



**TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
STAFF REPORT**

Board Meeting Date: May 6, 2025

DATE: April 22, 2025
TO: Truckee Meadows Fire Protection District Board of Fire Commissioners
FROM: Cindy Vance, Chief Fiscal Officer
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SUBJECT: Presentation and overview of the tentative budget with changes for the Fiscal Year 2025-2026 regarding the priorities and projects anticipated in the budget and possible recommendations to bring any Board-directed changes back to the Board of Fire Commissioners for a public hearing and approval of the final budget. (All Commission Districts) FOR POSSIBLE ACTION

SUMMARY

This item is a Presentation and overview of the tentative budget with changes for the Fiscal Year 2025-2026 (FY25/26) regarding the priorities and projects anticipated in the budget and possible recommendations to bring any Board-directed changes back to the Board of Fire Commissioners for a public hearing and approval of the final budget.

PREVIOUS ACTION

None.

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.

The purpose of this presentation is to review the filed tentative budget, including any recent change recommendations, discuss priorities and projects contained in the budget, and for the Board to make any recommendation of any changes to be included in the final budget for a public hearing on May 20, 2025.

GENERAL FUND

Revenue Highlights

Property Taxes

Property taxes are budgeted at \$29,924,859 for, FY 25/26, an estimated increase of 9.2% over the Fiscal Year 2024-2025 (FY 24/25) Budget. For FY24/25, property taxes are currently running on budget.

Consolidated Taxes

The District budgeted FY25/26 consolidated taxes (CTX) at the state projection of \$12,100,831. This is an increase from FY24/25 state projection of 11,680,397. The FY24/25 actual collections are currently running on budget.

Property Taxes and Consolidated Taxes are 76.6% of total general fund revenues of \$54,901,455. Other revenues include:

- Licenses and permits: \$270,000
- Charges for Service: \$2,875,634
- Other Intergovernmental other than CTX: \$4,306,174
- Reimbursements: \$5,225,320
- Other miscellaneous revenues: \$198,637

Total revenues of \$54,901,455 are an increase of \$4,193,655 over projected FY24/25, mostly related to increases in Property Tax.

Expenditure Highlights

The tentative FY24/25 budget, including recommended changes for the final, includes estimated expenditures of \$53,853,570. This includes \$26,922,390 in salaries and wages, \$18,757,952 in employee benefits, and \$7,469,424 in other expenditures. This is an increase of \$2,142,032 from projected FY24/25 expenditures of \$51,711,538.

Salaries and benefits are the majority of all expenditures of the District. Salaries and benefits are 84.8% of the total General Fund FY25/26 expenditure budget.

The District has not created any new positions in the FY25/26 budget; however one new position has been created at the end of FY24/25 for the Executive Office Manager. This position was a position under Washoe County that was reimbursed by the District. Therefore, the total cost to move the position under the District is minimal (included in separate staff report).

Included in the FY25/26 budget are significant cost increases for employee costs. The District anticipates the ratification of CBA for the non-supervisory group with 8.75% salary increase. In addition, Nevada Public Employees Retirement System (PERS) will be increasing the contribution rate in FY25/26 by 8.75% for police/fire PERS and 3.25% for Regular PERS, the increase will be partially shared with employees via salary adjustment. In addition, health care costs and workers' compensation costs continue to increase.

The District includes the following departments in the FY25/26 Budget as listed below:

Overhead (General Expenses)	\$ 2,901,963
Administration	\$ 5,102,661
Emergency Operations	\$ 29,134,739
Safety and Training	\$ 1,379,462
Fire Prevention	\$ 1,030,450
Fleet Maintenance	\$ 1,596,745
Logistics	\$ 896,560
Volunteer Fire	\$ 246,565
Wildland and Fuels	\$ 6,831,220
Off District Fire Support	\$ 4,733,205
TOTAL	\$ 53,853,570

Summary

General Fund Tentative Budget Summary:

Beginning Fund Balance	\$ 5,302,913
Revenues	\$ 54,901,455
Expenditures	(\$ 53,853,570)
Other Financing Uses (contingency & transfers)	(\$ 4,136,059)
Ending Fund Balance	\$ 2,214,739
Ending Fund Balance as a % of Expenditures	4.1%

The District made significant changes in programs to address budget shortfalls, particularly related to employee cost growth in excess of the growth in general tax revenues, these reductions include:

- Hold vacant approved positions:
 - 2 fire prevention positions for ½ year
 - 1 mechanic position
 - 4 fire fighter positions
 - 3 captain positions
- Reduce 4th person staffing from engines at stations #E40 & #4E2
- One year pause on program budgets for Wet and HazMat teams, Dozer, REMS, and AACT programs
- One year pause on Green Waste program
- One year pause new recruit class (no hires anticipated)

CAPITAL PROJECTS FUNDS

For FY25/26, the District will present a resolution to redefine the District’s Capital Projects fund under current statutes. This updated definition will restrict any funds held in the District’s Capital Project Funds. In addition, the updated fund will define a funding source as a transfer from the General Fund equal to a percentage of property taxes to be dedicated annually, currently

4%. This dedicated funding source will allow the District to prepare a comprehensive multi-year capital projects plan.

The District will use the remaining sources from FY24/25 (includes remaining debt proceeds), 4% of property taxes estimated at \$1,196,994, reimbursements from Apple, Inc, and miscellaneous revenues to fund FY25/26 Capital Projects. The Fund is summarized as below:

Estimated Beginning Fund Balance and Resources including Transfers in:	\$16,062,485
Miscellaneous costs:	\$3,230
Capital Projects (see below)	<u>\$16,023,061</u>
Estimated Ending Fund Balance 6/30/2026	\$36,194

FY25/26 Capital Projects:

The District's Contribution to the P25 Radio System	\$161,300
Equipment and Furniture and Fixtures for Station #37	\$80,000
Station #35 completion (Apple)	\$12,246,000
Type III Engine (Grant)	\$499,761
Three Type I Engines (approved for order in FY24)	\$3,036,000

The District will also present a resolution for a new capital projects fund for Extraordinary Repairs and Maintenance. This fund will be created under NRS and will restrict any funds held in the Fund for extraordinary repairs and maintenance. The District will define a funding source as a transfer from the General Fund equal to a percentage of property taxes to be dedicated annually, currently .75%. This dedicated funding source will allow the District to prepare a comprehensive multi-year capital repairs plan. The Fund is summarized as below:

Estimated investment earnings and transfers in:	\$224,686
Miscellaneous costs:	\$1,000
Unallocated/unexpected R&M	\$175,000
Barron Way Front Desk Security	<u>\$20,000</u>
Estimated Ending Fund Balance 6/30/2026	\$28,686

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 the prior fiscal year (FY24/25), the District has limited the use of this fund to only District emergencies and will provide assistance to other agencies from the General Fund.

The District has budgeted for a transfer of \$250,000 from the general fund to the Emergency Fund in FY25/26 to cover the costs for non-reimbursable expenses for events that are less than \$24 hours.

NEW EMERGENCY MEDICAL SERVICES (EMS) ENTERPRISE FUND

The EMS Funds 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 \$2,000,000 in direct ambulance transfer fees and \$1,700,000 in GEMT reimbursements related to FY25/26 transports. The District's tentative FY25/26 budget includes \$3,167,320 in salaries and wages, \$1,989,766 in employee benefits, \$743,587 in service and supplies, and \$250,000 in depreciation.

OTHER FUNDS

The Sick, Annual, and Comp Benefits Fund was created to fund general fund employee termination benefits when they retire or leave service. The governmental activities audited ending balance as of June 30, 2024 was \$9,127,366 and includes employee payouts for vacation, comp time, and sick time. In an effort to control this increasing balance, the District has included certain payments before retirement in updated employee CBAs. The District is currently funding this fund just to the estimated costs of anticipated retirements and negotiated payments. The District has projected a beginning fund balance of \$52,614 and has budgeted a transfer of \$750,000 and has estimated expenditures for FY25/26 payouts at \$789,000.

The Stabilization Fund was established according to NRS 354 to fund revenue shortfalls or natural disasters. The projected beginning fund balance of \$658,905 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 Debt Service Fund is used solely to pay principal and interest and will be funded through transfers. Debt Service Requirements are budgeted at \$1,314,628 and include payments on the \$4.4M equipment bonds issued during FY19/20, the \$2.1M capital improvement bonds issued in FY20/21, the \$7M Capital Improvement Bonds issued in FY21/22, and the \$5.25 Nevada State Investment Bank Loan issued in FY24/25.

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 FY25/26.

FISCAL IMPACT

There is no fiscal impact with the discussion and recommendations on the FY25/26 budget.

RECOMMENDATION

Staff recommend that the Board accept the tentative budget presentation for the Fiscal Year 2025-2026 with or without changes and direct staff to bring the budget to the Board of Fire Commissioners for a public hearing and approval of the final budget.

POSSIBLE MOTION

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

"I accept the Fiscal Year 2025-2026 tentative budget presentation with the following changes....and request staff to bring the tentative budget to the Board of Fire Commissioners for a Public Hearing and approval of the final budget."

Or

"I accept the Fiscal Year 2025-2026 tentative budget presentation as presented, and request staff bring the tentative budget to the Board of Fire Commissioners for a Public Hearing and approval of the final budget."