

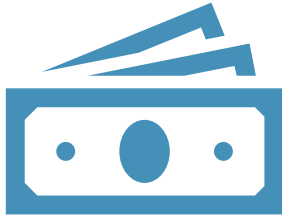
FISCAL YEAR 2022-23 PROPOSED BUDGET

FINANCE COMMITTEE WORKSHOP

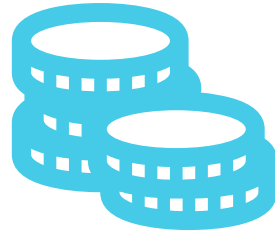
BUDGET AND PERFORMANCE MANAGEMENT DEPARTMENT
MAY 31, 2022



AGENDA



Total Budget Overview



Operating Budgets



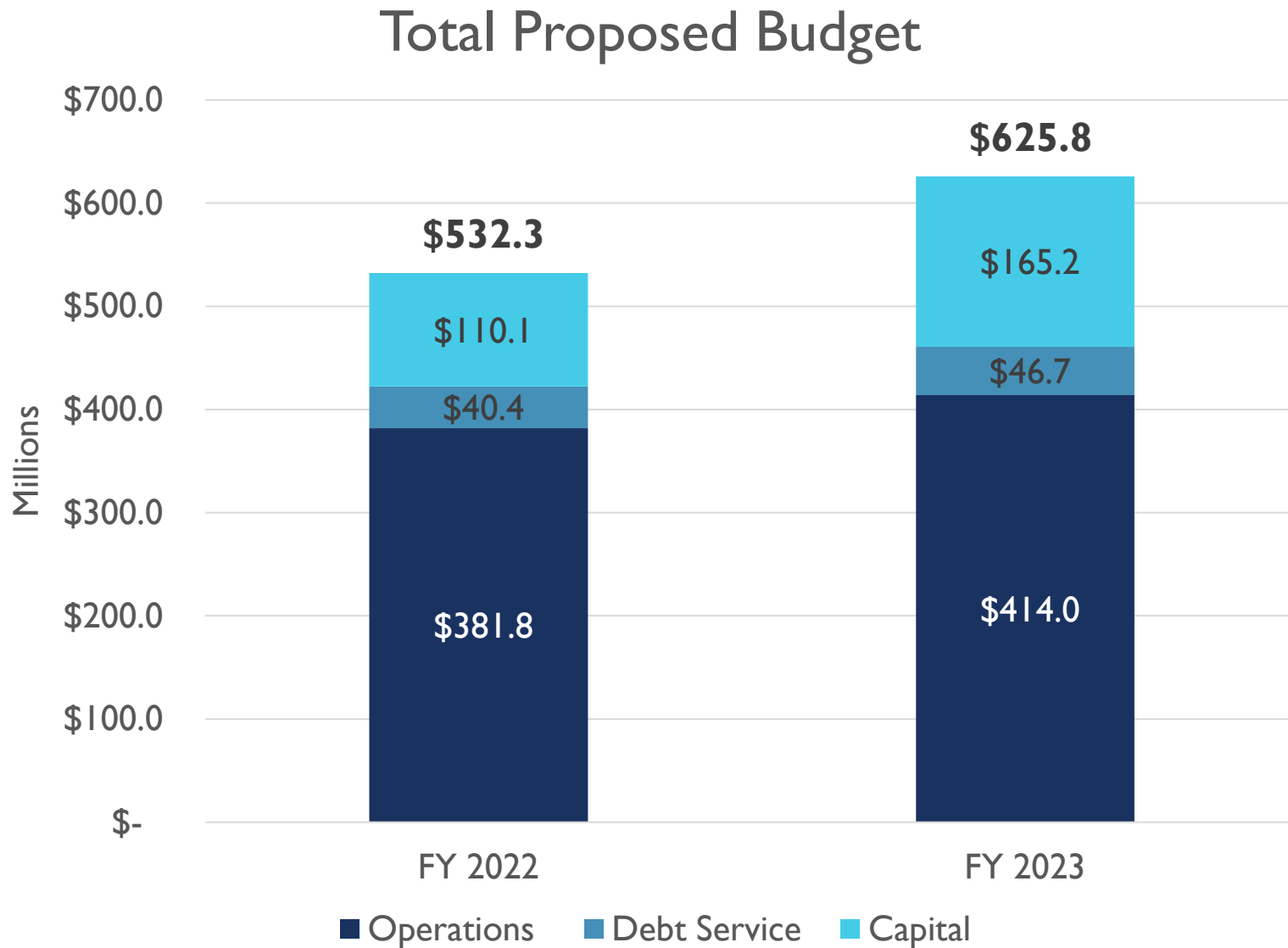
Resident Survey Data



TOTAL PROPOSED BUDGET

REVENUE AND EXPENDITURE HIGHLIGHTS AND ANALYSIS





**TOTAL
PROPOSED
BUDGET**

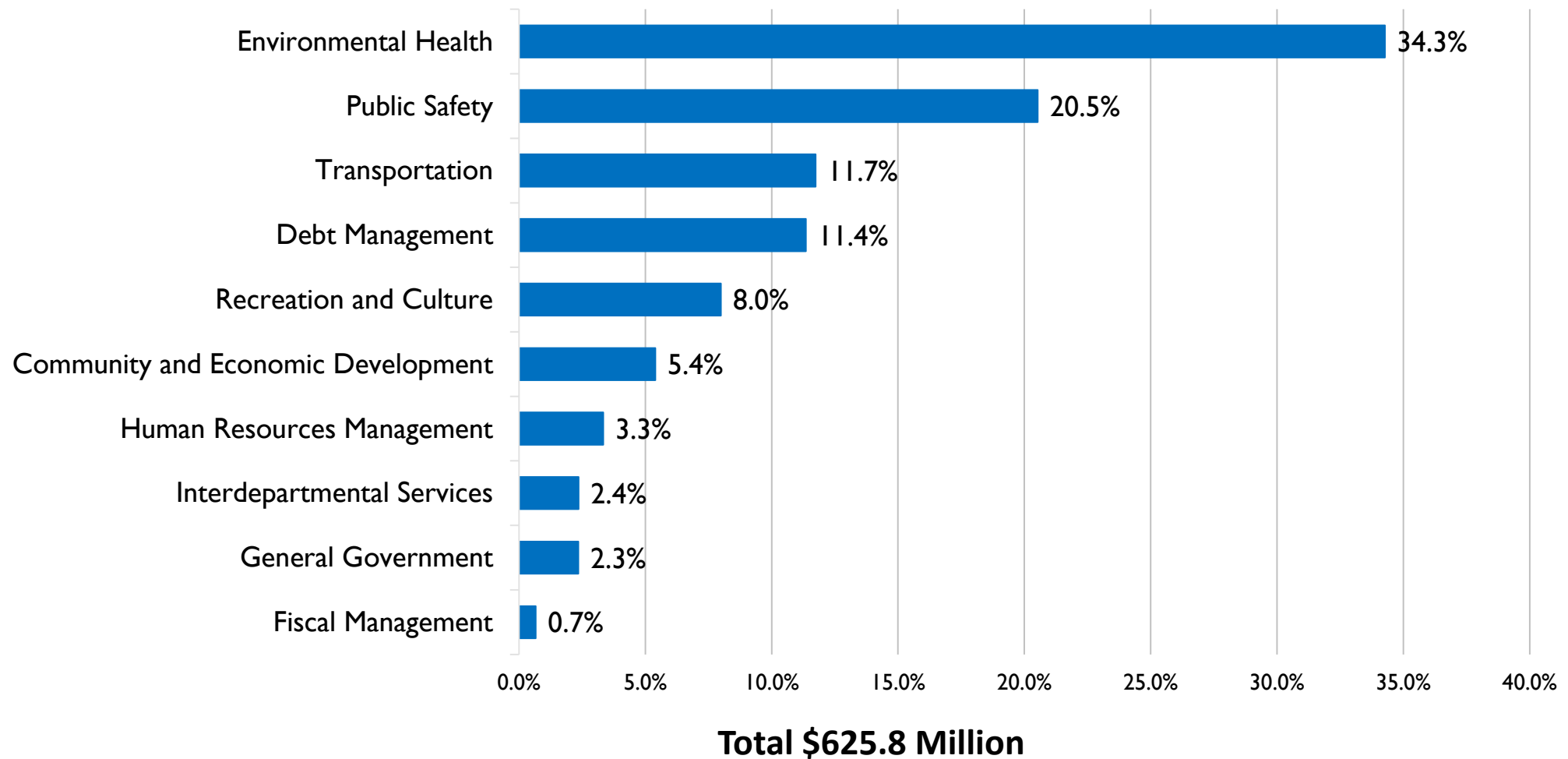
**TOTAL NET
EXPENDITURES:
\$625.8 MILLION (ALL FUNDS)**

MAJOR BUDGET DRIVERS

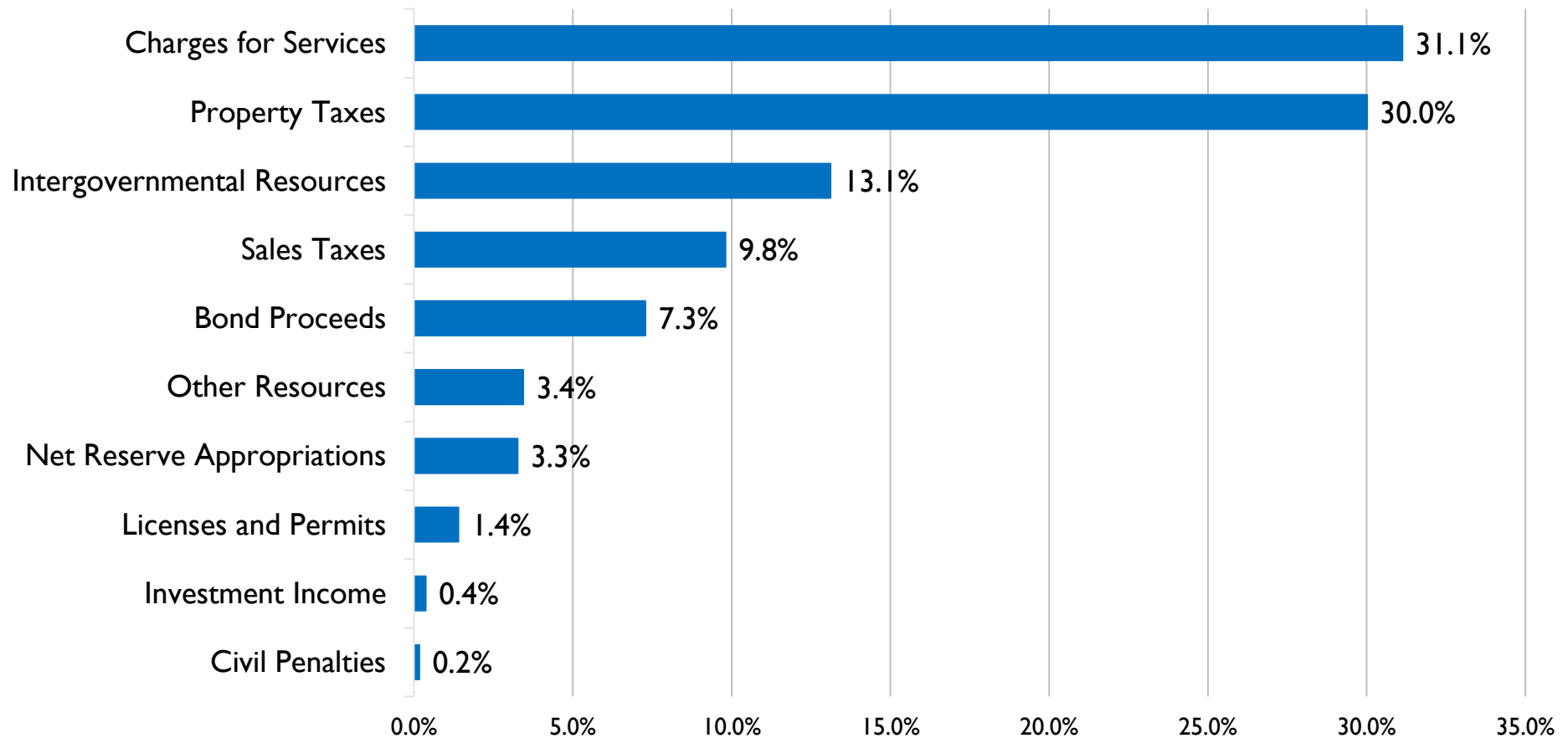
- Total Annual Budget Increase of \$93.5 million
- Compensation Includes:
 - 35 net new positions
 - 14 for Recycling transition
 - New Public Safety Pay Plans
- Capital Projects Includes:
 - \$55 million in LOBs

<u>Type</u>	<u>Annual Increase</u>
Capital Projects Funds	\$49.7 million
Compensation	\$18.5 million
Vehicle Acquisition	\$11.3 million
Debt Service	\$5.9 million
TOTAL	\$85.4 MILLION

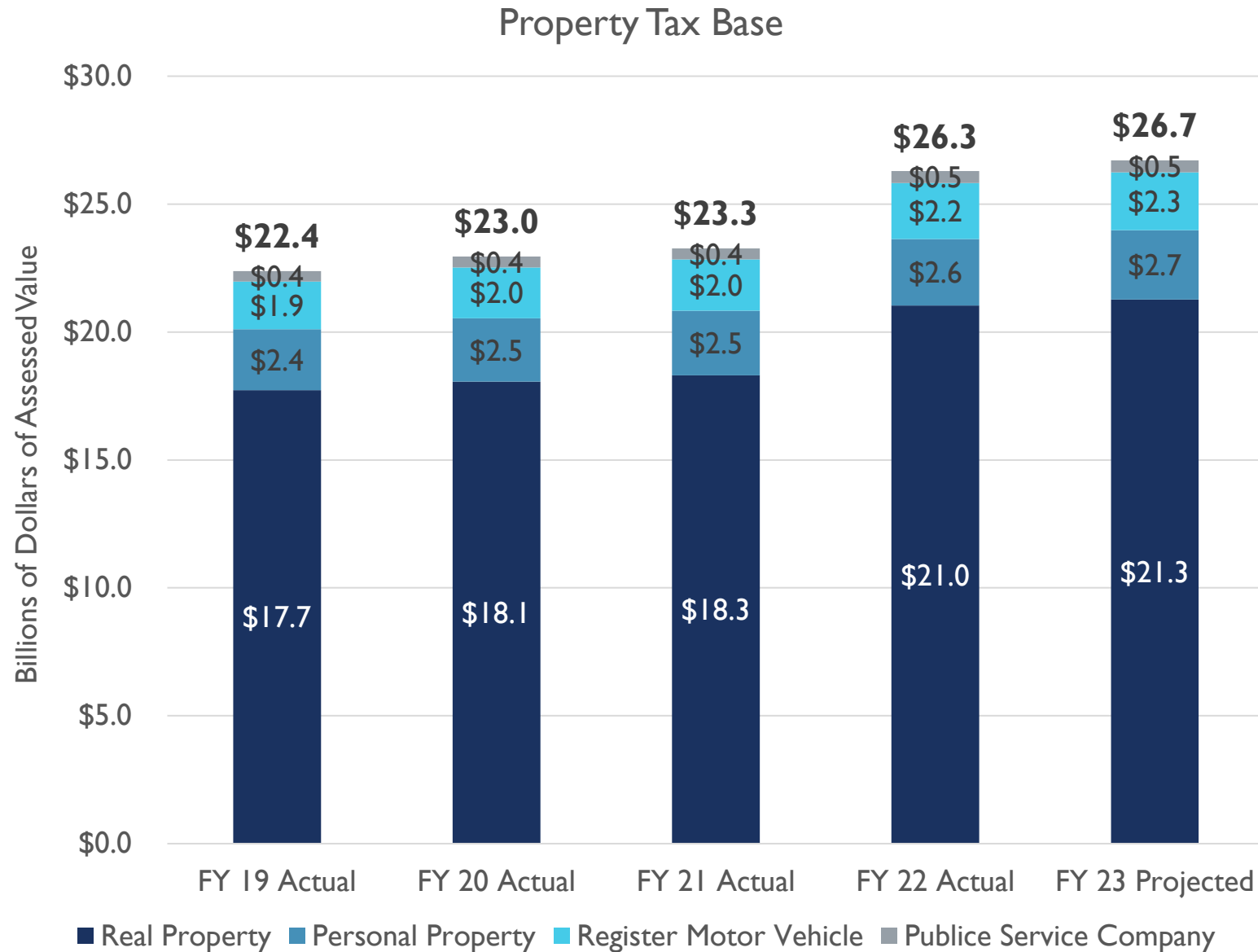
TOTAL PROPOSED BUDGET EXPENDITURES



TOTAL PROPOSED BUDGET REVENUES



Total \$625.8 Million



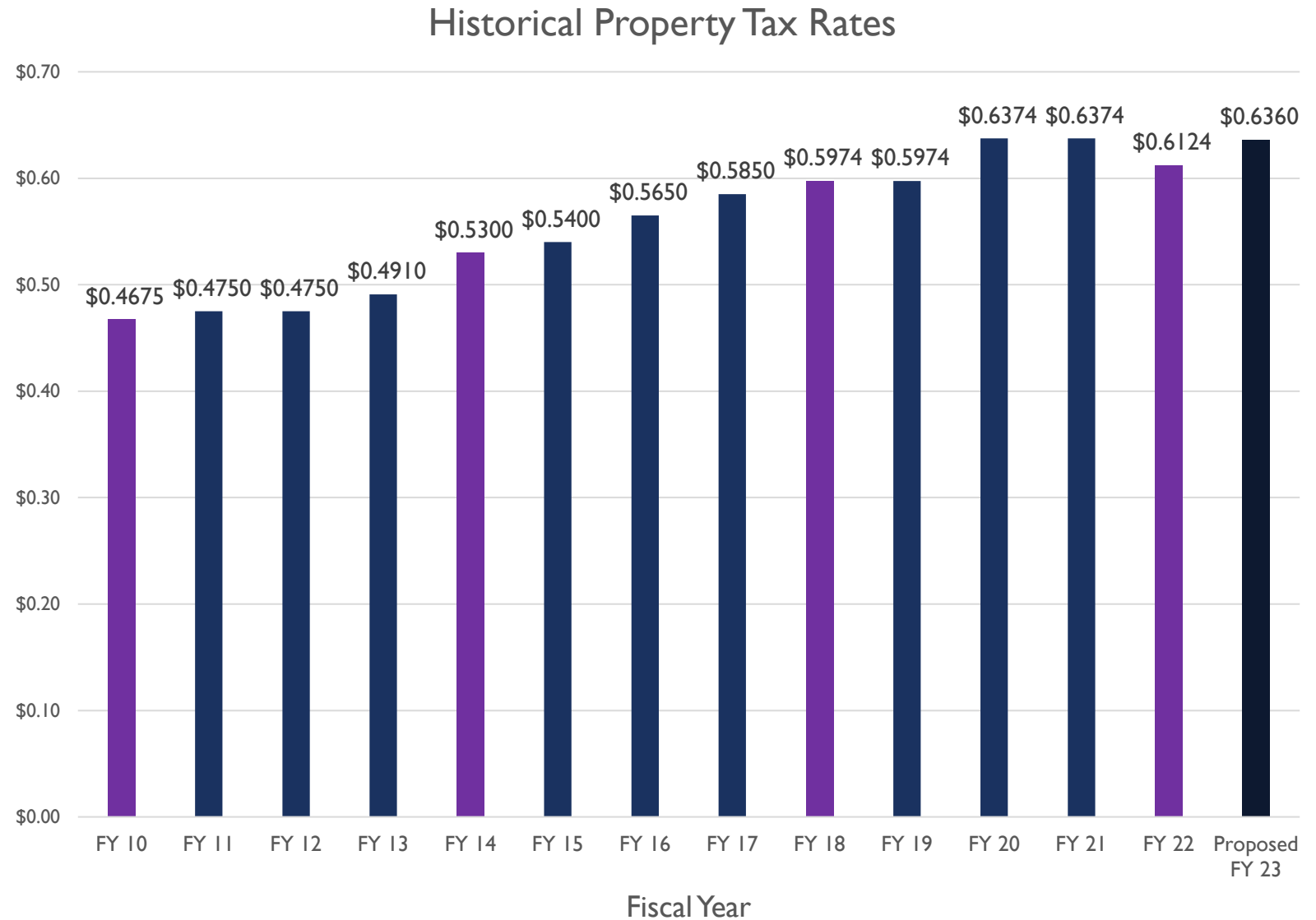
PROPERTY TAX BASE

- Average 2.0% growth last three non-revaluation years
- Growth rates:
 - FY 19 – 2.1%
 - FY 20 – 2.6%
 - FY 21 – 1.4%
 - FY 22 – 13.0%*
 - FY 23 – 1.6%

*FY 22 was a revaluation year.

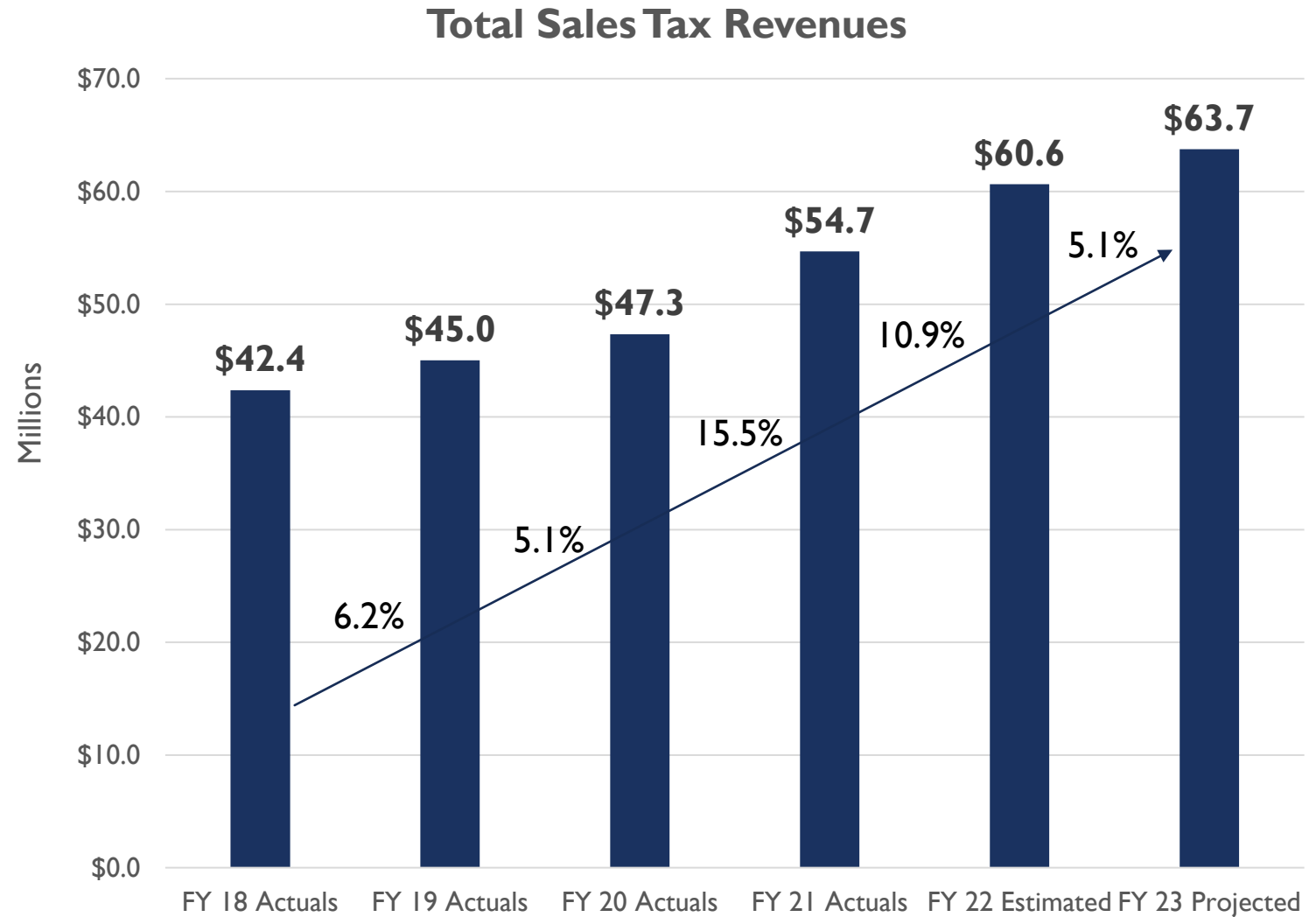
BUDGET HIGHLIGHTS: PROPERTY TAX RATE

- Property tax rate increase of 2.36 cents (proposed rate: 63.6 cents per \$100 of assessed value)
 - 1.5 cents related to personnel increase, supporting new public safety pay plans
 - 0.86 cents for increases in recycling program
 - Less regressive form of revenue compared to a user fee



SALES TAX REVENUE

- County-wide growth in FY 22:
 - Q1 – 13.3%
 - Q2 – 14.5%
 - January – 7.2%
 - February – 18.7%
 - Projected – 5% (Through YE)
- FY 2023 Budget includes 3% growth in distributions from projected year-end



Note: Projection includes 3% growth in county-wide distributions in FY 23. The 5.1% growth in chart reflects changes in ad valorem distribution.

EMPLOYEE COMPENSATION



FY 2022-23 MERIT ADJUSTMENTS

-
- All employees other than sworn police and certified fire
 - Average 3.8% merit increases:
 - 3.0% - Meets Expectations
 - 3.5% - Exceeds Expectations
 - 4.5% - Outstanding
 - Effective first full pay cycle in October
 - Based on performance evaluations at end of current fiscal year

POLICE AND FIRE (SWORN AND CERTIFIED) CAREER LADDER



- Creates New Police Promotional Positions
 - Police Officer 2 and Master Police Officer
 - Provide a 5% promotion for each
 - All others get 10% compression adjustment
- Creates New Fire Promotional Positions
 - Firefighter 2 and Master Firefighter
 - Provide a 3% promotion for each
 - All others get 6% compression adjustment

POLICE CAREER LADDER ESSENTIALS

<u>Position Type</u>	<u>Salary Increase</u>	<u>Notes</u>
Police Officer Trainee	New Start	Starting Pay
Police Officer (PO)	+5%	Promotion upon graduation from BLET
Police Officer 2 (PO2)	+5%	Requires 3 Years Experience at PO Level*
Master Police Officer (MPO)	+5%	Requires 3 Years Experience at PO2 Level*
Corporal	+5%	Follows Current Promotional Process

**Requires certain certifications and professional development attainment*

- Evaluation and promotion done biannually for PO2 and MPO.

POLICE AND FIRE STEP PLANS

-
- Sworn and Certified No Longer Subject to Merit
 - PO through Captain
 - Firefighter through Battalion Chief
 - Replaced with Public Safety Step Plan
 - 2% Adjustment in July
 - 2% adjustment in January
 - All other positions types subject to merit

ESTIMATED SALARY INCREASES FOR SELECTED POLICE/FIRE

<u>Position</u>	<u>Career Ladder</u>	<u>July Step Adjustment</u>	<u>January Step Adjustment</u>	<u>Total % Increase</u>
PO < 3 Years Experience	0%	2%	2%	4%
PO 3-6 Years Experience	5%	2%	2%	9%
PO 6+ Years Experience	10%	2%	2%	14%
Corporal Through Captain	10%	2%	2%	14%
FF < 3 Years Experience	0%	2%	2%	4%
FF 3-6 Years Experience	3%	2%	2%	7%
FF 6+ Years Experience	6%	2%	2%	10%
Engineer Through Battalion Chief	6%	2%	2%	10%

**Adjustment totals rounded (not compounded) for visual*

➤ Must receive evaluation of solid performer or higher to be eligible for step increase.



GENERAL FUND

FUND SUMMARY AND HIGHLIGHTS



PROPOSED GENERAL FUND SUMMARY

	<u>FY 22</u>	<u>FY 23</u>	<u>Change</u>	<u>% Change</u>
Property Taxes	122,298,370	131,630,020	9,331,650	7.6%
Sales Taxes	44,131,910	53,781,890	9,649,980	21.9%
Other Revenues	55,291,940	58,535,210	3,243,270	5.9%
Fund Balance	1,350,000	5,139,600	3,789,600	280.7%
Total Revenues	223,072,220	249,086,720	26,014,500	11.7%
Personnel	153,669,320	167,850,350	14,181,030	9.2%
Supplies & Services	60,067,270	67,073,060	7,005,790	11.7%
Intradep. Credits	-7,780,420	-8,381,360	-600,940	7.7%
Lease Payments	7,472,920	11,363,590	3,890,670	52.1%
Transfers	9,643,130	11,181,080	1,537,950	15.9%
Total Expenses	223,072,220	249,086,720	26,014,500	11.7%

FY 2022-23

GENERAL FUND - PERSONNEL



BUDGET TO BUDGET PERSONNEL CHANGES	FY 22	FY 23	CHANGE	% CHANGE
Salary, Wages, and Benefits	\$156.7 million	\$171.9 million	\$15.2 million	9.7%
Salary Savings Adjustment	-3.1 million	-4.1 million	-1.0 million	32.6%
TOTAL	\$153.7 million	\$167.9 million	\$14.2 million	9.2%

- Includes average 3.8% merit adjustments for all non-sworn and non-certified personnel*
- Includes required contributions for retirement benefits
- Includes \$7.2 million for sworn and certified Police and Fire pay adjustments*
- Includes new positions (details on next page)
- Includes removal of flat rate pay plan (took effect in FY 2022 mid-year)

**Personnel increases effective at different times*

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

GENERAL FUND NEW POSITIONS FOR FY 2023:

IN ADDITION TO TABLE –

14 NEW POSITIONS FOR
TRANSITION TO IN-HOUSE
RECYCLING STARTING MID-YEAR:

- 13 SENIOR EQUIP. OPERATORS
- 1 SUPERVISOR

*Position reclassification

FY 2022-23

GENERAL FUND – SUPPLIES, SERVICES, & EQUIPMENT



BUDGET TO BUDGET CHANGES	FY 22	FY 23	CHANGE	% CHANGE
Supplies & Services	\$60.1 million	\$67.1 million	\$7.0 million	11.7%
Equipment Lease Payments	7.5 million	11.4 million	3.9 million	52.1%
TOTAL	\$67.6 million	\$78.5 million	\$10.9 million	16.1%

Vehicle and Equipment Highlights

- \$17.2 million worth of vehicle/equipment replacement and purchases
 - Sanitation – \$7.7 million
 - Fire – \$2.9 million
 - Police – \$2.7 million
 - Traffic Field Operations and DOT – \$1.8 million
 - Recreation and Parks – \$1.3 million
- Proposed budget also includes lease payments (\$840,000) for in-house recycling collection

FY 2022-23

BUDGET-TO-BUDGET CHANGES (GENERAL FUND)

- City building security includes City Hall and Bryce A. Stuart Buildings
- Recycling contract for collection ends in March 2023
- Operating supplies include turnout gear and AED replacements
- Fire dispatch services contract decreases each year for four years

MAJOR NON-PERSONNEL EXPENDITURE CHANGES	COST INCREASE
Recycling Contract	\$2.3 million
Fuel (Regular Unleaded and Diesel)	1.0 million
Sanitation Tipping Fees	800,000
City Building Security (including metal detection services)	592,000
Net Increase in Communication and IS Charges	483,000
Fire Dispatch Services	404,000
Operating Supplies	346,700
Professional Development/Training	177,000
SUBTOTAL	\$6.1 million

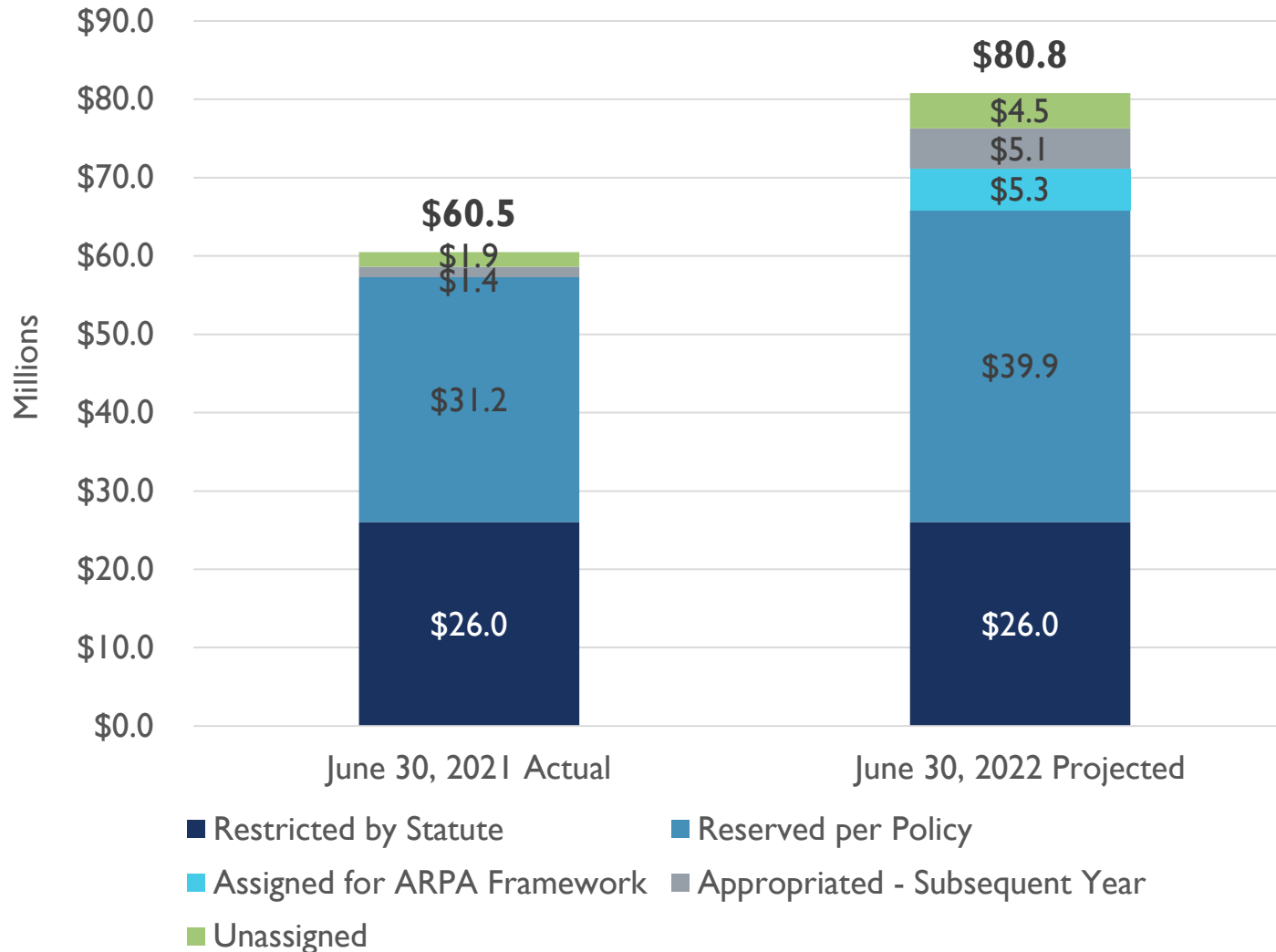


CURRENT YEAR-END PROJECTION

FY 2021-22 PROJECTED FUND BALANCE AND POLICY RECOMMENDATIONS



General Fund Balance



PROJECTED
YEAR-END

GENERAL
FUND
BALANCE

**Reserved per policy includes change to 16% in FY 23 from 14% in FY 22.*

FUND BALANCE POLICY RECOMMENDATION

City Policy Change

- Increase the City's General Fund Policy reserve from 14% to 16%
 - Unassigned Fund Balance as a percentage of the subsequent year's budgeted appropriations

Government Finance Officers' Association (GFOA) Recommendation

- GFOA recommends two months expenditures be reserved, which is 16.7%.

MUNICIPALITIES:		POLICY %		ACTUAL FY21 %
Greensboro		9.0%		9.9%
Winston-Salem		14.0%		14.9%
Raleigh		14.0%		18.9%
Charlotte		16.0%		16.0%
Durham		16.7%		27.1%
COUNTIES:				
Guilford		8.0%		14.6%
Mecklenburg ²		8.0%		19.9%
Forsyth		14.0%		19.3%
Wake ¹		15.0%		30.7%
Durham		16.0%		20.0%

Note (1): Policy and Actual are based on Total GF Fund Balance.

Note (2): Policy is based on 8% of subsequent years' General Fund and Debt Svc Fund budgets.

**GENERAL FUND
BALANCE**

**OTHER LARGE CITIES
AND COUNTIES**

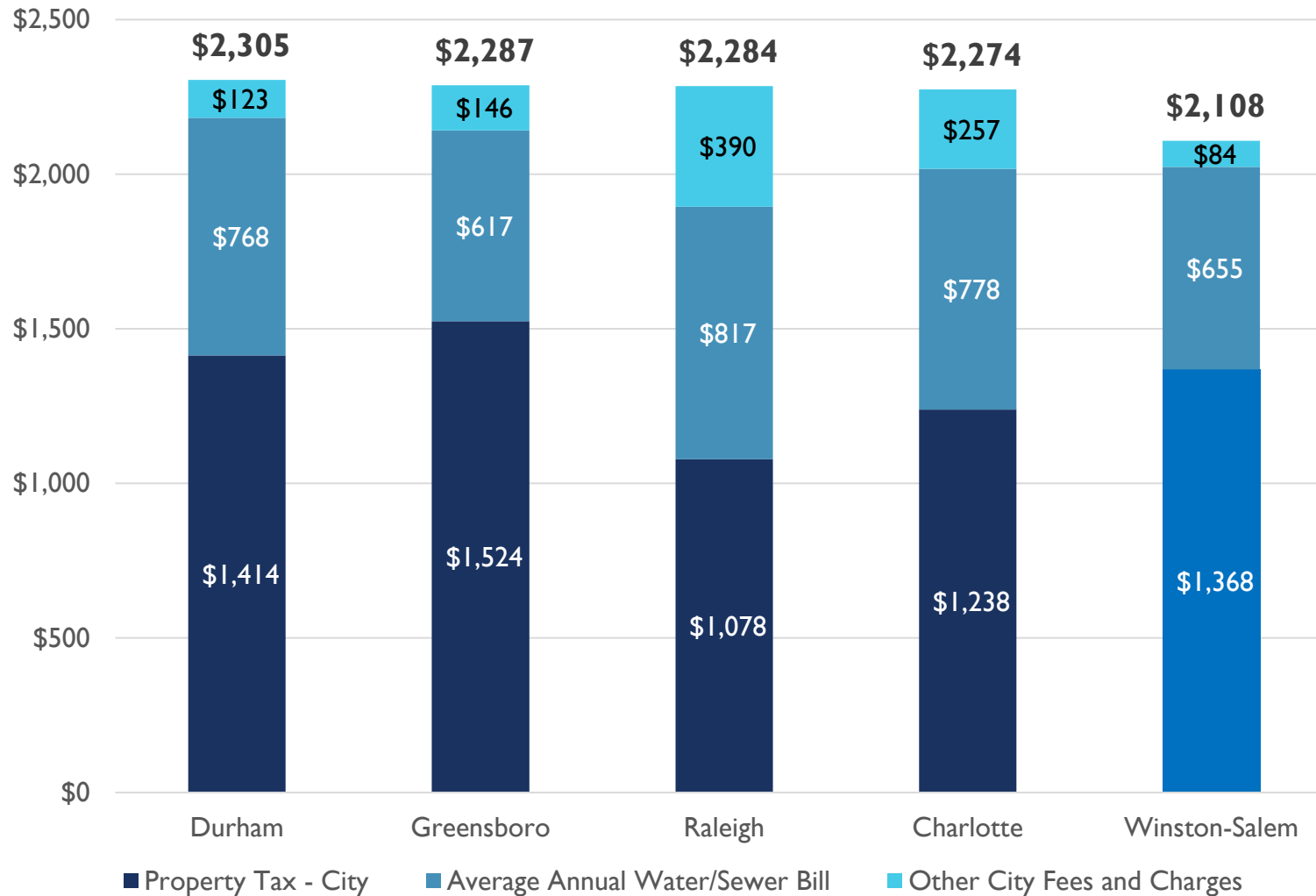
LOCAL GOV. COMMISSION: ADDITIONAL FINANCIAL INDICATOR

- Financial Performance Indicator
 - General and Debt Service Funds
 - 25% minimum

Unit	FY 2019	FY 2020	FY 2021
MUNICIPALITIES:			
Greensboro	23.11%	21.62%	21.96%
High Point	26.43%	24.97%	29.13%
Winston-Salem	27.12%	28.79%	38.43%
Durham	48.45%	47.62%	40.19%
Charlotte	56.52%	45.08%	42.81%
Raleigh	51.71%	85.43%	99.72%
COUNTIES:			
Guilford	20.29%	21.24%	26.15%
Forsyth	29.58%	22.48%	26.66%
Wake	19.96%	32.10%	37.75%
Durham	35.31%	43.95%	48.47%
Mecklenburg	29.17%	43.43%	50.79%

Source: LGC Report

Annual Property Taxes and Selected Fees Proposed FY 2022-2023 Rates



CITY TAXES AND FEES COMPARISON



RESIDENT SURVEY DATA

2022 RESIDENT SURVEY SUMMARY



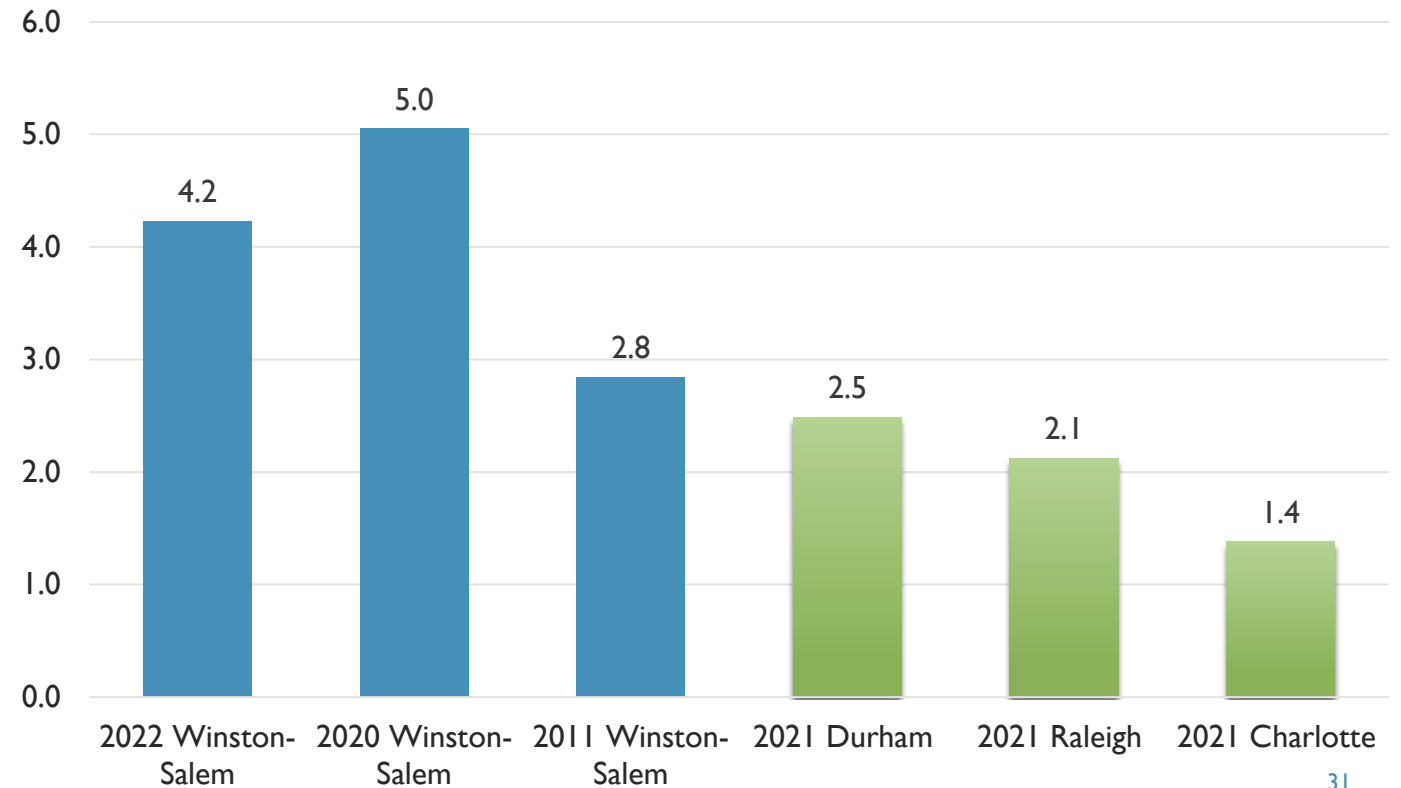
WHY LOCAL GOVERNMENTS DO RESIDENT SURVEYS?

- **Allows for statistically significant generalizations to be made from representative sample**
- **Provides objective information on satisfaction with City services, overall importance of respective services, and overall perceptions of City livability**
- **Provides context for direction and planning for:**
 - Focused improvements to service delivery
 - Identifying clear priorities for strategic planning
 - Decisions related to resource allocation
- **Benchmarking performance regionally and nationally**

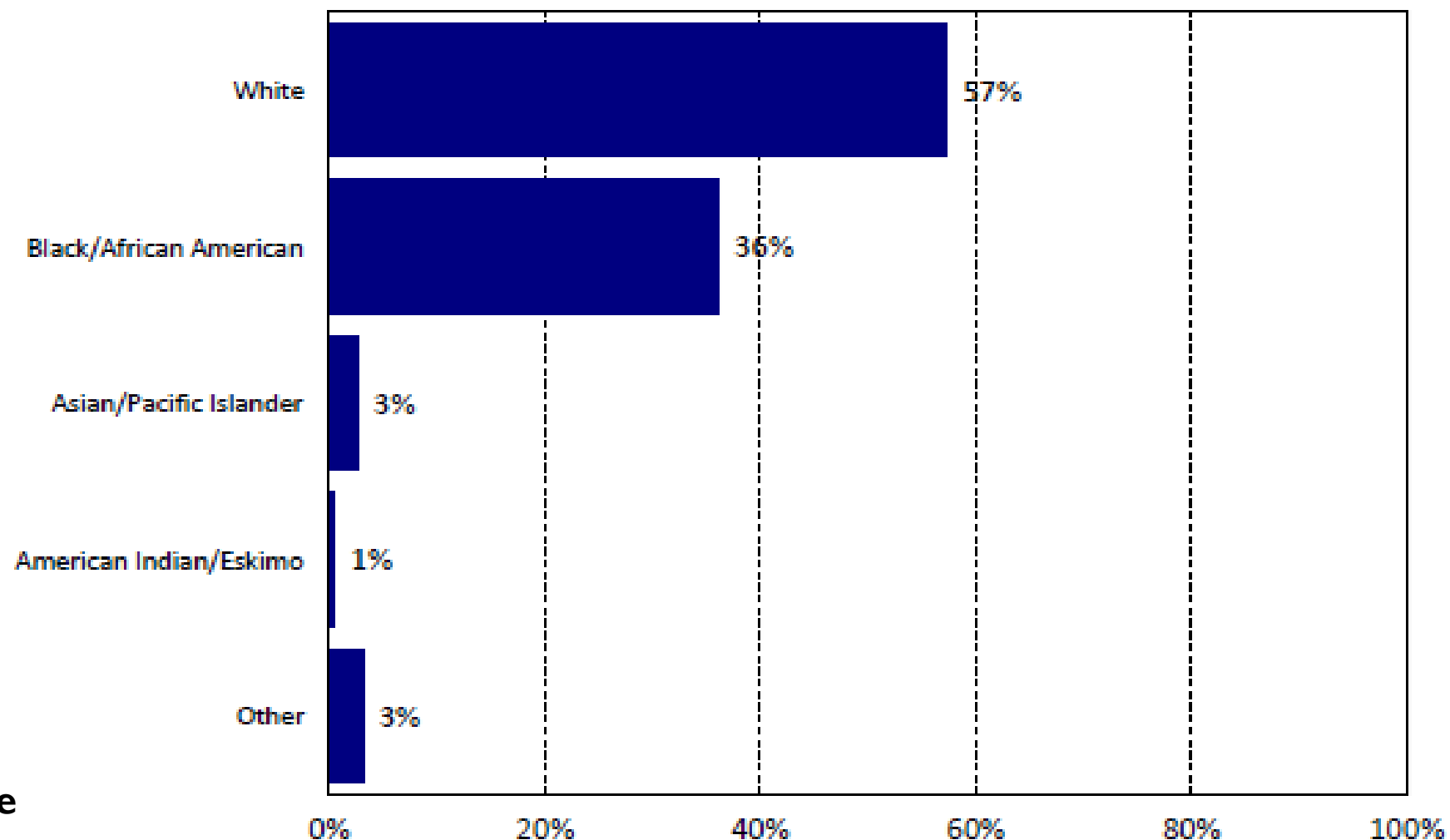
SURVEY REACH

- **Minimum of 1,000 responses**
 - Minimum of 100/ward
- **Make sure respondent demographics reflect overall city demographics**
- **Ability for everyone to take non-random version survey online**

Responses per 1,000 Residents



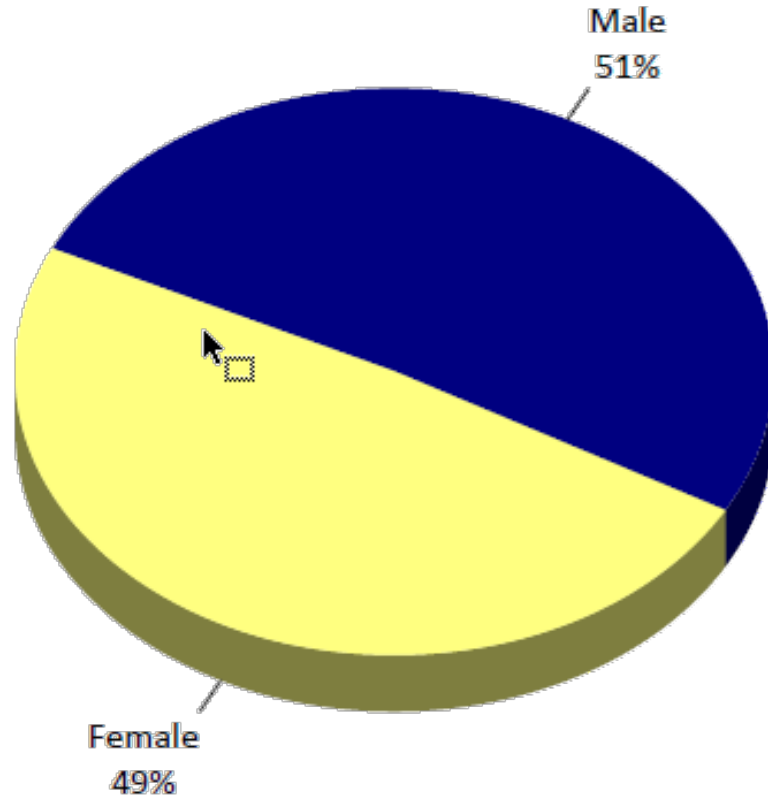
Respondent Race/Ethnicity



**Good
Representation by**

**Source: ETC Institute
(2022)**

Gender Identity

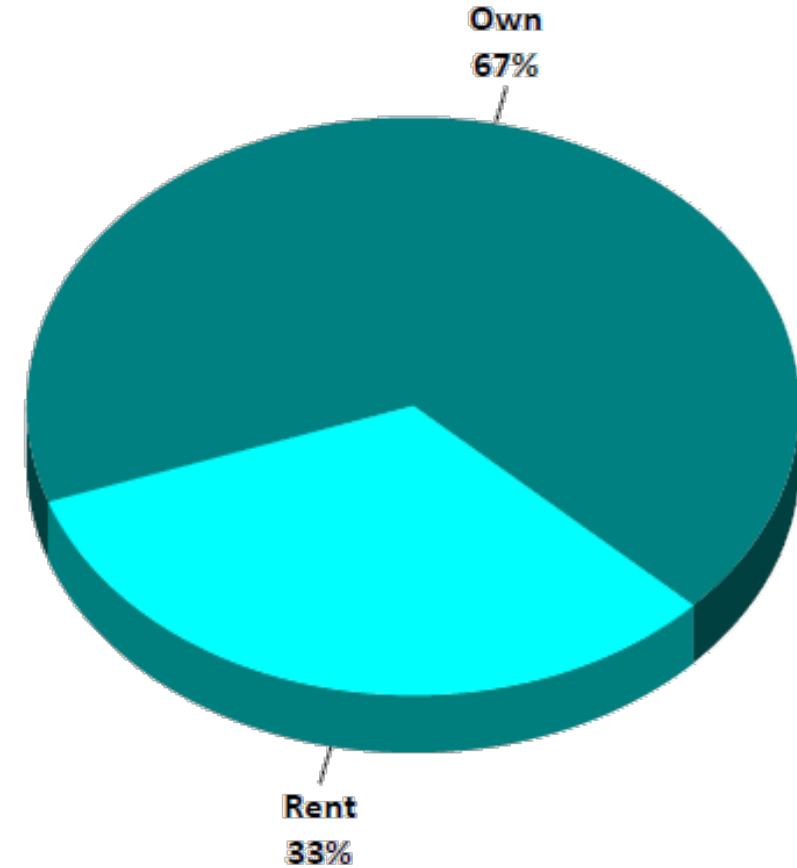


**Good
Representation by**

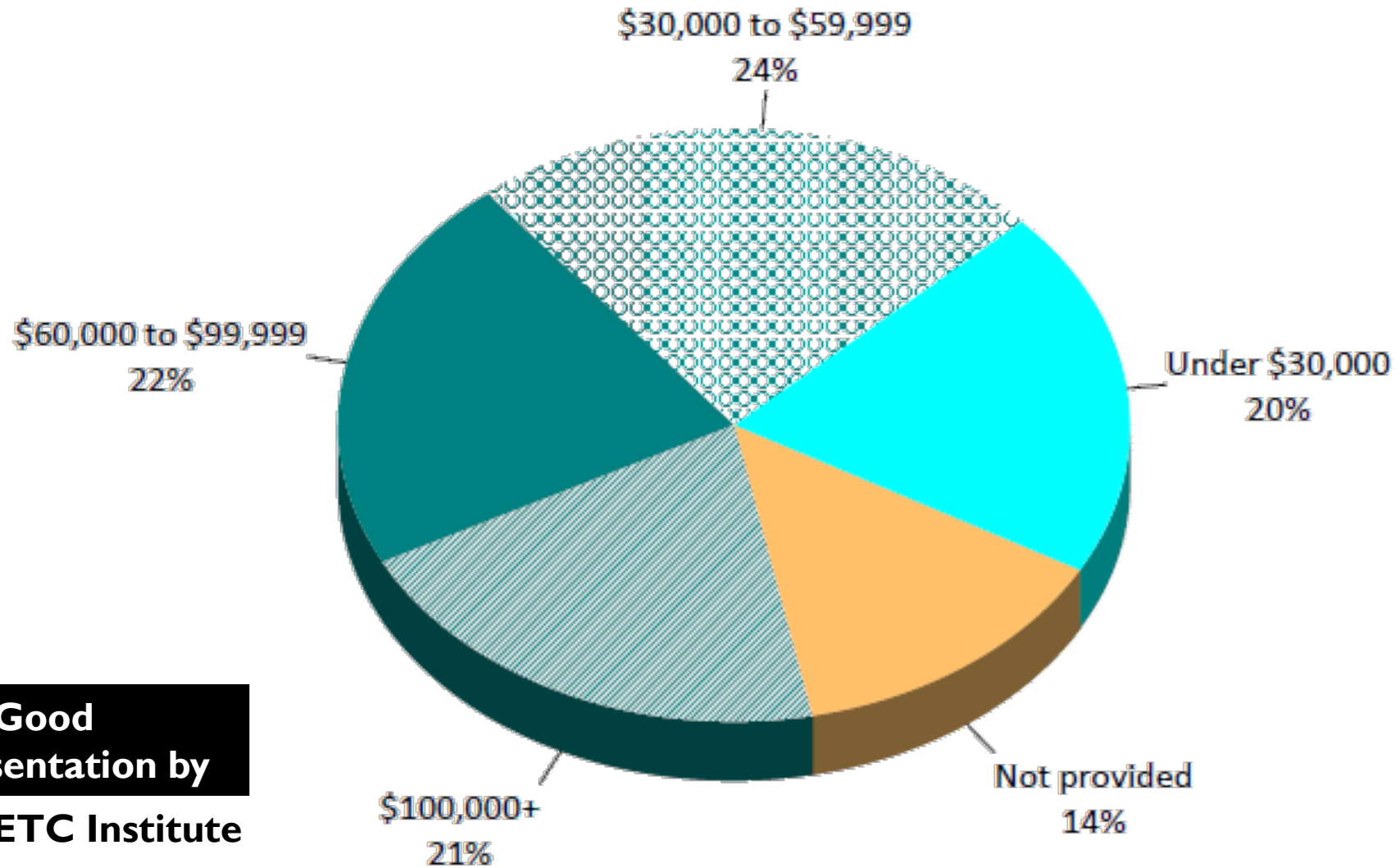
0.4% self-identified as "other"

Source: ETC Institute (2022)

Rent versus Own



Annual Household Income



**Good
Representation by**

**Source: ETC Institute
(2022)**

Bottom Line Up Front

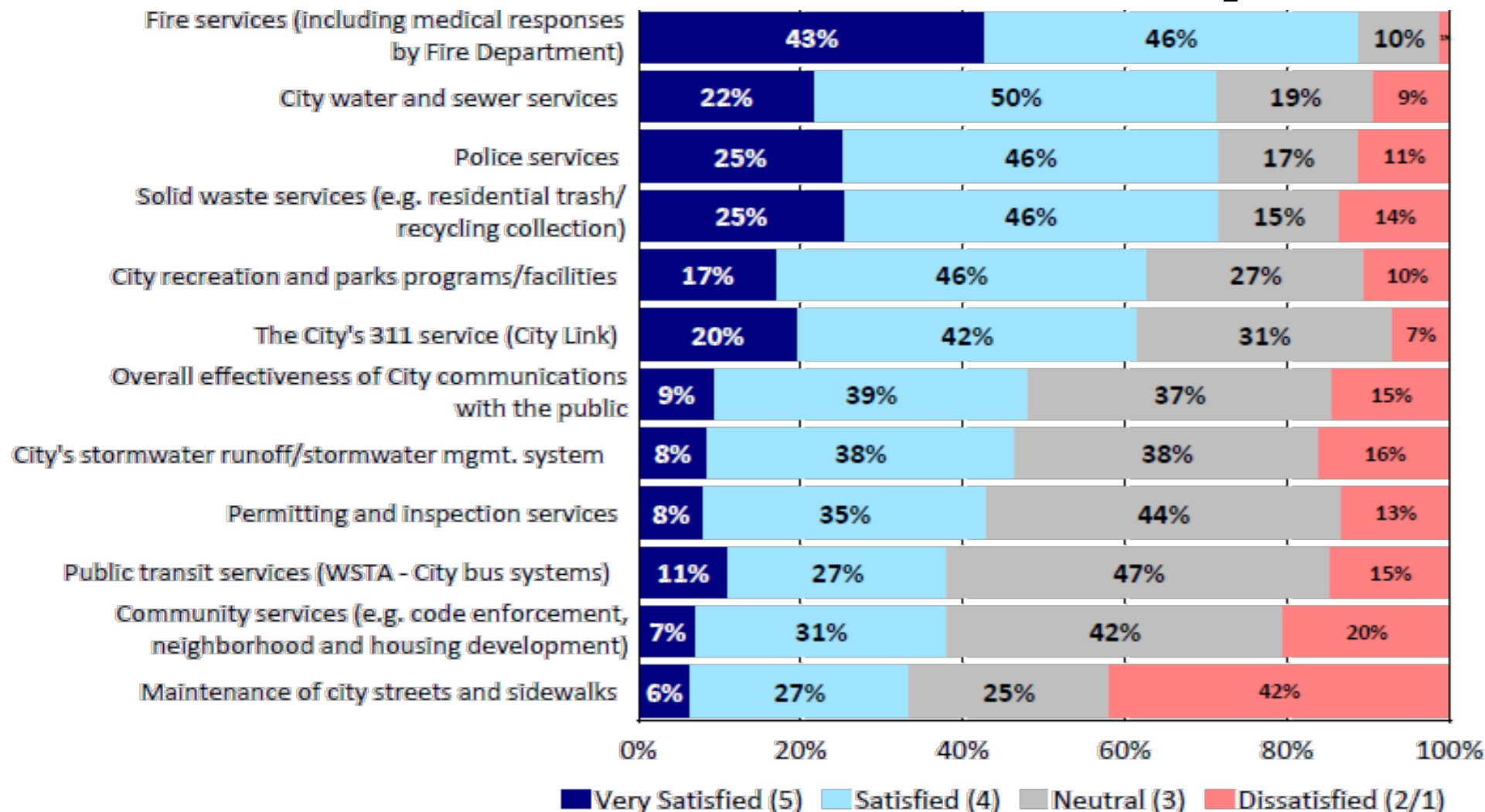
- **Satisfaction with City Services Is Much Higher in Winston-Salem Than Other Communities**

- Winston-Salem rated at or above the U.S.Average in 34 of the 57 areas that were compared
- As a place to live, the City rated 35% above the U.S.Average and 25% above the Regional Average

- **Top Priorities for the City for the next two years:**

- Increase visibility of police in neighborhoods
- Overall crime prevention
- Overall satisfaction and timeliness of Public Transit (WSTA) fixed route bus services
- Maintenance of streets and sidewalks
- Traffic congestion on City streets
- Litter pickup along City streets
- Enforcing clean-up of trash/debris on private property
- Demolishing vacant structures
- City housing rehabilitation programs
- Affordability of water/sewer & stormwater bills
- Overall quality of household drinking water
- Condition and cleanliness of catch basins
- Maintenance of City Parks

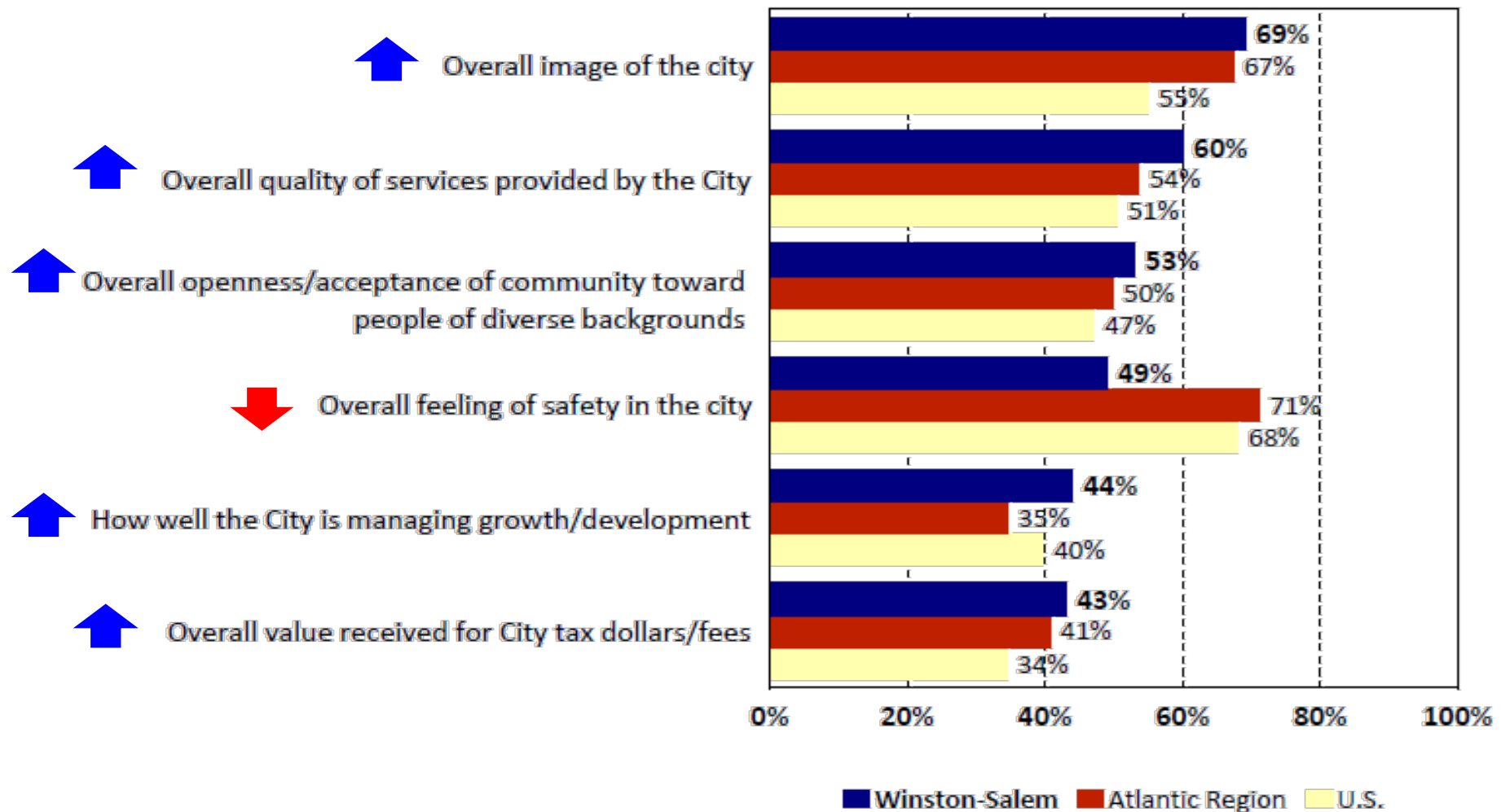
Overall Satisfaction with City Services



Source: ETC Institute
(2022)

With the exception of Maintenance of City Streets and Sidewalks, Less Than 20% Were Dissatisfied with Any of the

Satisfaction with Issues that Influence Perceptions



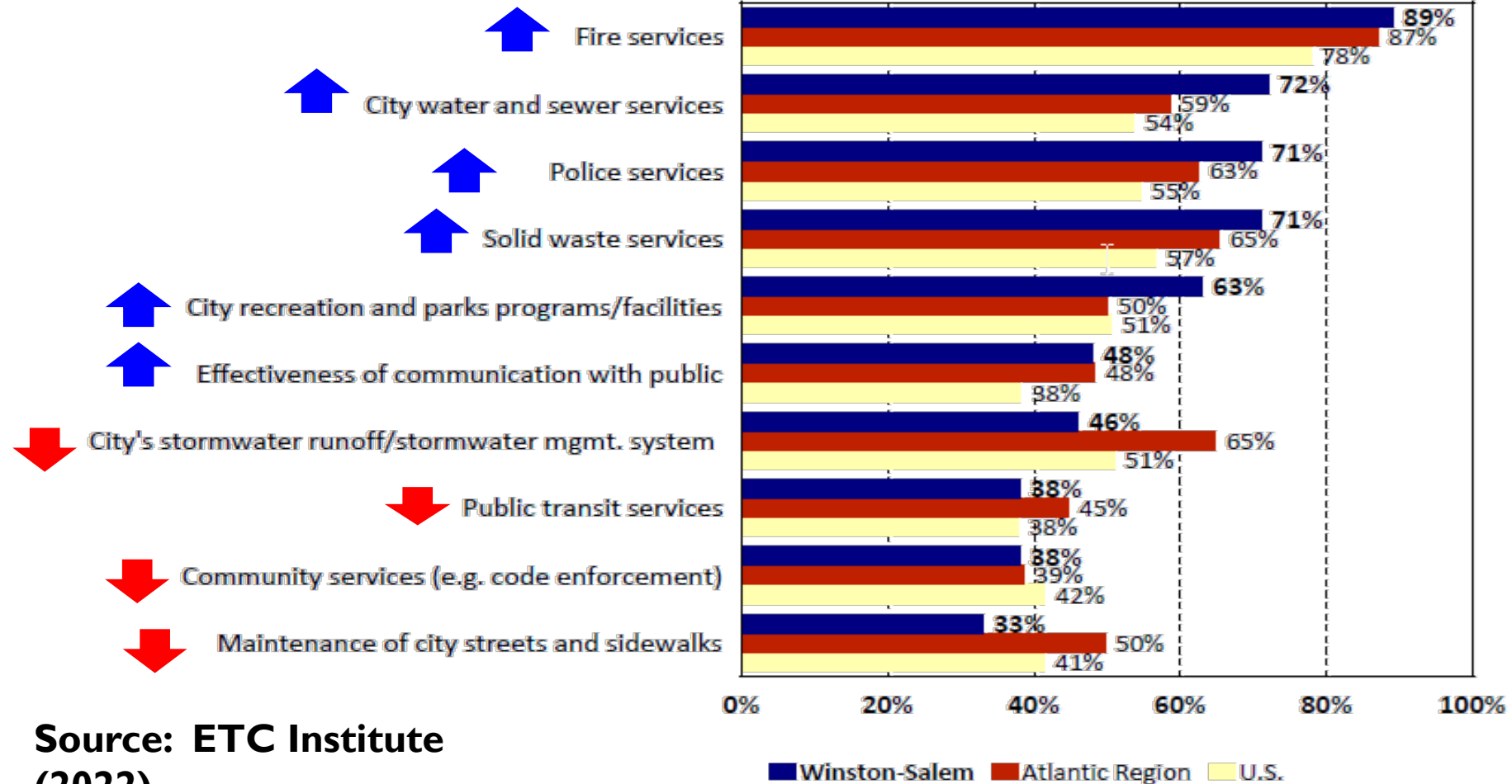
Significantly Higher:



Significantly Lower:



Satisfaction with Major Service Categories



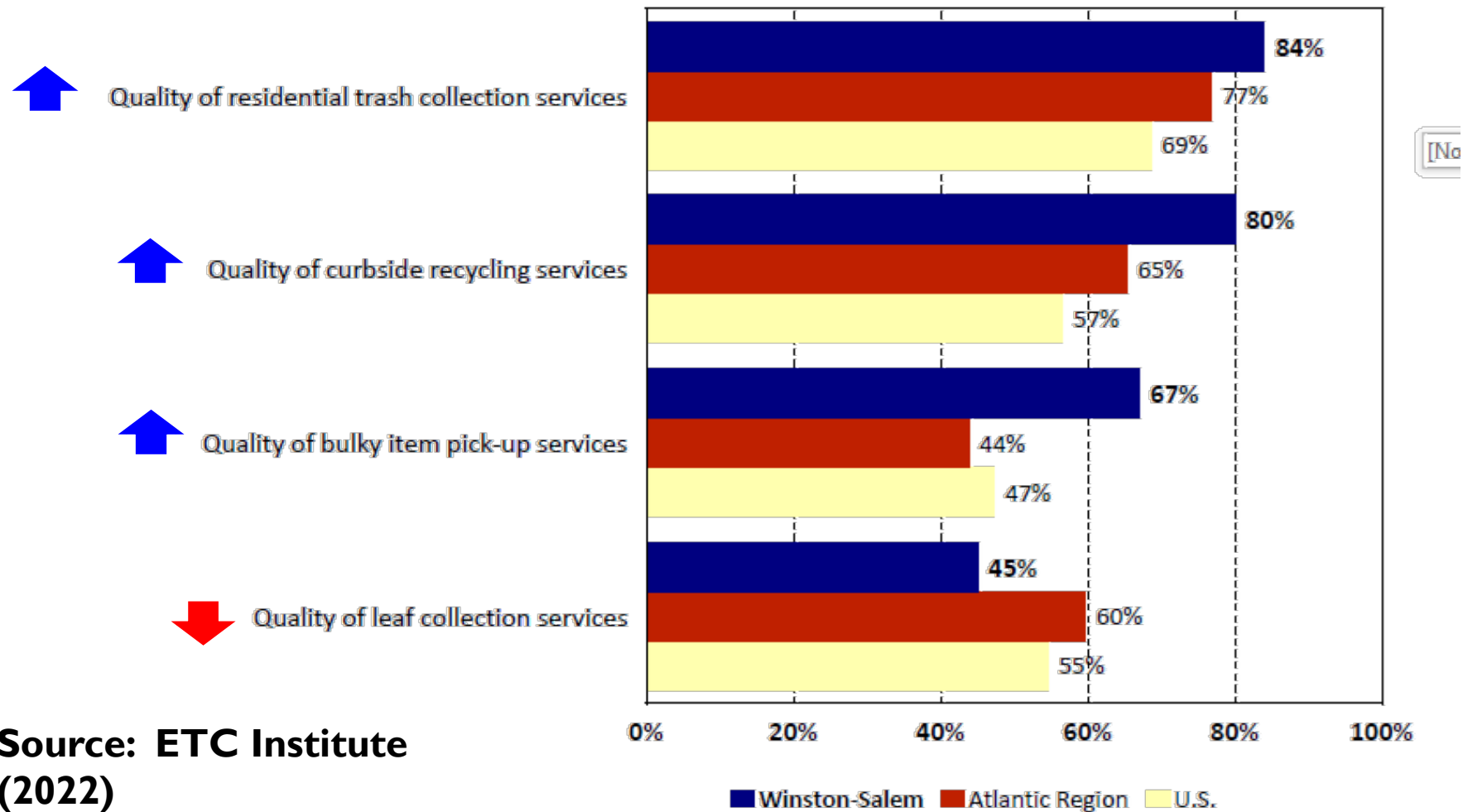
Significantly Higher:



Significantly Lower:



Satisfaction with Solid Waste Services



Source: ETC Institute
(2022)



Significantly Higher:



Significantly Lower:



Conclusion

- **Residents Have a Very Positive Perception of the City**
 - 85% rated the City as an excellent or good place to live; only 5% gave a rating of below average/poor
 - 78% rated the City as an excellent or good place to raise children; only 8% gave a rating of below average/poor
- **Satisfaction with City Services Is Much Higher in Winston-Salem Than Other Communities**
 - Winston-Salem rated at or above the U.S. average in 34 of the 57 areas that were compared
 - Satisfaction with Winston-Salem as a place to work rated 15% above the U.S. Average and 8% above the Regional Average
- **Top Priorities for the City:**
 - Maintenance of City streets
 - Crime prevention and police visibility
 - Demolishing vacant structures and enforcing clean-up of trash/debris on private property
 - Ease/availability of on-street public parking downtown
 - Parks maintenance

FY 2022-23 REMAINING BUDGET REVIEW CALENDAR



Date/Location	Event/Topic
Thursday, June 2 (5:00 p.m.) City Hall	Finance Committee Budget Workshop Capital Improvements Plan and Limited Obligation Bond Package
Thursday, June 2 (7:00 p.m.) City Hall	Finance Committee Public Hearing
Thursday, June 9 (4:00 p.m.) City Hall	Finance Committee Meeting/Workshop Consideration of a recommended budget and property tax rate
Tuesday, June 21 (7:00 p.m.) City Hall	FY 2022-23 Budget Adoption 2 nd Public Hearing and Budget Adoption

**Additional review can take place if needed at the regularly scheduled June Finance Committee Meeting on June 13th.*