
CITY MANAGER’S MESSAGE SUMMARY

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Winston-Salem

Office of the City Manager

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May 31, 2022

Dear Mayor Joines, Mayor Pro Tempore Adams, and Members of the City Council:

It is my honor and privilege to submit to you the recommended operating and capital budget for the fiscal year 2022-23 totaling \$625.8 million. The total budget has increased 17.6% from the prior year, and this message provides context to the economic changes and organizational dynamics yielding that increase.

The general fund accounts for the majority of general programs and services provided by the City and is substantially covered by receipts from property and sales taxes. The total general fund budget for FY 2022-23 is \$249.1 million, which is an 11.7% increase from the prior year. The major drivers of this increase, which will be discussed thoroughly in this message, include employee merit and retirement increases, implementation of new public safety career ladder and step programs, new positions related to high priority programming needs, and additional funding for deferred maintenance and equipment replacement.

In addition to the standard, annual operating and capital budget process, this recommended budget includes \$55 million in a proposed limited obligation bond (LOB) package that is heavily focused on asset maintenance. More than 80% of the proposed LOBs package is focused on maintaining and improving current assets. The package of proposed projects includes:

- Public safety projects related to maintenance, improving responder health, and more efficient responses
- Recreation projects to maintain and improve pedestrian paths (including greenways), recreation center amenities, playgrounds, tennis courts, and address erosion and stormwater issues
- Transportation projects to resurface streets throughout the city, replace aging bridges, enhance street lighting, make improvements to certain streetscapes, and provide innovative solutions to downtown parking management challenges
- General government and public assembly facility needs to provide for necessary maintenance and repairs
- Economic development projects providing space for transformational job training opportunities

I respectfully submit to you the proposed fiscal year (FY) 2022-23 budget of \$625.8 million, which includes \$406.6 million for operations (8.9% annual increase), \$ 165.1 million for capital (50% annual increase), and \$ 46.6 million for debt service (15.4% annual increase). Compared to FY 2021-22, the total budget increased by 17.6%.

My message regarding the budget last year was one of uncertainty in the face of the continuing pandemic, which brought challenges associated with responding to the crisis while still meeting the everyday needs of our residents. While the parameters and policies regarding pandemic-related response and service delivery have changed, there has also been an underlying shift in economic principles surrounding this budget season. This budget comes at a time where annualized inflation is on the rise (more than 8% by

certain measures), labor markets are increasingly tightening, and supply chain issues are causing delays and price increases. The City currently has more than 400 vacancies including more than 100 sworn law enforcement officers. The Mayor and City Council made multiple personnel changes mid-year in FY 2021-22 including market-based adjustments and new policies directed at recruitment and retention efforts for hard-to-fill positions. Where the FY 2021-22 budget was one of uncertainty while trying to focus on recovery and baseline service delivery, the FY 2022-23 budget will focus more heavily on strategic priorities and transformative outcomes both in the general fund and with funds previously made available through the American Rescue Plan Act.

With the adoption of the Mayor and City Council's new strategic plan earlier this year, this message will highlight areas where policy decisions detailed in the strategic plan are included for funding. The new strategic plan created 16 strategic priorities with more than eighty (80) action items to advance priorities ranging from economic development and job creation to implementing law enforcement innovations. The majority of strategic priorities fell in the City's Economic Vitality and Diversity and Livable Neighborhoods focus areas underscoring the City's commitment to advancing the local economy, creating jobs, providing affordable housing options, and reducing poverty by eliminating barriers to economic mobility.

This proposed budget recommends revenue increases in the form of a property tax rate increase of 2.36 cents per \$100 of assessed value, primarily to cover the substantially increased costs of recycling service and to provide for personnel costs related to new positions and new public safety pay plans that include career ladder and step plan elements.

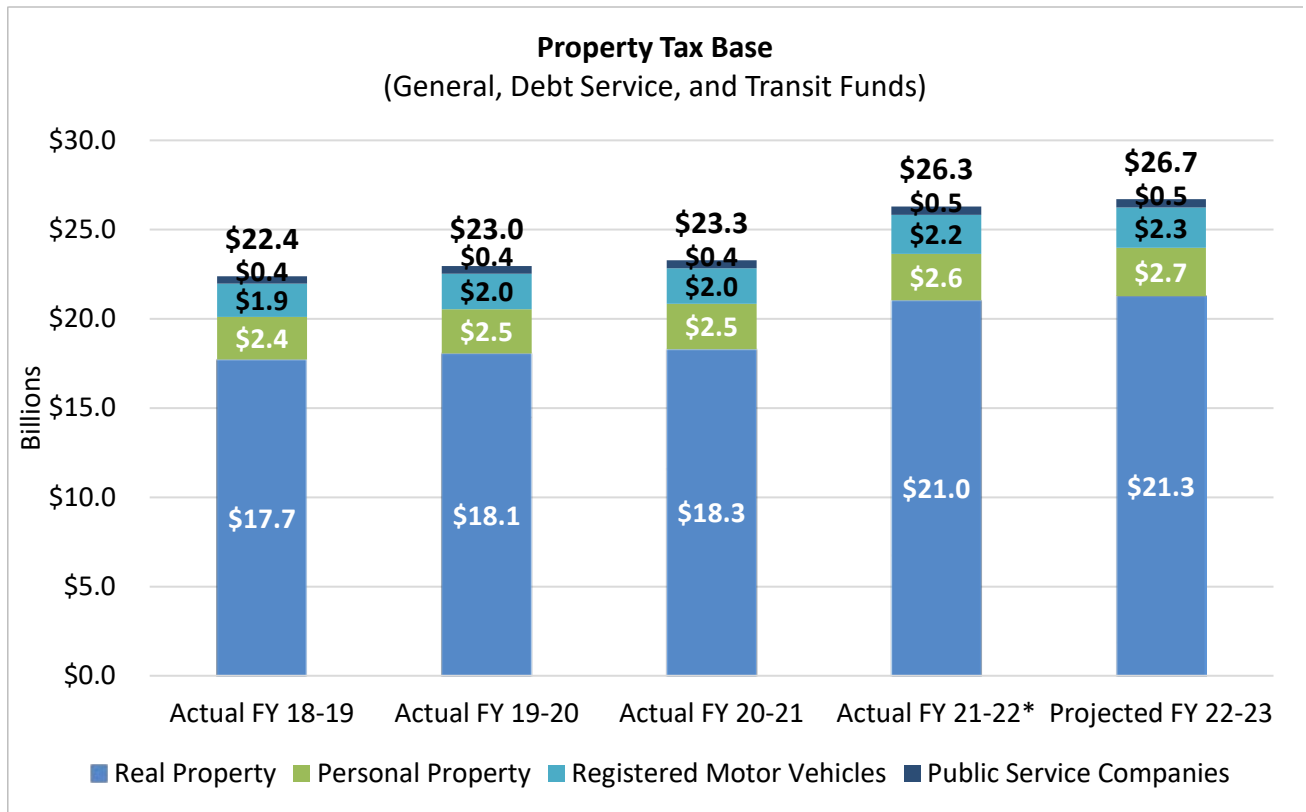
The remainder of my message discusses in detail major revenue increases and decision points reflected in the proposed FY 2022-23 budget by fund and policy area, based on the Mayor and City Council's strategic budget objectives and policy direction.

Property Tax

The proposed FY 2022-23 budget is balanced with a proposed tax rate of 63.6 cents per \$100 of assessed value, which is a 2.36 cent increase (3.9%) from the current rate of 61.24 cents. This tax rate increase is allocated to the general fund to cover significantly increased operating costs for recycling collection and processing as well as increased personnel costs, both of which will be discussed further in this message. From the 2.36 cents increase, 1.5 cents will provide resources for increased personnel costs primarily related to public safety pay, and 0.86 cents will cover the net increase in recycling program costs.

Based on estimates from the Forsyth County Tax Office, the City's overall tax base is projected to increase by 1.6% in FY 2022-23, compared to an average growth rate of 2.0% in the last three non-revaluation fiscal years. These estimates include a modest annual growth rate of 1.1% in real property and growth rates of approximately 3.8% in personal property and registered motor vehicles. The following chart shows the changes in components of the tax base—real property, personal property, registered motor vehicles, and public service companies—over the last few years.

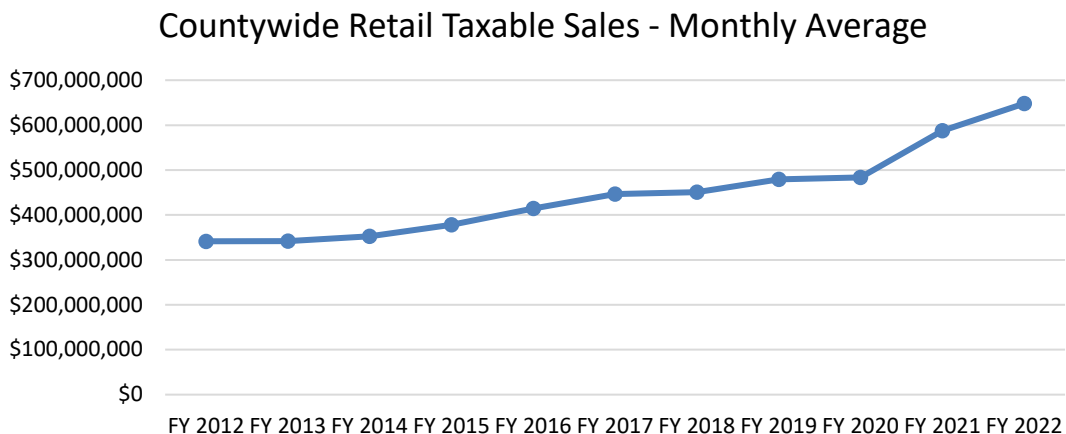
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*FY 21-22 was a revaluation year

Sales Tax Growth

The City allocates local option sales tax distributions to the general and debt service funds to assist in covering operating costs and debt service payments for general government debt, respectively. While there are no policy decisions surrounding the collection of this funding mechanism in the proposed budget, it is necessary to highlight the increase in current year receipts and projected growth rate for next year in light of broader economic conditions. For the fiscal year 2021-22, countywide monthly collections have been on average 13.1% higher than the previous year. The City is conservatively projecting a 3% growth rate in FY 2022-23 due to uncertainty regarding short-term economic conditions. The chart below shows Forsyth County retail taxable sales for the last ten years, including the 21% growth in FY 2020-21 and year-to-date growth for FY 2021-22.



Use of General Fund Balance Reserves

The proposed FY 2022-23 budget includes a fund balance appropriation of \$5.1 million to be used exclusively for one-time purposes including deferred maintenance projects and one-time expenses associated with the transition to in-house recycling collection. The City added to general fund unassigned fund balance in FY 2020-21 and should again in FY 2021-22 barring any unforeseen major economic shifts in the final months of the current fiscal year. These additions to general fund balance represent funding that can potentially be used to help offset issues related to economic conditions by both providing a reserve to draw against should a downturn occur and a reserve to help offset significant cost increase in general government capital projects that may come in over budget related to increasing material and labor costs. The City's current policy is to maintain a minimum fund balance reserve in the general fund that is equivalent to 14% of budgeted expenditures. As noted, the current projection for FY 2021-22 year-end provides for an addition to unassigned general fund above the 14% threshold; further analysis of projected additions to overall and unassigned fund balance can be found in the general fund balance highlights in the fund summaries section.

With this proposed budget and upon the recommendation of the City's Chief Financial Officer, I am recommending a change in the general fund unassigned fund balance policy to a minimum of 16% (a 2% increase from the current policy). New Local Government Commission analyses require a 25% combined fund balance for the general and debt service funds together, and the 16% policy recommendation represents two months operating cash, which is a policy level many of our peers have adopted. This recommendation places us on firm financial footing and provides an adequate reserve to draw from when necessary.

Employee Compensation and Benefits

This has been one of the most difficult years in modern history for employers across all sectors in managing the various issues related to compensation and the nature of the changing workforce. The pandemic has structurally changed the way business is conducted in many ways (e.g., remote work), and the prolonged absence of certain job types has caused massive shifts in the employment market. In the last 30 months, the United States has experienced both the highest unemployment rate (14.7%) since the Bureau of Labor Statistics began officially recording the unemployment rate in 1948 and the lowest unemployment rate since 1969. The current unemployment rate in Forsyth County currently stands at 3.5%, which is very close to the pre-pandemic level of 3.3% in December 2019. The large variations in the number and type of available jobs and active workforce participants combined with increased consumer and business demands for products and services has created a labor market where compensation and benefits are on the rise.

FY 2021-22 Mid-Year Adjustments: The Mayor and City Council have made multiple mid-year adjustments to compensation and benefits during FY 2021-22 to bolster recruitment and retention efforts in light of the 19% organization-wide vacancy rate. Those include market-based pay adjustments for front line workers, public safety emergency communications operators, and many other hard-to-fill positions; removal of the flat rate pay plan to ensure all part-time employees receive a minimum wage of \$15 per hour; and increased employee benefits in the form of additional paid leave, recruitment incentives, and retention incentives. This tracks closely with what many of our peer cities in North Carolina have provided to their workforces.

FY 2022-23 Compensation: This proposed budget seeks to build on those compensation and benefit enhancements by providing merit-based increases averaging 3.8% for a majority of the workforce and implementing new career ladder and step pay plan opportunities in public safety for sworn police and

certified fire personnel. The 3.8% merit is nearly double the normal 2.0% merit increases the City has historically enacted in budgets when inflation was not an issue. The changes to the City's public safety pay plans provide for additional development opportunities in those areas and to compensate adequately for any compression resulting from those changes. Under these plans in FY 2022-23, a majority of sworn police personnel would receive estimated 14% increases, and a majority of certified fire personnel would receive estimated 9% increases. Less tenured police officers and firefighters would receive lower increases but would become eligible in the future for additional promotional opportunities under the proposed career ladders.

Retirement Benefits: In addition to the compensation enhancements mentioned above, this budget provides for required retirement contributions for all City employees totaling an estimated increase of \$3.6 million, or 13.2%. These include increases required by the State to fully fund the City's obligations for the local government retirements systems. While the City's contribution rates for retirement systems are rising 0.75% and 0.93% for regular City employees and sworn police employees, respectively, there is no increase in the employee contribution rate.

Health and Dental Benefits: For the 2023 plan year, the proposed budget has no increase in the health insurance premium for employees. The City's internal health care task force continues to focus on a comprehensive approach to addressing the health and wellness of our employees including preventive care, education awareness, and benefit utilization analysis to evaluate and recommend approaches to controlling current and future costs.

Services and Economy of Operations

The proposed budget also includes funding for twenty-three (23) new positions and other program increases. As detailed below, some of these increases are proposed to maintain adequate levels of service delivery for current operations, and others are enhancements to provide additional programming and services. It should be noted that 14 vacant positions (not including school resource officer positions) were eliminated from the general fund at the onset of the pandemic in the FY 2020-21 budget.

Policy Decisions Based on City Council Strategic Plan

Affordable Housing Development – The proposed budget includes three new positions in the Community Development Department to support housing development and redevelopment services. The Mayor and City Council adopted a strategic priority in the most recent iteration of the strategic plan to provide for additional affordable housing opportunities throughout the city. Newly created positions will help the City manage housing development partnerships and funding opportunities for the \$30 million in local and state American Rescue Plan Act Funding committed to housing investments. These positions will also work on development efforts for current City-owned lots that can be used for affordable and workforce housing.

Neighborhood Aesthetic Enhancements – The proposed budget includes three new positions in Community Development to serve as a rapid response crew to handle abatement for housing and sanitation code violations, specifically for remediation of issues related to illegal dumping. The crew will allow the City to respond immediately to abatement needs while maintaining operational capacity to meet recurring, daily workload for other code enforcement services.

Community Engagement – The proposed budget includes a new Language Access Coordinator position in the Human Relations/Diversity, Equity, and Inclusion Department to provide outreach and marketing assistance to the city's Spanish-speaking populations. As observed in the recent Weaver fertilizer plant fire and evidenced in the most recent biennial census, the City has a need to provide information and

outreach to the growing segments of our non-English speaking populations. This position can also bolster the City's Building Integrated Communities (BIC) planning and leadership initiative designed to improve communication, mobility, and entrepreneurship opportunities.

Programming and Personnel Increases to Maintain Adequate Levels of Service

Operating Costs Related to New Parks Amenities – The proposed budget includes four new positions in Recreation and Parks and two new positions in Vegetation Management to provide for increased maintenance resulting from additional parks amenities coming online in FY 2022-23. These include amenities at, but not limited to, Winston Lake Park, Merschel Park, Quarry Park, Long Creek, and Bethania Freedman's Park.

Maintaining Service Delivery Standards for Building Inspections – State law prescribes that building inspectors must respond to calls for service within forty-eight hours of request. This budget recommends an increase of two construction inspector positions in Planning and Development Services to eliminate the backlog of existing inspection requests and maintain adequate service levels. The cost of these positions are fully covered by revenue generated from development services fees.

Fire Department Administrative Needs – The proposed budget includes two additional positions in the Fire Department, one Battalion Chief and one Human Resource Analyst, to increase capacity for managing personnel resources and in-service training needs.

Utilities Operations Positions – The City-County Utilities Commission recommended two new positions, one each in Water/Sewer and in Solid Waste Disposal. The Water and Sewer budget includes a new Senior Utilities Electrical Specialist to meet water and wastewater electrical instrumentation maintenance needs related to current and new equipment. The Solid Waste Disposal budget includes a one new position to help manage the fleet of heavy equipment and provide analysis of alternatives for equipment cost efficiency.

Vehicle and Equipment Replacement – Budgets during the pandemic accounted for more conservative revenue assumptions based on lower economic expectations, which resulted in an inability to fund vehicle and equipment replacement at appropriate levels. This budget seeks to reinstate a higher level of replacement to ensure the highest levels of services for residents. The FY 2022-23 budget includes over \$22 million in vehicle and equipment replacement across all City funds, with more than \$16 million in general fund replacements. Supply chain issues and other logistical concerns for vehicle vendors have added to turn around times for delivery of new vehicles; however, City staff will strive to ensure we are doing all that is possible to maintain current equipment and ensure the shortest delivery times for budgeted replacements. In order to meet these needs and the increasing technical nature of specifications required to purchase new and replacement equipment, the fleet fund budget includes one new Specification Writer position.

Economy of Operations

Recycling Program – The City's recycling program, including collection and processing, was put out for bids during the current fiscal year. The lowest responding bidder provided a net cost increase of nearly 100% from the previous contract terms. That contract took effect on April 1, 2022. This proposed budget includes increased costs related to that contract, but also provides for the transition to in-house collection. Analysis performed by staff yielded a multi-year cost savings in excess of \$4 million. As such, this budget provides for that transition to take place on April 1, 2023. Even with the estimated cost savings from in-house collections, the net program costs are significantly higher than in previous years. This budget

recognizes the diversion of recyclable solid waste as a commitment to environmental health and an investment in a more sustainable community, which is in keeping with the Mayor and City Council's new strategic plan.

Current Economic Conditions

As discussed earlier in this message, the national and local economies are experiencing unprecedented change in the form of inflation. Annualized inflation as measured by the Consumer Price Index for All Urban Consumers (CPI-U) was at its highest level in more than 40 years (8.3% above last year) as of April 2022. Cost increases resulting from general inflation and the scarcity of goods related to supply chain issues stemming from the pandemic are driving up operating costs. This budget has increases for fuel in operating departments totaling \$1.56 million dollars, almost exclusively tied to higher costs. It is also likely that we will see higher costs in the form contractual services and supplies in FY 2022-23. Current savings in certain areas are being used to help cover immediate supply cost increases in the general fund, but the City's Utilities and Fleet funds have already experienced significant increases. It will be necessary to stay vigilant during the upcoming fiscal year and ensure that appropriations and operating revenues are sufficient to meet baseline program expenditure needs.

User Fees

Water and Sewer – On May 9, 2022, the City-County Utility Commission approved a resolution recommending to the Mayor and the City Council the adoption of the FY 2022-23 budget for the water and sewer system and approved volumetric and readiness to serve rate increases of 4.5%. This will result in a \$2.42 bi-monthly increase for the average residential customer.

These rate increases will generate sufficient revenues to meet the net operating income-to-debt service ratio requirements of approved revenue bonds. These requirements are part of the revenue bond covenants and are intended to ensure that there are sufficient revenues to meet the debt obligations of the water and sewer system. If the system did not generate sufficient revenues to pay off the bonds, the covenants would require the City to increase water and sewer rates. The additional revenue required to meet existing bond obligations will also allow for additional pay-as-you-go financing for future projects. The approved rate increases will be effective July 1, 2022.

Solid Waste Disposal – The City-County Utilities Commission also recommended a \$1 per ton increase at yard waste facilities and in the discount rate at Hanes Mill Road Landfill. These increases reflect findings from the recently completed cost-of-service study for solid waste disposal operations.

Public Assembly Facilities Funds and Occupancy Tax Funds

The economic contraction during the pandemic in the tourism, travel, and hospitality industry has eased as we begin to return to pre-pandemic levels of travel and spending. This budget reflects the expectation for the rise in visitors to the city at large and to our public assembly facility activities. City contributions to The Benton that cover operating losses are reduced by 45%, and estimated occupancy tax revenues are budgeted 43% higher than the current fiscal year. These are reflective of the currently improving tourism and hospitality sector.

Community Agency Funding

For FY 2022-23, the Community Agency Allocations Committee reviewed over 60 applications. The proposed FY 2022-23 budget maintains the same level of funding for all currently funded agencies as the current fiscal year. Additionally, the City will receive a federal grant award for the Housing Opportunities for People With AIDS (HOPWA) program as indicated in the Consolidated Housing and Community

Development FY 2022-23 Annual Plan. The Positive Wellness Alliance is the recommended community agency for administering these funds. Attachments B and C provide a full listing of recommendations for community agency funding.

2023-2028 Capital Plan

The Capital Plan provides a schedule of the City's planned capital appropriations for the next six years. As previously mentioned, the largest policy component of this year's capital plan includes the authorization of \$55 million in LOBs to meet some of the City's highest priorities for asset maintenance and strategic investments in economic development and leisure services. In addition to the LOBs package, the plan provides funding for appropriate capital needs by matching projects with the appropriate funding source(s) at the appropriate time. The planned capital appropriations from FY 2022-23 through FY 2027-28 total \$476.0 million. The Capital Plan includes \$280.6 in investments in water, sewer, solid waste disposal, and stormwater infrastructure, by far the largest portion of the capital plan. The complete Capital Plan will be provided to the Mayor and City Council as part of the submission of the proposed operating budget.

Citizen Engagement and Budget Outlook

Outreach

The COVID-19 pandemic has fundamentally changed the way that people communicate. Resident engagement will continue to be a vital part of the annual budget process, and I have instructed the City's Budget and Performance Management Department to develop new innovative ways of engaging residents and allowing them to provide input. Staff ensures the public has access to review the proposed budget via the City's website (www.cityofws.org), which includes the ability to provide feedback, and also solicits feedback through the Citizen Feedback Line and other digital online platforms. City staff will place posters in recreation centers and libraries that direct citizens to the proposed budget on the website. City staff will also utilize social media (i.e., Twitter and Facebook) to educate and engage with citizens about the proposed FY 2022-23 budget.

Recovery and Transformation

The last two budget cycles were fraught with uncertainty amid the ongoing pandemic, but through the Mayor and City Council's strategic budget decisions, we have been able to maintain service standards and begin to focus on both emerging from the pandemic and taking strategic actions to reshape part of our community and address the city's greatest needs. The newly emerging economic issues pose new challenges for all local governments across the country, and we, like our peers, must maintain discipline and focus on ensuring continuity of operations while also striving to enhance the quality of life for our residents. Federal and State resources have and will continue to provide an avenue for transformational change for some of our most historically under-resourced communities.

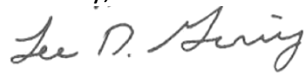
The American Rescue Plan Act (ARPA) provided the City with \$51.7 million dollars, and the City's framework provides funding both to help recover from the pandemic and to provide for transformational opportunities in affordable housing, addressing the digital divide, and eliminating barriers to economic mobility. Additionally, passage of the Bipartisan Infrastructure Law (also known as the Infrastructure Investment and Jobs Act) may provide additional opportunities to address major infrastructure maintenance needs, develop sustainable and environmentally resilient infrastructure, and design solutions to integrate and connect our community.

Recently, it seems that each year brings a new level and scope of uncertainty to fiscal planning; however, I am pleased to say this budget makes necessary employee compensation enhancements to provide for retention of our current workforce and hopefully to attract talent and reduce our current vacancy rate to

a more manageable level. This budget addresses major capital maintenance and equipment replacement needs. This budget provides resources to address critical needs in affordable housing development, neighborhood aesthetics, and community engagement. I believe this budget represents a balance of maintaining services and beginning to address enhancements outlined in the Mayor and City Council's strategic plan.

I look forward to our budget discussions in the weeks ahead. Please see the attached calendar of budget events beginning Thursday, May 31, 2022.

Sincerely,

A handwritten signature in cursive script that reads "Lee D. Garrity".

Lee D. Garrity, City Manager

ATTACHMENT A

Changes to Positions in the Proposed FY 2022-23 Budget

The proposed FY 2022-23 budget adds eighteen (18) new positions in the General Fund, one (1) new position in the water and sewer fund, one (1) new position in the solid waste disposal fund, and one (1) new position in the fleet fund. Additionally, two reclassified positions are noted - one in Community Development and one for the Winston-Salem Transit Authority (WSTA). The following tables list the positions, including the cost for salaries and benefits.

GENERAL FUND

Department	Position Title	Salary	With Benefits
Community Development	Neighborhood Services Manager	\$55,821	\$78,545
Community Development	Financial Analyst	\$55,821	\$78,545
Community Development	Assistant Director - Housing	\$83,772	\$117,875
Community Development	Housing Development Manager*	\$73,170	\$102,958
Community Development	Continuum of Care Coordinator	\$54,151	\$76,196
Community Development	Senior Equipment Operator	\$42,586	\$59,923
Community Development	(2) Vehicle Operators	\$62,400	\$87,803
Vegetation Management	(2) Maintenance Workers	\$62,400	\$87,803
Recreation and Parks	Crew Leader	\$39,800	\$56,003
Recreation and Parks	Crew Coordinator	\$45,566	\$64,116
Recreation and Parks	(2) Laborers	\$62,400	\$87,803
Human Relations/DEI	Language Access Coordinator	\$52,170	\$73,408
Planning and Development Services	(2) Trades Inspectors	\$95,600	\$134,519
Fire Department	Human Resources Analyst	\$55,820	\$78,544
Fire Department	Battalion Chief	\$64,290	\$90,462
GENERAL FUND TOTAL		\$905,767	\$1,274,504

OTHER FUNDS

Department	Position Title	Salary	With Benefits
Fleet Services	Specification Writer	\$52,170	\$73,408
Utilities/Solid Waste	Utilities Fleet Manager	\$59,730	\$84,046
Utilities/Water & Sewer	Senior Utilities Electrical Specialist	\$52,170	\$73,408
Winston-Salem Transit Authority	Contracts Program Manager*	\$65,000	\$78,490
OTHER FUNDS TOTAL		\$229,070	\$309,353

GRAND TOTAL FOR ALL POSITIONS WITH BENEFITS

\$1,583,857

**Position reclassification*

ATTACHMENT B

FY 2022-23 Community Agency Funding Recommendations General Fund, Occupancy Tax

EXPENDITURES BY AGENCY	Budget	Requested	Adopted	Percent
	<u>FY 21-22</u>	<u>FY 22-23</u>	<u>FY 22-23</u>	<u>Change</u>
Arts and Innovation				
Arts Council – Operating	\$217,360	\$300,000	\$217,360	0%
Authoring Action*	5,000	10,000	5,000	0%
Center for Creative Economy	25,000	45,000	25,000	0%
Experiment in Self-Reliance (ESR)	85,230	90,000	85,230	0%
Forsyth County District Attorney – Domestic Violence Unit	45,000	117,600	45,000	0%
HARRY Vets	25,000	25,000	25,000	0%
Institute for Dismantling Racism	45,000	55,000	45,000	0%
Kaleideum - Operating	172,360	225,000	172,360	0%
LEAD Girls of NC, Inc.*	5,000	10,000	5,000	0%
NABVETS	10,000	10,000	10,000	0%
National Black Theatre Festival	115,000	115,000	115,000	0%
Old Salem	197,710	197,710	197,710	0%
Phoenix Rising - Drug Treatment Court	20,000	20,000	20,000	0%
Piedmont Triad Film Commission	35,000	35,000	35,000	0%
RiverRun International Film Festival	42,400	42,400	42,400	0%
Shepherd's Center of Greater Winston-Salem	15,000	25,000	15,000	0%
WFRC	25,450	25,450	25,450	0%
YMCA – Youth Incentive Program	66,000	100,000	66,000	0%
Subtotal	\$1,151,510	\$1,448,160	\$1,151,510	0%
Successful Outcomes After Release				
Boys2Men Mentorship Program	\$5,000	\$20,000	\$5,000	0%
Eliza’s Helping Hands	5,000	35,000	5,000	0%
Eureka Ministry, Inc.	20,000	20,000	20,000	0%
My Brothers Second Chance	5,000	15,000	5,000	0%
Piedmont Triad Regional Council – Project Reentry	10,000	15,000	10,000	0%
Southside Rides Foundation	10,000	30,000	10,000	0%
The Wells Center, Inc.*	5,000	5,000	5,000	0%
YWCA – Hawley House	13,500	48,160	13,500	0%
Contingency	10,000	10,000	10,000	0%
Subtotal	\$83,500	\$198,160	\$83,500	0%
Total Expenditures by Agency	\$1,235,010	\$1,646,320	\$1,235,010	0%

*Seed funded agency

ATTACHMENT B

UNFUNDED NEW REQUESTS	Budget	Requested	Adopted	Percent
Arts and Innovation	<u>FY 21-22</u>	<u>FY 22-23</u>	<u>FY 22-23</u>	<u>Change</u>
Crosby Scholars Community Partnership	\$0	\$30,000	\$0	0%
greeNest	0	31,000	0	0%
Hope To Thrive	0	180,000	0	0%
IFB Solutions	0	20,000	0	0%
Mixer Community Makerspace	0	16,250	0	0%
My FACE (Males and Females Acting in Confidence and Empowerment) *	0	25,000	0	0%
Neighborhood's Hands	0	75,000	0	0%
Reynolda House	0	35,000	0	0%
Winston-Salem Theatre Alliance**	100,000	100,000	0	-100.0%
Total Unfunded New Requests	\$100,000	\$512,250	\$0	-100.0%

**Seed funded agency*

***Funding to the Winston-Salem Theatre Alliance in FY 2021-22 was one-time funding using appropriated general fund balance done by budget amendment in September 2021. As such, the FY 2022-23 request is considered a new request for support.*

ATTACHMENT C

FY 2022-23 Community Agency Funding Recommendations Community Development Block Grant, HOME Fund, Housing Finance Assistance Fund, Emergency Solutions Grant, HOPWA

EXPENDITURES BY AGENCY	Budget FY 21-22	Requested FY 22-23	Adopted FY 22-23	Percent Change
Bethesda Center for the Homeless:				
Outreach	\$0	\$80,000	\$50,000	N/A
City with Dwellings: Street Outreach	32,000	135,000	36,000	12.5%
Experiment in Self-Reliance, Inc. (ESR):				
Income Tax Preparation Assistance	\$35,600	37,500	35,600	0%
Burton Street Apartments	16,350	16,350	16,350	0%
Experiment in Self-Reliance Case Mgmt.	89,250	125,000	89,250	0%
Family Services	32,830	12,820	25,710	-21.7%
Financial Pathways of the Piedmont	66,750	75,000	66,750	0%
Habitat For Humanity of Forsyth County, Inc. (HOME)	203,000	215,000	203,000	0%
HARRY Veterans Community Outreach Services (VCOS)	25,000	25,000	25,000	0%
Housing Authority of Winston-Salem:				
Tenant Based Rental Assistance	240,000	240,000	240,000	0%
Liberty East Redevelopment, Inc.	31,150	43,500	31,150	0%
National Association for Black Veterans	10,000	10,000	10,000	0%
Piedmont Triad Regional Council:				
Project Re-Entry	31,150	38,720	31,150	0%
Positive Wellness Alliance				
Rapid Rehousing	35,100	38,000	38,000	8.3%
HOPWA	0	710,300	588,050	N/A
Samaritan Ministries: Emergency Shelter	44,690	47,000	45,380	1.5%
S.G. Atkins CDC	65,000	75,000	65,000	0%
United Health Centers	16,020	75,000	16,020	0%
United Way of Forsyth County:				
Continuum of Care System Coordination	26,700	26,700	26,700	0%
Coordinated Intake Center	30,400	30,400	30,400	0%
Overflow Shelter	11,730	11,500	33,590	186.4%
Rapid Re-Housing Collaborative	132,160	210,000	98,450	-25.5%
Data Coordination	41,120	20,000	41,120	0%
Veterans Helping Veterans Heal	14,250	16,500	14,250	0%

ATTACHMENT C

EXPENDITURES BY AGENCY - Continued	Budget FY 21-22	Requested FY 22-23	Adopted FY 22-23	Percent Change
Winston-Salem Urban League:				
Summer Youth Employment Program	\$165,000	\$165,000	\$165,000	0%
Work Family Resource Center	25,450	25,450	25,450	0%
Total Expenditures by Agency	\$1,421,700	\$2,504,740	\$2,047,370	44.0%
UNFUNDED NEW REQUESTS				
Bethesda Center for the Homeless				
Case Management	\$0	200,000	0	0%
Experiment in Self-Reliance, Inc. (ESR)				
Individual Development Account	0	35,000	0	0%
Salvation Army Shelter	44,690	25,710	0	0%
United Way Diversion Assistance Fund	0	20,000	0	0%
Winston-Salem Delta Fine Arts	0	100,000	0	0%
Total Unfunded New Requests	\$44,690	\$380,710	\$0	N/A

Mayor and City Council's Strategic Budget Objectives

The following list of objectives provides the framework for the preparation of the City Manager's budget proposal.

Services

Services that ensure the health, safety, and well-being of Winston-Salem residents will be delivered at the quality expected by the residents, at the least possible cost.

Property Tax

Property tax rate will be set annually at a level that reflects highly efficient and effective service delivery, maintains property tax rate stability, and compares favorably to the tax rates of other North Carolina municipalities with similar services and on similar revaluation schedules.

User Fees

Where appropriate, user fees for services will be developed and updated in order to achieve the expected level of cost recovery.

Balancing Current Expenses with Current Income

Budgets will be developed so as not to require the use of reserves to pay for recurring expenditures.

Fund Balance Reserve

Unrestricted fund balance equal to at least 14% of budgeted General Fund expenditures will be maintained to provide adequate working capital, produce investment income for debt retirement, and meet the highest possible standards of the national credit rating agencies.

Employee Compensation

Sufficient funds will be budgeted to maintain competitive compensation and benefits for city employees.

Economy of Operation

The City Manager is expected to review the cost of city operations continuously to determine ways to create savings, in order that such savings may be passed along to the taxpayers of Winston-Salem.

Expanding the Tax Base

A strong economic development program will be provided in the budget to attract new business investment and to encourage existing business growth in order to diversify and/or solidify the city's economic base.

Downtown Revitalization

The budget will reflect the Council's commitment to enhance the vitality of downtown, through the development of retail, office, entertainment, and residential projects in the downtown area. The eligible area for certain programs may be expanded to include areas outside the central core of the city.

City Fiscal Policies

Sound current and long-range financial policies are intended to 1) maintain relatively low property tax rates, 2) expand and diversify other revenues, 3) augment resources by astute cash management, and 4) facilitate funding for capital improvements by maintaining adequate resources and reasonable financing capability. The policies listed below reflect the City's commitment to maintaining its fiscal strength.

Credit Rating

The City shall achieve the highest credit ratings possible given prevailing local economic conditions. *The City is rated AAA by Fitch, Moody's Investors Service and Standard and Poor's Corporation.*

Revenue Projections

Revenue projections shall be sufficiently conservative to avoid shortfalls, but accurate enough to avoid a regular pattern of setting tax rates that produce significantly more revenue than is necessary to meet expenditure requirements

General Obligation Debt

The City shall not allow the amount of general obligation debt per capita to exceed \$1,000. *Net bonded debt per capita as of June 30, 2021 was \$722.*

General Debt Service

Annual general governmental debt service payments shall not exceed 20% of total general governmental noncapital expenditures. *For 2020-21, debt service expense was approximately 16.2% of all general governmental noncapital expenditures.*

Unfunded Pension Liability

The City shall pay the annual amount of the normal costs of pension and other post-employment benefits, as determined by an independent actuary, to ensure that obligations to retired employees are met on a timely basis. *The City is meeting its actuarially determined required contribution to its pension and other post-employment plans on an annual basis.*

Revenue Sources

The City shall diversify its revenue sources to reduce reliance on property taxes. *Property taxes made up an estimated 54% of general fund expenditures in 2020-21.*

Cash Management and Investment

Sound and astute management of cash and investments shall augment resources available to the city. *During 2020-21, the overall cash and investment yield was 18.54%.*



Winston-Salem