

STAFF REPORT

Date: October 11, 2023

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 FY 23/24; and approval of budget revisions for period July 1, 2023 through September 30, 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. 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 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 and Street Fund were noticed as required.

Alignment with Strategic Plan:

Fiscal Sustainability

Arts, Parks, and Historical Resources

Public Safety

Previous Council Action:

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

Discussion:

The principle 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 from 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 \$12,160,180. Of that \$2,158,717 is related to the addition of grants and reimbursements. Additional revenues of \$462,700 are added for fire service charges and the new Sierra Kids after school program at JWood Raw Elementary School. Included in the grants and reimbursements are awards to the Parks Department, Public Safety, City Manager's Office and Municipal Courts.

The carryforward of \$1,822,897 reflects amounts carried forward from FY 22/23 which were encumbered via purchase order. The remainder of the FY 22/23 fund balance carryforward is funding for services or agreements that were anticipated to be expended by June 30, 2023 and were not, items Council has approved subsequent to budget adoption, or items that require additional funding. Some of the carryforward items include replenishment funding for the Risk Management Fund in the amount of \$5 million for unanticipated claims and increased insurance premiums, regional dispatch CAD upgrade, Council chambers improvements, and other items previously appropriated but not fully expended by June 30, 2023.

This augmentation includes the addition of 2.5 positions Funding was approved via reimbursement from the E911 board for a Systems Analyst for the IT Department to focus on the new regional dispatch upgrade. Funding is available for the 1.5 Parks Department positions due to revenue from the new Sierra Kids site at JWood Raw Elementary.

A detailed list of the included augmentations in the general fund is shown below.

The following items are included as General Fund budget augmentations:

- General Fund

E911 Reimbursement for software & new FTE	\$ 1,389,840
Fire Reimbursements	320,000
Municipal Courts Grants	383,319
Police Grants & Other Reimbursements	284,523
Parks Grants & increased revenue from new school site	225,989
City Manager's Office Grants	17,746

FY 22/23 Fund Balance Carryforward:

Carryforward Prior Year Encumbrances	1,822,897
Risk Fund Replenishment	5,000,000
Dispatch CAD upgrade	1,544,918
Carryforward Council Chambers improvements	340,000

Carryforward FY23 Special Event Sponsorships	200,000
Carryforward Org. Performance Mngt. System	174,000
Carryforward Redistricting	146,000
Carryforward Karma Box	144,000
Carryforward Title 4 & 5 rewrite	70,000
Carryforward Research Consultants International FDI	65,500
Carryforward Target Solutions replacement	20,000
Other Carryforward Items	11,448
TOTAL General Fund	\$ 12,160,180

Street Fund

- Street Fund

FY 23/24 Fund Balance Carryforward:

Carryforward Prior Year Encumbrances	\$ 13,330,869
TOTAL Street Fund	\$ 13,330,869

Room Tax Fund

The carryforward of unspent funds for the Arts Commission and Art in Public Places is shown below in the Room Tax Fund. These funds were previously allocated but not spent by June 30, 2023. This augmentation also includes a Federal grant for Public Art (\$35,000) and carryforward for unspent Art Belongs Here allocation (\$40,000) and Council Projects (\$262,950).

- Room Tax Fund

FY 22/23 Fund Balance Carryforward:

Carryforward Arts Commission FY23 fund balance	\$ 391,200
Carryforward FY23 excess fund balance	328,108
Carryforward Council Projects FY23	262,950
Carryforward Art Belongs Here FY23	40,000
Carryforward Art in Public Places FY23	27,662
Federal Grant for Public Art	35,000
TOTAL Room Tax Fund	\$ 1,084,920

Forfeiture Special Revenue Fund

- Forfeiture Special Revenue Fund

FY 22/23 Fund Balance Carryforward:

Carryforward Prior Year Encumbrances	\$ 165,474
TOTAL Forfeiture Special Revenue Fund	\$ 165,474

General Capital Projects Fund

Proposed augmentations in the General Capital Projects Fund are primarily the carryforward of unspent funds for projects not completed by June 30, 2023. Additionally, this augmentation includes the \$800,000 grant from NV Energy for the Grant Drive Solar Project, remaining grant revenue from the Federal Emergency Management Agency (FEMA) for the Reno City Hall Seismic Retrofit not yet received, and a funding transfer from Room Tax to the Public Art Capital Project Maintenance Reserve Fund. The transfer from Room Tax will allow staff to more clearly track and manage funds for Art in Public Places. This augmentation also includes a transfer of Fire GEMT revenue from the General Fund for the purchase of an ambulance as previously approved by Council.

• General Capital Projects Funds	
FEMA Grant – City Hall seismic retrofit (remaining from original \$4 million grant to be received)	\$ 3,286,526
NV Energy Grant – Grant Drive Solar Project	800,000
Room Tax transfer for Art in Public Places – FY 23/24 allocation and FY 22/23 carryforward	307,662
General Fund transfer for purchase of ambulance (GEMT)	320,000
Demolition of 455 Pompe	40,000
FY 22/23 Fund Balance Carryforward:	
Carryforward Prior Year Projects	78,081,941
TOTAL General Capital Projects Funds	\$ 82,836,129

Room Surcharge Capital Projects Fund

• Room Surcharge Capital Projects Fund	
FY 22/23 Fund Balance Carryforward:	
Carryforward Prior Year Encumbrances	\$ 45,571
TOTAL Room Surcharge Capital Projects Fund	\$ 45,571

Sewer Fund

• Sewer Fund	
FY 22/23 Fund Balance Carryforward:	
Carryforward Prior Year Encumbrances	\$ 38,828,721
TOTAL Sewer Fund	\$ 38,828,721

Building Fund

• Building Fund	
FY 22/23 Fund Balance Carryforward:	
Carryforward Prior Year Encumbrances	\$ 183,034

TOTAL Building Fund	\$ 183,034
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Fleet Fund

• Fleet Fund	
Correction to revenue for FY 23/24 General Fund transfer	\$ 40,332
FY 22/23 Fund Balance Carryforward:	
Carryforward Prior Year Encumbrances	4,760,657
TOTAL Fleet Fund	\$ 4,800,989

Risk Fund

The proposed augmentation to the Risk Fund is from excess FY23 fund balance in the General Fund. These funds will replenish the Risk Fund following unanticipated claims and increased insurance premiums.

• Risk Fund	
Funds Replenishment from the General Fund	\$ 5,000,000
TOTAL Risk Fund	\$ 5,000,000

Workers' Compensation Fund

• Workers' Compensation Fund	
Correction to revenue for FY 23/24 General Fund transfer	\$ 22,780
TOTAL Workers' Compensation Fund	\$ 22,780

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:

02 Resolution

03 FY23.24 1st Qtr Part 1 and Part 2

FY23.24PO Carryforwards

Legal Ad

Staff Presentation