



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT STAFF REPORT

Board Meeting Date: May 20, 2025

DATE: March 17, 2025

TO: Truckee Meadows Fire Protection District Board of Fire Commissioners

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SUBJECT: Recommendation to approve resolutions TM05-2025 authorizing the redefining of the District's Capital Projects Fund and TM06-2025 authorizing the creation of an additional capital projects fund to be known as the "Truckee Meadows Fire Protection District Extraordinary Maintenance, Repair or Improvements Capital Projects Fund" pursuant to NRS 354.612 and defined by NRS 354.6113 and NRS 354.6105 and designate revenues for the funding of capital projects and major repairs, maintenance and improvements. (All Commission Districts) FOR POSSIBLE ACTION

SUMMARY

The District recommends redefining the District's Capital Projects Fund and the creation of an additional capital projects fund to be known as the "Truckee Meadows Fire Protection District Extraordinary Maintenance, Repair or Improvements Capital Projects Fund" pursuant to NRS 354.612 and defined by NRS 354.6113 and NRS 354.6105. The two funds will designate revenues for the funding of capital projects and major repairs, maintenance and improvements.

PREVIOUS ACTION

On June 19, 1979, the Board of Fire Commissioners approved the creation of the Truckee Meadows Fire Protection District Capital Projects Construction Fund pursuant to NRS 354.498.

BACKGROUND

The District currently maintains one capital projects fund created under a now obsolete NRS. The statutes this fund was created with have been updated to include more specific definitions for capital projects fund. This fund is currently funded through transfers from the General Fund that are determined annually during the budget process.

Redefining the current capital projects fund under the current statutes will provide more transparency to the public on the capital projects of the District. However, this will also limit the

use of the current capital project fund and therefore the District is recommending an additional capital projects fund for extraordinary maintenance repairs and improvements.

The current capital projects fund will be redefined to meet the standards of NRS 354.6113. The fund requirements under this NRS include that the money in the fund must be used only for the construction of capital projects which are included in the plan for capital improvement of the local government prepared pursuant to NRS 350.013. The money in the fund at the end of the fiscal year may not revert to any other fund or be a surplus for any purpose other than the purpose specified in this subsection. In addition, the annual budget and audit report of the local government prepared pursuant to NRS 354.624 must specifically identify the fund, indicate in detail the capital projects that have been constructed with money from the fund, specify the amount of money, if any, that will be deposited in the fund for the next fiscal year, specify any proposed capital projects that will be constructed with money from the fund during the next fiscal year, and identify any planned accumulation of the money in the fund.

Under these standards, the District's current capital projects fund would be limited to the purchase and build up of facilities, apparatus and vehicles. Therefore, in addition to the redefinition of the current fund, the District is requesting to create a new capital projects fund for extraordinary maintenance repairs and improvements under NRS 354.6105. The fund requirements under this NRS require that the money in the fund may be used only for the extraordinary maintenance, repair or improvement of capital projects or facilities that replace capital projects of the entity that made the deposits in the fund. The money in the fund at the end of the fiscal year may not revert to any other fund or be a surplus for any purpose other than the purpose specified in this subsection. Under this NRS "extraordinary maintenance, repair or improvement" means all expenses ordinarily incurred not more than once every 5 years to maintain a local governmental facility or capital project in a fit operating condition. This fund would be used for facility, vehicle and apparatus (or other capital assets meeting the definition of the fund) repairs, maintenance and improvements such as tank replacement for water tenders, security improvements at facilities, and major repairs such as roof replacement.

The District has also identified the need to define resources for these funds to be able to accumulate funds to address the District's growing need for capital projects, improvements and repairs. The District recommends dedicating a portion of property taxes annually to the two funds. This source of revenue is appropriate as they are general revenues, and both of these funds are for general construction and maintenance. In addition, as the District grows, property taxes are expected to grow and this growth is expected to match growth of capital needs.

The District recognizes the need to build up the amount of dedicated funds over time due to budget constraints and therefore recommends the following schedule to ultimate reach the goals of 7% of all property taxes to the Capital Projects Fund and 2% of all property taxes to the Extraordinary Repairs and Maintenance Fund.

Capital Projects Fund:

- FY 2025-2026 = 4.00% of all Ad Valorem revenues (Included in the recommended FY25/26 budget)
- FY 2026-2027 = 4.33% of all Ad Valorem revenues
- FY 2027-2028 = 4.66% of all Ad Valorem revenues

- FY 2028-2029 = 5.00% of all Ad Valorem revenues
- FY 2029-2030 = 5.33% of all Ad Valorem revenues
- FY 2030-2031 = 5.66% of all Ad Valorem revenues
- FY 2031-2032 = 6.00% of all Ad Valorem revenues
- FY 2032-2033 = 6.33% of all Ad Valorem revenues
- FY 2033-2034 = 6.66% of all Ad Valorem revenues
- FY 2034-2035 and thereafter = 7.00% of all Ad Valorem revenues

Extraordinary Repairs & Maintenance:

- FY 2025-2026 = 0.75% of all Ad Valorem revenues (Included in the recommended FY25/26 budget)
- FY 2026-2027 = 1.00% of all Ad Valorem revenues
- FY 2027-2028 = 1.33% of all Ad Valorem revenues
- FY 2028-2029 = 1.66% of all Ad Valorem revenues
- FY 2029-2030 and thereafter = 2.00% of all Ad Valorem revenues

The resolutions also allow for additional transfers if deemed necessary and allow for revenues such as reimbursements from contracts or proceeds from debt issuances.

The District believes that the creation of these funds and the allocation of specific revenues is an integral part of the District's long-term sustainability.

FISCAL IMPACT

The fiscal impact is the funding requirements in FY25/26 is \$1,421,431 and ultimate 9% of Ad Valorem revenues by FY34/35. It will not change the overall revenues of the District but will define the annual budgeted transfer for the construction of capital projects or major repairs.

RECOMMENDATION

Staff recommends the approval of resolutions TM05-2025 authorizing the redefining of the District's Capital Projects Fund and TM06-2025 authorizing the creation of an additional capital projects fund to be known as the "Truckee Meadows Fire Protection District Extraordinary Maintenance, Repair or Improvements Capital Projects Fund" pursuant to NRS 354.612 and defined by NRS 354.6113 and NRS 354.6105 and designate revenues for the funding of capital projects and major repairs, maintenance and improvements.

POSSIBLE MOTION

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

"I move to approve resolutions TM05-2025 authorizing the redefining of the District's Capital Projects Fund and TM06-2025 authorizing the creation of an additional capital projects fund to be known as the "Truckee Meadows Fire Protection District Extraordinary Maintenance, Repair or Improvements Capital Projects Fund" pursuant to NRS 354.612 and defined by NRS 354.6113 and NRS 354.6105 and designate revenues for the funding of capital projects and major repairs, maintenance and improvements."