

FY 2025-26 Budget – Responses to Questions

1. Provide management recommendations for reducing the tax rate by 0.8 cents from the recommended rate (from 57.5 cents to 56.7 cents).

Provided with the directive to reduce the operating budgets for property tax supported funds by \$3.2 million (0.8 cents on the tax rate), the following recommendations are put forward for Council review:

| <u>Budget Category</u> | <u>Amount</u> | <u>Tax Rate Equivalent</u> |
|--------------------------------|----------------------|-----------------------------------|
| <i>GENERAL FUND</i> | | |
| Salary and Benefits Reductions | \$1,800,000 | 0.47 |
| Convention Center Subsidy | 100,000 | 0.03 |
| General Fund Subtotal | 1,900,000 | 0.50 |
| <i>TRANSIT FUND</i> | | |
| Transit Service Reductions | 1,300,000 | 0.30 |
| Transit Fund Subtotal | 1,300,000 | 0.30 |
| GRAND TOTAL | \$3,200,000 | 0.80 |

Salary and Benefits Reductions – The \$1.8 million budget reduction above would allow for a 2% cost-of-living adjustment (and 2% adjustment to pay scales) in July 2025 and an additional 2% merit adjustment in January 2026. Preliminary budget data suggested cities and counties in the region might propose higher compensation changes, but the proposed COLA/merit changes in Forsyth County, Guilford County, Greensboro, and High Point range from 3.0% to 4.4%, with an average of 3.6%. The amount recommended would also provide for the first cycle of a three-year classification update review for all positions.

Convention Center Subsidy – The Benton, which is operated by Hospitality Ventures Management Group, has had two of its best years ever with respect to net operating costs. In FY 2024, the combined program operating loss and management fee was \$366,810 lower than the budget. FY 2025 financials provide a similar picture based on payments made to-date. This \$100,000 budget reduction would recognize the outstanding work of Hospitality Ventures Management Group and assume they continue to beat budgeted projections as they have the past two years.

Transit Services Reductions – The recommended reductions include a decrease to weekday evening services. Evening services were recently restored, and the ridership has been significantly lower than anticipated. Staff believes the lowest impact to

service provides more routes/services than they typically provide for evening services in other cities in North Carolina. The amount shown above would cut evening services after 9:30 PM, with the service reduction taking place on October 1, 2025.

2. Provide a report on FY 2024-25 community agencies year-end outcomes and application/selection process alternatives for the FY 2026-27 budget process.

As part of its FY 2025-26 work, The Budget and Performance Management Department has committed to three items:

- *ARPA Agencies Report* – In the fall of 2025, staff will provide an update on all ARPA-related spending with community partners. This will include updates on performance targets and goals for all agencies, including both completed and continuing programs/projects.
- *Annual Community Agencies Report* – In the fall of 2025, staff will provide year-end reporting for all locally-funded agencies (general fund and occupancy tax fund). The report will include performance data and noted barriers to program successes.
- *Annual Community Agencies Process Update* – In the fall of 2025, staff will provide an update on the Community Agencies Funding Process and provide a report on all currently funded local agencies, including the length of funding. Staff will seek direction from City Council on any proposed changes to the application and selection process.

3. Explain the increase in the Human Resources budget.

The budget for the Human Resources Department (as shown on page 143 in the proposed budget document) is increased \$961,270. The table below provides a summary of those change, and narrative accompaniment is provided for context and details.

| <u>Cost Category</u> | <u>Annual Increase</u> |
|--------------------------------|-------------------------------|
| Personnel | \$604,350 |
| IT Charges | 287,630 |
| Building Rent/Maintenance | 39,290 |
| Orientation and Training Costs | 30,000 |
| Total | \$961,270 |

Personnel – The personnel budget is increased \$604,350, mainly attributable to budgeting for five previously double-slotted positions (\$527,080). These positions were administratively added to Human Resources in fiscal years 2022 and 2023 but

were never budgeted for in the department. The proposed budget now recognizes these positions, and projected costs were offset by an increase in the salary savings adjustment, as the general fund has been incurring these costs for several years.

IT Charges – Information technology charges, specifically for applications development and support, are significantly increased because of allocated staff time for the replacement of the Human Resources Information System (HRIS).

Building Rents and Maintenance – This amount reflects the operating increase, based on square footage, for the space occupied by the Human Resources Department at Bryce A. Stuart and Jocelyn Johnson Municipal Services Buildings. These amounts are generally reflective on inflation and salary increases for property maintenance and custodial services, and include changes made as part of the compensation and classification study from FY 2024-25.

Orientation and Training Costs – The budget is increased \$10,000 for employee orientation costs based on inflation, and \$20,000 has been increased in the training budget to restore funding that was inadvertently cut from a contract that was renegotiated during the FY 2024-25 budget process.

4. Explain the increase in the Bethabara Park budget.

The total budget for Bethabara Park is increased \$91,500 in the proposed budget. Of that amount, \$55,020 is related to the salary and benefits increases for reclassifying a part-time Assistant Historic Resources Park Supervisor into a full-time position. The budget also includes \$20,000 to replace a utility maintenance vehicle.

5. Do City swimming pools have free use days? If so, what days are those, and is the attendance higher on those days?

The City does not offer free swimming days.

6. Provide a detailed list of all agencies, programs, and events supported by the occupancy tax fund.

Please see Appendix A at the end of this document for a listing of all occupancy tax funded programs and events.

7. Provide details for all City programs for summer youth activities.

The City's Recreation and Parks Department provides many types of youth activities for various age groups. A list of the total summer youth programming is shown below:

Teen Pool Parties - Winston Waterworks, July, two Fridays (13-17 years)

Salem Lake

- i. Nature Kids (x3 programs)
- ii. Adventure Camp (x4 programs ages 5-8, 9-11, 12-15 years)

Historic Bethabara

- iii. Young Apprentices (5-12 years)
- iv. Hands on History Camp (5-17 years)

Athletics

- v. WE PLAY Track
- vi. WE PLAY Baseball
- vii. Junior Golf Competition
- viii. Girls Sports Camp

Recreation Centers, Specialized and Adaptive Programs, Special Events

- ix. Summer Camps (10 locations, rising 1st graders - rising 6th graders)
- x. Teens in Action Camp (3 locations, middle school age)
- xi. Camp Discovery (children with disabilities)
- xii. Camp Oasis
- xiii. Youth Boxing
- xiv. Little Creators (crafts for toddlers)
- xv. Summer Basketball Skills & Drills
- xvi. Kids in the Kitchen
- xvii. Pint Sized Picasso (paint classes)
- xviii. Art In Motion
- xix. Summer Book Club
- xx. Tumbling Tots
- xxi. Special Events
 - 1. Dino Dig
 - 2. National Donut Day
 - 3. National Ice Cream Sandwich Day

8. What is the Hanes Mill Road Landfill Front Entrance Improvements project, and why is it needed?

North Carolina Department of Transportation (NCDOT) project #U2729 involves the widening of Hanes Mill Road from University Parkway to Museum Drive. The front entrance area of Hanes Mill Road Landfill is impacted by this work, and it will be necessary to re-construct fencing, gates, landscaping, signage and affected pavement when DOT's construction is completed during calendar year 2025. Temporary security controls, lighting, fencing and cameras are being provided during construction. This project will also include operational efficiencies to help with traffic control.

9. Provide details addressing the decrease in funding provided to the United Way for the Rapid Re-Housing Collaborative.

During the FY 25-26 application process, the City did not receive a rapid rehousing grant application for City ESG funds. The funds are currently set aside for rapid rehousing and a separate application process will be held to allocate the funds.

10. Provide a list of all community agency funding reinstated by Forsyth County after reductions in the proposed budget.

Please see Appendix B at the end of this document, which was provided by Forsyth County government staff and represents community agencies recommended for funding in their FY 2025-26 budget.

11. Provide a summary of position additions and reductions in the FY 2025-26 budget. Address the inclusion of double-slotted positions in the proposed budget.

New and Deleted Positions – The City Manager’s Message shows a net reduction of five positions in the FY 2025-26 budget as shown in the table below:

| Department | Position Title |
|------------------------------|---|
| Engineering | Sr. Office Assistant (Deleted) |
| Engineering | Accounting Technician (Deleted) |
| Engineering | Sr. Engineering Technician (Deleted) |
| DOT - Off-Street Parking | Parking Attendant (Deleted – Four Positions)* |
| Utilities – Water/Sewer | Automation Engineer (New)** |
| Neighborhood Services (CDBG) | Street Outreach Coordinator (New) |

*The parking attendant positions will be deleted mid-year with the implementation of the new parking program.

**Automation Engineer position costs offset by contracted services reduction.

Double-Slotted Positions – There were ten double-slotted positions previously authorized by management that had not been incorporated into departmental budgets. These ten positions are not considered new positions as they have been authorized in most cases for several years. The proposed budget now recognizes these positions, and projected costs were offset by an increase in the salary savings adjustment, as the City has been incurring these costs for several years.

| Department | Position Title |
|-----------------|--------------------------------------|
| Human Resources | Human Resources Business Partner (2) |
| Human Resources | Human Resources Manager (2) |
| Human Resources | Administrative Assistant |
| PDS | Project Planner |
| PDS | Permit Technician |
| Budget | Senior Administrative Assistant |
| Fairgrounds | Crew Coordinator (Non-CDL) |
| Fire | Risk Reduction Specialist |

12. Estimate the general fund savings from implementing a hiring freeze for all currently vacant positions, excluding front-line positions in Police, Fire, Sanitation, and Recycling.

At the point-in-time that salary forecasting was completed for FY 2025-26 budgeting purposes, there was \$14.2 million dollars in annualized vacant salary in the general fund. Of that amount, there was \$9.4 million in vacancy in Police, Fire, Sanitation, and Recycling. That leaves \$4.8 million in potential vacancy savings, or \$6.8 million including benefits costs. The City budgets \$5.3 million in a salary savings adjustment (to account for projected vacancy). If the City froze all vacant positions outside Police, Fire, Sanitation, and Recycling, total estimated savings would be projected at between \$1 million and \$2 million dollars. This would include freezing positions in multiple front-line departments including Field Operations (e.g., streets and sidewalks maintenance), Transportation (e.g., traffic sign and signal crews), City Link, and Recreation (e.g., recreation centers).

APPENDIX A: OCCUPANCY TAX FUNDED PROGRAMS AND EVENTS

OCCUPANCY TAX FUND

This fund accounts for the City of Winston-Salem's approximate one-sixth share of Forsyth County's 6% occupancy tax rate on the rental of hotel/motel accommodations.

| | Adopted | Proposed |
|--|--------------------|--------------------|
| EXPENDITURES BY TYPE | FY 24-25 | FY 25-26 |
| Old Salem* | \$ 197,870 | \$197,870 |
| International Black Theatre Festival (IBTF) | 124,540 | 124,540 |
| City-Sponsored IBTF Events (Old School Block Party & Teentastic) | 65,000 | 65,000 |
| 2024 CALEA Conference | 103,000 | 0 |
| RiverRun International Film Festival | 45,920 | 45,920 |
| Winston-Salem Cycling Classic (i.e., Gears and Guitars) | 45,000 | 45,000 |
| Winston-Salem Open | 40,000 | 40,000 |
| Piedmont Triad Film Commission | 37,910 | 37,910 |
| Downtown Music Series | 35,000 | 40,000 |
| Liberian Organization of the Piedmont Liberation Gala | 15,000 | 0 |
| North Carolina City/County Managers Association Winter Seminar | 15,000 | 15,000 |
| Fourth of July Celebration (Truist Stadium) | 7,500 | 7,500 |
| HBCU Smart Cities Challenge | 6,260 | 5,000 |
| 1LOVE Festival | 8,000 | 8,000 |
| Fine Wines Competition | 5,000 | 5,000 |
| Other Sponsorships (To Be Determined) | 2,000 | 17,000 |
| Co-Promotion Fund for LVM Coliseum | 75,000 | 75,000 |
| Youth Events | 35,000 | 35,000 |
| Winston-Salem Arts, Culture, & Entertainment Memorial Walk of Fame | 10,000 | 20,000 |
| Other Expenses | 15,000 | 15,000 |
| Transfer to Public Art Fund | 55,000 | 55,000 |
| Transfer to Winston-Salem Fairgrounds Fund | 75,000 | 75,000 |
| Transfer to Convention Center Fund | 185,000 | 185,000 |
| | | |
| Total Expenditures by Type | \$1,203,000 | \$1,113,740 |
| | | |
| RESOURCES BY TYPE | | |
| Occupancy Tax | \$1,100,000 | \$1,226,000 |
| Fund Balance Appropriation/(Addition to Fund Balance) | 103,000 | (112,260) |
| | | |
| Total Resources by Type | \$1,203,000 | \$1,113,740 |

*The total contribution to Old Salem is \$197,870. An additional \$15,000 is budgeted in the Sanitation Department's budget as a reimbursement for municipal-type services provided by Old Salem in the historic district.

APPENDIX B: PROPOSED FORSYTH COUNTY COMMUNITY AGENCY FUNDING

| | | |
|---|------------------|-----------|
| Arts Council | Community Grants | \$50,000 |
| Bethesda Center for the Homeless, Inc. | Community Grants | \$50,000 |
| Big Brother Big Sisters Services | Community Grants | \$80,000 |
| Center for Creative Economy | Community Grants | \$25,000 |
| Children's Law Center | Community Grants | \$25,190 |
| Comunidad Mujer Valiosa | Community Grants | \$50,000 |
| Crosby Scholars Community Partnership | Community Grants | \$100,000 |
| Dream Center of Forsyth County | Community Grants | \$15,794 |
| Eliza's Helping Hands | Community Grants | \$15,000 |
| Exchange Club Center for the Prevention of Child Abuse of North Carolina, Inc. (Parenting Path) | Community Grants | \$33,494 |
| Experiment in Self-Reliance | Community Grants | \$50,000 |
| HARRY Veterans Community Outreach | Community Grants | \$75,000 |
| Latino Community Services | Community Grants | \$67,600 |
| Learning Everyday Accomplishing Dreams (LEAD) Girls of North Carolina, Inc. | Community Grants | \$29,500 |
| Memorial Industrial CDC | Community Grants | \$5,000 |
| NC Rush Soccer Triad Soccer Club | Community Grants | \$75,000 |
| Neighborhood's Hands | Community Grants | \$15,000 |
| North Carolina Black Repertory Company | Community Grants | \$50,000 |
| Old Salem | Community Grants | \$25,000 |
| Postpartum Resource Center of the Triad | Community Grants | \$2,500 |
| Reynolda House | Community Grants | \$30,000 |
| RiverRun Film Festival | Community Grants | \$15,000 |
| Senior Services | Community Grants | \$363,000 |
| The Dwelling | Community Grants | \$15,400 |
| The Salvation Army | Community Grants | \$100,000 |
| The Shalom Project, Inc. | Community Grants | \$50,000 |
| The Shepherd's Center of Greater Winston-Salem, Inc. | Community Grants | \$40,000 |
| The Shepherd's Center of Kernersville, Inc. | Community Grants | \$24,000 |
| Union Community Development Corporation | Community Grants | \$28,434 |
| Virtuous Women in Sisterhood | Community Grants | \$5,000 |
| Whole Man Ministries of NC | Community Grants | \$81,900 |