

## STAFF REPORT

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**Date:** June 12, 2024

**To:** Mayor and City Council

**Through:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Discussion and direction to staff regarding the allocation of contingency funds (\$865,000) for fiscal year (FY) 23/24; resolution to augment the budget of the City of Reno, Nevada, for FY 23/24; and approval of budget revisions for the period of April 1, 2024, through June 30, 2024.

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

**Department:** Finance

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### **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 fiscal year, the plan changes and evolves requiring resources to be reallocated or added through budget augmentations. Budget augmentations must be adopted by resolution, and the information forwarded to the Nevada Department of Taxation for approval. Augmentations of appropriations of a fund which receives ad valorem taxes must be noticed in the local newspaper prior to Council approval. The augmentations to the General Fund were noticed as required.

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

Fiscal Sustainability

### **Previous Council Action:**

April 10, 2024 - Council approved budget augmentations/revisions for the third quarter through March 31, 2024.

January 24, 2024 - Council approved budget augmentations/revisions for the second quarter through December 31, 2023.

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 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, issues 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 fiscal year.

General Fund

The additional appropriations to the General Fund included in the proposed augmentation are \$781,939 and are related to the addition of grants and reimbursements, additional special event revenues, and a reduction of the General Fund allocation from the Building Enterprise Fund for the support of one Fire Inspector. This reduction follows the elimination of one Fire Inspector position that was funded with reimbursement from the Building Enterprise Fund. Included in the grants and reimbursements are awards to the Parks and Recreation Department, Public Safety grants, and grants awarded to the Municipal Courts.

The following items are included as General Fund budget augmentations:

- General Fund

- Grants & Reimbursements

Police Grants & Other Reimbursements	\$	423,953
Fire Grants & Other Reimbursements		144,062
Historic Preservation Grants		90,500
Municipal Courts Grants		80,044
Parks Grants		14,667
Sustainability Grants		5,000
Additional Special Events Revenue		200,000
Building Fund contribution reduction		(176,287)
<hr/> TOTAL General Fund		\$ 781,939

The augmentation also includes the proposed allocation of \$865,000 remaining FY 23/24 contingency funds as outlined below. Previous Council action allocated \$75,000 to hire a consultant for the search for a new City Manager and \$60,000 for emergency fencing in South

Reno. This leaves a remaining balance to be allocated of \$865,000 and the proposed allocations based on Council priorities identified during the budget meetings are shown below:

Contingency – Previously approved by Council

\$1,000,000 FY 23/24 Contingency Budget

(75,000) – City Manager Search – Council approved 05/08/24

(60,000) – Emergency Horse Fencing – Council approved 05/22/24

\$865,000 – Contingency remaining

Remaining Contingency – Proposed Allocations

\$ 100,000 – Cold Case Investigations

100,000 – Haz/E-Waste Cleanups

250,000 – City Cameras (replacement/maintenance)

215,000 – Emergency Horse Fencing

200,000 – Rapid Re-Housing Program

\$ 865,000 – Total Proposed Allocations

General Capital Projects Funds

The additional appropriations in the General Capital Projects Fund include the accounting recognition of American Rescue Plan Act (ARPA) funds totaling \$20,000,000, additional revenues in the Blight Fund, and a correction to grant revenues for the Grant Drive solar project. Grant funding for this project is anticipated to be received in FY 24/25.

Other Funds

The proposed augmentations in the Housing and Urban Development (HUD) State Housing Funds and the Community Assistance Fund include additional grants. The Cabela's, Railroad, and Event Center Debt Services funds are augmented for debt service payments higher than anticipated utilizing the respective ending fund balances. Other items are revisions that move allocations between line items but do not increase the overall budget.

**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 Nevada Revised Statutes (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

State Document