



**VILLAGE COUNCIL
MINUTES FOR REGULAR MEETING OF FEBRUARY 22, 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, February 22, 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 17 attendees, including 7 staff and 1 press

1. Call to Order.

Mayor Strickland called the Village Council meeting to order.

2. Invocation and Pledge of Allegiance.

Invocation given by Rev. Tudor-Foley

3. Reports:

Village Manager

- Mr. Jeff Sanborn reported we are still working on clean-up following the ice-storms and if residents have debris they want picked up, they are encouraged to reach out using MyVOP. He reported Barnhill Construction is almost complete with the patching of Village streets and will begin resurfacing soon.

Village Council

- Mayor Strickland reported we received the National Park Service draft report today, which is called study #2, which will be posted to the Village website. He stated at 11:am and 4:30 pm, next Tuesday, there will be a public forum time with the National Park Service to provide a time for questions from the public. Mayor Strickland stated this will be helpful to the Village of Pinehurst going forward. He noted that on March 4th, we will kick off at 11:00 a.m. the Olmsted 200th Anniversary Celebration with a lecture in the Assembly Hall, sponsored by the Women of the Pines and stated you can register for the event on the Women of the Pines website.
- Councilmember Morgan had no report.
- Councilmember Hogeman had no report.
- Councilmember Morgan had no report.

- Mayor Pro Tem Pizzella had no report.
- Councilmember Boesch reported she participated in an Olmsted Open-Discussion zoom meeting and she is enjoying learning more about Olmsted's influence. She noted she did share a proclamation that the Village could present in honor of Olmsted. Councilmember Boesch also passed a thank you along to Jeff Batton, Assistant Village Manager, and Mike Apke for their quick response in picking up some special request for debris pickup.

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.

- February 8, 2022, Council Regular Meeting
- February 8, 2022, Council Work Session

B. Consider Resolution 22-04 Adopting the 2021 Local Government Agencies General Records Retention and Disposition Schedule.

End of Consent Agenda.

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

5. Discuss and Consider Resolution #22-05 Amending the Village Policy Regarding Term Limits for Appointed Boards and Commissions

Doug Willardson, Assistant Village Manager of Administration, stated staff is reviewing existing Village Council policies to determine updates or recommended changes. He reported staff recently reviewed the Village's established Council policy regarding term limits for appointees to Village boards and commissions. He stated staff recommend two minor adjustments. First, that the policy be updated to include the Historical Preservation Commission. And second, that the name of the Community Appearance Commission be updated to the Beautification Committee. These minor changes will make the term limits policy consistent with the other governing documents of these Boards or Commissions.

Mr. Willardson recommended we make all the boards follow a three-year term. Mayor Strickland stated he would like to see this as a two-year term with a three-year consecutive maximum. Councilmember Boesch stated she likes the two-year term since this is a volunteer board. Councilmember Morgan stated he agrees that a two-year term is normal. Mayor Strickland stated he would like to see the Planning and Zoning Board and the Board of Adjustment separated again like it was previously. Councilmember Morgan stated he would like to have more of a discussion about this before deciding.

Upon a motion by Councilmember Boesch, seconded by Mayor Pro Tem Pizzella, Council unanimously approved Resolution #22-05, amending the Village Policy regarding term limits for Appointed Boards and Commissions as drafted, with the exception of modifying the Board of Adjustment to limit it to three consecutive terms of two-years each, by a vote of 5-0.

6. Presentation of Mid-Year Financial Projections and Budget Amendment.

Brooke Hunter, Finance Director, presented Council with the Mid-Year Financial Projections and budget amendment. Ms. Hunter stated, based upon my review of the quarterly financial statements through the end of December and discussions with Senior Management and Department Heads. She reported she formulated the estimate of the Village's projected year-end financial results. She stated at this time, her estimate is that the Village's expenditures will exceed its revenues at year-end by approximately \$172,000. She noted although this is a loss, it is important to recall that we originally planned to use \$871,000 of fund balance in FY 2022 when the budget was adopted. She stated several revenues have exceeded our projections this fiscal year and the projected expenditures include a large reappropriation of approximately \$1.4 million related to purchases and projects that were incomplete as of June 30, 2021 and continued into FY 2022.

Ms. Hunter stated the total fund balance for the General Fund at the beginning of this fiscal year was \$13,289,000. She stated she is projecting that fund balance will decrease to \$13,116,000 by the close of this fiscal year. She noted this estimate will leave the ending fund balance for the General Fund at 51% of budgeted expenditures. This percentage is above the policy minimum and positions the Village well to address initiatives identified in the FY 2023 Village Council Strategic Planning Retreat.

Ms. Hunter stated when evaluating our projected actual amounts compared to the current budget, she identified several of the more significant items that have deviated from our original budget projections. She stated staff proposes the Village revise the budget estimates for these items to bring the budgeted amounts closer to expected levels. She reported the proposed changes are:

Revenues

1. We project motor vehicle property tax revenues to be slightly higher than originally anticipated. These projections are based on the taxes collected to date. We recommend increasing motor vehicle tax revenues by \$31,000.
2. Actual local option sales taxes and their related hold harmless reimbursements have been significantly higher than anticipated due to a variety of factors, including the collection of sales taxes on online purchases. As such, these revenues are projected to be higher than budgeted. We recommend increasing sales taxes by \$630,000 and the hold harmless reimbursements by \$140,000.
3. Miscellaneous revenue is higher than projected primarily due to a one-time easement payment from Verizon, as well as the sale of surplus items that are not capital assets. An increase of \$11,000 is recommended for this revenue source.
4. Upon adoption of the FY 2022 North Carolina state budget in November, the NC Department of Transportation (NC DOT) Powell Bill program funding was significantly increased. In FY 2021, Powell Bill funding was reduced due to constraints surrounding COVID-19. This year's allocation restored, and surpassed, pre-COVID Powell Bill program funding levels. We received approximately \$103,000 more than originally anticipated, thus we recommend increasing revenue by this amount.
5. Facility rental revenues are higher than expected this year. This is due to more park rentals and increased use of our athletic fields. An increase of \$24,000 is recommended for this revenue.
6. Fair Barn rentals and reservations have returned to pre-pandemic levels, and revenues through the second quarter are comparable to the same period in FYs 2019 and 2020. After reviewing actual collections, staff expects to end the year near \$225,000, or \$38,500 higher than the budgeted figure.
7. We received several significant insurance reimbursements for damaged vehicles this year. We recommend increasing our revenue estimate by \$65,000 and increasing the related expenditure budgets, as mentioned below.
8. ABC revenues are higher than expected this year. An increase of \$20,000 is recommended for ABC revenue on mixed beverages and an increase of \$50,000 for ABC revenue on counter sales.
9. When developing the FY 2022 budget, the Village originally anticipated assuming responsibility for Given Memorial Library and Tufts Archives in October. The Village and the Library Board continued conversations and established a final transfer date by April 15, 2022. As such, we recommend the following revenue adjustments to reflect this date change: reduce archives book and photo sales by \$13,000, Roast Office rental income by \$10,800, event income by \$52,500, donations by \$112,300, and endowment income by \$37,500. We also recommend decreasing operating expenditures as mentioned below.

Expenditures

1. In Human Resources, \$50,000 was originally appropriated for salary market adjustments. When the market adjustments for FY 2022 were implemented, it was determined that they could be absorbed within the affected departments due to various position changes and temporary vacancies. We are recommending removing the \$50,000 appropriation from the budget.
2. In Solid Waste, we request increasing the contracted services expenditure budget by \$35,000 to cover increased contracted yard debris clean-up services after multiple winter storms.
3. In Community Development, we request increasing the departmental supplies budget by \$6,500 to purchase additional logo merchandise inventory to sell at the Welcome Center. During the FY 2022 budget process, we increased our revenue projection for logo merchandise sales, but did not increase the expenditure budget to purchase additional items. Revenue is in line with our projections so far this year.
4. In the Library & Archives Department, operating expenditures will begin approximately six months later than originally expected. As such, we recommend decreasing salaries and Page 3 benefits accounts by \$89,000, departmental supplies by \$5,000, collection expenses by \$8,000, events expenses by \$15,000, and rentals by \$20,000.

5. In Fleet Maintenance, we recommend increasing the vehicle repairs and maintenance account by \$65,000 for significant repairs performed on various vehicles this year. Several of these repairs were reimbursed by insurance proceeds as mentioned earlier. The related Fire, Solid Waste, Recreation, Harness Track, and Planning Department allocation accounts have been adjusted accordingly.
6. In Buildings & Grounds, we recommend reducing the maintenance account by \$20,000, as library operating expenditures are approximately six months less than originally anticipated. The related Library & Archives Department allocation account has been adjusted accordingly.

Ms. Hunter stated in total, these adjustments will decrease the Village's FY 2022 Budget by \$100,500 and will reduce fund balance appropriated by \$986,900. She stated adopting the above adjustments within the revenue and expenditure accounts will enable the Village to prepare more accurate budget estimates for the next fiscal year and maintain statutory compliance required by the Local Government Budget and Fiscal Control Act. She noted as we enter the strategic planning and budgeting season, the Village is well positioned to carry out the objectives in our Strategic Operating Plan.

Councilmember Boesch stated this is good that we do this adjustment mid-year, which she notes we are not required to do according to State legislations. Mayor Strickland asked Ms. Hunter if we will need to use some of the fund balance this year. Ms. Hunter stated that we look at the roll-over funds, which we expect to spend this year. She reported after using this we are only looking at the \$172,000 loss to cover some of the big items.

Upon a motion by Councilmember Hogeman, seconded by Mayor Pro Tem Pizzella, Council unanimously approved Ordinance #22-02 amending the ordinance appropriating funds for operations of the Village of Pinehurst, regarding revenues and expenditures of the general fund mid-year budget adjustments by a vote of 5-0.

7. Q2 Update on the Status of the FY2022 Strategic Operating Plan Implementation.

Matthew McKirahan presented an update on the status of the FY2022 Strategic Operating Plan Implementation for the Second Quarter (Q2). He stated we have 18 of the 20 items (IAPs) started and are in progress, with the 2 being contingent on other IAP's.

Mayor Pro Tem Pizzella asked why we have not begun updating the Pinehurst Development Ordinance. Mr. Burich stated it is due in some part to the need for more staffing that can concentrate on this. Councilmember Hogeman stated she would rather see us have someone in-house do this then give it to a consultant. Village Manager Sanborn stated we currently have two (2) planning staff positions we are trying to fill and have been struggling to find candidates. Councilmember Boesch stated we need to remember that Planning is short on staff and resources, and this makes it hard for staff to prioritize.

Mayor Pro Tem Pizzella stated maybe we need to look at the most one-off codes that we really need to look at and start there. Village Manager Sanborn stated the difficulty comes with this project in that the whole PDO must work together and working on one-offs could leave some gaps. Mr. Burich stated sub-division regulations is one item that needs a lot of attention. He stated another is signage and we need to remember that, like the buffer ordinance, these individual items take a lot of time. Mr. Burich stated what staff really needs is guidance from Council on the contents, not the writing it and framework. Mr. Sanborn stated that these topics are all challenging because Council must work with many different voices from the community and balancing what is most important.

Councilmember Morgan stated we do not have to decide on issues of whether to use a consultant or not but should be more focused on taking what the staff brings to us and making decisions and providing input from that information.

Councilmember Morgan asked if any of the projects that are not on scheduled going to create any risk or harm to the Village. Mr. Sanborn stated the Small Area Plan and some of these projects are going to create delays in other projects we want to assume, but they are not going to cause harm. Councilmember Morgan asked if there were any adjustments to the plans that would help to accomplish what we are trying to do. Mr. Sanborn stated there are not. Mayor Pro Tem Pizzella stated we need to do a better job as a Council to direct staff on what we need to do to move this forward.

8. Other Business.

No other business was brought forward.

9. Comments from Attendees.

- Carol Coates shared comments put forth by a letter written to Council by Jeffrey Heintz. Ms. Coates stated the letter expressed concern that the most serious and immediate issue the Village faces is Short Term Rentals. She noted Mr. Heintz asserted his property rights are as sacred as those of the absentee owners who have made businesses out of private, single-family homes in residential areas. Ms. Coates stated the letter points to the Village's years of inaction as the reason for the hundreds of STRs that would be grandfathered as pre-existing nonconforming uses under any new prohibitory legislation.
- Bob Coates shared more comments put forth by the letter written to Council by Jeffrey Heintz. Mr. Coates read suggestions for Council, written by Mr. Heintz. These suggestions included: Conduct Based Regulation, Permitting, and Zoning Regulations. He stated Mr. Heintz suggested Council move forward on resolving the issue of Short-Term Rentals before Pinehurst is eviscerated by STRs.
- Steve Saye addressed Council as an individual who has been offering short-term rentals for over 16 years. Mr. Saye noted the many positives he has experienced and stated he feels both sides can come to good terms on this divisive issue. Mr. Saye noted that short-term rentals are vital to Pinehurst's success as a golf destination. He noted this area could not host the U.S. Kids Golf Championship or the U.S. Opens without short-term rentals. Mr. Saye reported that in 2014, 340,000 people attended the U.S. Open and he sees this number increasing with the back-to-back U.S. Open and Women's Open Golf Championships slated in 2029.

10. Motion to Adjourn.

Upon a motion by Mayor Pro Tem Pizzella, seconded by Councilmember Hogeman, Council unanimously approved to adjourn the regular meeting by a vote of 5-0 at 6:21 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