



STAFF REPORT

TO: Regional Planning Governing Board

FROM: Jeremy M. Smith, Director

SUBJECT: Presentation, discussion, and possible adoption of the TMRPA budget for Fiscal Year 2024-2025 (AGENDA ITEM 7.A)

This staff report provides the Regional Planning Governing Board (RPGB) with a proposed TMRPA budget for Fiscal Year 2024-25. The proposed budget which includes requested jurisdictional allocations, anticipated revenue from other sources (i.e. shared work programs) and estimated expenditures is included in **Attachment 1**.

BACKGROUND

Initial discussion with the Board for this budget round took place during the October 12, 2023 RPGB meeting to begin the conversation about TMRPA's budget well in advance of the local jurisdiction's budget adoption processes. Further information was presented during the December 14, 2023 RPGB meeting. Since December, Director Smith has engaged with Board leadership, Reno City Manager Thornley, Sparks Acting City Manager Crawforth, and Washoe County Manager Brown to discuss potential increases to the jurisdictional allocation amounts.

TMRPA staff have identified a need to increase the annual allocation from each jurisdiction to maintain the organization's financial stability, keep up with rising costs for goods and services due to inflation, support employee retention, and to provide adequate funds for the TMRPA work plan – which includes completion of the Natural Resource Plan (NR Plan) and Public Infrastructure Plan (PIP) and the forthcoming 2024 Regional Plan Update. Discussion with the RPGB Chair, County and City Managers have indicated they are willing to support a 3.6% increase to the jurisdiction allocations for Fiscal Year 2024-25.

JURISDICTION ALLOCATIONS

The funding for TMRPA is outlined in NRS, and implemented through an Interlocal Agreement. The three jurisdictions, Reno, Sparks and Washoe County, are responsible for funding the budget of the agency, at a rate equivalent to the number of members on the RPGB; for example, Reno is responsible for 40% of the budget, Sparks and Washoe County are responsible for 30% each.

Jurisdiction allocation amounts have varied over the history of the Agency and have gone up or down in response to economic conditions like the Great Recession and to support periodic changes to Agency needs, such as during a Regional Plan Update cycle. The current fiscal year's budget benefited from a 24%

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increase to jurisdiction allocations, following three budget cycles where allocations remained static. The significant increase negotiated last year allowed for the hiring of a new full-time administrative assistant, a position that had remained unfilled at the agency for nearly 10 years. The new admin has been a boon to TMRPA workflow, packet production, records retention, and other processes. The increase in budget allocations further bolstered Director Smith’s efforts to foster employee retention and allowed the agency to keep up with rising costs due to inflation.

Over the past four years, TMRPA has continually achieved small savings in forecasted expenditures and has thus bolstered the Agency fund balance. Building an appropriate fund balance is an important component of fiscal management for the agency and allows TMRPA to absorb unforeseen cost increases like changes to PERS or increases in insurance costs. However, the fund balance alone cannot provide for a consistent increase in annual funding availability to keep up with inflation and the rising costs of goods and services. To address these concerns and to manage the Agency’s fiscal position, Director Smith has proposed that the Board and managers annually assess the need for allocation increases on the order of one to three percent.

In initial conversations with the City and County Managers and RPGB Chair, Director Smith proposed a 2.5% increase to jurisdiction allocations for FY 2024-25. The City of Sparks Acting City Manager suggested we link the annual increase request to the December value for [West Region Consumer Price Index \(CPI\)](#), which for 2023 was 3.6%. The Washoe County and City of Reno Managers agreed to the approach and the associated 3.6% increase. The actual dollar increase amount to each jurisdiction’s allocation is shown in Table 1 below.

Table 1. Existing and proposed jurisdiction allocations.

Jurisdiction	Existing Allocation (\$)	Proposed Increase Percentage	Proposed Increase Amount (\$)	Proposed Annual Allocation (\$)
City of Reno	\$ 410,579	3.6%	\$ 14,781	\$ 425,360
City of Sparks	\$ 307,723	3.6%	\$ 11,078	\$ 318,801
Washoe County	\$ 307,723	3.6%	\$ 11,078	\$ 318,801
Total	\$ 1,026,025		\$ 36,937	\$ 1,062,962

AGENCY NEEDS AND WORK PLAN

The adoption of the 2019 Regional Plan provided for substantive changes to how Regional Policy is implemented in the Truckee Meadows. Notably, the inclusion of Regional Land Designations (aka “tiers”) to the Truckee Meadows Service Area and the introduction of a Facility and Service Standards table (table 3.2 of the Regional Plan) have helped steer regional decision-making by providing an enhanced understanding of the spatial intersection of proposed development and the availability (or planned availability) of adequate infrastructure and service levels.

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While these changes were significant, there remains work to be done to refine understanding around public infrastructure provisioning and planning for capital improvements (CIP). This work is currently being addressed via the Truckee Meadows Annual Reporting (TMAR) process and the Public Infrastructure Plan (PIP) effort.

Natural Resource planning is the second major emphasis area for Agency work activity. We have made measurable progress on the effort and enabled a searchable [Natural Resources Data Portal](#) to inform planners, decision-makers, stakeholders, and the general public with access to Natural Resource data across a range of topic areas. Several topic areas chapters have been circulated for review and staff are currently finishing up a draft of the narrative Natural Resource Plan for full review by interested parties.

Both of these major efforts are designed to bolster and inform a regional conversation with local staff, elected and appointed leaders, interested stakeholders, and the general public about policy enhancements to the Regional Plan in advance of the 2024 update (planned for October of 2024). So far five policy topic additions have been identified for proposed inclusion in the 2024 Regional Plan Update as follows: source water protection, regional trails, tribal coordination, natural resource consideration areas, and an annual summit to engage the broader region (e.g. neighboring counties, state and federal agencies, etc.).

In addition to these overarching efforts to innovate new tools and policies in advance of the 2024 Regional Plan Update, TMRPA staff continue to process our regular caseload and, as mentioned above, this process has benefitted greatly following the hiring of an Administrative Assistant. The full list of cases processed each year is reported as part of the Truckee Meadows Annual Report (TMAR) process, typically available by the summer of the following year. The TMAR also provides regional statistics about growth in housing, employment, demographics, and land use changes.

TMRPA also participates in a variety of programs that contribute to the agency's general fund and consulting budgets including shared work programs with the Regional Transportation Commission (RTC) and Western Regional Water Commission (WRWC). These are anticipated to continue at established levels. The RTC shared work program is planned for \$60,000 in funding for the upcoming fiscal year. We are currently working with RTC to assist with their transportation demand modeling for the upcoming Regional Transportation Plan update. In addition, up to \$50,000 will be available from the WRWC to help support water and wastewater planning.

We are on track to complete the existing fiscal year (FY 2023-24) just under our budget forecast which will provide for additional savings and an estimated increase to the Agency fund balance of ca. \$33,000 (**Attachment 2**). Given the increase in the Agency fund balance over the past four years, TMRPA is in a good position to weather unexpected economic conditions that may occur in future years. That said, we do not want to overinflate the fund balance position. Thus, Director Smith proposes an approach to budgeting that aims to keep annual allocation increase requests from the jurisdictions small (i.e., in the two to four percent range aligned to West Region CPI) while at the same time utilizing a portion of the fund balance to meet budget demand as necessary. For example, in the proposed FY 2024-25 budget, expenditures are expected to outpace revenues by ca. \$36,000 which is very close to the ca. \$33,000 we estimate we will save during the current fiscal year. The current year's savings combined with the small

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3.6% increase to allocations from the jurisdictions (additional \$36,937) will meet the forecasted increase in expenditures included in the proposed FY 2024-25 budget, even without any potential savings. Therefore, with small increases to annual allocations, potential savings on expenditures, and judicious use of the Agency fund balance when necessary, TMRPA is much closer to achieving fiscal sustainability that allows the Agency to keep up with cost inflation and continue increases to compensation for staff.

PROPOSED FISCAL YEAR 2024-25 BUDGET ASSUMPTIONS

The following assumptions were used to create the proposed budget for FY 24-25 (**Attachment 1**).

Assumptions for FY 24-25 (proposed budget year):

- Increase of 3.6% to jurisdiction allocations (also see Table 1 above). New proposed allocations:
 - City of Reno - \$425,360
 - City of Sparks - \$318,801
 - Washoe County - \$318,801
- Shared Work Program with Regional Transportation Commission
 - \$60,000 to provide GIS support services for planning, transportation demand model, and Regional Transportation Plan update
- Shared Work Program with Western Regional Water Commission
 - Up to \$50,000 for support services (GIS, graphics, minutes, etc.)
- Regional Plan Update (RPU)
 - Use of remaining Regional Plan Implementation funds to complete Natural Resource Plan and Public Infrastructure Plan initiatives in advance of the RPU
 - Complete contracted work with consultants
 - Manage path to policy updates for 2024, 5-year mandated Regional Plan Update
 - Events or other materials needed to support RPU
- Increase of 8% for TMRPA staff
 - Includes 3% COLA and up to 5% merit-based
 - Brings Regional Planning compensation ranges more in line with jurisdiction peers
- Increased budgeting for perceived cost increases to outside services and materials, such as:
 - Financial audit
 - Bookkeeping
 - Data services
 - Software
- Maintain PERS rate of 33.5%
- Consideration for potential health insurance cost increases

FIVE-YEAR BUDGET OUTLOOK

The City and County Managers have asked Director Smith to prepare a five-year budget forecast that predicts future agency spending and needs. That five-year forecast is available as **Attachment 3** to this staff report. The actual needs and considerations for the TMRPA budget will be vetted each year starting in October. Given this is a future scenario that is subject to unknown future conditions (i.e., economy, jurisdiction budgets, etc.), each year's budget setting will react to the actual spending and accounting of prior and current years.

RECOMMENDATION

Staff recommends that the Regional Planning Governing Board discuss the proposed budget, indicate any desired changes, and move to approve the budget as proposed or as augmented through Board discussion.

Proposed Motion

I move to adopt the proposed TMRPA budget for fiscal year 2024-25 as presented in Attachment 1 of the staff report.

Please do not hesitate to contact Jeremy Smith at 775-225-0285 or jsmith@tmrpa.org if you have any questions or comments on this agenda item.

Attachments:

Attachment 1 – FY 2024-2025 Proposed Budget

Attachment 2 – FY 2023-2024 Estimate to Complete

Attachment 3 – Five-year TMRPA Budget Forecast

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Item 7.A: Fiscal Year 2024-2025 Proposed Budget

Attachment 1: FY 2024-2025 Proposed Budget

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ATTACHMENT 1 – FY 2024-2025 Proposed Budget

	Proposed Budget FY 2024-2025(\$)	Notes
REVENUE		
City of Reno - IA	425,360.00	
City of Sparks - IA	318,801.00	3.6% Increase from last fiscal year to keep up with West Region CPI
Washoe County - IA	318,801.00	
RTC - Shared Services Program	60,000.00	Shared work program
WRWC - Shared Services Program	50,000.00	Shared work program
Miscellaneous Revenue	10,000.00	
Total REVENUE	1,182,962.00	
EXPENDITURES		
Payroll	875,609.00	6 full time positions
Professional Services	206,136.00	Legal, bookkeeping, audit, consulting
Services and Supplies	137,981.00	Data, software, equipment, video production, etc.
Total EXPENDITURES	1,219,726.00	
Estimated Net Income FY 24-25	(36,764.00)	Estimate of revenue minus expenditures
Estimated Beginning Fund Balance (July 1, 2024)	308,484.80	
Estimated Change in Fund Balance	(36,764.00)	
Estimated Ending Fund Balance (June 30, 2025)	271,720.80	

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Item 7.A: Fiscal Year 2024-2025 Proposed Budget

Attachment 2: FY 2023-2024 Estimate to Complete

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ATTACHMENT 2 – FY 2023-2024 Estimate to Complete

	Budget FY 2023-2024 (\$)	July 1, 2023 through Jan. 31, 2024 (\$)	\$ Needed to Complete Year	Estimated total \$ at Year End	% Estimated \$ At Year End Against Budget
REVENUE					
City of Reno - IA	410,579.00	205,289.50	205,289.50	410,579.00	100%
City of Sparks - IA	307,723.00	153,861.50	153,861.50	307,723.00	100%
Washoe County - IA	307,723.00	153,861.50	153,861.50	307,723.00	100%
RTC - Shared Services Program	75,000.00	33,750.00	41,250.00	75,000.00	100%
WRWC Shared Services	34,000.00	11,925.50	22,074.50	34,000.00	100%
Miscellaneous Revenue (e.g. NDEP)	10,000.00	0.00	5,000.00	5,000.00	50%
Total REVENUE	1,135,025.00	558,688.00	576,337.00	1,140,025.00	100%
EXPENDITURES					
Payroll	802,625.94	491,363.13	268,961.63	760,324.76	95%
Professional Services	228,920.83	124,198.50	97,413.83	221,612.33	97%
Services and Supplies	135,434.00	73,735.65	50,937.36	124,673.01	92%
Total EXPENDITURES	1,166,980.77	689,297.28	417,312.82	1,106,610.10	95%
Net Income	(31,955.77)	(130,609.28)	159,024.18	33,414.90	
Beginning Fund balance (July 1, 2023)				275,069.90	
Estimated change in Fund Balance				33,414.90	
Estimated Ending Fund Balance (July 1, 2024)				308,484.80	

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Item 7.A: Fiscal Year 2024-2025 Proposed Budget

Attachment 3: Five-year TMRPA Budget Forecast

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Attachment 3: Five-year TMRPA Budget Forecast

This attachment attempts to look ahead five years (including the proposed FY 2024-25 budget year) and forecast changes to budget revenues and expenditures. This forecast represents only one scenario of many possible futures and is designed to indicate the kinds of considerations necessary to create a fiscally sustainable agency for years to come. The forecast assumes existing staff remain with the agency in their current positions. This approach targets maintaining approximately a ten percent agency fund balance (calculated as a percent of forecasted annual revenue) after five years. Given this is a future scenario that is subject to unknown future conditions (i.e. economy, jurisdiction budgets, etc.), each year's budget setting will react to the actual spending and accounting of prior and current years. A new five-year prediction can be created each year to track our progress against these assumptions.

Five-year Forecast Assumptions:

- Includes fiscal years ending in 2025, 2026, 2027, 2028, 2029.
- 2% annual increases to health insurance and other services subject to cost increases from inflation
 - Decrease in Professional Services in FY 2025-26 recognizes completion of NR and PIP plans and termination of spending on outside consultants
- PERS increase from 33.5% to 37.5% over 5 years (1% annual increases)
- 3% annual increase for Director salary
- 5% annual merit increases for staff
 - 3% COLA in FY 2024-25
 - Assumes employee retention of all existing employees at current position levels
 - Assumes employees reach the top of their compensation range for current position levels with no additional COLAs
- Annual increase to jurisdiction allocations
 - Includes the proposed increase of 3.6% for FY 2024-25
 - Annual proposed increases will be built based on an accounting of actual spending versus received revenue
 - I anticipate annual allocation increases on the order of 2 to 4% and have modeled the 5-year outlook using 3%
- Continued support from WRWC
 - Anticipate receiving up to \$50,000 annually
- Continued support from RTC
 - Typically, \$60,000 with an increase to \$75,000 during the next RTP year
 - Anticipate maintaining the \$75,000 value annually to keep up with the cost inflation for data and software to serve RTC modeling and planning efforts
- Assumes we receive all forecasted revenues and there are no savings on expenditures in any of the forecasted years
 - Maximizes potential use of existing fund balance

The goal of the five-year forecast (**Table 1**) is to anticipate agency needs to achieve a sustainable budget. Further, it is a goal to maintain a ca. 10% fund balance to accommodate unforeseen occurrences (e.g., payouts, lawsuits, emergencies). The current five-year forecast scenario ends with a predicted 11% fund balance. This five-year outlook assumes there are no annual savings or unexpected increases in revenue. With small annual savings versus predicted expenditures, we should be able to extend the use of the Agency fund balance beyond the five-year prediction window and improve fiscal sustainability of TMRPA while still ensuring merit increases for staff and considering increased costs due to inflation.

Table 1. Five-year forecast of TMRPA Budget Revenue and Expenditures (\$)

REVENUES	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
City of Reno - IA	425,359.84	438,120.64	451,264.26	464,802.19	478,746.25
City of Sparks - IA	318,801.03	328,365.06	338,216.01	348,362.49	358,813.37
Washoe County - IA	318,801.03	328,365.06	338,216.01	348,362.49	358,813.37
Misc. Revenue	10,000.00	11,000.00	12,000.00	13,000.00	14,000.00
RTC Shared Services	60,000.00	60,000.00	60,000.00	75,000.00	75,000.00
WRWC Shared Services	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Total Forecasted Revenues	1,182,961.90	1,215,850.76	1,249,696.28	1,299,527.17	1,335,372.98

EXPENDITURES	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
Payroll	875,609.00	912,778.25	955,247.55	995,153.88	1,028,424.87
Professional Services	206,136.22	184,500.00	188,190.00	191,953.80	195,792.88
Services and Supplies	137,981.00	139,360.81	142,148.03	144,990.99	147,890.81
Total Forecasted Expenditures	1,219,726.22	1,236,639.06	1,285,585.58	1,332,098.67	1,372,108.55

Estimated End of Year Fund Balance	271,720.80	250,932.50	215,043.20	182,471.70	145,736.13
Fund Balance as a Percent of Forecasted Revenue	23%	21%	17%	14%	11%