

MINUTES OF
CITY OF CREEDMOOR
BOARD OF COMMISSIONERS MEETING
APRIL 19, 2021
6 P.M.

Present in Person at City Hall Boardroom

Mayor Bobby Wheeler, Mayor Pro Tem Neena Nowell, Commissioner Kechia Brustmeyer-Brown, and Commissioner Georgana Kicinski. Also present were City Manager Gerald Smith, City Clerk/PIO Terry Hobgood, City Attorney T.C. Morphis, Police Chief Keith King, Interim Finance Director Carla Hobbs, and Community Development Director Michael Frangos.

Present via Zoom Video-Conference

Commissioner Del Mims, Commissioner Ed Mims, Public Works Director Stephen Edwards, and Administrative Services Director Genesis Wallace.

Absent

None

Call to Order

Mayor Wheeler called the meeting to order at 6:00 p.m. Commissioner Ed Mims offered the invocation, and Mayor Pro Tem Nowell led the Pledge of Allegiance.

Roll Call

Roll call by the City Clerk determined a quorum was present.

Agenda Approval

Commissioner Kicinski moved to approve the agenda as amended with the deletion of the SGWASA report, and an addition of a closed session pursuant to NCGS 143-318.11(a) (3) & (6) Attorney-Client Privilege and Personnel. The motion was approved by roll call vote 5-0.

Mayor Pro Tem Nowell: Yes
Commissioner Brustmeyer-Brown: Yes
Commissioner Kicinski: Yes
Commissioner Del Mims: Yes
Commissioner Ed Mims: Yes

Consent Agenda

Commissioner Kicinski moved to approve the Consent Agenda: March 20, 2021, Meeting Minutes. The motion was approved by roll call vote 5-0.

Mayor Pro Tem Nowell: Yes
Commissioner Brustmeyer-Brown: Yes
Commissioner Kicinski: Yes
Commissioner Del Mims: Yes
Commissioner Ed Mims: Yes

Public Comment

Deborah Brogden, 1254 Dove Rd., Creedmoor

Brogden thanked Recreation and Events Coordinator Angie Perry for her assistance in advertising the Creedmoor Farmers Market. Brogden reported that the Farmer's Market has relocated to the American Legion building off Main St., and requested additional assistance from the City of Creedmoor in advertising the market.

With no one else coming forward to speak, Mayor Wheeler closed the public comment period.

109 Park Avenue and City Hall Expansion Project Ordinances

Interim Finance Director Carla Hobbs presented two project ordinances that would reallocate funding from the 109 Park Avenue Creedmoor Opportunity Center project to the proposed expansion of the City Hall government facility. Ordinance 2021-O-06 would transfer \$300,000 to General Fund Balance, and then Ordinance 2021-O-07 would transfer \$300,000 from General Fund Balance to the newly established City Hall Expansion Project Fund.

Commissioner Kicinski moved that the City of Creedmoor consider an expansion of the City Hall government facility and consider an allocation of funding for this expansion project. The motion approved by roll call vote 5-0.

Mayor Pro Tem Nowell: Yes
Commissioner Brustmeyer-Brown: Yes
Commissioner Kicinski: Yes
Commissioner Del Mims: Yes
Commissioner Ed Mims: Yes

Commissioner Brustmeyer-Brown moved to approve Ordinance 2021-O-06: Amend 109 Park Avenue Project Fund and Ordinance 2021-O-07: Establish City Hall Expansion Project Fund. The motion was approved by roll call vote 5-0.

Mayor Pro Tem Nowell: Yes
Commissioner Brustmeyer-Brown: Yes
Commissioner Kicinski: Yes
Commissioner Del Mims: Yes
Commissioner Ed Mims: Yes

Structurally Balanced Operating Budget

City Manager Gerald Smith presented an initial overview of the proposed 2021-2022 fiscal year budget (FY22). Smith explained that the City of Creedmoor should aim to keep revenues and expenditures closely aligned. This strategy becomes increasingly important in a growing community like Creedmoor. In the past, increased population and property values have led previous administrations to reduce the ad valorem tax levy while bringing in relatively flat revenue from this primary funding source. Increases in sales tax revenue and a robust General Fund Balance have shielded Creedmoor from the negative effects of the flat ad valorem revenue stream. The strain on City services has begun to show as the staff has reached their workload capacity, but this is in conjunction with increased demand from citizens for public services. In Creedmoor, expenditures are not outpacing revenue leading to an imbalanced financial structure.

The tax rate last increased in FY 2009, when the tax levy was increased from \$.70 per \$100 valuation to \$0.725. In FY 2011, the tax rate was lowered back to \$0.70, again lowered to \$0.665 in FY 2016, and again in FY 2018 to \$0.635. In FY 2019, the rate was lowered to the current \$0.615. Though the gross ad valorem tax revenue has increased since the highest tax rate in 2009, it has not kept pace with the growth of the community and associated increase of services. Smith explained that the population growth has strained the City's ability to maintain infrastructure and complete service calls without the corresponding increase in revenue. In recent years, the Board of Commissioners has utilized fund balance to subsidize operating expenses, and to complete or initiate major capital projects like the Creedmoor Community Center, Cross City Trail, Lake Rogers Park expansion, 109 Park Avenue acquisition and renovation, and 120 Sanderford Street acquisition.

Smith then moved to a discussion of the Creedmoor Volunteer Fire Department (CVFD). The funding allocated to the CVFD has escalated beyond what Granville County is willing to contribute, and at a much faster rate than funding is allocated to departments staffed by City of Creedmoor employees. Members of the Board have expressed a desire to bring the City of Creedmoor's funding for the CVFD more closely in alignment with the proportion of service calls performed by the CVFD within the Creedmoor City Limits. Currently, around 40% of the CVFD's calls for service are within the Creedmoor City Limits, but the City of Creedmoor provides approximately 73% of the department's funding. Funding request by the CVFD has increased over 100% in the last five years, from \$89,100 in FY 2016 to the current allocation of \$207,250. Smith noted that approximately \$50,000 of the \$207,250 is the annual payment for the CVFD ladder truck agreed to by the City in 2020. Smith concluded by asking the Board to consider reimagining how the CVFD is funded with an emphasis on Granville County assisting the City of Creedmoor in meeting the funding needs of the CVFD equitably. The current level of funding and increases in the annual allocation request is not sustainable for the City of Creedmoor.

FY22 Draft Operating Budget Presentation

Interim Finance Director Carla Hobbs presented an overview of the City Manager's recommended FY22 operating budget. Hobbs recapped the current fund balance figures, which she estimates will total \$9,704,770 at the end of FY21. The General Fund balance is estimated to be at \$7,206,483 at the end of FY21. The state of North Carolina would require Creedmoor to retain \$329,932 in General Fund Balance, and the City's internal policy requires \$4,124,147. Hobbs recommends that the City of Creedmoor not let the General Fund Balance dip below 50% of the operating budget (approximately \$2,062,074).

The recommended budget by the City Manager is \$4,124,148 in expenditures from \$4,029,960 of expected General Fund Revenue. The City of Creedmoor is still waiting on final rules for spending but has currently budgeted \$151,800 in federal American Rescue Plan Act (ARPA) funding. As the rules allow, this funding could be used for other needs and decrease the amount of General Fund Balance needed to fund operations. The current draft budget has \$94,188 from General Fund Balance. The Manager's draft budget includes a 1.25% cost-of-living increase, and up to 2% for merit pay increases. The budget also includes a \$56,987 increase for personnel to fund internships for the City Manager department as well as Tele-communicator and Corporal positions in the Police Department. Expected capital needs in FY22 include repairs to the Lake Rogers dam, two police cars, City Hall telephone system upgrade, laptops/docking stations, and accessory equipment for the Public Works excavator. Major projects funded in FY22 would be the addition of agenda management software, City rebranding efforts, landscape improvements for the R-5707 project area, Lake Rogers open space stewardship, contribution to the Tar River Land Conservancy, and City Plan 2040 public outreach.

Hobbs moved on to discuss the Recreation Fund, which is expected to have a dramatic expenditure increase in FY22. The draft budget includes an educated guess and best estimate for the cost and revenues associated with the Community Center for a full year of operation, but the true cost of running the Community Center remains unknown. Recreation currently holds a Fund Balance of \$267,340, \$166,015 of which has been budgeted to balance the FY22 Recreation budget. Recreation funding comes from fees for services, lease payments for the City-owned cell tower, Fund Balance, and Granville County. The City will need to find additional Recreation Department funding to diminish the amount budgeted from Fund Balance in subsequent years.

The Stormwater Fund is expected to have revenues surpass expenditures by \$71,931 in FY22. The draft budget does include converting the part-time Planning Technician position to full-time with 50% of the funding coming from stormwater revenue. For the Powell Bill Fund, no paving projects are expected in FY22 but revenue would be utilized for repairs and improvements for sidewalks as recommended by the City's ADA Transition Plan.

The remaining capital projects on the books for Creedmoor in FY22 are the 109 Park Avenue project and the proposed expansion of City Hall. ARPA funding may be available for a contribution to SGWASA and audiovisual upgrades for City Hall and the Community Center.

Five Year Financial Projections

Interim Finance Director Carla Hobbs then presented an estimate of projected revenues and expenditures for the next five fiscal years. Projected expenditures are outpacing revenue, and at the current tax rate, ad valorem tax

collections are projected to only increase about 2.5%. Recreation expenditures will add approximately \$200,000 each year to the burden on the General Fund. Hobbs noted that increasing taxes by \$0.01 per \$100 valuation adds about \$33,577 in revenue.

For FY22 Hobbs is estimating \$4,029,960 in revenue, which she expects to increase to \$4,385,701 by FY26 at the current tax rate. Expenditures are estimated at \$4,074,148 for FY22 and \$4,786,805 by FY26. This will lead to an increasing gap between revenues and expenditures of around \$401,000 by FY26. To mitigate this issue, Interim Finance Director Carla Hobbs and City Manager Gerald Smith are recommending the Board consider a progressive increase in the tax rate along with a reduction in expenditures. The City would likely still face a gap in revenue of around \$67,000 by FY26 even with a \$0.09 increase in the tax rate. These projections could change each fiscal year, and Hobbs recommends that Creedmoor staff and Board members revisit the financial position each year to see if a tax increase is necessary. Granville County will have another property tax revaluation in 2023, and those new values will take effect in FY24. The FY24 budget process will be a good time for the City to evaluate its position based on the expected revenues resulting from a steady tax levy.

To achieve a stable expenditure level that does not severely outpace revenues, Hobbs and Smith are recommending that the Board cap the General Fund contribution to Recreation at \$200,000 per year and cap the funding allocated to the CVFD at \$160,000 per year. This would include the roughly \$50,000 committed annually to fund the CVFD ladder truck purchase that will be paid through FY31. The capital outlay and special projects budget should be capped at \$225,000 annually.

CVFD Funding for FY22

Commissioner Brustmeyer-Brown moved that the City of Creedmoor agree to pay the Creedmoor Volunteer Fire Department \$89,100 in FY22 plus the previously agreed upon annual payment for the ladder truck. Brustmeyer-Brown further moved that the City of Creedmoor continue funding the Creedmoor Volunteer Fire Department at an annual rate of \$89,100 plus the annual ladder truck payment until Granville County matches or exceeds that level of funding. The motion was approved by roll call vote 5-0.

Mayor Pro Tem Nowell: Yes

Commissioner Brustmeyer-Brown: Yes

Commissioner Kicinski: Yes

Commissioner Del Mims: Yes

Commissioner Ed Mims: Yes

Independence Day Fireworks and Creedmoor Music Festival

Commissioner Ed Mims moved that the City of Creedmoor not participate in the annual City of Creedmoor/Town of Butner Independence Day fireworks display at Lake Holt in 2021.

Commissioner Del Mims moved to amend the original motion from Commissioner Ed Mims to state that the City of Creedmoor will not participate or sponsor any congregate events for the remainder of 2021 including, the Independence Day fireworks display, National Night Out, and the Creedmoor Music Festival.

Following Board discussion, Commissioner Del Mims modified her amended motion to state that the City of Creedmoor will not participate or sponsor the Independence Day fireworks display and the Creedmoor Music Festival in 2021. Commissioner Ed Mims accepted the amendment to his original motion. The amended motion was approved by roll call vote 3-2.

Mayor Pro Tem Nowell: No

Commissioner Brustmeyer-Brown: Yes

Commissioner Kicinski: No

Commissioner Del Mims: Yes

Commissioner Ed Mims: Yes

Commissioner Reports

Commissioner Kicinski thanked the Mayor for the opportunity to volunteer at the COVID-19 vaccine clinics sponsored by Creedmoor Drug.

Mayor's Report

Mayor Wheeler thanked City Manager Gerald Smith and Interim Finance Director Carla Hobbs for their work preparing the budget presentations for this meeting.

Closed Session NCGS 143-318.11(a) (3) & (6) Attorney-Client Privilege & Personnel

Mayor Pro Tem Nowell moved to enter closed session pursuant to NCGS 143-318.11(a) (3) & (6) Attorney-Client Privilege & Personnel at 9:11 p.m. The motion was approved by roll call vote 5-0.

Mayor Pro Tem Nowell: Yes
Commissioner Brustmeyer-Brown: Yes
Commissioner Kicinski: Yes
Commissioner Del Mims: Yes
Commissioner Ed Mims: Yes

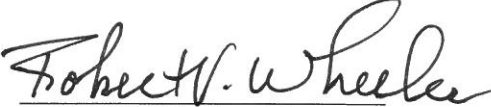
Mayor Pro Tem Nowell moved to leave the closed session at 10:00 p.m. The motion was approved by roll call vote 5-0.

Mayor Pro Tem Nowell: Yes
Commissioner Brustmeyer-Brown: Yes
Commissioner Kicinski: Yes
Commissioner Del Mims: Yes
Commissioner Ed Mims: Yes

Adjourn

Commissioner Kicinski moved to adjourn the meeting at 10:01 p.m. The motion was approved by roll call vote 5-0.

Mayor Pro Tem Nowell: Yes
Commissioner Brustmeyer-Brown: Yes
Commissioner Kicinski: Yes
Commissioner Del Mims: Yes
Commissioner Ed Mims: Yes


Robert V. Wheeler, Mayor

ATTEST:


Terry A. Hobgood, Jr., City Clerk

