



**VILLAGE COUNCIL
MINUTES FOR REGULAR MEETING OF MAY 24, 2022
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA
4:30 PM**

The Pinehurst Village Council held a Regular Meeting at 4:30 p.m., Tuesday, May 24, 2022 in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina.

The following were in attendance in Assembly Hall:

Mr. John C. Strickland, Mayor
Mr. Patrick Pizzella, Mayor Pro Tem
Ms. Lydia Boesch, Councilmember
Mr. Jeff Morgan, Councilmember
Ms. Jane Hogeman, Councilmember
Mr. Jeffrey M. Sanborn, Village Manager
Ms. Kelly Chance, Village Clerk

And approximately 49 attendees, including 5 staff and 1 press

1. **Call to Order.**
Mayor Strickland called the Village Council meeting to order.
2. **Invocation by Reverend Tudor-Foley and Pledge of Allegiance**
3. **Reports:**
Village Manager
 - Mr. Jeff Sanborn had nothing to report

Village Council

- Mayor Strickland reported he has attended various meetings. He stated he had the opportunity to meet with the Mayor of Cramerton, NC who was in town playing in one of the high school golf tournaments. He noted he shared some thoughts on the similarities between the two historical towns. Mr. Strickland reported he spoke last week to one of the first-grade classes at Pinehurst Elementary School and stated they were well mannered students, and the students are benefiting from the great teaching facility we have there. He reported he attended the 100th Women's Exchange Celebration dinner, and the groundbreaking for the Moore County Airport expansion. He reported First Health and Partners in Progress had a medical innovation summit last week that brought medical technology people from other parts of North Carolina, but also out of state here to understand the work that is going on at First Health. Mr. Strickland reported he and other Council members have spoken with the resort and USGA regarding the USGA site. He noted groundbreaking for that site will be June 6th, but construction will not begin to after June. He stated the Sandhills Motoring Festival will be running throughout the weekend and is expecting presentation of awards to classic cars and sports cars numbering over 150.

- Councilmember Jeff Morgan had nothing to report.
- Councilmember Jane Hogeman reported she attended a meeting of a group that works to make sure Fort Bragg can keep a buffer area around its perimeter free from too much development. She noted Mr. Sanborn was voted in as Chairman of the group. She stated they gave a very interesting presentation on the most sensitive areas with respect to development around the perimeter of the fort. Ms. Hogeman stated she, along with Councilmember Boesch, Mayor Strickland, and Jeff Sanborn all attended the Moore County Growth Forum, which was very interesting and described permitting for septic systems and water hookups, and building permits, and the stress that is being put on that process and the greater than usual length of time it's taking to get those things done due to supply chain issues. She reported at the Tri Cities meeting they discussed bicycle and pedestrian hookups between all three local cities that would allow people to go back and forth smoothly. She noted they also talked about construction and growth.
- Mayor Pro Tem Patrick Pizzella reported he attended the Tri-City meeting this morning as well. He stated this weekend, a group called Polo Cross in the Pines will be at the Harness Track this weekend which is a good example of the variety of sports for our residents who live here in the area to see.
- Councilmember Boesch reported she went to the meeting of the Board of Directors for the Convention and Visitors Bureau where one of their big topics was a recent report by Governor Cooper's announcement that North Carolina tourism industry has saw a major recovery in 2021. She noted the Governor stated we know visitor spending helps fuel our economy in all 100 counties by sustaining local businesses supporting thousands of jobs and bringing in tax revenue. She stated he reported visitors to NC generated a staggering 3.9 billion in federal state and local taxes in 2021 with sales tax receipts from visitor spending rising 34% to nearly 1.2 billion as well as local tax receipts growing 26% to 1.1 million. She stated WRAL has placed another webcam over at the resort, following one they have at Long Leaf. She noted it shows the Pageant Learning Center. Ms. Boesch reported the Military Officers Association of America are having their annual Memorial Day service Monday at three o'clock at the Village Chapel and all are invited to attend.

4. Motion to Approve Consent Agenda.

All items listed below are considered routine or have been discussed at length in previous meetings and will be enacted by one motion. No separate discussion will be held unless requested by a member of the Village Council.

- A. Approval of Village Council Meeting Minutes.
- May 10, 2022, Council Regular Meeting
 - May 10, 2022, Council Work Session
 - May 10, 2022, Council Closed Session

End of Consent Agenda.

Upon a motion by Councilmember Hogeman, seconded by Mayor Pro Tem Pizzella, Council unanimously approved the Consent agenda by a vote of 5-0.

5. Discuss and Consider Resolution 22-11 Reappointing a Chairman to the Pinehurst Historic Preservation Commission.

Jeff Sanborn, Village Manager, presented for consideration and approval of a reappointment for Eric Von Salzen as Board Chair for the Pinehurst Historic Preservation Commission, for a term effective June 1, 2022 to December 31, 2023, to end consecutively with his Board term.

Upon a motion by Councilmember Boesch, seconded by Mayor Pro Tem Pizzella, Council unanimously approved reappointment of Eric Von Salzen as Chair to the Historic Preservation Commission for an additional term, effective June 1, 2022 and expiring on December 31, 2023.

6. Discuss and Consider Resolution 22-12 Reappointment to the Pinehurst Historic Preservation Commission

Jeff Sanborn, Village Manager, presented for consideration and approval of a reappointment of David Herring to the Pinehurst Historic Preservation Commission, for a term effective June 1, 2022 to May 31, 2024.

Upon a motion by Mayor Pro Tem Pizzella, seconded by Councilmember Hogeman, Council unanimously approved reappointment of David Herring to the Historic Preservation Commission for a two-year term effective June 1, 2022 and expiring May 31, 2024.

7. Discuss and Consider Resolution 22-13 Local Bill Clarifying Pinehurst's Municipal Authority to Regulate Short-term Rentals.

Jeff Sanborn, Village Manager, stated after continuing to grapple with what to do about potential approaches to regulating short-term rentals in the Village of Pinehurst, we reached out to our local delegation, Tom McInnis, and Jamie Boles, about a local bill. He stated it might help to clarify our existing authorities and they were receptive to that type of an approach but asked us to work with some of the representatives of the short-term rental owner community in the area with the hopes of striking an agreement that everybody is happy with.

Mr. Sanborn stated we have a local bill recommendation for Council to consider which, although we did not reach that agreement, represents the kind of culmination of that agreement and what we thought was a fair bargain or deal with those representatives. He stated the bill would be helpful because it clarifies the intent about local authority to regulate short-term rentals. Mr. Sanborn noted the proposed bill has language that is already supported by the general statutes and staff's recommendation is that Council considers adopting this and send it to our local delegation.

Mayor Strickland stated what we are trying to accomplish here in working with our state delegation, is to put in their hands a document, which we feel is very fair, based upon all the discussion we have heard over the past few months, with respect to short-term rentals. He stated whether we can move forward or not, we will not know until we put something in the hands of our local delegation. He noted if they support it, it has a high likelihood of being passed by the General Assembly because it only affects Pinehurst and is not a statewide regulation.

Councilmember Hogeman stated she is in support of it and feels it does represent a middle ground of reasonable regulation. She noted even if they adopt it, or enact it, that could take quite a long time, and so should consider a plan B. Councilmember Boesch asked Mr. Sanborn if Senator McInnis and Representative Boles have indicated whether they support this language or not to which he replied they have not heard anything back from them on this language. Mr. Sanborn noted what we are trying to figure out here is whether Council wants to submit it to them. Councilmember Boesch stated she is okay with submitting it to the local delegation to get their take on it, but she does not want it to be turned over to them with the representation that she has approved the language.

Mayor Pro Tem Pizzella asked Mr. Sanborn to clarify what the limitation on amortization is to which he responded the general statutes are silent on what is an appropriate amortization period for dealing with existing non-conformities. He noted the courts have ruled in several cases over the years that it may have to have some economic basis for figuring out the time it would require for a short-term rental investor to recoup their investment. Mayor Pro Tem Pizzella stated he would want to offer a motion to reduce that eight-year amortization level and implement a ceiling or cap the number of short-term rentals in our community. Councilmember Boesch stated it is her understanding that Senator McInnis and Representative Boles have indicated several week ago that amortization was not on the table for them and so she feels it would be futile to give it to local delegation.

Mayor Strickland stated Council can make changes tonight to the local bill language that we think is fair, but that time is of the element and putting this in the hands of our delegation is the next step and must be uploaded by the 31st of May. Mayor Pro Tem Pizzella made a motion to strike the year number eight from the amortization and change that number to three but having no second, the motion did not carry.

Mayor John Strickland made a motion, seconded by Councilmember Hogeman, to accept this draft, dated May 24, 2022, and pass this local draft content to Representative Boles and Senator McGinnis for their consideration as a local bill for the Village of Pinehurst. The motion did not carry due to a non-majority of yes votes. Mayor Strickland and Councilmember Hogeman voted yes while Mayor Pro Tem Pizzella, Councilmember Boesch, and Councilmember Morgan voted no, thus a vote of 2-3.

8. Discuss and Consider a Contract for Legal Services for FY 2023.

Brook Hunter presented a proposed contract for legal services with Van Camp, Meacham, & Newman, PLLC for FY 2023 for Council review and consideration. She noted the functional terms of the contract are unchanged from the previous year. Ms. Hunter reported the contract calls for a 2% cost increase, bringing the monthly rate to \$4,945 with the annual contract totaling

\$59,340. She noted Michael Newman's hourly rate is \$385 per hour, a minor \$10 increase from the previous year for litigation matters not included in the monthly retainer. Ms. Hunter stated the contract may be approved by a motion authorizing the mayor or his designee to execute the contract.

Councilmember Boesch inquired as to whether we had ever done an annual review and stated she can not support to extend this contract due to an ongoing complaint and allegations that are unresolved. She also asked if it was common practice that the attorney should attend meetings, to which Mr. Sanborn stated that he is asked to attend in cases that his expertise is needed. Councilmember Morgan asked if we take bids from other law firms for this role or is the appointment automatic to which Mayor Strickland replied, from our perspective it seems that the firm and Mike do an excellent job and so we have not bid the role out.

Upon a motion by Councilmember Hogeman, seconded by Mayor Pro Tem Pizzella, Council approved to authorize the mayor or his designee to execute a contract with Van Camp, Meacham, and Newman, PLLC, for legal services for fiscal year 2023 by a vote of 4-1, with Councilmember Boesch casting the *no* vote.

9. Motion to Recess Regular Meeting and Enter Public Hearing

Upon a motion by Councilmember Hogeman, seconded by Mayor Pro Tem Pizzella, Council unanimously approved to recess the regular meeting and enter the public hearings by a vote of 5-0.

10. Public Hearing No. 1 – Fiscal Year 2023 Budget

Jeff Sanborn, Village Manager, reported the first topic is the FY 2023 budget and strategic operating plan that staff develops annually to achieve the Council's vision, mission, goals, and objectives. He stated staff specifically focuses on the strategic challenges and opportunities that face our community and they work to meet the requirements of the distinguished budget presentation award program and have been very successful in this regard in the past. Mr. Sanborn reported that at the May 16th work session, Council identified three areas of focus that are built into this five-year plan: managing development to protect village character, supporting the business community, and providing a safe and effective multimodal transportation system.

Mr. Sanborn reported an overview of the FY 2023 budget is \$27.1 million, 6% above the FY 2021 amended general fund budget. He noted the budget calls for a property tax rate of 31 cents, which is a reduction of a half penny from the tax rate that is currently in place. He stated it is kind of unusual that this budget includes \$0 of appropriated fund balance, but that is due to the infusion of American Rescue Plan funds into this budget year. Mr. Sanborn reported staff expects to have an ending fund balance of 54.9% of expenditures, with the eye towards some of these big capital projects in the years three, four, and five of this plan.

Mr. Sanborn stated this budget includes the addition of new police officers. He reported there are five initiative action plans in this plan that impact FY 2023, which are the relocation of the public services complex, updating the Pinehurst Development Ordinance, stormwater master plan, retrofitting of the athletic fields with synthetic turf, and the expansion/renovation of the given Library and Tufts Archives.

Mr. Sanborn reported as always, property taxes is the largest individual component of our revenues and on the expenditure side, salaries and benefits makes up slightly over a half. He stated this has been posted on Engage Pinehurst for a couple of weeks for solicitation of feedback and has been pushed out on social media several times. He noted only one comment was received from a resident on May 20th which stated employees deserve cost of living increases greater than proposed because of inflation.

Debbie Lalor, Pinehurst resident, stated she did not feel the Engage Pinehurst website is an appropriate means of soliciting public input, nor is it adequate or does it work. She noted she did not know what social media platform was used, but these forms are a very passive form of soliciting public input. She suggested the Village use means such as the Neighborhood Advisory Community to push messages out, as well as the mass email lists the Village has.

Steve Saye, Pinehurst resident, spoke in support of the synthetic turf on the athletic fields, but in opposition to building a parking facility downtown. He noted there are other ways to solve the parking issue and he would like Village Council to prudently spend money as we look to the future in this resort community.

Elizabeth Fisher, Pinehurst resident, asked if money could be budgeted to provide a safer crosswalk at the street by the Village Chapel that crosses Cherokee over towards the women's exchange.

11. Public Hearing No. 2 – Development Moratorium Extension

Darryn Burich, Planning and Inspections Director, stated the proposed moratorium currently in effect in the Small Area Plan areas (Village Place and Pinehurst South) is set to expire June 8, 2022. The Small Area Plans and subsequent ordinance updates will not be adopted by the time the moratorium expires so staff is requesting to extend the moratorium an additional 120 days to allow for plan adoption and any relevant PDO updates.

Mr. Burich stated this would be the third extension of the moratorium that if approved would have the planning areas under moratorium since February 10th, 2021. While there are no statutory limitations on the length of a moratorium, any moratorium length must be justified in the context of moving forward to solve the problems necessitating establishment of the moratorium. He stated he initial reason for requesting the moratorium was to preserve the area from inappropriate development in the context of the 2019 Comprehensive Plan and the soon to be approved Small Area Plans. At this point in the planning process, we are nearing the end of the plan development phase and readying to move into the zoning ordinance update phase after the plans are approved.

Mr. Burich stated, having a consensus on the Small Area Plans, and some of the land use concerns, need to be addressed prior to moving forward with subsequent Form Based Codes and PDO related updates. Once the Plans are approved, whether "as is" or "with conditions for various modifications" staff feels that we can move forward relatively quickly with the Form Based Code evaluations. He noted, while this process has taken longer than originally anticipated, necessitating the need for the moratorium, the project has continuously moved forward towards the end goal of plan approval and subsequent zone changes. He stated on May 5, 2022 the Planning and Zoning Board discussed and made recommendations to the Council on both plans.

12. Motion to adjourn Public Hearing and Re-Enter Regular Meeting

Upon a motion by Councilmember Boesch, seconded by Mayor Pro Tem Pizzella, Council unanimously approved to adjourn the public hearings and reenter the regular meeting, by a vote of 5-0.

13. Discuss and Consider Ordinance #22-04 Extending the Moratorium on Real Estate Development in Specified Geographic Areas of Village Place and Pinehurst South.

Upon a motion by Councilmember Morgan, seconded by Mayor Pro Tem Pizzella, Council unanimously approved Ordinance 22-04, extending the moratorium on real estate development in specified geographic areas of Village Place and Pinehurst South, for an additional 120-day period from the date of expiration to expire on October 6, 2022, by a vote of 5-0.

14. Presentation of Financial Statements for the Quarter Ended March 31, 2022.

Brooke Hunter, Financial Services Director presented the financial statements for the Quarter ended March 31, 2022. She stated as we enter the final quarter of the fiscal year, the Village's financial condition remains strong. Our revenue forecast for the first three quarters is on target. In addition, operating expenditures are running below expected levels and our capital outlays are within budget. These results should position us well to carry out the objectives outlined in the FY 2022 Strategic Operating Plan.

Ms. Hunter stated the Village's General Fund is showing \$5.2 million in income for the first nine months of the year. This is higher than the \$3.9 million in income the prior year. Fund balance in the General Fund is currently 75% of budgeted expenditures, which is higher than the 66% level seen the previous year on March 31. She noted the Village's total cash and investment balances increased by \$5,784,000, or 40%, compared with the previous year due primarily to the receipt of the American Rescue Plan Act funds. Another reason for this variance is due to capital and operating expenditures that are lower than expected at this point in the fiscal year. Ms. Hunter stated of the \$20.2 million in cash and investments on March 31, 2022, \$19.5 million was invested in the North Carolina Capital Management Trust Government portfolio. The Village does not have any installment financing debt obligations as of March 31.

Ms. Hunter stated General fund revenues were \$222,000, or 1.2%, above the year-to-date budget projections. This increase is the result of several offsetting variances across revenue sources. The largest relates to property tax revenues, which were \$224,000, or

1.9%, above the quarterly revenue estimate. The real and personal property tax collection rate of 99.91% is like this time last year. The real and personal base grew by 1.6%, compared to the same period last year, which is in line with our projection. The motor vehicle tax base grew by 0.6%, compared to the prior year.

Ms. Hunter reported for local option sales taxes, the adopted budget forecast a 3% increase over the previous year. So far, the actual collections for the first seven months of the year are running 14% ahead of the previous year's collections. Included in the mid-year budget amendment was an increase to local option sales tax and the related hold harmless reimbursement totaling \$770,000, which is reflected in the third quarter budget estimate. Several factors contributed to the increase in local options sales tax receipts: direct federal aid to taxpayers and tax credits placed additional funds into the hands of many people, consumer spending during the pandemic shifted from services to taxable goods, and recent legislation passed in NC called for the collection of sales taxes on nearly all online transactions.

Ms. Hunter stated General fund operating expenditures were \$2,900,000, or 18.9%, below the quarterly budget. This variance is significantly larger than the expected year-end expenditure variance of 7%. A portion of the operating expenditure variance is due to lapsed salaries and benefits. Employee turnover has increased this year, with some positions remaining vacant for longer than expected. Although the largest variance this year has been in the Planning Department, other departments have also been affected. In addition to salaries and benefits, other operating items have not been expended by departments as originally planned. Examples include the Pinehurst Development Ordinance rewrite project, road resurfacing and patching contracts, the Parks & Recreation Master Plan, and the Stormwater Master Plan. Several of these items were encumbered but not expended by March 31. Staff expects many of these projects to be completed by year-end.

Ms. Hunter stated for capital outlay, approximately 49% of the capital outlay budgeted in the first three quarters has been expended. A large component of the variance includes three vehicle replacements that were ordered earlier in the year, but not received by March 31, including \$220,000 budgeted for a garbage truck, \$25,000 for an Inspections truck, and \$32,000 for a Streets & Grounds truck. Due to manufacturing delays, these vehicles may not be received by year-end and would then be included in the reappropriation amendment. Other factors include the timing of walkway construction, stormwater projects, Village Hall office expansion, Wicker Park lighting project, and the Fire Station Storage Building that are all underway. Staff expects some, but not all, of these projects to be completed by year-end.

Ms. Hunter reported the Village issued 75 single-family residential building permits valued at \$30,840,000 during the first three quarters compared to 106 the previous year. Up until this point, we have been projecting approximately 150 homes will be constructed in FY 2022, which may not occur based on permits issued so far this year. She stated based on our current estimates, we anticipate the Village's fund balance will decrease by \$173,000 by the end of FY 2022. This is significantly better than the estimated loss of \$871,000 when the budget was adopted in June of 2021. As of our mid-year estimate, ending fund balance for the General Fund was projected to be approximately \$13,116,000, 51%, of expenditures, which is above our current policy minimum of 30%. This assumed several projects would be complete by year-end, which as mentioned above, does not appear to be the case due to various manufacturing, staffing, and timing delays. While these projects are still expected to be completed, it is not likely they will all be finalized by June 30. This will result in higher fund balance as of June 30, 2022 and these projects will be incorporated in the reappropriation budget amendment presented to Council in August.

Ms. Hunter stated during the first three quarters, the Fair Barn covered 90% of operating expenditures with operating revenues. This is significantly higher than the 13% achieved at this point the previous year due to COVID-related facility closures. This year's results are in line with our balanced scorecard target of 95%. Before discounts were applied, the Fair Barn covered approximately 111% of operating expenditure with operating revenues.

Ms. Hunter reported the Harness Track covered 51% of its operating expenditures compared to 49% the previous year. While these results are currently above the annual balanced scorecard target of 45%, the actual percentage will decrease as the year progresses since most seasonal stall revenue has been received for the year and operating expenditures will continue.

Ms. Hunter stated at this point in the fiscal year, she is pleased with the Village's financial condition and position. The Village

Council and Village managers are to be commended for meeting or exceeding most of the Village's financial targets. This also positions the Village well for the upcoming adoption of our five-year Strategic Operating Plan

15. Q3 Update on the Status of the FY 2022 Strategic Operating Plan Implementation.

Matthew McKirahan presented Council with the update on the status of implementing the FY 2022 Strategic Operating Plan, including this year's Initiative Action Plans (IAPs) through the end of March 31, 2022. He noted the FY 2022 Balanced Scorecard contains 9 strategic goals with each having one or more strategic objectives. He reported in FY 2022, the Village Council identified three strategic objectives as Areas of Focus: manage development and enforce codes and ordinances, support the business community, and provide a safe and effective multi-modal transportation system.

Mr. McKirahan reported the FY 2022 SOP includes 5 initiative action plans of which 2 were in progress and on schedule, 1 was in progress, but not on schedule, and 2 were set to begin in the future. He noted the Initiative action plans (IAPs) were update the Pinehurst Development Ordinance, Complete the Small Area Plan, expand downtown parking facilities, develop a comprehensive stormwater plan, and expand/enhance library services.

16. Other Business.

Mayor Pro Tem Pizzella requested that an addition be added to the Council summary that is released the following day of Council meetings, report the number of citizens present in-person and on-line, to provide a better understanding of the community's attention to what Council does.

17. Comments from Attendees.

- Phillip Sonia addressed council about short-term rentals and suggested they consider studying volunteer compliance as an option.
- Steve Saye addressed the council about short-term rentals and advised Council to understand that if they continue to support a small group and make decision based on the Friday group, this will not be settled except in court, and he is part of the tourism ecosystem that has worked, and they will continue to ensure this ecosystem that has thrived in this golf resort community continues.
- Debbie Lalor addressed council about the burden being on the council not the residents to get the community aware and engaged. She thanked the Council, the Village Manager, the Planning Department, and the Historic Commission for stopping the resort, from putting in a new parking lot on the east side of the entranceway to the country club. She also addressed Council about short-term rentals.
- Lora Summerall addressed council about short-term rentals and stated that they take away from business in the community.
- Elizabeth Fisher, addressed council about short-term rentals and stated hotels adhere to fire codes, hire staff, pay taxes, and contribute to the community and so we need to keep the businesses here that contribute to the bricks and mortar.

18. Motion to Adjourn.

Upon a motion by Councilmember Boesch, seconded by Mayor Pro Tem Pizzella, Council unanimously approved to adjourn the regular meeting by a vote of 5-0 at 6:45 p.m.

Respectfully Submitted,



Kelly Chance,
Village Clerk

A videotape of this meeting is located on the Village website: www.vopnc.org

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.

Values: Service, Initiative, Teamwork, and Improvement