



**2022
Strategic
Operating
Plan**

Village of Pinehurst, North Carolina

Presentation of the
**FY 2022 Strategic
Operating Plan**

May 11, 2021



What we will cover:

1. Council's strategic direction
2. Key components of the Strategic Operating Plan (SOP)
3. FY 2022 Budget
4. FY 2022-2026 Financial Forecast
5. Next steps

 VALUES Service Initiative Teamwork Improvement	VISION <hr/> <p>The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions.</p>
	MISSION <hr/> <p>Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.</p>

Council's Strategic Direction

Council's Strategic Direction

- Discussed in *Strategic Priorities* Section (pgs. 37-64)
- Indicates:
 - Strategic planning process
 - FY 2022 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



The Village Council identified three (3) Areas of Focus (AOF) in January 2021 that are addressed in the FY 2022 Strategic Operating Plan.

Areas of Focus

1. Manage development to protect Village character
2. Support the business community
3. Provide a safe and effective multi-modal transportation system

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 65)
- Capital Project Funds - Downtown Parking Facility and Library Expansion Projects (Page 135)
- Five-Year Financial Forecast (Page 138)
- Capital Improvement Plan (Page 145)

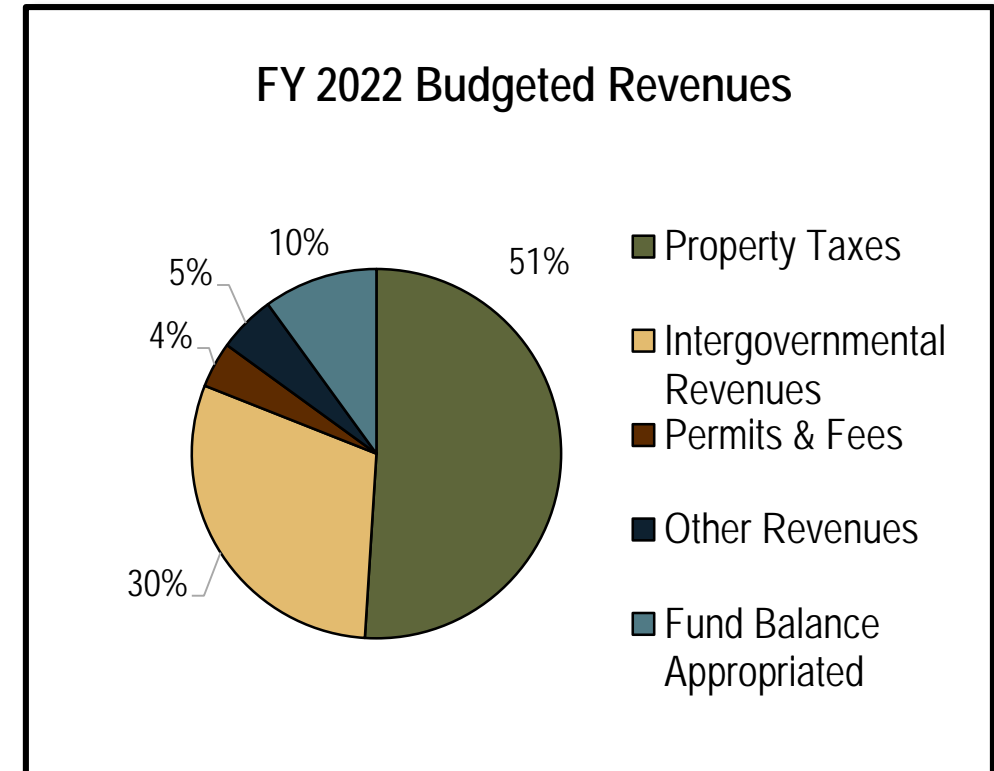
FY 2022 Budget

FY 2022 General Fund Budget Overview:

- \$24.0 million budget
 - 6% above the FY 2021 amended General Fund budget as of December 31, 2020
 - 5% of this increase is the result of acquiring the library and archives
- Property tax rate of \$0.315 (increase of \$0.015)
- Includes \$2.5 million of appropriated fund balance
- Expect ending fund balance of 42.2% of expenditures
- Includes five (5) Initiative Action Plans (IAPs) at a cost of \$1,463,875
 1. Update the Pinehurst Development Ordinance
 2. Small Area Plans for Village Place/Rattlesnake Trail Corridor and Pinehurst South/Highway 5 Commercial Area
 3. Expand Downtown Parking Facilities
 4. Develop a Comprehensive Stormwater Master Plan
 5. Expand/Enhance Library Services

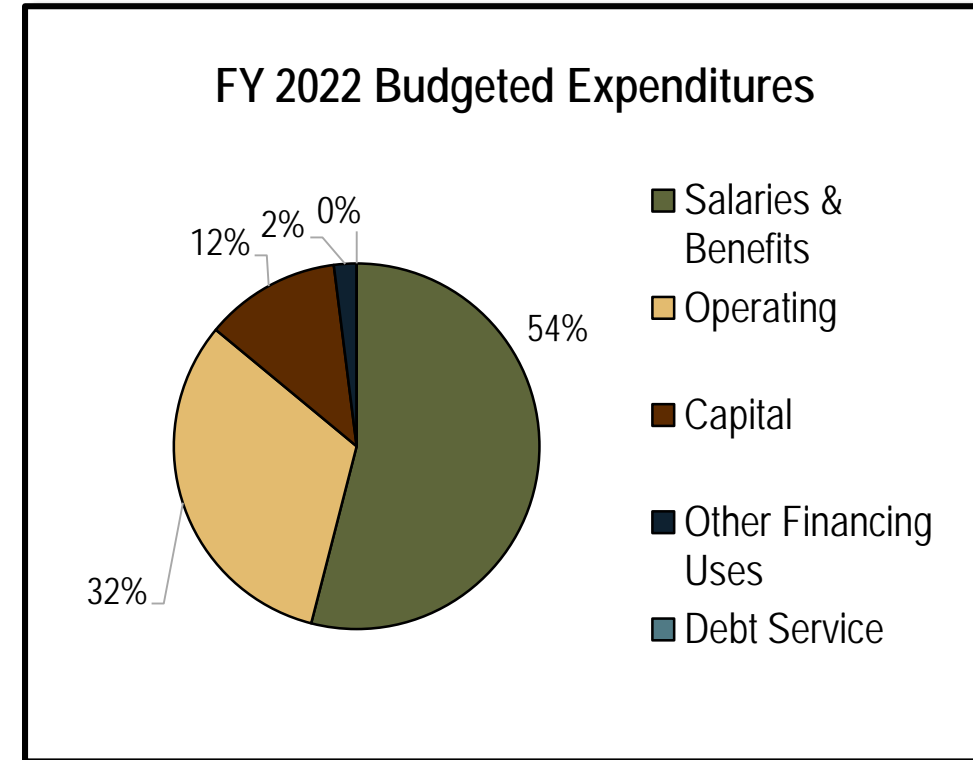
FY 2022 General Fund Revenues:

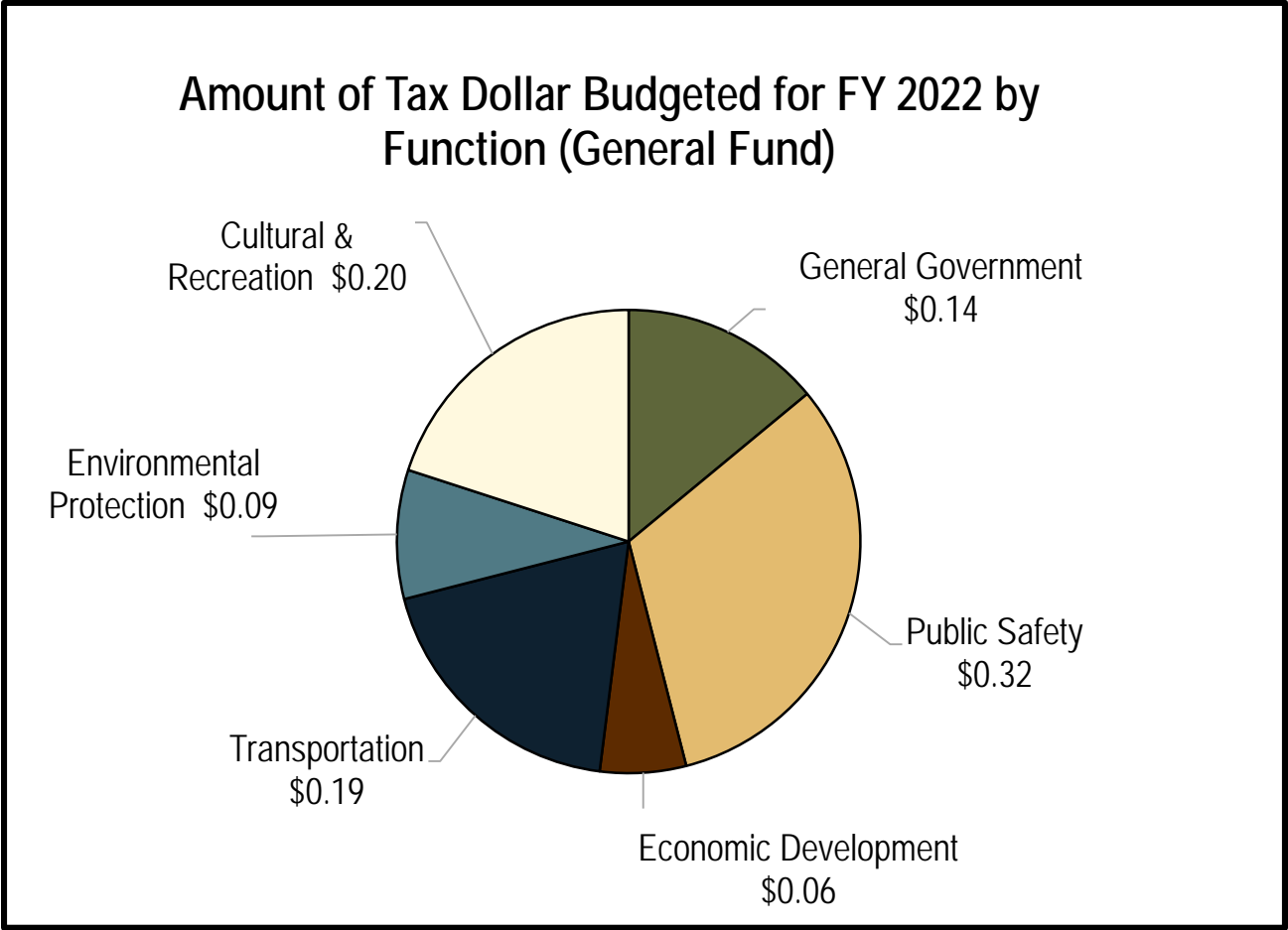
- Assumes a 1.54% growth in the real property tax base based on prior year construction levels
- Assumes 150 new homes
- Assumes 16.3% increase in sales tax receipts over FY 2021 original budget (as a result of COVID, sales tax receipts were only negatively affected for three months, quickly rebounded, and have remained strong since)



FY 2022 General Fund Expenditures:

- Merit pay raises at 2% average plus cost of living adjustment of 1.2%
- 10 new full-time equivalents (FTEs):
 - Financial Services Supervisor (1)
 - Firefighter (2)
 - P&Z Specialist (1)
 - Code Technician (0.5)
 - Solid Waste Equipment Operator (1)
 - Library/Archives Staff (4.5)
- VOP pays 100% of employee health/dental insurance; Estimated 10% increase in premiums
- Includes Given Memorial Library and Tufts Archives operating costs







FY 2022 Significant Capital (\$2.8 million in total):

Significant Capital Items	Amount
Pedestrian facilities	\$400,000
Construct a storage building behind Fire Station 91	\$290,000
Storm drainage projects	\$277,000
Given Memorial Library accessibility improvements	\$275,000
Village Hall office expansion and furnishings	\$271,000
Garbage truck	\$220,000
Wicker Park soccer field lighting	\$200,000



FY 2022 Transfers to Capital Project Funds:

Transfers to Capital Project Funds	Amount
Design downtown parking facility	\$150,000
Design library and archives building expansion	\$400,000

FY 2022-2026
Five-Year Financial
Forecast

Five-Year Financial Forecast (Pages 138-144) Includes:

- Developed to meet key financial ratios:
 - Fund balance (>30%)
 - Operating margins (89% - 91%)
 - Debt service ratios (<10%)
- Incorporates:
 - Five-Year Staffing Forecast (11.5 new FTEs)
 - Five-Year Capital Improvement Plan (CIP)
- Key Financial Assumptions:
 - 1.0% annual growth in real & personal tax base
 - 3.2% annual increase in salaries & benefits
 - 2.5% inflation rate in operating costs

FY 2022 Strategic Operating Plan



Five Year Financial Forecast FY 2022 – FY 2026					
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Tax Rate	\$0.315	\$0.320	\$0.325	\$0.325	\$0.335
Tax Rate Projected in FY21 SOP	\$0.310	\$0.315	\$0.320	\$0.320	N/A
Full Time Equivalents (FTEs)	156.6	156.6	156.6	156.1	158.1
General Fund Operating Revenues	\$21,456,000	\$22,092,000	\$24,080,000	\$23,071,000	\$23,656,000
General Fund Operating Expenditures	20,643,000	21,361,000	21,980,000	22,647,000	23,389,000
Operating Income(Loss)	\$813,000	\$731,000	\$2,100,000	\$424,000	\$267,000
Capital Expenditures	2,794,000	2,713,000	3,662,000	2,253,000	1,819,000
Other Financing Uses	550,000	-	-	1,600,000	-
Total Expenditures	\$23,987,000	\$24,074,000	\$25,642,000	\$26,500,000	\$25,208,000
Budget to Actual Variance ¹	1,660,000	1,694,000	1,757,000	1,775,000	1,834,000
Projected Actual Gain/(Loss)	(\$871,000)	(\$288,000)	\$195,000	(\$1,654,000)	\$282,000
Projected Fund Balance as a % of Total Budget	42.2%	40.9%	39.1%	31.6%	34.3%
Operating Margin	0.89	0.89	0.84	0.90	0.91

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



Key Highlights of FY 2022-2026 Financial Plan:

- **FY22 Tax Rate:**
 - Increase for library/archives operations (1 cent) and operating expenditure pressures (½ cent) from:
 - State mandated retirement contribution rate increases
 - County mandated recycling and tipping fees
 - 2.5% annual inflation rate for operating expenditures

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Tax Rate	\$0.30	\$0.315	\$0.320	\$0.325	\$0.325	\$0.335
Tax Rate Changes		1.5¢	0.5¢	0.5¢	-	1.0¢
Tax Rate Projected in FY21 SOP	\$0.30	\$0.310	\$0.315	\$0.320	\$0.320	N/A
Tax Rate Changes Projected in FY21 SOP		1.0¢	0.5¢	0.5¢	-	N/A

- **FY23–26 Projected Tax Rates:**
 - FY23 & FY24: Increase due to operating expenditure pressures
 - FY25: No change
 - FY26: Increase due to operating costs of the expanded library/archives

FY 2022 Strategic Operating Plan



FY 2022- FY 2026 Initiative Action Plans

Strategic Objective	Initiative Action Plan (IAP) Name	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	TOTAL
Manage development to protect Village character <small>AOF</small>	Update the Pinehurst Development Ordinance	\$200,000	\$0	\$0	\$0	\$0	\$200,000
	Small Area Plan for Village Place/Rattlesnake Trail Corridor and Pinehurst South/Hwy5 Commercial Area	\$0	\$0	\$0	\$0	\$0	\$0
Support the business community <small>AOF</small>	Expand Downtown Parking Facilities	\$150,000	\$169,375	\$333,542	\$328,208	\$322,888	\$1,304,013
Provide a safe and effective multi-modal transportation system <small>AOF</small>	Develop a consolidated multi-modal transportation plan	\$0	\$100,000	\$0	\$0	\$0	\$100,000
Manage stormwater systems	Develop a comprehensive stormwater master plan	\$125,000	\$0	\$0	\$0	\$0	\$125,000
Provide cultural services and events	Expand/Enhance Library Services	\$988,875	\$338,090	(\$653,458)*	\$2,228,956	\$869,836	\$3,772,299
TOTAL NET COST		\$1,463,875	\$607,465	(\$319,916)	\$2,557,164	\$1,192,724	\$5,501,312

AOF – Addresses Council Areas of Focus

* Includes projected \$1 million for a library expansion capital fundraising campaign

• Debt Issuances & Funding Sources for Capital Projects

- Total debt issued = \$6.5 million in FY 2022-2026
- Downtown Parking Facility - \$3.5 million project
 - Debt issuance of \$3.5 million in FY 2023
- Library Expansion - \$5 million project
 - Debt issuance of \$3.0 million in FY 2025
 - Capital fundraising of \$1.0 million
 - General Fund fund balance of \$1.0 million



Other Significant Projects in the FY 2022-2026 Financial Plan:

1. \$2.0 million for pedestrian facilities
2. \$1.92 million for stormwater improvements
3. \$1.7 million for purchase of Fire Department ladder/quint truck
4. \$1.0 million for West Pinehurst Park development
5. \$420,000 for Public Services relocation land and design
6. \$400,000 for Fire Station design

FY 2022 Strategic Operating Plan



- Plan to conduct 26 **evaluations** in FY 2022-2026 to ID ways to improve processes and service delivery.
- Several will be evaluated using the BIRDIE or ACE process improvement methodology.
- Other evaluations, such as a Solid Waste capacity and insourcing evaluation, will be completed using other improvement tools.



ACEs	
FY22	Fire inspection process
FY22	Automate employee timekeeping
FY23	Purchasing and contracting process
FY23	Road patching services
FY24	Recruitment/hiring process



BIRDIE	
FY23	Document Imaging

Next Steps



KEY Dates for Next Steps	
May 19 th	Budget Work Session at 9:00 am
May 21 st	Budget Work Session at 9:00 am
May 25 th	Budget Public Hearing
June 8 th	Adopt the Budget

Following this presentation the FY 2022 Strategic Operating Plan will be posted online at www.vopnc.org and the Village welcomes public comments at www.engage.vopnc.org/budget.