
CITY MANAGER'S MESSAGE SUMMARY

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Winston-Salem

Office of the City Manager

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May 25, 2017

Dear Mayor Joines and Members of the City Council:

I respectfully submit to you the proposed fiscal year (FY) 2017-18 budget of \$482.2 million which includes \$347 million for operations, \$98 million for capital, and \$37 million for debt service. Compared to FY 2016-2017, the total budget is increased by 8% primarily due to provide for major capital improvements for recreation and park facilities, streets and sidewalks, and other water and sewer system.

For the upcoming year, we are fortunate to have an improving economy that is providing increased revenues from retail sales and real property values. This growth will assist us in addressing the two critical demands on the budget: competitive employee pay and public transportation.

In order to maintain our high level of citizen service, we must be able to recruit and retain public safety and other skilled employees. A significant portion of the increase in this budget addresses competitive pay.

At the same time that our economy is improving, we are seeing a widening gap between our citizens that are prospering and those in poverty. One of the identified needs for those less fortunate is public transportation to work, school, healthcare, etc. This budget proposal provides enhanced funding for public transportation.

To address these needs, the proposed budget includes a modest tax increase of 1.24 cents (+2%) over the current rate of 58.5 cents.

The general fund accounts for municipal services that are covered primarily by property and sales taxes. The FY 2017-18 general fund is budgeted at \$202.8 million, an increase of \$5.7 million or 2.9 percent, compared to the FY 2016-17 adopted budget. The major drivers of the increase are related to public safety investments and our commitment to employee compensation.

During FY 2016-17, the City identified challenges of maintaining competitive employee compensation. The City utilized a consultant to conduct a compensation and classification study for one-third of the workforce (i.e. laborers, equipment operators, etc.). Due to high turnover rates and recruitment issues for police personnel (a national trend), the consultant also included police positions in the study. Collectively, the study included nearly one-half of the City's workforce. Based on the results and recommendations from the study, the FY 2017-18 budget invests over \$2 million to provide more competitive employee compensation and stronger police retention strategies.

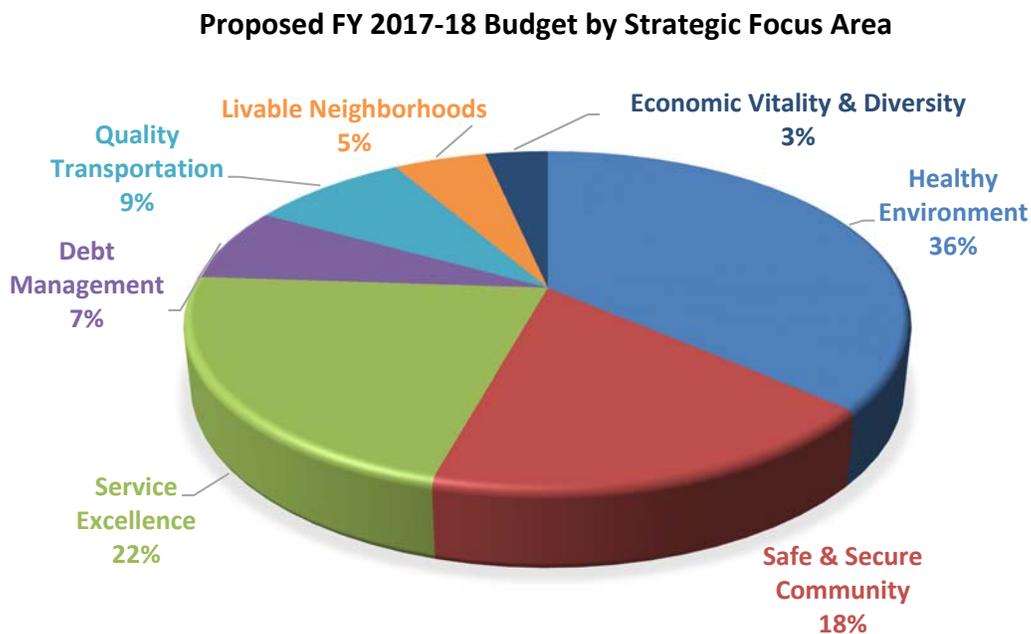
Over the last year, the transit fund forecast displayed a significant drop in reserves for the Winston-Salem Transit Authority (WSTA), primarily due to a greater demand for Trans-Aid and expansion in bus service. Recent projections revealed an estimated \$8 million subsidy need for Trans-Aid, Fixed Route, and other expenses. Without immediate action, the WSTA operating deficit would potentially grow from \$840,000 in FY 2017 to \$1.76 million by FY 2020. The increasing deficit in outlying years is due to minimal property tax growth, minimal growth in operating revenues, and 2.5% growth in expenses for Trans-Aid and Fixed Route services. In addition to addressing the decline in transit fund reserves, there is a need to enhance WSTA operations and services to citizens. In February 2017, the Winston-Salem Poverty Thought Force presented recommendations in their final report calling for increased access and frequency of public

transportation as a key strategy to address poverty in the city. Also, WSTA staff collected comments from citizens that consistently included requests for enhancements to bus routes (frequency, hours and days).

The City of Winston-Salem has endured fiscal challenges over the last several years and has therefore delayed addressing some of the City's most critical needs. Many of these challenges were due to a slowly recovering economy and state imposed fiscal legislation causing reductions in city revenue (i.e. repeal of privilege license fees, exclusion of proprietary software from the property tax base, State reimbursement for repealed local hold harmless taxes, etc.). For FY 2017-18, there is new pending state legislation (i.e. HB 126, an act to change the local option sales tax factor to one that varies by economic development tiers) that, if passed, will decrease City revenue even further by an additional \$577,000.

In order to address some of the City's immediate needs, the FY 2017-18 proposed budget is balanced with a proposed tax rate of 59.74 cents per \$100 of assessed value, which represents a 1.24 cent increase from the current rate of 58.5 cent, and a 3.5 cent increase from the revenue neutral rate of 56.24 cents.

The proposed FY 2017-18 Budget demonstrates the Mayor's and City Council's commitment to six strategic focus areas: Economic Vitality and Diversity, Safe and Secure Community, Livable Neighborhoods, Healthy Environment, Quality Transportation, and Service Excellence. To enhance the City's strategic plan and performance management efforts, the presentation of the proposed FY 2017-18 budget is organized by these strategic focus areas. Departmental budgets or divisions within departmental budgets have been assigned to one of the focus areas in order to show a more strategic allocation of resources. The budgets for the strategic focus areas include both operating and capital expenditures. The following chart shows the allocation of the total proposed FY 2017-18 budget by strategic focus area, including debt management.



While each strategic focus area is important, the FY 2017-18 proposed budget focuses on the following: creating a 'healthy environment' (36%) by investing in water and sewer capital improvements; championing 'service excellence' (22%) by adjusting employee compensation to align closer to market pay; establishing Winston-Salem as a 'safe and secure community' (18%) by supporting public safety pay adjustments and enhancing police retention efforts; and providing 'quality transportation' (9%) by enhancing public transit services.

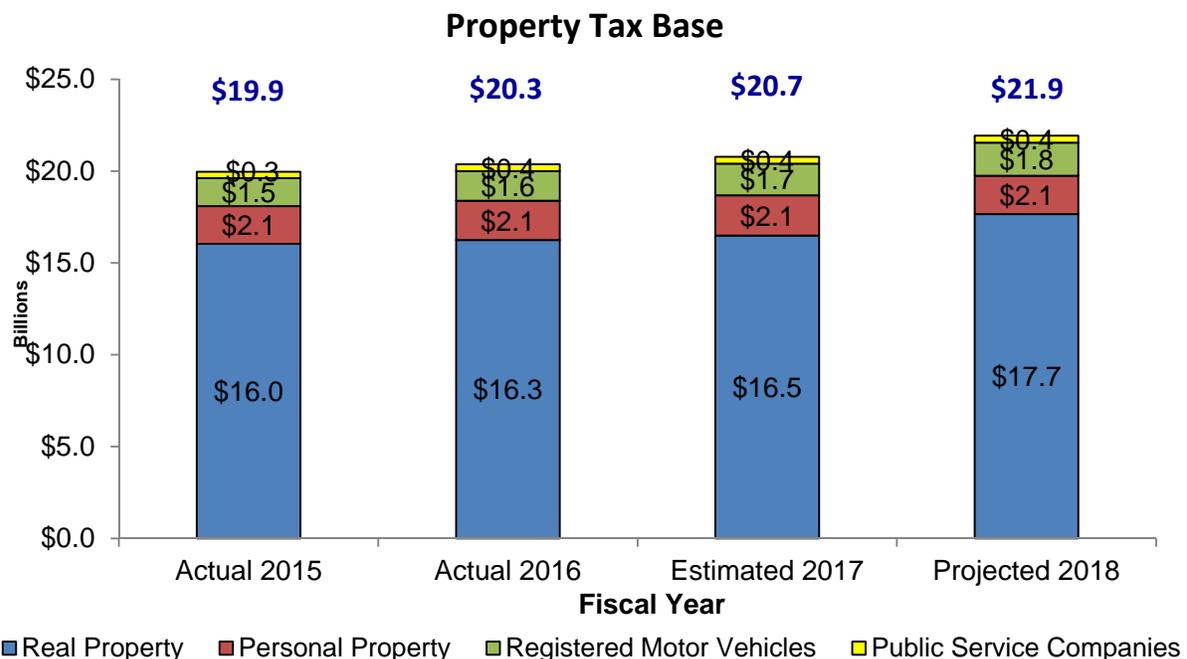
The remainder of my message discusses in detail the following major decision points reflected in the proposed FY 2017-18 budget.

Property Tax

The FY 2017-18 proposed tax rate is 59.74 cents per \$100 of assessed value, which represents a 1.24 cent increase from the current rate of 58.5 cents. The following table shows the impact of the increase on residential properties at different values.

Home Value	Current Bill (58.50¢)	New Tax Bill (59.74¢)	\$ Difference
\$100,000	\$585	\$597	\$12
\$150,000	\$878	\$896	\$18
\$200,000	\$1,170	\$1,195	\$25

Based on estimates from the Forsyth County Tax Office, the City’s overall tax base is projected to increase by 5.5% over FY 2016-17 and shows a marked improvement since the last revaluation in 2013. Based on the countywide revaluation, the revenue neutral rate for FY 2017-18 is 56.24 cents per \$100 of assessed property value. A penny on the tax rate currently generates approximately \$2.1 million. Most of the growth is due to the FY 2017-18 countywide revaluation of real property (7.1% increase) as well as new investments resulting from recent economic development projects and increased collections in registered motor vehicle property taxes. 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.



Services

The proposed FY 2017-18 budget maintains the current level of services but also includes enhancements related to transit services and fire inspections. These enhancements address priorities in the following strategic focus areas:

Quality Transportation

Since the 2013-14 budget, the Winston-Salem Transit Authority (WSTA) has experienced a number of factors contributing to a decline in public transit reserves, including: large growth in Trans-Aid ridership, the addition of Sunday services, increased ADA calls for Trans-Aid (resulting in less revenue), the addition of nine positions for Trans-Aid in response to a federal audit of Trans-Aid Services, a decrease in fixed route fare box revenue due to lower fuel prices, and the requirement to share Federal Transit Administration (FTA) operating assistance funds with the Piedmont Authority for Regional Transportation (P.A.R.T.) and Davidson County.

Based on these factors, there has been a depletion in transit reserves. Without immediate action, the WSTA operating deficit would potentially grow to approximately \$2 million by FY 2020. In order to prevent the plummet in reserves and simultaneously enhance public transit routes and schedules. The FY 2017-18 budget dedicates \$3.1 million or 1.5 cents of the property tax rate increase to public transportation. The proposed budget includes enhancements (additional night and weekend hours) to nine WSTA routes as shown in the chart below.

Proposed WSTA Route Enhancements				
Route	Main Roads/Destinations	Night	Saturday	Sunday
80	Hawthorne, Peters Creek, Forsyth Hospital, Hanes Mall	\$54,143	\$36,817	\$25,991
86	MLK, Union Station, Williamson, Waughtown, Thomasville Rd; Skyline Village Community	\$53,418	\$36,322	\$24,879
90	Reynolda Rd, Reynolda House, Old Town, Industries for the Blind, Fairlawn; Wake Forest	\$52,099	\$35,427	\$24,247
91	Thurmond, University Pkwy, Goodwill, Millbrook Apts, Goodwill, Sr. Services, Greenway & Crystal Towers Apts	\$56,243	\$38,245	
94	Cleveland, 25th, Patterson, Indiana, Oak Summit	\$55,655		\$25,954
100	<i>Union Station, Main, Waughtown, Silas Creek Parkway; Forsyth Tech, WSSU, Gateway YWCA, UNCSA, Driver's License Office</i>	Removal: - \$216,000		
104	Waughtown, Thomasville Rd, Sprague, Main, Clemmons, Peters Creek; Walmart, Food Lion, South Park Shopping Center	\$53,135	\$36,131	\$24,744
106	Waughtown (Goodwill), Old Lexington, Teague; Old Salem, Gateway YMCA, Alders Point, Stoney Glenn	\$48,515	\$32,990	\$22,527
108	Teague, Broadway, Hines, Plaza Hollow, Green Oaks, Fiddlers, Creek and Plaza South Apartments	\$59,435	\$40,418	\$28,531
Total Cost of WSTA Enhancements = \$800,000				

Safe and Secure Community

Fire Inspections: Currently, the Fire Department's Operations Division handles the majority of Level One fire inspections conducted by the City. In February 2016, the Fire Chief presented a proposal to the Public Safety Committee that would shift the inspection workload to the Fire Prevention Bureau over a three-year period. This transition would require the addition of three fire inspectors, one each year over the three-year period, and the adoption of the State-mandated inspection schedule. The Fire Department currently inspects certain occupancy types more frequently than required by State law. The proposed FY 2017-18 budget includes the addition of one fire inspector position for the second-year implementation of this three-year transition.

Employee Compensation and Benefits

The City's pay plan continues to lag behind average actual salaries for our market, in particular the Piedmont Triad. As a result, we constantly experience challenges with retaining employees, especially in the Police Department. The City's Human Resources Department utilized an independent consultant to conduct a classification and compensation study for approximately fifty percent of our workforce (after police personnel was added). The FY 2017-18 budget proposal includes an average merit pay increase of 2%, the continuation of the public safety pay supplement approved in February 2016, a retention supplement for sworn police officers and corporals, and a market pay adjustment for one-third of our workforce to bring employees (equipment operators, laborers, etc.) closer to market pay.

Merit Pay: The proposed budget includes funding for an average 2.0% merit pay increase for employees that would be provided based on the following tiered ratings: top performers-3%; strong performers-2%; solid performers-1.5%.

One-third Study: In the Fall of 2016, the City contracted with Springsted Public Sector Advisors to conduct a compensation and classification study for one-third of the workforce (i.e. laborers, equipment operator, etc.). The results of study determined that, on average, the starting salaries for City positions are 7.96% below market starting salaries. To address this disparity, the consultant recommended the adoption of a new pay plan that is more market competitive and easier to administer. The recommended pay plan has fifteen (15) pay grades. Each pay grade has a minimum, midpoint and maximum. The minimum for pay grade one (1) is \$23,400, which reflects raising the current minimum hourly rate of pay from \$11.00/hour to \$11.25/hour. The pay grades were established based on the market data and each position in the study has been assigned to a pay grade under the new pay plan. The following factors were used to make those assignments: training and ability required to perform the job, experience required, level of work, physical demands, working conditions, independence of actions, impact of work on end results, and supervision required. Positions with like factors were grouped in the same pay grades. In order to implement the plan, the consultant recommended to raise the salary of each employee whose current salary is below the new pay plan minimum for their assigned pay grade. Their salaries will be adjusted to the new pay plan minimum, with each employee receiving an increase of at least 2% (even if less is required to raise their pay to the new minimum). For those employees whose salaries are above the new minimum, an increase of 2% is recommended to address pay compression caused by raising the pay grade minimums. The impact of the consultant's recommendation is: 61% (of the 731 General Pay Plan employees) will have their salaries increased to the new minimum (at least a 2% adjustment) and 39% will receive a 2% increase to address pay compression. The recommendations from the study (\$1.2 million) are included in the FY 2017-18 proposed budget.

Public Safety Supplemental Pay Adjustments: In February 2016, the Mayor and City Council approved a public safety supplemental pay plan that increased minimum salaries by 7.5% and employee salaries by 2% for sworn police and certified fire personnel. The proposed budget also includes a third round of supplemental pay adjustments that would increase sworn police and fire personnel salaries by an additional 2%, effective January 1, 2018. In addition, based on in-depth analysis from the classification and compensation study of the Police Department's significant turnover among veteran officers with 5 to 15 years of service, the proposed budget includes \$858,000 for police retention efforts.

Health and Dental Benefits: For the 2017 plan year, the proposed budget anticipates a modest increase in the City's health care expenditures. The impact on employee contributions again will be limited to a 5% increase. The City's internal health care task force continues to focus on a comprehensive approach to addressing the health and wellness of our employees and covered members and will continue to emphasize preventive care, education awareness, and benefit utilization analysis to evaluate and recommend approaches to controlling current and future costs.

Economy of Operation

Bond Project Operating/Personnel Costs: A number of new or renovated City recreation facilities (from the 2014 bond referendum) are scheduled to open during FY 2017-18. These facilities include Jamison Park, Salem Lake Marina, Quarry Park, and water spray grounds. In order to provide adequate staffing levels at these new facilities, the proposed budget includes the addition of eight new general fund positions. The budget also includes one new financial clerk position in the Utilities Division. The overall full-time position count increases by nine positions. Attachment A to the City Manager's message provides a full listing of the proposed new full-time positions in the FY 2017-18 budget.]

User Fees

The proposed budget includes a service fee increase of 10% for the City's bulk container collection program through the Sanitation department. The service provides refuse collection for businesses, churches, non-profit organizations, schools, etc. on a schedule designed to meet customers' needs. The fee has not been increased since 2008. The proposed service fee increase would support increased costs associated with providing this service.

On May 8th, the City-County Utility Commission approved a 4% increase in the water volumetric rate, a 6% increase in the sewer volumetric rate, and a \$1.64/month increase for water and sewer base charges for residential customers. These increases will generate sufficient revenues to provide funding for all operating expenses and to meet debt coverage requirements for revenue bonds issued in recent years to provide for significant investments in the water and sewer system's treatment facilities and to provide for rehabilitation of aging water and sewer infrastructure in neighborhoods throughout the city. Even with these rate increases, the City/County Utility Commission will continue to offer rates that are competitive with every other major system in North Carolina. These increases will go into effect on October 1, 2017.

The Utility Commission also approved the following solid waste disposal tipping fee changes:

- Hanes Mill Road Landfill: \$1 increase in the flat rate charged to ½ ton pick-ups and small trailers, from \$12 to \$13 per vehicle, and the minimum is increased from \$9 to \$10
- Old Salisbury Road Landfill: the rate is increased by \$1, to \$32 per ton. The flat rates charged to ½ ton pick-ups and small trailers are increased by \$3, from \$12 to \$15 per vehicle, and the minimum is increased by \$3, from \$7 to \$10.
- Overdale and Forum 52 Yard Waste Facilities: rate is increase by \$1, to \$31 per ton.

These increases will go into effect on July 1, 2017.

Downtown Revitalization

In November 2013, the Mayor and City Council approved the creation of the Downtown Winston-Salem Business Improvement District (BID) to provide an enhanced level of service and programs to the downtown area. In April 2017, the Downtown Winston-Salem Business Improvement District Advisory Committee approved a recommended work plan, budget, and tax rate for FY 2017-18. The work plan continues to focus on the following program areas: cleaner environment, increased safety and security, stronger marketing and promotion, accelerated development, enhanced physical appearance, and administration. Based on an estimated tax base of \$666 million and a recommended tax rate of 9¢, the FY 2017-18 budget totals \$660,030. During the fiscal year, the Advisory Committee will continue to provide regular reports to the Mayor and City Council regarding the services and programs in the BID.

Community Agency Funding

In November 2014, the Mayor and City Council created the Community Agency Allocation Committee to review applications from non-profit organizations seeking financial assistance from the City and to make funding recommendations to the City Manager. For FY 2017-18, the Committee reviewed over 60 applications. I have reviewed the Committee's recommendations and reflected some of those recommendations in my proposed FY 2017-18 budget. Attachments B and C provide a full listing of my recommendations for community agency funding. Funding for Community Development Block Grant (CDBG) agencies is pending until official notification from the federal government.

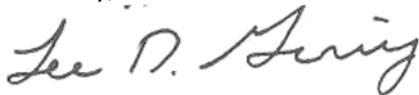
2018-2023 Capital Plan

The 2018-2023 Capital Plan represents a six-year plan, organized by the City Council's strategic focus areas, that proposes to invest \$404 million in the City's facilities and infrastructure. The Capital Plan includes \$314.3 million in investments in water, sewer, solid waste disposal, and stormwater infrastructure, by far the largest part of the capital budget. 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 will continue to be a vital part of the City's budget process. We will provide the proposed budget on the City's website (www.cityofws.org) and will review feedback that is posted by citizens through the Citizen Feedback Line. In addition, copies of the proposed budget will be placed in libraries within the city and recreation centers. As always, my staff and I stand ready to meet with your constituents, as needed, to explain the details of the budget proposal.

I look forward to our budget discussions in the weeks ahead. I have attached the calendar of budget events beginning Thursday May 25, 2017.

Sincerely,



Lee D. Garrity
City Manager

ATTACHMENT A

Full-Time Position Additions Included in the Adopted FY 2017-18 Budget

The adopted FY 2017-18 budget includes the addition of nine full-time positions, eight in the general fund and one in the water and sewer fund. The following table lists the added positions including the cost in salaries and benefits.

Position	Department	Salaries & Benefits
General Fund		
Fire Inspector (1)	Fire Department	\$95,000
Pool Crew Coordinator (1)	Recreation and Parks	\$54,000
Pool Crew Specialist (2)	Recreation and Parks	\$70,000
Maintenance Mechanic (2)	Recreation and Parks	\$86,000
Lake Attendant (2)	Recreation and Parks	\$71,000
Water and Sewer Fund		
Financial Clerk (1)	Water and Sewer	\$40,000

Notes

- The proposed budget converts a financial clerk from part time to full time.
- **Overall full-time position count increases by 9 positions.**

ATTACHMENT B

FY 2017-18 Community Agency Funding Recommendations General Fund, Occupancy Tax

EXPENDITURES BY AGENCY	Budget	Requested	Adopted	Percent
Arts/Culture/Human Services	<u>FY 16-17</u>	<u>FY 17-18</u>	<u>FY 17-18</u>	<u>Change</u>
Advancing Children, Families & Communities (ACFC)	\$0	\$5,000	\$0	N/A
Arts Council – Operating	217,360	250,000	217,360	0%
Arts Council – Capital	52,540	52,540	52,540	0%
Center for Creative Economy	25,000	40,000	25,000	0%
Eliza’s Helping Hands	0	125,000	0	N/A
Experiment in Self-Reliance (ESR)	85,230	125,000	85,230	0%
Forsyth County Adult Drug Treatment Court	0	35,000	35,000	N/A
Forsyth County District Attorney Family Court	45,000	89,610	45,000	0%
Forsyth Futures	0	50,000	0	N/A
Honorable Youth	0	5,000	0	N/A
Institute for Dismantling Racism	33,350	34,090	33,350	0%
Kaleideum – Operating	172,360	225,000	172,360	0%
Kaleideum – Capital	50,000	50,000	50,000	0%
Mediation Services	7,500	8,500	7,500	0%
National Black Theatre Festival	85,000	85,000	85,000	0%
Old Salem	175,000	250,000	175,000	0%
Piedmont Triad Film Commission	32,310	35,000	32,310	0%
Reynolda House	0	75,000	75,000	N/A
RiverRun International Film Festival	40,000	50,000	40,000	0%
Shepherd's Center of Greater W-S	15,000	25,000	15,000	0%
Triad Cultural Arts	0	130,300	0	N/A
The Sergei Foundation	5,000	10,000	5,000	0%
YMCA: Youth Incentive Program	66,000	66,000	66,000	0%
Youth in Transition	18,350	0	0	-100.0%
Subtotal	\$1,125,000	\$1,821,040	\$1,216,650	8.1%
Successful Outcomes After Release				
Boys2Men Mentorship Program	\$0	\$15,000	\$5,000	N/A
Eureka Ministry	20,000	25,000	20,000	0%
Josh Howard Foundation	6,500	20,000	6,500	0%
How is Your Heart Project	5,000	0	0	-100.0%
Hoops4L.Y.F.E.	5,000	5,000	5,000	0%
My Brothers Second Chance	5,000	5,000	5,000	0%
Piedmont Triad Regional Council (PTRC)	10,000	17,930	10,000	0%
Self-Empowerment Last Forever (SELF)	10,000	20,000	10,000	0%
Silver Lining Youth Services	5,000	0	0	-100.0%
Southside Rides Foundation	10,000	50,000	10,000	0%
YWCA: Hawley House	13,500	52,480	13,500	0%
Subtotal	\$90,000	\$210,410	\$85,000	-5.6%
Total Expenditures by Agency	\$1,215,000	\$2,031,450	\$1,301,650	7.1%

ATTACHMENT C

FY 2017-18 Community Agency Funding Recommendations Community Development Block Grant, HOME Fund, Housing Finance Assistance Fund

EXPENDITURES BY AGENCY	Budget	Requested	Adopted	Percent
Federal Housing Grant-Funded Agencies	<u>FY 16-17</u>	<u>FY 17-18</u>	<u>FY 17-18</u>	<u>Change</u>
AIDS Care Service, Inc.	\$60,850	\$0	\$0	-100.0%
Bethesda Center for the Homeless:				
Case Management	160,000	160,000	160,000	0%
Consumer Credit Counseling Service:				
Center for Homeownership	66,750	75,000	66,750	0%
Delta Fine Arts	0	N/A	0	N/A
Experiment in Self-Reliance, Inc. (ESR):				
Income Tax Preparation Assistance	35,600	45,600	35,600	0%
Transitional Housing Program	89,250	102,760	89,250	0%
Habitat For Humanity of Forsyth County, Inc. (HOME)	142,000	281,200	142,000	0%
HARRY Veterans Community Outreach Services (VCOS)	25,000	30,000	25,000	0%
Housing Authority of Winston-Salem:				
Tenant Based Rental Assistance	240,000	240,000	240,000	0%
LEAD (Learn. Educate. Advance. Degree.)	0	85,000	0	N/A
IFB Solutions	0	99,600	50,000	N/A
Liberty-East Redevelopment Corporation	31,150	31,650	31,150	0%
National Association for Black Veterans	10,000	10,000	10,000	0%
North Carolina Housing Foundation:				
Veterans Helping Veterans Heal	14,250	21,000	14,250	0%
The Commons Workforce Development	13,350	15,000	13,350	0%
Piedmont Triad Regional Council:				
Project Re-Entry	31,150	35,000	31,150	0%
Positive Wellness Alliance	0	35,100	35,100	N/A
S.G. Atkins CDC	0	100,000	0	N/A
Share Food Coop/Freedom Tree	0	34,300	0	N/A
Ujima CDC	0	35,000	0	N/A
United Health Centers	16,020	50,000	16,020	0%
United Way of Forsyth County:				
Continuum of Care System Coordination	26,700	35,000	26,700	0%
Coordinated Intake Center	30,400	34,120	30,400	0%
Continuum of Care Strategic Plan	22,250	0	0	-100.0%
Urban League: Summer Youth Employment Program	175,000	165,000	165,000	-5.7%
W-S Foundation: Neighbors for Better Neighborhoods	40,050	50,000	40,050	0%
Work Family Resource Center	25,450	25,450	25,450	0%
Bethesda Center:				
Women's Shelter	32,690	35,000	32,690	0%
Day Shelter	19,840	20,000	19,840	0%
Men's Shelter	24,180	25,000	24,520	1.4%

ATTACHMENT C

EXPENDITURES BY AGENCY - Continued	Budget <u>FY 16-17</u>	Requested <u>FY 17-18</u>	Adopted <u>FY 17-18</u>	Percent <u>Change</u>
Experiment in Self-Reliance:				
Transitional Housing	\$13,220	\$15,600	\$13,220	0%
Family Services: Women’s Shelter	30,770	30,770	30,770	0%
Samaritan Ministries: Emergency Shelter	44,900	48,010	44,730	-0.4%
The Salvation Army: Emergency Shelter	44,900	48,010	44,730	-0.4%
United Way:				
Overflow Shelter	11,500	11,500	11,500	0%
Goodwill	39,480	120,000	32,480	-17.7%
Rapid Re-Housing Collaborative	72,590	100,000	72,590	0%
Data Evaluation	38,650	45,650	45,650	18.1%
Total Expenditures by Agency	\$1,627,940	\$2,295,320	\$1,619,940	-0.5%

Budget Review Calendar For Fiscal Year 2017-18

Thursday, May 25	Distribution of the City Manager’s Budget Proposal to the Mayor and City Council
Thursday, June 1 4:30 p.m.	Finance Committee Workshop Council Committee Room, 2nd Floor, City Hall <ul style="list-style-type: none">• Budget Overview and Highlights
Tuesday, June 6 4:30 p.m.	Finance Committee Workshop Council Committee Room, 2nd Floor, City Hall <ul style="list-style-type: none">• Capital Plan Overview and Highlights
Thursday, June 8 7:00 p.m.	Finance Committee Public Hearing City Council Chamber, 2nd Floor, City Hall
Monday, June 12 4:30 – 6:00 p.m.	Finance Committee Meeting/Workshop Council Committee Room, 2nd Floor, City Hall <ul style="list-style-type: none">• Consideration of a recommended budget and property tax rate• Preview of a preliminary agenda for the budget items at the June 19 City Council meeting
Monday, June 12 6:00 p.m.	Public Safety Committee Council Committee Room, 2nd Floor, City Hall <ul style="list-style-type: none">• Review of Police, Fire, and Emergency Management Budgets
Tuesday, June 13 2:00 – 4:00 pm	Finance Committee Workshop, if needed Council Committee Room, 2nd Floor, City Hall
Tuesday, June 13 6:00 p.m.	Public Works Committee Council Committee Room, 2nd Floor, City Hall <ul style="list-style-type: none">• Review Transit Budget
Monday, June 19 7:00 p.m.	City Council Meeting Council Chamber, 2nd Floor, City Hall <ul style="list-style-type: none">• Public Hearing• Consideration and Adoption of Budget Ordinance

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, such as Waughtown/Parkview and East Winston.

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. *Within the last 20 years, the city has experienced only four operating deficits as a result of a revenue shortfall, and these occurred during national recessions. In 2001, actions by the State of North Carolina, in which reimbursements of local revenues of approximately \$8 million were withheld, resulted in a year-end deficit of \$2.2 million. The City incurred a year-end deficit in 2008-09 due to what has been described as the worst national recession since the "great depression" of the 1930's; however, this deficit was less negative than it could have been as a result of financial restraint measures implemented early in the fiscal year.*

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, 2016 was \$576.*

General Debt Service

Annual general governmental debt service payments shall not exceed 20% of total general governmental noncapital expenditures. *For 2015-16, debt service expense was approximately 11.7% 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 51.2% of general fund expenditures in 2015-16.*

Cash Management and Investment

Sound and astute management of cash and investments shall augment resources available to the city. *During 2015-16, the overall cash and investment yield was 0.90%.*



Winston-Salem