

1 **MINUTES OF THE SPECIAL WORKSHOP MEETING**
2 **OF THE EMERALD ISLE BOARD OF COMMISSIONERS**
3 **THURSDAY, MAY 28, 2015**
4 **10:00 AM – TOWN ADMINISTRATION BUILDING**

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6
7 **1. Call to Order**

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9 The special meeting of the Emerald Isle Board of Commissioners was called to order by
10 Mayor Eddie Barber at 10 am.

11
12 **2. Roll Call**

13
14 Present for the meeting: Mayor Eddie Barber, Commissioners Tom Hoover, Floyd
15 Messer, Jim Normile, John Wootten, and Maripat Wright.

16
17 Others present: Town Manager Frank Rush, Finance Director Laura Rotchford, and
18 Town Clerk Rhonda Ferebee.

19
20 **3. Adoption of Agenda**

21
22 ***Motion was made by Commissioner Hoover to adopt the Agenda. The Board***
23 ***voted unanimously 5-0 in favor. Motion carried.***

24
25 **4. General Comments**

26
27 Town Manager Frank Rush recapped that the Board's number one goal moving into the
28 budget process this year was to achieve a revenue neutral tax rate and he was happy to
29 say that this recommended budget did that; noting they would bring in a little more than
30 \$4.4 million of property tax revenue in the current year budget between the general fund
31 and the future beach nourishment fund, and that was essentially the same amount of
32 property tax revenue coming in next year in those two funds. Mr. Rush stated the
33 recommended general fund rate was 15.5 cents, 1.5 cents higher than the current rate
34 of 14 cents, as had been the case in the past year 1.5 cents of that 15.5 cents was
35 earmarked for beach nourishment, the other 14 cents was earmarked for general
36 services, whereas in the current tax rate of 14 cents, 12.5 cents was general services
37 and 1.5 cents was earmarked for beach nourishment. Mr. Rush said that the tax rate
38 for the primary benefit district consisting of only oceanfront property owners and the 12-
39 13 property owners on Bogue Court, inlet front property owners, the recommended rate
40 for that district was 4 cents. Mr. Rush stated that we were a little bit below revenue
41 neutral in the general fund and a little bit higher than revenue neutral in the future beach
42 nourishment fund, but the combined package was actually about the same amount of
43 property tax revenue as they would bring in during the current year.

44
45 Mr. Rush stated he would characterize the budget primarily as maintaining service
46 levels and service quality, no significant new initiatives in the budget, with a couple of
47 exceptions. Mr. Rush said one exception was an \$18 increase in the solid waste fee

1 that would take the annual fee from \$210 to \$228; the amount funded all of the trash
2 collection, recycling, yard debris collection, beach strand trash collection and other
3 miscellaneous solid waste services. Mr. Rush said the sole reason for the increase was
4 to improve the yard debris collection efforts which would include the funding for a new
5 truck as well as an additional employee that would be supplemented by an inmate
6 laborer, and that would hopefully enable the Town to keep up with the peak demand.
7

8 Mr. Rush noted two new small capital initiatives that were included and they were both
9 100% funded by other sources. Mr. Rush stated that there were bicycle and pedestrian
10 funds that were ultimately derived from the marathon, half-marathon, and some of the
11 fundraising efforts of the committee. Mr. Rush said that \$45,000 of those funds would
12 be used for decorative lighting along the bike path and sidewalk in the downtown area;
13 and they hoped to be constructing the Senator Jean Preston Memorial Playground
14 sometime in the spring, also completely funded by non-tax revenue, primarily
15 fundraising proceeds, hopefully some grant revenues.
16

17 Mr. Rush said the department heads and staff had put together what he felt was a
18 responsible plan.
19

20 **5. Official Public Hearing – FY 15-16 Budget**

21
22 ***Motion was made by Commissioner Hoover to open the Public Hearing. The***
23 ***Board voted unanimously 5-0 in favor. Motion carried.***
24

25 Elton Matheson, Emerald Isle property owner, commented that the property tax was
26 reported in the news as \$4.4 million, but the total budget was \$8.9 million and said that
27 was a 5%+ increase, he didn't understand how it could be said to be neutral when there
28 was a 5% increase.
29

30 Town Manager Rush responded that the total budget was about \$8.9 million in the
31 general fund, there were a lot of other non-property tax revenues such as sales tax
32 revenues, electricity sales tax revenues, all kinds of fees for service, solid waste fees.
33 The property revenues funded approximately \$4.2 million of the general fund, of that
34 \$8.9 million budget, so roughly a little less than half of the revenue for the general fund
35 came from property tax; the rest came from other revenue sources. Mr. Rush said they
36 had been fortunate to have reasonable growth in sales tax revenues over the past year
37 and they were predicting additional growth, along with very strong growth in electricity
38 sales taxes, and the other portion of that increase was ultimately funded by the increase
39 in the solid waste fee. Mr. Rush stated the budget was revenue neutral in terms of
40 property tax revenue. Mr. Rush said that sales tax was the Town's saving grace which
41 was why it was so important to be involved in the County's and State's potential
42 changes in sales tax; without the sales tax revenues growing at a healthy clip he
43 thought you would either be looking at some reductions in service or potentially a higher
44 tax rate.
45

1 Mr. Matheson commented that if sales tax dropped the property tax would go up. Mr.
2 Rush said it potentially could or the Board would have to make additional cuts.

3
4 Commissioner Wootten added that the solid waste fee adjustment which was significant
5 was a part of the 5% growth in expenditures. Mr. Rush said of the increase in the
6 budget the main items on the revenue side increasing were sales tax revenue,
7 electricity sales tax revenues, and the increase in the solid waste fees.

8
9 Mr. Matheson asked about the general increase in payroll and asked which index the
10 cost of living was tied to and had it already been applied. Mr. Rush stated that they
11 typically looked at the changes in the consumer price index as of the end of March of
12 each year compared to the previous year, and the index for southeast urban areas, and
13 there were several different indexes but that was the most general; as of the end of
14 March this year there was actually a negative change in the consumer price index so it
15 was really showing no inflation, probably driven primarily by the drop in gasoline prices
16 recently. Mr. Rush said they were not firmly tied to that and historically the Board had
17 attempted to meet the changes in the consumer price index and then make cost of living
18 adjustments for all employees; this year based on the Board's direction at their budget
19 workshop in February there was a 2% cost of living adjustment included in the figures.
20 Mr. Rush said the total cost of the 2% cost of living adjustment for all town employees
21 was about \$66,000, but the Board could certainly decide to provide a 1% or 0%
22 increase, it was up to their discretion. Mr. Rush noted that health insurance was
23 increasing by about 10% which was more significant.

24
25 Commissioner Wootten asked Mr. Rush to explain the medical expense process to Mr.
26 Matheson. Mr. Rush stated that the health insurance was generally the last number
27 they received in April before finalizing the recommended budget. Mr. Rush said the
28 total impact of the health insurance premium was about \$56,000.

29
30 Mr. Matheson also asked questions about the yard waste collection and how they
31 determined a stop. Mr. Rush said that was every time they went to a different house in
32 Town and picked up a different pile of debris, some were relatively small and some
33 were huge, on occasion one stop would take up the whole volume of the collection
34 truck. Mr. Matheson asked about the need for another truck to which Mr. Rush
35 responded that they had actually for the past few weeks been supplementing the
36 collection truck with a rental truck, as well as added contractual services through our
37 trash collection service. Mr. Rush noted that the goal was to collect the entire town
38 within one week, and while it was seasonal with the peak months being April, May,
39 June, they used to see a drop in the summer, but even July and August were no longer
40 dropping off. Mr. Rush said earlier this spring it took them up to 4 weeks to collect the
41 whole town and from a service quality standard they wanted to do better.

42
43 Mr. Matheson said landscapers used to take care of their own debris. Mr. Rush clarified
44 that the solid waste fee that paid for the yard waste collection service was only paid by
45 people with a residential property with a house or a condo on it. Vacant lot owners or
46 business owners don't pay that fee. Mr. Rush pointed out that whether the residential

1 property owner did their own landscaping work or hired a contractor they both paid the
2 same fee for the same service. Mr. Rush explained and discussed further the
3 measures they had taken to collect yard debris and the increased demands, and the
4 attempts to maintain service quality for the citizens.

5
6 ***Motion was made by Commissioner Wootten to close the Public Hearing. The***
7 ***Board voted unanimously 5-0 in favor. Motion carried.***
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9

10 **6. FY 15-16 Recommended Budget Presentations / Q & A**

- 11 a. Parks and Recreation
- 12 b. Public Works / Solid Waste
- 13 c. Fire Department
- 14 d. Police Department
- 15 e. Planning and Inspections
- 16 f. Governing Body / Legal / Administration / NonDepartmental / Debt Service
- 17 g. Transfers to Other Funds / Other Funds
- 18 h. 5-Year Capital Replacement / Improvement Program
- 19 i. 5-Year General Fund Forecast

20
21
22 Town Manager Rush and all Department Heads summarized and discussed with the
23 Board each of their budget requests, priorities and goals for the Fiscal Year 2015-2016.
24 Town Manager Rush also discussed the Emerald Isle EMS, Inc. as representatives
25 were unable to attend.
26

27 **7. Employee Compensation, Benefits**

28
29 Town Manager Rush discussed with the Board the 2% proposed cost of living increase
30 included in the budget for all town employees. Mr. Rush also spoke of the bigger more
31 timely issue which was our health insurance program. Mr. Rush noted that what was
32 included in the budget was enough funding to provide a high deductible health plan with
33 a \$3,000 deductible and a \$2,000 health savings account contribution for each
34 employee. That amounted to a total monthly cost per employee of \$748 with the
35 premium and health savings account contribution. This would restore the \$1,000 gap
36 between \$2,000 and the \$3,000 deductible. Mr. Rush said this was in the budget and
37 they could go ahead and authorize it if the Board was comfortable. Our current plan
38 had a \$2,500 deductible and the Town had contributed \$1,200 this year; the Board
39 talked earlier this year about increasing that contribution back to \$1,500 as it had been
40 previously so they could also do that. Mr. Rush said it was \$3,000 year cheaper to do
41 the \$1,500 contribution with a \$2,500 deductible, but his view since it was a relatively
42 small amount of money was that he would rather give the money to the employees in
43 their health savings accounts than give it to Blue Cross Blue Shield. The Board
44 concurred with the \$3,000 deductible and \$2,000 health savings account contributions
45 for employees.
46

1 Town Clerk Rhonda Ferebee brought up the topic of discontinuing spousal coverage
2 effective with the new plan year. Town Manager Rush stated that unless the Board
3 disagreed they planned to discontinue spousal coverage effective with the plan renewal.
4 He said that based on the Affordable Care Act rules they could be harming employees
5 just by offering the spouses coverage under our group plan. It was noted that just by
6 being eligible for our group coverage regardless of whether it was used by the spouse
7 or not it effectively eliminated the spouse's eligibility for qualifying for any subsidies that
8 might reduce their premium. Town Clerk Ferebee noted that currently there was only
9 one employee who covered a spouse on the Town's plan and they had taken measures
10 to assist that employee in the transition to an individual plan.

11 **8. Additional Board Discussion**

12
13
14 Town Manager Rush reminded the Board that this budget was based on our sales tax
15 revenues staying the same. He hoped that nothing harmful was coming out of the
16 legislature in the next two months but he wanted the Board to be aware of that in case
17 something showed up in the budget bill. Mr. Rush discussed the proposed legislative
18 changes being considered.

19
20 Town Manager Rush asked for Board comments as to anything they may want to adjust
21 or change in the recommended budget.

22
23 Commissioner Wootten suggested that they look at all alternatives regarding a new fire
24 station, and the Board agreed that \$2.5 million seemed high. Mr. Rush said they could
25 revisit a façade as they looked at a few years earlier, or an expansion of the building
26 with new facing, but they would definitely look at other alternatives.

27
28 Commissioner Normile hoped they could find the funds for Parks and Recreation to get
29 a new edger, not necessarily with all of the attachments. The Board discussed the pros
30 and cons of how an edger would work on the asphalt path. Mr. Rush said if this was
31 important to the Board they would try to figure a way to make something more
32 affordable than \$23,000 happen that would help make them more efficient.

33 Commissioner Wootten added that the Town had made a significant investment in the
34 bike path and the edger would protect that investment. Commissioner Normile
35 suggested that if possible he would suggest they purchase something in the current
36 years rather than wait.

37
38 Commissioner Normile also mentioned that they have a discussion at some point about
39 speed bumps on Ocean Drive. Mr. Rush noted that in his experience people either
40 absolutely loved speed bumps or absolutely hated them, and they both lived on the
41 same street so he said it was likely to become controversial. Mr. Rush said that if the
42 Board wanted them to pursue this the Board may want to consider a policy where a
43 certain percentage of the people on the street agreed and signed a petition or
44 something similar but they could also just bring any request to the Board and the Board
45 could agree to put speed bumps in that way too, he just wanted to make the Board

1 aware of what they may be faced with from people. The Board agreed to install speed
2 bumps in the 400-500 block of Ocean Drive on a trial basis.

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4

5 **9. Adjourn**

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7 ***Motion was made by Commissioner Wootten to adjourn the meeting. The Board***
8 ***voted unanimously 5-0 to adjourn the meeting. Motion carried.***

9

10 Respectfully submitted:

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12

13

14 Rhonda C. Ferebee, CMC, NCCMC

15 Town Clerk

16

DRAFT