



**TRUCKEE MEADOWS FIRE PROTECTION DISTRICT  
STAFF REPORT**

**Board Meeting Date: May 21, 2024**

**DATE:** May 14, 2024

**TO:** Truckee Meadows Fire Protection District Board of Fire Commissioners

**FROM:** Cindy Vance, Chief Fiscal Officer  
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**THROUGH:** Charles A. Moore, Fire Chief  
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**SUBJECT:** Public Hearing, discussion, and possible action on the Truckee Meadows Fire Protection District Tentative Budget to the adoption of the Final Budget for fiscal year 2024-2025 (FY24/25). This item may be continued to Tuesday, May 28, 2024 at 9:00 AM. Estimated FY24/25 general fund revenues are \$51,608,814 and estimated general fund expenditures are (\$53,312,244), the proposed budget also includes expenditures/expenses from the following 7 other funds: Capital Projects Fund (\$4,416,355); Emergency Fund (\$1,500,000); Sick, Annual, and Comp Benefits Fund (\$930,000); Stabilization Fund (\$550,000); Debt Service Fund (\$1,009,687); Worker's Comp Internal Service/Proprietary Fund (\$507,500); and Emergency Medical Services (EMS) Enterprise/Proprietary Fund (\$5,229,665). Total estimated expenditures/expenses under the general fund and additional 7 funds in this proposed budget is approximately (\$67,455,451) plus an additional \$400,000 contingency. (All Commission Districts) **FOR POSSIBLE ACTION**

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**SUMMARY**

The purpose of this item is to conduct a hearing on the Tentative Budget for FY24/25 of the Truckee Meadows Fire Protection District to the adoption of the Final Budget.

**PREVIOUS ACTION**

May 7, 2024, the Board of Fire Commissioners accepted the presentation of the FY24/25 budget for the Truckee Meadows Fire Protection District and provided feedback to staff.

**BACKGROUND**

In accordance with NRS 354.596(2)(a), the tentative budget must be submitted to the Department of Taxation. NAC 354.140 requires the person responsible for the budget preparation to sign the tentative budget. After filing the tentative budget, NRS 354.596(4) requires a public hearing of the tentative budget.

## **GENERAL FUND**

### **Revenue Highlights**

#### **Property Taxes**

The District made no changes from the tentative budget related to Property Taxes. Property taxes are budgeted at \$27,400,677 for FY24/25, an estimated increase of 6.9% over the fiscal year 2023-2024 Budget (FY23/24). For FY23/24, property taxes are currently running approximately 2% over budget. If this trend continues, the District expects approximately \$450,000 in additional property tax revenues.

#### **Consolidated Taxes**

The District made no changes from the tentative budget related to Consolidated Taxes. The District budgeted FY24/25 consolidated taxes (CTX) at the state projection of \$11,680,397. This is a significant decrease from FY23/24 state projection of 12,435,351. The FY23/24 actual collections are currently running approximately 8% under FY23/24 budget and state projection. If this trend continues, the District expects to fall approximately \$1M under budgeted consolidated tax revenues.

Property Taxes and Consolidated Taxes are 75.7% of total general fund revenues of \$51,608,814. Total General Fund revenues decreased from the tentative budget by \$652,394. This is mostly due to a decrease in projections for the new assistance for emergency response cost center (which includes a decrease in related expenditures). Other changes relate to adjusted payroll amounts and revenues related to recovery of these costs for fuels programs.

Other revenues include:

- Charges for Service: \$4,202,030
- Reimbursements for Fire/Emergency Assistance: \$4,500,000
- Other miscellaneous revenues: \$3,825,710

Significant changes over the prior year:

- The District had three firefighters under the SAFER grant through March of 2024. Currently, and moving forward, these three positions will be paid for out of General Fund revenues.
- The District will create a new cost center to account for assistance provided to other districts for emergency responses. These were previously accounted for in the Emergency Fund; however, due to NRS deposit restrictions and cash flow timing, it is deemed more efficient to provide this assistance from the General Fund. Costs will be reimbursed.

Total revenues of \$51,608,814 are an increase of \$4,094,217 over projected FY24/25. However, this increase is due to the movement of the assistance for emergency response into the general fund.

### **Expenditure Highlights**

The final FY24/25 budget includes estimated expenditures of \$53,312,244. This is a decrease of \$680,318 from the tentative budget mostly due to the decrease in projections for the new assistance for the emergency response cost center. This final budget includes \$26,656,604 in salaries and wages, \$18,283,012 in employee benefits, and \$8,372,628 in service and supplies.

This is an increase of \$8,771,477 from projected FY23/24 expenditures of \$44,450,767 (a slight increase from the tentative projection by \$280,000). Again, much of this increase is due to the movement of the assistance for emergency response into the general fund in addition to cost savings from unfilled positions during FY23/24 that will be rolled forward into the FY24/25 budget. The District expects to fill all empty positions during FY24/25 and expects additional retirements during FY24/25.

Salaries and benefits are the majority of all expenditures of the District. Salaries and benefits are 84.3% of the total General Fund FY24/25 expenditure budget.

The District has not created any new positions in the FY24/25 budget but anticipates filling all vacant positions in anticipation of near-term retirements, with the possible exception of the vacant mechanic position that was previously funded by NV Energy.

Included in the FY24/25 budget are significant cost increases for employee benefits. The District has been notified by our insurance brokers to expect a 10% increase in workers' compensation costs and significant increases in employee health benefits. The District has included the estimated 10% workers' compensation costs and estimated a 10% increase in employee health benefits effective in January 2025 in the fiscal year 24/25 budget. In addition, the District anticipates funding the OPEB to the actuarial determined contribution level.

### **Summary**

General Fund recommended Final Budget Summary:

Beginning Fund Balance	\$ 10,147,508
Revenues	\$ 51,608,814
Expenditures	(\$ 53,312,244)
Other Financing Uses (contingency & transfers)	(\$ 3,241,687)
Ending Fund Balance	\$ 5,202,391
Ending Fund Balance as a % of Expenditures	9.76%

### **CAPITAL PROJECTS FUND**

For FY24/25, the District plans to use the remaining sources and fiscal year 2022-2023 (FY22/23) one-time savings transfers made during FY23/24 within the Capital Projects Fund and a transfer of \$1,000,000 from the General Fund to fund the Capital Improvement Program.

Projected FY24/25 capital expenditures are focused on moving current construction projects forward to "shovel ready" and maintaining available funds to address any unexpected needs. The District will continue to monitor the financing market and research multiple financing alternatives, including grants, for construction projects that will result in an augmentation to the Capital Projects Budget when finalized.

Adjustments from the tentative include minor current year projection estimates to address facility needs and allocating more available funds to facilities projects during FY24/25 and projecting a smaller FY24/25 ending fund balance.

In addition, the Board approved the ordering of three Type I structural fire engines to be finalized and paid for in fiscal year 2025-2026. As part of this approval, the District will set aside just over \$1M from “larger than anticipated beginning fund balance” from the General Fund to transfer to the Capital Projects fund each year for three years. This will allow for these engines to be purchased with cash.

### **EMERGENCY FUND**

The District made no changes from the tentative budget to the Final Budget for the Emergency Fund. NRS 474.510 requires a Fire Protection District to establish a District Emergency Fund, which must be used solely for the purpose of funding unforeseen emergencies such as large wildland fires, floods, and other natural disasters. The fund may have up to \$1.5 million for these emergencies. Most expenditures from this fund are anticipated to be reimbursed through fire billings to other agencies and the Wildland Fire Protection Plan. This fund has been used in the past to also support assistance to other agencies for emergency events. This has caused the fund to exceed \$1.5 million annually in costs, and the timing of reimbursements combined with the limit on funds deposited has caused the fund to often need to borrow cash from the General Fund. Therefore, starting in FY24/25, the District is limiting the use of this fund to only District emergencies and will provide assistance to other agencies from the General Fund. Therefore, the budget has been limited to the \$1.5 million deposit limit.

### **NEW EMERGENCY MEDICAL SERVICES (EMS) ENTERPRISE FUND**

The District made changes for employee cost estimates to the tentative budget for adoption into the Final Budget for the Emergency Fund. The EMS Fund is budgeted to include funding from charges for services and Ground Emergency Medical Transportation (GEMT) reimbursements. 22 full-time positions are budgeted in this Fund, broken down as follows: The EMS Division Chief, three EMS Coordinators, and any individual assigned to the ambulance during their shift will be paid from this fund (this equates to an estimated 18 positions). The fund anticipates revenues of \$1,200,000 in direct ambulance transfer fees and \$3,000,000 in GEMT reimbursements related to FY24/25 transports. The District’s recommended final FY24/25 budget includes \$2,837,736 in salaries and wages, \$1,579,529 in employee benefits, \$630,400 in service and supplies, and \$182,000 in depreciation.

### **OTHER FUNDS**

The Sick, Annual, and Comp Benefits Fund was created to fund employee termination benefits when they retire or leave service. The current compensated absences balance is over \$8M million in vacation, comp time, and sick time payouts as of June 30, 2023 (audited). The District has budgeted a transfer of \$832,000 (increased by \$32,000 from tentative) and has projected expenditures for FY24/25 at an estimated of \$930,000 (increased by \$30,000 from tentative), the maximum allowed to project for a positive ending fund balance.

The District made no changes from the tentative budget to the Final Budget for the Stabilization Fund. The Stabilization Fund was established according to NRS 354 to fund revenue shortfalls or natural disasters. The projected beginning fund balance of \$637,937 accumulated over many years. The District's proposed budget includes expenditures of up to \$550,000 to be used in the event of a revenue shortfall.

The District made no changes from the tentative budget to the Final Budget for the Debt Service Fund. The Debt Service Fund is used solely to pay principal and interest and will be funded through transfers. Debt Service Requirements are budgeted at \$1,009,687 and include payments on the \$4.4M equipment bonds issued during Fiscal Year 2019-2020, the \$2.1M capital improvement bonds issued in fiscal year 2020-2021, and the \$7M Capital Improvement Bonds issued in early fiscal year 2021-2022.

The District made no changes from the tentative budget to the Final Budget for the Workers' Compensation Internal Service Fund. The Workers' Compensation Internal Service Fund was established to accumulate resources to pay the City of Reno for the workers' compensation liability, which claims were incurred during the term of the City of Reno/Truckee Meadows Fire Protection District Interlocal Agreement. During fiscal year 2016-2017, the District made the final payment on the five-year buyout of workers' compensation claims, leaving the District only liable for Heart and Lung Workers' compensation claims presented after July 1, 2012. The District has projected expenses including estimated changes in pending claims of \$507,500 for FY24/25.

### **FISCAL IMPACT**

The total expenditure in the recommended Final Fiscal Year 2024/25 Truckee Meadows Fire Protection District Budget for all six of the governmental funds is \$61,718,286 and total expenses of \$5,737,165 for the two proprietary funds.

### **RECOMMENDATION**

It is recommended the Board of Fire Commissioners of the Truckee Meadows Fire Protection District approve the Fiscal Year 2024-2025 tentative budget with changes to be adopted into the Final Budget as presented.

### **POSSIBLE MOTION**

Should the Board agree with staff's recommendation, a possible motion would be:

*"I move to approve the Truckee Meadows Fire Protection District Fiscal Year 2024-25 tentative budget with changes to be adopted into the Final Budget as presented."*