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**MINUTES OF THE SPECIAL MEETING
OF THE EMERALD ISLE BOARD OF COMMISSIONERS
TUESDAY, JUNE 6, 2017
6:00 PM – TOWN ADMINISTRATION BUILDING**

1. Call to Order

The special meeting of the Emerald Isle Board of Commissioners was called to order by Mayor Barber at 6 pm.

2. Roll Call

Present for the meeting: Mayor Eddie Barber, Commissioners Candace Dooley, Steve Finch, Floyd Messer, Jim Normile and Maripat Wright.

Others present: Town Manager Frank Rush, and Town Clerk Rhonda Ferebee.

3. Adoption of Agenda

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

4. FY 17-18 Budget

a. General Comments

Town Manager Frank Rush discussed in detail with the Board the proposed adjustments from the Recommended Budget presented on May 9 as provided in the handout prepared for them involving the FY 17-18 Budget and 5-Year Capital Replacement / Improvement Program. Town Manager Rush discussed the change in the NonDepartmental Bogue Inlet line item and the Transfer to Other Funds, as well as the change in scheduling as highlighted on the Beach Nourishment / Inlet Management 5-Year Capital Replacement / Improvement Program. (A copy of the handout showing the proposed adjustments is attached in its entirety).

b. Board of Commissioners Comments

The Board thanked Town Manager Rush for the excellent job with the budget. Commissioner Messer said they always asked the Town Manager not to increase the tax rate and somehow he did it and he thanked him for the good job.

c. Official Public Hearing

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

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2 Joan Pate, 9100 Reed Drive, Unit 4301, asked regarding the line item changing from \$300,000
3 to \$250,000 and the five-year payment of \$50,000 per year, where that money would come
4 from to put back into the fund.

5

6 Town Manager Rush said that the money being paid back each year for five years was
7 ultimately coming from the general fund, a combination of property taxes, sales taxes, and all
8 of our revenue sources. Town Manager Rush said that each year for the next five years \$50,000
9 from the general fund would go to reimburse the future beach nourishment fund. Town
10 Manager Rush noted that it was essentially an internal loan. Town Manager Rush said the
11 other alternative discussed with the Board was that they could certainly get a loan from First
12 Citizens or BB&T, but it was more economical to do it this way. Town Manager Rush referenced
13 for Ms. Pate the Future Beach Nourishment Fund schedule in the prepared handouts in
14 explaining the breakdown of the Primary Benefit District Taxes and the Transfer from General
15 Funds that would include the additional \$50,000 to pay back the internal loan.

16

17 Jim Wolfe, 9100 Reed Drive, Unit 4301, asked in reference to the 5-Year Capital Replacement /
18 Improvement Program if the State didn't come through with the \$7.5 million or the \$10 million
19 for the nourishment and there was a need for it, where those funds would come from. Mr.
20 Wolfe asked if there would be a special assessment if there was no FEMA or State money
21 coming in; and how that type of money would be generated to facilitate and operate as a
22 recreational town.

23

24 Town Manager Rush replied that the Town had been reserving funds for beach nourishment
25 since 2001 and there were Town funds reserved in our future beach nourishment fund, there
26 were County funds reserved that ultimately came from room occupancy tax, and the revised
27 Capital Replacement / Improvement Program as discussed tonight with the Board that showed
28 the \$7.5 million coming from the State for the Eastern Emerald Isle beach nourishment. Town
29 Manager Rush said they would absolutely put forth a funding request for that and if they didn't
30 receive the funding request they had ample funds both in the Town reserve and the County
31 reserve funds to meet that \$15 million obligation, noting the earlier version provided in the
32 recommended budget on May 9 didn't assume any State funding for the Eastern Emerald Isle
33 project. Town Manager Rush said they had learned since May 9 that the State was in the
34 process of creating a new fund so there was sufficient Town and County money to do the next
35 beach nourishment project.

36

37 Town Manager Rush stated that in the case of the Western Emerald Isle Nourishment project
38 there was an assumption for \$10 million and there was a fund called the Shallow Draft
39 Navigation Fund that was created by the State three to four years ago that was very well
40 endowed, and that fund essentially said that any inlet navigation dredging projects could
41 receive up to 67 percent of the cost of the projects from that fund, and that was actually the
42 same money the Town had used to do the dredging in Bogue Inlet as discussed earlier tonight.

1 Town Manager Rush said that the fact that the Town might loan money to itself from the
2 Future Beach Nourishment fund for any other purpose would not impact when, how, and in
3 what timeframe they did any beach nourishment.

4
5 Mr. Wolfe said he had looked at past history for Ophelia in 2008 and they did a lot of work from
6 Atlantic Beach through Emerald Isle and he understood it was about \$1.35 million in 2008 funds
7 per nautical mile to refurbish the beach. Mr. Wolfe said \$15 million seemed like a sufficient
8 amount based on 2008 numbers so now he thought it would be about \$2 million per mile and
9 looking at the 11 mile stretch the Town was responsible for that would be \$22 million. Mr.
10 Wolfe said \$15 million may seem like a sufficient amount or it may not.

11
12 Town Manager Rush stated that for the Ophelia project he had actually written the funding
13 request to FEMA, secured about \$7 million of federal money for that project, didn't nourish the
14 whole beach but nourished about 4 miles, and the Town had done 5 nourishment projects since
15 2003. Town Manager Rush said the next projects wouldn't cover the entire length of Emerald
16 Isle because he didn't think the entire length would need it but ultimately it would be up to the
17 Emerald Isle Board of Commissioners and the County Beach Commission to decide exactly what
18 areas were nourished and how much sand would be needed. Town Manager Rush said the
19 initial projects were very significant projects that addressed a need that had built up over many
20 years. Town Manager Rush stated that he didn't think either of the next two projects, either
21 singularly or combined, would do the full 11 miles in Emerald Isle because it probably wouldn't
22 be needed but using the math that Mr. Wolfe used of \$2 million per mile for \$22 million, Town
23 Manager Rush noted there was a total of \$30 million in the plan for future nourishment going
24 forward. Town Manager Rush said they did extremely detailed beach profile surveys every year
25 and had for the last 15 years to really measure where the sand was, and where it was needed,
26 and used the best science to make that determination.

27
28 Mr. Wolfe said he just wanted to make sure there wouldn't be some special assessment that
29 each individual homeowner had to spend.

30
31 Town Manager Rush stated they had worked hard to set up the plan so hopefully they never
32 had to issue debt again for beach nourishment. Town Manager Rush said that in 2001-2002 the
33 initial tax districts had a tax rate of 48 cents per \$100 of value for everyone on the oceanfront.
34 Town Manager Rush said there was a revaluation in 2007 and they reduced that tax rate to 16.2
35 cents. Town Manager Rush further noted in 2011 when they paid off all the debt they set up
36 the plans going forward intentionally so they didn't have to issue debt going forward with the
37 Board setting that tax rate at 4 cents now, so it had come down quite a bit over the years in
38 large part because they had been able to reserve a lot of room tax funds, and because they had
39 been very successful in getting FEMA money for nourishment. Town Manager Rush also in
40 response to a question from Mr. Wolfe regarding funding from the State versus Federal, stated
41 that the Town was actually set up to rely completely on local money, all plans were based on
42 local funding intentionally back in 2001. Town Manager Rush said there had been a lot of very

1 positive momentum in recent years for some dedicated State funds for nourishment and they
2 were obviously very pleased to see that as it would make the burden much less on our
3 taxpayers in Emerald Isle.

4
5 ***Motion was made by Commissioner Messer to close the Public Hearing. The Board voted***
6 ***unanimously 5-0 in favor. Motion carried.***

7
8 **5. Board Discussion & Direction**

9
10 The Board indicated they were comfortable with the changes as outlined by the Town Manager.
11 Commissioner Normile also commended Finance Director Laura Rotchford for her work on the
12 budget, the feeling being echoed by the Board.

13
14 **6. Adjourn**

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16 ***Motion was made by Commissioner Messer to adjourn the meeting. The Board voted***
17 ***unanimously 5-0 in favor. Motion carried.***

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19 ***The meeting was adjourned at 6:25 pm.***

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21 Respectfully submitted:

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23
24
25 Rhonda C. Ferebee, CMC, NCCMC
26 Town Clerk