



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 2025-2026 (AGENDA ITEM 7.B)

This staff report provides the Regional Planning Governing Board (RPGB) with a proposed TMRPA budget for Fiscal Year 2025-26. 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 10, 2024 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 12, 2024 RPGB meeting. Since December, Director Smith has engaged with Board leadership, Reno City Manager Bryant, Sparks City Manager Crawford, 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 improve and maintain the organization's fiscal sustainability, 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 and strategic goals. Discussion with the RPGB Chair, County and City Managers have indicated they are willing to support a 2.1% increase to the jurisdiction allocations for Fiscal Year 2025-26.

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 2023-24 fiscal year's budget benefited from a 24% increase to jurisdiction allocations, following three budget cycles where allocations had remained static. That increase allowed the agency to hire a new full-time administrative assistant, a position that

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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 allocation further bolstered Director Smith’s efforts to address employee retention and allowed the agency to keep up with rising costs due to inflation.

Over the past several 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 each year.

Negotiations for the allocation amounts for the current fiscal year (FY 2024-25) took place in December of 2023 and were centered around the concept of maintaining fiscal sustainability for the Agency. Then acting Sparks City Manager Crawford suggested we tie the TMRPA annual request for jurisdiction allocations to [West Region Consumer Price Index \(CPI\)](#). The other managers agreed and that led to a 3.6% increase to allocations in FY 2024-25.

Discussions with the City and County managers for the proposed fiscal year followed last year’s approach and Director Smith proposed a 2.1% increase to jurisdiction allocations for FY 2025-26. This matches the October 2024 value for West Region CPI. All three jurisdiction managers agreed to the 2.1% increase during one-on-one conversations in December of last year. The proposed 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	\$ 425,360	2.1%	\$ 8,933	\$ 434,293
City of Sparks	\$ 318,801	2.1%	\$ 6,695	\$ 325,496
Washoe County	\$ 318,801	2.1%	\$ 6,695	\$ 325,496
Total	\$ 1,062,962		\$ 22,323	\$ 1,085,285

AGENCY NEEDS, WORK PLAN AND STRATEGIC GOALS

With the adoption of the updated 2024 Regional Plan, TMRPA has completed and established both the [Natural Resources](#) (NR Plan) and [Public Infrastructure](#) (PIP) Plans and associated online data webpages. Completion of these initiatives included the use of funds that were collected and targeted for these initiatives back during the 2019 Regional Plan update cycle. Roughly \$15,000 remained after completing

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contracts with our hired consultants Stantec (NR Plan) and Hansford Economic Consulting (PIP). These consultants provided crucial support to achieve the NR and PIP products. Given the work is completed, the remaining funds have now been absorbed into the Agency's regular fund balance.

The NR Plan and PIP represent a significant step forward in how TMRPA tracks, provides, and uses information about Natural Resources and Public Infrastructure. Both the documents and their associated online data portal and dashboard provide planners, decision-makers, stakeholders, and the general public with access to detailed and up-to-date information about natural resources and capital improvement costs. Further, the information and data resultant from these efforts provides a foundation for policy and processes in the 2024 Regional Plan. For example, new Regional Plan policy **NR 4 - Natural Resources Consideration Areas** allows TMRPA to evaluate the spatial intersection of any case's subject site with a suite of natural resource information such as slopes, fire risk, species information and interaction with critical source water protection areas.

Further the Public Infrastructure Plan document, GIS data, and attendant capital improvement data are already helping TMRPA staff administer Regional Plan policy **PF 1 – List of Facilities and Services Standards**. This policy requires that for every conformance review case undertaken by the Agency, each of the five facility and service domains detailed in the Public Infrastructure Plan (5 domains include: potable water, wastewater, stormwater/flood control, education, and transportation) are analyzed for existing adequacy or planned improvements that are necessary to serve the proposed land use. This ensures questions regarding how a site will be served by facilities and services in these five domains are addressed prior to the Regional Planning Commission or RPGB decision to allow the regional land use request (e.g., master plan land use amendment).

With the establishment of the NR Plan and PIP, TMRPA has succeeded in creating three of the foundational pillars that underpin and address Regional Planning's mandate in the Truckee Meadows (as described in NRS 278.0274 Contents of the Regional Plan). These documents serve to guide policy discussion and direction in the 2024 Regional Plan, provide transparency, and act as the aegis under which future work done by the Agency within these topic areas can be housed. One additional foundational effort is necessary to document and provide transparency on TMRPA's approach to tracking and predicting population and job growth in the Region, including analyses of existing residential stock and spatial predictions of future housing development. This work is routinely accomplished by the Agency and will benefit from a public and staff-involved process to document objectives and methods.

As the Agency moves forward into the next fiscal year, the creation of this housing and population information will serve as a major component of the Agency's work plan. Unless directed otherwise, this coupled with maintenance of existing products (NR Plan, PIP, Regional Plan) and TMRPA's regular case workload will comprise the bulk of Agency efforts in FY 2025-26. The final aspect of TMRPA's work plan centers around regional coordination and promotes collaboration by ensuring information related to land use decision-making and growth and development in the Region is shared amongst our jurisdiction and affected entity partners.

To facilitate this future work and in the interest of transparency and performance tracking, TMRPA staff will bring forward a work plan and strategic goals for the Agency during FY 2025-26. The plan will guide

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efforts at the Agency and allow the RPGB to track progress on specific deliverables and milestones. Further, the establishment of strategic goals will improve the effectiveness of the Board's review of the Director's performance by tying that evaluation to an Agency "report card" or similar means of tracking success versus planned actions.

The strategic plan and exact list of goals will be brought forth to the RPGB as an item during the April RPGB meeting. Director Smith will work with Board leadership in the interim to develop the strategic plan and solidify Agency goals for the next fiscal year. Some broad goal categories, for further development during the strategic planning process, are listed below as a preview of kinds of work and projects that will be contemplated and tracked. The list below is not exhaustive and will evolve once the strategic plan creation commences.

- Regulatory conformance reviews
- Regional Coordination, including convening a "Broader Region Summit"
- Annual updates to the Regional Plan, Truckee Meadows Annual Report, Natural Resources Plan, and Public Infrastructure Plan
- Population, housing, and geospatial modeling document and products

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 \$75,000 in funding for the upcoming fiscal year. Over the past year, we have worked closely with the RTC on their transportation demand model and the forthcoming updated Regional Transportation Plan. In addition, up to \$50,000 will be available from the WRWC to help support water and wastewater planning.

CURRENT NEEDS AND PROPOSED FISCAL YEAR 2025-26 BUDGET ASSUMPTIONS

We are on track to complete the existing fiscal year (FY 2024-25) roughly \$6,000 over budget (**Attachment 2**). The estimated fiscal position at the end of FY 2024-25 reflects small savings in the Payroll and Professional Services expenditure categories contrasted against some unplanned expenditures in Services and Supplies (described below). Given the savings and increases to the Agency fund balance over the past several 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 and running slightly above budget will help us manage the fund balance accordingly. With small increases to annual allocations, potential for small savings on expenditures, and judicious use of the Agency fund balance when necessary, TMRPA has achieved a level of fiscal sustainability that allows the Agency to keep up with cost inflation and stay competitive in terms of employee compensation.

Needs for the current fiscal year that were not contemplated during the previous budget cycle include hiring a GIS Analyst to fill the position vacated by previous GIS Coordinator Damien Kerwin and purchasing of new GIS server hardware and software licensing to update the Agency's GIS architecture. This update will allow the Agency to conform to new GIS industry standards (e.g., ArcGIS Pro) as support for the

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existing suite of GIS tools (i.e. ArcMap) will end in 2026. The delivery of TMRPA's maps and online data, as well as regular case work and analyses, depends on the Agency's GIS infrastructure. These additional expenses during the current fiscal year will allow TMRPA to keep up with evolving technology and leverage GIS tools for several years to come. Funds to meet these unplanned expenditures are available in the Agency fund balance and their use will not affect the Agency's goals to maintain fiscal sustainability. **Attachment 2** provides the Agency's current Estimate to Complete FY 2024-25 and includes these newly identified costs.

- Recruit and hire a GIS Analyst in March/April of 2025
 - Potential for ongoing cost savings by targeting a GIS Analyst level I or II instead of re-filling the GIS Coordinator position
- Update TMRPA's existing GIS hardware and licensing to support required changes to ESRI software
 - Ca. \$8,600 for new 6-core GIS server hardware
 - \$11,600 to upgrade ArcGIS server license from 4- to 6-core perpetual license

In addition to the needs identified above, the following assumptions were used to create the proposed budget for FY 25-26 (**Attachment 1**).

- Increase of 2.1% to jurisdiction allocations (see Table 1 above)
- Shared Work Program with Regional Transportation Commission
 - \$75,000 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.)
- Up to 5% merit-based increase for TMRPA staff
- Increased budgeting for perceived cost increases to outside services and materials, such as:
 - Financial audit
 - Bookkeeping
 - Data services
 - Software
- Increase of PERS rate to 36.75%
- Consideration of 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.

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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 2025-26 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 2025-2026 Proposed Budget

Attachment 2 – FY 2024-2025 Estimate to Complete

Attachment 3 – Five-year TMRPA Budget Forecast

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Item 7.B: Fiscal Year 2025-2026 Proposed Budget

Attachment 1: FY 2025-2026 Proposed Budget

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ATTACHMENT 1 – FY 2025-2026 Proposed Budget

	Proposed Budget FY 2025-2026(\$)	Notes
REVENUE		
City of Reno - IA	434,293.00	
City of Sparks - IA	325,496.00	2.1% Increase from last fiscal year to keep up with West Region CPI
Washoe County - IA	325,496.00	
RTC - Shared Services Program	75,000.00	Shared work program
WRWC - Shared Services Program	30,000.00	Shared work program
Miscellaneous Revenue	10,000.00	
Total REVENUE	1,200,285.00	
EXPENDITURES		
Payroll	888,342.20	6 full time positions
Professional Services	210,512.00	Legal, bookkeeping, audit, consulting
Services and Supplies	170,754.53	Data, software, equipment, video production, etc.
Total EXPENDITURES	1,269,608.73	
Estimated Net Income FY 22-23	(69,323.73)	Estimate of revenue minus expenditures
Estimated Beginning Fund Balance (July 1, 2025)	352,371.81	
Estimated Change in Fund Balance	(69,323.73)	
Estimated Ending Fund Balance (June 30, 2026)	283,048.08	

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Item 7.B: Fiscal Year 2025-2026 Proposed Budget

Attachment 2: FY 2024-2025 Estimate to Complete

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ATTACHMENT 2 – FY 2024-2025 Estimate to Complete

	Budget FY 2024-2025 (\$)	July 1, 2024 through Dec. 31, 2024 (\$)	\$ Needed to Complete Year	Estimated total \$ at Year End	% Estimated \$ At Year End Against Budget
REVENUE					
City of Reno - IA	425,360.00	212,680.00	212,680.00	425,360.00	100%
City of Sparks - IA	318,801.00	159,400.50	159,400.50	318,801.00	100%
Washoe County - IA	318,801.00	159,400.50	159,400.50	318,801.00	100%
RTC - Shared Services Program	60,000.00	33,750.00	26,250.00	60,000.00	100%
WRWC Shared Services	50,000.00	2,626.75	15,000.00	17,626.75	35%
Miscellaneous Revenue (e.g. NLT)	10,000.00	0.00	7,320.00	7,320.00	73%
Total REVENUE	1,182,962.00	567,857.75	580,051.00	1,147,908.75	97%
EXPENDITURES					
Payroll	875,609.00	439,899.99	365,825.65	805,725.64	92%
Professional Services	206,136.22	98,300.00	101,990.00	200,290.00	97%
Services and Supplies	137,981.00	70,352.70	78,213.68	148,566.38	108%
Total EXPENDITURES	1,219,726.22	608,552.69	546,029.34	1,154,582.03	95%
Net Income	(36,764.22)	(40,694.94)	34,021.66	(6,673.28)	
Beginning Fund balance (July 1, 2024)				359,045.09	
Estimated change in Fund Balance				(6,673.28)	
Estimated Ending Fund Balance (July 1, 2025)				352,371.81	

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Item 7.B: Fiscal Year 2025-2026 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 2025-26 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, with the exception that the GIS Coordinator position will be replaced by a GIS Analyst. 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 2026, 2027, 2028, 2029, 2030.
- Incorporates increases for health insurance and other services subject to cost increases from inflation
- PERS increases from 36.75% to 40.75% over 5 years (1% annual increases)
- 3% annual increase for Director salary
- 5% annual merit increases for staff
 - Assumes employee retention of existing employees in current positions
 - Assumes employees reach the top of their compensation ranges for current position with no additional COLAs
 - Assumes replacement of the GIS Coordinator position with a GIS Analyst I
- Annual increase to jurisdiction allocations
 - Includes the proposed increase of 2.1% for FY 2025-26
 - 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
 - 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 A3.1**) is to anticipate the agency's 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 A3.1. Five-year forecast of TMRPA Budget Revenue and Expenditures (\$)

REVENUES	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
City of Reno - IA	434,293	447,322	460,741	474,564	488,801
City of Sparks - IA	325,496	335,261	345,319	355,678	366,349
Washoe County - IA	325,496	335,261	345,319	355,678	366,349
Misc. Revenue	10,000	11,000	12,000	13,000	14,000
RTC Shared Services	75,000	75,000	75,000	75,000	75,000
WRWC Shared Services	30,000	50,000	50,000	50,000	50,000
Total Forecasted Revenues	1,200,285	1,253,844	1,288,379	1,323,920	1,360,498

EXPENDITURES	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Payroll	888,342	906,109	933,292	961,291	990,130
Professional Services	210,512	213,670	216,875	220,128	223,430
Services and Supplies	170,755	171,608	172,466	173,329	174,195
Total Forecasted Expenditures	1,269,609	1,291,387	1,322,633	1,354,748	1,387,755

Estimated End of Year Fund Balance	283,048	245,505	211,250	180,423	153,166
Fund Balance as a Percent of Forecasted Revenue	24%	20%	16%	14%	11%