

STAFF REPORT

Date: October 26, 2022

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 22/23; and approval of budget revisions for period July 1, 2022 through September 30, 2022.

From: Vicki Van Buren, Director of Finance

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 18, 2022 - Council adopted the FY 22/23 Budget

Background:

Council previously adopted the FY 22/23 budget being augmented on May 18, 2022.

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 \$7,710,971. Of that amount, \$908,975 is related to the addition of grants, reimbursements, and donation revenues. The augmentation of \$3,436,126 reflects amounts carried forward from FY 21/22 which were encumbered via a purchase order. Additionally, funds have been included for Public Safety severance payouts for anticipated retirements (\$2,000,000). The remainder of the FY 21/22 fund balance carryforward is funding for services or agreements that were anticipated to be expended by June 30, 2022 and were not or items that require additional funding. Some of the carryforward items are regional dispatch upgrade (\$450,000), class and compensation study (\$215,000), work order management system (\$400,000), and communications branding and extension of Re-Know Minute (\$105,000). Additionally, one limited-term, grant-funded Victim Witness Advocate (1 FTE) for Police is included. A full list of all included items is below.

The following items are included as General Fund budget augmentations:

- General Fund

Police Grants, Donations & Other Reimbursements	\$	398,567
Fire Grants, Donations & Other Reimbursements		409,144
Parks Grants		101,264
FY 21/22 Fund Balance Carryforward:		
Carryforward Prior Year Encumbrances		3,436,126
Public Safety severance and other payouts		2,000,000
Regional dispatch upgrade costs		450,000
Work order management system		400,000
Class & Compensation Study		215,000
Tiburon funding		102,570
Communications recruitment branding		80,000
Sustainability reimbursement carryforward		44,800
Communications Re-Know Minute extension		25,000
Diversity, Equity, & Inclusion Consultant		18,000
Code Enforcement Temp and Overtime funding		16,000
Clerk admin hearing contract increase		6,000
Idlewild Park repairs		5,000
Accessibility Consultant for Moana Aquatics Center		3,500
TOTAL General Fund	\$	7,710,971

Street Fund

The proposed augmentations in the Street Fund are primarily the carryforward of unspent funds for projects not completed by June 30, 2022. In addition, there is additional funding of \$435,000 for the purchase of 9390 North Virginia Street for the addition of a North Valleys Corp Yard approved by Council July 27, 2022 and the addition of a Management Assistant (1 FTE) to assist operations in the Maintenance and Operations department. This position funding is split equally between the Sewer and Street funds.

- Street Fund

FY 21/22 Fund Balance Carryforward:

Carryforward Prior Year Encumbrances	\$ 16,270,635
--------------------------------------	---------------

Carryforward additional funding for purchase of property for North Valley's satellite facility	435,000
---	---------

Management Assistant (0.5 FTE)	47,955
--------------------------------	--------

TOTAL Street Fund	\$ 16,753,590
-------------------	---------------

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, 2022. This augmentation also includes a correction of \$30,000 for the Art in Public Places allocation. Combined with the \$50,000 adopted in the FY 22/23 budget, this will bring the FY 22/23 allocation to \$80,000, or 2% of the FY 22/23 applicable Capital Improvement Plan.

- Room Tax Fund

FY 21/22 Fund Balance Carryforward:

Carryforward Arts Commission FY22 fund balance	\$ 168,015
--	------------

Carryforward Art in Public Places FY22 fund balance	23,116
---	--------

Correction 2% CIP Art in Public Places allocation	30,000
---	--------

TOTAL Room Tax Fund	\$ 221,131
---------------------	------------

Court Special Revenue Fund

- Court Special Revenue Fund

FY 21/22 Fund Balance Carryforward:

Carryforward Prior Year Fund Balance	\$ 1,349,470
--------------------------------------	--------------

TOTAL Court Special Revenue Fund	\$ 1,349,470
----------------------------------	--------------

Forfeiture Special Revenue Fund

- Forfeiture Special Revenue Fund

FY 21/22 Fund Balance Carryforward:

Carryforward Prior Year Encumbrances	\$	42,162
Carryforward Prior Year Remaining Fund Balance		746,264
TOTAL Forfeiture Special Revenue Fund	\$	788,426

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, 2022. Additionally, this augmentation includes a \$4,000,000 grant accepted by Council on July 28, 2021 from the Federal Emergency Management Agency (FEMA) for the Reno City Hall Seismic Retrofit. Donation funds were also received from the Pennington Foundation in the amount of \$4,500,000 as the first payment on the \$9,000,000 previously committed for the Moana Springs Community Aquatics and Fitness Center.

• General Capital Projects Funds		
Pennington Grant – Moana Springs Community Aquatics and Fitness Center	\$	4,500,000
FEMA Grant – City Hall seismic retrofit		4,000,000
FY 21/22 Fund Balance Carryforward:		
Carryforward Prior Year Commitments		23,437,029
TOTAL General Capital Projects Funds	\$	31,937,029

Room Surcharge Capital Projects Fund

• Room Surcharge Capital Projects Fund		
FY 21/22 Fund Balance Carryforward:		
Carryforward Prior Year Encumbrances	\$	4,350
TOTAL Room Surcharge Capital Projects Fund	\$	4,350

Bond Capital Project Fund

• Bond Capital Project Fund		
FY 21/22 Fund Balance Carryforward:		
Carryforward Prior Year Encumbrances	\$	24,000
TOTAL Bond Capital Project Fund	\$	24,000

Park District Capital Projects Funds

The proposed augmentations in the Park District Capital Projects Fund are primarily the carryforward of unspent FY 21/22 allocation. The other item is the addition of funding for Dick Taylor Playground Improvements approved by Council September 14, 2022.

• Park District Capital Projects Funds		
FY 21/22 Fund Balance Carryforward:		
Carryforward Prior Year Encumbrances	\$	687,570

Dick Taylor Playground Improvements	309,921
TOTAL Park District Capital Projects Funds	\$ 997,491

Capital Tax Fund

- Capital Tax Fund

FY 21/22 Fund Balance Carryforward:

Police Evidence Facility Improvements \$ 922,449

Radio Replacement 316,717

TOTAL Capital Tax Fund \$ 1,239,166

Sewer Fund

The proposed augmentations in the Sewer Fund are primarily the carryforward of unspent funds for projects not completed by June 30, 2022. The other three items included are to establish funding within the Sewer Fund for a Regional Infrastructure division and an adjustment to the interest expense on the 2020 Sewer Bonds.

- Sewer Fund

FY 21/22 Fund Balance Carryforward:

Carryforward Prior Year Encumbrances \$ 49,151,231

Establish funding for Regional Infrastructure Department 497,325

Adjust 2020 Sewer Bond Interest based on balance drawn 157,568

Management Assistant (0.5 FTE) 47,955

TOTAL Sewer Fund \$ 49,854,079

Building Fund

- Building Fund

FY 21/22 Fund Balance Carryforward:

Carryforward Prior Year Encumbrances \$ 678,249

TOTAL Building Fund \$ 678,249

Fleet Fund

- Fleet Fund

FY 21/22 Fund Balance Carryforward:

Carryforward Prior Year Encumbrances \$ 4,772,174

TOTAL Fleet Fund \$ 4,772,174

The budget report attachment shows the amended budget for FY 22/23 and depicts the proposed budget augmentations and revisions to support actions taken by Council and ongoing operational needs of the City. Backup information for each revision and augmentation is available upon

request from the Finance Department. All other items are simple budget revisions, which are transfers between line items but do not increase the overall budget.

Financial Implications:

Augmentations are funded by various sources per the attachment. The total appropriations included are \$7,710,971 in the General Fund, \$16,753,590 in the Street Fund, \$221,131 in the Room Tax Fund, \$1,349,470 in the Court Special Revenue Fund, \$788,426 in the Forfeiture Special Revenue Fund, \$31,937,029 in the General Capital Project Fund, \$4,350 in the Room Surcharge Capital Project Fund, \$24,000 in the Bond Capital Project Fund, \$997,491 in the Park District Capital Project Fund, \$1,239,166 in the Capital Tax Fund, \$49,854,079 in the Sewer Fund, \$678,249 in the Building Fund, and \$4,772,174 in the Fleet Fund. 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:

FY22.23 1st Qtr PART1 Gov Funds
FY22.23 1st Qtr PART 1 Prop Funds
FY22.23 Encumbrance Carryforwards
FY22.23 Q1 Resolution
Augmentation Presentation