

TOWN OF ST. JAMES



May 19, 2022

The Honorable Mayor, Town Council and Citizens of the Town of St. James:

In accordance with the North Carolina Local Government and Fiscal Control Act, we are pleased to present for your review and consideration the *Proposed Budget* for the Town of St. James for the fiscal year beginning July 1, 2022 and ending June 30, 2023. The *Proposed Budget* includes suitable resources to accomplish the goals of the Council and to continue the services that meet the needs of our citizens.

Pursuant to N.C.G.S. 159-12, a public hearing on the adopted budget was held on Wednesday, May 4, 2022 at 4:00 pm in the Town Hall Chambers. The public notice including the date and time was posted in the Town Hall lobby and on the Town's website, as well as advertised with the local news media.

General Overview

At this time last year, the Country was slowly recovering from the COVID-19 pandemic. This year we find ourselves again in uncharted territory. Post pandemic rising inflation, supply chain logistics and a tight labor market have made budgeting for the next fiscal year another challenge.

In May of 2021, the Town was preparing for a large-scale upgrade to our parking facilities with an anticipated cost of \$900,000. A solicitation for bids per NC General Statutes began in September 2021, however only one bidder responded. A required second round solicitation resulted in three bids, however by that time rising prices required an appropriation from the general fund of \$1,300,000 for the project. As this letter is being written, the upgrade to the Town's parking facilities is underway, but the project has run into its own supply chain issues and may not be completed until the Fall of 2022.

NC Municipalities continue to struggle with how high inflation and supply chain issues will affect the growth of Local Option Sales Taxes, which for our municipality, is the largest source of budgeted revenues. This *Proposed Budget* includes an increase of 6 percent in anticipated Local Option Sales Taxes, which are disbursed by the State of North Carolina to counties based on sales within those counties. Brunswick County then distributes those collections to the municipalities within the county on a per capita basis. As the Town's population has increased at a higher percentage than the county as a whole, the amount allocated to the Town of St. James has increased accordingly. This revenue stream allows the Town to maintain a healthy General Fund balance and enables the Town to continue the Council's savings goal for both disaster recovery and the St. James Fire Department's future capital needs.

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The *Proposed Budget* for the fiscal year ending June 30, 2023 includes total revenues and expenditures of \$3,568,000 in the General Fund. Although the June 30, 2022 audit has not been completed at this time, it is projected to include a total General Fund balance of \$3,000,000 that will include an assignment to disaster recovery savings in the amount of \$566,533 and an assignment to the St. James Fire Department future capital needs in the amount of \$800,000. This will result in the unassigned balance in the General Fund of approximately \$1,633,467 on June 30, 2022, which is a sufficient start to this *Proposed Budget*. The North Carolina Local Government Commission recommends that local governments maintain an undesignated or unassigned fund balance in the General Fund equal to at least 8% of the adopted General Fund budget (8% represents approximately one month's expenses). The FY 2023 projected fund balance for the Town is anticipated to be 46%.

Highlights of this year's budget include the following:

- Consulting Contract with the Cape Fear Council of Governments
- Obtaining an Acoustical Engineering Consultant for the Community Center
- Updates to the Community Center Interior Design – New Paint and Carpet
- Streaming Capabilities in both the Town Hall and Community Center
- Scanning Project anticipated to replace nearly all paper zoning files

REVENUES

The Town currently has one fund, the General Fund. The General Fund budget of \$3,568,000 represents approximately a 5% increase from FY 2021-2022 (*before* amendments). The budget amendment in 2021-2022 of \$1,300,000 for the parking facilities is not included when calculating this percentage increase because of its extraordinary nature. Within the General Fund, Local Option Sales Taxes are generally the highest percentage of revenues, and in this *Proposed Budget* they provide 48% of the total projected revenues. Property tax revenues are the second highest revenue source and are anticipated to provide 35% of FY 2022-2023 revenues.

Other sources of revenue include general governmental revenue such as utilities sales taxes (distributed by the State), solid waste disposal taxes, and alcohol taxes. Town generating revenues include zoning permit fees and community center fees.

EXPENDITURES

Town Facilities

Both the Town Hall and the Community Center were built in 2010 during the analog age as opposed to today's high-definition environment. Technology has changed dramatically since then and after two years of COVID-19 where streaming of meetings became normal due to closed municipal buildings, residents have come to expect to attend meetings while in the comfort of their own homes using streaming platforms such as Zoom. As easy as it may be for our residents, it has presented a challenge for the Town to incorporate a large group setting onto a streaming platform. This *Proposed Budget* includes funding to provide a complete overhaul of our technology to enable both the Town Hall and the Community Center to host a group meeting over a streaming platform.

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In addition to a technology upgrade, this *Proposed Budget* includes funds to engage an acoustical engineer consultant to provide recommendations on how to enhance the audibility of the large multi-purpose rooms in the Community Center. Additionally, funds have been set aside to refresh the décor of the Community Center which will include new paint and carpeting in the large multi-use areas.

Since 2007 when the Town adopted its first Unified Development Ordinance, the Town has required zoning approval for all new buildings, as well as many other types of additions, such as pools, decks or solar panels. Those approvals required paper site plans, building architectural drawings and other types of documentation that have been stored in our storage facility over the years. As St. James has continued to expand, the need for physical storage for all these paper documents has increased and has become burdensome to maintain. The County was facing the same issue regarding physical space, so starting in February of 2021, it began requiring all builders to submit their plans electronically. After reviewing the County's process, both the Town and the POA decided to change direction and allow all builders to submit plans in the same manner. Electronic submittals are more efficient and decrease the amount of physical storage space needed for files. In order to file records consistently, this *Proposed Budget* includes funds to engage a local company to scan all of the old zoning files dating back to 2007. Once scanned, the Town plans to offer the original paper files to the residents for their own records.

Right of Way (ROW)

Maxwell Drive is scheduled for surface coat re-sealing every 5 years. This *Proposed Budget* includes resources to maintain that schedule.

Environmental Protection

The Town reduced its participation in recycling efforts last year but has pledged its support in fiscal year 2022-2023 for sole source cardboard recycling which will be available to residents via an on-site drop off next to the St. James Chapel.

The Town has also re-committed efforts to test and monitor the many sources of stormwater collection sites within the Town and continues to provide yard debris pickup services directly to homeowners.

The Town is committed to assign one cent from the Ad Valorem tax collections (net of collection fees) to disaster recovery with a goal of establishing a fund totaling \$ 1,500,000. The amount in this assigned portion of the General Fund will be \$566,533 on July 1, 2022. During the fiscal year 2022-2023, an additional \$208,522 will be assigned to disaster recovery, however that amount may vary due to costs that arise over the next year due to unanticipated events.

Public Safety

The Town funds a significant portion of the St. James Fire Department's annual budget. This *Proposed Budget* includes \$714,280 for both operations and capital items, if necessary. In addition to this operating contribution, the Town has set aside (assigned), a portion of the General Fund in anticipation of future capital needs. On July 1, 2022 that assignment will be \$800,000. The current *Proposed Budget* apportions another \$150,000, however during the retreat in February 2023, Council may decide to transfer additional amounts depending on the health of the General Fund at that time.

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The Community Center

After an extended shut down during COVID in fiscal year ending June 30, 2021, the Community Center has re-opened and is experiencing record reservations from resident groups.

As indicated above, plans are in place to determine how best to upgrade the acoustics in the large multi-purpose rooms, as well as refreshing the interior with new paint and carpets. Funds are also included to allow capital improvements for streaming of meetings or conferences. Meeting organizers will also have the ability for presenters to video in and participate remotely. These improvements are for both residents and potential event organizers who wish to utilize the event space.

Debt Service

The Town of St. James has one outstanding loan that was secured as funding for the Town Hall and Community Center. The current balance on that loan on July 1, 2022 will be \$1,666,838. The total debt service payments are consistent at \$362,000 annually. The final payment on this debt is in July 2026.

CONCLUSION

We believe that this *Proposed Budget* for the fiscal year ending June 30, 2023 captures the highest priorities of the Town of St. James Council Members, one of which is keeping the tax rate at the current rate of \$.06 per \$100 valuation.

On behalf of the Staff who continue to provide the best service to our residents, we wish to thank Council for giving us this opportunity to be part of the Town of St. James. Our mission is to provide the best level of service to our community.

Respectfully Submitted,

Jeffrey Repp, Town Manager
Pauline Haran, Finance Director