

Presentation of the

FY 2021

Strategic Operating

Plan

May 12, 2020

What we will cover:

1. Council's strategic direction
2. Key components of the Strategic Operating Plan (SOP)
3. FY 2021 Budget
4. FY 2021-2025 Financial Forecast
5. Next steps




VILLAGE OF
PINEHURST

VALUES
Service
Initiative
Teamwork
Improvement

VISION
The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions.

MISSION
Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.

Council's Strategic Direction

Council's Strategic Direction

- Discussed in *Strategic Priorities* Section (pgs. 37-65)
- Indicates:
 - Strategic planning process
 - FY 2021 Balanced Scorecard (BSC), with Areas of Focus (AOF)
 - Initiative Action Plans (IAPs) to address strategic goals & objectives
 - Key process evaluations planned
 - Historical and projected performance, given resources allocated in the SOP



FY 2021 Strategic Operating Plan addresses most of the strategic challenges indicated by the Village Council in the strategic planning retreat.

FY 2021 Strategic Opportunities Identified by Council

- | | |
|---|--|
| 1. Evaluate, identify, and purchase land for a future third fire station | 9. Consolidate and align multi-modal transportation planning/engineering |
| 2. Update the Pinehurst Development Ordinance | 10. Expand street lighting |
| 3. Prepare a small area plan for Village Place | 11. Implement elements of the 2015 Comprehensive Pedestrian Plan and Bicycle Plan |
| 4. Pursue regulatory authority around our borders through ETJ extensions, annexation agreements, and amending the water/wastewater agreement with Moore County. | 12. Prepare consolidated multi-modal plan |
| 5. Create a small area plan for the NC Highway 5 commercial area | 13. Prepare a comprehensive stormwater master plan |
| 6. Partner with others to bring high speed internet and mobile services to the Village ¹ | 14. Update the Comprehensive Parks & Recreation Master Plan while considering neighborhood open spaces and amenities |
| 7. Identify alternative locations for the Public Services Complex | 15. Create a master plan to develop West Pinehurst Park |
| 8. Develop a comprehensive plan for mitigating traffic on Highway 5 | 16. Implement the GIS strategic plan (in progress) |

¹ Scheduled to be addressed beyond the five-year planning period

FY 2021 Strategic Operating Plan addresses all of the strategic challenges indicated by the Village Council in the strategic planning retreat.

Strategic Challenges

1. Managing the quality of development
2. Minimizing traffic congestion, especially on Hwy 5
3. Increase in the cost of doing business
4. Aging housing stock
5. Responding to increased demand on existing services due to growth
6. Changing service needs due to changing demographics
7. Attracting and retaining highly qualified workforce members (employees and volunteers)
8. Attracting types of businesses to the Village that the community desires

The Village Council identified three (3) Areas of Focus (AOF) in January 2020 that are addressed in the FY 2021 Strategic Operating Plan.

Areas of Focus

1. Manage development and enforce codes and ordinances (*Short Term*)
2. Provide a safe and effective multi-modal transportation system (*Short Term*)
3. Manage stormwater systems (*Short Term*)

Short Term means to focus Village efforts in FY 2021.

Key Components of the Strategic Operating Plan

Key Components of the Strategic Operating Plan

- Budget in Brief (Page 1)
- Budget Message (Page 5)
- Strategic Operating Plan Guide (Page 27)
- Strategic Priorities (Page 37)
- General Fund (Page 66)
- Five-Year Financial Forecast (Page 137)
- Capital Improvement Plan (Page 144)

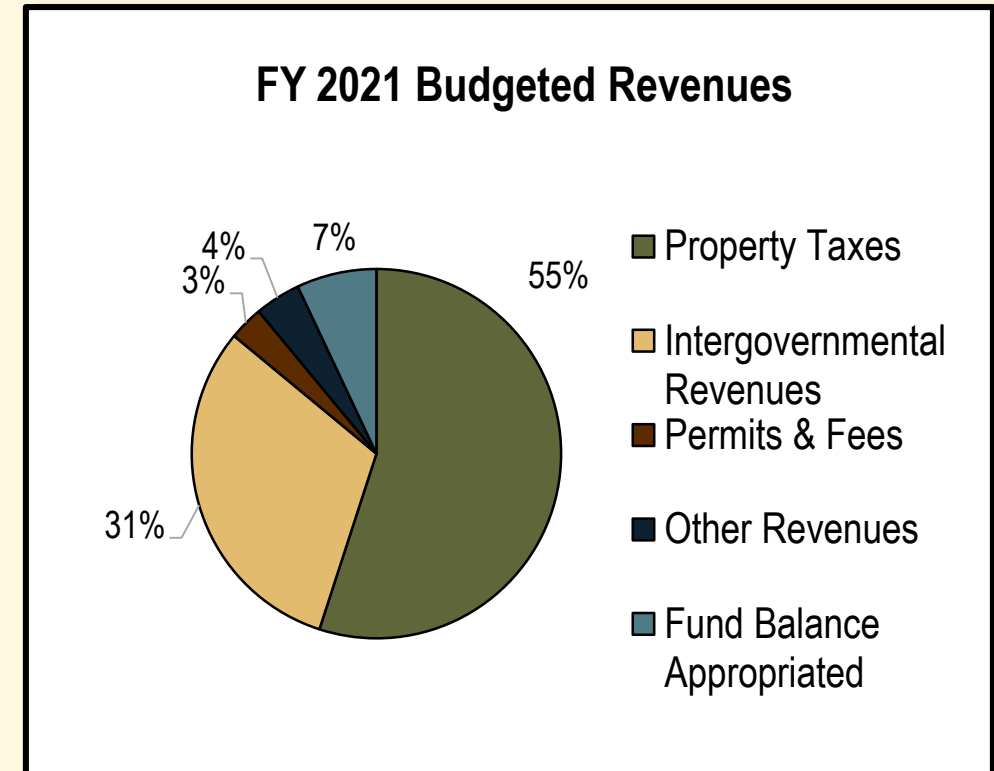
FY 2021 Budget

FY 2021 General Fund Budget Overview:

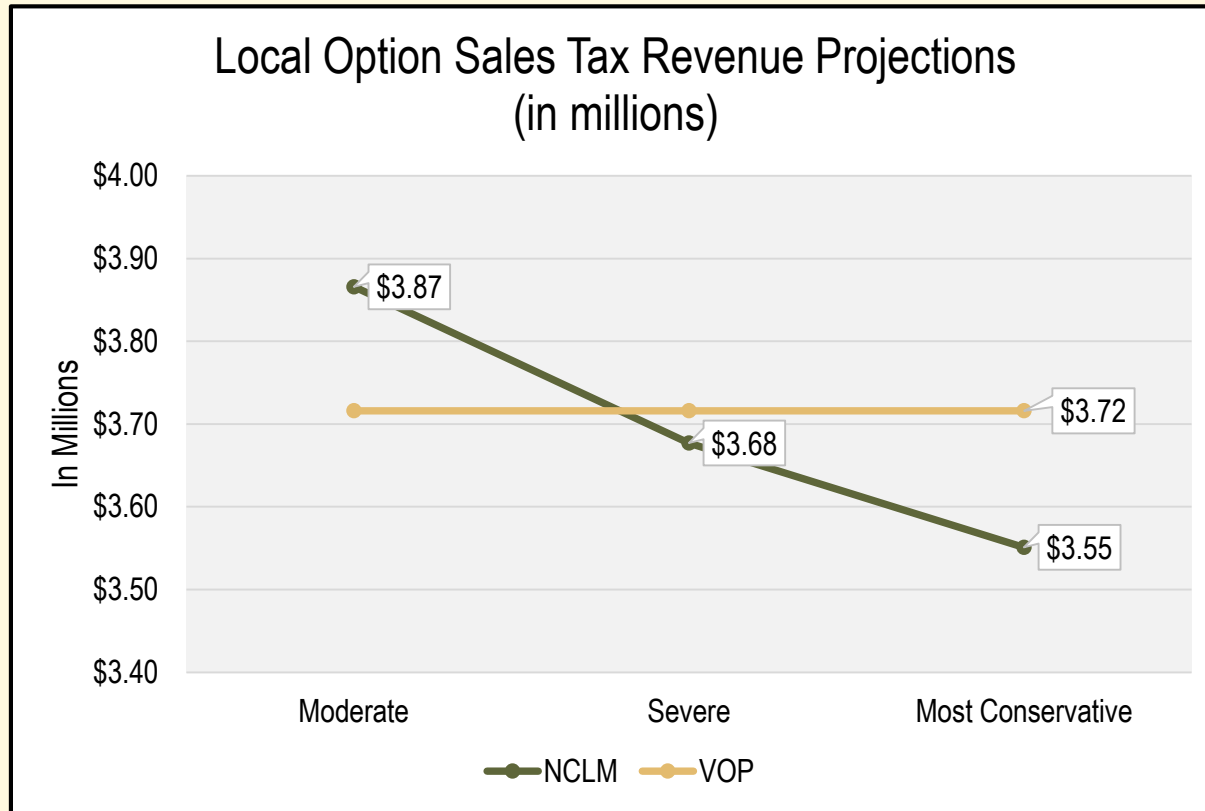
- \$21.3 million budget, 3% below the FY 2020 amended General Fund budget as of December 31, 2019
- Property tax rate of \$0.305 (increase of \$0.005)
- Includes \$1.4 million of appropriated fund balance
- Lowered budget to actual variance for expenditures from 95% to 93%
- Expect ending fund balance of 46.9% of expenditures; \$1 million of library funding returned in FY20, equates to 4.7% of expenditures
- Revenue projections were lowered for several revenue sources due to the COVID-19 pandemic; Staff have identified expenditures that could be delayed
- Includes seven (7) Initiative Action Plans (IAPs) at a cost of \$252,000

FY 2021 General Fund Revenues:

- Assumes a 1.28% growth in the real property tax base based on prior year construction levels
- Assumes 100 new homes, 85 less than the 185 projected for FY 2020
- Building permits & fees and planning & zoning fees - Est. decline of \$286,000 from FY 2020 original budget
- Investment income - Est. decline of \$155,000 from FY 2020 original budget



FY 2021 Local Option Sales Tax Impact of COVID-19:

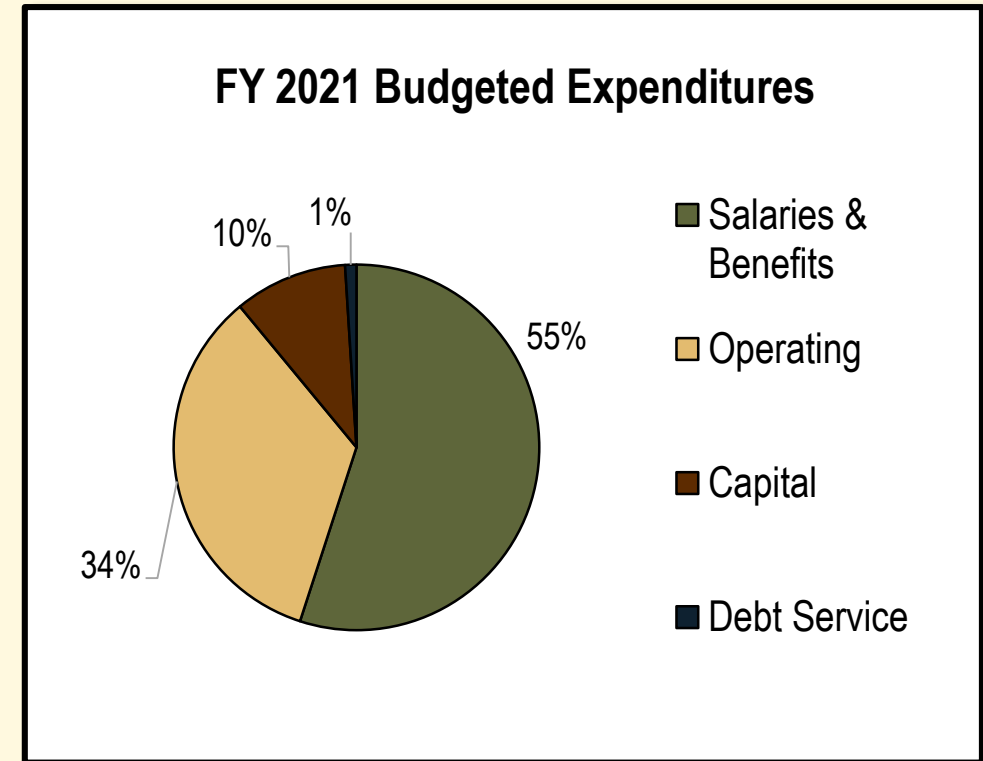


This year, the NCLM prepared three local option sales tax growth/loss scenarios ranging in severity from Moderate to Most Conservative. VOP's estimate is most similar to NCLM's Severe scenario.

- VOP can absorb a \$1.45 million decline (39% less than budgeted) in revenue and still maintain fund balance at 40% of expenditures

FY 2021 General Fund Expenditures:

- Merit pay raises at 2% average plus cost of living adjustment of 1.8%
- 1.25 new full-time equivalents (FTEs):
Transportation Planner (1.0), HR Specialist (0.25)
- VOP pays 100% of employee health/dental insurance; Estimated 10% increase in premiums
- Includes \$506,000 for Comprehensive Plan strategies (almost \$0.015 on the tax rate)

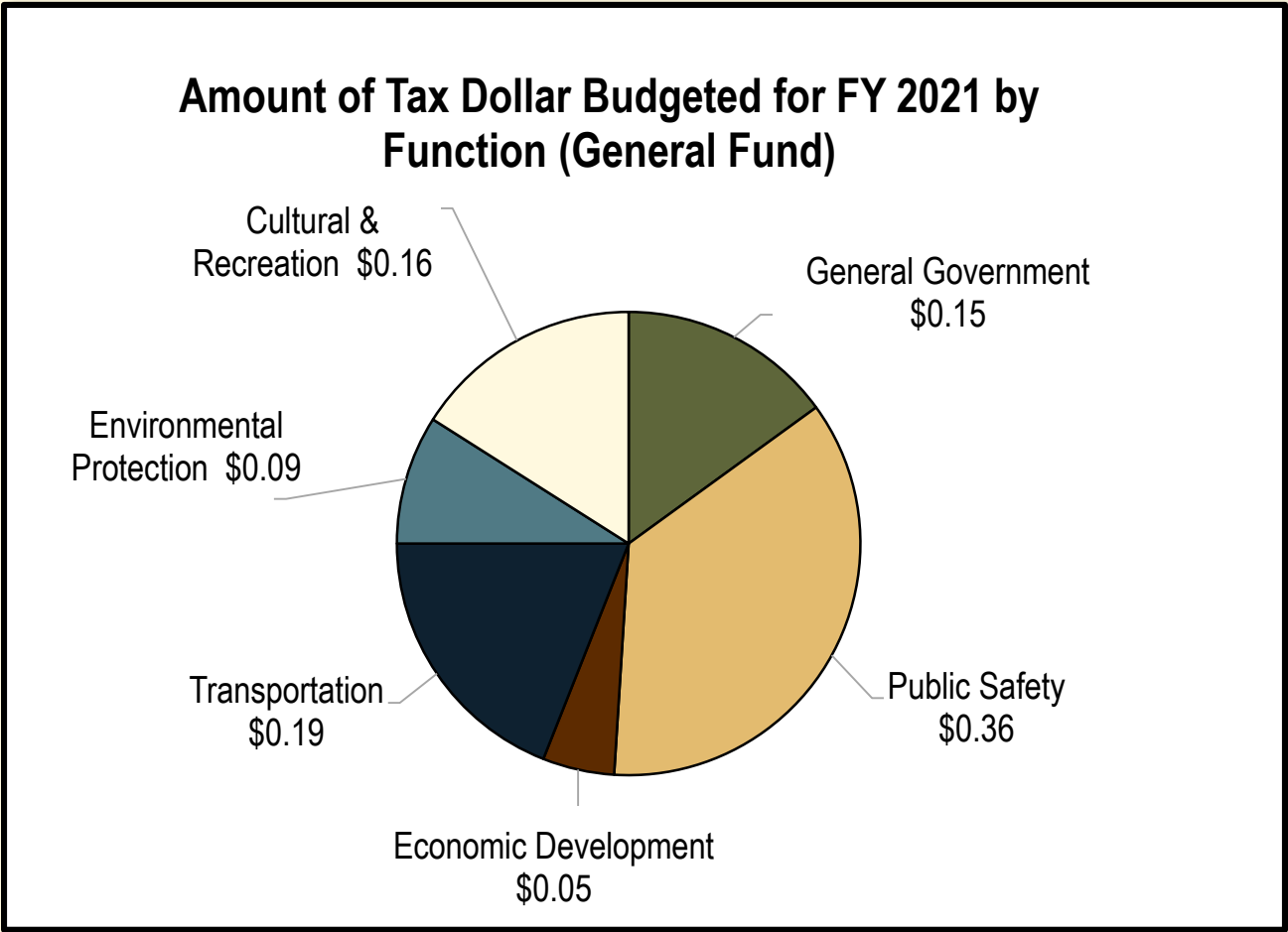




FY 2021 Potential Expenditure Deferments Due to COVID-19:

Expenditure	Amount
Postpone hiring Transportation Planner until October	\$22,750
Accelerated debt payments	\$52,000
Additional structured parking at Cannon Park	\$103,000
Wicker Park maintenance storage expansion	\$60,000
Pedestrian facilities	\$250,000
Streetscape improvements on Magnolia Road	\$250,000
Pipe inspection camera	\$95,000
Close Welcome Center operations	\$23,000
Total Potential Expenditure Deferments	\$855,750 ¹

¹ Equates to 23% of budgeted sales tax revenue



FY 2021 Significant Capital (\$2.2 million in total):

Significant Capital Items	Amount
Fire engine	\$625,000
Magnolia Road streetscape improvements	\$250,000
Pedestrian facilities	\$250,000
Garbage truck	\$210,000
Storm drainage projects	\$170,000
3 Police vehicles	\$120,000
Additional structured parking at Cannon Park	\$103,000

FY 2021–2025
Five-Year Financial
Forecast

Five-Year Financial Forecast (Pages 137-143) Includes:

- Developed to meet key financial ratios for fund balance (>30% minimum), operating margins (89% - 91%), and debt service ratios (<10%)
- Incorporates:
 - Five-Year Staffing Forecast
 - Five-Year Capital Improvement Plan (CIP)
- Key Assumptions
 - 1.0% annual growth in real & personal tax base
 - 3.3% annual increase in salaries & benefits
 - 2.5% inflation rate in operating costs

Key Highlights of FY 2021-2025 Financial Plan:

1. Tax rate of \$0.305 in FY 2021; projected tax rate increases of ½ cent in each year of FY 2022-2024
2. Includes mandated pension rates and landfill fees
3. 0.75 new FTEs in the five-year period
4. One department restructure to increase career development
5. \$1.85 million included in FY 2021-2025 for pedestrian facilities
6. \$1.24 million included in FY 2021-2025 for storm drainage projects
7. \$1.03 million included in FY 2021-2025 for West Pinehurst Park master plan and development

FY 2021 Strategic Operating Plan



Five Year Financial Forecast: FY 2021 – FY 2025					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Tax Rate	\$0.305	\$0.310	\$0.315	\$0.320	\$0.320
Full Time Equivalents (FTEs)	147	147	146	146	146
General Fund Operating Revenues	\$19,847,450	\$20,188,000	\$20,722,000	\$21,667,000	\$21,632,000
General Fund Operating Expenditures	19,038,717	19,624,963	20,195,788	20,906,903	21,294,330
Operating Income(Loss)	\$808,733	\$563,037	\$526,212	\$760,097	\$337,670
Capital Expenditures	2,223,200	1,720,000	1,768,500	2,034,500	1,623,000
Total Expenditures	\$21,261,917	\$21,344,963	\$21,964,288	\$22,941,403	\$22,917,330
Budget to Actual Variance ¹	1,520,813	1,575,627	1,620,925	1,680,153	1,706,923
Projected Actual Gain/(Loss) ²	\$106,346	\$418,664	\$378,637	\$405,750	\$421,593
Projected Fund Balance as a % of Total Budget	46.9%	48.6%	49.0%	48.7%	50.6%
Operating Margin	0.88	0.90	0.90	0.89	0.91

¹Assumes actual operating revenues of 101% of budget and actual operating expenditures of 93% of budget

² Flexibility to fund future capital requirements or offset unexpected high and prolonged COVID-19 impacts

FY 2021 Strategic Operating Plan



Strategic Objective	Initiative Action Plan (IAP) Name	Initiative Action Plan (IAP) Description	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
Deliver effective police services	Police Department Accreditation	Seek national accreditation from CALEA by FY 2022	\$11,365	\$10,365	\$7,365	\$7,365	\$7,365	\$43,825
Manage development and enforce codes and ordinances <small>AOF</small>	Update the Pinehurst Development Ordinance	Update the Pinehurst Development Ordinance to reflect priorities of the 2019 Comprehensive Plan and changes required by 160D legislation	\$0	\$200,000	\$0	\$0	\$0	\$200,000
	Small Area Plan for Village Place/Rattlesnake Trail Corridor and Pinehurst South/Hwy5 Commercial Area	Engage a consultant and develop small area plans for two focus areas from the 2019 Comprehensive Plan	\$158,000	\$0	\$0	\$0	\$0	\$158,000
Provide a safe and effective multi-modal transportation system <small>AOF</small>	Develop a consolidated multi-modal transportation plan	Consolidate multi-modal transportation plans in one document that incorporates bicycle, pedestrian, and golf cart accessibility	\$0	\$0	\$0	\$100,000	\$0	\$100,000
Manage stormwater systems <small>AOF</small>	Develop a comprehensive stormwater master plan	Develop a plan and strategy to address stormwater issues and concerns within the community	\$0	\$125,000	\$0	\$0	\$0	\$125,000
Continuously improve and innovate	Build Baldrige Framework Systems and Culture	Continue use of the Baldrige Excellence Framework to ensure systematic processes that deliver exceptional results	\$52,500	\$0	\$0	\$0	\$0	\$52,500
	Expand GIS Capabilities	Begin implementing the GIS Strategic Plan for the Village	\$23,000	\$25,000	\$30,000	\$25,000	\$25,000	\$128,000
Provide a supportive and rewarding work environment	Workforce Learning and Development	Expand the Village's succession planning process and enhance workforce learning and development system	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$35,000
TOTAL NET COST			\$251,865	\$367,365	\$44,365	\$139,365	\$39,365	\$842,325

AOF – Addresses Council Areas of Focus

FY 2021-2025 Planned Capital Expenditures

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
Fleet	\$ 994,500	\$ 421,000	\$ 413,000	\$ 913,000	\$ 351,000	\$ 3,092,500
Information Technology	31,000	189,000	108,000	56,000	10,000	394,000
Other Capital Improvements	1,197,700	1,110,000	1,247,500	1,065,500	1,262,000	5,882,700
Total Capital Exp. Paid with Cash	\$ 2,223,200	\$ 1,720,000	\$ 1,768,500	\$ 2,034,500	\$ 1,623,000	\$ 9,369,200
Net Annual Operating Impact	5,000	5,500	13,500	24,000	24,500	72,500
General Fund Impact	\$ 2,228,200	\$ 1,725,500	\$ 1,782,000	\$ 2,058,500	\$ 1,647,500	\$ 9,441,700
Tax Rate Equivalent	\$0.06	\$0.04	\$0.05	\$0.05	\$0.04	-

2019 Comprehensive Plan Strategy Funding

Expenditures	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Transportation Planner (salary, benefits & supplies)	\$97,800	\$94,600	\$98,300	\$102,200	\$106,200	\$499,100
Small Area Plans	158,000	-	-	-	-	158,000
Stormwater Master Plan	-	125,000	-	-	-	125,000
Comprehensive Updates to PDO	-	200,000	-	-	-	200,000
Multi-Modal Transportation Plan	-	-	-	100,000	-	100,000
Pedestrian Facilities	250,000	400,000	400,000	400,000	400,000	1,850,000
Additional Stormwater Infrastructure Projects	-	-	100,000	115,000	115,000	330,000
Total Significant Comp Plan Implementation Expenditures	\$505,800	\$819,600	\$598,300	\$717,200	\$621,200	\$3,262,100

FY 2021 Strategic Operating Plan



- Plan to conduct 39 **evaluations** in FY 2021-2025 to ID ways to improve processes and service delivery. Several will be evaluated using the BIRDIE or ACE process. These are Plan-Do-Check-Act methodologies used to identify process improvements.
- Other key evaluations include: Library Needs Assessment, parking in downtown, need for economic development and business relation services, need for additional Police Station or substation, and agenda software.



BIRDIEs	
FY22	Document Imaging

ACEs	
FY21	Fire inspection process
FY21	Improve the employee and volunteer recruitment processes
FY21	Insourcing Solid Waste collection
FY22	Ways to automate employee timekeeping
FY22	Road patching services
FY22	Ways to minimize return pickups
FY23	Purchasing/contracting process

Next Steps

KEY Dates for Next Steps *	
May 19 th	Budget Work Session at 2:00 pm
May 21 st	Budget Work Session at 2:00 pm
May 26 th	Budget Public Hearing
June 9 th	Adopt the Budget
* Meetings are currently scheduled as remote meetings using Zoom	

Following this presentation the FY 2021 Strategic Operating Plan will be posted online at www.vopnc.org and the Village welcomes public comments at www.engage.vopnc.org/budget.