

STAFF REPORT

Date: January 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 22/23; and approval of budget revisions for period October 1, 2022 through December 31, 2022.

From: Vicki VanBuren, 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

Public Safety

Arts, Parks, and Historical Resources

Infrastructure, Climate Change, and Environmental Sustainability

Previous Council Action:

October 26, 2022 – Council approved budget augmentations/revisions for the first quarter through September 30, 2022.

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.

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.

The additional appropriations to the General Fund included in the proposed augmentation are \$10,192,570. Of that amount, \$1,885,177 is related to the addition of grants, reimbursements, and donation revenues. The remaining revenues include \$5,912,631 for the medium term obligation debt proceeds for the agreement with Axon, Inc. for the Tasers, body cameras, and dashboard cameras for the Police Department as approved by Council October 26, 2022 and \$42,354 for the sale of Fire equipment that had reached the end of its useful service life. The remainder of the augmentation of \$2,352,408 reflects excess fund balance carryforward from FY 21/22 from expenditure savings. These funds have been included for Public Safety severance payouts for anticipated retirements as well as the carryforward of \$1,500,000 for parking lot improvements at Moana Springs Community Aquatics and Fitness Center as previously approved by Council on April 13, 2022.

Additionally, six (6) medic positions for Fire are included with this augmentation. This is in alignment with Council's approval of the Ground Emergency Medical Transport (GEMT) Program on February 23, 2022. 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 with the transport of a patient, resulting in a reimbursement of the true costs associated with providing Emergency Medical Services. The first reimbursement through this program is included in the Fire grants and fully supports the addition of these six positions for FY22/23.

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 | | |
| Police Grants, Donations & Other Reimbursements | \$ | 954,273 |
| Fire Grants, Donations & Other Reimbursements | | 879,311 |
| Parks Grants and Donations | | 46,394 |

Debt Proceeds – Axon, Inc. Medium Term Obligation	5,912,631
Auction Proceeds – Fire equipment	42,354
Other Misc. Reimbursements	5,199
FY 21/22 Fund Balance Carryforward:	
Carryforward Moana Springs Community Aquatics and Fitness Center parking lot improvements	1,500,000
Public Safety severance and other payouts	800,000
Carryforward prior year fund balance	52,408
TOTAL General Fund	\$ 10,192,570

Debt Service Fund

The proposed augmentation in the Debt Service Fund includes the addition of the bond premium of \$2,726,371 for the 2022 General Obligation Bonds that were issued in July. These funds, net of bond issuance costs, are being transferred to the Capital Fund for the Public Safety Center project. The remainder is to adjust the beginning fund balance to actual as of June 30.

- Debt Service Fund

Bond Premium 2022 G/O Bond	\$ 2,726,371
Carryforward Prior Year Fund balance	(917,770)
TOTAL Debt Service Fund	\$ 1,808,601

General Capital Project Fund

Proposed augmentations in the General Capital Project Fund are primarily the carryforward of unspent funds for projects not completed by June 30, 2022. A detailed list of the included augmentation in the General Capital Project Fund is shown below.

- General Capital Project Funds

2022 Bond Premium revenue for Public Safety Center (transfer from Debt Service Fund)	\$ 2,482,371
Fire Apparatus disposal revenue	64,081
Moana Springs Community Aquatics and Fitness Center parking lot improvements (transfer from General Fund)	1,500,000
Donation for ReLeaf Reno (Duerr)	1,000
Carryforward prior year fund balance	5,199,605
TOTAL General Capital Projects Funds	\$ 9,247,057

Park District Capital Project Fund

The proposed augmentations in the Park District Capital Project Fund are the carryforward of unspent FY 21/22 allocation. The other item is the addition of funding for the Mayor's Park Phase 3 Improvement Project in the amount of \$1,300,000 approved by Council September 14, 2022.

Sewer Fund

The proposed augmentations in the Sewer Fund are the carryforward of unspent funds for projects not completed by June 30, 2022 and the addition of four (4) utility services operations positions and two (2) utility billing positions. The four operations positions include a Senior Civil Engineer, Environmental Control Specialist, and two (2) Water Reclamation Plant Operators. These positions are needed in the current year due to the expansion of the facility. The two (2) positions in utility billing are a management analyst and a management assistant. These positions are needed to assist with the current high call volumes and to assist with the startup of the anticipated storm water enterprise fund.

All other funds depicted on the budget report attachment are being adjusted to align the beginning budget balance to actual as of June 30. This will make the preparation of the FY 23/24 budget easier and will also make the review of the FY 22/23 Annual Comprehensive Financial Report (ACFR) smoother.

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. 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:

Q2 Budget Document

Q2 Resolution