



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT

STAFF REPORT

Board Meeting Date: May 22, 2018

DATE: May 4, 2018
TO: Truckee Meadows Fire Protection District Board of Fire Commissioners
FROM: Charles A. Moore, Fire Chief
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SUBJECT: Discussion and action on the Truckee Meadows Fire Protection District Tentative Budget, including possible changes and/or action to adopt the Final Budget for Fiscal Year 2018-19. This item may be continued on Tuesday, May 29, 2018 at 9:00 AM. (All Commission Districts)FOR POSSIBLE ACTION

SUMMARY

This item is discussion and action on the Truckee Meadows Fire Protection District Tentative Budget for FY 18-19, as well as possible changes to the adoption of the Final Budget.

Strategic Objective supported by this item: *Sustainability of our financial, social and natural resources.*

PREVIOUS ACTION

October 25, 2011 Board of Fire Commissioners approved the operational and administrative consolidation of the SFPD and TMFPD with TMFPD as fire service provider and defined the level of service therein. Board directed staff to return with an Interlocal Agreement between the SFPD and TMFPD to initiate the consolidation.

March 27, 2012 Board of Fire Commissioners directed staff to implement Plan B to provide Fire and EMS service to all areas of the Fire District and approved the Interlocal Agreement between the SFPD and TMFPD for Consolidated Fire Service.

March 8, 2016, the Board of County Commissioners adopted an ordinance providing for the dissolution of the Sierra Fire Protection District and its Board of Fire Commissioners, and providing for other matters properly related thereto effective June 30, 2016 at 11:59:59pm and consolidating Truckee Meadows Fire Protection District and Sierra Fire Protection District into one fire protection district to be known as the Truckee Meadows Fire Protection District effective July 1, 2016 at 12:00am.

BACKGROUND

Truckee Meadows Fire Protection District's revenues have stabilized and the District is financially sound and sustainable. In addition, the District has been able to pay for the construction of a new Station #14 and continue funding a capital improvement program with cash savings instead of acquiring debt. The District has continued to grow and enhance services to the community since standing up from the City of Reno beginning in fiscal year 2013.

AGENDA ITEM #15

In the next fiscal year budget, staff proposes to increase the staffing level at Station 35 Mogul to 4 personnel and to add a two personnel rescue at Station 15 Sun Valley to augment the engine company. The rescue is recommended to add resources to the North Battalion in a way that offers a flexible response that supplements all northern fire stations.

Staff proposes to begin a number of planning initiatives that will identify opportunities to place future resources where they are most needed, including a revised strategic plan, a revised Standards of Cover and master plans for future stations and vehicles.

TMFPD remains fully staffed at all of its fire stations.

FY 18-19 General Fund Budget Highlights

- 1) The total General Fund revenues are estimated at \$29,578,268 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 \$18,570,260. This includes the property tax revenue of both Truckee Meadows Fire Protection District and what was previously Sierra Fire Protection District.
- 3) The final recommended budget includes the following changes from the tentative.
 - a. An updated estimate of the refund of CTX taxes and reclassification as an expense instead of an offset of the revenue to conform with accounting principles.
 - b. An increase in salaries and benefits expense to account for currently occurring salary negotiations.
 - c. Funding of the annual normal cost for OPEB to maintain the current funded ratio.
- 4) The final projection of General Fund expenditures for the TMFPD are \$29,964,478. The General Fund preliminary budget includes expenditures for nine cost centers and is allocated as proposed as:

Cost Center/Grouping	FY18/19 Final	% of GF Expenditures
Overhead (i.e....OPEB, General Liability, etc.)	\$ 1,890,227	6.3%
Administration	\$ 3,416,419	11.4%
Operations	\$ 20,679,667	69.0%
Training	\$ 1,089,577	3.6%
Fire Prevention	\$ 608,241	2.0%
Fleet Maintenance	\$ 767,791	2.6%

Fuels Management	\$ 168,481	0.6%
Emergency Management	\$ 424,353	1.4%
Logistics	\$ 656,023	2.2%
Reserve/Volunteer Program	\$ 254,699	0.9%
Special Events	<u>\$ 9,000</u>	0.0%
TOTAL	\$ 29,964,478	

- 5) The expenditures include continuing the Ash Can Safety Program, adding a dedicated Fuels Management staff member, staffing station 35 with a four-person crew, and staffing an additional two-person rescue in the North Valleys during peak times.
- 6) The preliminary final General Fund ending fund balance is at 21% of expenditures and is projected at \$6,164,366. This fund balance will allow the District to provide for the necessary cash flow in the summer months before the first property tax revenues are distributed in late August/early September, as well as provide for cash flow for large wildland fire expenditures as needed.
- 7) The General Fund includes an operating contingency of \$300,000 which is 1.0% of expenditures.
- 8) The District's General Fund is financially stable.

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 18/19, the District plans to use remaining sources within the Capital Projects Fund to fund the Capital Improvement Program. Station 14 will be complete and in use prior to June 30, 2018. Projected FY18/19 significant capital expenditures include a Facility Master Plan, Personal Protective and Radio Equipment replacement, upgraded secure entry systems for the stations, potential purchase of land for station 37, two replacement command vehicles and an Air Light Resource Truck. During FY18-19 the District plans to investigate options for a Capital Lease program for Engine and Water Tender replacements. In total, the Capital Improvement Budget for FY18/19 is estimated at \$4,550,000 leaving a fund balance of \$332,146 which will be carried over to FY 19/20.

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 FY18/19 as the fund is anticipated to be fully reimbursed for the FY17/18 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 \$1,440,000 in expenditures during FY 18/19 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 \$2.6 million; therefore we have projected expenditures for FY18/19 at an estimated \$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 had budgeted for a FY17/18 transfer from the fund into the General Fund, however based on the dollar value of claims during the year and the current discussions between the District and the City, the District determined that the funds should remain in the Workers' Compensation Fund until better projections can be made for the future costs of claims. The projected expenditures of \$507,500 for FY18/19 include an increase in pending claims and professional services related to an independent consultant to review claims billings.

The Stabilization Fund was established according to NRS 354 to provide funding for revenue shortfalls or natural disasters. The projected beginning fund balance of \$597,798 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 \$37,179,478 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."