

City Council – Action Request Form

Date: June 21, 2021

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

From: Ben Rowe, Assistant City Manager
Patrice Y. Toney, Budget and Evaluation Director

Council Action Requested:

Consideration of Fiscal Year 2021-2022 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 27, 2021, the City Manager presented his budget proposal for fiscal year 2021-2022 to the Mayor and City Council. The proposed budget totaled \$530.9 million, which included \$380.4 million for operations, \$40.5 million for debt service, and \$110 million for capital. The Forsyth County Tax Office conducted an appraisal of real property values in 2021. The revenue neutral rate is 58.42 cents. The proposed FY 2021-22 operations budget was balanced with a proposed tax rate of 62.24 cents per \$100 of assessed value, which is a 1.5 cent decrease from the current rate of 63.74 cents.

Changes to the Proposed Budget

During the Finance Committee Budget Workshop on June 10, 2021, staff recommended changes to the proposed budget in the amount of \$1,350,000 for a crime prevention plan to include \$300,000 to double the SOAR work experience program, \$250,000 for youth conflict resolution programs, \$200,000 for a violence interrupters program, \$200,000 for recreation center youth programs and mentorship stipends in high-crime areas, \$50,000 for a gun buyback program, and \$350,000 to support pre-k initiatives as a long-term crime prevention strategy. The \$1,350,000 crime prevention plan will be funded using general fund balance reserves. With this use of reserves, the budget still maintains the general fund balance reserves at 14% of total general fund expenditures – the prescribed financial policy. In addition, the Finance Committee recommended an additional 1 cent decrease in the proposed tax rate, which reduces the current tax rate by 2.5 cents for a new proposed rate of 61.24 cents per \$100 of assessed value. This additional 1 cent decrease reduces the debt service fund by \$2.5 million and reduces the debt service fund borrowing capacity (i.e. for a future bond referendum) by \$25 million, leaving \$25

Committee _____

Action _____

For _____

Against _____

Remarks:

million in debt capacity. Please see Exhibit A for the Finance Committee's recommended changes to the proposed budget. The proposed budget aligned the City's resources according to the Mayor and City Council's strategic focus areas: Economic Vitality and Diversity, Safe and Secure Community, Livable Neighborhoods, Healthy Environment, Quality Transportation, and Service Excellence. The proposed budget also provided for investments in each of these areas, which are noted in the FY 2021-22 budget document.

Highlights of the proposed budget included:

- Property-tax rate decrease by 2.5 cents to 61.24 cents for every \$100 of value.
- No increase in user fees except for a 3.5 percent increase in water and sewer rates approved by the City/County Utility Commission.
- City minimum wage increase to \$15 per hour.
- 2% public safety supplemental pay.
- Average merit increase of 2.5% for all City employees.
- A new Office of Diversity, Equity, and Inclusion with 4 new positions.
- \$620,720 for downtown improvements, financed through the 9-cent Business Improvement District levy on downtown property owners.
- \$1.2 million in 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.

On June 21, 2021, 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 2021-2022, authorizing the City's annual operating appropriations and adopting the property tax rate of 61.24¢ per \$100 of assessed valuation and a property tax rate of 9.0¢ per \$100 of assessed valuation on property in the Downtown Winston-Salem Business Improvement District, as recommended by the Finance Committee
- **Item G-3:** Project budget ordinance for fiscal year 2021-2022, 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 Member Taylor from Items G-5 and G-6.

- **Item G-5:** Annual appropriation/tax levy ordinance for fiscal year 2021-2022, 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, as recommended by the Finance Committee.
- **Item G-6:** Project budget ordinance for fiscal year 2021-2022, authorizing appropriations for expenditures on advertising, books, magazines, and periodicals, and revenues for fiscal year 2021-2022 and thereafter for select Special Revenue funds, as recommended by the Finance Committee.
- **Item G-7:** Motion to Excuse Council Member Burke from Item G-8.
- **Item G-8:** Project budget ordinance for fiscal year 2021-2022, 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-9:** Resolution approving the capital plan for fiscal years 2021-2022 through 2026-2027 as a financial planning guide, as recommended by the Finance Committee
- **Item G-10:** Resolution Amending Article II of the City of Winston-Salem Personnel Resolution to Add and Delete Position Classifications, Amending Article I of the City of Winston-Salem Personnel Resolution to Expand Grievance Hearing Options for City Employees, Adjusting the Pay Plan for Market Parity, and Removing COVID-related Delayed Merit Adjustment Provision.
- **Item G-11:** Resolution Approving the Fiscal Year 2021-2022 Operating Memorandum Between the City of Winston-Salem and the Risk Acceptance Management Corporation (Resolution and Operating Memorandum attached).