



**TRUCKEE MEADOWS FIRE PROTECTION DISTRICT
STAFF REPORT**

Board Meeting Date: May7, 2024

DATE: April 19, 2024
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: Presentation and overview of the tentative budget for the fiscal year 2024-2025 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 for the fiscal year 2024-2025 (FY24/25) 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, discuss priorities and projects contained in the budget, and recommend any changes to be included in the final budget for a public hearing on May 21, 2024.

GENERAL FUND

Revenue Highlights

Property Taxes

Property taxes are budgeted at \$27,400,677 for FY24/25, an estimated increase of 6.9% over the Fiscal Year 2023-2024 Budget (FY23/24). For FY23/24, property taxes are currently running approximately 2% over budget. If this trend continues, the District expects approximately \$450,000 in additional property tax revenues.

Consolidated Taxes

The District budgeted FY24/25 consolidated taxes (CTX) at the state projection of \$11,680,397. This is a significant decrease from FY23/24 state projection of 12,435,351. The FY23/24 actual collections are currently running approximately 8% under FY23/24 budget and state projection. If this trend continues, the District expects to fall approximately \$1M under budgeted consolidated tax revenues.

Property Taxes and Consolidated Taxes are 74.8% of total general fund revenues of \$52,261,208
Other revenues include:

- Charges for Service: \$4,047,897
- Reimbursements for Fire/Emergency Assistance: \$5,350,000
- Other miscellaneous revenues: \$3,782,237

Significant changes over the prior year:

- The District had three firefighters under the SAFER grant through March of 2024. Currently, and moving forward, these three positions will be paid for out of General Fund revenues.
- The District will create a new cost center to account for assistance provided to other districts for emergency responses. These were previously accounted for in the Emergency Fund; however, due to NRS deposit restrictions and cash flow timing, it is deemed more efficient to provide this assistance from the General Fund. Costs will be reimbursed.

Total revenues of \$52,261,209 are an increase of \$5,111,971 over projected FY23/24. However, this increase is due to the movement of the assistance for emergency response into the general fund.

No significant changes are expected from the tentative budget to the recommended final budget.

Expenditure Highlights

The tentative FY24/25 budget includes estimated expenditures of \$53,992,562. This includes \$27,211,987 in salaries and wages, \$18,392,449 in employee benefits, and \$8,388,126 in service and supplies. This is an increase of \$9,730,595 from projected FY23/24 expenditures of \$44,261,967. Again, much of this increase is due to the movement of the assistance for emergency response into the general fund in addition to cost savings from unfilled positions during FY23/24 that will be rolled forward into the FY24/25 budget. The District expects to fill all empty positions during FY24/25 and expects additional retirements during FY24/25.

Salaries and benefits are the majority of all expenditures of the District. Salaries and benefits are 84.5% of the total General Fund FY23/24 expenditure budget.

The District has not created any new positions in the FY24/25 budget but anticipates filling all vacant positions in anticipation of near-term retirements, with the possible exception of the vacant mechanic position that was previously funded by NV Energy.

Included in the FY24/25 budget are significant cost increases for employee benefits. The District has been notified by our insurance brokers to expect a 10% increase in workers' compensation costs and significant increases in employee health benefits. The District has included the estimated 10% workers' compensation costs and estimated a 10% increase in employee health benefits effective in January 2025 in the fiscal year 24/25 budget. In addition, the District has included \$2,055,000 in funding for the OPEB trust fund for payment of retiree health benefits.

The District includes nine departments in the FY24/25 Budget as listed below:

Overhead (General Expenses)	\$ 1,182,300
Administration	\$ 4,558,282
Emergency Operations	\$ 30,796,224
Safety and Training	\$ 1,601,268
Fire Prevention	\$ 1,264,836
Fleet Maintenance	\$ 1,658,018
Logistics	\$ 1,364,456
Volunteer Fire	\$ 256,376
Wildland and Fuels	\$ 5,710,802
Emergency Event Assistance	\$ 5,600,000
TOTAL	<u>\$ 53,992,562</u>

A portion of the above costs are allocated further into special programs in the FY24/25 budget and include the following:

Tentative budget for programs:

Peer Support Program	\$ 95,000
Wet Team	\$ 40,070
SCBA Repair and Replacement	\$ 137,000
Radio Repair and Replacement	\$ 263,000
Hazmat Team	\$ 25,000
MDT Repair and Replacement	\$ 10,000
Assessment Program	\$ 80,000
Officer Development School	\$ 40,000
Recruit Class	\$ 185,000
Green Waste	\$ 86,000
Fitness	\$ 25,000
Recruitment/Diversity	\$ 50,000
PPE Replacement	\$ 450,000
TOTAL	<u>\$ 1,486,070</u>

Summary

General Fund Tentative Budget Summary:

Beginning Fund Balance	\$ 10,062,148
Revenues	\$ 52,261,208
Expenditures	(\$ 53,992,562)
Other Financing Uses (contingency & transfers)	(\$ 3,209,687)
Ending Fund Balance	<u>\$ 5,121,107</u>
Ending Fund Balance as a % of Expenditures	9.48%

Since the District is currently negotiating with the Local IAFF 2487, the District may see changes from the Tentative Budget to the Final Budget.

CAPITAL PROJECTS FUND

For FY24/25, the District plans to use the remaining sources and fiscal year 2022-2023 (FY22/23) one-time savings transfers made during FY23/24 within the Capital Projects Fund and a transfer of \$1,000,000 from the General Fund to fund the Capital Improvement Program.

Projected FY23/24 capital expenditures are focused on moving current construction projects forward to “shovel ready” and maintaining available funds to address any unexpected needs. The District will continue to monitor the financing market and research multiple financing alternatives, including grants, for construction projects that will result in an augmentation to the Capital Projects Budget when finalized.

In addition, the Board approved the ordering of three Type I structural fire engines to be finalized and paid for in fiscal year 2025-2026. As part of this approval, the District will set aside just over \$1M from “larger than anticipated beginning fund balance” from the General Fund to transfer to the Capital Projects fund each year for three years. This will allow for these engines to be purchased with cash.

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 FY24/25, the District is limiting the use of this fund to only District emergencies and will provide assistance to other agencies from the General Fund. Therefore, the budget has been limited to the \$1.5 million deposit limit.

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 \$1,200,000 in direct ambulance transfer fees and \$3,000,000 in GEMT reimbursements related to FY24/25 transports. The District's tentative FY24/25 budget includes \$2,742,000 in salaries and wages, \$1,305,251 in employee benefits, \$630,400 in service and supplies, and \$182,000 in depreciation.

OTHER FUNDS

The Sick, Annual, and Comp Benefits Fund was created to fund employee termination benefits when they retire or leave service. The current compensated absences balance is over \$8M million in vacation, comp time, and sick time payouts as of June 30, 2023 (audited). The District has budgeted a transfer of \$800,000 and has projected expenditures for FY24/25 at an estimated of \$900,000, the maximum allowed to project for a positive ending fund balance.

The Stabilization Fund was established according to NRS 354 to fund revenue shortfalls or natural disasters. The projected beginning fund balance of \$637,937 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 \$1,009,687 and include payments on the \$4.4M equipment bonds issued during Fiscal Year 2019-2020, the \$2.1M capital improvement bonds issued in fiscal year 2020-2021, and the \$7M Capital Improvement Bonds issued in early fiscal year 2021-2022.

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 FY24/25.

FISCAL IMPACT

There is no fiscal impact with the discussion and recommendations on the FY24/25 budget.

RECOMMENDATION

Staff recommends that the Board accept the tentative budget presentation for the fiscal year 2024-2025 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 2024-2025 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 2024-2025 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."