



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: May 12, 2020

DATE: Monday, May 11, 2020

TO: Board of County Commissioners

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THROUGH: Eric P. Brown, County Manager

SUBJECT: Recommendation to acknowledge status report and possible direction to staff on the County Managers recommended Fiscal Year 2021 Budget; and direct the County Manager to return to the Board of County Commission with a Tentative and Final Budget incorporating the approved County Manager's recommendations for adoption at a public hearing to be scheduled on May 19, 2020. Manager's Office. (All Commission Districts). FOR POSSIBLE ACTION

SUMMARY

The purpose of this item is to provide a status report and possible direction to staff on the County Mangers recommended Fiscal Year 2021 budget; and direct the County Manager to return to the Board of County Commission (BCC) with a Tentative and Final Budget incorporating the approved County Managers recommendations for adoption at the public hearing to be scheduled for May 19, 2020.

Washoe County Strategic Objective supported by this item: Stewardship of our Community

PREVIOUS ACTION

On April 14, 2020, the BCC received a report on the financial impact of the COVID-19 pandemic on the County's budget. The Board approved FY20 financial impact mitigation measures, including other solutions presented.

On March 31, 2020, the BCC ratified the Declaration of a State of Emergency declared by the Washoe County Manager on Monday, March 16, 2020.

On March 16, 2020, the Washoe County Manager declared a state of emergency as provided in Washoe County Code 65.320. This action was related to the COVID-19 pandemic.

AGENDA ITEM # _____

On January 24, 2020, the Board of County Commissioners heard an overview of the financial outlook for Washoe County. The overview included a review of the General Fund's financial results for Fiscal Year 2019, a Mid-Year 2020 review, and revenue trends, known cost increases, and a general outlook for Fiscal Year 2021, which identified many unknown/unquantified issues, including a national and/or local economic slowdown, pending litigation, 2019 Legislative Session impacts, operating program expansions and department requests.

BACKGROUND

Prior to the COVID-19 pandemic, the overall fiscal outlook presented for Washoe County was "Stable with Slower Growth". Due to the COVID-19 pandemic, the fiscal outlook for Washoe County has been negatively impacted and immediate mitigation measures were approved by the BCC on April 14, 2020 to "Flatten the Fiscal Impact Curve".

While both the national and regional economy is quickly sliding into a deep downturn/recession, the County is being "doubly" impacted due to COVID-19 emergency response costs and significant revenue declines. As indicated on April 14, 2020, Washoe County's General Fund impact through June 30, 2020 is likely to be \$27 million or more. Ongoing negative revenue and increased cost impacts will continue into Fiscal Year 2021 (FY21). For these reasons; the following mitigation goals and fiscal guidelines/measures were provided to Department Heads and the BCC for FY21:

Mitigation Goals

- Maintain Services
- Keep Employees Working
- Use Reserves Wisely

FY21 Fiscal Measures

- No Above Base Requests Funded (with very few/limited exceptions)
- Continue Hiring Freeze, with review process, through FY21
- Continue Purchasing Freeze, with review process, through FY21
- Reduce/Eliminate General Fund transfer to CIP for FY21
- Reallocate the FY21 Base Contingency budget
- Utilize Fund Balance (for one-time costs/impacts)
- Other Personnel Cost Reductions

FY20 Fiscal Measures (discussed 4-14-2020* and BCC approved 5-12-20)

- *Reallocate \$5,397,000 of remaining General Fund Contingency to cover COVID-19 expenses
- *Transfer already-budgeted expenditure authority not allocated to specific projects from the Marijuana Fund (\$150,000) and General Fund (\$114,000) to cover COVID-19 expenses
- *Utilize \$3,000,000 Stabilization Reserve to cover COVID-19 expenses
- *Utilize \$1,000,000 FY20 FEMA reimbursements to cover COVID-19 expenses

- Reduce \$2,100,000 of FY20 General Fund transfer to CIP
- Transfer \$3,000,000 from Risk Management Fund to General Fund
- Hiring Freeze, with review process, through FY20
- Purchasing Freeze, with review process, through FY20
- Utilize Fund Balance (for one-time costs/impacts)

Next Steps

- May 19: Public Hearing of Fiscal Year 2021 Washoe County Tentative Budget and Adoption of Final Budget
- May 26: Special Meeting on Fiscal Year 2021 Final Budget (if necessary)
- June 1: Fiscal Year 2021 Final Budget due to State Department of Taxation

FISCAL IMPACT

Total Fiscal Year 2021 recommended budgeted expenditures and transfers out for all funds are \$714,615,519. The recommended Fiscal Year 2021 General Fund budget is a balanced budget, with total expenses, contingency and transfers out of \$355,549,667 and use of fund balance of \$15,760,333. The total unrestricted fund balance for the General Fund at the end of Fiscal Year 2021 is budgeted at \$48,077,105 or 13.6% of budgeted expenses and transfers out, which is within the Board of County Commissioner's policy level of 10% - 17%. Additional information about the recommended Fiscal Year 2021 Budget will also be presented at the meeting.

RECOMMENDATION

It is recommended that the Board acknowledge the status report and provide possible direction to staff on the County Manager's recommended Fiscal Year 2021 Budget; and direct the County Manager to return to the Board with a Tentative and a Final Budget for adoption at a public hearing scheduled for May 19, 2020.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be "move to acknowledge the status report and provide possible direction to staff on the County Manager's recommended Fiscal Year 2021 Budget; and direct the County Manager to return to the Board with a Tentative and a Final Budget for adoption at a public hearing scheduled for May 19, 2020."