



Letter from the Mayor

The Village Council is driven by the commitment to ensure Pinehurst is a charming, vibrant community which reflects our rich history and traditions. For the past three years, you have given us feedback on our services through the annual Community or Business Survey. The Council and staff have used that feedback, along with other relevant data, to prepare the FY 2016 Strategic Operating Plan that includes the FY 2016 Budget.

This year, the Village Council streamlined its goals on the Balanced Scorecard (BSC) and linked Key Performance Indicators (KPIs) to specific objectives for each goal. The nine goals of the Village Council for FY 2016 are to:

1. Safeguard the community,
2. Preserve the character of Pinehurst and the quality of neighborhoods,
3. Promote economic vitality,
4. Provide and promote multimodal transportation connectivity,
5. Promote environmental sustainability,
6. Promote an active, healthy community,
7. Professionally manage a high performing organization,
8. Recruit and develop a skilled and diverse workforce, and
9. Maintain a strong financial condition.



Mayor Nancy R. Fiorillo

The FY 2016 Budget contains a tax rate of \$0.29 per \$100 valuation. Pinehurst's property values declined 5.15% as a result of this year's revaluation. The proposed property tax rate is one cent lower than the estimated revenue neutral tax rate of \$0.30 per \$100 valuation.

There are numerous initiatives in the FY 2016 Strategic Operating Plan to achieve the Council goals listed above. These initiatives span the five year planning period of FY 2016 – FY 2020. This *Budget in Brief* describes the initiatives and other key items included in the FY 2016 Budget. For more information on initiatives beyond FY 2016, please see the *Strategic Priorities* section of the 2016 Strategic Operating Plan, which may be found on our website at www.vopnc.org.

With diligent financial oversight, the Village's professional staff and Council have been effective stewards of our tax dollars, ensuring the delivery of quality services that our residents, businesses, and visitors require and expect. As in the past, the FY 2016 Budget is prepared utilizing sound financial policies and reflects the Council's thoughtful consideration of the services provided.

Several new initiatives are planned for FY 2016 and I encourage you to read further about those in the 2016 Strategic Operating Plan.

Nancy Fiorillo, Mayor
Village of Pinehurst, NC



General Fund Expenditures

The FY 2016 Budget includes 35 initiatives with incremental funding of approximately \$1,351,000 to address the Council’s nine goals on the BSC. Several process improvements are planned for FY 2016 and are identified as an ACE or a BIRDIE, the Village’s systematic performance improvement methodologies. Strategic initiatives for each Council goal in the FY 2016 Budget and their cost follows:

Customer Perspective

1. *Safeguard the community (\$18,500)*

- Evaluate alternative methods to proactively investigate and deter crime (BIRDIE)
- Achieve national accreditation in the Fire Department - \$6,000
- Expand traffic pre-emption program to additional intersections in Village limits - \$12,500

2. *Preserve the character of Pinehurst and the quality of neighborhoods (\$10,200)*

- Implement the recommendations of the Code Enforcement BIRDIE Team - \$6,200
- Develop an "Adopt a Plant Bed" program with the Beautification Committee (ACE) - \$4,000
- Evaluate the consolidation of Streets & Grounds and Buildings & Grounds (BIRDIE)

3. *Promote economic vitality (\$575,800)*

- Collaborate with the UNC-School of Government to evaluate opportunities for Village Place redevelopment - \$50,000
- Re-develop the Public Services campus - \$400,000
- Support Pinehurst businesses through collaboration with Pinehurst Business Partners
- Incrementally expand the Village Center into Village Place/Rattlesnake Corridor - \$91,000

4. *Provide and promote multimodal transportation connectivity (\$346,000)*

- Make intersection improvements at McKenzie Rd and Hwy 5 & Barrett Rd and Hwy 5 - \$146,000
- Install sidewalks and/or greenways according to the Pedestrian Master Plan - \$200,000
- Install bike paths according to the Bicycle Master Plan –(* \$50,000 expected to roll forward from FY 2015)

5. *Promote environmental sustainability (\$0)*

- Evaluate the use of solar energy for Village facilities

6. *Promote an active, healthy community (\$326,890)*

- Develop a comprehensive recommendation for a new Community Center Facility
- Develop Rassie Wicker Park facilities - \$297,500
- Enhance maintenance of Village buildings and facilities – \$24,240
- Establish a P&R internship program - \$5,150

Balanced Scorecard

The BSC contains goals, objectives, and key performance indicators (KPIs) in four perspectives to ensure a balanced approach to the evaluation of achievement of organizational strategy. These four perspectives are:

1. Customer
2. Internal
3. Employee
4. Financial.



Internal Perspective

7. *Professionally manage a high performing organization (\$28,000)*

- Develop an organization wide complaint management process -VOP 311 (BIRDIE) - \$8,000
- Continue to utilize the Baldrige excellence framework to improve organizational performance
- Develop a method to evaluate the effectiveness of the Village Council (ACE) - \$1,000
- Develop a mechanism to share best practices between departments and evaluate the effectiveness (ACE)
- Increase capability to secure and monitor the Village computer network for legal compliance – \$19,000
- Review key Village processes annually for opportunities for improvement

Workforce Perspective

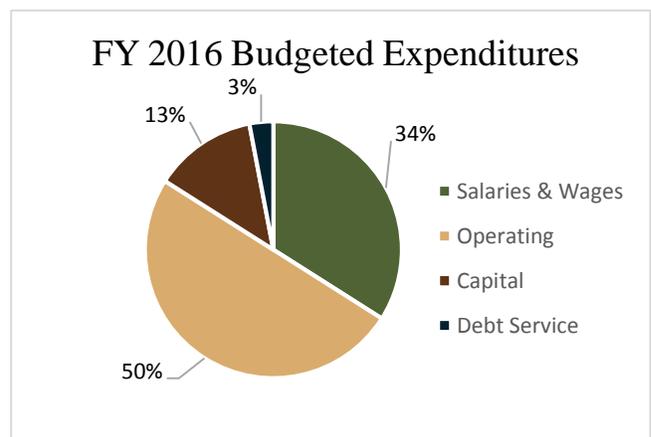
8. *Recruit and develop a skilled and diverse workforce (\$2,000)*

- Implement a reward and recognition program (ACE) - \$2,000
- Review and revise the in-house TOPS training program (ACE)

Financial Perspective

9. *Maintain a strong financial condition (\$78,600)*

- Implement BIRDIE Team recommendations to ensure the financial sustainability of the Harness Track - \$76,600
- Evaluate alternative revenue sources for the Village
- Implement the recommendations from the evaluation of the sale of Village owned land - \$2,000



The FY 2016 Budget for salaries and wages for the Village’s 132 full-time equivalents (FTEs) includes a total of \$165,000 for merit raises ranging from 0-3%. This is an increase from the 2% maximum merit raise available to employees in the previous five fiscal years. Also, the FY 2016 Budget plans to begin the phase out (incrementally over the next five years) of the 25% dependent coverage health insurance premium subsidy provided by the Village. This budget also includes the addition of a part-time Events Assistant position (0.5 FTE) to assist with Arboretum rentals, downtown events, and the issuance of temporary use permits.

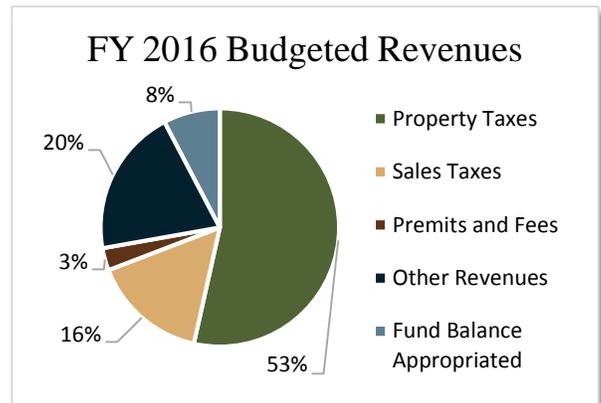
Overall, the FY 2016 Budget totals \$17,895,244, or 1.1% below the prior year’s amended budget at February 28, 2015.



General Fund Revenues

The primary revenue source for the Village is property taxes, accounting for 53% of total revenues, or \$9.6 million. In FY 2016, the Village will increase the tax rate by one cent to a rate of \$0.29 per \$100 valuation to offset the impact of a 5.15% decline in property values as a result of this year’s revaluation. The proposed rate is one cent lower than the revenue neutral rate of \$0.30.

At \$2.8 million, sales taxes are the second largest revenue source for the Village, representing 16% of the budget. 2 cents of the 6 ¾ cents paid in sales tax comes back to the Village to help fund operations.



Permits and fees are projected to generate \$544,000 in revenue, representing 3% of total General Fund revenues. Other revenues include intergovernmental revenue, investment income, and other miscellaneous revenues, accounting for 20% of total General Fund revenues.

The Village is also budgeting to use \$1.4 million of appropriated fund balance (or Village savings), which is above the expected budget-to-actual variance of \$919,000. Because revenues historically come in at 101% of budget and expenditures typically fall 5% below budget, we estimate the Village will actually only use \$456,000 of appropriated fund balance in FY 2016. This will result in an ending fund balance of approximately 38%, well within the Council’s adopted fund balance policy range.

Long Term Debt

The Village continues to pay down its debts and has only \$1.8 million in long-term debt outstanding. Total required principal and interest payments for FY 2016 amount to \$464,000, or 2.6% of the total annual budget. The Village does not plan to issue new debt in FY 2016.

Viewing the Budget Online

To view the FY 2016 Budget online, go to www.vopnc.org.

On the Budget “launch” page, citizens can open the entire FY 2016 Budget and Strategic Operating Plan document or an individual section, with a linked table of contents.

Capital Expenditures

Capital expenditures total \$2.3 million in FY 2016, or 13% of the annual budget. Significant capital expenditures include:

- Routine replacement of vehicles and equipment (\$674,600)
- Routine buildings and grounds improvements (\$219,500)
- Redevelop the Public Services complex – Phase 1 (\$400,000)
- Wicker Park splash pad (\$280,000)
- Sidewalk expansion (\$200,000)
- Small drainage projects (\$150,000)
- McCaskill Road streetscape improvements (\$91,000)
- Purchase of a mobile stage for cultural events (\$80,000)
- Other various miscellaneous capital improvements (\$254,500)