

## STAFF REPORT

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**Date:** March 18, 2024

**To:** Mayor and City Council

**Through:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Presentation, discussion, and potential direction to staff regarding the fiscal year (FY) 2024/25 budget.

**From:** Vicki Van Buren, Director of Finance

**Department:** Finance

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### **Summary:**

This is a presentation on the development of the fiscal year (FY) 2024/25 budget and potential direction to staff on strategic priorities for the FY 2024/25 budget.

### **Alignment with Strategic Plan:**

Fiscal Sustainability

### **Previous Council Action:**

There is no recent Council action relevant to this item.

### **Background:**

Annual budget development begins with budget planning in November and December, Council budget workshops are held from March to May, and the final budget adoption is in May. The focus of staff during this process is addressing priorities while maintaining financial stability. This is the first rollup of the FY 2024/25 budget. Analysis of revenues and expenditures will continue as more data is received in March and April. Projections will be adjusted, and recommendations will be included in the next budget workshop on May 1.

### **Discussion:**

Reno Redevelopment Agency (RDA) #1 was established in 1983 and expires in 2043. The area is located downtown and includes the parking garage on Sierra Street. The parking garage revenues are pledged to debt so any excess revenue over expenditures must be transferred to the debt fund. A fixed amount of motor vehicle privilege tax was given to RDA #1 when it was established and will continue at the same amount. Miscellaneous expenses included repair and maintenance of the parking garage located on Sierra Street. There are two outstanding bonds in RDA #1 and those

bonds pay off in 2027. RDA #1 also received a loan from RDA #2 in FY22 in the amount of \$1.2 million to cover the gap needed for debt payments. This loan will be paid back as soon as cash flow is sufficient to do so. Ad valorem taxes are the sole source of funds used to pay the debt obligations. Tax increment revenues continue to grow as more properties are being developed downtown and are projected to be sufficient to pay the remaining obligations off by 2027.

RDA #2 was established in 2005 and expires in 2035. The district is spread out in seven different areas including Cabela's and the baseball district. Payment for the baseball agreement is made from RDA #2 and this was for the construction of the stadium and retail development. Ad valorem taxes are the sole source of revenues in RDA #2. This development area has grown significantly over the last few years and property tax receipts have increased accordingly.

This is the first rollup of the FY 2024/25 budget. Final property tax projections are due from the State on March 25. Analysis of revenues and expenditures will continue as more data is received in March and April. Projections will be adjusted, and recommendations will be included in the next budget workshop on May 1.

**Financial Implications:**

None at this time.

**Legal Implications:**

Legal review completed for compliance with City procedures and Nevada law.

**Recommendation:**

Staff recommends the Board provide feedback regarding the FY 2024/25 budget.

**Proposed Motion:**

I move to direct staff to move forward with the development of the FY 2024/25 budget based on feedback from the Board.

**Attachments:**

Presentation