



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT STAFF REPORT

Board Meeting Date: April 6, 2021

DATE: March 22, 2021
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: Recommendation to acknowledge status report regarding the current Fiscal Year 2020-2021 budget and discussion regarding the priorities and projects anticipated for the Fiscal Year 2021-20/22 budget and direct staff to return with a Tentative and Final Budget incorporating the recommendations for adoption at a public hearing to be scheduled at a later date. (All Commission Districts) FOR POSSIBLE ACTION

SUMMARY

This item is a Recommendation to acknowledge status report regarding the current Fiscal Year 2020-2021 budget and discussion regarding the priorities and projects anticipated for the Fiscal Year 2021-20/22 budget and direct staff to return with a Tentative and Final Budget incorporating the recommendations for adoption at a public hearing to be scheduled at a later date.

PREVIOUS ACTION

None

BACKGROUND

Revenue Highlights:

Property Taxes

The fiscal year 20/21 budget anticipated declines in revenues from the economic effects of COVID. Property taxes were budgeted at the state projections of \$20,962,736, an estimated increase of 6% over Fiscal Year 2019-2020. The District is currently 6% above the tax collections as of March 20, 2020, and the District is currently on track to see property tax revenues at the budgeted amount. The initial projections for property tax for Fiscal Year 2021-2022 are \$22,174,317, which is a 6% increase over Fiscal Year 2020-2021.

Consolidated Taxes

The District anticipated that the pandemic would have a significant impact on Consolidated Tax (CTX). For the Fiscal Year 2020-2021 budget, the District reduced the Fiscal Year 2019-2020 estimated collections from the budgeted amount of \$9,134,413 to \$7,806,607 (15% under budget) and expected the

pandemic to continue well into Fiscal Year 2020-2021. The District therefore budgeted CTX at a flat amount of \$7,806,607 instead of the state projection of \$10,283,112. The Fiscal Year 2019-2020 final CTX collection was \$9,021,756, only 1% under budget. The District has collected \$5,086,304 in CTX as of March 20, representing taxes through December 2020. Every month of revenues collected is an increase over the prior year collections for that month. Currently, the District expects revenues to be over the budget of \$7,806,607, which is now estimated to be \$9,331,699. The State is presently projecting CTX for fiscal year 21/22 to be \$10,283,112.

Additionally, the District has increased revenue sources over Fiscal Year 2019-2020, including the Nevada Energy and Nevada Division of Forestry fuels programs, which pay for fuel crews' cost to perform fire hazard mitigation. The District received a safer grant that pays for three full-time firefighter positions. The District has implemented billing programs for plan reviews, fees from motor vehicle accident responses, and ambulance transfer insurance recoveries. These billing programs have generated almost \$125,000 above budget as of March 20, 2021.

The Board approved a budget augmentation in February 2021. Staff anticipates recommending another budget augmentation to be presented in May or June to fund reductions made during Fiscal Year 2020-2021 for certain unfunded liabilities such as other post-employment benefits (OPEB) and compensated absence payouts. Adjustments for the Nevada Energy and NDF fuels programs, Safer Grant, and Emergency Activities related to COVID to actual spent and reimbursable will be addressed in that argumentation.

Expenditure Highlights:

As of March 20, 2021, the District's expenditures are tracking to budget. Expenditures are at 69% of the budget.

Significant changes for expenses in Fiscal Year 2021-2022 include annual increases for insurance, approximately 10% (property, liability, workers compensation, and health), cost of living adjustments (3%) for employee salaries, and PER increase (.5% for regular 1.5% for police/fire). Also, the District's lease and sub-lease of the Greg Street warehouse will end. The costs of dispatching services could increase by \$500,000. The District expects to purchase the Barron Way building substituting debt payments for lease payments.

Transfers:

The District funds OPEB, Capital, Debt, and Compensated absences liabilities with transfers. The District transferred \$500,000 during Fiscal Year 2020-2021 to the Capital Fund to fund capital purchases and debt payments. The Fiscal Year 2021-2022 transfer will be based on the District's needs and the Board's approval of capital improvements. The District's current Fiscal Year 2021-2022 debt obligations are \$633,124.

The District participates in the County's OPEB trust fund and makes annual OPEB transfers to the trust fund with the intent to maintain the program at 80% funding. The funding has dropped below 80% due to changes in healthcare costs and reduction of transfer during the pandemic. The District anticipates a budget augmentation for Fiscal Year 2020-2021 to increase the contribution by up to an additional

\$750,000. The current annual actuarially determined contribution is approximately \$1.5 million to maintain 80% and a well-funded plan.

The District maintains a special revenue fund to set aside amounts for payouts of compensated absences at termination and per employee agreements. As of March 20, the Fiscal Year 2020-2021 payouts exceeded \$400,000 and significantly reduced that fund's balance. The District believes it is essential to maintain a fund for these payouts to segregate them from the General Fund for consistent budgeting and trend analysis. The District anticipates a budget augmentation for Fiscal Year 2020-2021 to this fund to increase its balance and anticipates Fiscal Year 2021-2022 to include a transfer estimated at the liability balances of employees expected to retire during the year.

Staff Recommendations for FY 21/22 Priorities and Projects:

Staff will give a brief presentation at the meeting that will present staff recommendations for funding priorities. These recommendations will include a discussion on:

- Additional positions, to include a Fire Prevention Specialist, funded by fees, and additional firefighters for future fire stations.
- Capital projects, including completion of Station 37 Hidden Valley, fees for design professionals to begin the design and cost estimates for a consolidated station in Washoe Valley, and the purchase of Barron Way and installation of security features, and modifications to the building for fleet services, and a training building on the one acre of vacant land.
- Fleet acquisitions that include a new water tender(s) to replace a 30-year-old unit, and replacement of aging staff vehicles.

FISCAL IMPACT

There is no fiscal impact with the discussion and recommendations on the current fiscal year 20/21 budget and the Fiscal Year 2021-2022 budget. The fiscal impact will be known when the District brings forward the augmentation for Fiscal Year 2020-2021 and the budget for Fiscal Year 2021-2022.

RECOMMENDATION

It is recommended the Board of Fire Commissioners Recommendation acknowledge status report regarding the current Fiscal Year 2020-2021 budget and discussion regarding the priorities and projects anticipated for the Fiscal Year 2021-20/22 budget and direct staff to return with a Tentative and Final Budget incorporating the recommendations for adoption at a public hearing to be scheduled at a later date.

POSSIBLE MOTION

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

"I move to acknowledge status report regarding the current Fiscal Year 2020-2021 budget and discussion regarding the priorities and projects anticipated for the Fiscal Year 2021-20/22 budget and direct staff to return with a Tentative and Final Budget incorporating the recommendations for adoption at a public hearing to be scheduled at a later date."