



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT STAFF REPORT

Board Meeting Date: May 4, 2021

DATE: April 19, 2021

TO: Truckee Meadows Fire Protection District Board of Fire Commissioners

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SUBJECT: Presentation, discussion, and direction to Staff on the status of the Fiscal Year 2020-21 budget with expected General Fund expenditures of \$36,689,230 and an estimated ending fund balance of \$9.6 Million and the Fiscal Year 2021-22 Tentative Budget with proposed General Fund expenditures of \$38,906,980 and an ending fund balance of \$6.4 Million for Truckee Meadows Fire Protection District. (All Commission Districts) FOR POSSIBLE ACTION

SUMMARY

This item is a presentation, discussion, and direction to Staff on the status of the Fiscal Year 2020-21 budget with expected General Fund expenditures of \$36,689,230 and an estimated ending fund balance of \$9.6 Million and the Fiscal Year 2021-22 Tentative Budget with proposed General Fund expenditures of \$38,906,980 and an ending fund balance of \$6.4 Million for Truckee Meadows Fire Protection District.

PREVIOUS ACTION

April 6, 2021, the District presented to the Board of Fire Commissioners the status report regarding the current Fiscal Year 2020-2021 budget and discussion regarding the priorities and projects anticipated for the Fiscal Year 2021-2022 budget and direct Staff to return with a Tentative and Final Budget incorporating the recommendations for adoption.

BACKGROUND

GENERAL FUND

Current service levels under the Fiscal Year 2021-22 Tentative Budget are unchanged. This presentation will outline programs and the District's anticipated financial position. Staff will present the recommended final proposed Fiscal Year 2021-22 budget at the Special meeting on May 18, 2021.

Revenue Highlights:

Property Taxes

The Fiscal Year 2020-21 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

the Fiscal Year 2019-20. The District is currently 4.5% above the tax collections as of April 19, 2021, and the District is currently on track to see property tax revenues at the budgeted amount. The proposed tentative budget for property tax for Fiscal Year 2021-2022 is \$22,200,269, a 5.9% increase over the Fiscal Year 2020-21 and based on final state projections.

Consolidated Taxes

The District anticipated that the pandemic would have a significant impact on Consolidated Tax (CTX). For the Fiscal Year 2020-21 budget, the District reduced the Fiscal Year 2019-20 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 the Fiscal Year 2020-21. 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 2019-20 final CTX collection was \$9,021,756, only 1% under budget. The District has collected \$5,858,181 in CTX as of April 19, representing taxes through January 2021. Every month of revenues collected is an increase over the prior year collections for that month. Currently, the District expects revenue to be over the budget of \$7,806,607, which is now estimated to be over \$9,000,000. The proposed tentative budget is based on the State estimate for Fiscal Year 2021/22 of \$10,283,112.

Additionally, the District has increased revenue sources over the Fiscal Year 2019-20, including the Nevada Energy and Nevada Division of Forestry fuels programs, which pay for cost of fuel crews to perform fire hazard mitigation. The District received a Federal Emergency Management Assistance (FEMA) 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 \$200,000 above budget as of April 19, 2021.

The Board approved a budget augmentation in February 2021. Staff anticipates recommending another budget augmentation to be presented in June to fund reductions made during the Fiscal Year 2020-21 for certain unfunded liabilities such as other post-employment benefits (OPEB) and compensated absence payouts. Adjustments for the Nevada Energy and NDF fuels programs, FEMA Safer Grant, and emergency activities related to COVID to the actual spent and reimbursable expenditures will be addressed in that argumentation.

Expenditure Highlights:

The District has included 170 positions in the FY22 budget. The positions include four new positions, an EMS coordinator position to be filled as soon as 7/1/21, and three positions to be filled after 1/1/2022, including an additional Fire Prevention Specialist, an HR Assistant, and a Division Chief of Training. The total number of FTE's (after 1/1/22) is 170.

Emergency Operations	125	(3 are FEMA SAFER Grant positions)
Training	4	
EMS Administration	3	
Fire Prevention	5	
Fleet Maintenance	4	
Fuels Management	18	(17 funded by NV Energy and Nevada Division of Forestry)
Logistics	2	
Administration	9	
Total FTE's Proposed	170	

Management staff has planned for benefit increases consistent with salary increases, including a 7% increase in health care costs and a minimal increase in general service and supplies except for dispatch costs, which are budgeted at an increase of 50%.

The District has included funding for special programs and trainings to include:

Peer Support Program	\$75,000
Ambulance Staffing OT	\$200,000
Wet Team/Supplies and Training	45,000
SCBA Program/Repairs & replacement	\$157,000
Hazmat Program/Supplies & Training	\$35,000
Radio Program/Repairs & replacement	\$110,000
Assessment Program	\$80,000
Officer Development	\$38,000
New Recruit Academy	\$160,000
Green Waste	\$40,000
EMS Training	\$135,000
Hydrants/Repairs & replacement	\$25,000
MDT/Repairs & replacement	\$10,000

Transfers and Contingencies:

The General fund includes transfers to the OPEB trust fund to set aside funds to offset post retirement benefits liabilities. In Fiscal Year 2020-21, the actuarially determined contribution increased from approximately \$650,000 to over \$1M, due to changes in actuarial assumptions. To offset potential revenue risks due to the pandemic, the District contributed \$750,000 to the OPEB instead of the recommended \$1M. Currently the District has budgeted transfer of \$850,000 for Fiscal Year 2021-22 to the OPEB Trust Fund. This is less than the current \$1.5M Actuarial Determined Contribution for an 80% funding ratio. The District will be meeting with the actuaries to discuss different funding level options and may bring back a recommendation to the board with the final budget to increase the budgeted transfer.

The District has proposed transfers out of the General Fund at \$1,916,274, these include \$1,100,000 to the Capital Fund to cover Fiscal Year 2021-22 expenditures, \$400,000 to Sick Annual Comp Benefits fund to be used to payout increasing compensated balances to employees at retirement, and \$416,274 to the Debt Service Fund for estimated debt payments on the purchase of the Administration Building at Barron Way.

The District has proposed a \$400,000 contingency.

Ending Fund Balance and Overall Position of the District:

The District has a healthy fund balance. The District ended Fiscal Year 2019-20 with an \$11.5M ending fund balance, approximately \$5.6M more than budgeted. The projected ending fund balance for the current year is a \$9.6M fund balance (26% of expenditures). The current proposed budget projects a fund balance of \$6.4M at 16% of expenditures.

Summary of General Fund Tentative Budget:

	FY21 Projected	FY22 Proposed Budget
Revenues		
Taxes	\$21,286,398	\$22,478,815
Licenses and Permits	61,006	60,000
Intergovernmental	10,893,358	12,443,855
Charges for Service	1,352,757	1,872,898
Miscellaneous	1,938,256	1,198,956
Total Revenues	<u>\$35,531,775</u>	<u>\$38,054,524</u>
Expenditures		
Salaries and Wages	\$18,645,349	\$20,456,163
Employee Benefits	11,011,302	11,889,723
Services and Supplies	6,174,104	6,548,094
Capital Outlay	858,475	13,000
Total Expenditures	<u>\$36,689,230</u>	<u>\$38,906,980</u>
Other Financing Uses		
Contingency (PY was \$620,000)	\$0	\$400,000
Capital Projects Fund Transfer	500,000	1,100,000
Sick Annual Comp Benefits Fund Transfer	231,000	400,000
Debt Service Fund Transfer	0	416,274
Total Other Financing Uses	<u>\$731,000</u>	<u>\$2,316,274</u>
Beginning Fund Balance	<u>\$11,475,006</u>	<u>\$9,586,551</u>
Projected Ending Fund Balance	<u>\$9,586,551</u>	<u>\$6,417,821</u>

OTHER FUNDS

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

Capital Projects Fund:

Projected Fiscal Year 2021-22 significant capital expenditures include the completion of the purchase of the Administration Building at Barron Way with debt proceeds, design and construction of Station 37, professional services provided by Washoe County related to the development of Station 37 and the new Washoe Valley station, new command vehicles, debt service transfers for current outstanding debt, replacement programs for PPE, and annual amounts for major repairs and maintenance.

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. Currently, no transfers into the Emergency Fund are budgeted for Fiscal Year 2021-22 as the fund has significant outstanding receivables that are related to a heavy wildfire year and COVID 19 activities. The District anticipates a final budget adjustment for Fiscal Year 2020-21. Given the unprecedented year, the District had more than budgeted expenses but also anticipate more than budgeted reimbursements available for augmentation. The District will consider whether additional transfers from the General Fund will be necessary to address the timing of collections of receivables, including collections from FEMA that are anticipated to take longer than most receivables.

Currently the District is projecting a lower than usual beginning fund balance of approximately \$88,000. The District takes a conservative approach and budgets a low revenue amount of \$400,000 which allows for a budget of an estimated \$484,000. Since nearly all of the expenditures are reimbursable, and some Fiscal Year 2020-21 expenditures are not anticipated to be collected until Fiscal Year 2021-22, the District will have the ability to augment if expenditures exceed budget. The District will monitor the fund closely and recommend augmentations as necessary.

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 Fiscal year 2014-15. The current compensated absences balance is approximately \$5.6 million. The District has paid out almost \$500,000 in compensated absences as of April 19, 2021 with additional retirements anticipated. We have budgeted a transfer in of \$400,000 and have projected expenditures for Fiscal Year 2021-22 at an estimated of \$500,000.

The Stabilization Fund was established according to NRS 354 to provide funding for revenue shortfalls or natural disasters. The projected beginning fund balance of \$640,934 was accumulated over many years. The District's proposed budget includes expenditures of \$550,000 to be used in the event of a revenue shortfall.

The Debt Service fund is used solely for the payment of principal and interest and be funded through transfers. Debt Service Requirements are budgeted at \$1,049,398 and include payments on the \$4.4M equipment bonds issued during Fiscal Year 2019-20, the \$2.1M capital improvement bonds issued in Fiscal Year 2020-21, and the pending \$7M Capital Improvement Bonds expected to issue in early Fiscal Year 2021-22.

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 Fiscal year 2016-17, 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 that are presented after July 1, 2012. The District has projected expenses including estimated changes in pending claims of \$257,500 for Fiscal Year 2021-22.

FISCAL IMPACT

The total expenditure in the Fiscal Year 2021-22 Truckee Meadows Fire Protection District Budget for all the governmental funds, including contingency, is \$52,367,510 and for the proprietary fund, the total expenditure is budgeted at \$257,500.

RECOMMENDATION

It is recommended the Board of Fire Commissioners accept a presentation and give direction to Staff on the Fiscal Year 2021-22 budget for Truckee Meadows Fire Protection District.

POSSIBLE MOTION

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

"I move to accept a presentation on the Fiscal Year 2021-22 budget for Truckee Meadows Fire Protection District and give the following direction...."