

City Council – Action Request Form

Date: June 21, 2022

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Scott Tesh, Budget and Performance Management Director

Council Action Requested:

Consideration of Fiscal Year 2022-2023 Budget-Related Items

Strategic Focus Area: Service Excellence

Strategic Objective: Maintain the City's Financial Strength

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

On May 31, 2022, the City Manager presented his budget proposal for fiscal year 2022-2023 to the Mayor and City Council. The proposed budget totaled \$625.8 million, which included \$414.0 million for operations, \$46.7 million for debt service, and \$165.2 million for capital. The proposed FY 2022-23 tax rate is 63.6 cents per \$100 of assessed value, which is an increase of 2.36 cents from FY 2021-2022. These increases are predominantly due to increased recycling costs, new personnel costs, and new public safety pay plans.

Changes to the Proposed Budget

During the Finance Committee Budget Workshop on June 9, 2022, staff recommended changes to the proposed budget in the amount of \$775,000. These changes included \$700,000 for the Behavioral Evaluation and Response (BEAR) program and \$75,000 for a tutoring program. In addition, the Finance Committee recommended an increase in Fire Department pay totaling \$1,038,830. This brings total Finance Committee changes to the proposed budget equaling \$1,813,830. The \$700,000 for the BEAR program would come from the assigned ARPA component of general fund balance. Increases for the tutoring program and fire department personnel costs would be covered by increased sales tax projections (\$868,100) and unassigned general fund balance (\$245,730). The total budget including Finance Committee changes is \$627.6 million.

Note: Council Member Clark abstained from voting on the tutoring program increase at the Finance Committee workshop. All other items were approved unanimously.

Committee _____

Action _____

For _____

Against _____

Remarks:

Highlights of the proposed budget included:

- Property-tax rate increase by 2.36 cents to 63.6 cents for every \$100 of value.
- \$55 million in limited obligation bond-funded capital projects, mainly funding maintenance projects for City roads, bridges, recreation amenities, and public assembly facilities.
- Thirty-five new positions across all City funds and departments; this includes fourteen positions for the transition to in-house recycling collection.
- No increase in user fees except for a 2.7 percent increase in water and sewer rates (for residential customers) and increases to landfill tipping rates approved by the City/County Utility Commission.
- New public safety pay plans including a career ladder and step plan, with accompanying retention adjustments.
- Average merit increase of 3.8% for all City employees, excluding those on the new public safety pay plans.
- \$659,180 for downtown improvements, financed through the 9-cent Business Improvement District levy on downtown property owners.
- \$1.2 million in local funding for grants for community agencies.

The Finance Committee held three budget workshops and a public hearing on the City Manager's budget proposal in May and June. As part of deliberations during budget workshops, Council Members also asked specific questions regarding certain City operations. The management team has committed to studying the service delivery and/or funding models of the following operations during the fiscal year 2022-2023:

- Winston Lake Golf Course
- Winston-Salem Transit Authority Fixed Route Bus Service
- Curbside Single-Stream Recycling
- Stormwater Operations and Capital Projects (Rate Setting)
- Service Overlaps Between the City and Forsyth County
- Bowman Gray Stadium

On June 21, 2022, the Mayor and City Council will conduct a final public hearing (**item G-1**), as required by State law and will consider the following budget-related items:

- **Item G-2:** Annual appropriation/tax levy ordinance for fiscal year 2022-2023, authorizing the City's annual operating appropriations and adopting the property tax rate of 63.6 per \$100 of assessed valuation, as recommended by the Finance Committee

- **Item G-3:** Project budget ordinance for fiscal year 2022-2023, authorizing appropriations for certain special revenue funds, capital projects, enterprise capital projects, internal service capital projects, and capital equipment funds, as recommended by the Finance Committee
- **Item G-4:** Motion to Excuse Council Members MacIntosh, Scippio and Taylor from Item G-5
- **Item G-5:** Annual appropriation/tax levy ordinance for fiscal year 2022-2023, authorizing the City's annual operating appropriations for anticipated revenues and expenditures related to services provided by the Downtown Winston-Salem Partnership and a property tax rate of 9.0¢ per \$100 of assessed valuation on property in the Downtown Winston-Salem Business Improvement District.
- **Item G-6:** Motion to excuse Council Member Taylor from Items G-7 and G-8
- **Item G-7:** Annual appropriation/tax levy ordinance for fiscal year 2022-2023, authorizing the City's annual operating appropriations for anticipated revenues and expenditures for Marketing and Communications to include advertising, books, magazines, and periodicals by fund, together with a financial plan for internal service funds
- **Item G-8:** Project budget ordinance for fiscal year 2022-2023, authorizing appropriations for expenditures on advertising, books, magazines, and periodicals, and revenues for fiscal year 2022-2023 and thereafter for select Special Revenue funds
- **Item G-9:** Motion to Excuse Council Members Mundy and Scippio from Item G-10
- **Item G-10:** Annual appropriation/tax levy ordinance for fiscal year 2022-2023, authorizing the City's annual operating appropriations for anticipated revenues and expenditures for Kaleideum and Family Services in the general fund
- **Item G-11:** Motion to excuse Mayor Pro Tempore Adams and Council Members MacIntosh and Larson from item G-12
- **Item G-12:** Annual appropriation/tax levy ordinance for fiscal year 2022-2023, authorizing the City's annual operating appropriations for anticipated revenues and expenditures for Piedmont Triad Regional Council, the National League of Cities, and the North Carolina League of Municipalities in the general fund
- **Item G-13:** Motion to excuse Council Members Scippio, Burke, and Larson from Item G-14
- **Item G-14:** Project budget ordinance for fiscal year 2022-2023, authorizing appropriations for expenditures and revenues for federal housing funds to include Community Development Block Grant Fund, HOME Investment Partnership Trust Fund, Supportive Housing Grants Fund, and HOPWA Fund, as recommended by the Finance Committee

- **Item G-15:** Resolution approving the capital plan for fiscal years 2022-2023 through 2027-2028 as a financial planning guide, as recommended by the Finance Committee
- **Item G-16:** Resolution approving one-time supplemental payment for the City of Winston-Salem Police Officers' Retirements System for fiscal year 2022-2023
- **Item G-17:** Resolution adopting financial policies for the City of Winston-Salem
- **Item G-18:** Resolution amending Article II of the City of Winston-Salem Personnel Resolution adjusting positions and classifications, authorizing the addition of public safety career ladders and authorizing merit pay adjustments for employees