



Minutes of  
City of Creedmoor  
BOARD OF COMMISSIONERS  
**Work Session**  
May 10, 2010  
5:30 p.m.

**PRESENT**

Mayor Darryl D. Moss, Mayor Pro-Tem Jimmy Minor, Commissioner Tim Karan, Commissioner Otha Piper, Jr., Commissioner John Stallings, and Commissioner Herman Wilkerson. Also present were Mr. Tom Mercer, City Manager, Ren Wiles, Finance Officer/City Clerk, and Attorney Tom Currin.

**INVOCATION and PLEDGE OF ALLEGIANCE**

Mayor Moss called the meeting to order and offered the invocation. Commissioner Stallings led the Pledge of Allegiance.

**ADOPTION OF AGENDA**

Moved by Commissioner Stallings to adopt the meeting agenda; Seconded by Commissioner Minor. The motion received a unanimous vote.

**CITY MANAGER'S COMMENTS**

- The 2010 audit contract from Winston, Williams, Creech, Evans & Co in the amount of \$30,000 has been received. The Manager noted the contract amount is lower from 2009 (\$34,000) and 2008 (\$54,000) due to staff diligence. Moved by Commissioner Stallings to approve the 2010 audit contract with Winston, Williams, Creech, Evans, & Co; Seconded by Commissioner Piper. The motion received a unanimous vote.
- The Manager reported that City staff, the EENR Committee, representatives of the County, and Granville County School Board met to discuss the allocation request. Current request of 9600 gallons per day has been agreed upon, with the condition that no changes take place from the plans that were previously submitted. Letter sent to County notifying of conditional allocation agreement.
- FY10/11 Budget Discussion:
  - The Manager reviewed his previous budget presentation given to the Board. The new budget total is \$3,147,060 a change from previous due to revisions including a 17% employee health insurance premium increase. Manager recommended a decrease in the Administrative Services Capital Outlay budget line item by \$24,500 in order to cover the increased employee insurance costs.
  - Scottie Wilkins informed the Board that the CMAQ Trail RFQ to be put out in the next month or so for a firm to help with planning and design. Street repairs start later this week.
  - The Finance Officer handed out an analysis and calculations on the revenue neutral valuation. The valuation presently noted for FY09/10 is \$251,886,709; tax base estimated for FY10/11 is \$268,186,577; change in value of \$16,299,868 (6.47% increase). When calculating the revenue neutral average tax base growth during revaluation, the percentage increase comes out to 6.41%. The result is that the estimated growth from increase in value is only 0.06%. In other words, the actual increase between the years themselves is 6.47% and the revaluation comes out to 6.41% and when rounded, equals 72.5 cents per \$100 valuation. He summarized the calculations by saying that the growth that has taken place through the City's expansion and gains appreciation in home values appear to have been off-set by the past several years of real estate decline in the depressed market.

- The Manager reviewed the fund balance analysis from 2000-2009. The growth range displayed was \$547,080 for 2000 to \$1,638,619 (58.14%) for this past year. Taking into consideration our spending as a percentage and compare to municipalities within our group, we can see that Creedmoor (1) fell below ½ the average for our group for the years of 2002-2004; (2) reached a high point of 60.89% (almost at the group average) in 2005-2006; (3) dropped back down to 24.31% in 2007; and (4) began to increase through 2008 to 58.14% in 2009. He explained that the 2006 increase to 60.89% and subsequent decrease in 2007 to 24.31% could be a result of delinquent tax payments being booked, causing the actual percentage to increase artificially. He stated that he expected the current 58.14% General Fund Balance to grow again this year, putting us in the same realm as our group and further highlighted the importance of staying within our group as this can affect bond ratings.
- The Finance Officer reported that the North Carolina Municipal Counsel recently evaluated the City to rate its credit-worthiness. The City was last evaluated prior to 2003 and was “pulled” at that time due to requirements not being met for the evaluation to be completed. As of this date, the rating process has not been completed and we are unaware of what the new rating will be. It is significant to note that the previous status would not have allowed the City to borrow money due to not having a bond rating.
- The Manager reviewed the previously presented Water/Sewer Budget and informed the Board that there were no changes. He reported on the progress of the Lake Rogers Dredging Project. The City has not received a response from HG Reynolds regarding finishing the project; will consult with City Attorney on course of action.
- Commissioner Minor reported that the County’s proposed tax rate is .795; current rate is .825. For clarity, Mayor Moss reiterated that not much has changed. Commissioner Minor expressed concern over the State claiming municipality revenues this year due to the ongoing budget crisis. To date, there has not been any word from the State whether they will be pursuing this action. The Finance Officer informed the Board that during discussions with some of the Granville County tax officials he was told that Creedmoor is the most active real estate area for the County. The result of increased population would mean that, before distribution to municipalities in Granville County, Creedmoor would receive a larger piece of the State sales tax “pie”. He reiterated that the budget was prepared with a very conservative approach allowing for very modest growth allowances.
- The Finance Officer further explained the revenue neutral rate. All prior year numbers used in the analysis come from the City’s audited financial reports. Once the revaluation numbers were released from the County, they were added to the analysis for FY09-10. The spreadsheet calculates that, with a higher tax base, what tax rate would be needed to be equal. The second stage in the process as allowed by state law is to adjust for the fact that most towns are a growing entity. What growth the City would have had without the tax revaluation is adjusted for. Because 6.41% was our average growth in the intervening years, the rate came out flat.
- Commissioner Minor had requested staff to take a fresh look at the water/sewer rates. He commented that one of the requests was to look at a 2000 gallon minimum and the final calculations showed that the Manager was correct in stating that it works out best for the customer if we do not adopt a gallon minimum; doing so would prove to be unfair as it would have raised everyone else’s rate and we should keep the policy “you pay for what you use”. Staff is still reviewing detail on ready-to-serve fee.
- Commissioner Minor requested a line item be created for demolishing of condemned buildings. This would be an in-and-out account as property owners would be required to reimburse the City for funds expended. The Manager stated that staff would create a line item and identify the expense using assumptions.
- Commissioner Minor asked about the status of the street light audit and was informed that City still waiting on audit of current inventory and cost assessment to replace from Duke Power.
- Commissioner Minor noted that the current proposed budget allocation was less than what had been allocated this past year by approximately 20%. The Manager reported that he has had several meetings with SGAA and is awaiting a follow-up meeting with them. He agreed that this issue would need to be examined further.
- Commissioner Wilkerson asked what capital outlay items were slated for purchase in the coming fiscal year. The Finance Officer explained that all capital outlay items were included in the department summaries in the detail pages previously sent to the Board. The Manager reviewed the FY10-11 pie chart slide pointing to the Departmental Budgets and repeated that any items for purchase were included in those totals. He further stated

that any changes in the approved budget allocations for each department are required to come before the Board in the form of a budget amendment.

- Public Hearing for the FY10-11 Proposed Budget will be held at the next BOC meeting on May 25, 2010. Changes can be made up until the adoption at the BOC June 14, 2010 Work Session.
- The City Planning Director reported regarding a second hearing on the condemnation of the Alamo. City Attorney to send procedure to hold second hearing as the applicant did not appear at the first hearing. If applicant does not appear at the second hearing, City will proceed with condemnation.
- Commissioner Stallings inquired about the grass cutting on Route 56. Scottie Wilkins responded that for any state-maintained roadway within the city limits, we have negotiated with NC DOT to be reimbursed for mowing expenses.

**ADJOURNMENT**

Moved by Commissioner Wilkerson to adjourn the meeting at approximately 6:50 p.m.; seconded by Commissioner Piper. The motion received a unanimous vote.

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Mayor

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Deputy City Clerk