their tax bill.

31
32 Mr. Mahns asked about the proposal for the boat ramp facility boat slips, and Mr. Rush
33 said that he expected to go back to the Board this fall with a financing plan for that
34 proposal, at this point his goal, if the Board approved, was to finance using grant
35 funding or lease fees for those slips, and not to use any Town tax revenues.

36
37 ***Commissioner Wright arrived at 6:15 pm and was counted as present.***

38
39 ***Motion was made by Commissioner Hoover to welcome Commissioner Wright***
40 ***into the meeting. The Board voted unanimously 5-0 in favor. Motion carried.***

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2 **6. FY 14-15 Recommended Budget Presentations / Q & A**

- 3
4 a. Police Department
5 b. Parks and Recreation Department
6 c. Public Works / Solid Waste
7 d. Planning and Inspections
8 e. Emerald Isle EMS
9 f. Fire Department
10 g. Governing Body / Legal / Administration / NonDepartmental
11 h. Debt Service
12 i. Other Funds
13 j. 5-Year Capital Replacement / Improvement Program
14 k. 5-Year General Fund Forecast

15
16 Town Manager Rush and all Department Heads summarized and discussed with the
17 Board each of their budget requests, priorities and goals for the Fiscal Year 2014-2015.

18
19 ***Mayor Barber left the meeting at 7:45pm in order to attend his grandson's 5th***
20 ***Grade graduation.***

21
22 **7. Employee Compensation, Benefits**

23
24 Town Manager Rush asked for the Boards direction with relatively firm feedback about
25 the issue of employee compensation. Mr. Rush said he had included a recommended
26 cost of living increase of 2% for all employees in the organization, full-time and part-
27 time. He had also included an additional 1% for all full-time employees making less
28 than \$30,000 per year, a total of 7 individuals in the organization who if the
29 recommendation was approved would get the 3% increase. Mr. Rush said the cost
30 associated with that was relatively minor, about \$2,000 for the extra 1% for all 7
31 employees.

32
33 On the health insurance side, the recommendation was to keep the same high
34 deductible health insurance plan with a \$2,500 deductible; however, the Town's
35 contribution to the health savings accounts would decrease from \$1,500 to \$1,200 per
36 year, theoretically an extra \$300 out of each employees pocket next year for health
37 expenses. In reality that would be the case for some individuals, for other individuals
38 who are relatively healthy and don't have much in the way of health care expenses they
39 won't feel it because they will not have spent the money. Mr. Rush said he
40 recommended the extra 1% for those making less than \$30,000 so as to basically make
41 up that \$300 for those 7 people.

42
43 Mr. Rush said he didn't need a firm decision from the Board on the cost of living
44 increases right now but really the firm decision was whether the Board was comfortable

1 with keeping the current Blue Cross plan, certainly they could even make an adjustment
2 to the Health Savings Account contribution later on but the Blue Cross plan had to be
3 renewed by June 1.

4
5 The Board concurred with renewing the current Blue Cross high deductible health plan
6 with the \$2,500 deductible. The Board was also in agreement with the 2% cost of living
7 increases for all employees and the 3% cost of living for full-time employees making
8 less than \$30,000.

9
10 **8. Additional Board Discussion**

11
12 Mr. Rush noted that he projected to end the current year with an approximate \$20,000
13 surplus and his thought if the Board agreed was to let it fall into fund balance. Mr.
14 Rush stated that the general fund budget was projected to end with about \$20,000
15 surplus; that was separate from the funds in the capital projects fund for the community
16 improvements projects, he expected there to be about \$160,000 left over from the
17 various projects for the Board to do with what they chose, and they had up to 2 years
18 because it was in the capital projects fund, and they set it up like they because they are
19 multi-year funds. Mr. Rush said that the Bicycle and Pedestrian Committee – that was
20 also in a separate capital projects fund had around \$90,000, and what he would expect
21 would happen with that money would be that the Bicycle and Pedestrian committee
22 would make a recommendation to the Board, and the Board would decide how to spend
23 that \$90,000.

24
25 The Board requested that \$5,000 be identified to fund the construction of the concrete
26 pad for the fire department at Station One as requested by Chief Walker.

27
28 ***Motion was made by Commissioner Wright to amend the Agenda by adding***
29 ***Closed Session Pursuant to NCGS 143-318.11(6), for purposes of discussing***
30 ***personnel. The Board voted unanimously 5-0 in favor. Motion carried.***

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32 ***Motion was made by Commissioner Hedreen to enter Closed Session. The Board***
33 ***voted unanimously 5-0 in favor. Motion carried.***

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35 ***Motion was made by Commissioner Hedreen to return to Open Session. The***
36 ***Board voted unanimously 5-0 in favor. Motion carried.***

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38 There was no action taken by the Board upon returning to Open Session.
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MAY 20, 2014
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1
2 ***Motion was made by Commissioner Wootten to adjourn the meeting. The Board***
3 ***voted unanimously 5-0 in favor. Motion carried.***

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5 ***The meeting was adjourned at 8:15pm.***

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7 Respectfully submitted:

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10
11 Rhonda C. Ferebee, CMC, NCCMC
12 Town Clerk

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