

Presentation of the

FY 2023 Strategic Operating Plan

May 10, 2022



What we will cover:

1. Council's strategic direction
2. Key components of the Strategic Operating Plan (SOP)
3. FY 2023 Budget
4. FY 2023-2027 Financial Forecast
5. Next steps



VALUES

Service
Initiative
Teamwork
Improvement

VISION

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

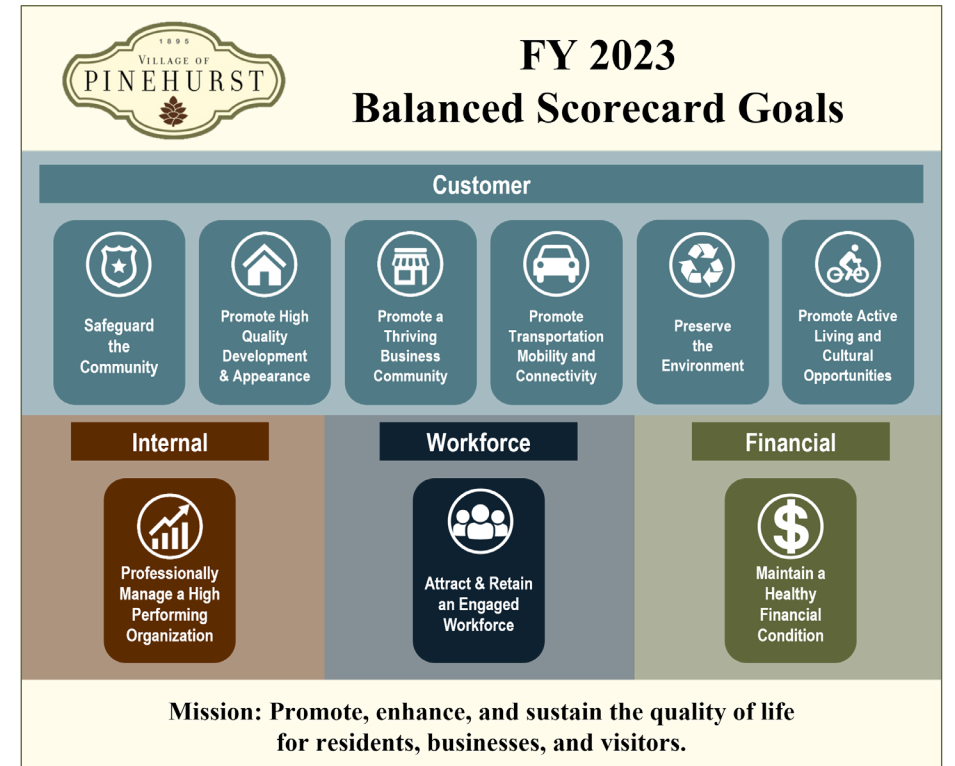
MISSION

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. 37-68)
- Indicates:
 - Strategic planning process
 - FY 2023 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 Areas of Focus (AOF) in January 2022 that are addressed in the FY 2023 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 69)
- Capital Project Funds - Library Expansion and Carriage House Parking Facility Projects (Page 139)
- Special Revenue Fund - American Rescue Plan Act (Page 142)
- Five-Year Financial Forecast (Page 143)
- Capital Improvement Plan (Page 150)

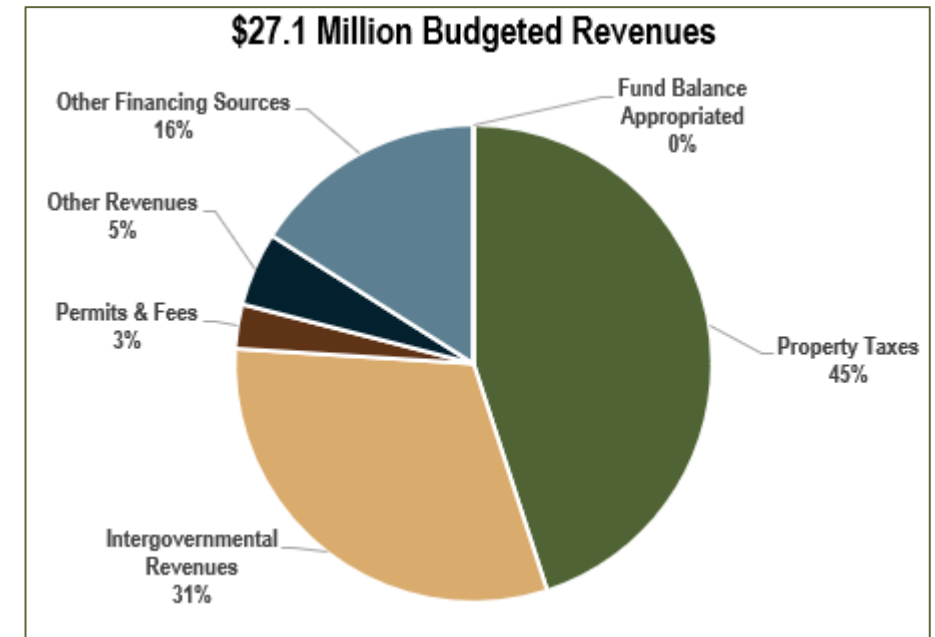
FY 2023 Budget

FY 2023 General Fund Budget Overview:

- \$27.1 million budget
 - 6% above the FY 2022 amended General Fund budget as of December 31, 2021
- Property tax rate of \$0.31 (reduction of ½ cent)
- Includes \$0 of appropriated fund balance due to \$4.3M transfer from American Rescue Plan Act fund
- Expect ending fund balance of 54.9% of expenditures
- Includes five (5) Initiative Action Plans (IAPs) at a cost of \$1,587,000
 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 and Renovate Given Library/Tufts Archives
 4. Retrofit Current Athletic Fields with Synthetic Turf
 5. Relocation of the Public Services Complex

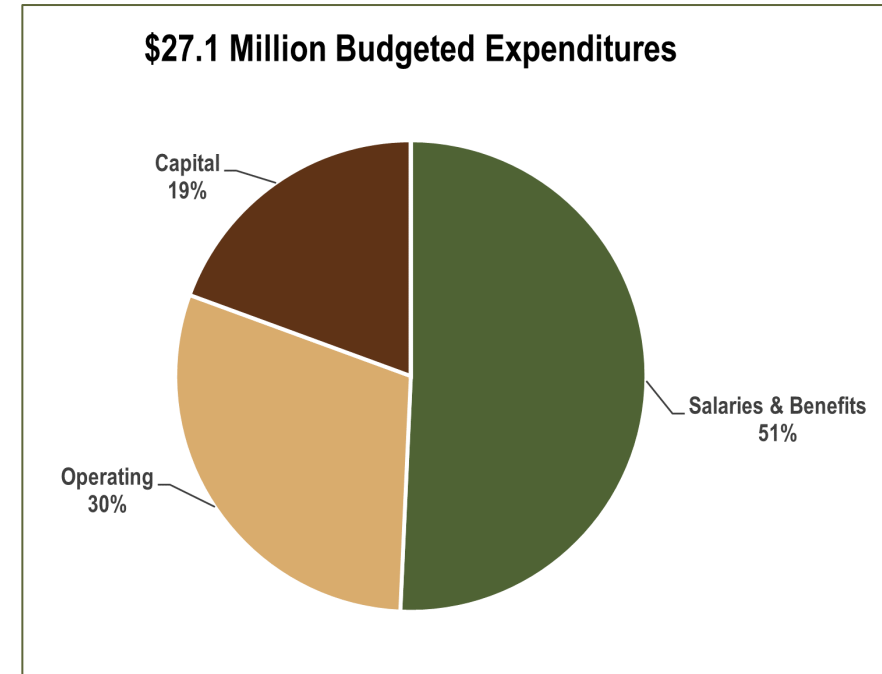
FY 2023 General Fund Revenues:

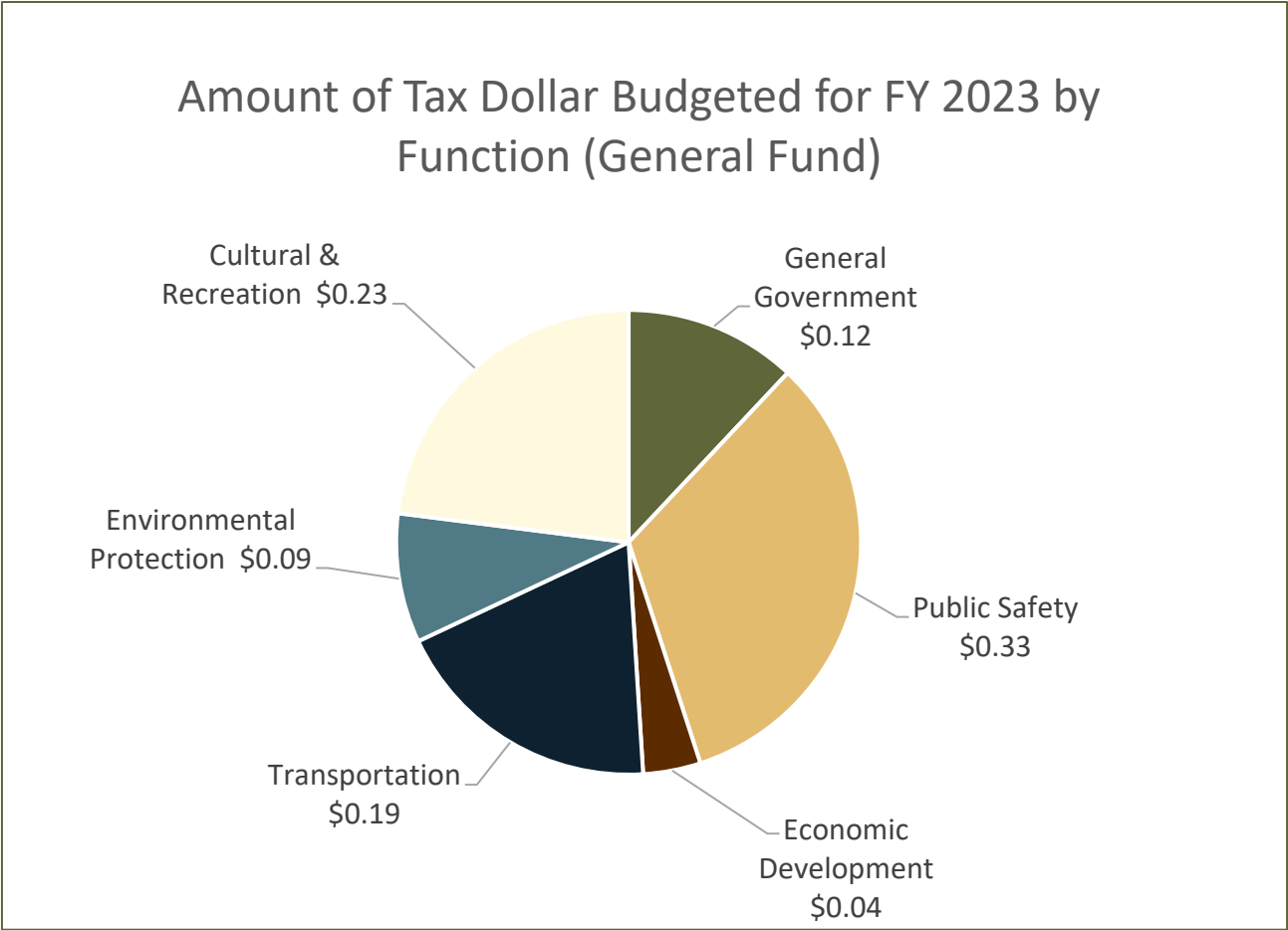
- Assumes a 1.24% growth in the real property tax base based on prior year construction levels
- Assumes 150 new homes
- Assumes 18.1% increase in sales tax receipts over FY 2022 original budget
- Includes \$4,286,720 transfer from the American Rescue Plan Act Special Revenue Fund (other financing sources)



FY 2023 General Fund Expenditures:

- Merit pay raises at 2% average plus cost-of-living adjustment of 4.7%
- Two new full-time equivalents (FTEs):
 - Police Patrol Officers (2)
- VOP pays 100% of employee health/dental insurance; Estimated 10% increase in premiums







FY 2023 Significant Capital (\$5.3 million in total):

Significant Capital Items	Amount
Synthetic turf installation on Cannon Park field	\$1,237,000
Given Memorial Library and Tufts Archives initial improvements	\$1,000,000
Pedestrian facilities	\$400,000
Stormwater drainage projects	\$355,000
Potential land acquisition for public services complex relocation	\$350,000
Garbage truck	\$245,000
Streetscape improvements	\$200,000

FY 2023-2027
Five-Year Financial
Forecast

Five-Year Financial Forecast (Pages 143-149) Includes:

- Developed to meet key financial ratios:
 - Fund balance (>30%)
 - Operating margins (89% - 91%)
 - Debt service ratios (<10%)
- Incorporates:
 - Five-Year Staffing Forecast (addition of 2.5 FTEs)
 - Five-Year Capital Improvement Plan (CIP)
- Key Financial Assumptions:
 - 1.0% annual growth in real & personal tax base
 - 3.6% average annual increase in salaries & benefits
 - 2.5% inflation rate in operating costs



FY 2023 Strategic Operating Plan



Five Year Financial Forecast FY 2023 – FY 2027					
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Tax Rate	\$0.31	\$0.315	\$0.315	\$0.325	\$0.325
Tax Rate Projected in FY22 SOP	\$0.32	\$0.325	\$0.325	\$0.335	N/A
Full Time Equivalents (FTEs)	158.6	158.6	158.1	161.1	161.1
General Fund Operating Revenues	\$22,812,000	\$24,810,000	\$23,836,000	\$24,456,000	\$24,847,000
General Fund Operating Expenditures	21,838,000	22,728,000	22,900,000	23,765,000	24,441,000
Operating Income(Loss)	\$974,000	\$2,082,000	\$936,000	\$691,000	\$406,000
Capital Expenditures	5,261,000	2,166,000	2,800,000	2,109,000	2,904,000
Other Financing Uses	-	-	3,950,000	3,150,000	-
Total Expenditures	\$27,099,000	\$24,074,000	\$29,650,000	\$29,024,000	\$27,345,000
Other Financing Sources	4,287,000	1,011,000	-	-	-
Budget to Actual Variance ¹	1,757,000	1,839,000	1,842,000	1,908,000	1,960,000
Projected Actual Gain/(Loss)	\$1,757,000	\$2,766,000	(\$3,972,000)	(\$2,660,000)	(\$538,000)
Projected Fund Balance as a % of Total Budget	54.9%	70.9%	46.1%	37.9%	38.3%
Operating Margin	0.88	0.84	0.88	0.89	0.91

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



Key Highlights of FY 2023-2027 Financial Plan:

- FY23 Tax Rate:
 - Reduce from \$0.315 (FY 2022 actual) to \$0.31

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Tax Rate	\$0.315	\$0.31	\$0.315	\$0.315	\$0.325	\$0.325
Tax Rate Changes		(0.5¢)	0.5¢	-	1.0¢	-
Tax Rate Projected in FY22 SOP	\$0.315	\$0.32	\$0.325	\$0.325	\$0.335	N/A
Tax Rate Changes Projected in FY22 SOP		0.5¢	0.5¢	-	1.0¢	N/A

- FY24–27 Projected Tax Rates:
 - FY24: Increase due to operating expenditure pressures
 - FY25: No change
 - FY26: Increase due to operating costs of the expanded library/archives, including 3 FTEs
 - FY27: No change
- Moore County property revaluation expected in FY 2024 will likely impact these rates

FY 2023 Strategic Operating Plan



FY 2023- FY 2027 Initiative Action Plans							
Strategic Objective	Initiative Action Plan (IAP) Name	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	TOTAL
Manage development to protect Village character <small>AOF</small>	Relocation of the Public Services Complex to allow for redevelopment of Village Place. (6.5)	\$350,000	\$75,000	\$0			\$425,000
	Update the Pinehurst Development Ordinance	\$0	\$0				\$0
	Small Area Plan for Village Place/Rattlesnake Trail Corridor and Pinehurst South/Hwy5 Commercial Area	\$0					\$0
Support the business community <small>AOF</small>	Expand Downtown Parking Facilities		\$0	\$350,000	\$3,170,000	\$20,500	\$3,540,500
Provide a safe and effective multi-modal transportation system <small>AOF</small>	Develop a consolidated multi-modal transportation plan		\$100,000	\$0			\$100,000
Provide recreation programs and facilities	Retrofit current athletic fields with synthetic turf	\$1,237,000	(\$27,700)	\$661,600	(\$49,400)	(\$50,700)	\$1,770,800
Provide Library and Archive services	Expand and Renovate Given Library/Tufts Archives	\$0	(\$1,000,000) ¹	\$3,600,000	\$293,000	\$300,325	\$3,193,325
TOTAL NET COST		\$1,587,000	(\$852,700)	\$4,611,600	\$3,413,600	\$270,125	\$9,029,625

AOF – Addresses Council Areas of Focus

\$0 – Represents IAP tasks to be completed in that year, but no funds budgeted

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

- **American Rescue Plan Act (ARPA) Funding**
 - Federal grant funds received to respond to the COVID-19 pandemic
 - Recorded in the forecast as an “Other Financing Source” transfer from the ARPA Special Revenue Fund totaling \$5,298,000
 - To significantly reduce the reporting burden, recommend using ARPA funds for “general government services,” more specifically local government salaries and benefits
 - Will free up \$5.3 million of General Fund dollars to utilize in the most strategic way without complex Federal reporting restrictions
 - In the proposed forecast, ARPA funding is projected to eliminate the need to finance the Library Expansion and Carriage House Parking Facility projects
 - Estimated interest savings of \$1.2 million over 15 years by not financing these two capital projects

- Capital Projects & Funding Sources
 - Library Expansion - \$4M project
 - Capital fundraising of \$1.0 million
 - General Fund fund balance of \$3.0 million
 - Carriage House Parking Facility - \$3.5M project
 - General Fund fund balance of \$3.5 million
 - No debt issuances projected





Other Significant Projects in the FY 2023-2027 Financial Plan:

Significant Projects	FY 2023-2027 Funding Amount
Pedestrian facilities	\$2,000,000
Stormwater drainage improvements	\$1,985,000
Synthetic turf on Cannon Park Fields 1 & 2	\$1,937,000
Streetscape improvements	\$1,000,000
West Pinehurst Park development	\$1,000,000
Public Services complex relocation land acquisition and site plan	\$425,000

FY 2023 Strategic Operating Plan



- Plan to conduct 26 **evaluations** in FY 2023-2027 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.



BIRDIE	
FY23	Document Imaging

ACEs	
FY23	Evaluate ways to automate employee timekeeping
FY23	Fire inspection process evaluation
FY23	Return pickup evaluation
FY23	Re-evaluate road patching services
FY24	Recruitment/hiring process

Next Steps



KEY Dates for Next Steps	
May 16	Budget Work Session at 4:30 p.m.
May 18	Budget Work Session at 4:30 p.m.
May 24	Budget Public Hearing
June 14	Adopt the Budget

Following this presentation, the FY 2023 Strategic Operating Plan will be posted online at www.vopnc.org and the Village welcomes public comments at www.engage.vopnc.org/budget.