

Resolution #20-0284
Resolution Book, Volume 2, Page 137

**RESOLUTION ESTABLISHING AUSTERITY MEASURES TO MANAGE THE FY
2020-2021 BUDGET**

WHEREAS, the COVID-19 pandemic has dealt a devastating blow to national, state, and local economies with soaring unemployment, a decimated Gross Domestic Product (GDP), plummeting revenues; and

WHEREAS, the City of Winston-Salem is expecting major declines in sales tax, occupancy tax, water and sewer fees during the fourth quarter of FY 2020 and continuing into much of FY 2021; and

WHEREAS, going into FY 2021, City budget projections showed a \$13.4 million gap in the general fund, the primary fund that accounts for the City's core municipal services including police, fire, sanitation, and street maintenance; and

WHEREAS, to balance the budget, the proposed FY 2021 budget reflects austere measures including no merit pay for employees, no supplemental pay for public safety personnel, a delay in increasing the minimum hourly rate, limited equipment replacements, and the use of nearly \$10 million in general fund and economic development reserves; and

WHEREAS, the proposed budget also includes the elimination of 24 vacant positions, which will increase the workload of existing staff in order to maintain current service levels; and

WHEREAS, the proposed budget includes a general fund balance appropriation of \$5.3 million, lowering the unrestricted fund balance to 10.2%, well below the City's financial policy of retaining 14% of total general fund expenditures; and

WHEREAS, most experts anticipate a slow economic recovery that may extend well beyond FY 2021; and

WHEREAS, the City's budget process will focus on maintaining service levels, protecting the City's workforce, and maintaining the City's AAA credit rating; and

WHEREAS, managing through these challenging and uncertain times will require a new commitment to fiscal discipline and austerity; and

WHEREAS, City management recommends measures to limit unbudgeted expenditures and unplanned use of staff time.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Winston-Salem that the following fiscal measures will be implemented in response to the economic repercussions of the COVID-19 pandemic.

1. Any special project requested by the Mayor, a Council Member(s), and City management will require approval of the full City Council. Special projects are defined as unplanned capital expenditures, special events, or other special requests with an estimated cost of \$1,000 or more and/or an allocation of staff time that exceeds more than two work days.
2. For any approved special project, the unbudgeted expenditure must be funded by an offsetting reduction in expenditures. For an unplanned allocation of staff time of more than two work days, City management must note the impact on normal delivery of City services.
3. Any special project request must be presented to the Mayor and City Council as a formal Council Action, along with a fiscal note that provides the estimated cost, allocation of staff time, offsetting expenditure reduction, and impact on service delivery. The Office of Performance and Accountability will prepare the fiscal note with input from the appropriate City staff.
4. The City's financial policy regarding general fund balance is revised to reserve the full amount of any addition to fund balance in order to comply with the City Council's policy to reserve 14% of total general fund expenditures.

**Winston-Salem City Council
APPROVED
June 15, 2020**

BE IT FURTHER RESOLVED that this resolution will be effective on July 1, 2020 and remain in effect until June 30, 2021.