

**Carson City
Request for Board Action**

Date Submitted: 1/27/15

Agenda Date Requested: 2/5/15

Time Requested: 20 minutes

To: Mayor and Supervisors

From: Nick Providenti, Director of Finance

Subject Title: For Possible Action: Presentation, discussion and possible direction regarding assumptions staff will use to prepare Carson City's Budget for FY 2015 –2016.

Staff Summary: Staff needs direction from the Board on assumptions for building the FY 2015-2016 Budget for Carson City. The main item is setting the property tax rate to be used. The Department of Taxation requires all local governments to inform them of the rate they intend to use by February 23, 2015.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

Does this action require a Business Impact Statement: () Yes (X) No

Recommended Board Action: I move direct staff to use \$_____ as the property tax rate in preparing the FY 2015 – 2016 Carson City budget.

Any other board action will depend on the discussion.

Explanation for Recommended Board Action: See Staff Summary

Applicable Statute, Code, Policy Rule or Regulation: N/A

Fiscal Impact: N/A

Explanation of Impact: N/A

Funding Source: N/A

Supporting Material: Finance Director Memo dated January 23, 2015, proposed budget timeline, Department of Taxation Memo dated January 22, 2015.

Alternatives: Property Tax Rate alternatives as outlined in the Finance Director Memo.

Prepared By: Nick Providenti

Reviewed By: : Unhel Almita Date: 1/27/15
 (Department Head)
 : Wichito Miranda Date: 1/27/15
 (City Manager)
 : Joseph Y. ... Date: 1/27/15
 (District Attorney)
 : Unhel Almita Date: 1/27/15
 (Finance Director)

Board Action Taken:

Motion: _____ 1) _____ Aye/Nay
 2) _____ _____

 (Vote Recorded By)

MEMORANDUM

TO: Nick Marano, City Manager
Mayor and Board of Supervisors

FROM: Nick Providenti
Finance Director

DATE: January 23, 2015

SUBJECT: Pre-Budget Preparation Items

In the past, we have taken our pre-budget preparation assumptions to the board before we begin preparing the budget document to make sure we are all “on the same page”.

To frame the discussion, the following are our initial estimates for revenues and expenditures.

GENERAL FUND REVENUES

Property Tax: In FY 2015 the decision was made to reduce the property tax levy by 2 cents to \$3.54/\$100 assessed value. Since we have an additional 12 cents available to levy, we could raise the tax rate, lower the rate or keep it the same. If we kept the tax rate at \$3.54/\$100 of assessed value we would generate about \$528,000 more than last fiscal year. For illustrative purposes, if we lowered the tax rate by 2 cents, the number drops to \$435,000 (\$93,000 less than the “base”). If we increased it to the maximum (\$3.66/\$100 of assessed value), that increases it to \$751,000 (\$223,000 more than the “base”).

Consolidated Tax: Consolidated tax (CTAX) revenues are tracking higher than our projections . I anticipate that current year (FY 2015) CTAX revenues will higher than our original budgeted amount of 3.5% but we only have 4 months’ worth of data so we will need to wait until the end of February to shore up that number.

Franchise Fees: All the projections that we’ve done over the last 5 years have included taking all the franchise fees to the maximum allowable as set by State law. This has been accomplished and no further action by the Board of Supervisors is necessary.

Charges for Services: Last year we proposed an increase in the compacted municipal solid waste (MSW) as the majority of this charge would go to Waste Management. Historically Waste Management has increased the fees to their customers regardless of whether the City's fees have increased or not. The Board did indeed change the ordinance, so no further action is proposed at this time.

ENTERPRISE FUND REVENUES

Water, Sewer and Storm Drainage – The rates recently approved by the board will be used to build the budget. These budgets will also be presented to the Utility Financial Oversight Committee.

EXPENDITURES AND OTHER ITEMS

Labor Contracts/Resolutions: The proposed budget for next year will contain the following contractual increases:

- Deputy Sheriffs – Amounts per contract
- Sergeants – Amounts per contract
- Lieutenants – assume 3% contract adjustment (the contract still needs to be negotiated).
- FOP – Merits per contract.
- Firefighters – 2% COLA and eligible for merit per contract
- Chief Firefighters – 2% COLA and eligible for merit per contract
- Carson City Employees Association – assume Pontifex rate schedule
- Unclassified Employees – Merit only (Pontifex implemented in FY 2015)

Capital Improvements and Maintenance: Currently 5 cents of the property tax goes to fund capital improvements – this is estimated to be \$600,000 in FY 2016. We have to pay about \$230,000 per year in debt service for the next 2 years (FY 2017 is the final payment) from the 2012 Medium Term Obligation still outstanding – so that leaves us with approximately \$370,000 to fund capital in FY 2016.

Current Financial Policy for excess revenues:

To designate any excess unrestricted general fund balance, at the end of a given year, to be used in the following priority order:

1. Reserve Funds – maintain an Ending Fund Balance at a minimum of 5% of annual expenditures with a goal of 8.3% of expenditures.
2. Contingency – \$500,000 annually.
3. Infrastructure Repair – minimum of \$600,000 or 1% of annual expenditures. The amounts may differ annually based upon need
4. Fleet/Equipment Replacement – up to 2.5% of operation expenditures.
5. Stabilization Fund – as allowed by NRS 354.6115 at a level equal to 10% of expenditures from the general fund for the previous fiscal year, excluding any federal funds expended.
6. Operating Expenses – justifications for new expenses must be related to actual service performance.

The only change I would suggest to the above is to build the capital improvement plan a little before we take the Reserve Funds to the full 8.3%. Right now, we are maintaining the 5% level.

**Carson City, Nevada
Preliminary Budget Schedule
FY 2016**

- | | |
|--------------------------|---|
| February 5, 2015 | Pre budget preparation items to Board of Supervisors for use in preparing the FY 2016 budget. |
| February 18, 2015 | Initial meeting of the Utility Financial Oversight Committee. |
| February 19, 2015 | Presentation and adoption of the Cost Allocation Plan by the Board of Supervisors for use in preparing the FY 2016 budget. |
| March 5, 2015 | Capital Improvement Program presentation to the Board of Supervisors. |
| March 24, 2015 | Final meeting of the Utility Financial Oversight Committee. |
| April 15, 2015 | FY 2016 Tentative Budget due to the Department of Taxation. |
| April 16, 2015 | Presentation of FY 2016 Tentative Budget to the Board of Supervisors |
| May 18, 2015 | Board of Supervisors adopts the FY 2016 Final Budget. |
| June 1, 2015 | Final adopted budget shall be filed with the county clerk and the Department of Taxation. |
| June 25, 2015 | Nevada Tax Commission meets to certify property tax rates for all entities. |
| July 2, 2015 | Board of Supervisors adopts the certified property tax rate for Carson City. |



**STATE OF NEVADA
DEPARTMENT OF TAXATION**

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MEMORANDUM

Date: January 22, 2015
To: All Local Government Finance Officers
From: Local Government Finance
Subject: Tax Rate Changes for FY 2015-16

The Preliminary Revenue Projections publication, which establishes the preliminary maximum allowed operating property tax rate for all local governments, will be distributed on February 16, 2015. Please review and notify your analyst **in writing** by **February 23, 2015** regarding the property tax rate your governing body proposes to levy in FY 2015-16. This office will compile and disseminate the information to the County Treasurers and the Centrally Assessed section of the Division of Local Government Services for use in the preparation of the property tax proforma revenue report. If we do not receive a response from you, the FY 2014-15 tax rates will be applied. Please contact the analyst assigned to your entity if you have any questions.

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