



2020 Strategic Operating Plan

Village of Pinehurst, North Carolina

Presentation of the FY 2020 Strategic Operating Plan

May 14, 2019

What we will cover:

1. Council's strategic direction
2. Key components of the Strategic Operating Plan (SOP)
3. FY 2020 Budget
4. FY 2020-2024 Financial Forecast
5. Next steps



Council's Strategic Direction

Council's Strategic Direction

- Discussed in *Strategic Priorities* Section (pgs. 38-65)
- Indicates:
 - Strategic planning process
 - FY 2020 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 2020 Strategic Operating Plan addresses the strategic opportunities indicated by the Village Council in January 2019.

Strategic Opportunities

1. Adopt and implement a Long Range Comprehensive Plan
2. Adopt an inflation adjusted revenue neutral tax rate
3. Facilitate the redevelopment of Village Place
4. Expand the ETJ
5. Seek PD accreditation
6. Construct pedestrian facilities
7. Develop a process to monitor staff capacity
8. Expand GIS capabilities
9. Implement succession planning
10. Utilize Baldrige framework
11. Develop West Pinehurst Park
12. Amend the Fund Balance Policy
13. Use water/sewer expansion to influence development around Pinehurst
14. Consider establishing a municipal library
15. Determine need for Fire Station 93

FY 2020 Strategic Operating Plan addresses the strategic challenges indicated by the Village Council in January 2019.

Strategic Challenges

1. Creating a walkable community
2. Increase in the cost of doing business
3. Changes in the housing market (e.g. quality, lower values, more rentals, & aging housing stock)
4. Responding to increased demand for services and changing needs due to growth and changing demographics
5. Attracting and retaining workforce members (employees and volunteers)
6. Managing development and the impact of growth on the character of the Village (traffic, lot clearcutting, etc.)



The Village Council identified four (4) Areas of Focus (AOF) in January 2019 that are addressed in the FY 2020 Strategic Operating Plan.

Areas of Focus
<ol style="list-style-type: none">1. Manage development and enforce codes and ordinances <i>(Short Term)</i>2. Provide interconnected pedestrian facilities <i>(Mid Term)</i>3. Maintain high quality streets <i>(Mid Term)</i>4. Provide recreation programs, facilities, and cultural events <i>(Short Term)</i>

Short Term means to focus Village efforts in FY 2020 and Mid Term means to focus Village efforts in the 5-year planning period.

Key Components of the Strategic Operating Plan

Key Components of the Strategic Operating Plan

- Budget in Brief
- Budget Message
- Strategic Operating Plan Guide
- Strategic Priorities
- General Fund
- Capital Project Fund (Community Center Project)
- Five-Year Financial Forecast
- Capital Improvement Plan

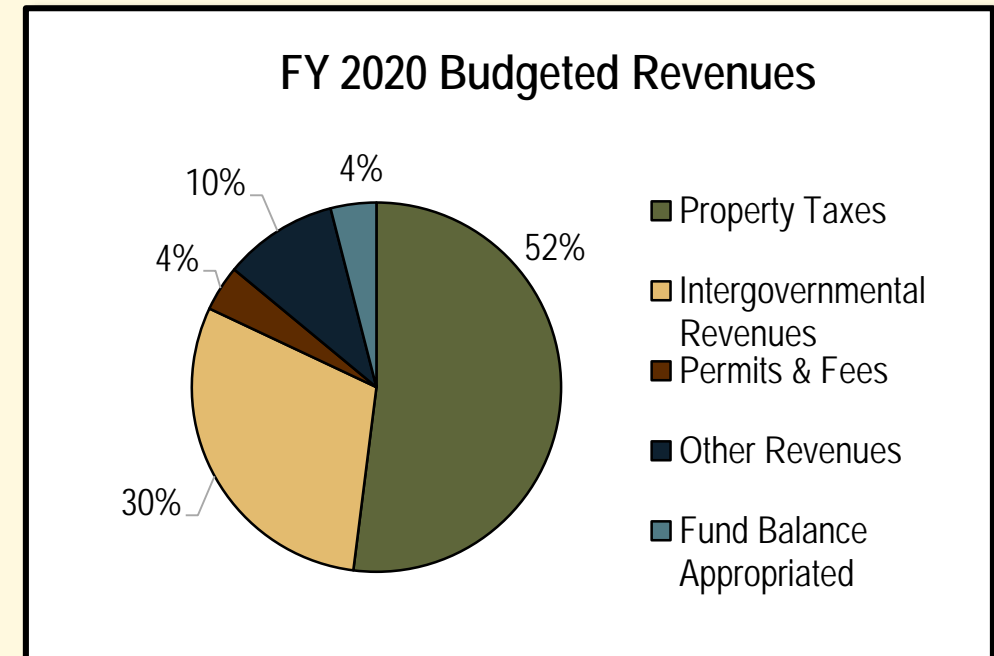
FY 2020 Budget

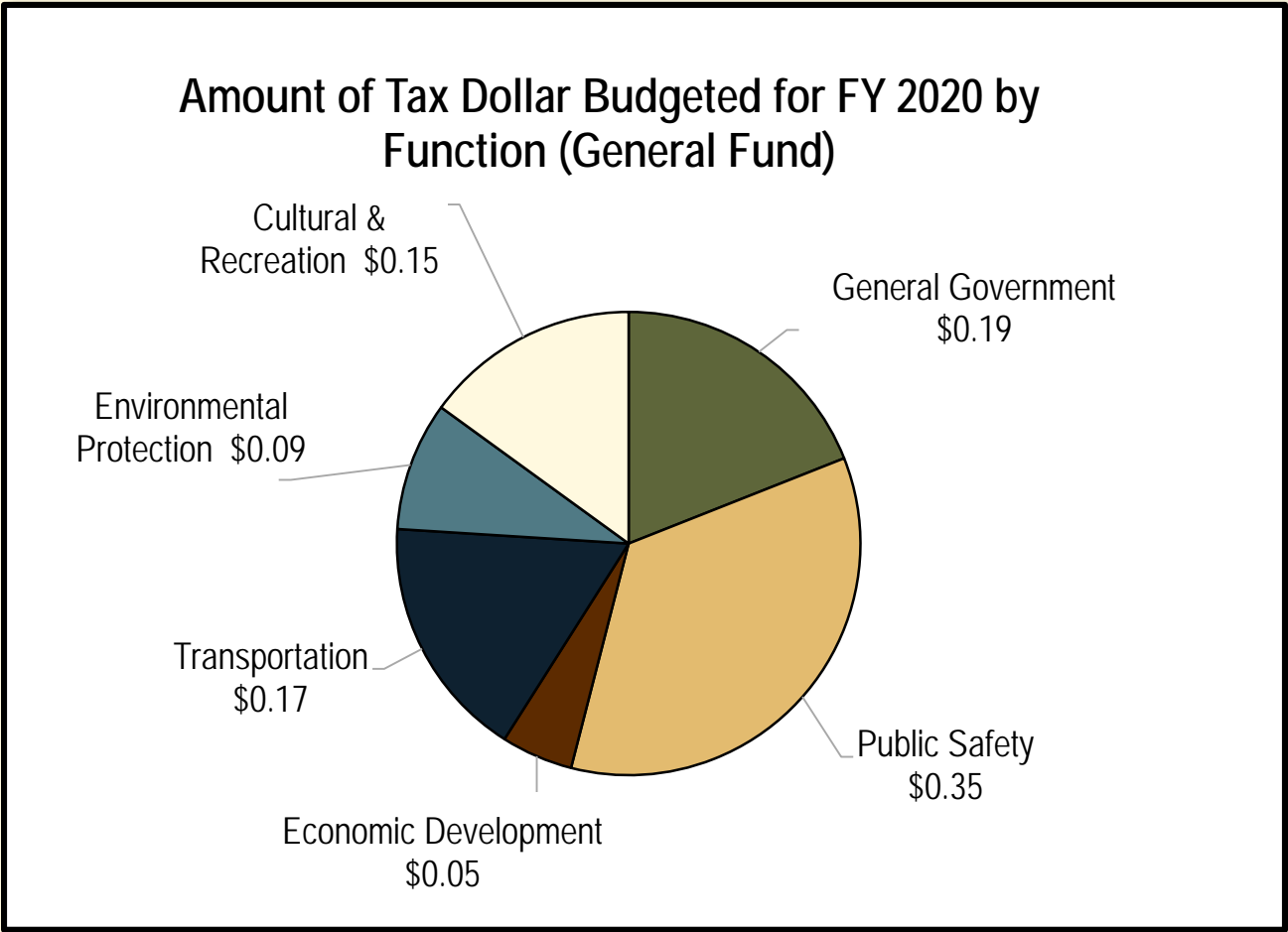
FY 2020 General Fund Budget Overview:

- \$21.6 million budget, 8% below the FY 2019 amended General Fund budget as of December 31, 2018
- Property tax rate of \$0.30
- Includes \$756,000 of appropriated fund balance
- Includes \$1 million in revenue for returned library capital campaign funding and an offsetting \$1 million contingency expenditure appropriation to return this amount to fund balance and meet the State's requirement to adopt a balanced budget
- Expect ending fund balance of 34.6% of expenditures; however, if \$1 million contingency appropriation is not spent in FY 2020, ending fund balance expected to be 39.2% of expenditures
- Seven (7) Initiative Action Plans (IAPs) at a cost of \$319,070 in FY 2020

FY 2020 General Fund Revenues:

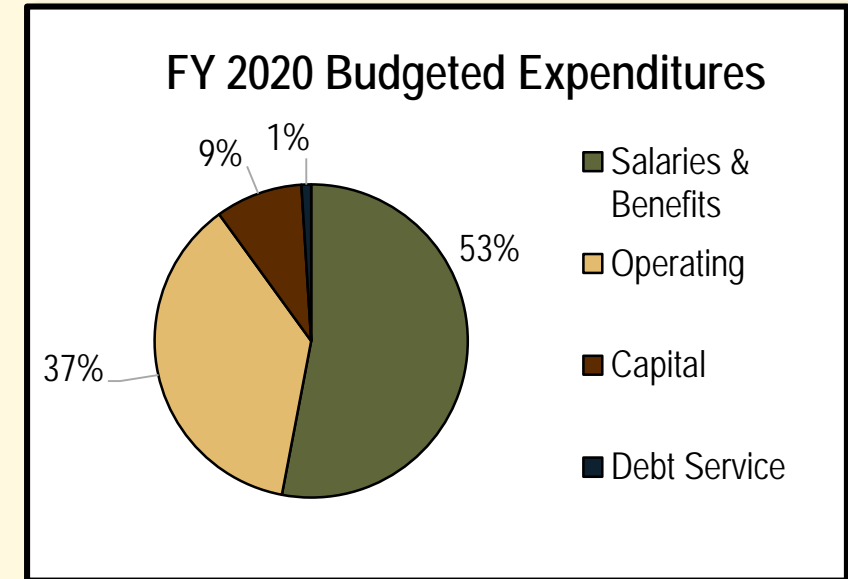
- Assumes 120 new homes and a 1.68% growth in the real property tax base
- Average tax value increased by 5.38% with the revaluation
- Assumes 5.2% growth in sales tax receipts over FY19 budget





FY 2020 General Fund Expenditures:

- Merit pay raises at 2% average plus cost of living adjustment of 2.4%
- 4.5 new full-time equivalents (FTEs): Administrative Assistant (1.0), Firefighter (1.0), GIS Analyst (1.0), Building Inspector (1.0), Maintenance Worker (0.3), IT Systems Specialist (0.2)
- VOP pays 100% of employee health/dental insurance
- Continue 5-year phase out of dependent care health insurance subsidy; Estimated 10% increase in premiums
- Increased stormwater maintenance funding by 48%, or \$106,000



Significant FY 2020 Capital (\$1.8 million)

- \$400,000 – Rescue vehicle
- \$225,000 – Storm drainage projects
- \$200,000 – Solid Waste truck
- \$200,000 – Land for potential Fire Station 93
- \$200,000 – Land for potential structured parking near the Village Center
- \$115,000 – Magnolia Road streetscape improvements
- \$114,000 – 3 Police vehicles

FY 2020-2024
Five-Year Financial
Forecast

Five Year Financial Forecast (pgs. 140-146)

Includes:

- Staffing forecast
- Inflationary increases in operating costs
- Capital improvement plan
- Projected impact of significant capital expenditures on future operating costs

Key Highlights of FY 2020-2024 Financial Plan:

1. Tax rate of \$0.30 in FY 2020; projected tax rate increases of ½ cent in each year of FY 2021-2024
2. Increased annual stormwater maintenance funding by 48%, or \$106,000 in FY 2020 and by 30%, or \$66,000 in FY 2021-2024
3. Includes mandated increased pension rates and landfill fees
4. 4.3 new FTEs in the five-year period
5. Several department restructures to increase career development and enhance performance
6. \$1.6 million included in FY 2021-2024 for pedestrian facilities
7. \$780,000 included in FY 2021-2024 for West Pinehurst Park master plan and development

FY 2020 Strategic Operating Plan



Five Year Financial Forecast					
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Tax Rate per \$100 valuation	\$0.30	\$0.305	\$0.31	\$0.315	\$0.32
General Fund Operating Revenues	\$ 20,822,380	\$ 20,116,000	\$ 20,606,000	\$ 21,112,000	\$ 21,980,000
General Fund Operating Expenditures	19,730,447	18,924,543	19,621,482	20,232,507	21,125,673
Operating Income(Loss)	\$ 1,091,933	\$ 1,191,457	\$ 984,518	\$ 879,493	\$ 854,327
Capital Expenditures	1,847,900	2,331,500	1,709,500	1,647,500	1,860,500
Total Expenditures	\$ 21,578,347	\$ 21,256,043	\$ 21,330,982	\$ 21,880,007	\$ 22,986,173
Budget to Actual Variance ¹	1,179,140	1,142,587	1,184,534	1,222,745	1,276,084
Projected Actual Gain/(Loss)	\$ 423,173	\$ 2,544	\$ 459,552	\$ 454,739	\$ 269,910
Fund Balance as a % of Total Exp. ²	34.6%	35.1%	37.2%	38.3%	37.6%
Fund Balance as a % of Total Exp. (with \$1 million contingency not expended) ³	39.2%	39.8%	41.9%	42.9%	42.0%

¹Assumes actual operating revenues of 101% of budget and actual operating expenditures of 95% of budget

²Assumes \$1 million contingency funds are expended during the 5-year planning period

³Assumes \$1 million contingency funds are not expended during the 5-year planning period

FY 2020 Strategic Operating Plan



Strategic Objective	Initiative Action Plan (IAP) Name	Initiative Action Plan (IAP) Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL	
Deliver effective police services	Police Department Accreditation	Seek national accreditation for the Police Department by FY 2020	\$11,800	\$7,365	\$7,365	\$7,365	\$7,365	\$41,260	
Manage development and enforce codes and ordinances <small>AOF</small>	Adopt and Implement a Long Range Comprehensive Plan	Develop a Long Range Comprehensive Plan for the Village to achieve the community's long term vision	\$0	\$0	\$0	\$0	\$0	\$0	
	Small Area Plan for the Village Place/Rattlesnake Rd Corridor	Engage a consultant to prepare a small area plan for the Village Place and the Rattlesnake Rd. Corridor	\$106,000	\$0	\$0	\$0	\$0	\$106,000	
Provide recreation programs, facilities, and cultural events <small>AOF</small>	Community Center	Construct the Community Center to meet resident demands for cultural and recreational activities	\$129,970	\$110,636	\$115,048	\$119,604	\$124,309	\$599,567	
Continuously improve and innovate	Build Baldrige Framework Systems and Culture	Continue use of the Baldrige Framework for Performance Excellence to ensure systematic processes that deliver exceptional results	\$16,000	\$45,000	\$0	\$0	\$0	\$61,000	
	Expand GIS Capabilities	Begin implementing the GIS Strategic Plan for the Village	\$50,000	\$10,000	\$10,000	\$5,000	\$5,000	\$80,000	
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	\$5,300	\$5,300	\$5,300	\$5,300	\$5,300	\$26,500	
<small>AOF – Addresses Council Areas of Focus</small>			TOTAL NET COST	\$319,070	\$178,301	\$137,713	\$137,269	\$141,974	\$914,327



FY 2020-2024 Planned Capital Expenditures

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
Fleet	\$ 864,800	\$ 1,095,000	\$ 407,000	\$ 570,000	\$ 936,000	\$ 3,872,800
Information Technology	28,000	93,000	252,000	29,000	42,000	444,000
Other Capital Improvements	955,100	1,143,500	1,050,500	1,048,500	882,500	5,080,100
Total Capital Exp. Paid with Cash	\$ 1,847,900	\$ 2,331,500	\$ 1,709,500	\$ 1,647,500	\$ 1,860,500	\$ 9,396,900
Additional Debt Service	-	-	-	-	-	-
Net Annual Operating Impact	129,970	112,136	120,048	131,605	146,310	640,069
General Fund Impact	\$ 1,977,870	\$ 2,443,636	\$ 1,829,548	\$ 1,779,105	\$ 2,006,810	\$ 10,036,969

FY 2020 Strategic Operating Plan



- Plan to conduct 37 **evaluations** in FY 2020-2024 to ID ways to improve processes and service delivery. Several will be evaluated using the BIRDIE or ACE process.
- Other key evaluations include: Library Needs Assessment, ETJ Expansion, and Police Take Home Vehicle Program



BIRDIES	
FY20	Fire Emergency Response (started FY19)
FY21	Insourcing Solid Waste
FY21	Document Imaging



ACEs			
FY20	Recruiting Process	FY21	Fire Inspection, Training, and Education
FY20	Employee Onboarding	FY21	Enterprise Fleet Leasing Program
FY20	Equipment Storage Capacity	FY21	Fair Barn Utilization and Renovation
FY20	Park Garbage Collection	FY21	Mobile Technology for Public Services
FY20	PD Dispatch Process	FY21	Solid Waste Return Pickups
FY20	Road Patching Services	FY22	Automate Employee Timekeeping
FY21	Purchasing/Contracting Process for Bids	FY22	Code Violation Fines Enforcement

Next Steps



Next Steps:

KEY Dates	
May 23 rd	Budget Work Session at 2:00 pm in Council Conference Room
May 24 th	Budget Work Session at 2:00 pm in Council Conference Room
May 28 th	Budget Public Hearing
June 11 th	Adopt the Budget

Following this presentation the FY 2020 Strategic Operating Plan will be posted online and the Village welcomes public comments on Engage Pinehurst.