

MINUTES OF
CITY OF CREEDMOOR – BOARD OF COMMISSIONERS
CONTINUED MEETING
JUNE 1, 2009
5:30 P.M.

PRESENT:

Mayor Darryl D. Moss, Mayor Pro-tem Tim Karan, Commissioner Jimmy Minor, Commissioner Otha Piper, Jr., Commissioner Larry Robinson and Commissioner Herman Wilkerson. Also present were Tom Mercer, City Manager and Sandra Harper, City Clerk. Absent was Attorney Tom Currin.

QUORUM:

Mayor Moss called the continued meeting of May 26, 2009 to order at 5:30 p.m. in the Commissioner's Room at City Hall.

BUDGET:

Mr. Tom Mercer, City Manager gave the Board a handout and a presentation of the proposed increase in SGWASA rates to become effective July 1, 2009 for water/sewer. This spreadsheet also showed Creedmoor Plan "A" with proposed increased rates. He gave a comparison of 2008-2009 and 2009-2010 inside/outside water/sewer rates based upon the number of customers. Mr. Tom Mercer, City Manager/Finance Officer said that the City was going to come up short on the sewer side and this was due to infiltration, flushing and drought/conservation. There was discussion of how to handle the problem of inactive accounts and Mr. Tom Mercer, City Manager/Finance Officer said that he would present a new spreadsheet with back-up data for Creedmoor Plan "B".

Commissioner Minor inquired about the total expense of what it costs to operate the system at the end of the year vs. the total cost of purchasing the water and a break down per 1,000 gallons.

Mr. Tom Mercer, City Manager/Finance Officer said that he could do the calculations. Mr. Tom Mercer, City Manager/Finance Officer expressed that it would be broken down by the operating portion, which consists of the water fund, sewer fund; the CIP and the capacity fee, etc. to calculate the number. Mr. Mercer said that once the books are closed in July the numbers will show this past fiscal year what the City purchased 100% from SGWASA for water/sewer, actuals posted and at this point the numbers can be calculated. Mr. Tom Mercer, City Manager/Finance Director said that the main reason that the City came up short last year was because the inactive accounts were not taken into consideration when he was given the numbers.

Commissioner Minor inquired about the bulk rate customers and Mr. Steve Colenda, City Inspector replied that there are two; Wilton School and the Church.

Commissioner Minor inquired about the "Ready to Serve" fees.

Mr. Tom Mercer, City Manager/Finance Officer said that SGWASA's "Ready to Serve" fees are \$16.03 per month for water and \$25.10 per month for sewer, which is close to the base fee. He expressed that he would review the scenario and generate figures for Creedmoor.

Mr. Tom Mercer, City Manager/Finance Officer gave the Board a handout and presented the proposed SGWASA Rate Schedule effective July 1, 2009 for meter size and base rate for inside/outside rates.

Commissioner Minor spoke of concern to increase the school system rates as they had a tight budget and recently cut 37 teacher positions.

Mayor Moss agreed with Commissioner Minor and said that it would be difficult to go to the County and the Granville County School system and increase the rates; however they need to understand that the City will have to phase this in over a period of time.

Commissioner Minor said that he felt the bulk customers should be charged a set fee for the meters.

Commissioner Robinson said that the City should take a figure and start increasing over the next four years.

Mayor Moss expressed that the proposed meter rates as presented by the City Manager would help with the \$100,000 short fall for sewer over time. The second part of this challenge would be the decision of the residential rates.

Mr. Tom Mercer, City Manager/Finance Officer said that the sewer short fall could be taken out of the Fund Balance and replaced at a later date. He noted that there will not be a short fall next year.

Commissioner Karan expressed that SGWASA had a CVM rate study prepared that has good information which talks about how much base charge goes to what. It states that 60% should go towards increasing your allocation ability and the 40% should be broken down as regular revenue.

Upon discussion, Mr. Tom Mercer, City Manager/Finance Officer to prepare a graduating scale for the meter rates with a Plan "A" and Plan "B".

There was discussion of undeveloped lots with an existing meter box that are not being charged. Commissioner Minor said that he had no problem with charging subdivisions; however he had concerns of charging fees to lot owners in the older part of Creedmoor.

Commissioner Karan said that if a lot owner does not want to pay the meter fee he could waive this right and be charged a capacity fee for development.

Commissioner Wilkerson expressed that previously, lot owners from the old part of Creedmoor were exempt from having to go to Butner to request capacity to build a house.

Commissioner Karan noted that rental properties should be charged a “Ready to Serve” fee when the property is vacant.

Mr. Tom Mercer, City/Finance Officer expressed that rental property owners could be sent a letter explaining that they are responsible for a fixed fee, which will eliminate inactive accounts.

Upon discussion, Mr. Tom Mercer, City Manager/Finance Officer said that it was his understanding that he was to look at 1) meter size and percentage; 2) Capacity fees for undeveloped lot owners that do not want to participate; 3) Ready to Serve fees for rental properties and developments; and 4) The hold-back capacity on present lots in the City.

Mayor Moss said that the Budget Public Hearing was scheduled for June 8, 2009 and the Board was working towards adoption of the Budget on that date; however it may be that the budget adoption does not happen until June 23, 2008.

Mr. Tom Mercer, City Manager/Finance Officer gave the Board a handout of the General Fund and the Capital Fund. For the Capital Fund he presented a break down of the Project Estimate, Grant Amount, Financed Amount, Years to Pay, Yearly Principal, Yearly Interest and Total Yearly Payment for Water/Sewer/Fontaine/Sidewalk and Community Center. He said that in anticipation of stimulus funds he placed ¼ million dollars on both water and sewer out of the CIP budget. The Powell Bill and the Recreation Fund was included in this package. He said that it looks like a shortage on the actual cost on the grant for Lake Rogers and negotiations begin next week. Also, included in the 3 million dollars was the Booster Pump Station, which hopefully 20% - 30% will be paid for by the USDA. He said that they need to get within a 90 day window to receive funding. He said that as soon as he received the audit he would forward it to the USDA and the LGC.

There was discussion of the Tar River discharge permit. No decisions were made at this time.

Commissioner Minor gave the Board a copy of the Rules and Regulations Governing Boating, Fishing and Concession At Lake Holt.

Mr. Tom Mercer, City Manager/Finance Officer said that there was a gentleman that called in reference to the lease of the concession at Lake Rogers and he was preparing a proposal.

Commissioner Wilkerson said that he was in favor of boats on Lake Rogers.

Moved by Commissioner Piper and seconded by Commissioner Wilkerson to adjourn. The motion received a unanimous vote.

Mayor

City Clerk