



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT

STAFF REPORT

Board Meeting Date: May 21, 2019

DATE: May 3, 2019

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

SUBJECT: Discussion and possible approval of the Truckee Meadows Fire Protection District Tentative Budget, including possible changes and/or action to adopt the Final Budget for Fiscal Year 2019-20. This item may be continued to Tuesday, May 28, 2018 at 9:00 AM. Estimated Fiscal Year 2019-20 general fund revenues are \$30,876,676, and estimated general fund expenditures are \$30,867,893, broken down into the following 10 cost centers: Standalone (Overhead), Administration, Operations, Training, Fire Prevention, Fleet Maintenance, Fuels Management, Emergency Medical, Logistics, Reserve/Volunteer Program. In addition to the general fund expenditures, the proposed budget also includes expenditures from the following 5 other funds: Capital Projects Fund (\$2,620,500); Emergency Fund (\$1,468,000); Sick, Annual, and Comp Benefits Fund (\$725,000); Worker's Comp Internal Service/Proprietary Fund (\$507,500); and Stabilization Fund (\$500,000). Total estimated expenditures under the general fund and additional 5 funds in this proposed budget is approximately \$36,688,893 plus an additional \$300,000 contingency. (All Commission Districts) FOR POSSIBLE ACTION

SUMMARY

This item is discussion and action on the Truckee Meadows Fire Protection District Tentative Budget for FY 19-20, as well as possible changes to the adoption of the Final Budget.

PREVIOUS ACTION

April 16, 2019, the Board of Fire Commissioners accepted the presentation of the Fiscal Year 2019-20 tentative budget for the Truckee Meadows Fire Protection District and provided feedback to staff concerning the deficit spending in the General fund.

April 23, 2019, the Board of Fire Commissioners accepted the presentation and recommended changes to the Fiscal Year 2019-20 Tentative budget to be incorporated in the Fiscal Year 2019-20 Budget.

BACKGROUND

Truckee Meadows Fire Protection District's revenues are projected to grow approximately 4.4% over prior year's budget and approximately 6.2% over projected FY18/19. The District has been able to fund construction, including the new Station 33 and apparatus with cash in prior years. In the next fiscal year's budget, staff proposes to issue debt for construction and apparatus purchases.

AGENDA ITEM #15

TMFPD remains fully staffed at all of its fire stations. The major planning initiatives for fiscal year 19/20 are related to deployment and rolling stock. Staff proposes to freeze five unfilled positions in the interest of maintaining adequate fund balance. FY20's fund balance is budgeted at 19.5% of FY20 expenditures.

The District proposes to keep the Green Waste Program viable and start the study process for fuels reduction projects.

FY 19-20 General Fund Budget Highlights

- 1) The total General Fund revenues are estimated at \$30,876,676 which is an increase of 6.2% over estimated current year.
- 2) The property tax rate for the TMFPD is set at \$0.5400 per \$100 of assessed value. The total amount of property tax revenue collected is expected to be \$19,873,149.
- 3) The final recommended budget includes the following changes from the tentative.

Reduce transfer from the General fund to the Capital Projects fund by \$200,000	\$ 200,000
Freeze Fire Deputy Chief Position for 6 months and fill with a Battalion Chief	118,700
Reduction of the budget allocation to the Chaplain Program from \$25K to \$15K	10,000
Remove extra budget allocation for Rope Rescue equipment	15,900
Reduce budget allocation for Logistics support	20,000
Reduce fleet management budget (originally significantly increased)	50,000
Freeze Fuels Management position and supplement with Professional services	86,700
Freeze Fire Prevention PT Administrative Position	40,000
Move a training captain back to line staff	13,000
Freeze Deputy Chief of Fire Prevention for 6 months	112,000
Reduce approved OT	30,000
Freeze 3 additional and unfilled firefighter paramedic positions	<u>332,800</u>

Total reduction in expenses: \$1,032,100

In addition, staff recommends the following revenue increases

Budget for Fire Prevention fees	\$ 20,000
Increase in Property Tax (per State, due to error)	179,600
Increase in CTX (per State, due to error)	<u>11,100</u>

Total increase in revenues: \$ 210,700

- 4) The final projection of General Fund expenditures for the TMFPD are \$30,867,893. The General Fund recommended final budget includes expenditures for ten cost centers and is allocated as proposed as:

Cost Center/Grouping	FY19/20 Preliminary	% of GF Expenditures
Standalone (Overhead)	\$ 1,743,873	5.6%
Administration	\$ 3,764,041	12.2%
Operations	\$ 20,936,232	67.8%
Training	\$ 1,190,363	3.9%
Fire Prevention	\$ 609,054	2.0%
Fleet Maintenance	\$ 910,975	2.9%
Fuels Management	\$ 96,000	0.3%
Emergency Medical	\$ 582,154	1.9%
Logistics	\$ 789,583	2.6%
Reserve/Volunteer Program	<u>\$ 245,618</u>	0.8%
TOTAL	\$ 30,867,893	

- 5) The expenditures include two additional staff positions: 1: A Public Information Officer proposed to be shared with Washoe county and 2: An accounting position to provide payroll management, grant writing and additional support to the Fiscal Officer.
- 6) The preliminary projected General Fund ending fund balance is at 15.1% of expenditures and is projected at \$6,013,995 or approximately 2.3 months of expenditures.
- 7) The General Fund includes an operating contingency of \$300,000 which is 1% of expenditures and transfers of \$800,000 to the Capital Projects fund and \$100,000 to the Sick Annual Comp Benefits fund.

Other Funds

Truckee Meadows Fire Protection District's preliminary budget includes five additional funds, the Capital Projects Fund, Emergency Fund, Sick and Annual Compensation Fund, Stabilization Fund and the Workers' Compensation Fund.

Capital Projects Fund

For FY 19/20, the District plans to use remaining sources within the Capital Projects Fund to fund the Capital Improvement Program. Projected FY19/20 significant capital expenditures include debt financing of two engines, two brush trucks, Station 37 remodel and construction of a new bay, and Architecture design for a new Fleet Maintenance/Logistics facility. Additionally, the District will fund

the Self Contained Breathing Apparatus (SCBA) program, continue to upgrade the current radios, plan for the replacement of Mobile Data Terminals (MDTs) District Wide, make major repairs for hydrants, along significant facilities repairs and replacements with the Capital Improvements fund budget. In total, the Capital Improvement Budget for FY19/20 is estimated at \$2,620,500 leaving a fund balance of \$1,220,901 to be carried over to FY 20/21, which the District expects to start the construction of the Fleet Maintenance/Logistics facility. Recommended changes from the tentative budget include an adjustment of approximately \$44,000 to estimated beginning fund balance for current year projects expected to be higher than originally estimated, a reduction of \$200,000 of transfers-in from the general fund offset by a \$200,000 reduction in estimated financing costs by delaying some financed capital projects, and a requested move of \$11,300 from the current year estimated to a FY20 budgeted expenditure.

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. The fund may have up to \$1.5 million set aside for these emergencies. No transfers into the Emergency Fund are deemed necessary during Y19/20 as the fund is anticipated to be fully reimbursed for the FY18/19 wildfire season through fire billings to other agencies and the Wildlife Protection Plan. Due to the anticipation of large wildland fires which may have to be paid for upfront before reimbursement, the District plans to budget for up to \$1,468,000 in expenditures during FY 19/20 in order for the District to be sufficiently prepared when the wildland fires occur.

Other Funds

The Sick, Annual, and Comp Benefits Fund were created to fund employee termination benefits when they retire or leave service. This fund was established in FY14-15. The current compensated absences balance is approximately \$2.7 million; therefore we budget a transfer in of \$100,000 and have projected expenditures for FY19/20 at a high estimate of \$725,000.

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 Reno/TMFPD Interlocal Agreement. During FY16-17, 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. The District has projected expenditures of \$507,500 for FY19/20, to cover any potential changes in estimated claims.

The Stabilization Fund was established according to NRS 354 to provide funding for revenue shortfalls or natural disasters. The projected beginning fund balance of \$596,580 was accumulated over many years. The District's preliminary budget includes expenditures of \$500,000 to be used in the event of a revenue shortfall.

FISCAL IMPACT

The total expenditure in the FY 18-19 Truckee Meadows Fire Protection District Budget for all the governmental funds is \$36,481,393 (including contingency) and for the proprietary fund, the total expenditure is budgeted at \$507,500.

RECOMMENDATION

It is recommended the Board of Fire Commissioners of the Truckee Meadows Fire Protection District approve the FY 18-19 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 FY 18-19 Final Budget as presented."