

## City Council – Action Request Form

**Date:** June 20, 2023

**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 2023-2024 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 30, 2023, the City Manager presented his budget proposal for fiscal year 2023-2024 to the Mayor and City Council. The proposed budget totaled \$605.7 million, which included \$440.9 million for operations, \$51.5 million for debt service, and \$105.8 million for capital. The proposed FY 2023-24 tax rate is 66.1 cents per \$100 of assessed value, which is an increase of 2.5 cents from FY 2022-23. These increases are predominantly due to increased personnel costs, inflation, and vehicle replacements.

**Changes to the Proposed Budget**

During the Finance Committee Budget Workshop on June 8, 2023, the Finance Committee recommended the following changes to the Manager's proposed budget:

- \$1.64 million for changes to Fire Department pay
- \$214,000 for supplemental (one-time) pay for transit employees
- \$20,000 for Youth Advisory Council (YAC) travel
- \$87,500 for additional community agencies funding
- \$100,000 for Historic Bethabara building improvements

The Historic Bethabara project and transit supplemental pay were covered by fund balance, general fund and transit fund, respectively. The YAC travel was covered by increased sales taxes. The fire pay plan and community agencies changes were covered by reallocating 0.63 cents of the property tax rate from debt service to general fund. All items were approved unanimously.

**Committee** \_\_\_\_\_

**Action** \_\_\_\_\_

**For** \_\_\_\_\_

**Against** \_\_\_\_\_

**Remarks:**

Highlights of the proposed budget included:

- Property-tax rate increases by 2.5 cents to 66.1 cents for every \$100 of value.
- Employee Compensation:
  - Increased minimums and compression adjustments for sworn police and certified fire pay plans, effective July 2023; step adjustments of 3% each in July and January
  - Average merit increase of 6.0% for all City employees, excluding public safety employees on the step plans, effective October 2023
  - One-time supplemental pay of up to \$2,000, with larger amounts going to lower wage earners
  - Increase of City minimum wage to \$15.45 per hour and 3% increase to all general pay plan minimums, effective January 2024
- Reduction of fifty (50) vacant police officer positions to support increased minimum pay and compression in the sworn police pay plan.
- Average increase of 7.0 percent in water and sewer rates (effective July 2023) and 8.0 percent increase in stormwater fees for all users (effective January 2024).
- \$725,380 for downtown improvements, financed through the 9-cent Business Improvement District levy on downtown property owners.
- \$1.3 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 2023-2024:

- Street Resurfacing (Including Motor Vehicle Privilege Tax Authority)
- Winston-Salem Transit Authority Funding Benchmarks
- Street Lighting Transition to LED Fixtures
- Parking Fund Operations and Subsidy
- Public Assembly Facilities Operating Deficits

On June 20, 2023, 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 2023-2024, authorizing the City's annual operating appropriations and adopting the property tax rate of 66.1 per \$100 of assessed valuation, as recommended by the Finance Committee

- **Item G-3:** Project budget ordinance for fiscal year 2023-2024, 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-5:** Annual appropriation/tax levy ordinance for fiscal year 2023-2024, 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-7:** Annual appropriation/tax levy ordinance for fiscal year 2023-2024, 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 2023-2024, authorizing appropriations for anticipated revenues and expenditures on advertising, books, magazines, and periodicals, and revenues for fiscal year 2023-2024 and thereafter for select Special Revenue funds
- **Item G-10:** Annual appropriation/tax levy ordinance for fiscal year 2023-2024, authorizing the City's annual operating appropriations for anticipated revenues and expenditures for Kaleideum, Mixxer Community Makerspace, Piedmont Authority for Regional Transportation, and Family Services
- **Item G-12:** Annual appropriation/tax levy ordinance for fiscal year 2023-2024, authorizing the City's annual operating appropriations for anticipated revenues and expenditures for Piedmont Triad Regional Council, the National League of Cities, RiverRun, and the North Carolina League of Municipalities
- **Item G-14:** Project budget ordinance for fiscal year 2023-2024, 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
- **Item G-15:** Resolution approving the capital plan for fiscal years 2023-2024 through 2028-2029 as a financial planning guide, as recommended by the Finance Committee
- **Item G-16:** Resolution Amending Article II of the City of Winston-Salem Personnel Resolution Adjusting Positions, Classifications, Pay Grades, and Pay Plans, Authorizing Merit Pay Adjustments, and One-Time Supplemental Pay for City Employees
- **Item G-17:** Resolution Providing Medicare Advantage Supplement to Retired Elected Officials