



City of Fernley
CITY MANAGER'S
OFFICE

Administration,
Human Resources,
Budgeting,
Risk Management,
& Contracts

MEMORANDUM

To: Mayor and City Council
From: Daphne Hooper, City Manager
Date: May 8, 2020
Re: FY 2020/2021 Budget

Since the Tentative Budget was approved by City Council in April, staff has been reviewing the impacts from the Coronavirus Pandemic. There are many unknowns through this process, and staff has taken a conservative approach in addressing potential revenue shortfalls and the potential challenges in the next year.

As such, I've attached a breakdown showing the differences in the tentative budget and the budget that will be presented on May 20 for submission to the Nevada Department of Taxation.

The overall budget has increased from \$31,225,550 to \$31,299,534. Many items contribute to this difference.

General Fund:

In the General Fund, staff looked at projected revenues, and based upon preliminary estimates published by economists within the State. The General Fund revenue was decreased by \$508,601. This includes a property tax revenue adjustment, which was a result of the rate provided originally from the State. Further, it is important to take a hard look at the closures of business and the impact this will have on revenues to the City. As a result, revenues were assessed and a percentage decrease was determined for each area depending on the calculated impact. The hardest hit was the Municipal Court, with a 65% reduction in projected revenue. With the Court being closed, tickets were not processed, resulting in a significant impact. Business licensing, franchise fees, liquor license fees, gaming license fees, passport fees, consolidated tax, and motor vehicle tax were all reviewed. Because of business closures, all these revenues have an impact.

Once revenues were reviewed, it was important to analyze expenses and provide a balanced budget. Other expenses reduced in the general fund include a fleet vehicle in the Streets Division as well as a reduction to the ADA Transition Plan project in streets. The project was reduced by \$30,000, which leaves \$145,000 for FY2020/2021.

Staffing

For staffing, we were able to balance the budget with a significant decrease in health benefits. Overall, the annual renewal provided a 6% decrease. As we reviewed staffing, we also had to make adjustments for miscalculations in salaries previously. With our budgeting software, some positions were over-calculated, and some were under-calculated based on the formula used for increases. The final budget still includes employee increases; however, there is an overall adjustment for salaries and benefits was decreased by (\$67,007). The adjustments are provided in each department budget in the summary.

Further, as discussed previously, the new positions, Deputy City Manager, Deputy City Engineer, and Court Clerk Trainee will be frozen until a date is determined and approved by the City Council. The total budget for these positions is \$352,896.

A Fire Marshal position was also included in the amount of \$56,000. An agreement with the Fire District will be presented to the City Council at the May 20th meeting. This position will also be frozen until it is determined by the City Council to move forward.

Vehicles/Equipment

The vehicles and equipment requested will also be frozen, with the exception of the Vacuum Truck Sewer Cleaner. Because of the reductions in revenue, the vehicle for the Streets Division was removed.

Enterprise Funds

The Enterprise Funds included adjustments due to staff changes, capital projects, and bond refunding. These adjustments are presented in the cash flow statements for both the water and sewer funds as well as the operating budgets.

Special Revenue Funds

Reductions were made in the Transient Lodging Tax budget since many of the lodging facilities have been impacted by COVID-19. The actual budget of this fund was not reduced; however, there is an impact to the revenue and consequently, a reduction in the ending fund balance.

Capital Projects

The ADA Transition Plan was reduced by \$30,000 for the General Fund Capital Projects.

Because of the pandemic, there was a delay in obtaining supplies for capital projects for this year. As a result, The Well No. 4 Backup Generator and the Donner Trails Lift Station Generator were carried over to the FY 2020-21 budget for the Water and Sewer Funds, respectively.

Debt Administration

The 2020 Refunding was included with adjustments reflecting the changes in both the water and sewer fund.

Water Ancillary Fee

Adjustments were made to the Water Ancillary Fee, which includes a change in the number of meters as well as the revenue requirement as a result of the bond refunding. There will be a slight adjustment made prior to sending the information to Lyon County. The amount will go down, again, although only slightly.

Again, the adjustments are provided in the attached spreadsheet to help you navigate through the changes. The budget book has been provided electronically. A hard-copy will be provided next week as well.

If you have any questions, please let me know.

Thank you, and stay safe.