



Washoe County

Fiscal Year 2020 County Manager's Recommended Budget

Washoe County Commission Meeting
John Slaughter, County Manager
April 23, 2019

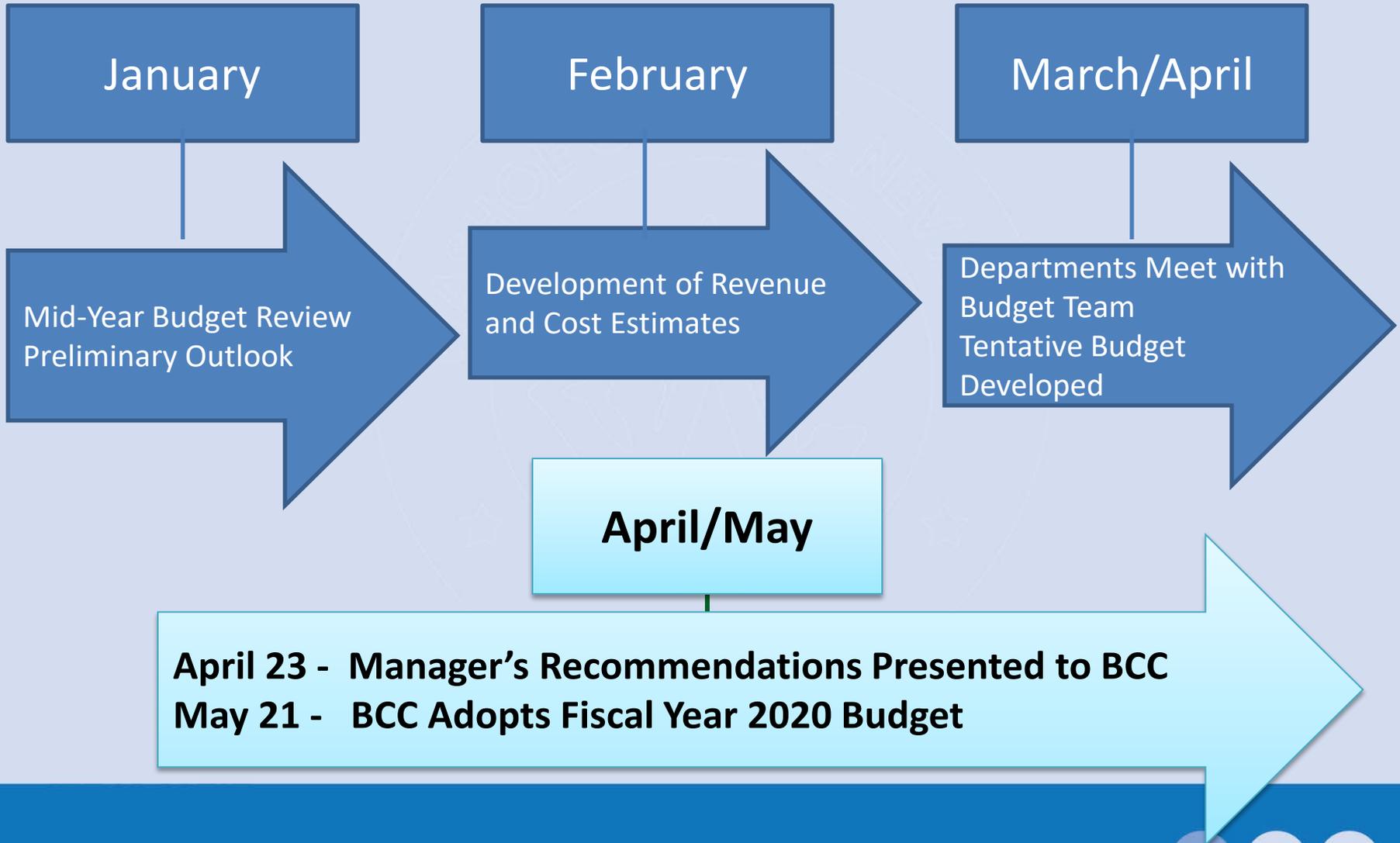


Agenda

- Budget Process Update
- Budget Assumptions and Development Fiscal Year 2020
- County Manager Recommendations Fiscal Year 2020



Budget Process





Budget Process Update

- Budget Team met with 25 Departments on FY20 budget requests
- Final revenue projections from State (Property and C Taxes) 3/26/19
- Reviewed preliminary recommendations and General Fund 5-Year Forecast with County Manager to 3/27/19
- Meetings with individual Commissioners 3/28 – 4/8/19
- Tentative Budget State filing deadline 4/15/19
- Feedback to Departments 4/15 – 4/19/19
- Manager's FY20 recommendations presented to BCC 4/23/19
- Public hearing to adopt Final FY20 Budget 5/21/19
- Final Budget State filing deadline 6/1/19



Fiscal Year 2020

FY 2020 Budget Assumptions and Development



Economic Outlook

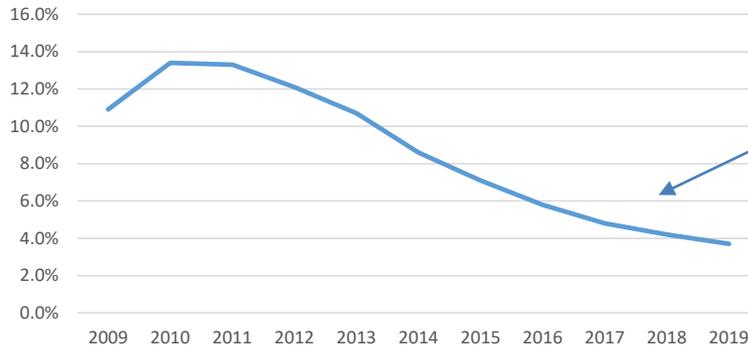
US Economy Slowing Down?

- **Job market strong with sustained wage growth**
- Yield curve inverted, increasing the probability of a recession (1st time since 2007) but when?
- CEO's and Consumers less optimistic - household and business spending has slowed
- Manufacturing slowing down in US and Globally
- Housing sales, starts and price growth slowing



Local Area Employment Statistics

Reno Metropolitan Statistical Area (MSA)
Unemployment Rate



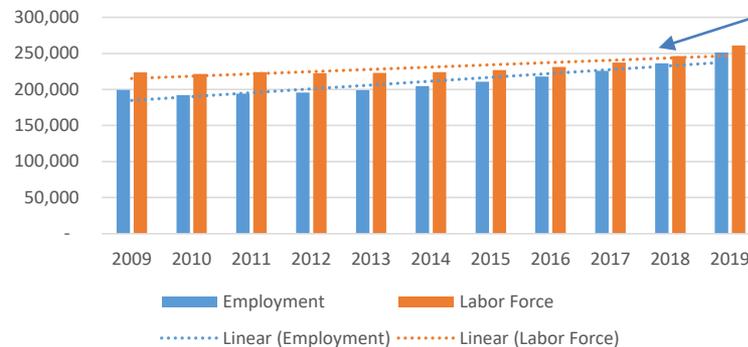
February 2019 Unemployment Rates :

- Reno MSA 3.7%,
- Nevada Statewide 4.3%
- National 3.8%

Unemployment Rate peaked in February 2010 13.4%, since then:

- Total employment has increased by 59,240 jobs, or 31%
- The labor force has grown by 39,174 workers, or 18%

Reno Metropolitan Statistical Area (MSA)
Employment vs. Labor Force



Employment statistics are lagging indicators of economic activity



Leading Economic Indicators

Leading Economic Index

February 2019

Provides an economic outlook for the region by signaling future movements in the Reno MSA economy over a six to twelve-month period.

0.99%



	Taxable Sales	Taxable Gaming Revenue	# of SF Homes Sold	Airport Passengers	Airport Cargo	Initial Claims for Unemploy.	S&P 500 Index	M2 Money Supply
% Change	2.89%	0.32%	-13.59%	4.88%	-0.95%	-7.62%	1.15%	2.68%
Year to Year	↑	↑	↓	↑	↓	↓	↑	↑

- The Reno MSA Leading Economic Index indicates overall expected growth of 0.99% in the next year
- While most indicators show modest increases, single family home sales and airport cargo indicators are trending down.

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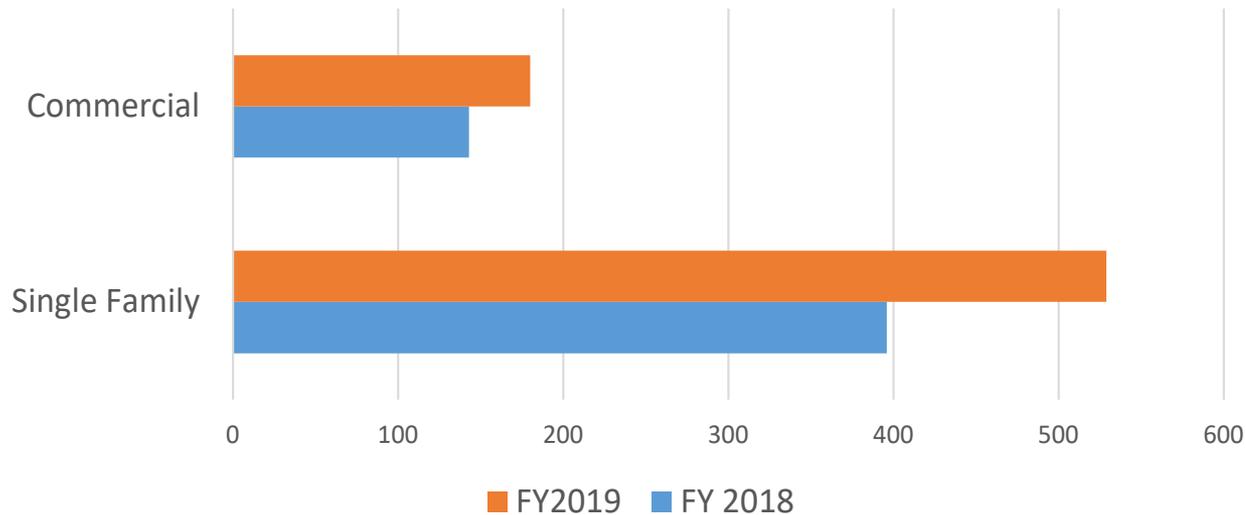
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Leading Economic Indicators

Washoe County
Building Permits Issued
(July - March)

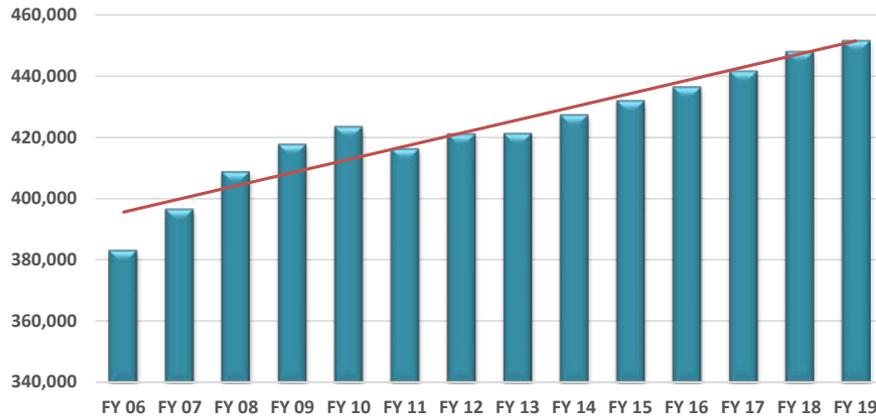


- Building Permits are also a leading indicator of economic activity
- Building Permits are coming in higher in 2019 as compared to the prior fiscal year.

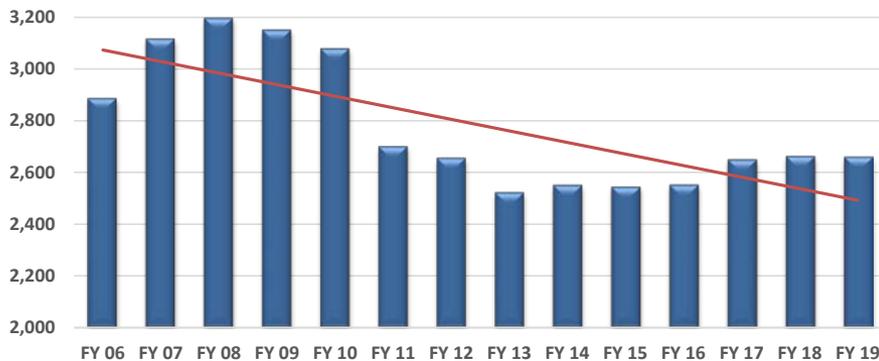


Washoe County Population vs. Staffing

Washoe County Population



Washoe County Authorized FTE's



2006 - 2019:

- County's population grew 17.9%, while Staffing decreased 7.9%
- 1 County FTE supports 170 residents, vs. 133 in 2006
- Efficiencies gained from technology, contracting out, restructuring and process improvements, but
- Service demands & infrastructure needs increasing with rising population, and resources not keeping pace with demands



FY 2020 Budget Outlook – “Uncertainty”

It’s a Balancing Act!

Moderate revenue growth projected for FY20 thru FY25,

versus

Required and requested expense increases for personnel:

- Existing Personnel – Merits, PERS, Health Insurance, etc.
- New Personnel Requests
- Collective Bargaining Requests (COLA’s and other benefits)

versus

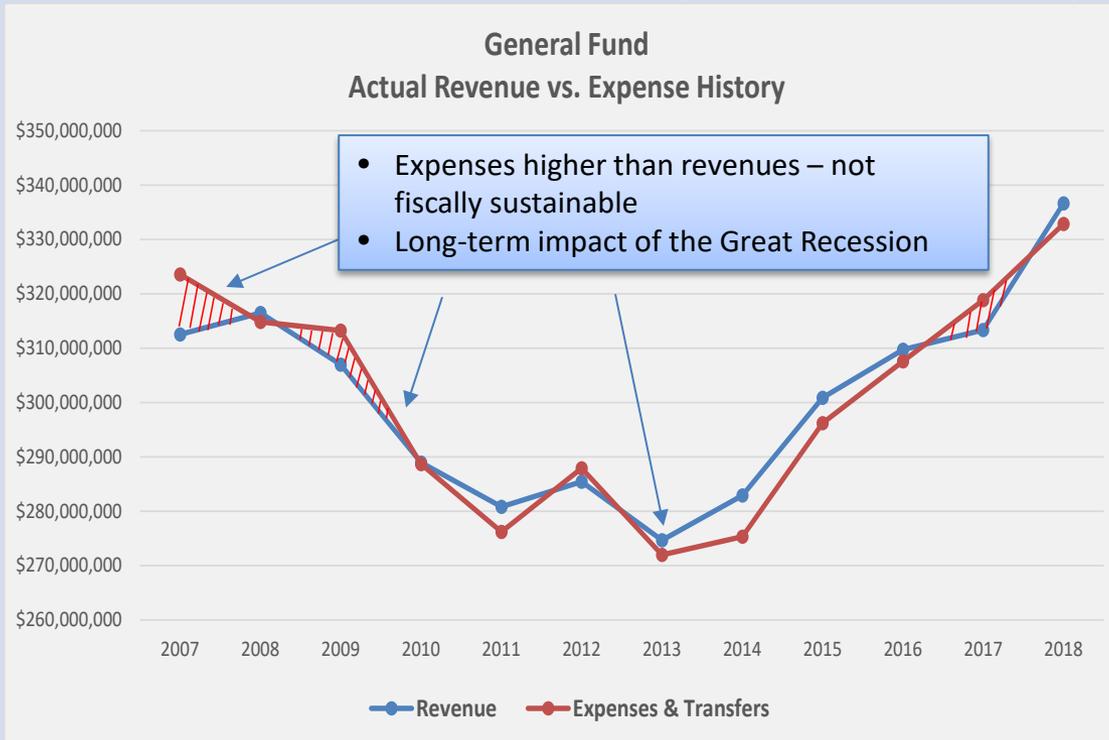
Unknown Legislative Impacts

versus

Long-term Needs for Facilities and Infrastructure (CIP)



Strategic Goal: Fiscal Sustainability



“Fiscal Sustainability” =
A Structurally
Balanced Budget

Budget increases approved
for FY 2020 for ongoing
costs must be sustainable
long-term!



Fiscal Year 2020 County Manager's Recommendations



FY 2020 Recommended Budget – All Funds

Washoe County			
Total Budget Appropriations*	FY 2019 Final	FY 2020 Recommend	
Governmental Funds			
General Fund	\$ 346,868,200	\$ 362,269,146	
Special Revenue Funds	\$ 180,657,042	\$ 193,999,988	
Capital Project Funds	\$ 26,128,121	\$ 45,299,493	
Debt Service Funds	\$ 12,056,692	\$ 13,426,342	
Total Governmental Funds	\$ 565,710,054	\$ 614,994,970	
Proprietary Funds			
Enterprise Funds	\$ 21,887,822	\$ 22,992,378	
Internal Service Funds	\$ 71,170,632	\$ 72,461,790	
Total Proprietary Funds	\$ 93,058,454	\$ 95,454,168	
Total Appropriations - All Funds	\$ 658,768,508	\$ 710,449,138	

*Total appropriations include expenditures, contingencies and transfers out

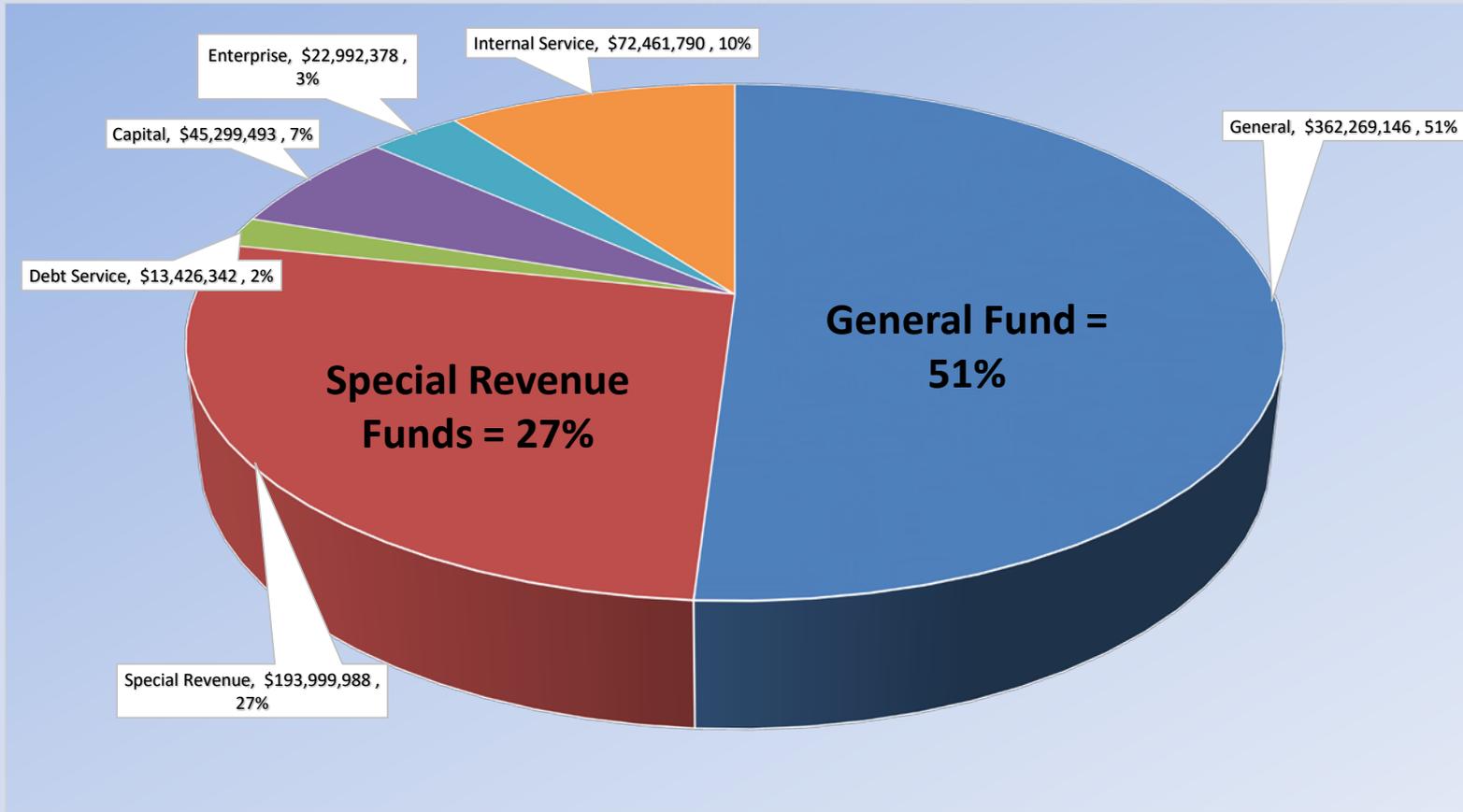
Recommended
Budget – Total All
Funds \$710.4M

General Fund is
\$362M, or 51% of
Total Budget



FY 2020 Recommended Budget – By Fund

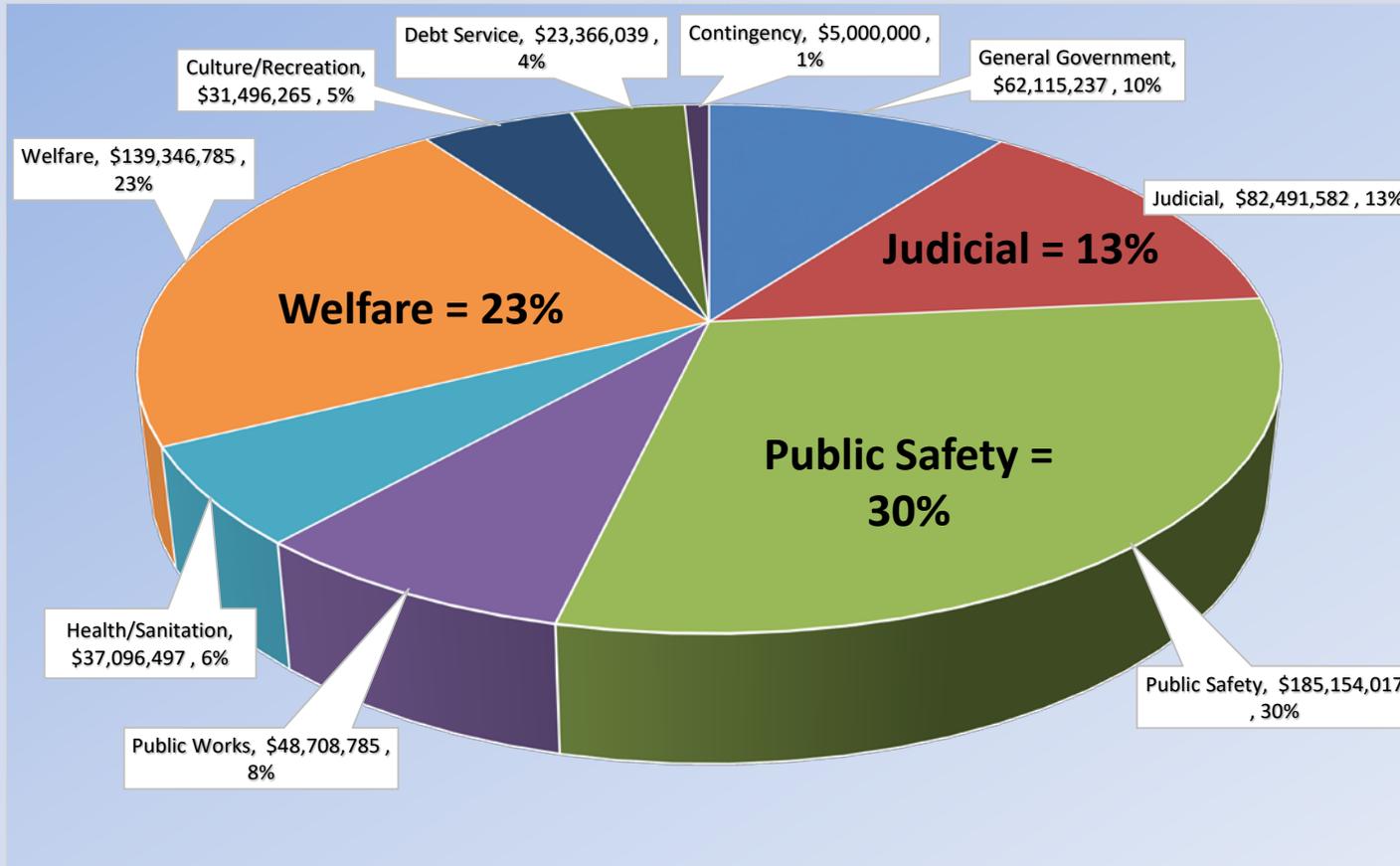
■ All Appropriations (\$710M) by Fund/Fund Type





FY 2020 Recommended Budget – Governmental Funds

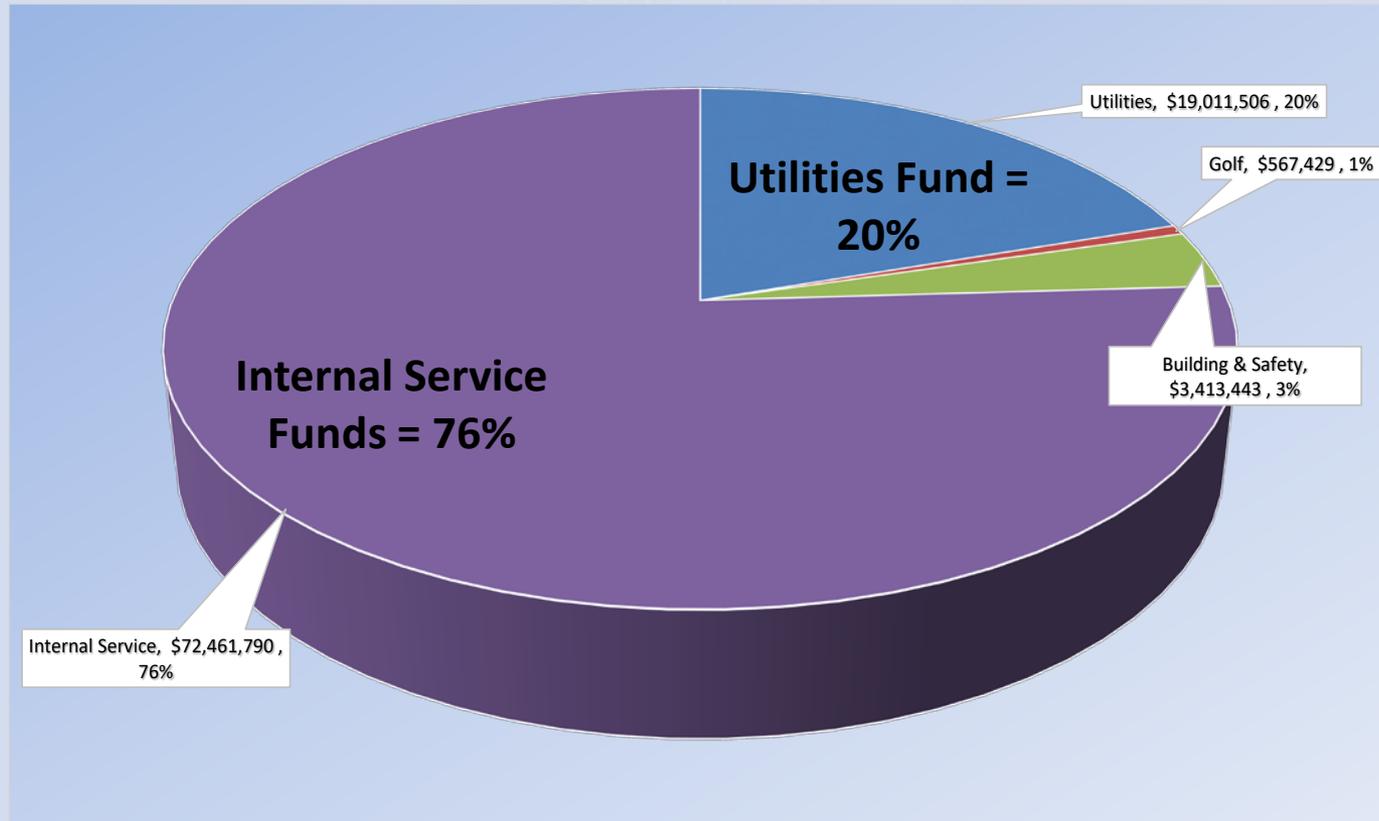
■ All Governmental Funds Appropriations (\$615M) by Function





FY 2020 Recommended Budget – Proprietary Funds

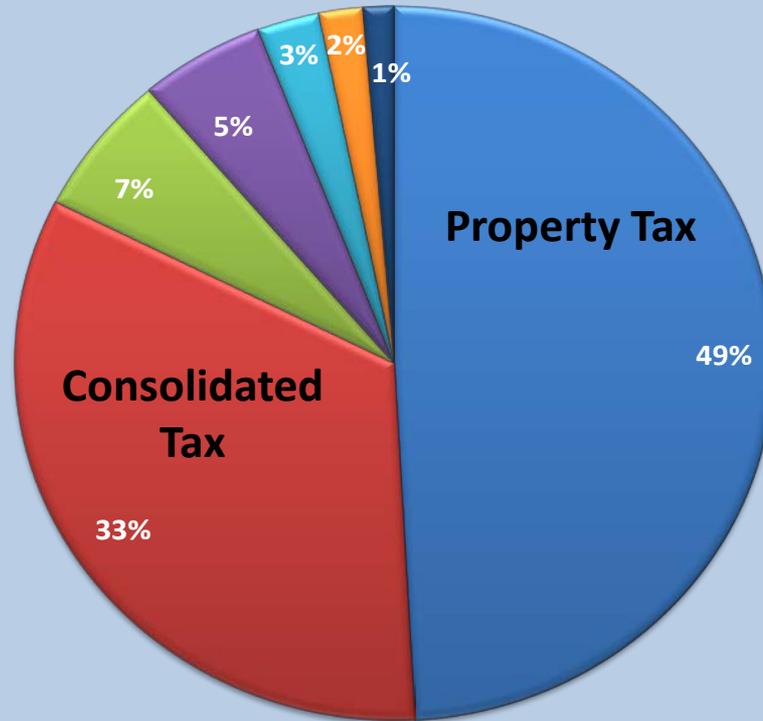
- All Proprietary Funds Appropriations (\$95.5M) by Function





FY 2020 Recommended Budget – General Fund Revenues/Sources

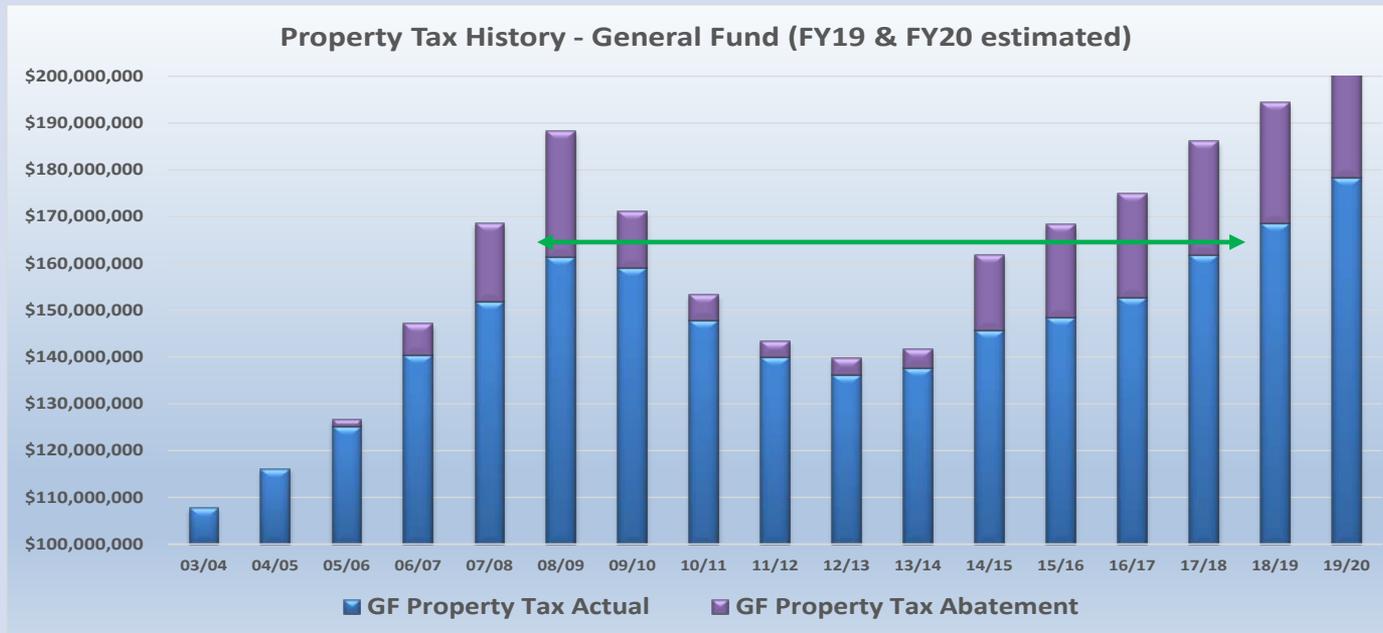
■ General Fund Revenues/Sources (\$362.8M) by Type



■ Property Tax ■ C-Tax ■ Intergovernmental ■ Charges for Services
■ Licenses & Permits ■ Fines & Forfeitures ■ Other



General Fund Property Tax Revenue



10-Years to recover revenue in nominal \$'s (not accounting for inflation)

FY 2020 General Fund property tax budgeted to increase 5.7% overall due to:

- Tax cap will limit growth to: 3.8%
- New construction not subject to abatement in first year will add approx. 1.9%
- Property taxes abated FY 2020 = \$31.9 million (GF), cumulative since FY 2006 over \$221 million (GF); over \$272 million (all funds)
 - *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



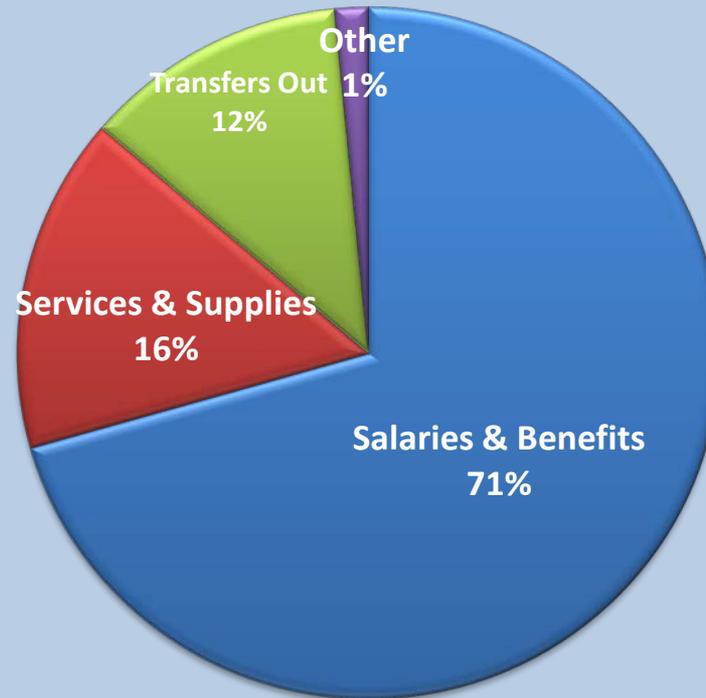
FY 2020 C-Tax budgeted to increase 4.25%

- C-Tax major components current trends for FY 2019 to date:
- Total C-Tax up 4.2%
 - Sales Tax up 3.7% -impacted by C-Tax Refund
 - Real Property Transfer Tax down 14.8%
 - Basic Government Services Tax up 12.3%



FY 2020 Recommended Budget – General Fund Expenses/Uses

■ General Fund Expenses/Uses (\$362.3M) by Type





FY 2020 Recommended General Fund Budget

Washoe County FY 2020 General Fund Budget

Sources and Uses	FY 2019 Adopted Budget	FY 2019 Year- End Estimate	FY 2020 Tentative Budget	FY 2020 vs. FY 2019 Adopted % Var.
Revenues and Other Sources:				
Taxes	169,030,246	169,030,246	178,698,442	5.7%
Licenses and permits	9,677,200	9,642,200	9,692,200	0.2%
Consolidated taxes	114,389,819	115,997,045	120,926,919	5.7%
Other intergovernmental	22,539,740	23,048,471	23,069,878	2.4%
Charges for services	19,146,952	19,767,038	19,428,754	1.5%
Fine and forfeitures	6,830,550	6,750,569	6,756,650	-1.1%
Miscellaneous	3,769,435	3,288,734	3,697,435	-1.9%
Total revenues	345,383,942	347,524,302	362,270,278	4.9%
Other sources, transfers in	337,400	89,400	583,400	72.9%
TOTAL SOURCES	345,721,342	347,613,702	362,853,678	5.0%
Expenditures and Other Uses:				
Salaries and wages	153,686,183	152,984,430	163,025,170	6.1%
Employee benefits	73,485,552	71,830,289	77,906,543	6.0%
OPEB contributions	16,869,328	16,871,804	14,795,251	-12.3%
Services and supplies	59,057,109	57,023,404	56,753,312	-3.9%
Capital outlay	551,548	1,081,833	521,548	-5.4%
Total expenditures	303,649,719	299,791,761	313,001,824	3.1%
Transfers out	41,718,481	44,363,481	44,267,322	6.1%
Contingency	1,500,000	1,500,000	5,000,000	233.3%
TOTAL USES	346,868,200	345,655,241	362,269,146	4.4%
Net Change in Fund Balance	(1,146,858)	1,958,461	584,531	na
Beginning Fund Balance	\$ 47,846,828	57,056,071	59,014,532	
Ending Fund Balance	\$ 46,699,970	59,014,532	59,599,063	
Unrestricted Ending Fund Balance	\$ 45,949,970	\$ 52,520,348	\$ 53,104,879	
Unrestricted Fund Balance %	13.3%	15.3%	14.7%	

FY 2020:
Revenues/
Sources
Increasing 5.0%
Expenses/Uses
Increasing 4.4%

FY 2020
budgeted
increase in Fund
Balance of
\$580K
Unrestricted
Fund Balance
14.7%



General Fund Transfers Out

FY 2020 Recommend General Fund Transfers Out

Transfers Out to Fund:			
Health District		\$	9,516,856
Indigent Services		\$	19,341,046
Senior Services		\$	1,406,782
Child Protective Services		\$	447,237
Road Maintenance		\$	1,063,620
Debt Service		\$	6,079,463
Capital Improvement		\$	6,412,318
Total General Fund Transfers Out		\$	44,267,322

- Total Transfers Out for FY 2020 \$44.3 M
- \$1M increase to Capital Improvement Fund for Major Maintenance



Washoe County General Fund

Washoe County General Fund Long-Range Forecast of Sources & Uses

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Estimated	Tentative	Forecast	Forecast	Forecast	Forecast	Forecast
Revenues/Transfers In	347,613,702	362,853,678	377,557,536	391,685,949	405,917,851	420,724,813	436,130,459
Expenditures/Transfers Out/ Contingency	<u>345,655,241</u>	<u>362,269,146</u>	<u>375,444,959</u>	<u>390,669,426</u>	<u>405,643,669</u>	<u>422,033,032</u>	<u>436,974,257</u>
Structural Budget Balance	1,958,461	584,531	2,112,577	1,016,523	274,182	(1,308,219)	(843,798)
Unrestricted Fund Balance	15.3%	14.7%	14.9%	14.5%	14.0%	13.2%	12.5%

FY 2020 Recommended Budget is structurally balanced:
Revenues = Expenses

Structural balance must be maintained for long-term
fiscal sustainability



Budget Recommendations – General Fund

New Positions

Function	Department	Net FTE Change
General Government:	Assessor	2.00
	Clerk	1.00
	Voter Registrar	1.00
	Treasurer	<u>1.00</u>
	Total General Govt.	5.00
Judicial:	District Attorney	5.00
	District Court	2.00
	Incline Constable	0.70
	Wadsworth Justice Court	<u>0.20</u>
	Total Judicial	7.90
Public Safety:	Alternative Sentencing	3.00
	Medical Examiner	1.00
	Public Guardian	1.00
	Sheriff	<u>5.00</u>
	Total Public Safety	10.00
Welfare:	Human Services	4.00
Culture & Recreation:	Parks	0.93
Total General Fund		27.83

- 47.83 total FTEs requested
- 27.83 FTEs recommended



Budget Recommendations – General Fund Reclassifications

Function	Department	# of Incumbents
General Government:	Assessor	1.00
	Human Resources	2.00
	Manager's Office	4.00
	Clerk's Office	1.00
	Recorder's Office	2.00
	Technology Services	<u>7.00</u>
	Total General Govt.	17.00
Judicial:	District Attorney	1.00
	Reno Justice Court	<u>5.00</u>
	Total Judicial	6.00
Public Safety:	Alternative Sentencing	1.00
	Juvenile Services	2.00
	Public Administrator	3.00
	Sheriff	<u>43.00</u>
	Total Public Safety	49.00
Public Works:	Community Services	1.00
Culture & Recreation:	Parks	1.00
Total General Fund		74.00

- Includes:
 - 18 department-requested reclassifications
 - 56 pay grade updates per Hay Benchmark Study



Budget Recommendations – General Fund

Other Recommendations:

- Use of Marijuana Funding to offset recommended expenditures:
 - FY19 \$500,000 transfer from Marijuana Fund to Capital Improvement Fund to support NNAMHS Campus Project
 - FY20 \$494,000 transfer from Marijuana Fund to General Fund Departments to support impacts in Alternative Sentencing and District Attorney's Office
 - FY20 \$144,000 allocation of Marijuana funds received from State of Nevada to support impacts in District Court and Treasurer's Office
- Contingency Budget \$5M (1.6% of General Fund Expenses; within NRS 354.608 level)
- Unrestricted Ending fund balance
 - FY19 = 15.3% and includes \$2.5M transfer from General Fund to Capital Improvement Fund to support NNAMHS Campus Project
 - FY20 = 14.7% (within BCC policy level)
 - Represents savings equivalent to 1.8 months, or 54 days of operating cash



Budget Recommendations – Other Funds

New Positions

Function	Department	Net FTE Change
General Government:	HR (Health Benefits)	1.00
	Recorder	<u>0.50</u>
	Total General Govt.	1.50
Health:	Health District	2.00
Judicial:	Reno Justice Court	0.50
Public Safety:	E-911	1.00
Welfare:	Human Services (Indigent)	21.00
Total Other Funds		26.00

- 32.00 FTEs requested
- 26.00 FTEs recommended



Budget Recommendations – Other Funds Reclassifications

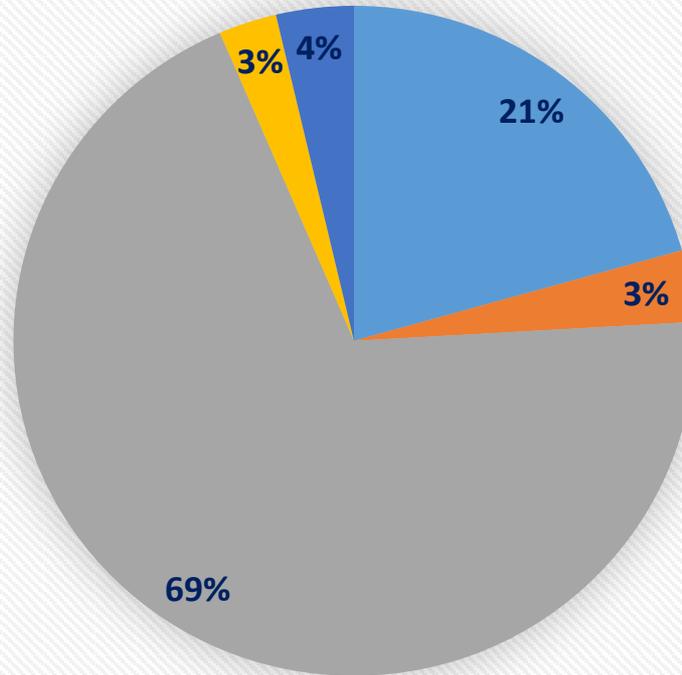
Function	Department	# of Incumbents
General Government:	HR (Health Benefits)	1.00
Health:	Health District	7.00
Public Safety	Animal Services	1.00
	Regional Communications	2.00
	TRFMA	<u>1.00</u>
	Total Public Safety	4.00
Public Works:	Roads	1.00
Welfare:	Human Services (CPS)	3.00
	Human Services (Senior Services)	<u>6.00</u>
	Total Welfare	9.00
Total Other Funds		22.00

- Includes:
 - 4 department-requested reclassifications
 - 18 pay grade updates per Hay Benchmark Study



Budget Recommendations – Capital Improvement Funds

FY 2020 Capital Improvement Budget by Fund Type



■ Capital Improvement ■ Parks Capital ■ Utilities ■ Roads ■ Equipment Services



Budget Recommendations – Capital Improvement Funds

FY 2020 NEW PROJECTS – Capital Improvements Fund	COST
Voters - Additional Election Tablets	\$445,425
RJC Court Hearing Room_Resource Center	373,855
911 Parr HU4 HVAC_Roof	1,319,000
Animal Services Security Upgrade-Lobby	114,345
WCSO Commissary Visitation Rooms	455,000
WCSO Detention Infirmary Program Design	750,000
P25 Radios	250,000
Nevada Shared Radio System	1,250,000
350 S Center Street Parking Garage Security Enhancements	464,000
Incline Village Above Ground Fuel Tank	620,000
NNAMHS Campus Remodel	11,000,000
Wildcreek Golf Course Rehabilitation	2,250,000
Bartley Ranch Bridge to Marr Property	112,318
Parks Public Water System - Ops Plan Improvements	550,000
Central Disk Storage System Upgrade (9th Street)	335,650
Disaster Recovery Site at Switch, Inc	568,174
Disk Backup System Upgrade	438,012
Red Rock Facilities	121,000
Major Maintenance Replacement	1,665,000
Prior Year Projects Carry Forward to FY20	6,150,148
Total FY20 Capital Improvements Fund	\$29,231,927

Capital Improvements Fund Recommendations:

- FY 2020 projects total \$29.2M
- General Fund Transfer to CIP \$6.3M
- Projects - based on CIP Committee Prioritization
- Increased Major Maintenance & Replacement Funding \$1M



Budget Recommendations – Capital Improvement Funds

FY 2020 NEW PROJECTS – Utilities Fund	COST
Huffaker Reservoir Mixing/Evaporation Analysis, Design, & Construction	\$1,325,000
Reclaimed Water System Maintenance Projects	200,000.0
Reclaimed Water Quality Management	500,000.0
STMWRF Solids Management Facility	500,000.0
STMWRF Secondary Clarifier Coating	200,000.0
STMWRF Reclaim Backup Pump Station	150,000.0
Huffaker Hills Reservoir Lining Improvements Ph 3	6,400,000.0
Steamboat Lift Station Replacement and 2nd Force Main	6,000,000.0
Cold Springs WRF Projects	500,000.0
Effluent Water Projects - Existing Water Resource Management	18,500,000.0
Horizon Hills/Lemmon Valley Sewer Collection System Rehabilitation	725,000.0
Lemmon Valley WRF Projects	250,000.0
South Truckee Meadows WRF Projects	200,000.0
Steamboat Lift Station Projects	200,000.0
Operations Equipment Capital	170,000.0
Pleasant Valley Interceptor - Reach 3 Conveyance Project	7,975,000.0
STMWRF 2020 Expansion	49,540,000.0
Effluent Distribution Expansion - Programmatic	5,000,000.0
Total FY20 Utilities Fund	\$98,335,000

Utilities Fund Recommendations:

- FY 2020 projects total \$98.3M
- STMWRF Expansion \$49.5M
- Effluent Water Projects \$18.5M



Budget Recommendations – Capital Improvement Funds

FY 2020 NEW PROJECTS – Parks Capital Fund	COST
Galena Schoolhouse-Interior Renovations	\$315,000
South Valleys Regional Park Master Plan Development	900,000
Ellen's Park Playground Renovation	325,000
Sun Valley Regional Park - Bike Park Improvements	100,000
Prior Year Projects Carry Forward to FY20	3,251,945
Total FY20 Parks Capital Fund	\$4,891,945

FY 2020 NEW PROJECTS - Road and Equipment Services Funds	COST
Roads Capital	\$3,906,000
Equipment Services Capital (Heavy & Light Fleet)	\$5,214,444



Next Step

- May 21, 2019 Public Hearing and Adoption of the Fiscal Year 2020 Final Budget



Questions?

