



Washoe County Fiscal Year 2021 County Manager's Recommended Budget

Washoe County Commission Meeting
Eric P. Brown, County Manager
May 12, 2020



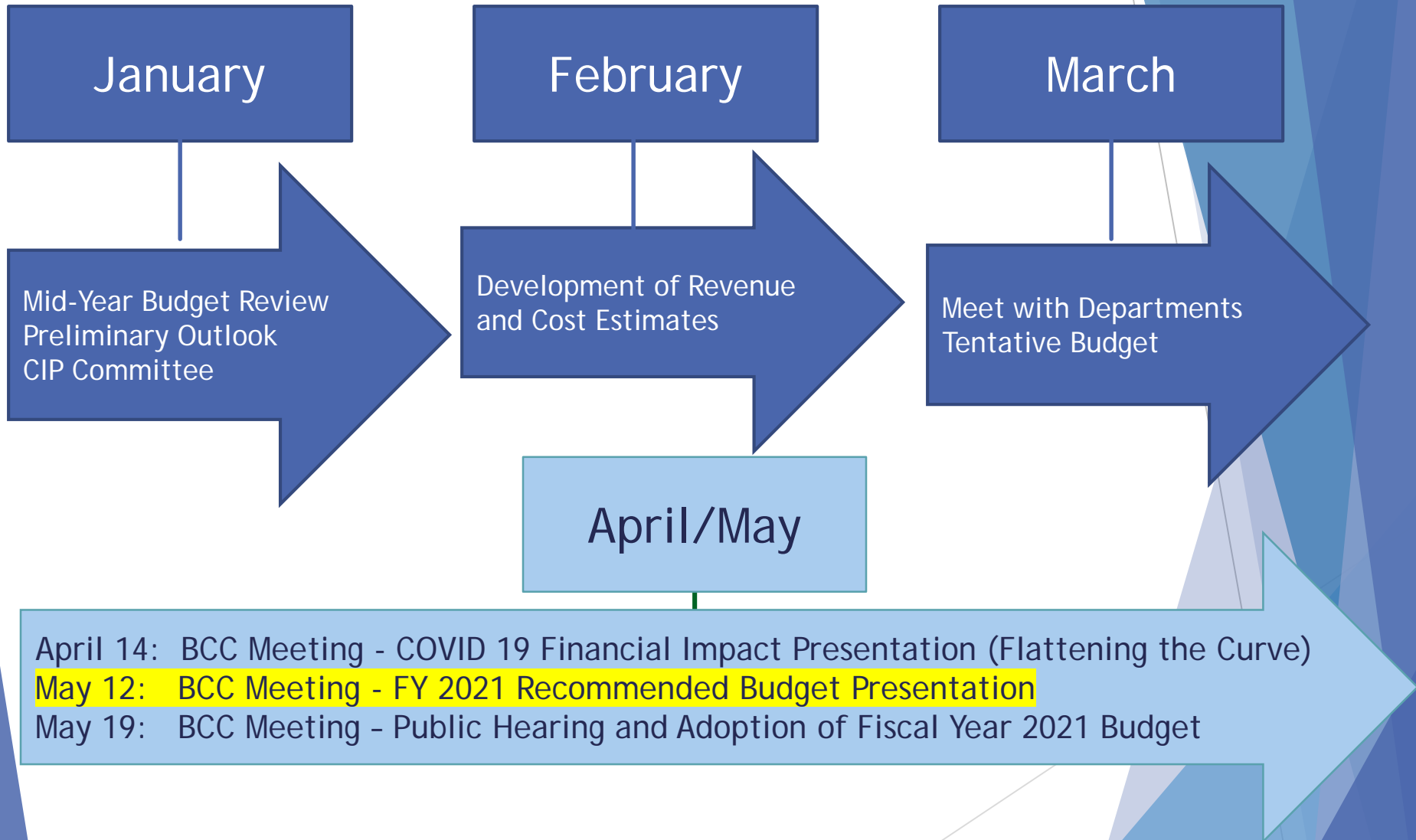
Washoe County FY 2021 Recommended Budget

Today's Agenda:

- Budget Process Update
- Budget Assumptions
- Fiscal Year 2021 County Manager's Recommended Budget



FY 2021 Budget Timeline





FY 2021 Budget Process

March 2-10: Budget Team met with Departments on FY21 Budget requests

March 12-16: COVID 19 Worldwide Pandemic Declaration, National, State and Locally Declared Emergencies

April 14: Presentation to BCC on COVID 19 financial impacts and recommended mitigation measures

April 15: Tentative Budget filed with State

March 25 - May 7: Ongoing meetings with County Manager and individual Commissioners

May 12: County Manager's FY 2021 Budget recommendations presented to BCC

May 13 - 15: Feedback to Departments

May 19: Public hearing to adopt Final FY 2021 Budget

June 1: Final Budget filed with State filing deadline



FY 2021 Budget Assumptions



Economic Outlook - Unprecedented

- Nationally:
 - ▶ 22.7 million jobs gained in economic recovery since 2009 wiped out!
 - ▶ 20.5 million jobs lost in April, and 33.5 million unemployment claims filed over last 6 weeks (3.5 times more than during the Great Recession)
 - ▶ Unemployment Rate now 14.7%-19.7% (depending on how “absent from work for other reasons” are classified)
- For Week Ending April 25, 2020 Nevada’s Insured Unemployment Rate was 19.9% - Highest Rate in State History
- Washoe County total unemployment claims were 34,574 thru May 2nd
- Consumer Spending down 7.6% in March (durable goods down 16.1%, non-durable groceries, toilet paper, etc. were up) - biggest decline since records began in 1959!



Economic Outlook - Unprecedented

- Quarter 1 GDP contracted an annualized 4.8% - longest post-war U.S. economic expansion that began in 2009 is over!
- Quarter 2 GDP decline expected to be 34.0%
- Pending Home Sales Index plunged 20.8% nationally in March
- Housing Starts collapsed - down 22% in March (construction shut-downs)
- Building Permits (indicates future construction) - down 6% February, & 7% in March
- Manufacturing Activity slowed down to lowest level since 1974!



Continuing Concerns

*Initial concern was how to make through to June, 30.....now
the concern is how do we survive the next 12-18 months?*

- Prolonged Sales Tax impacts - Nevada's economy still dependent on tourism & gaming making for higher risk of economic impact if people cannot or will not travel
- Property Tax impacts - New development & construction slowing; home sales slowing/possible property value impacts
- Cash flow impacts due to declining revenues & use of reserves
- General Fund resources not sufficient to shore up deficits in other funds
- Pending Litigation - Incline Village judgement a potentially significant cost impact
- Special Legislative Session (possible unfunded mandates & funding reductions)
- Impact on the County's credit rating/borrowing ability & other entities general obligation debt risk



General Fund Significant Financial Impact

FY 2020 Estimated:

▪ Revenue Loss	\$14,949,770
▪ Response Costs	<u>9,661,000</u>
	\$24,610,770

FY 2021 Projected:

▪ Revenue Loss	\$ 37,461,676
▪ Ongoing Costs	<u>3,000,000</u>
	40,461,676

Total Impact/Deficit **\$ 65,072,446**



Washoe County's Goals

Maintain Services

- ▶ Focus on priorities to support public health
- ▶ May need to reduce service levels in some areas
- ▶ Keep communication going at all levels!

Keep Employees Working

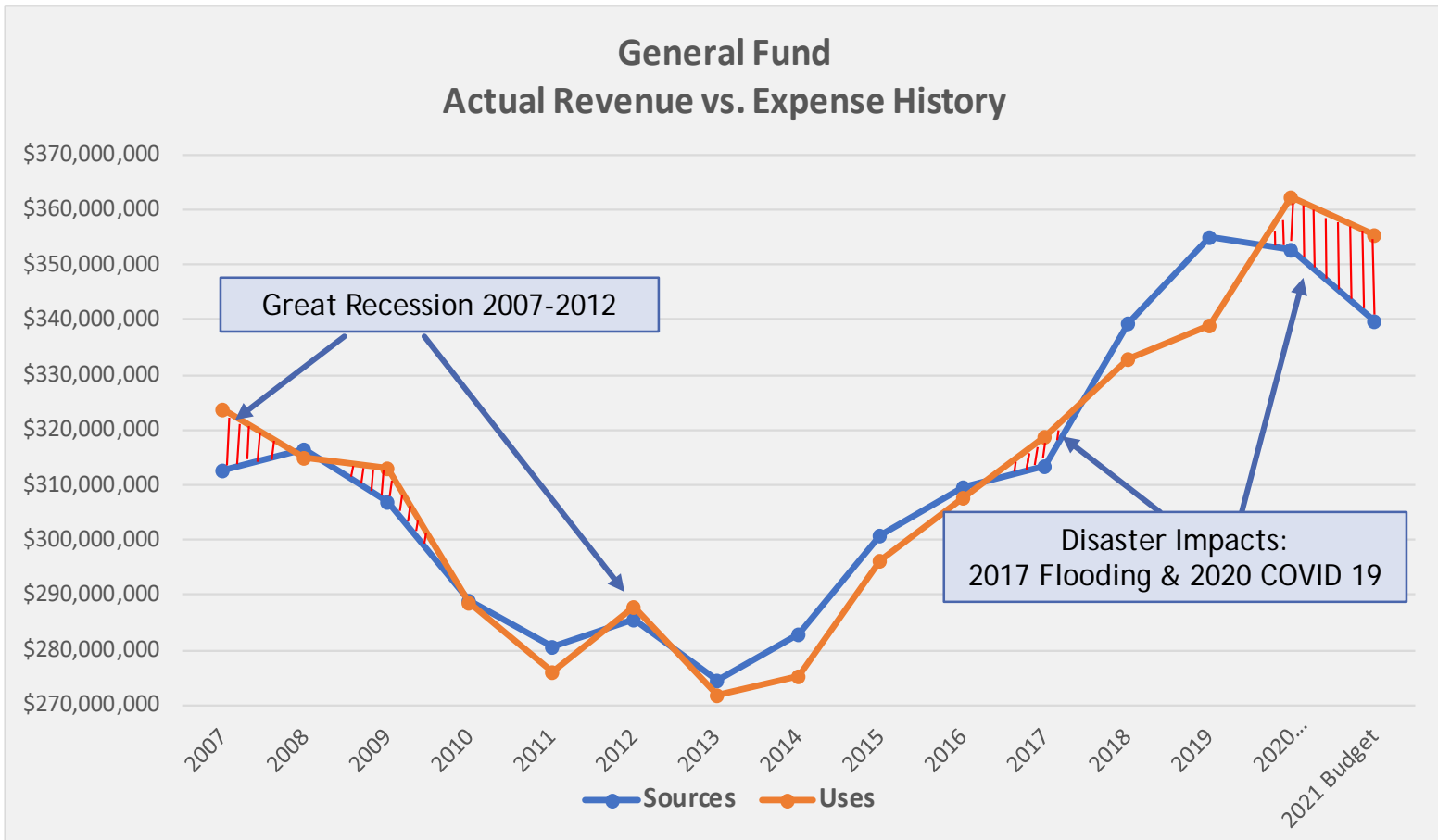
- ▶ Look across departments, redeploy employees who cannot work remotely to other areas of need
- ▶ Requires a unified approach - BCC, management, labor, and community

Use Reserves Wisely

- ▶ Early action is needed to also reduce expenditures - may need reserves to last for several years!



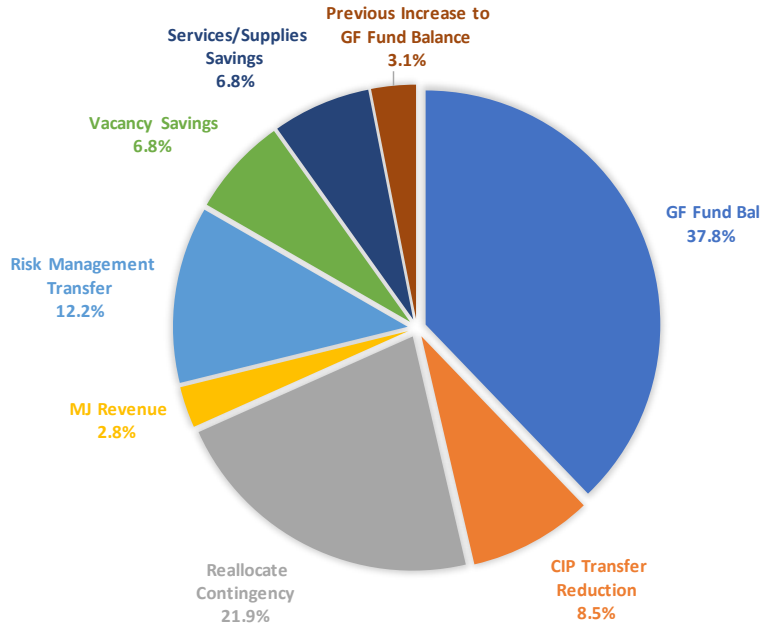
Washoe County Strategic Goal: Fiscal Sustainability





General Fund Financial Impact Mitigation FY 2020 (April-June)

FY 2020 FINANCIAL IMPACT MITIGATION MEASURES



- Hiring Freeze (with review process)
- Purchasing Freeze (with review process)
- No carryforward expenses into FY 2021
- Utilize Fund Balance (for one-time costs)
- Other reductions and transfers
- No reductions to employee compensation or workforce.

FY 2020 Financial Impact Mitigation Measures

\$	(9,312,365)	Use of Gen Fund Balance
	(2,100,000)	Reduce Gen Fund Transfer to CIP
	(5,397,000)	Reduce Contingency Budget
	(700,000)	Use of Marijuana Revenue
	(3,000,000)	Transfer Risk Management Fund to Gen Fund
	(1,680,002)	Net Savings from Vacant Positions
	(1,665,000)	Services/Supplies Purchasing Savings
	(756,404)	Reduce Previous Increase to Ending Fund Balance

\$ (24,610,770) Total Financial Impact Mitigation Measures



Updated FY 2020 General Fund Year End

Sources and Uses	FY 2020 Year End Estimate - Tentative	FY 2020 Year End Estimate - Recommend	Variance to FY 2021 Tentative Budget
Revenues and Other Sources:			
Taxes	178,698,442	178,657,442	(41,000)
Licenses and permits	9,856,200	9,400,977	(455,223)
Consolidated taxes	120,926,919	106,900,000	(14,026,919)
Other intergovernmental	23,557,516	22,019,306	(1,538,210)
Charges for services	19,922,599	19,965,461	42,862
Fine and forfeitures	6,756,650	6,930,150	173,500
Miscellaneous	3,767,356	4,662,576	895,220
Total revenues	363,485,683	348,535,913	(14,949,770)
Other sources, transfers in	583,400	4,283,400	3,700,000
TOTAL SOURCES	364,069,083	352,819,313	(11,249,770)
Expenditures and Other Uses:			
Salaries and wages	162,326,560	160,646,558	(1,680,002)
Employee benefits	76,228,851	76,228,851	-
OPEB contributions	14,795,251	14,795,251	-
Services and supplies	59,707,021	67,703,021	7,996,000
Capital outlay	639,390	639,390	-
Total expenditures	313,697,073	320,013,072	6,315,999
Transfers out	44,218,606	42,118,606	(2,100,000)
Stabilization	-	-	-
Contingency	5,397,000	-	(5,397,000)
TOTAL USES	363,312,679	362,131,678	(1,181,001)
Net Increase/(Decrease) in Fund Balance	756,404	(9,312,365)	

Revenue
loss of
\$14.9 M

Use of Fund
Balance
\$9.3 M



Fiscal Year 2021 County Manager Recommended Budget



FY 2021 Recommended Budget All Funds

Washoe County			
Total Budget Appropriations*	FY20 Final		FY21 Recommend
General Fund	\$	363,272,126	\$ 355,549,667
Special Revenue Funds	\$	198,047,235	\$ 201,284,502
Capital Project Funds	\$	46,720,773	\$ 45,046,687
Debt Service Funds	\$	13,320,090	\$ 13,677,152
Total Governmental Funds	\$	621,360,224	\$ 615,558,008
Proprietary Funds			
Enterprise Funds	\$	23,339,904	\$ 22,734,982
Internal Service Funds	\$	72,461,790	\$ 76,322,529
Total Proprietary Funds	\$	95,801,694	\$ 99,057,511
Total Appropriations - All Funds	\$	717,161,918	\$ 714,615,519
*Total appropriations include expenditures, contingencies, and transfers out			

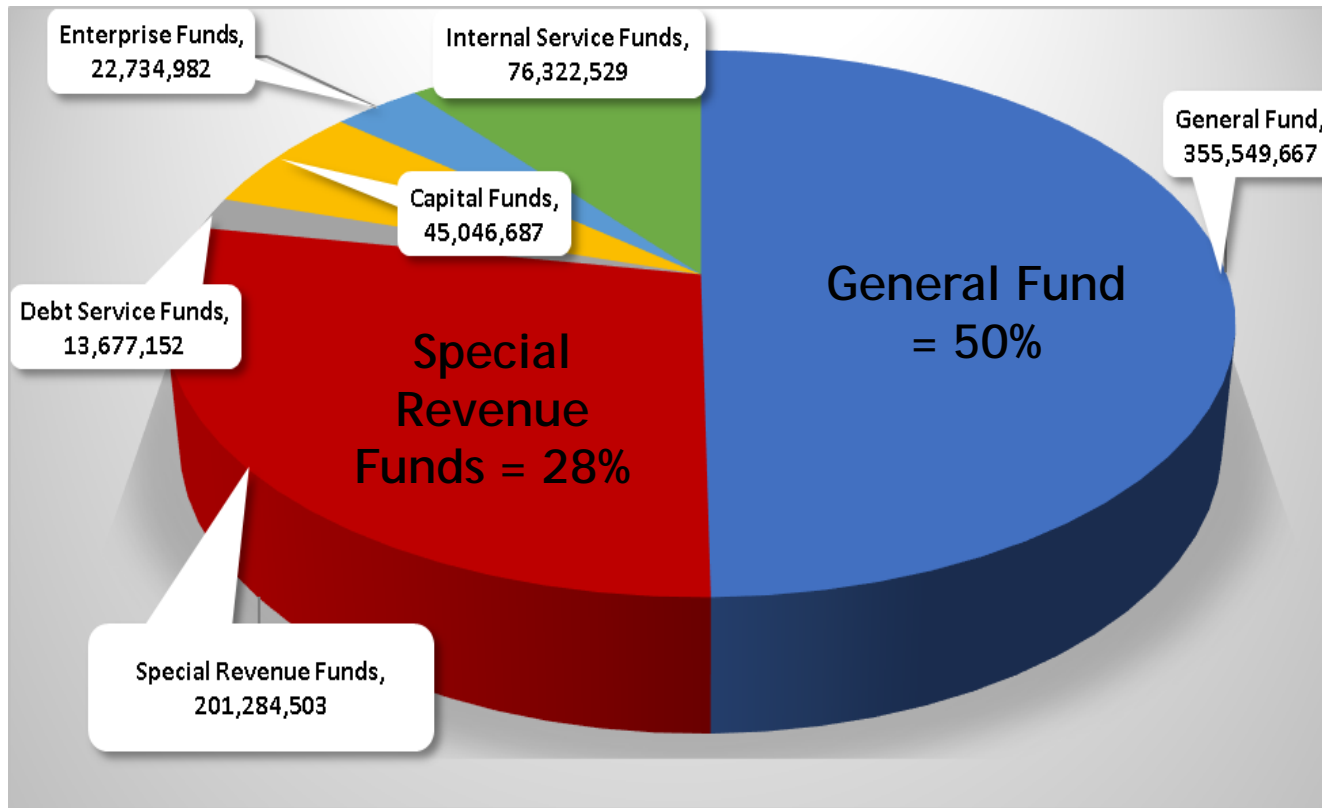
Recommended
Budget - Total
All Funds
\$714.6M

General Fund is
\$355.5M, or 50%
of Total Budget



FY 2021 Recommended Budget By Fund (All Funds)

Total Appropriations (\$714.6M) by Fund/Fund Type

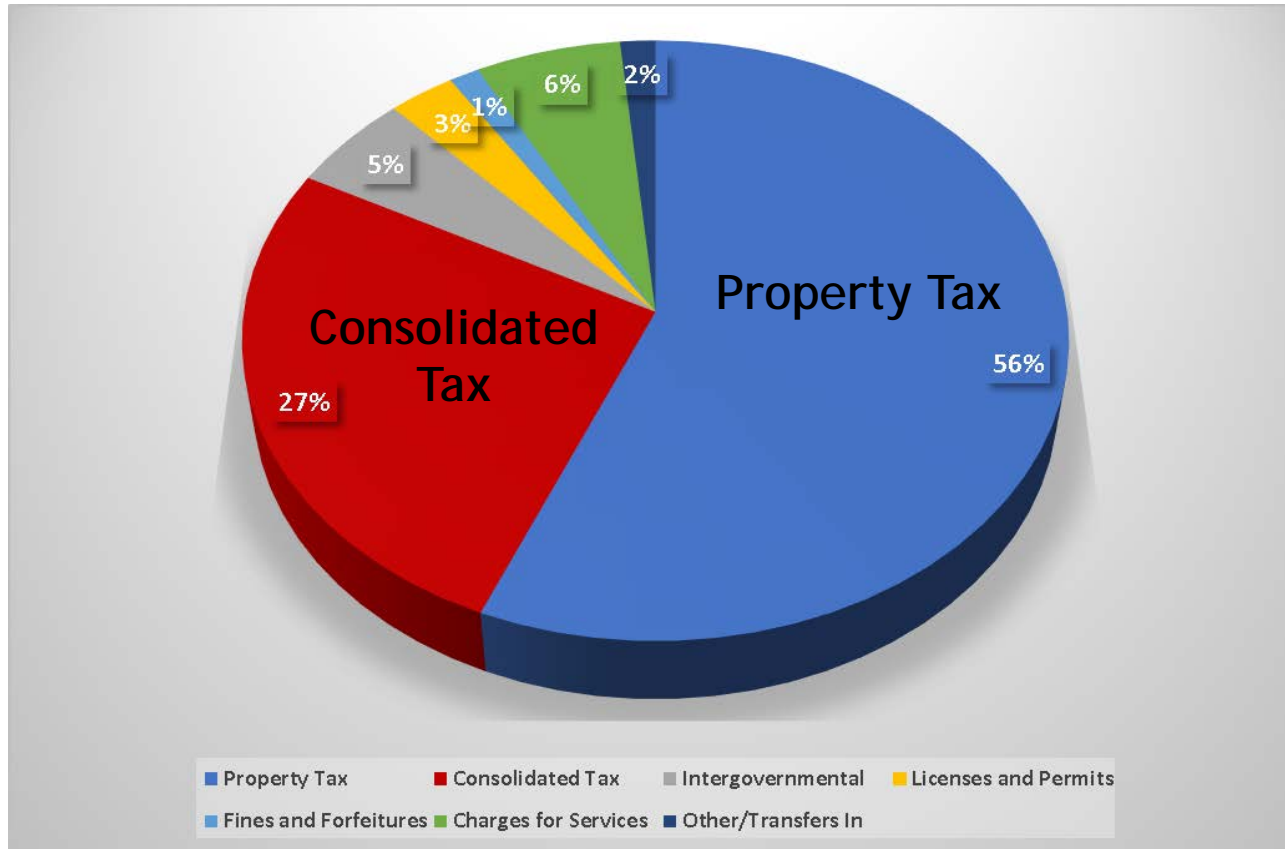


General Fund is
50% of Total
Budget (All
Funds)



FY 2021 Recommended General Fund Budget

General Fund Revenues/Sources (\$339.8M) by Type



Note:
C-Tax normally 30-33% of budget now 27% due to COVID 19



General Fund Property Tax Revenue



FY 2021 General Fund property tax budgeted to increase 7% overall due to:

- Tax caps will limit growth to: 4%
- New construction not subject to abatement in first year will add approx. 3%
- Property taxes abated FY 2021 = \$30.7 million (GF), cumulative since FY 2006 over \$262 million (GF); over \$323 million (all funds)
 - *Abatement 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

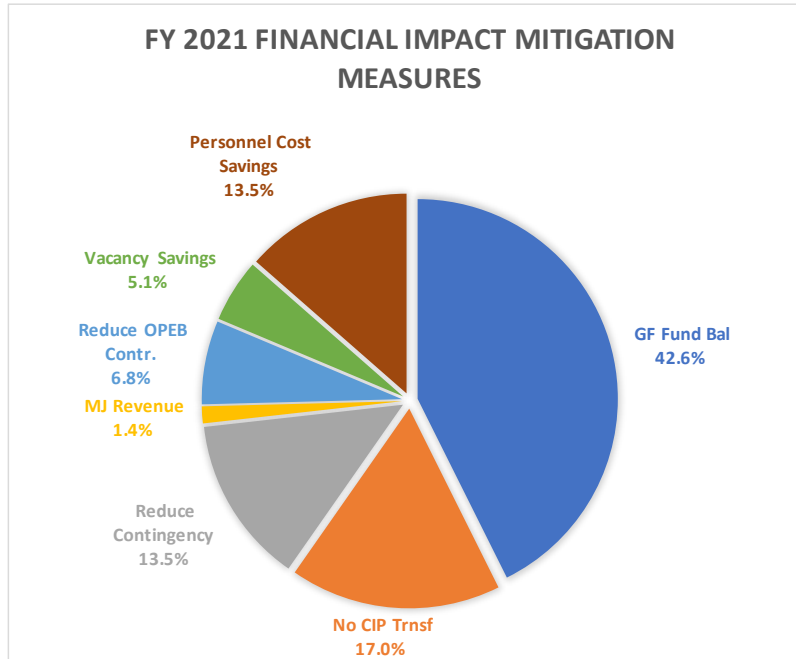


C-Tax Assumptions

- FY20 YTD (through February-no COVID) = 9.6% increase over FY19
- FY20 Estimate = <-8.5%> versus FY19 actual
- FY21 Forecast = <-29.9%> versus FY19 actual



FY 2021 General Fund Recommended Measures



FY 2021 Financial Impact Mitigation Measures

\$	(15,760,333)	Use of Gen Fund Balance
	(6,300,000)	Gen Fund Transfer to CIP = \$0
	(5,000,000)	Reduce Contingency Budget
	(505,000)	Use of Marijuana Revenue
	(2,500,000)	Reduce OPEB contribution
	(1,891,343)	Net Savings from Vacant Positions
	(31,956,676)	Subtotal financial impact mitigation measures
	(5,000,000)	Personnel Cost Savings
\$	(36,956,676)	Total Financial Impact Mitigation Measures

Recommended Measures:

- Hiring Freeze, Purchasing Freezes, CIP Deferrals, Contingency Reduction & Use of Fund Balance
- Personnel Cost Savings (Salaries & OPEB)

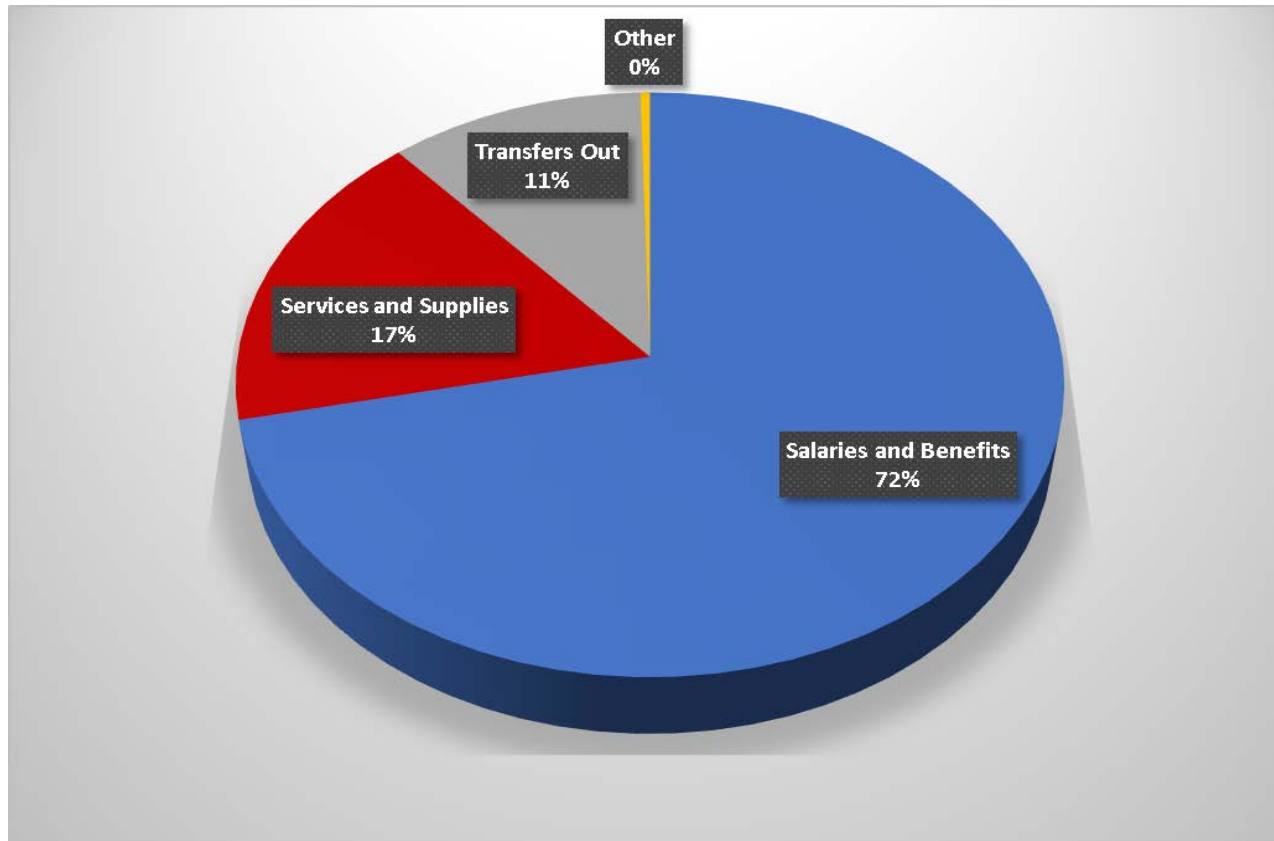
Additional Options (if economic situation worsens):

- Countywide Budget Cuts
- Service Reductions/Closure of Facilities
- Additional Personnel Cost Reductions



FY 2021 Recommended Budget General Fund Expenses/Uses

General Fund Expenses/Uses (\$355.5M) by Type



Reductions of Contingency and CIP funding results in higher Salaries & Benefits as a percentage of total General Fund Budget



FY 2021 General Fund Recommended Budget

Washoe County FY 2021 Recommended General Fund Budget			
Sources and Uses	FY 2021 Tentative Budget	FY 2021 Recommended Budget-With Identified Measures	FY 2021 Variance to Tentative Budget
Revenues and Other Sources:			
Taxes	191,626,430	191,401,430	(225,000)
Licenses and permits	9,742,200	9,740,793	(1,407)
Consolidated taxes	120,926,919	89,964,685	(30,962,234)
Other intergovernmental	23,540,065	17,899,379	(5,640,686)
Charges for services	20,308,279	21,228,680	920,401
Fine and forfeitures	6,247,182	4,417,282	(1,829,900)
Miscellaneous	3,771,535	4,048,685	277,150
Total revenues	376,162,610	338,700,934	(37,461,676)
Other sources, transfers in	583,400	1,088,400	505,000
TOTAL SOURCES	376,746,010	339,789,334	(36,956,676)
Expenditures and Other Uses:			
Salaries and wages	167,862,467	163,189,833	(4,672,635)
Employee benefits	80,104,661	78,911,277	(1,193,384)
OPEB contributions	14,865,870	12,365,870	(2,500,000)
Services and supplies	60,122,819	60,696,379	573,560
Capital outlay	501,548	675,548	174,000
Total expenditures	323,457,365	315,838,907	(7,618,459)
Transfers out	45,260,760	38,960,760	(6,300,000)
Stabilization	-	-	-
Contingency	5,750,000	750,000	(5,000,000)
TOTAL USES	374,468,125	355,549,667	(18,918,459)
Net Increase/(Decrease) in Fund Balance	2,277,885	(15,760,333)	
Beginning Unrestricted Fund Balance	\$63,837,437		
Budgeted Decrease in Fund Balance	<u>(15,760,333)</u>		
Unrestricted Ending Fund Balance	\$48,077,105		13.6%

Revenues/
Sources
Decreasing
9.8%

Expenses/Uses
Decreasing
5.1%



FY 2021 General Fund Transfers Out

FY 2021 Recommended General Fund Transfers Out			
Transfers Out to Fund:			
Health District		\$	9,516,856
Indigent Services		\$	20,211,393
Senior Services		\$	1,406,782
Child Protective Services		\$	447,237
Road Maintenance		\$	1,063,620
Debt Service		\$	6,314,872
Capital Improvement		\$	- 0 -
Total General Fund Transfers Out		\$	38,960,760

- Total Transfers Out for FY 2021 \$38.96 M
- Total Transfers Out for FY 2020 \$44.27M
- FY21 reflects a \$6.3M decrease in transfer to Capital Improvement Fund



FY 2021 Budget Recommendations

General Fund New Positions

(All Net Zero Impact)

Function	Department-Program	Net FTE Change
General Government:	Technology Services	<u>(1.00)</u>
	Total General Govt.	(1.00)
Judicial:	District Court-Family Court	<u>1.00</u>
	Total Judicial	1.00
Public Safety:	Alternative Sentencing-Sober 24	1.00
	Manager's/Sheriff-Homelessness	3.00
	Sheriff-Dispatch (Contingent)	7.00
	Manager's/TMFPD Funded Support	<u>(1.00)</u>
	Total Public Safety	10.00
Culture & Recreation:	Library-Branch Library Assistant	(0.38)
Public Works:	CSD-Short Term Rentals (STR)	1.00
	CSD- Asset Management	<u>(0.26)</u>
	Total Public Works	0.74
Total General Fund		10.36

FTEs:

- 49.88 total FTEs requested
- 10.36 FTEs recommended with net zero fiscal impact



FY 2021 Budget Recommendations

General Fund Reclassifications (All Net Zero)

Function	Department	# of Incumbents
General Government:	Manager's Office	1.00
	Registrar of Voters-Title Change	4.00
	Technology Services	<u>1.00</u>
	Total General Govt.	6.00
Judicial:	District Attorney	1.00
	District Court	3.00
	Reno Justice Court	2.00
	Sparks Justice Court	<u>1.00</u>
	Total Judicial	7.00
Public Safety:	Medical Examiner	1.00
	Sheriff	<u>2.00</u>
	Total Public Safety	3.00
Public Works:	Community Services	2.00
Total General Fund		18.00

Reclassifications:
18 Incumbents



FY 2021 Budget Recommendations

Other Funds New Positions and Reclassifications

New Positions - Function	Department	Net FTE Change
Health	Health District	<u>4.00</u>
	Total Health	4.00
Public Safety	Truckee River Flood Mgt	<u>(1.00)</u>
	Total Public Safety	(1.00)
Public Works:	CSD- Asset Management	<u>0.26</u>
	Total Public Works	0.26
Total Other Funds		3.26

New FTEs:

- 28.12 FTEs requested
- 3.26 FTEs recommended

Reclassifications - Function	Department	# of Incumbents
General Government:	Recorder's Office	1.00
Health:	Health District	1.00
Public Safety	Animal Services	4.00
Public Works:	Building & Safety	1.00
Welfare:	Human Services (CPS)	1.00
	Human Services (Indigent)	<u>1.00</u>
	Total Welfare	2.00
Total Other Funds		9.00

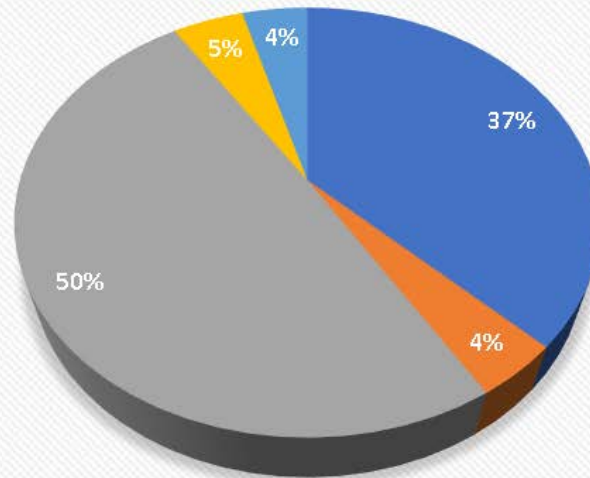
Reclassifications:

- 9 Incumbents



FY 2021 Budget Recommendations Capital Improvements

FY 2021 Capital Improvement Budget by Fund Type



■ Capital Improvements Fund ■ Parks Capital Fund ■ Utilities Fund ■ Roads Fund ■ Equipment Services Fund



FY 2021 Budget Recommendations Capital Improvement Fund 402

FY21 Recommended CIP Projects	FY21 Amount	Funding Source
Facilities - South Valleys Regional Park ADA improvements	174,500	General Fund
Library - Northwest Carpet Replacements	149,000	Library Expansion Fund
Library - Northwest Carpet Replacements	(149,000)	Library Expansion Fund
Library - Sparks Carpet Replacement	209,000	Library Expansion Fund
Library - Sparks Carpet Replacement	(209,000)	Library Expansion Fund
Facilities - 911 Parr Bunk Bed safety modifications	597,000	General Fund
Facilities - Emergency Operations Center Roof restoration	207,850	General Fund
Facilities - Regional Animal Services Roof restoration	447,825	Animal Services Fund
Facilities - Regional Animal Services Roof restoration	(447,825)	Animal Services Fund
Facilities - Regional Public Safety Training Center Roof	195,700	General Fund
PW920494 Jan Evans Fire System	551,810	General Fund
TS - P25 Radio Replacement	692,325	General Fund
NSRS 2020 Infrastructure - Debt	15,000,000	Bond
NSRS 2020 Infrastructure - Debt	(15,000,000)	Bond
Facilities - Incline Village Library/Community Center Parking lot rehab	187,750	General Fund
5% Undesignated Budget	130,346	
Total FY21 Recommended CIP	\$ 2,737,281	

Capital Improvement Fund:

- FY 2021 Projects net total \$2,737,282
- General Fund Transfer to CIP \$0 vs. \$6.3M in FY20
- Projects - based on CIP Committee re-prioritization
- Deferred Projects total \$12,151,082:
 - Gen Fund:
 - FY20 \$2,860,598
 - FY21 \$5,561,504
 - Other Funds:
 - \$3,728,980

**FY 2021 Total CIP Project Expenses = \$30,965,921, including cross-fiscal year projects



FY 2021 Budget Recommendations Capital Improvements - Utilities Fund 566 (All Projects)

FY 2021 PROJECTS - Utilities Fund	COST
Reclaimed Water System Maintenance Projects	200,000
Steamboat Lift Station Replacement and 2nd Force Main	10,000,000
Cold Springs WRF Projects	500,000
Lemmon Valley WRF Projects	250,000
Effluent Water Projects - Existing Water Resource Management	1,500,000
Pleasant Valley Interceptor - Reach 3 Conveyance Project	6,000,000
STMWRF 2020 Expansion	13,490,000
Effluent Distribution Expansion - Programmatic	9,250,000
Total FY21 Utilities Fund	\$ 41,190,000



FY 2021 Budget Recommendations Capital Improvements - Parks 404, Roads 216, and Equipment Services 669 Funds (All Projects)

FY 2021 PROJECTS - Parks Capital Fund	COST
Galena Schoolhouse-Interior Renovations (carry-over)	405,000
South Valleys Regional Park-Master Plan Development (carry-over)	900,000
Ellens Park Playground Renovation (carry-over)	310,000
Whites Creek Playground Improvements (carry-over)	50,000
Sun Valley Regional Park- Bike Park Improvements (carry-over)	100,000
Ballardini Trailhead SNPLMA Rd11 (carry-over)	5,079
Ballardini Loop Trails WC-1 (carry-over)	326,232
SQ-1 Truckee River Corridor Plan (carry-over)	50,000
SQ-1 Truckee River Restoration & Integrate (carry-over)	51,000
Rancho Playground Improvements (carry-over)	550,000
Bowers Mansion Seismic Retrofit Ph III (carry-over)	33,056
Ballardini Water Rights WC-1 (carry-over)	58,742
Rancho Wetlands/UNR (carry-over)	287,887
Pennington-Bowers Pool Facility Improvements (carry-over)	241,990
Total FY21 Parks Capital Fund	\$ 3,368,986

FY 2021 PROJECTS - Roads and Equipment Services Fund	COST
Roads Capital	\$ 3,906,000
Equipment Services Capital (Heavy & Light Fleet)	\$ 3,619,361



Washoe County FY 2021 Recommended Budget

Next Step

- May 19, 2020 Public Hearing and Adoption of the Fiscal Year 2021 Final Budget



Washoe County FY 2021 Recommended Budget

Questions?