



Proposed

2025  
Strategic  
Operating  
Plan

*Village of Pinehurst, North Carolina*

Presentation of the  
Proposed

**FY 2025 Strategic  
Operating Plan**

May 14, 2024



## What we will cover:

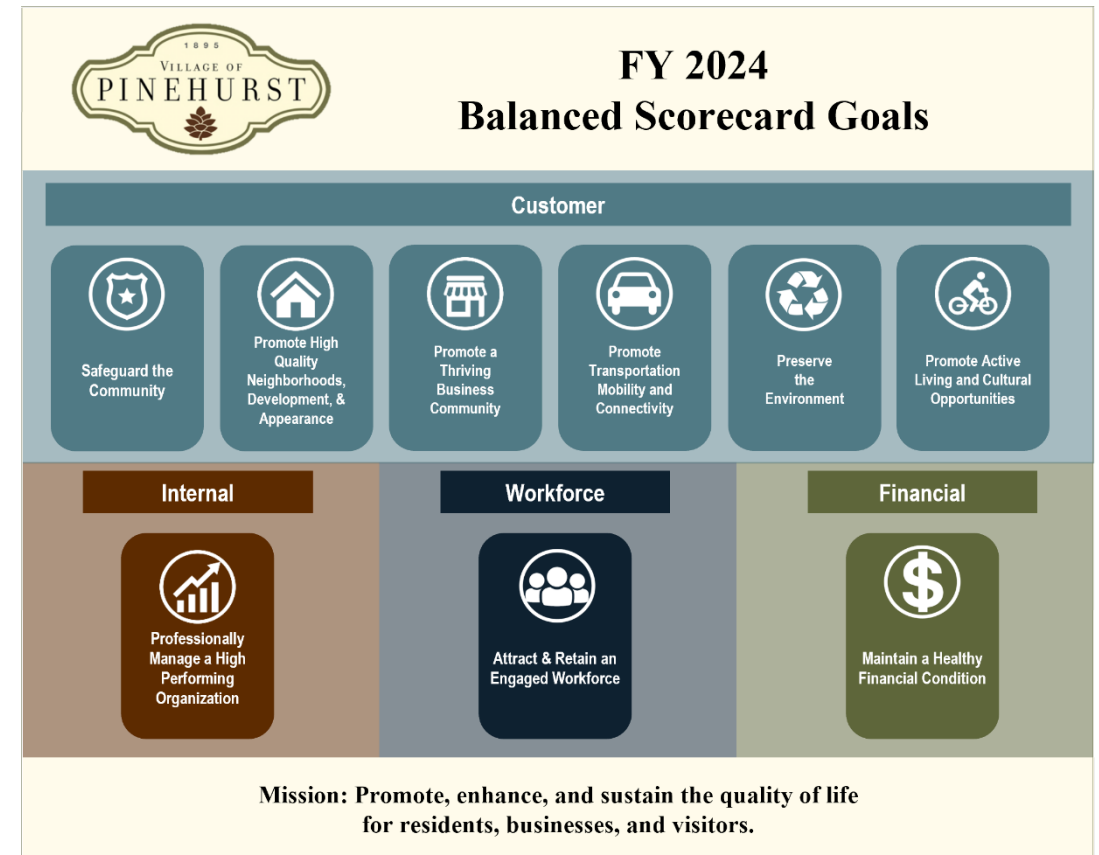
1. Council's strategic direction
2. Key components of the Strategic Operating Plan (SOP)
3. FY 2025 Budget
4. FY 2025-2029 Financial Forecast
5. Next steps

 <b>VALUES</b> Service Initiative Teamwork Improvement	<b>VISION</b> <hr/> <p>The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions.</p>
	<b>MISSION</b> <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. 58-91)
- Indicates:
  - Strategic planning process
  - FY 2025 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 2024 that are addressed in the FY 2025 Strategic Operating Plan.**

## Areas of Focus

1. Deliver effective fire and rescue services
2. Ensure codes and ordinances protect the character of Village neighborhoods
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 16)
- Budget Message (Page 20)
- Strategic Operating Plan Guide (Page 44)
- Strategic Priorities (Page 58)
- General Fund (Page 92)
- Special Revenue Fund – SMPO (Page 164)
- Capital Project Funds – Library Expansion, PS Relocation, and Fire Facility (Page 168)
- Five-Year Financial Forecast (Page 172)
- Capital Improvement Plan (Page 182)

# FY 2025 Budget



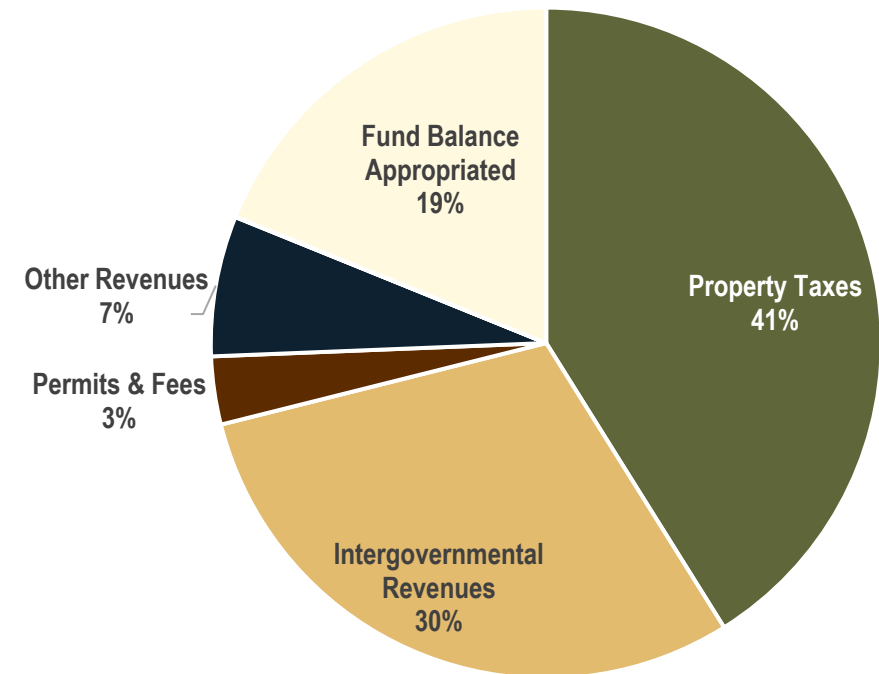
## FY 2025 General Fund Budget Overview:

- \$32.5 million budget
  - 11.4% above the FY 2024 amended General Fund budget as of December 31, 2023
- Property tax rate of \$0.225 (reduction of ½ cent)
- Includes \$6.1 million of appropriated fund balance due to transfers to the Library Expansion Capital Project Fund and other significant capital
- Expect ending fund balance of 52% of expenditures
- Includes four (4) Initiative Action Plans (IAPs) at a cost of nearly \$6M
  1. Update the Pinehurst Development Ordinance - \$0 (funded in FY 2022)
  2. Relocation of the Public Services Complex - \$400,000 for land acquisition
  3. Retrofit Current Athletic Fields with Synthetic Turf - \$1,382,300 for Wicker Park
  4. Expand and Renovate Given Library/Tufts Archives - \$4,200,000 for library design and construction

## FY 2025 General Fund Revenues:

- 2.0% decrease in ad valorem tax revenue from the half cent tax rate decrease
- Assumes a 0.5% growth in the real property tax base based on prior year construction levels and 75 new homes
- Assumes 4.8% increase in sales tax receipts over FY 2024 amended budget
- \$6.1 million fund balance appropriation to fund the Library capital project fund transfer and other significant capital

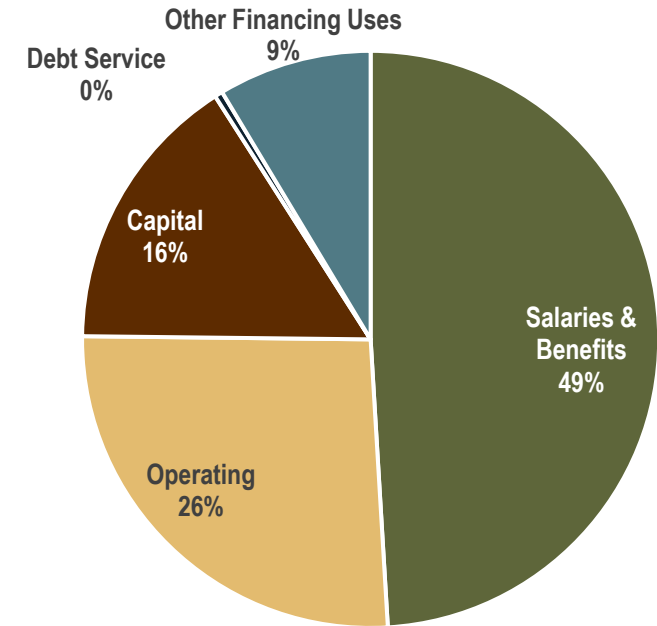
### \$32.5 Million Budgeted Revenues



## FY 2025 General Fund Expenditures:

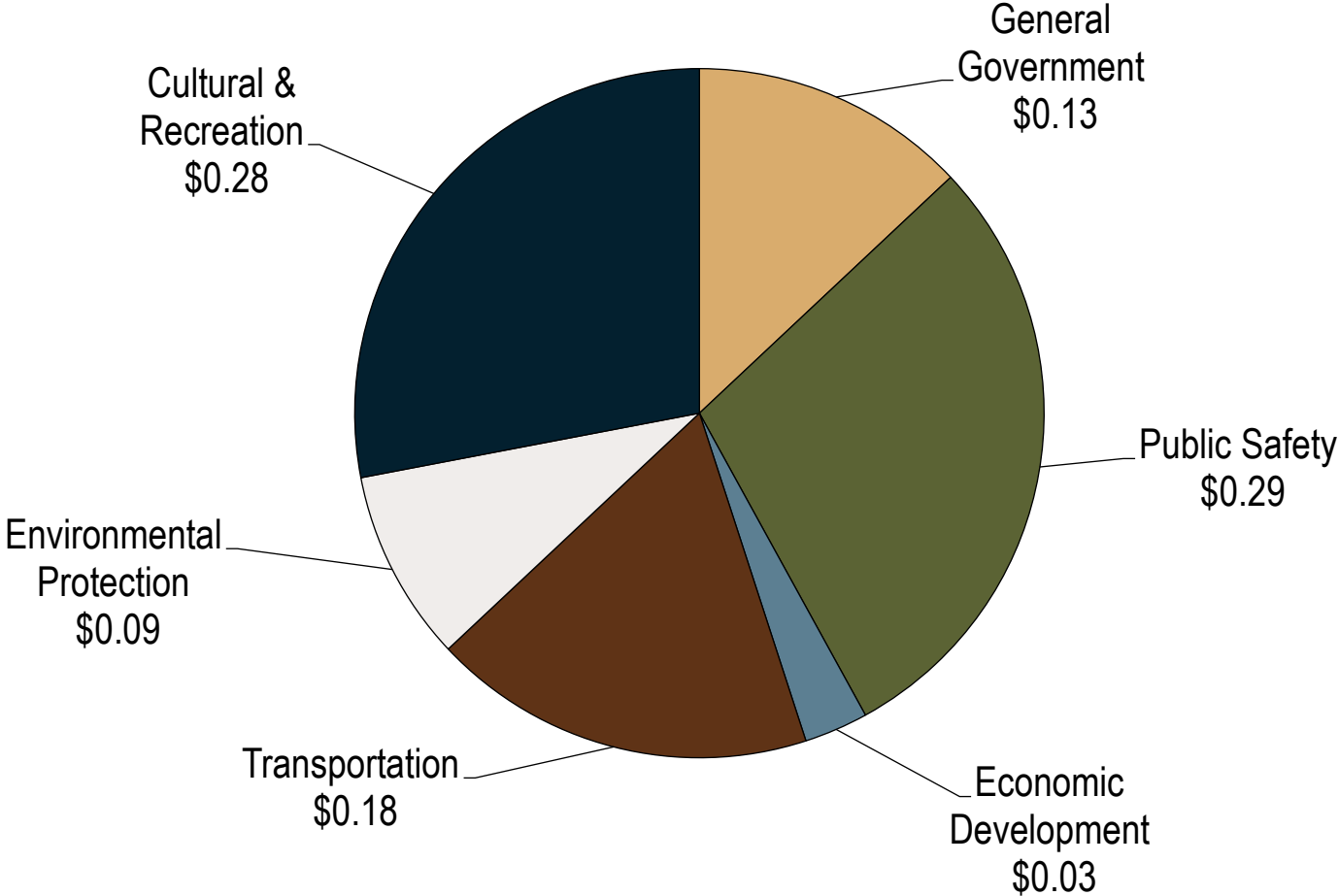
- Merit pay raises at 2% average plus cost-of-living adjustment of 4.1%
- Two new full-time equivalents (FTEs):
  - Stormwater Technician
  - Fleet Service Apprentice
- VOP pays 100% of employee health/dental insurance; Estimated 10% increase in premiums

**\$32.5 Million Budgeted Expenditures**





## Amount of Tax Dollar Expended by Function in the General Fund



## FY 2025 Significant Capital (\$5.1 million in total):

Significant Capital Items	Amount
Synthetic turf installation on Wicker Park field	\$1,416,000
Pedestrian facilities	\$460,000
Stormwater drainage projects	\$450,000
Two (2) garbage trucks	\$420,000
Public Services property acquisition	\$400,000
Cannon Park field lights and poles upgrades	\$345,000
Five (5) police patrol vehicles	\$325,000
Streetscape improvements	\$200,000
Handicap accessible van	\$124,000

FY 2025-2029  
Five-Year Financial  
Forecast

## Five-Year Financial Forecast (Pages 172-181):

- Developed to meet key financial ratios:
  - Fund balance (>30%)
  - Operating margins (89% - 91%)
  - Debt service ratios (<10%)
- Incorporates:
  - Five-Year Staffing Forecast (addition of 6.5 FTEs)
  - Five-Year Capital Improvement Plan (CIP)
- Key Financial Assumptions:
  - 1.0% annual growth in real & personal tax base
  - 4.2% average annual increase in salaries & benefits
  - 2.0% inflation rate in operating costs





## Key Highlights of the Proposed FY 2025-2029 Forecast:

- FY 2025 Tax Rate of \$0.225 is a half cent less than the FY 2024 tax rate and the planned rate for FY 2025 in the FY 2024 SOP
- Same tax rate increases as the adopted FY 2024 Strategic Operating Plan
- FY 2026–2029 Projected Tax Rates:
  - FY 2026: No change
  - FY 2027: Increase one cent to \$0.235 to fund added staff and operating costs for the new library and renovated archives, and Public Services debt service
  - FY 2028-2029: No change

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<b>Tax Rate</b>	\$0.23	\$0.225	\$0.225	\$0.235	\$0.235	\$0.235
<b>Year-Over-Year Tax Rate Change</b>		-0.5¢	-	1.0¢	-	-
<b>Projected in FY 2024 SOP</b>		\$0.23	\$0.24	\$0.24	\$0.24	N/A

Note: FY 2028 is expected to be the next revaluation year.



# FY 2025 Strategic Operating Plan



<b>Proposed Five Year Financial Forecast</b>					
	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
<b>Tax Rate per \$100 valuation</b>	\$ 0.225	\$ 0.225	\$ 0.235	\$ 0.235	\$ 0.235
<b>Tax Rate Projected in FY 2024 SOP</b>	\$ 0.230	\$ 0.240	\$ 0.240	\$ 0.240	N/A
<b>Full-Time Equivalents (FTEs)</b>	164.9	166.4	169.4	169.4	169.4
Operating Revenues	\$ 26,380,610	\$ 26,335,900	\$ 27,277,800	\$ 28,798,700	\$ 28,631,600
Operating Expenditures	24,590,500	25,315,090	26,473,308	27,433,720	28,465,700
Operating Income	1,790,110	1,020,810	804,492	1,364,980	165,900
Capital Expenditures	5,127,200	2,407,000	4,281,500	3,718,000	2,607,000
Other Financing Uses (Capital Transfers)	2,800,000	2,980,000	3,800,000	400,000	-
Total Expenditures	\$ 32,517,700	\$ 30,702,090	\$ 34,554,808	\$ 31,551,720	\$ 31,072,700
Other Financing Sources	7,000	-	-	-	-
Budget to Actual Variance <sup>1</sup>	2,463,915	2,531,727	2,633,776	2,725,972	2,818,079
<b>Projected Actual Gain/(Loss)</b>	<b>\$(3,666,175)</b>	<b>\$(1,834,463)</b>	<b>\$(4,643,232)</b>	<b>\$ (27,048)</b>	<b>\$ 376,979</b>
<b>Fund Balance as a % of Total Exp.</b>	<b>52.0%</b>	<b>49.1%</b>	<b>30.2%</b>	<b>33.0%</b>	<b>34.7%</b>
<b>Estimated Operating Margin</b>	<b>84.0%</b>	<b>86.6%</b>	<b>87.4%</b>	<b>85.8%</b>	<b>89.6%</b>

<sup>1</sup> Assumes actual revenues of 101% of budget and actual expenditures of 91% of budget

# FY 2025 Strategic Operating Plan



## FY 2025 – FY 2029 Initiative Action Plans

Strategic Objective	Initiative Action Plan (IAP) Name	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	TOTAL
Deliver effective fire and rescue services <small>AOF</small>	Design, build, staff, and equip a third Fire Dept. facility				\$400,000		\$400,000
Ensure codes and ordinances protect the character of Village neighborhoods <small>AOF</small>	Update the Pinehurst Development Ordinance	\$0	\$0				\$0
Support the business community	Relocation of the Public Services Complex to allow for redevelopment of Village Place. (6.5)	\$400,000	\$480,000	\$6,000,000	(\$1,200,000)		\$5,680,000
Provide a safe and effective multi-modal transportation system <small>AOF</small>	Develop and implement a consolidated multi-modal transportation plan		\$0	\$0	\$0	\$0	\$0
Provide recreation programs and facilities	Retrofit current athletic fields with synthetic turf	\$1,382,300	(\$44,600)	(\$45,500)	\$684,600	(\$70,300)	\$1,906,500
Provide Library and Archive services	Expand and Renovate Given Library/Tufts Archives	\$4,200,000	\$2,296,100	\$1,207,800	\$420,600	\$434,800	\$8,559,300
<small>AOF – Addresses Council Areas of Focus</small> \$0 indicates work is being done in that year but there is no net impact to costs or revenues	<b>TOTAL NET COST</b>	<b>\$5,982,300</b>	<b>\$2,731,500</b>	<b>\$7,162,300</b>	<b>\$305,200</b>	<b>\$364,500</b>	<b>\$16,545,800</b>

- Sandhills Metropolitan Planning Organization (SMPO) Special Revenue Fund:
  - Accounts for the grant revenues, member dues revenue, and expenditures of the SMPO separate from the Village's General Fund
  - Annual budget is approved by the SMPO Governing Board for inclusion in the Village's annual budget ordinance
  - FY 2025 budget of \$216,750 is funded 80% from federal grants (\$173,400) and 20% from member dues local match (\$43,350)
  - FY 2025 budget covers salary and benefits for one full-time director, consultant costs, insurance, travel, and indirect costs
  - Indirect costs will be remitted to the Village as reimbursement for its services as lead planning agency
  - Village's member dues are estimated to be \$12,578 for FY 2025

## • Capital Project Funds

### - Library Expansion - \$7.2 million total budget

- Funded from General Fund (GF) fund balance
- \$1.4 million already contributed from the GF
- \$2.8 million estimated from the GF in FY 2025 for the library design and beginning of construction
- \$2.5 million estimated from the GF in FY 2026 for completion of the library and beginning of archives renovation
- \$800K estimated from the GF in FY 2027 for completion of the archives renovation
- 1 FTE added in FY 2026 + 3 FTE added in FY 2027
- Total additional operating expenditures of \$408K in FY 2027



- Capital Project Funds (continued)
  - Public Services Relocation - \$6.5 million total budget
    - Plan to fund from General Fund (GF) fund balance and debt
    - \$480K in FY 2026 for site plan and design from GF fund balance
    - \$6.0 million in FY 2027 for construction - \$3M from GF fund balance + \$3M debt
    - Debt assumptions:
      - 15-year term
      - 5.00% interest
      - Paid semi-annually in level principal + interest payments
      - Debt issued mid-year in FY 2027 so only one debt service payment is due in FY 2027
      - \$355K maximum annual debt service in FY 2028
  - Fire Facility - \$400K total budget
    - \$400K in FY 2028 from GF fund balance in FY 2028 for design
    - Construction expected to be in FY 2030 with additional staffing and equipment purchases when the building is completed

## Other Significant Projects/Purchases in the Five-Year Forecast:

Project	Timeframe	Total Cost
Construct Pedestrian Facilities	FY25-FY29	\$2,300,000
Stormwater improvements	FY25-FY29	\$2,300,000
Purchase a ladder truck	FY27	\$2,100,000
Evaluate and implement document imaging storage	FY25-29	\$380,000
Replace park lighting (Cannon Park Fields 1 & 2)	FY25	\$345,000
Restore historical pathways within the Village	FY25-29	\$250,000
Streetscape enhancements	FY25	\$200,000
Provide world-class execution of plans for the 2029 US Open	FY29	\$150,000
Evaluate and implement Planning software replacement	FY29	\$120,000
Evaluate and implement a replacement of ERP software	FY29	\$80,000
Address resident street lighting dissatisfaction	FY25-29	\$50,000

Red Highlights – Item(s) related to Areas of Focus

- Plan to conduct 18 evaluations in FY 2025-2029 to ID ways to improve processes and service delivery. Several will be evaluated using the BIRDIE or ACE process improvement methodology.



BIRDIEs	
FY25	Re-evaluate building and staffing needs for a third Fire Department Facility
FY 25-29	Evaluate and implement document imaging storage



ACEs	
FY25	Evaluate CAD/RMS
FY26	Evaluate automation of p-card reconciliation and processing
FY27	Evaluate improvements to the budget development aspect of the annual SOP process

Next Steps





Key Upcoming Dates	
May 20	Budget Work Session at 9:00 a.m.
May 21	Budget Work Session at 2:00 p.m. (if needed)
May 28	Budget Public Hearing
June 4	Adopt the Budget

Following this presentation, the FY 2025 Strategic Operating Plan will be posted online at [www.vopnc.org](http://www.vopnc.org) and the Village welcomes public comments at [www.engage.vopnc.org/budget](http://www.engage.vopnc.org/budget).