

STAFF REPORT

Date: January 17, 2024

To: Mayor and City Council

Thru: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Resolution to Augment the Budget of the City of Reno, Nevada for Fiscal Year (FY) 23/24; and Approval of Budget Revisions for the Period of October 1, 2023, through December 31, 2023.

From: Lynsey Hatfield, Senior Management Analyst

Department: Finance

Summary:

The City adopts an annual budget each year. The annual budget is the overall plan for City services for the fiscal year (FY). As we proceed through the FY, the plan changes and evolves requiring resources to be reallocated or added through budget augmentations. Budget augmentations must be adopted by resolution, and information forwarded to the Nevada Department of Taxation for approval. Augmentations of appropriations of a fund that receives ad valorem taxes must be noticed in the local newspaper prior to Council approval. The Augmentations to the General Fund and Street Fund were noticed as required.

Alignment with Strategic Plan:

Fiscal Sustainability

Arts, Parks, and Historical Resources

Public Safety

Infrastructure, Climate Change, and Environmental Sustainability

Previous Council Action:

October 11, 2023 - Council approved budget augmentations/revisions for the first quarter through September 30, 2023.

May 24, 2023 - Council adopted the FY 23/24 Budget.

Background:

Council previously adopted the FY 23/24 budget being augmented on May 24, 2023.

Discussion:

The principal budget development period for the City begins with budget planning in October and November and leads to budget adoption in May, with funding available on July 1 of each fiscal year. The focus of staff during this process is long-term planning to sustain City operations and meet Council goals. During the year, however, matters arise that require a more immediate response rather than waiting until the next budget cycle for funding. Instead of each individual request coming to Council at different times during the year, staff combines these requests into one report that is presented to Council quarterly as we progress through the FY.

General Fund

The additional appropriations to the General Fund included in the proposed augmentation are \$12.4 million. Of that, \$2.9 million is related to the addition of grants and reimbursements. Included in the grants and reimbursements are awards to the Parks Department, Police, and Arts & Culture (City Manager's Office). The carryforward of \$361,000 reflects amounts from FY 22/23 which were encumbered by purchase orders and not previously carried forward.

Of the total augmented amount, \$5.2 million comes from the American Rescue Plan Act (ARPA) revenue replacement funds and \$3.8 million from excess FY 22/23 ending fund balance. These revenue replacement funds and excess fund balance are proposed to be used to fund furniture, fixtures, and equipment/technology (FF&E) needs for the Public Safety Center and Moana Pool projects, public safety severance/ payouts, and additional forensic services costs.

This augmentation includes the addition of eight (8) new positions to the General Fund. Of the eight new positions, all have funding sources that reimburse the General Fund. Included are six (6) medic positions for Fire funded with federal Ground Emergency Medical Transportation (GEMT) funds. The GEMT program allows local government providers of ground emergency medical transportation (ambulance transport) to recover the actual costs of providing prehospital emergency medical transport services. This program allows the City of Reno Fire Department to recover overhead costs directly related to the transport of a patient, resulting in a reimbursement of the true costs associated with providing emergency medical services (EMS). This is in alignment with Council's approval of the GEMT Program on February 23, 2022. Also included is one (1) Fire Inspector position (with vehicle) to focus on building review with funding reimbursed from the Building Enterprise Fund. Additionally, one (1) Systems Analyst is proposed for the Information Technology (IT) department to focus on support for the ServiceNow software platform. The indirect cost allocation model will be used to capture the enterprise fund allocations and those funds will be reimbursed to the General Fund for this position on a go-forward basis.

The augmentation also includes an additional transfer from the Room Tax Fund to the General Fund to support additional special events such as movie nights in the park. The remaining adjustments are revisions to align budget amounts to updated expense categories or departments.

Revisions do not result in an increase to the overall City budget and occur to align the budget with anticipated expenditures.

The following items are included as General Fund budget augmentations:

- General Fund

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| Police grants & other reimbursements | \$2,389,642 |
| Parks grants | 80,564 |
| Arts & culture grant (City Manager's Office) | 35,500 |
| Additional Fire severances/payouts | 2,000,000 |
| Additional Police severances/payouts | 2,500,000 |
| Additional Police forensic services costs | 500,000 |
| 6 new positions -Fire medics (GEMT funds) | 238,771 |
| 2 new positions -Fire Inspector /vehicle; IT Systems Analyst (Enterprise Funds reimbursed) | 202,984 |
| Transfer to Public Safety Center Capital Project (FF&E) | 1,500,000 |
| Transfer to Moana Pool Capital Project (FF&E) | 2,500,000 |
| Additional special events support (transfer from Room Tax) | 25,000 |
| Carryforward prior year encumbrances | 361,457 |
| Carryforward prior year fund balance/adjust to actual | 30,914 |
| TOTAL General Fund | \$12,364,832 |

Street Fund

The proposed augmentation in the Street Fund will establish a team of four (4) new Maintenance Worker positions to focus on the maintenance of medians and parkways in the right of way. Funding for this team is recommended from fuel tax revenue in the street fund. Fuel taxes per Nevada Revised Statute (NRS) 365.532(5)(f) can be used for maintenance of a "traffic separator." Median is defined as the reserved area that separates opposing lanes of traffic. They can also be used for the maintenance of parkways and sprinkling facilities and the control of vegetation per NRS 365.532(5)(e). Parkway is defined as a landscaped thoroughfare. The Street Fund Policy allows for this use upon approval of the City Council.

With the first quarter augmentation, the Traffic Engineering division staff were moved from the General Fund to the Street Fund. This augmentation moves the remaining services and supplies associated with this division to the Street Fund as well.

- Street Fund

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| Right of way maintenance team (includes 4 new positions) | \$575,569 |
| Traffic Engineering Division services and supplies | 324,830 |
| TOTAL Street Fund | \$900,399 |

Room Tax Fund

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| • Room Tax Fund | |
| Additional special events support- transfer to General Fund | \$25,000 |
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| TOTAL Room Tax Fund | \$25,000 |

Capital Projects Funds

As previously approved by Council, \$5.2 million of ARPA funding is being recognized as revenue replacement funds transferring to the General Fund. Allocations back to capital projects include \$2.5 million and \$1.5 million for FF&E for the Moana Springs Community Aquatics and Fitness Center and the Public Safety Center respectively.

This augmentation also includes \$4.8 million in grant revenue received. Of that amount, \$4.5 million is from the Construction Grant Agreement with the William N. Pennington Foundation for the construction of the Moana Springs Aquatics and Fitness Center accepted by Council on August 10, 2022. Receipt of this revenue was anticipated in FY 22/23 but was not received until the current FY. Recognition of donation accepted by Council on October 25, 2023, from the Atlantis Casino Resort Spa for the costs associated with the purchase and installation of equipment and furnishings for the fitness center and multipurpose rooms at the Moana Springs Community Aquatics and Fitness Center in the amount of \$250,000. The final \$5,192 donation is from Dutch Bros. for the Moana Springs Community Aquatics and Fitness Center was accepted by Council on December 13, 2023.

Also included is a transfer from the General Fund for \$61,191 for use as grant match funds by the IT department to replace dated IT infrastructure. The remaining balances are to adjust the beginning fund balances to actuals as of June 30.

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| • Capital Projects Funds | |
| General Capital Projects Funds – grants, donations, and adjust to actual | \$8,180,452 |
| ARPA Revenue Replacement | 5,212,312 |
| Moana Springs Aquatics and Fitness Center Project Fund | 2,500,000 |
| Public Safety Center Capital Project | 1,500,000 |
| Special Ad-Valorem Capital Tax Fund – adjust to actual | 186,999 |
| Room Surcharge Capital Projects Fund – adjust to actual | 2,637,891 |
| Ballroom Capital Project Fund- adjust to actual | 7,734 |
| Street Bond / Impact Fee Fund- adjust to actual | 27,790 |
| ReTRAC Maintenance Fund- adjust to actual | 1,058,781 |
| Green Energy Bonds Capital Project Fund – adjust to actual | 26,862 |
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| TOTAL Capital Projects Funds | \$21,338,821 |

Sewer Fund

The proposed augmentation in the Sewer Fund includes the addition of six (6) new positions. New positions include an Asset Data Program Manager to provide mapping and asset management assistance department-wide, a Project Coordinator to assist with major floodplain management reviews, a Management Analyst to manage special projects and outreach efforts, a Senior Civil Engineer to lead major projects and programs in wastewater and recycled water for the Utility Services Department, and two new positions to support the Maintenance and Operations Department. The Maintenance and Operations positions include a Fabrication Specialist to perform fabrication work for Sewer fleet and infrastructure and funding for an Equipment Mechanic to focus on Sewer fleet maintenance.

Additionally proposed is \$1.5 million to purchase two new combo trucks and a new truck for the Sewer Maintenance Division. These purchases will address current critical needs in the Sewer fleet. The final item is a private grant for Lake Park in the amount of \$30,832.

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| • Sewer Fund | |
| Six new positions | \$460,455 |
| Sewer fleet additions | 1,500,000 |
| Lake Park private grant | 30,832 |
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| TOTAL Sewer Fund | \$1,991,287 |

Building Fund

The proposed augmentation in the Building Fund will fund the new Fire Inspector position outlined under the General Fund section of this staff report.

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| • Building Fund | |
| Funding to General Fund for new Fire Inspector position | \$202,984 |
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| TOTAL Building Fund | \$202,984 |

Fleet Fund

The proposed augmentation in the Fleet Fund will fund the new Equipment Mechanic position outlined under the Sewer Fund section of this staff report.

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| • Fleet Fund | |
| Funding from Sewer Fund for new Equipment Mechanic | \$57,031 |
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| TOTAL Fleet Fund | \$57,031 |

The remaining proposed augmentations are to adjust the beginning fund balances to actuals as of June 30.

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| • HUD and State Housing Funds -adjust to actual | \$1,614,384 |
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| • Community Assistance Fund- adjust to actual | 831,965 |
| • Performance Deposit Fund- adjust to actual | 4,697,684 |
| • Drainage Facility Impact Fund- adjust to actual | 1,266 |
| • Stabilization Fund- adjust to actual | 40,694 |
| • Court Special Revenue Funds- adjust to actual | 1,942,533 |
| • Drug Forfeiture Special Revenue Funds- adjust to actual | 1,262,419 |
| • Debt Service Funds- adjust to actual | (371,146) |
| • Park Districts Capital Projects Funds- adjust to actual | 1,516,226 |

Financial Implications:

Augmentations are funded by various sources per the attachment. All other items are revisions that move allocations between line items but do not increase the overall budget.

Legal Implications:

Augmentations to the current budget are required to be adopted by a resolution of Council in accordance with NRS 354.598005.

Recommendation:

Staff recommends Council adopt the Resolution approving the budget augmentations herein, direct staff to forward the approved Resolution and attachments to the Department of Taxation as required by NRS 354.598005, approve revisions on the attached list, and record these changes in the minutes.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

- Resolution
- FY 23/24 2nd Quarter Part 1 & Part 2
- FY 23/24 1st Quarter Public Notice
- Staff Presentation