

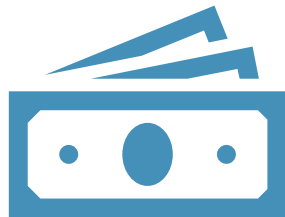
FISCAL YEAR 2022-23 PROPOSED BUDGET

FINANCE COMMITTEE WORKSHOP

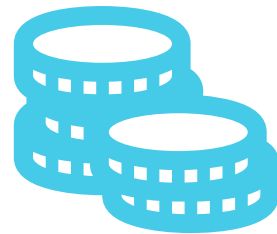
BUDGET AND PERFORMANCE MANAGEMENT DEPARTMENT
MAY 31, 2022



AGENDA



Total Budget Overview



Operating Budgets



Resident Survey Data

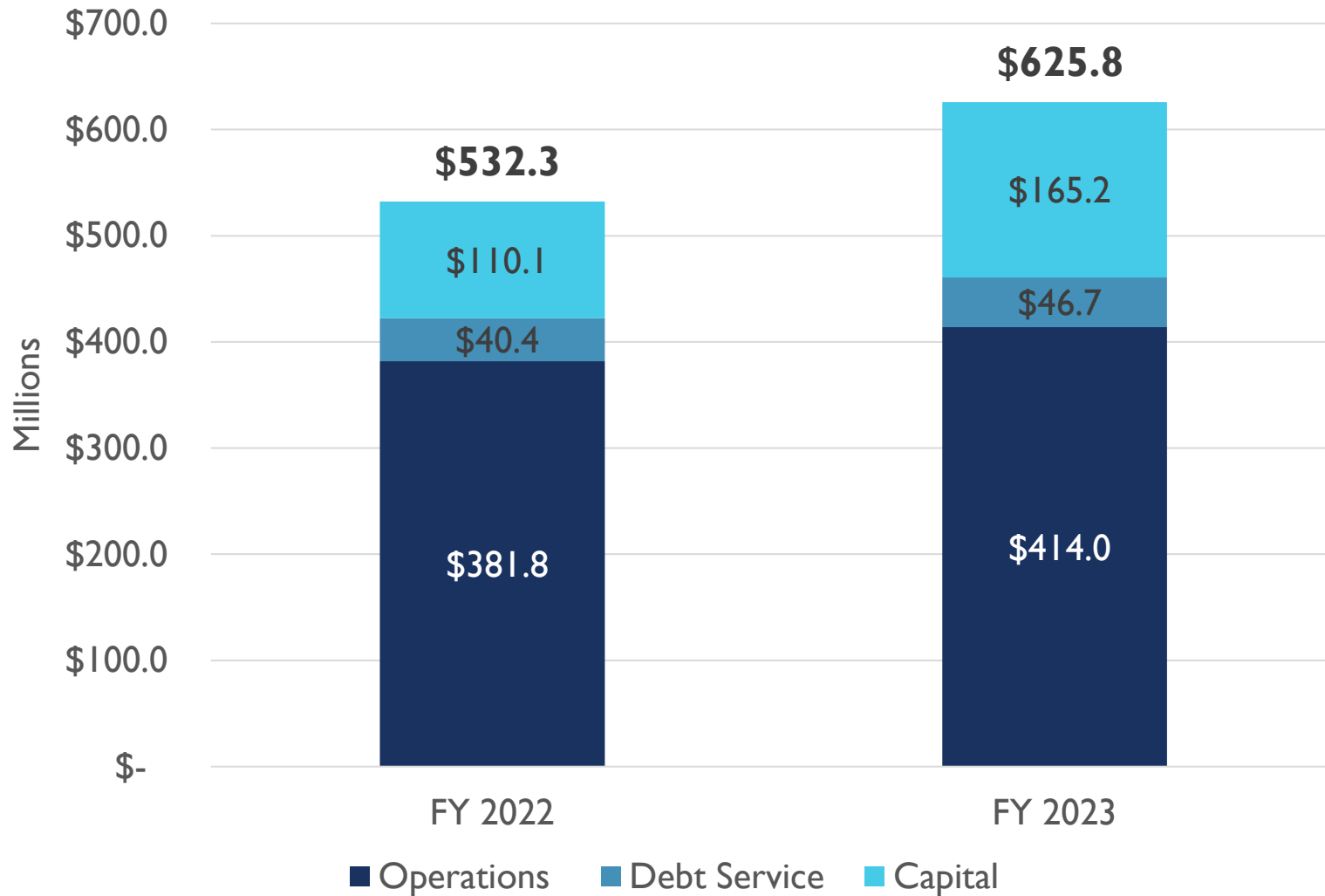


TOTAL PROPOSED BUDGET

REVENUE AND EXPENDITURE HIGHLIGHTS AND ANALYSIS



Total Proposed Budget



**TOTAL
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

Type

Annual Increase

Capital Projects Funds

\$49.7 million

Compensation

\$18.5 million

Vehicle Acquisition

\$11.3 million

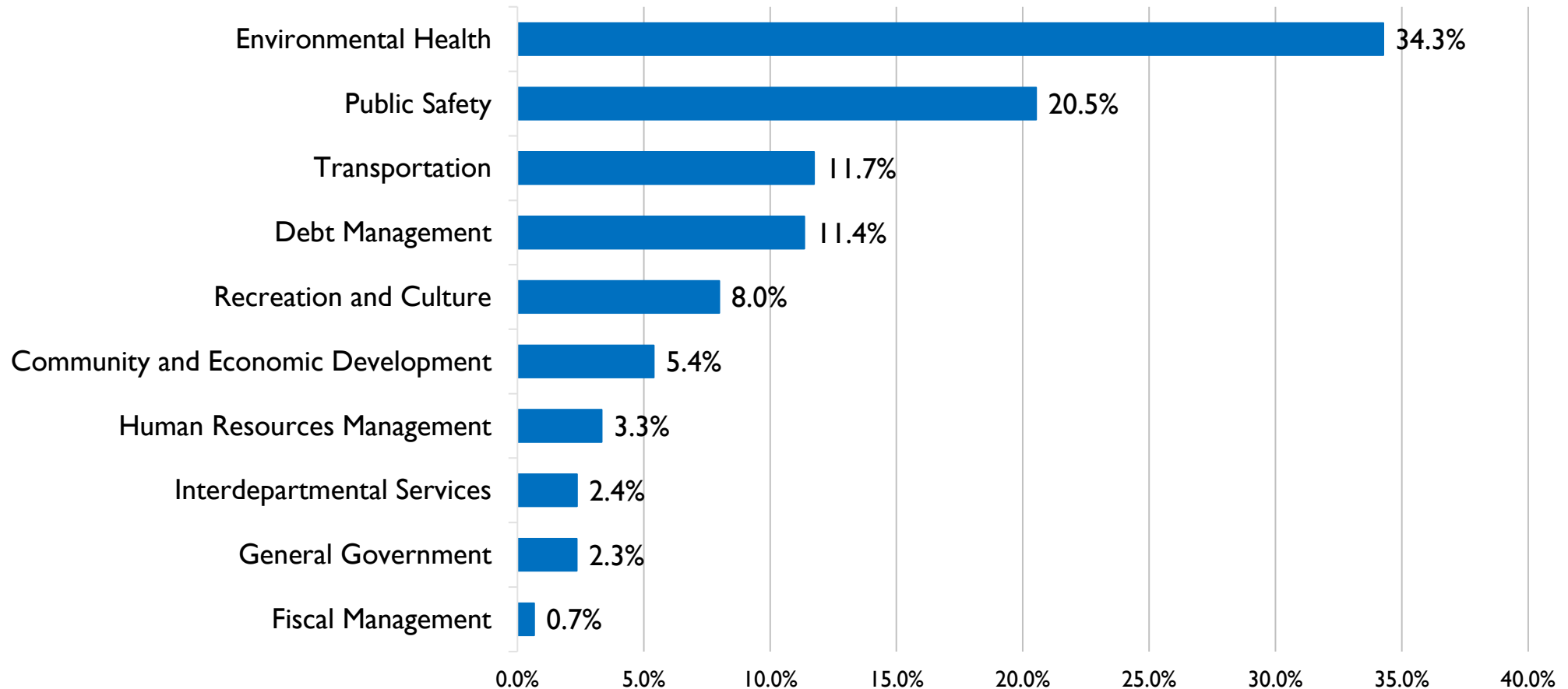
Debt Service

\$5.9 million

TOTAL

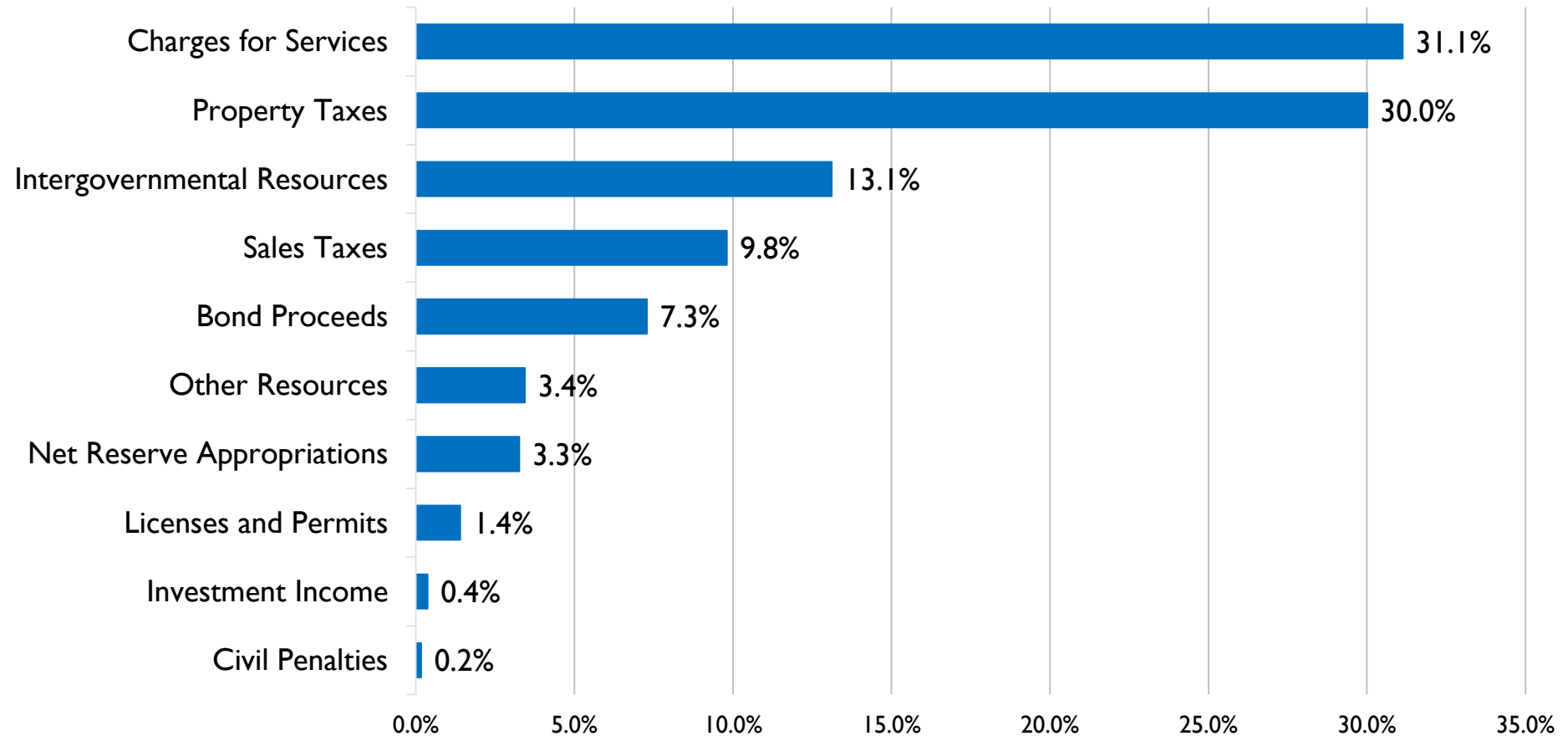
\$85.4 MILLION

TOTAL PROPOSED BUDGET EXPENDITURES



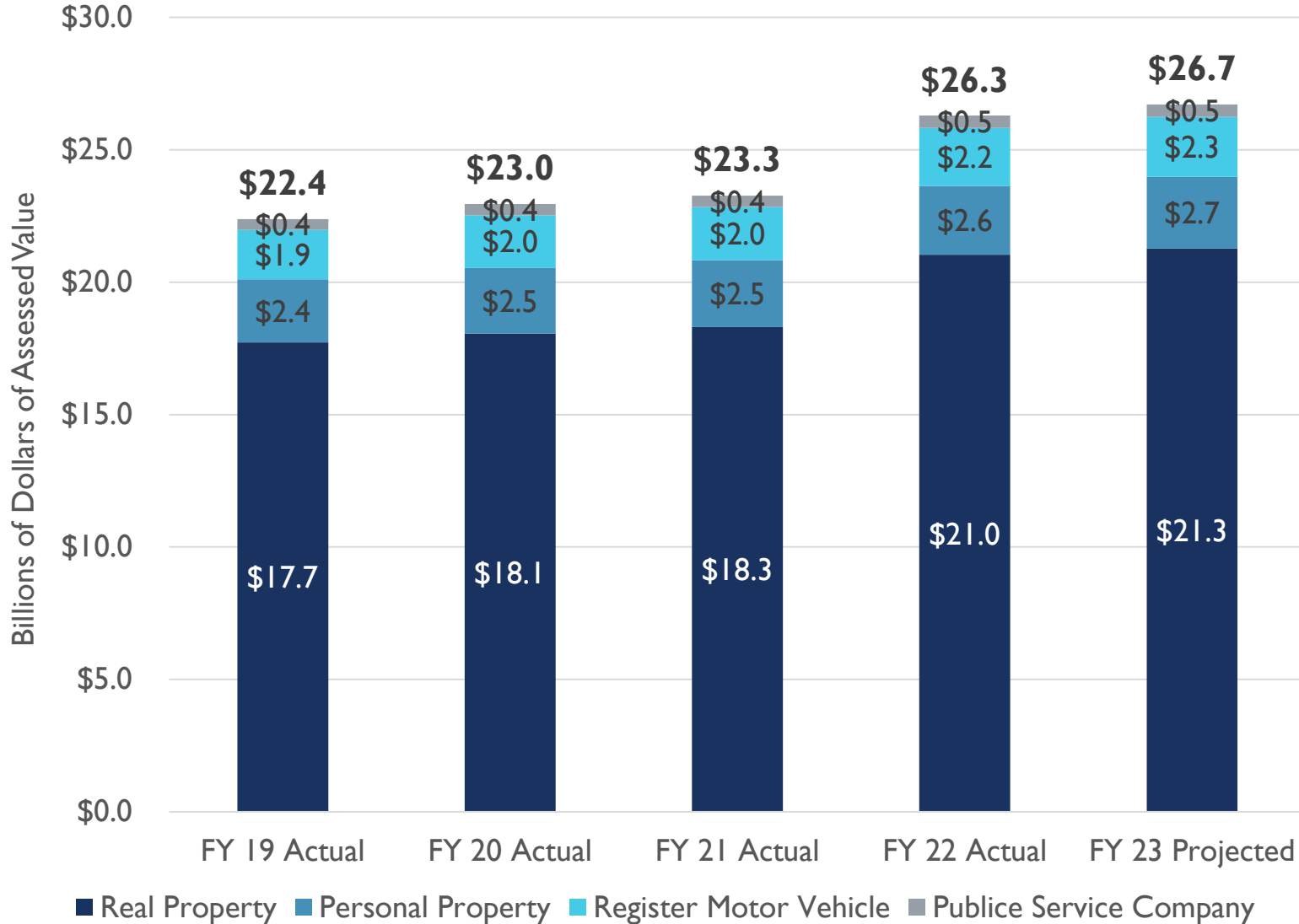
Total \$625.8 Million

TOTAL PROPOSED BUDGET REVENUES



Total \$625.8 Million

Property Tax Base



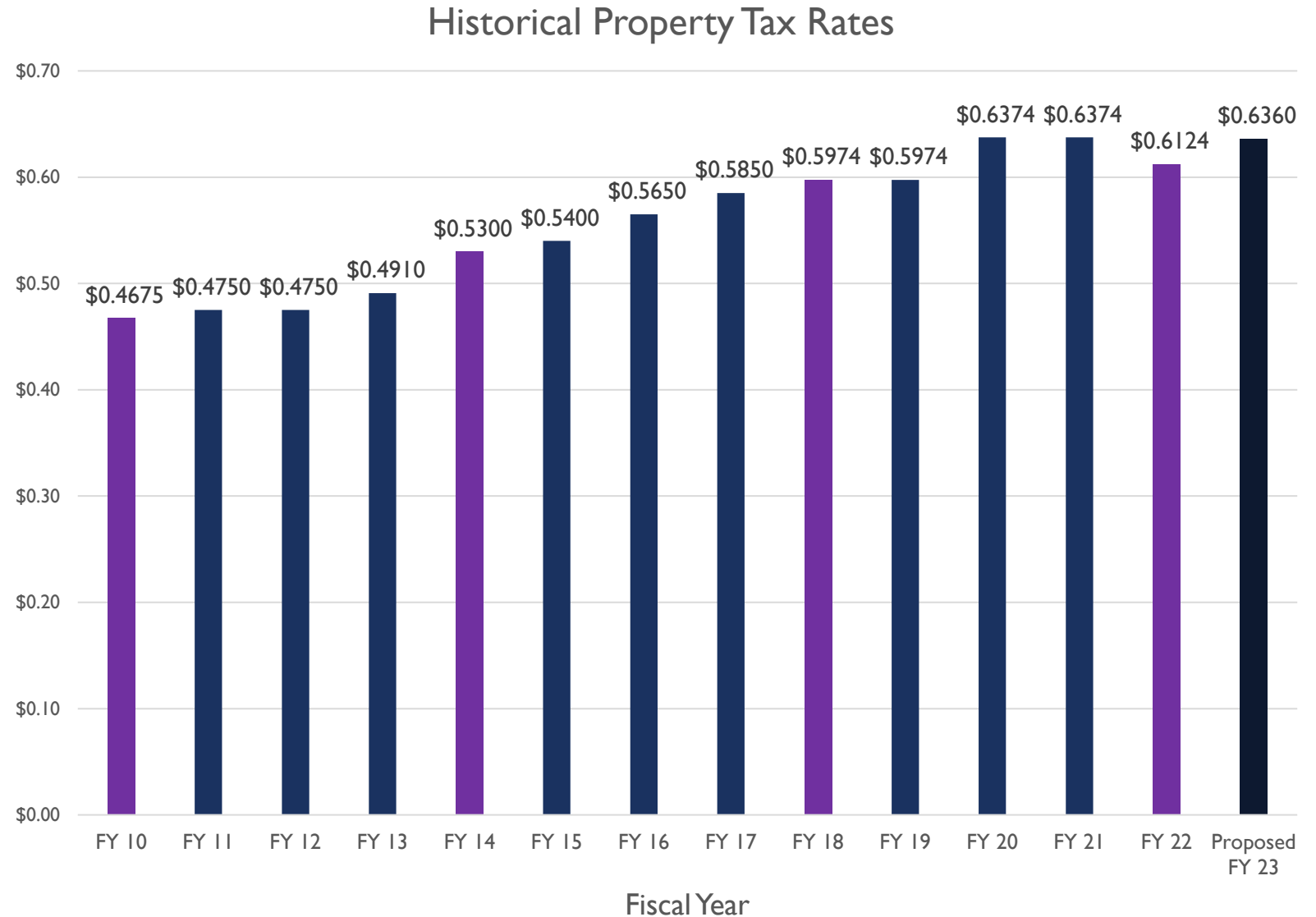
PROPERTY TAX BASE

- 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

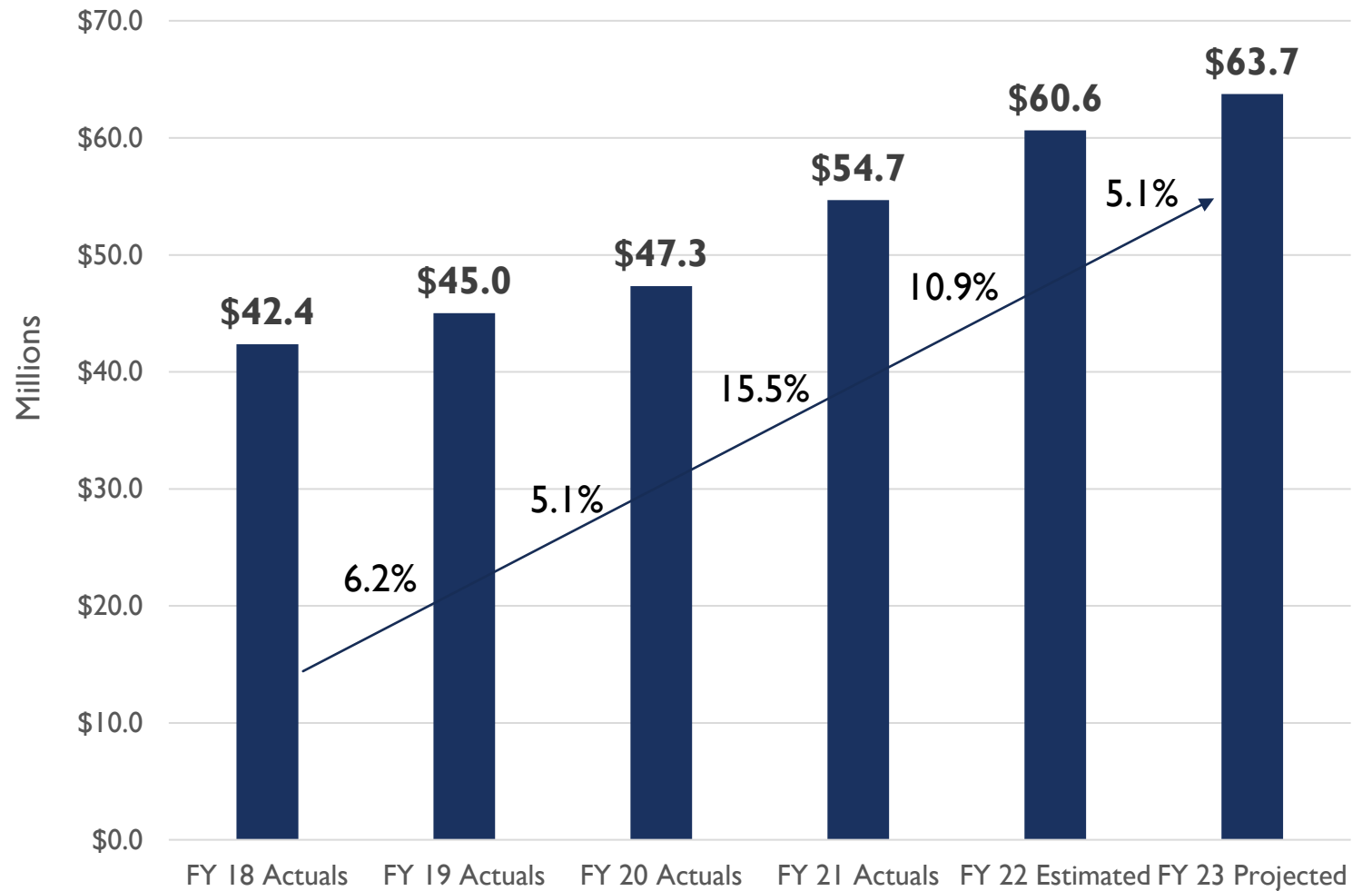
- Property tax rate increase of 2.36 cents (proposed rate: 63.6 cents per \$100 of assessed value)
 - 1.5 cents related to personnel increase, supporting new public safety pay plans
 - 0.86 cents for increases in recycling program
 - Less regressive form of revenue compared to a user fee



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

Total Sales Tax Revenues



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 |

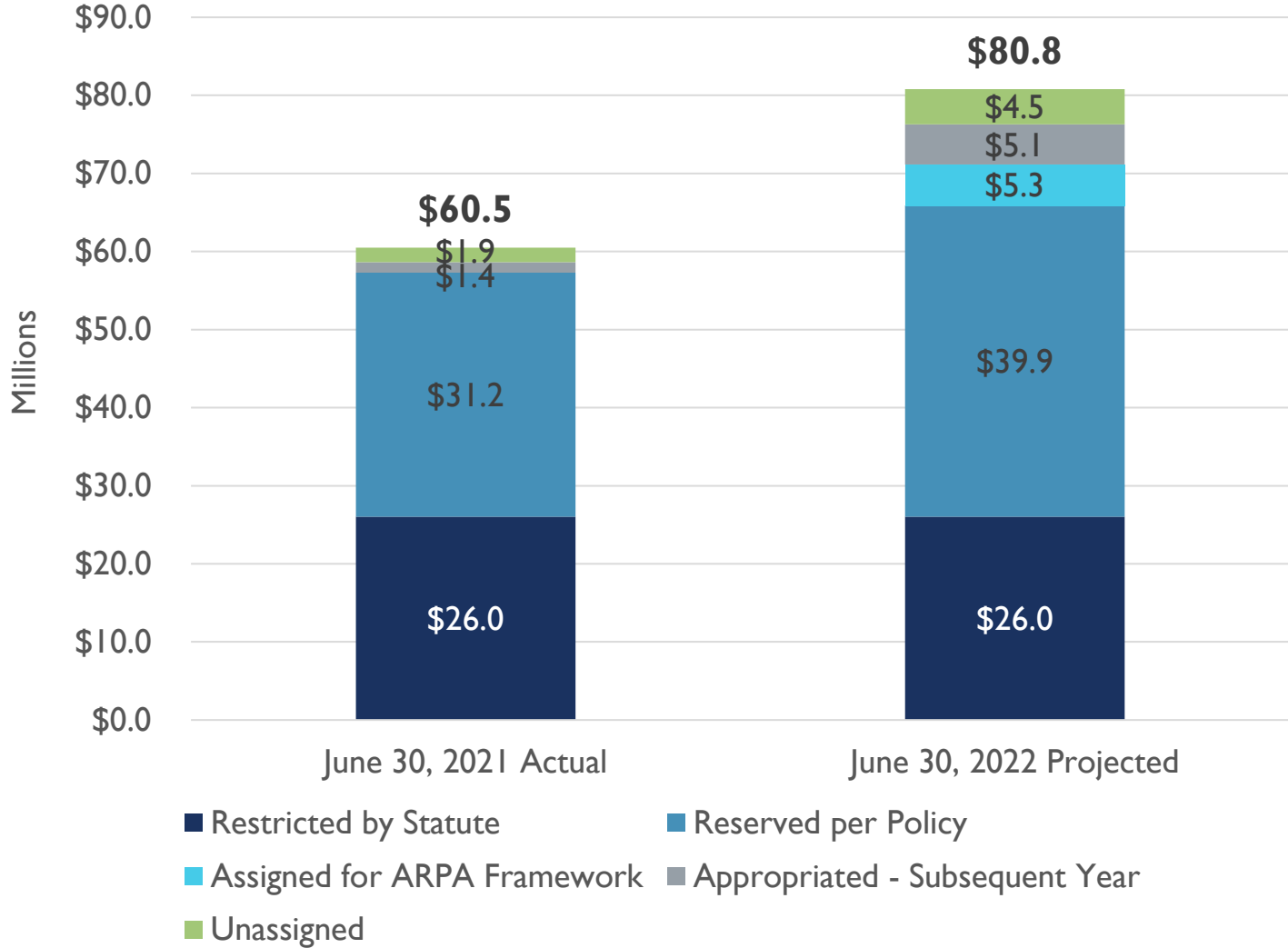


CURRENT YEAR-END PROJECTION

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**

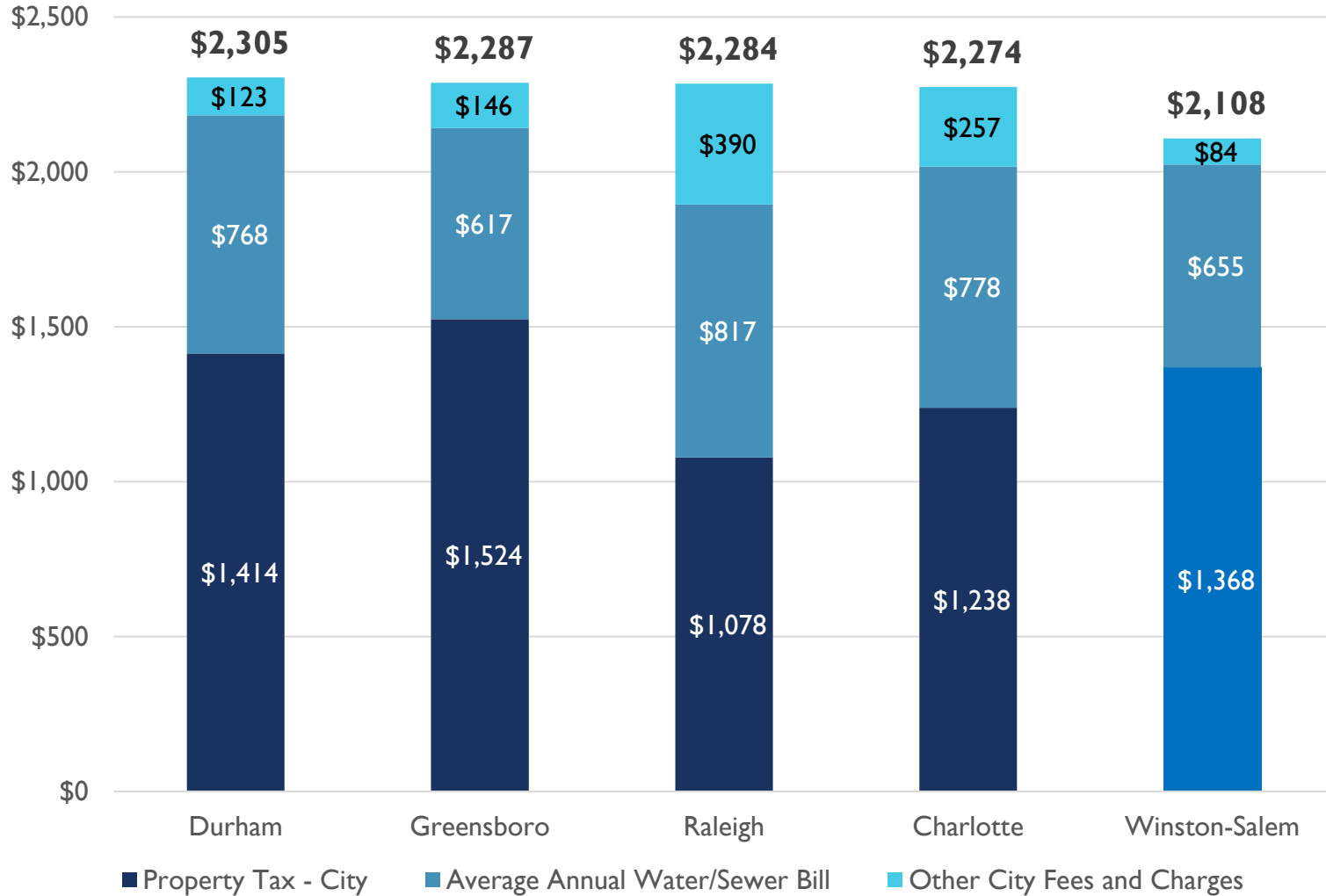
LOCAL GOV. COMMISSION: ADDITIONAL FINANCIAL INDICATOR

- 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



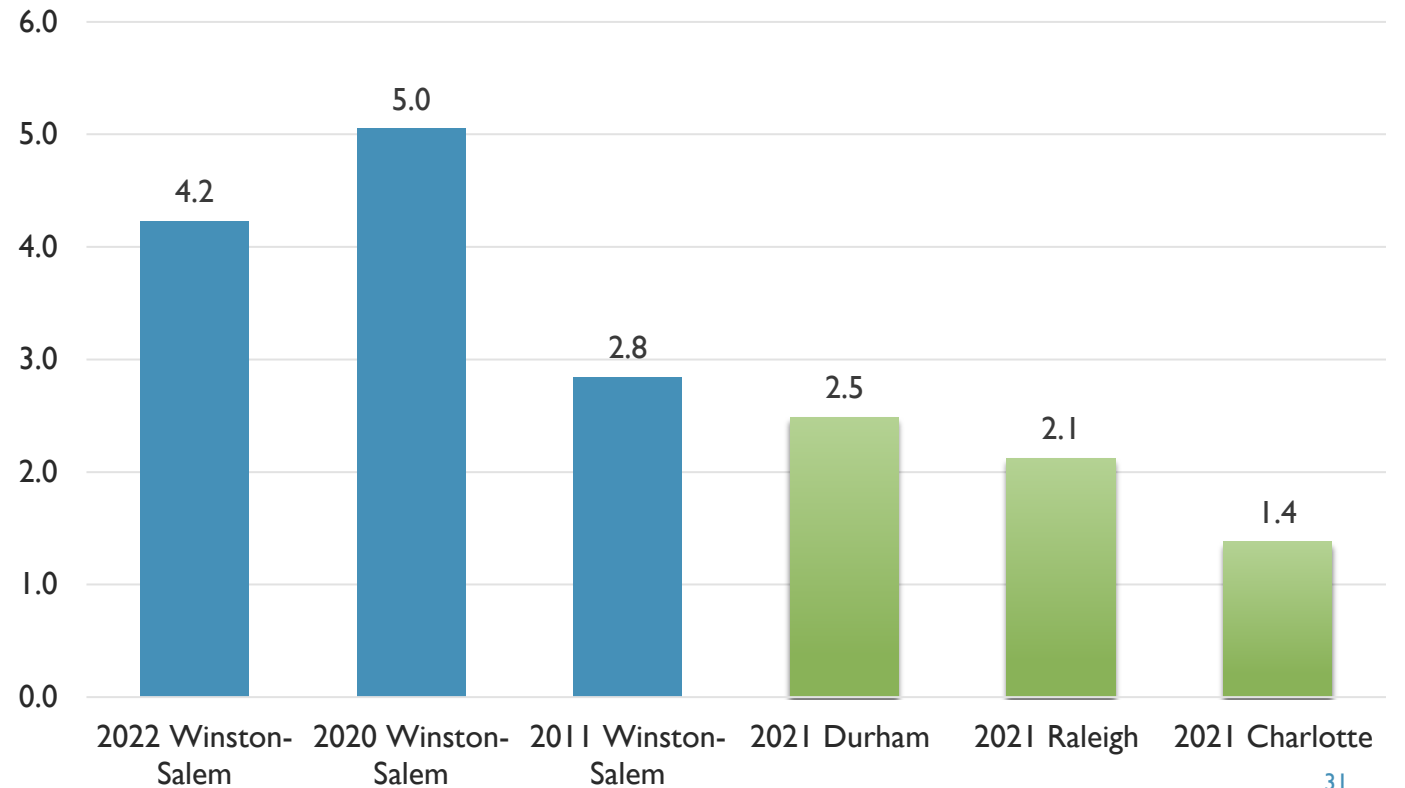
WHY LOCAL GOVERNMENTS DO RESIDENT SURVEYS?

- **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**

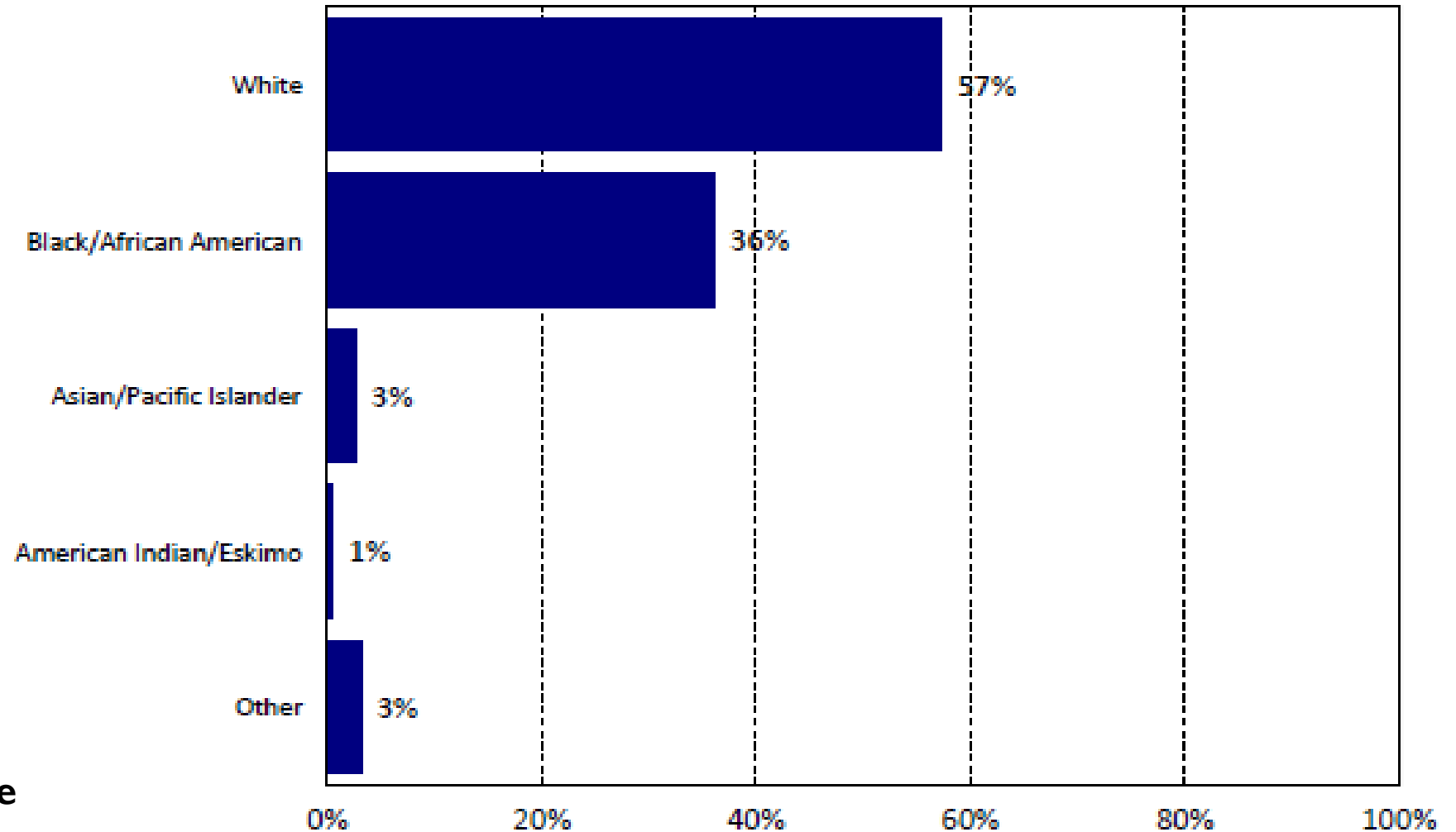
SURVEY REACH

- **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



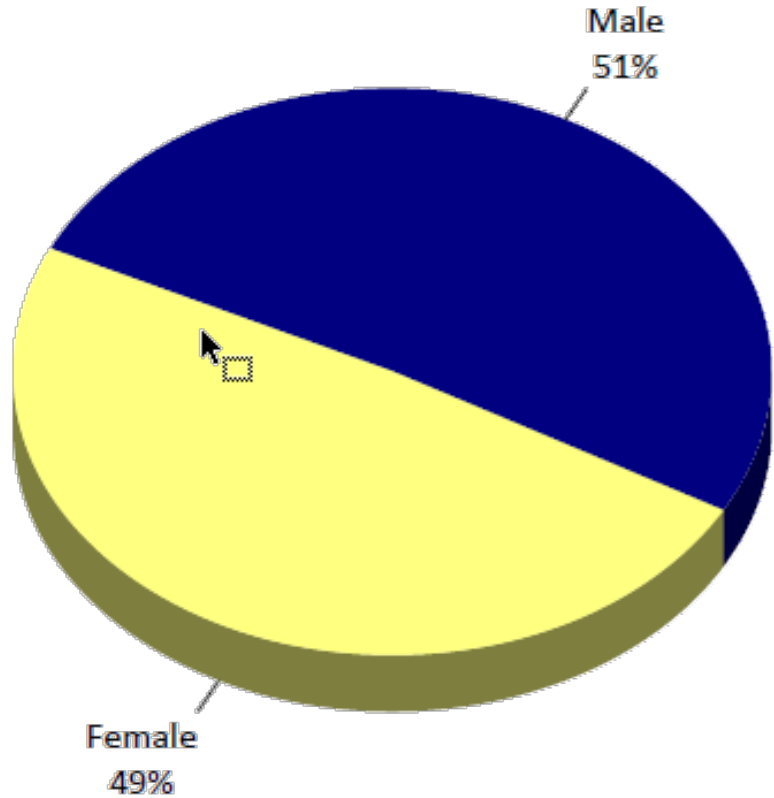
Respondent Race/Ethnicity



**Good
Representation by**

**Source: ETC Institute
(2022)**

Gender Identity

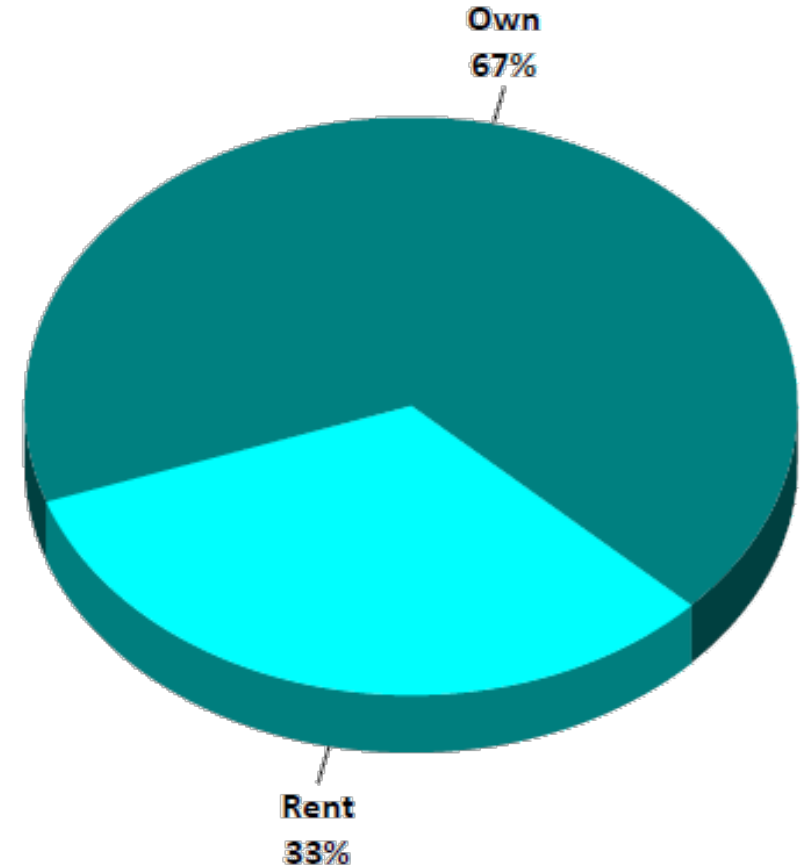


**Good
Representation by**

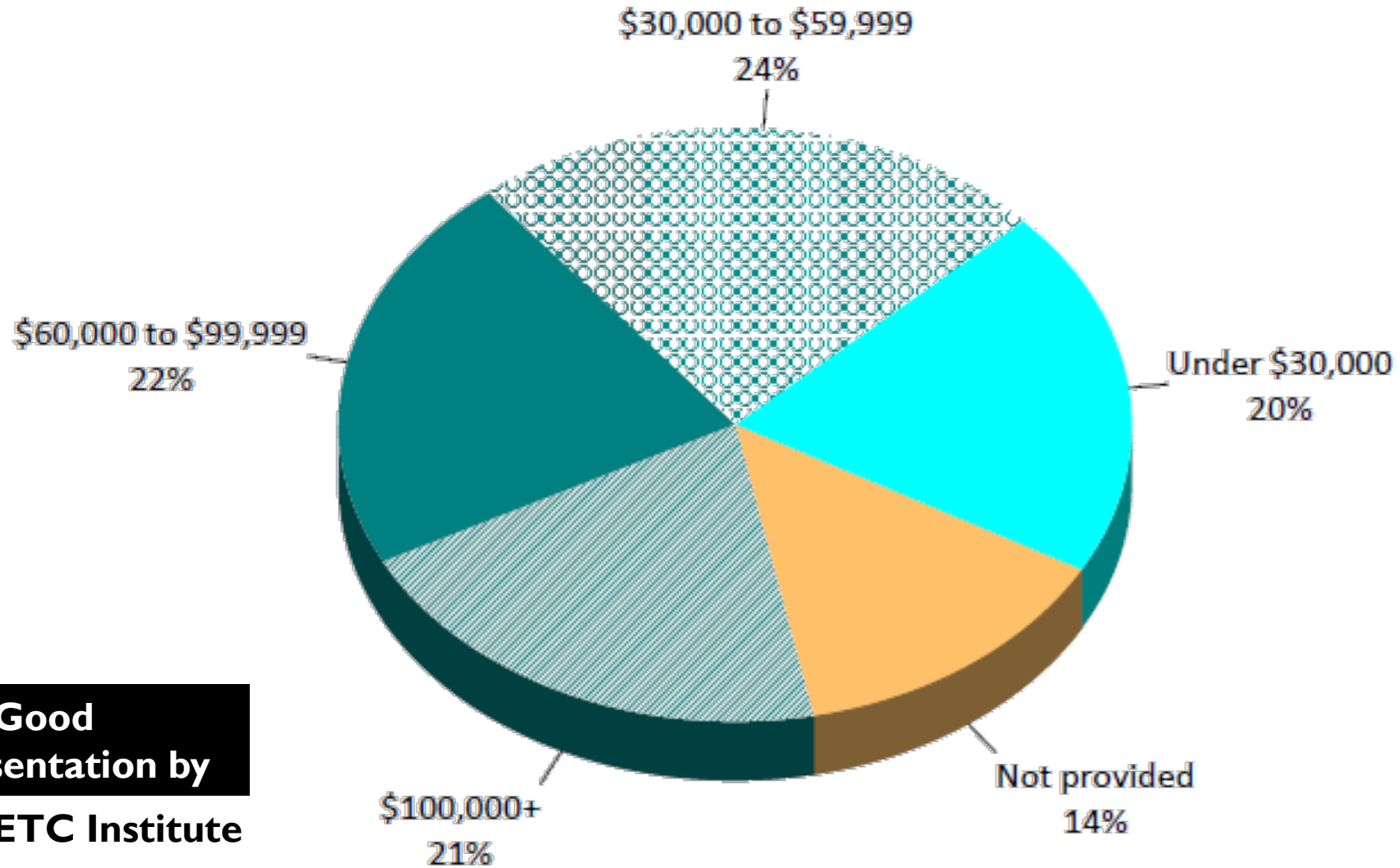
0.4% self-identified as "other"

Source: ETC Institute (2022)

Rent versus Own



Annual Household Income



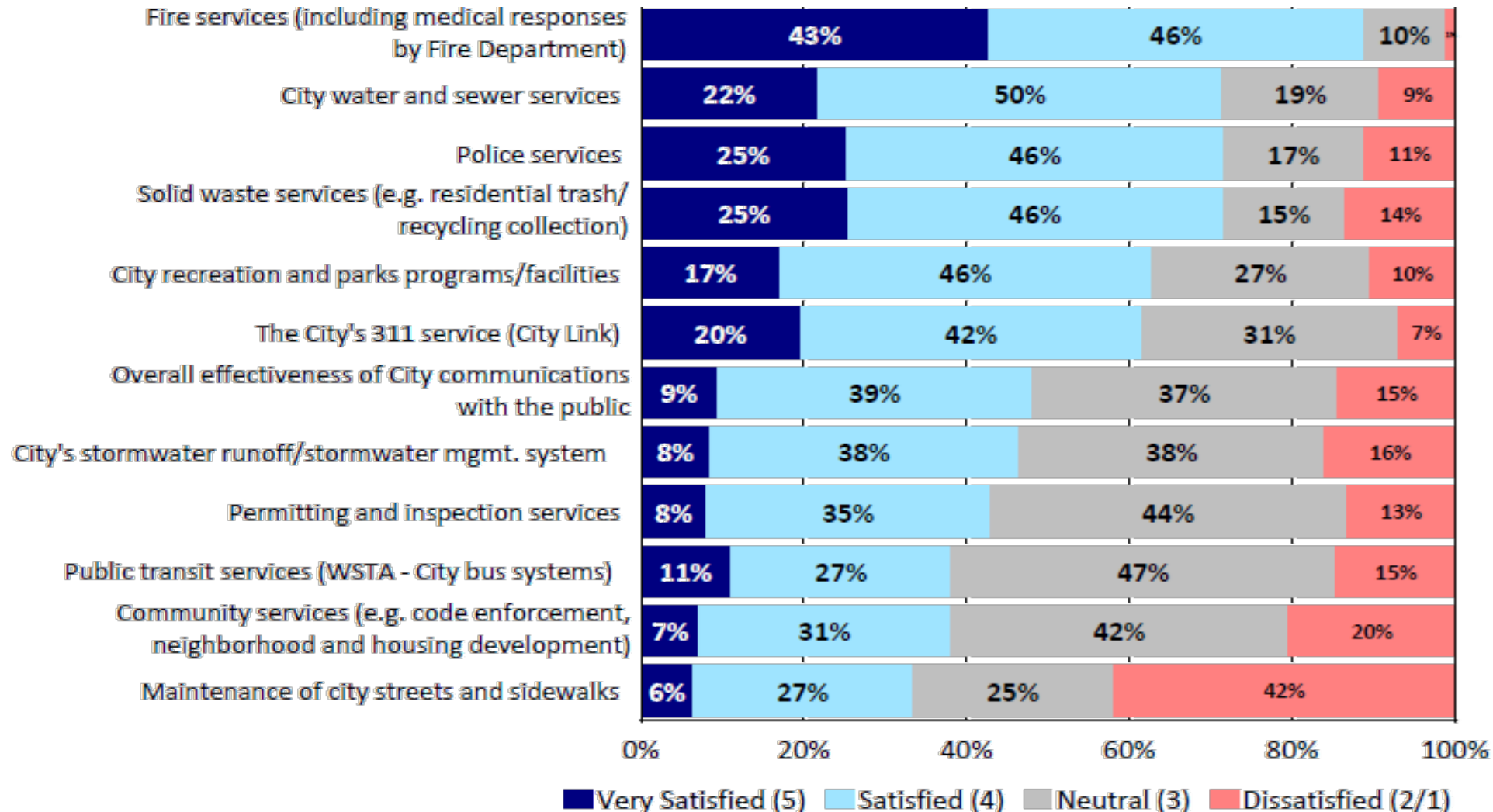
**Good
Representation by**

**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

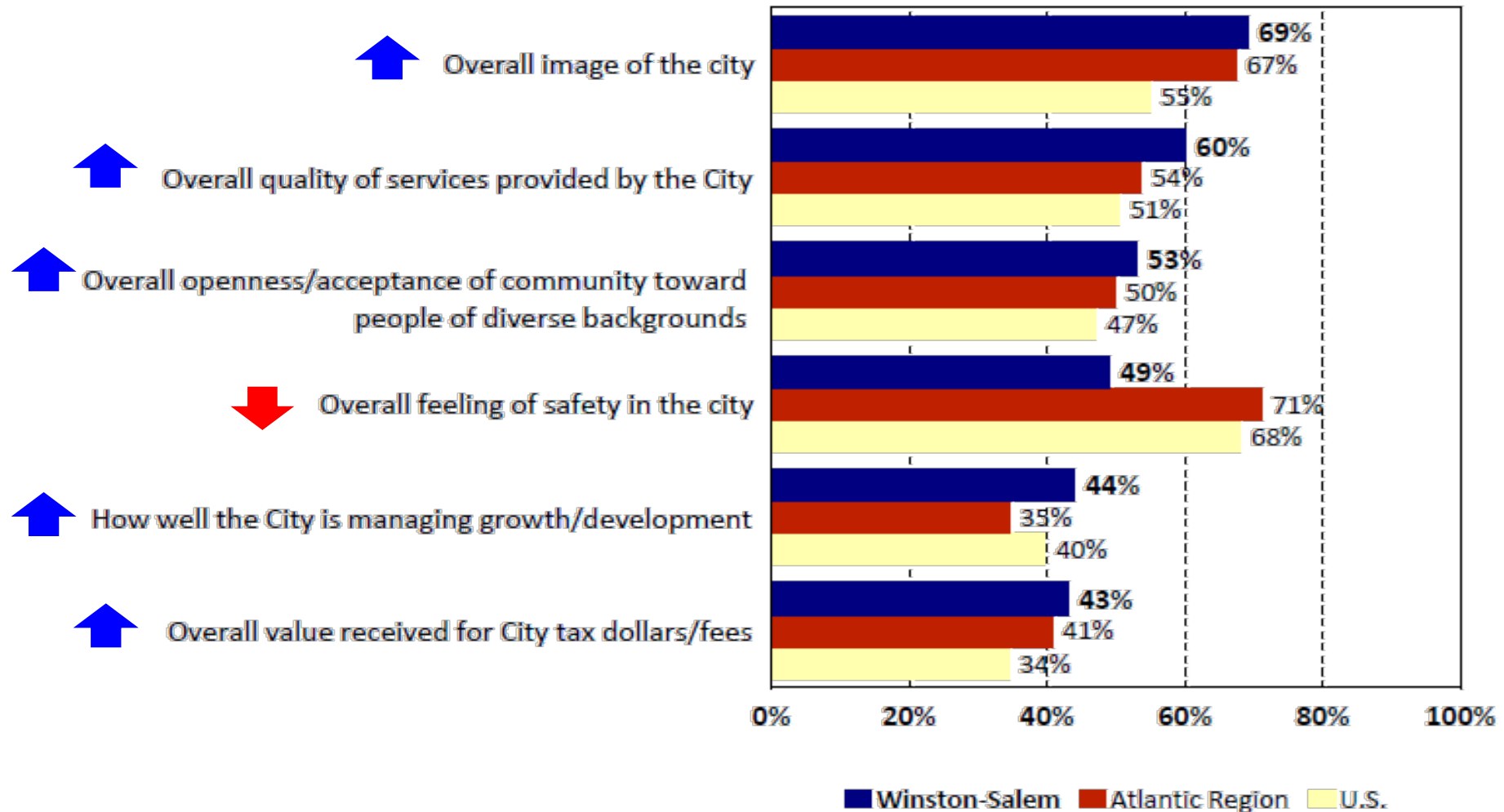
Overall Satisfaction with City Services



Source: ETC Institute (2022)

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

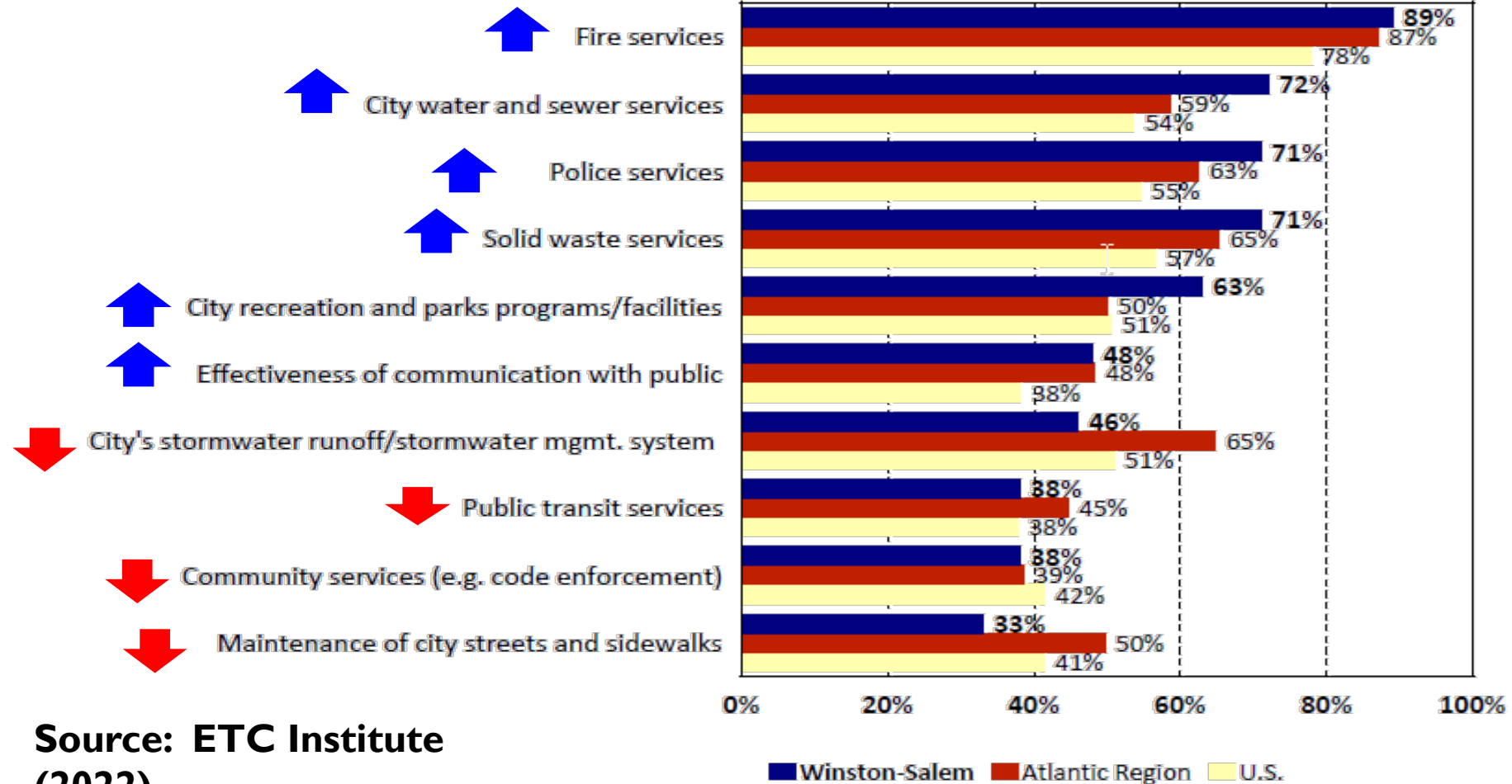
Satisfaction with Issues that Influence Perceptions



Significantly Higher: ↑

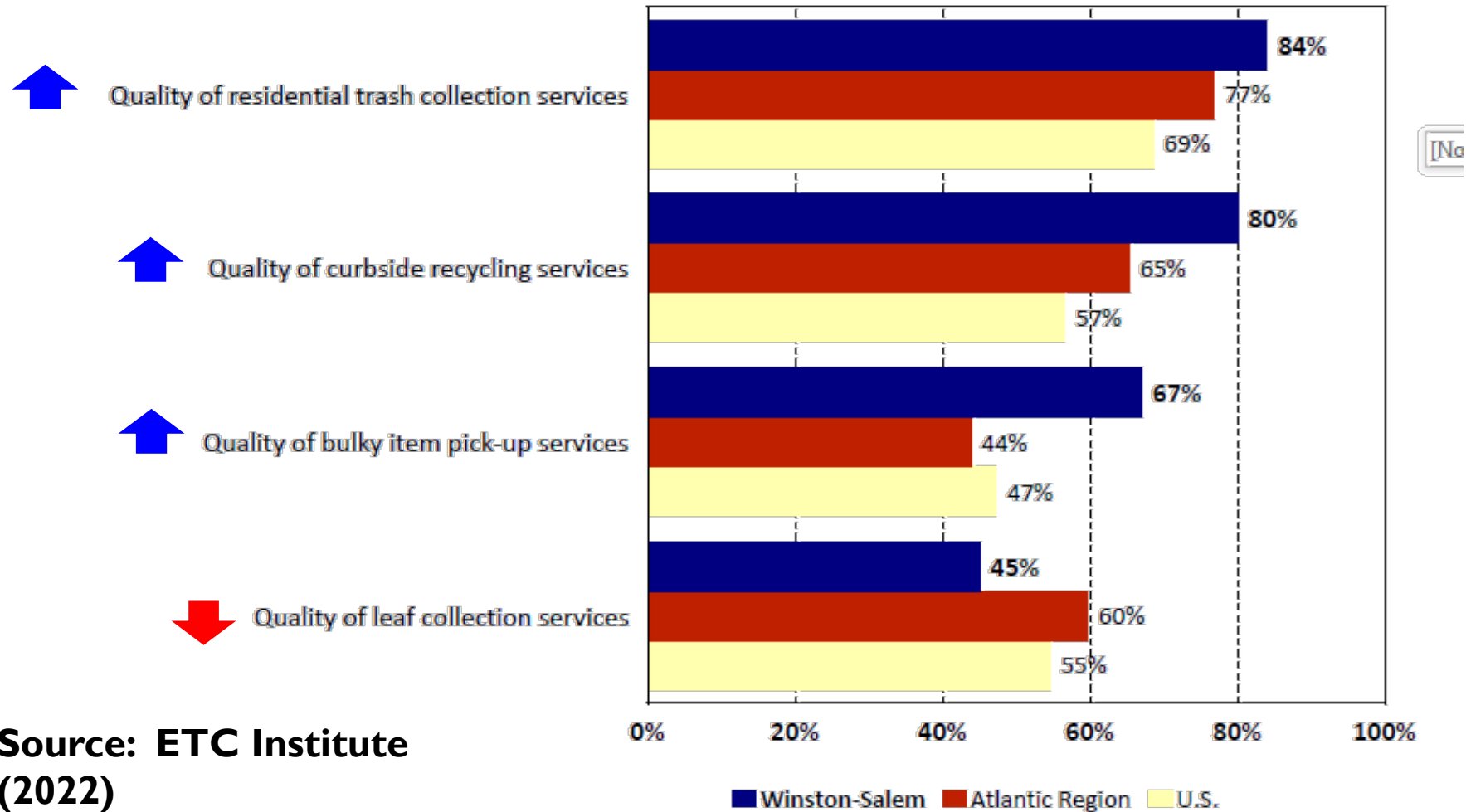
Significantly Lower: ↓

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.*