



Fiscal Year 2019 County Manager's Recommended Budget

Washoe County Commission Meeting
John Slaughter, County Manager
April 24, 2018

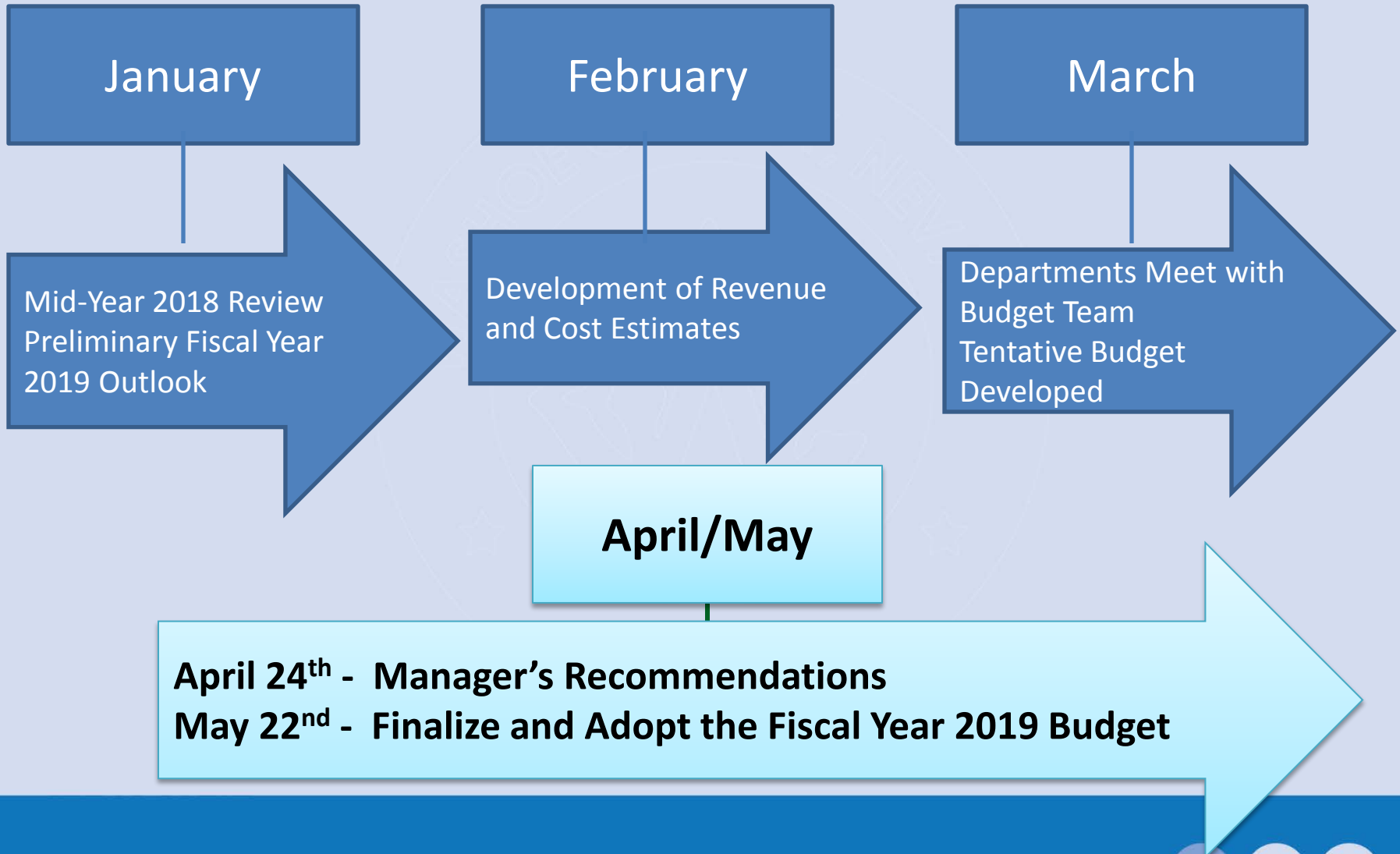


Agenda

- Budget Process Update
- Estimates of Fiscal Year End 2018 Results
- Fiscal Year 2019 Budget Assumptions and Development
- Fiscal Year 2019 County Manager Recommendations
- Special Topics as Requested



Budget Process Update





Fiscal Year 2018

Estimated General Fund Year-End Financial Results for June 30, 2018



General Fund Fiscal Year End 2018 Estimated

General Fund Sources and Uses	FY18 Adjusted	FY18 Year-End	Variance	
	Budget	Estimate	\$	%
Revenues and Other Sources:				
Taxes	\$ 161,760,423	\$ 161,760,423	\$ -	0.0%
Licenses and permits	9,602,200	9,602,200	-	0.0%
Consolidated taxes	108,942,685	108,942,685	-	0.0%
Other intergovernmental	21,638,963	21,632,463	(6,500)	0.0%
Charges for services	20,135,835	20,644,876	509,041	2.5%
Fine and forfeitures	6,881,550	6,801,550	(80,000)	-1.2%
Miscellaneous	3,647,349	3,746,441	99,092	2.7%
Total revenues	332,609,005	333,130,638	521,632	0.2%
Other sources, transfers in	337,400	337,400	-	0.0%
TOTAL SOURCES	332,946,405	333,468,038	521,632	0.2%
Expenditures and Other Uses:				
Salaries and wages	148,308,457	149,744,017	1,435,560	1.0%
Employee benefits	71,070,476	70,753,330	(317,146)	-0.4%
OPEB contributions	16,903,030	16,903,030	-	0.0%
Services and supplies	51,680,362	49,069,003	(2,611,358)	-5.1%
Capital outlay	493,176	493,176	-	0.0%
Total expenditures	288,455,501	286,962,557	(1,492,944)	-0.5%
Transfers out	44,487,069	47,483,418	2,996,349	6.7%
Stabilization	-	-	-	-
Contingency	1,746,058	1,746,058	-	-
TOTAL USES	334,688,628	336,192,033	1,503,405	0.4%
Net Change in Fund Balance	\$ (1,742,223)	\$ (2,723,995)	(981,772)	56.4%
Beginning Fund Balance	50,570,825	50,570,825	-	0.0%
Ending Fund Balance	\$ 48,828,602	\$ 47,846,830	(981,772)	-2.0%
Fund Balance %*	14.6%	14.3%		

Total Sources:

\$333.4 million, 0.2%, or \$521 K higher than budget due to increase in Charges for Services

Total Uses:

\$336.2 million, \$1.5 M higher than budget due to net of:

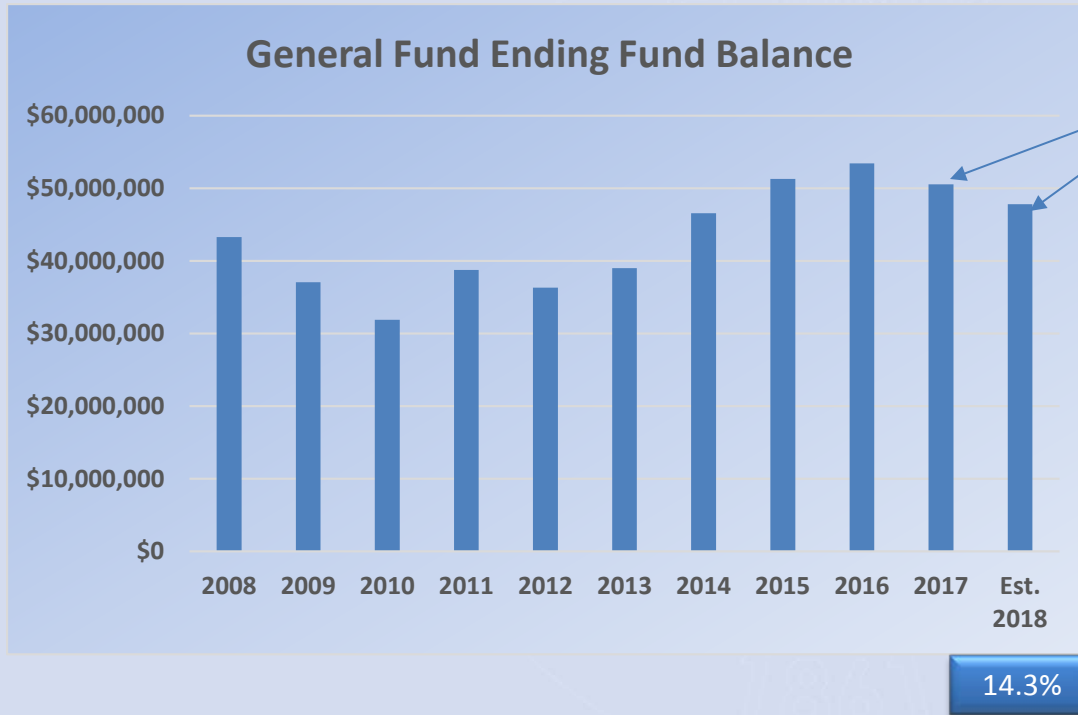
- Total expenditures \$1.49 M less than budget, and Transfers Out \$2.99 M more than budget – due to use of Stabilization Fund for flood expenses

Result is estimated reduction in General Fund Balance of \$2.7 M

*as % of Expense & Transfers less Capital



Historical & Projected Fiscal Year 2018 General Fund Ending Fund Balance



Reduction in fund balance last 2 fiscal years – primarily due to flood expenditures, \$7.0 M to date.

FY 2018 estimated ending fund balance 14.3% of expenditures

SB 168 (2015) permits up to a 25% fund balance.



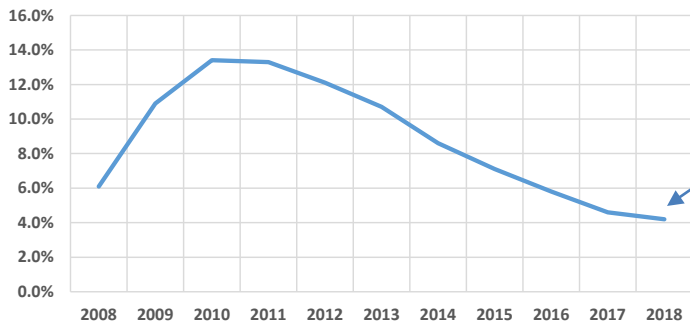
Fiscal Year 2019

FY 2019 Budget Assumptions and Development



Economic Outlook

Reno MSA
Unemployment Rate

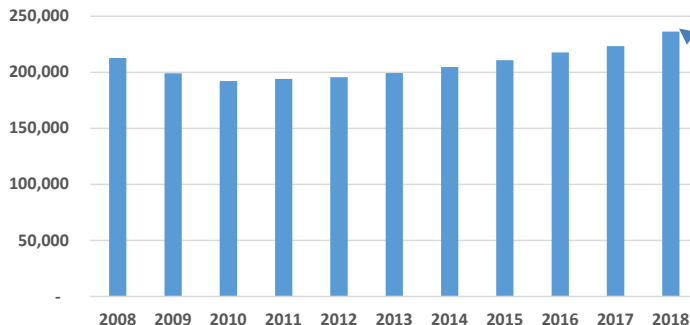


February 2018 unemployment rates :

- Reno MSA 4.2%,
- Statewide 4.9%
- National 4.1%

Since the February 2010 unemployment rate peak at 13.4%, total employment increased by more than 44,000 jobs, or 23%.

Reno MSA
Employment

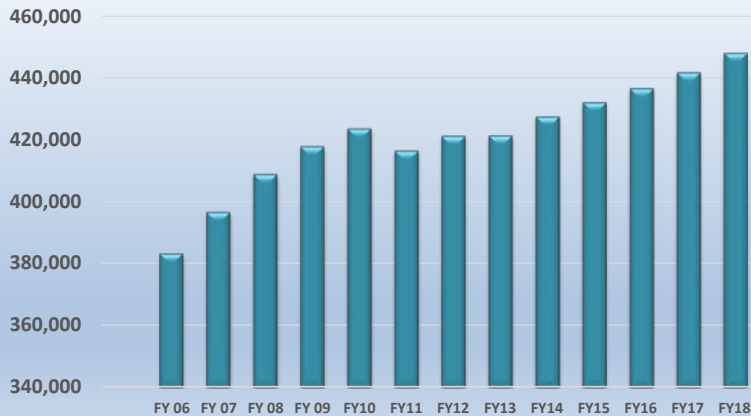


The Reno MSA Leading Economic Index (RLI): employment, gaming, home sales, taxable sales, gasoline sales, interest rates, money supply and airport passengers. RLI indicates expected growth in the regional economy over the next year.

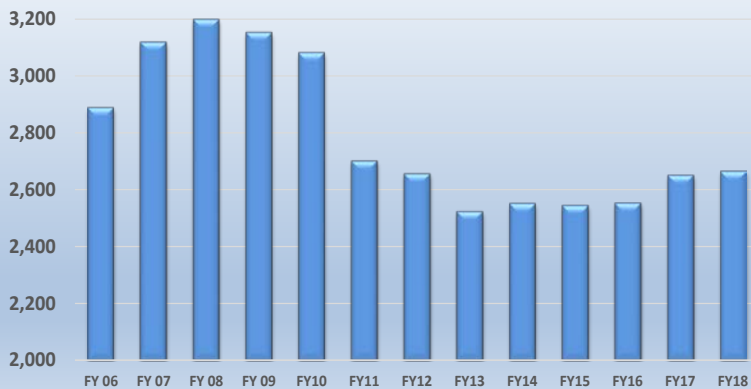


Washoe County Population vs. Staffing

Washoe County Population



Washoe County Authorized FTE's



2006 - 2018:

- County's population grew 17%, while Staffing (FTE's) down 8%
- Today, 1 County FTE supports 168 residents, vs. 133 in 2006
- Efficiencies gained from technology, contracting out, organizational restructuring and process improvement, but
- Service demands and infrastructure needs continue to increase with rising population, and resources not keeping pace with demands



FY 2019 General Fund Budget Assumptions

- FY 2019 budget outlook “Guarded”
- Continued economic & population growth = increased demand and costs for County services
- Revenues not sufficient to cover all cost increases & needs
- January: \$3.2 million preliminary deficit - no new revenue available for above base budget requests
- Departments and Agencies asked to prioritize & reallocate resources from within existing budgets
- Transfers Out to be reviewed



FY 2019 Recommended General Fund Budget

Washoe County General Fund	FY17 Actual	FY 18 Adopted Budget	FY18 Year-End Estimate	FY19 Tentative Budget	FY19 vs. FY18 Adopted	
					% Var.	\$ Var.
Revenues and Other Sources:						
Taxes	\$ 153,207,221	\$ 161,760,423	\$ 161,760,423	\$ 169,030,246	4.5%	\$ 7,269,823
Licenses and permits	9,491,540	9,602,200	9,602,200	9,677,200	0.8%	75,000
Consolidated taxes	100,335,898	108,942,685	108,942,685	109,789,819	0.8%	847,134
Other intergovernmental	21,323,308	21,638,963	21,632,463	22,539,740	4.2%	900,777
Charges for services	19,589,902	20,064,285	20,644,876	19,114,849	-4.7%	(949,436)
Fine and forfeitures	6,955,456	6,881,550	6,801,550	6,830,550	-0.7%	(51,000)
Miscellaneous	2,131,215	3,647,349	3,746,441	3,765,849	3.2%	118,500
Total Revenues	313,034,539	332,537,455	333,130,638	340,748,253	2.5%	8,210,798
Other sources, transfers in	287,228	337,400	337,400	337,400	0.0%	-
TOTAL SOURCES	\$ 313,321,767	\$ 332,874,855	\$ 333,468,038	\$ 341,085,653	2.5%	\$ 8,210,798
Expenditures and Other Uses:						
Salaries and wages	142,429,679	148,156,728	149,744,017	153,683,793	3.7%	5,527,065
Employee benefits	67,360,336	71,047,915	70,753,330	73,485,552	3.4%	2,437,636
OPEB contributions	15,431,094	16,903,030	16,903,030	16,869,328	-0.2%	(33,702)
Services and supplies	50,287,500	50,151,007	49,069,003	54,476,845	8.6%	4,325,838
Capital outlay	877,433	402,048	493,176	551,548	37.2%	149,500
Total Expenditures	276,386,042	286,660,728	286,962,557	299,067,065	4.3%	12,406,337
Transfers out	42,441,631	43,933,234	47,483,418	41,718,481	-5.0%	(2,214,753)
Stabilization	-	-	-	-	0.0%	-
Contingency	-	2,280,893	1,746,058	1,500,000	-34.2%	(780,893)
TOTAL USES	\$ 318,827,673	\$ 332,874,855	\$ 336,192,033	\$ 342,285,546	2.8%	\$ 9,410,691
Net Change in Fund Balance	\$ (5,505,906)	\$ -	\$ (2,723,995)	\$ (1,199,893)		
Beginning Fund Balance	\$ 56,076,731	\$ 49,487,866	\$ 50,570,825	47,846,830		
Ending Fund Balance	\$ 50,570,825	\$ 49,487,866	\$ 47,846,830	\$ 46,646,937		
Total Fund Balance %	15.9%	14.9%	14.3%	13.7%		

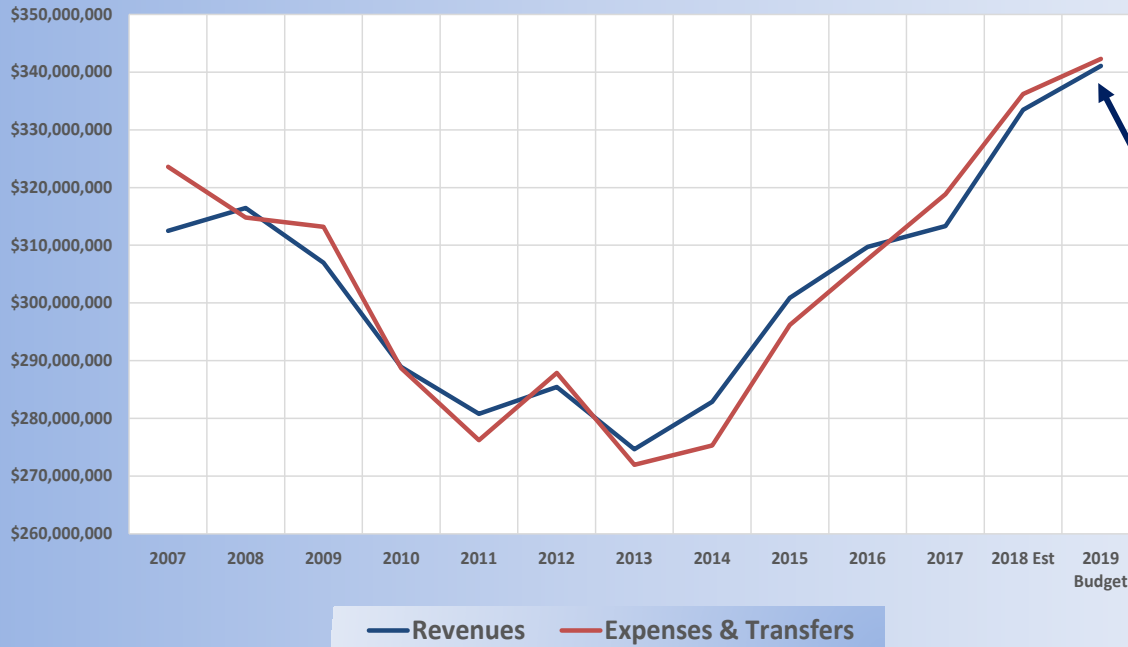
FY 2019
Additional:
Sources \$8.2M
Vs.
Uses \$9.4 M

FY 2019
budgeted
reduction in
Fund Balance of
\$1.2 M



Washoe County General Fund

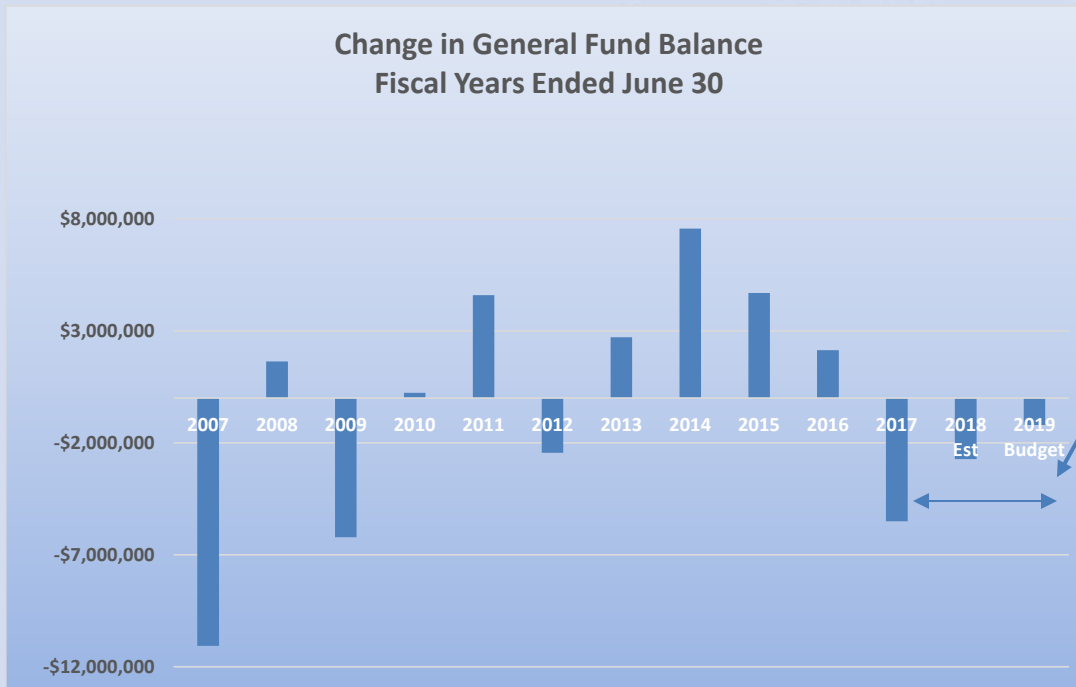
General Fund Revenue vs. Expense History
Fiscal Years Ended June 30



- Expenses growing faster than revenues – not sustainable for long-term
- January Preliminary FY 2019 Budget indicated a deficit of \$3.2M.
- FY 2019 Recommended Budget closing the gap – but still requires a use of fund balance (savings) of \$1.2M.



General Fund Changes in Fund Balance



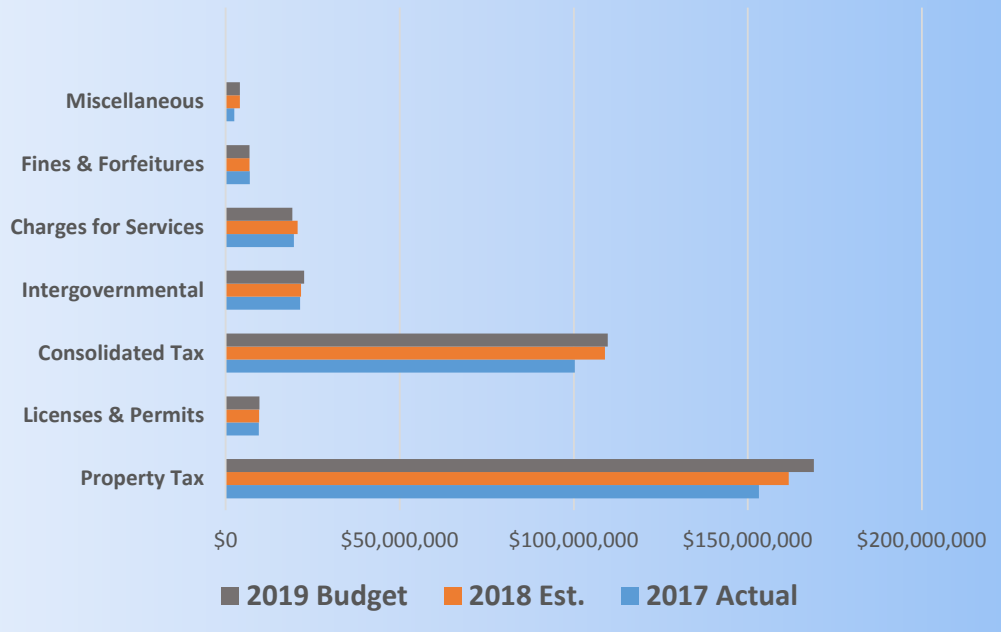
3 Years of declining General Fund Balances due to extraordinary events:

- Flood Disaster Expenditures in 2017, 2018, and 2019
- One-time refund of C-Tax overpayment in 2019



General Fund Revenue

General Fund Revenues

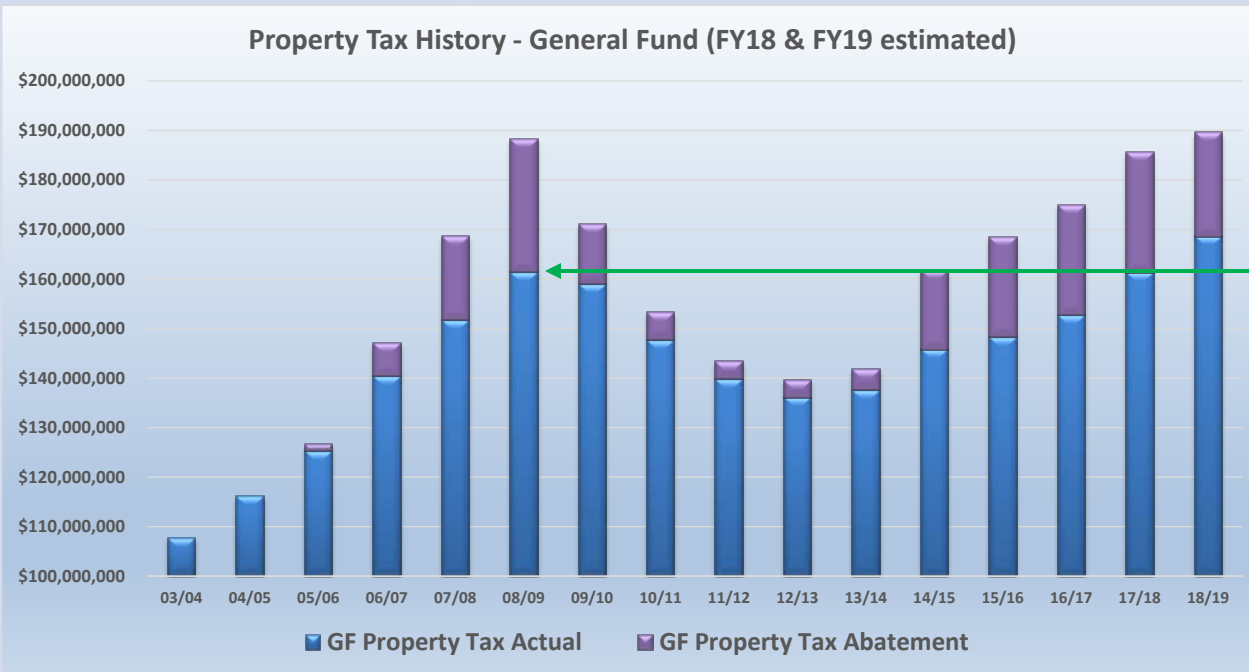


Total General Fund revenue increase FY 2019: 2.5%, \$8.2 M

- Property Tax: up 4.5%, \$7.3 M
- C-Tax: flat, 0.8%
- Intergovernmental: up 4.2%, \$900K
- Charges For Service: down 4.7%, \$949K



General Fund Property Tax Revenue



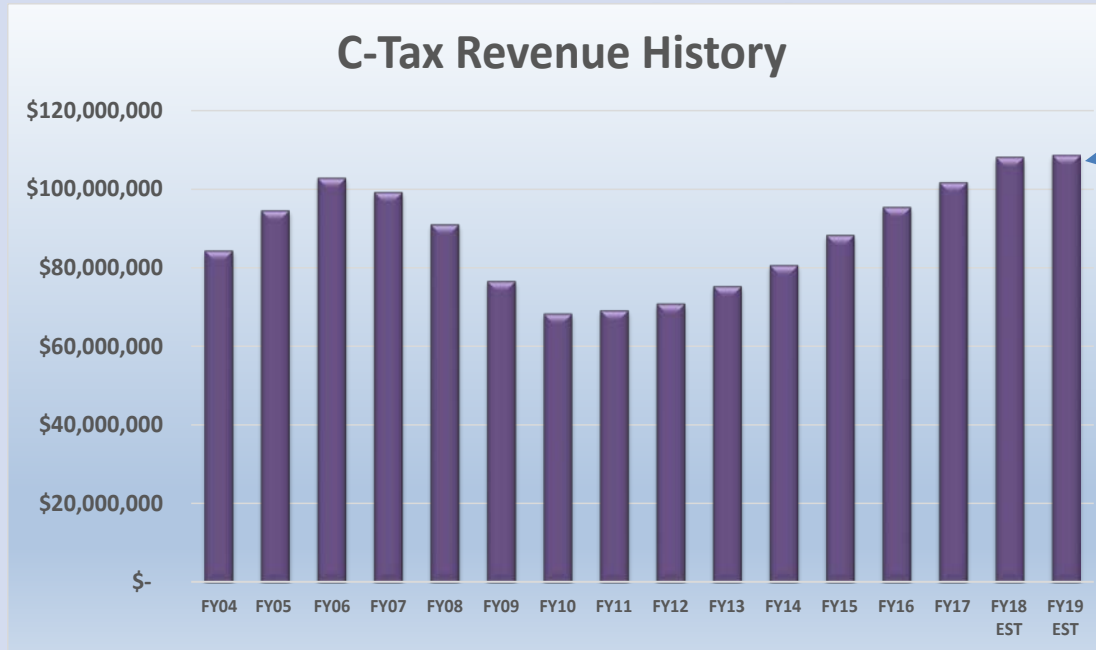
Nearly 10-
Years to
recover
revenue in
nominal
\$'s

FY 2019 General Fund property tax budgeted to increase 4.5% overall due to:

- Tax cap will limit growth to: 3.0%
- New construction not subject to abatement in first year will add approx. 1.5%
- Property taxes abated FY 2019 = \$24 million, cumulative since FY 2006 over \$200 million
 - *Abatements is the difference between the amount of taxes due based on the assessed value versus what is actually paid by property owners, due to property tax cap*



General Fund Consolidated Tax Revenue



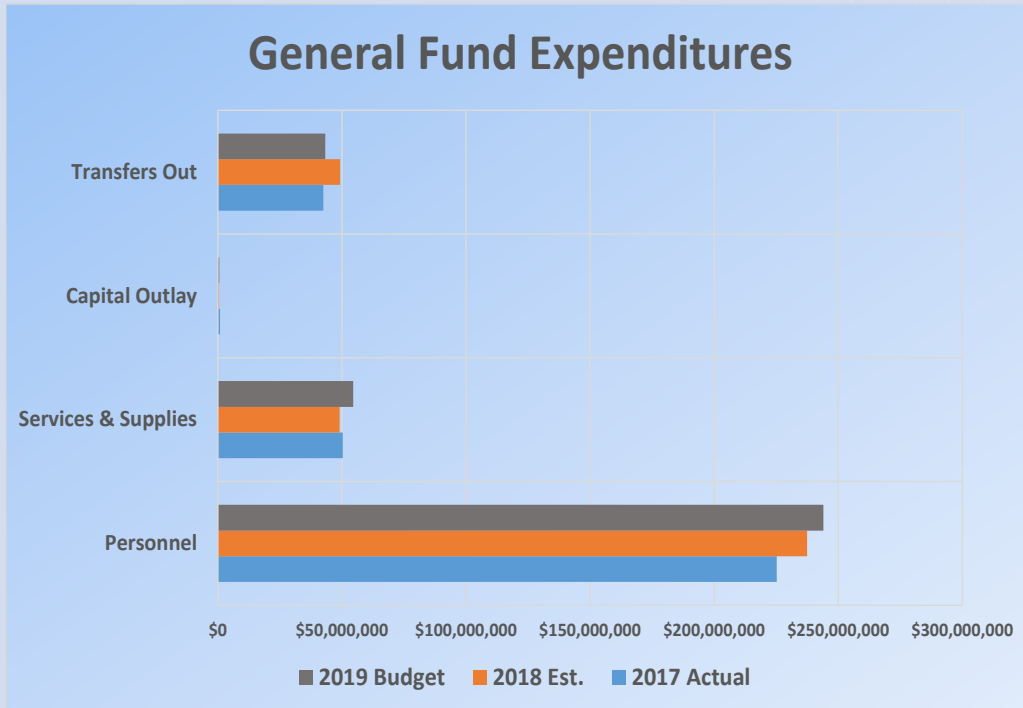
FY 2019 C-Tax budgeted to increase 0.8%, almost flat growth due to one-time \$4.6 M refund payback budgeted

C-Tax major components currently trending positive for FY 2018 To Date:

- Sales Tax up 7.5%
- Real Property Transfer Tax up 26.7%
- Government Services Tax up 12.7%



General Fund Expenditures



Total General Fund expenditures increasing 2.8%, \$9.4 M

- Personnel costs up 3.4%, \$7.9M
- Services & Supplies up 8.6%, \$4.3M
- Transfers Out to support other funds such as, Capital Improvement, and Debt Service Fund, down 5.0%, \$2.2M



General Fund Expenditures

Personnel Costs:

- Salaries and Wages – \$5.5M
2.5% COLA, merit increases, reclassifications, District Court salary range adjustments, and other Collective Bargaining Agreement provisions
- Associated retirement increases - \$1.5M
For COLA and other PERS compensable pays
- Health Insurance - \$500K
Forecasted premium increases and Health Savings Accounts contributions
- Other Benefits \$400K
Worker's Comp., Unemployment, Medicare



General Fund Expenditures

Services and Supplies (major changes):

- Ongoing Flood Barrier Costs \$1.2M
- County Wide Security (from personnel exp. to contract) \$914K
- Office 365 (Microsoft Exchange and Desk Top Applications) \$497K
- Pre-Sentencing Investigations \$346K
- Property Tax Pass Through Payments to Other Agencies (China Spring, Indigent Insurance Assistance) \$207K
- Jail Medical Services \$207K
- Equipment Services Charges (operations and maintenance, fuel, WCSO vehicle replacements) \$125K



General Fund Transfers Out

FY19 Recommend General Fund Transfers Out

Transfers Out to Fund:			
Health District		\$	9,516,856
Indigent Services		\$	18,508,178
Senior Services		\$	1,406,782
Child Protective Services		\$	447,237
Road Maintenance		\$	1,063,620
Debt Service		\$	5,457,715
Capital Improvement		\$	5,318,093
Total General Fund Transfers Out		\$	41,718,481

- Total Transfers Out for FY 2019 \$41.7 M
- \$2.2M reduction to Capital Improvement Fund due to:
 - One-time funding available in FY 2018



Fiscal Year 2019 County Manager Recommendations



FY19 Recommended Budget – All Funds

Washoe County Fiscal Year 2019 Tentative Budget Appropriations*

Governmental Funds

General Fund	\$	342,285,546
Special Revenue Funds		179,786,922
Capital Funds		25,878,121
Debt Funds		11,994,561

Total Governmental Funds \$ **559,945,150**

Proprietary Funds

Enterprise Funds	\$	21,887,822
Internal Service Funds		71,170,632

Total Proprietary Funds \$ **93,058,454**

Total Appropriations- All Funds \$ **653,003,604**

* Total appropriations includes expenditures, contingencies & transfers out

Recommended
Budget – Total All
Funds \$653M

General Fund is
\$342M, or 52%
of Total Budget



Budget Recommendations – General Fund

NEW POSITIONS/FTE CHANGES (NET)		
Function	Department/Agency	FTE Change
General Government	Comptroller	0.62
General Government	Technology Services	0.50
General Government	Treasurer	1.00
General Government Total		2.12
Judicial	Reno Justice Court	-1.00
Judicial	Sparks Justice Court	0.68
Judicial Total		-0.32
Public Safety	Juvenile Services	3.00
Public Safety Total		3.00
Total New Positions		4.80
RECLASSIFICATIONS		
Function	Department/Agency	Incumbents
General Government	Technology Services	8
General Government Total		8
Culture & Recreation	Library	8
Culture & Recreation Total		8
Judicial	District Attorney	7
Judicial	Reno Justice Court	11
Judicial Total		18
Public Safety	Public Administrator	6
Public Safety	Sheriff	4
Public Safety Total		10
Public Works	CSD - Finance & Administration	1
Public Works Total		1
Total Reclassifications		45

- FY 2019 General Fund Budget recommendations \$1,621,357 in funded requests, offset by \$1,530,460, for a net cost of just \$90,897.
- Departments and Agencies identified resources and reallocated existing budgets to offset most requests.



Budget Recommendations – General Fund

Other Recommendations:

- Transfers Out to support other Funds \$41.7 M
- Contingency Budget \$1.5M (within BCC policy level)
- One-time use of fund balance \$1.2M (C-Tax refund)
- Ending fund balance 13.7% (within BCC policy level)
 - Represents savings equivalent to 1.6 months, or 50 days of operating cash



Budget Recommendations – Capital Improvements

FY 2019 PROJECT	COST
Voting Machines	\$622,975
County Roads 34 & 447	\$200,000
Network Switch Upgrades	\$671,847
75 Court Street Radon Mitigation	\$452,805
Jan Evans Fire System	\$575,809
Ranch House Settling Mitigation	\$130,251
P25 Radios	\$750,000
Red Rock Facilities	\$121,000
Admin Complex Window/Wall Energy Improvements	\$396,497
Sheriff's Office Facility Security	\$171,273
Alternative Sentencing Case Management System	\$340,000
Historic Huffaker School House Roof	\$175,999

CIP Recommendations:

- FY 2019 General Fund Transfer to CIP \$5.3M
- Projects - based on CIP Committee Prioritization
- New: Establish Major Maintenance and Replacement Funding Mechanism for unforeseen needs \$180K



Budget Recommendations - Other Funds

OTHER FUND(S) - NEW POSITIONS/FTE CHANGES (NET)

Function	Department/Agency	FTE Change
Culture & Recreation	CSD-Parks & Open Space	0.75
Culture & Recreation Total		0.75
Health	Health	4.00
Health Total		4.00
Public Safety	Regional Communications	0.50
Public Safety Total		0.50
Utilities	CSD - Utilities	0.96
Utilities Total		0.96
Welfare	Human Services - CPS	8.40
Welfare	Human Services - Indigent	-1.00
Welfare	Human Services - Sr. Services	0.62
Welfare Total		8.02
Total Other Funds		14.23

OTHER FUND(S) - RECLASSIFICATIONS

Function	Department/Agency	Incumbents
Utilities	CSD-Utilities	2
Utilities Total		2
Welfare	Human Services - CPS	2
Culture & Recreation Total		2
Total Other Funds		4

Other Funds Budget
recommendations
\$3,337,774 in requests
offset - 100%
(no additional cost)

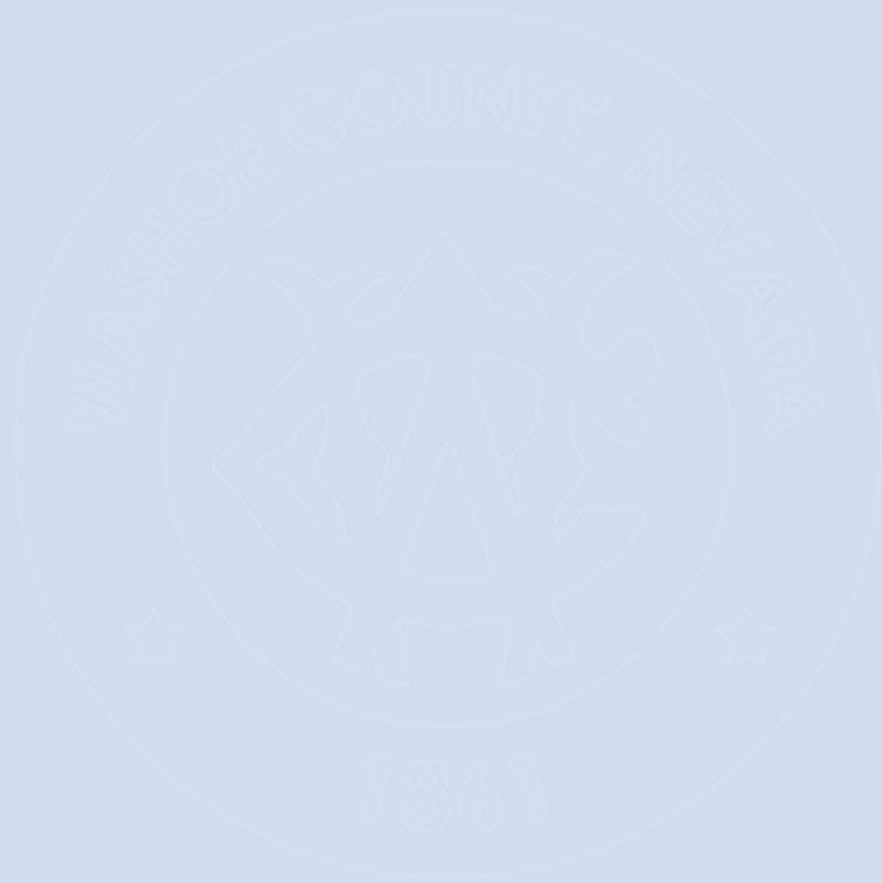


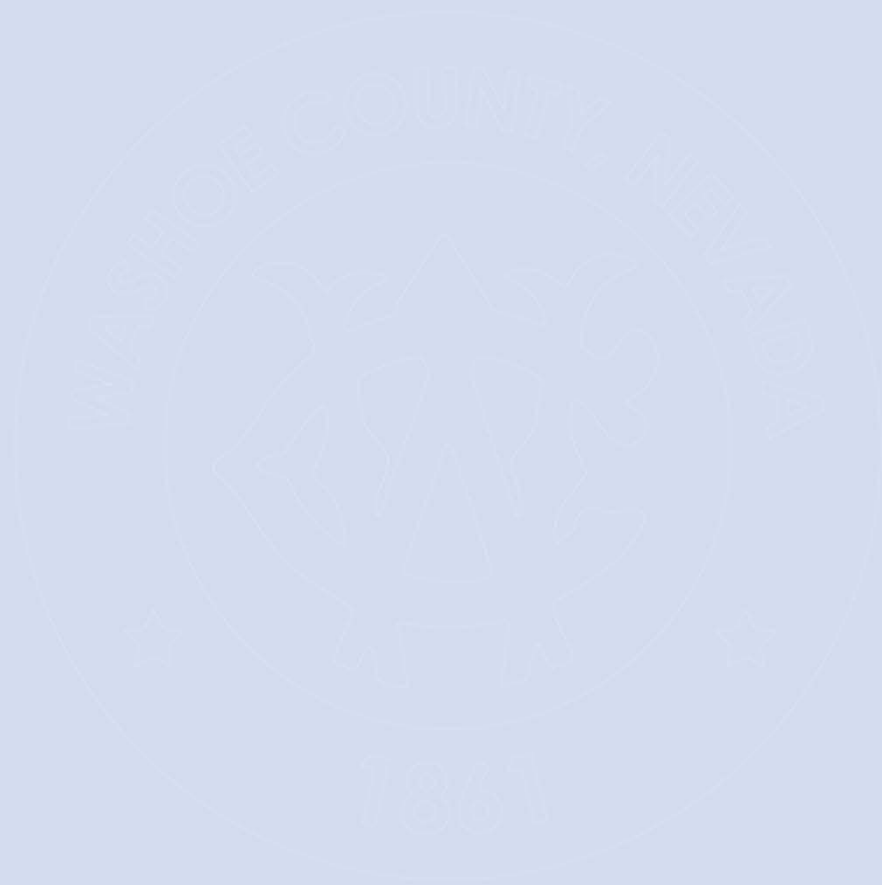
Next Step

- May 22, 2018 Public Hearing and Adoption of the Fiscal Year 2019 Final Budget



Questions/Special Topics?







Washoe County Parks Operating and Capital Budgets Summary

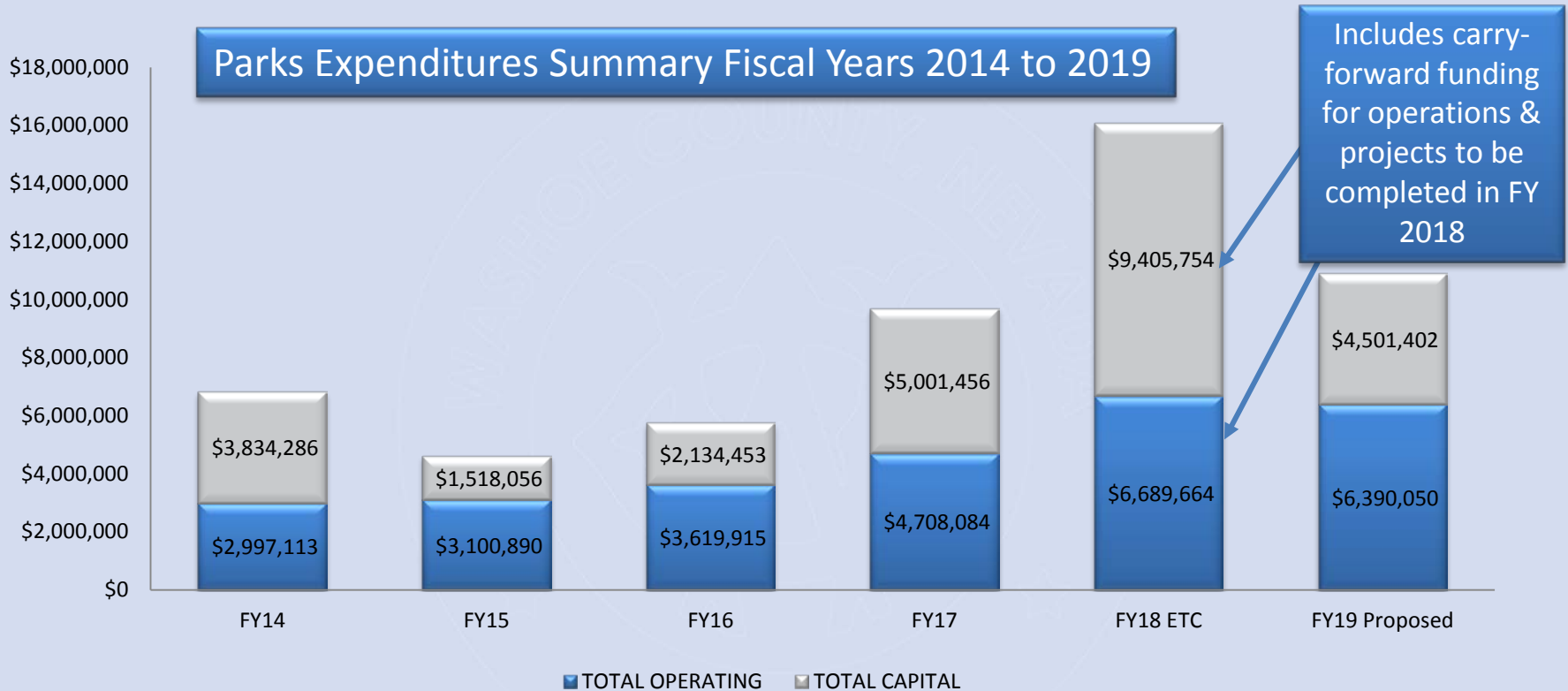


Washoe County Parks Summary

- **\$43 million in operations and capital expenditures in Fiscal Years 2014 through 2018**
- **Changes in Residential Construction Tax**
 - Legislative change in 2015 allowed for expenditures for existing facilities
 - \$12 million in Fiscal Years 2016 – 2018 to replace aged playground equipment & surfacing
- **Developing Countywide Parks Master Plan**
 - Public Open House/Workshops were held in **April 2018**
 - Current online survey



Washoe County Parks Summary



	FY14	FY15	FY16	FY17	FY18 ETC	FY19 Proposed
TOTAL OPERATING	\$ 2,997,113	\$ 3,100,890	\$ 3,619,915	\$ 4,708,084	\$ 6,689,664	\$ 6,390,050
TOTAL CAPITAL	\$ 3,834,286	\$ 1,518,056	\$ 2,134,453	\$ 5,001,456	\$ 9,405,754	\$ 4,501,402
TOTAL \$ PARKS	\$ 6,831,399	\$ 4,618,946	\$ 5,754,368	\$ 9,709,540	\$ 16,095,418	\$ 10,891,452



Washoe County Parks Summary (Operating)

■ FY 2019 Increased Revenues

- Based on historical trends and recommended new fee structure

Parks General Fund Operating	FY14	FY15	FY16	FY17	2018 ETC	2019 Proposed
Charges for Services	\$ 777,986	\$ 871,445	\$ 901,951	\$ 955,920	\$ 999,402	\$ 1,044,072

■ FY 2019 Increased Expenses

- Seasonal staff salary increases (previously approved by BCC)
- Seasonal after hours staff added
- Medium equipment replacement



Washoe County Parks Highlighted Projects

- **FY 2018 Major Capital Improvement Projects**
 - Persigehl Land Acquisition
 - North Valleys Regional Park Phase V

- **FY 2018 Flood Repair Projects (FEMA)**
 - Swan Lake Nature Study Area Rehabilitation
 - Washoe County Trail and Reconstruction
 - Washoe County Parks Flood Damage Repair

- **FY 2019 Parks Capital Improvement Projects**
 - Rancho San Rafael – Ranch House Foundation Mitigation
 - Bartley Ranch – Historic Huffaker School Roof



Next Step

- May 22, 2018 Public Hearing and Adoption of the Fiscal Year 2019 Final Budget