

CITY COUNCIL

Robert A. Cashell, Mayor
Dan Gustin, Councilmember, Ward 1
Sharon Zadra, Councilmember, Ward 2
Jessica Sferrazza Councilmember, Ward 3
Dwight Dortch, Councilmember, Ward 4
Dave Aiazzi, Councilmember, Ward 5
Pierre Hascheff, Councilmember, At Large

APPOINTED BY CITY COUNCIL:

CITY MANAGER
Charles E. McNeely

CITY CLERK
Lynnette R. Jones

OTHER ELECTED OFFICIALS

Patricia Lynch, City Attorney
Jay Dilworth, Judge
Paul Hickman, Judge
Kenneth Howard, Judge
James Van Winkle, Judge

Learn more about this year’s budget.

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Welcome to the City of Reno’s “Budget-in-Brief”, a general overview of where tax dollars and other revenue come from, how and why these dollars are spent.

The City Council has adopted the following priorities as direction for the City Organization:

RENO CITY COUNCIL PRIORITIES

FY2006-2007

PUBLIC SAFETY

Maintain high level of police and fire protection throughout Reno with special emphasis on graffiti and traffic enforcement and an appropriate presence in the area around the Community Assistance Center; develop and implement a funding plan for the public safety portion of the community service centers.

COMMUNICATIONS

Enhance communications with the residents and businesses in the city and region by proactively identifying emerging issues; updating and improving the existing integrated public information strategy; and communicating more effectively the identified key issues, policy decisions made, and actions taken by the City Council.

PLANNING

Communicate and collaborate with residents and businesses to further the development of Reno as a “Great City” by enhancing citywide plans, preparing plans for newly expanding areas of the city, updating and creating new neighborhood plans, and enhancing design and development standards.

REDEVELOPMENT

Continue to diversify the downtown experience for residents and visitors alike, work with the private sector to further develop and increase housing in the downtown area and enhance and improve the availability of commercial establishments supporting residential activity.

INTERGOVERNMENTAL COOPERATION

Increase cooperation and collaborative efforts with Washoe County, the City of Sparks and the Washoe County School District by fostering elected official-to-elected official discussions regarding issues of common interest to enhance service delivery to citizens.

THE PURPOSE, VISION, VALUES AND GOALS OF THE CITY OF RENO

Our **PURPOSE** is to provide community-supported services and programs designed to assure the safety and well-being of all Reno's Residents.

The Council's Vision reflects the type of community the City wishes to provide for its residents and visitors. The Values represent the standards of behavior expected of all City employees in the conduct of their duties. The Council's Goals represent the long-term guidelines the City will follow to ensure the Vision becomes reality. The City's programs are set up to meet certain Council Goals. Each year, the Council identifies certain priorities which establish the programs and services funded for the fiscal year. These priorities may span fiscal years. The City Manager then selects a team to spearhead the City's efforts in meeting the Council's priority programs.

The **VISION** of Reno "the Biggest Little City in the World" the most livable of Nevada cities; the focus of culture, commerce and tourist activity in Northern Nevada...a city where:

All residents have the opportunity to participate in community decisions.

A vibrant, diversified economic environment is promoted.

Proactive, responsive, efficient and accountable governmental services are provided to all the people.

A healthy ecological environment is promoted.

Quality education is promoted.

A safe community is maintained.

Intergovernmental cooperation is promoted.

VALUES:

Respect: To be respectful, cooperative, and inclusive in every contact.

Responsibility: To take individual responsibility to be ethical in improving City efficiency, effectiveness and teamwork.

Responsiveness: To be responsive to customers' concerns and implement plans accordingly.

Results: To achieve timely, innovative, and tangible results in all City efforts.

GOALS:

1. **Finances:** Develop financial resources to the fullest potential.
2. **Safety:** Promote the safety of the community and a feeling of security among citizens and visitors.
3. **Infrastructure:** Plan and assure infrastructure reliability and regulatory compliance.
4. **Redevelopment:** Revitalize downtown Reno as the economic, civic and cultural center of the community.
5. **Efficiency & Effectiveness:** Provide for maximum efficiency and effectiveness in the delivery of City Services.
6. **Customer Service:** provide responsive customer service and fair and open public processes.
7. **Communication:** Promote confidence in the expenditure of public funds by informing, educating and involving citizens.
8. **Leadership:** Serve as a leader to promote regional action to ensure effective, efficient and equitable delivery of services for the resident of Reno.
9. **Environment:** Plan growth which is sensitive to the environment and recognizes significant community resources.
10. **Economic Development:** Encourage a diversified economic base which provides for long-term economic health and improved quality of life.

WHY DOES THE CITY PREPARE A BUDGET?

A budget serves many purposes. It:

1. Provides a flexible working plan for operating the City in the coming year.
2. Converts the City's long and short-term plans and policies into services and programs.
3. Establishes the amount of revenue expected to be available, which sets limitations on the amount of expenditures that can be supported.
4. Establishes the costs of providing services and programs.
5. Sets priorities to determine how the resources will be allocated among the services and programs the City wants to provide.
6. Provides budgetary guidelines to compare with actual revenues and expenses throughout the year.

You are a part of this process. The City encourages comment and participation of residents. Neighborhood Advisory Boards provide suggestions for the Capital Improvement Plan and public hearings are held in April-May concerning the proposed budget for the next year. Please contact the Assistant Finance Director for the specific times of these meetings.

The City of Reno maintains a web site on the Internet to provide information and assistance to the community at large. We are at: www.cityofreno.com

Our mailing address is:
City of Reno Finance Department
Attention: Assistant Finance Director
P.O. Box 1900
Reno, NV 89505-1900

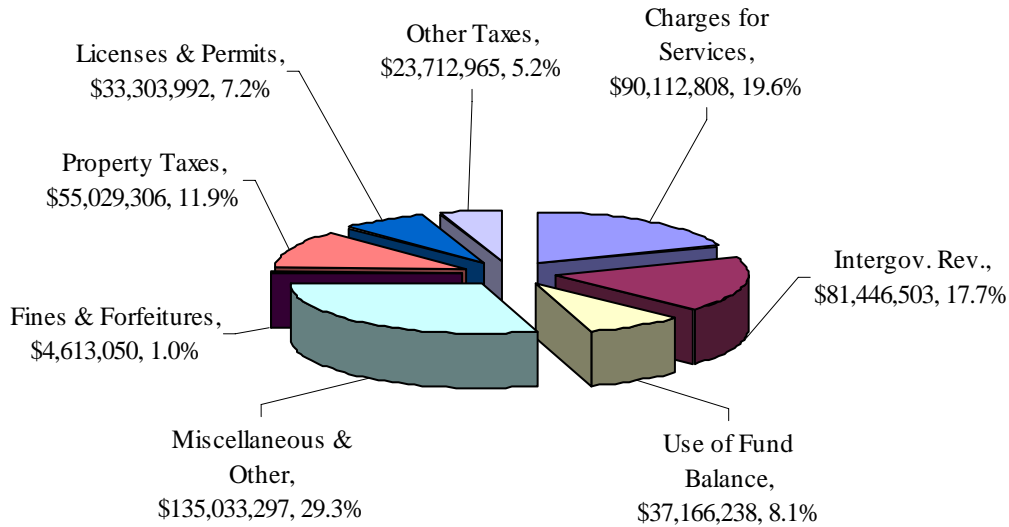
or you may contact us at 775-334-2080

REVENUE OVERVIEW:

**Summary of Resources
By Type and Fund**

Revenue Source	2004/05 Actual	2005/06 Projected	2006/07 Budgeted	% of Total
CITY OF RENO				
Charges for Services	79,356,277	86,810,627	90,112,808	19.6%
Property Taxes	49,912,213	52,367,764	55,029,306	12.0%
Licenses & Permits	31,153,624	32,208,498	33,303,992	7.2%
Intergovernmental	76,754,434	95,568,815	81,446,503	17.7%
Use of Fund Balance	86,768,334	21,746,395	37,166,238	8.1%
Miscellaneous & Other	172,993,108	470,582,791	135,033,297	29.3%
Other Taxes	24,077,007	24,055,224	23,712,965	5.2%
Fines and Forfeitures	3,562,003	4,284,000	4,613,050	1.0%
CITY OF RENO TOTAL	524,577,000	787,624,114	460,418,159	100.0%
REDEVELOPMENT AGENCY				
Property Taxes	4,304,790	3,787,222	3,306,116	47.9%
Miscellaneous & Other	138,692	128,024	128,024	1.9%
Use of Fund Balance	3,627,402	5,700,296	1,207,774	17.5%
Intergovernmental	2,409,281	3,832,087	2,258,202	32.7%
REDEVELOPMENT AGENCY TOTAL	10,480,165	13,447,629	6,900,116	100.0%
GRAND TOTAL	535,057,165	801,071,743	467,318,275	

All Revenues by Source
\$460,418,159



Revenues by Fund Type Budgeted for 2006/07

Revenue Source	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	Department Total
CITY OF RENO								
Charges for Services	3,809,013	3,871,836	-	-	57,613,007	24,818,952	-	90,112,808
Property Taxes	41,140,416	9,484,491	4,404,399	-	-	-	-	55,029,306
Licenses & Permits	33,128,992	175,000	-	-	-	-	-	33,303,992
Intergovernmental	75,091,051	49,200	-	6,306,252	-	-	-	81,446,503
Use of Fund Balance	7,049,102	765,645	(2,563,339)	13,452,213	11,248,959	7,213,658	-	37,166,238
Miscellaneous & Other	12,784,551	27,511,217	6,391,544	20,299,798	60,005,291	7,640,896	400,000	135,033,297
Other Taxes	-	5,872,965	15,440,000	2,400,000	-	-	-	23,712,965
Fines and Forfeitures	3,763,050	50,000	-	-	800,000	-	-	4,613,050
CITY OF RENO TOTAL	176,766,175	47,780,354	23,672,604	42,458,263	129,667,257	39,673,506	400,000	460,418,159
REDEVELOPMENT AGENCY								
Property Taxes	137,480	-	3,168,636	-	-	-	-	3,306,116
Intergovernmental	128,024	-	-	-	-	-	-	128,024
Use of Fund Balance	578,695	-	629,079	-	-	-	-	1,207,774
Miscellaneous & Other	2,128,202	-	130,000	-	-	-	-	2,258,202
REDEVELOPMENT AGENCY TOTAL	2,972,401	-	3,927,715	-	-	-	-	6,900,116
GRAND TOTAL	179,738,576	47,780,354	27,600,319	42,458,263	129,667,257	39,673,506	400,000	467,318,275

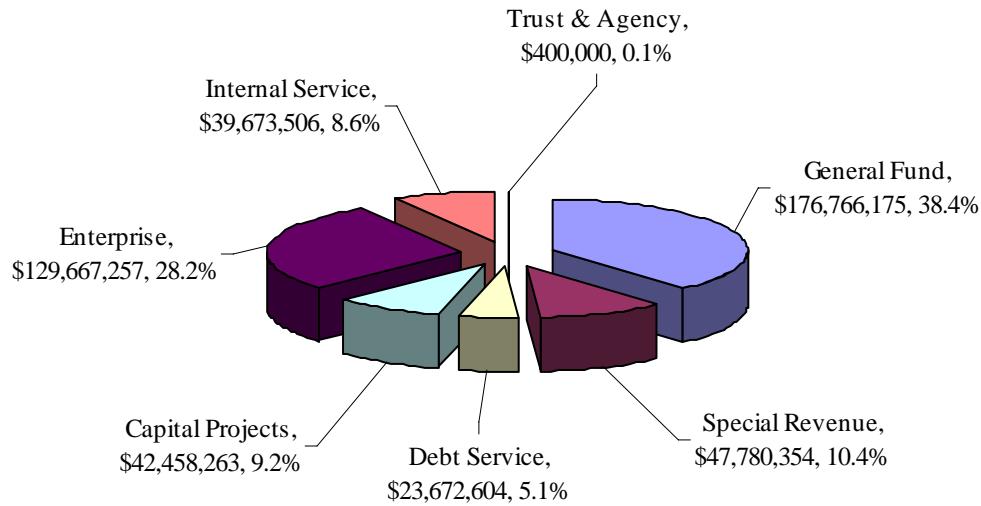
A negative number in "Use of Fund Balance" indicates additional funds were retained in the program for future use.

EXPENDITURE OVERVIEW:

**Summary of Expenses
By Department and Budgeted by Fund**

<u>Expenditure Source</u>	<u>2004/05 Actual</u>	<u>2005/06 Projected</u>	<u>2006/07 Budgeted</u>	<u>% of Total</u>
CITY OF RENO				
City Council	1,886,822	1,666,178	1,674,838	0.4%
City Clerk	1,499,707	1,672,140	1,365,265	0.3%
City Manager	23,143,399	14,382,786	14,614,270	3.2%
Finance	2,470,277	2,648,124	2,354,668	0.5%
City Attorney	3,643,709	3,781,632	3,994,742	0.9%
Human Resources	12,592,768	16,182,864	16,452,871	3.6%
Civil Service	316,383	348,254	358,147	0.1%
Community Development	11,700,792	12,618,060	13,958,591	3.0%
Community Resources	6,814,431	3,837,845	4,493,974	1.0%
Communications & Technology	10,026,919	12,419,912	13,269,259	2.9%
Police	54,238,183	56,143,540	56,894,137	12.4%
Fire	47,762,718	46,685,752	48,970,582	10.6%
Municipal Court	4,915,250	7,129,651	5,920,453	1.3%
Public Works (including capital projects)	253,850,067	236,866,479	189,591,963	41.2%
Parks, Recreation & Community Services	18,665,718	19,303,209	19,307,061	4.2%
Non-Departmental	71,049,857	351,937,688	67,197,338	14.6%
CITY OF RENO TOTAL	524,577,000	787,624,114	460,418,159	100%
REDEVELOPMENT AGENCY	10,480,165	13,447,629	6,900,116	100%
GRAND TOTAL	535,057,165	801,071,743	467,318,275	

All Expenses by Fund
\$460,418,159

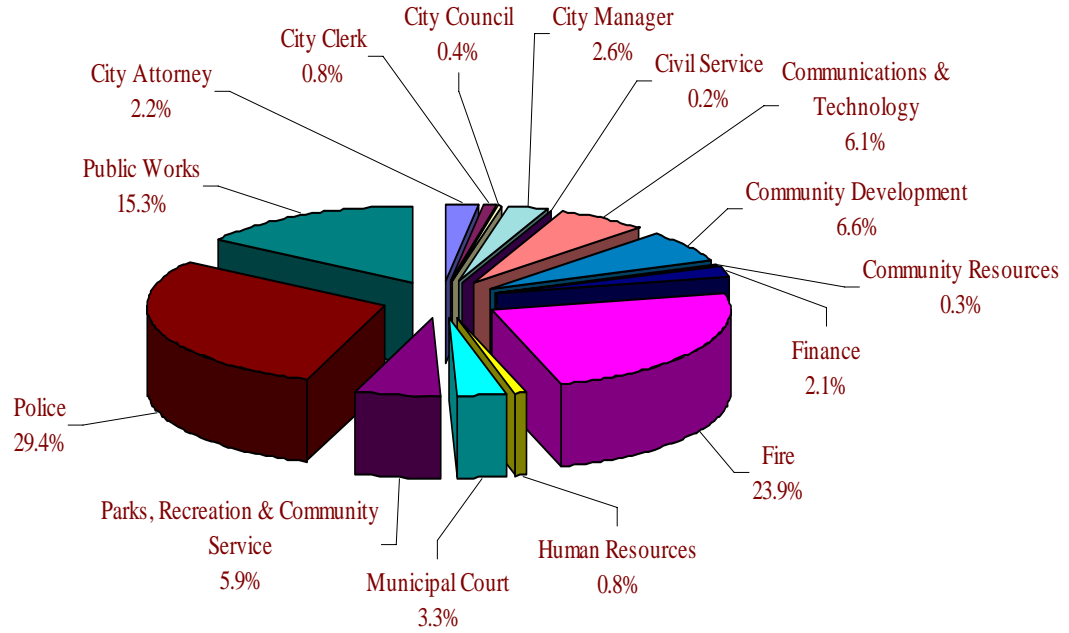


Expenditures by Fund Type Budgeted for 2006/07

Expenditure Source	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	Department Total
CITY OF RENO								
City Council	1,278,220	396,618	-	-	-	-	-	1,674,838
City Clerk	1,365,265	-	-	-	-	-	-	1,365,265
City Manager	5,340,004	1,047,270	-	-	-	8,226,996	-	14,614,270
Finance	2,354,668	-	-	-	-	-	-	2,354,668
City Attorney	3,994,742	-	-	-	-	-	-	3,994,742
Human Resources	1,376,747	-	-	-	-	15,076,124	-	16,452,871
Civil Service	358,147	-	-	-	-	-	-	358,147
Community Development	1,448,052	-	-	-	12,510,539	-	-	13,958,591
Community Resources	-	4,493,974	-	-	-	-	-	4,493,974
Communications & Technology	-	-	-	-	6,717,811	6,551,448	-	13,269,259
Police	56,832,137	62,000	-	-	-	-	-	56,894,137
Fire	48,970,582	-	-	-	-	-	-	48,970,582
Municipal Court	5,481,453	439,000	-	-	-	-	-	5,920,453
Public Works (including capital projects)	12,434,024	16,474,815	-	42,458,263	108,405,923	9,818,938	-	189,591,963
Parks, Recreation & Community Services	-	17,274,077	-	-	2,032,984	-	-	19,307,061
Non-Departmental	35,532,134	7,592,600	23,672,604	-	-	-	400,000	67,197,338
CITY OF RENO TOTAL	176,766,175	47,780,354	23,672,604	42,458,263	129,667,257	39,673,506	400,000	460,418,159
REDEVELOPMENT AGENCY	2,972,401	-	3,927,715	-	-	-	-	6,900,116
GRAND TOTAL	179,738,576	47,780,354	27,600,319	42,458,263	129,667,257	39,673,506	400,000	467,318,275

THE CITY WORK FORCE

City of Reno - Workforce by Department
Total 1,595.15 FTE's



<u>CITY DEPARTMENT</u>	<u>#EMPLOYEES</u>
City Attorney	35.00
City Clerk	12.00
City Council	7.00
City Manager	42.00
Civil Service	3.00
Communications & Technology	97.75
Community Development	104.80
Community Resources	5.25
Finance	32.75
Fire	381.70
Human Resources	12.50
Municipal Court	53.40
Parks, Recreation & Community Service	93.75
Police	469.50
Public Works	244.75
Total	<u>1,595.15</u>

CITY DEPARTMENTS

CITY ATTORNEY

Patricia Lynch, City Attorney

BUDGET \$3,994,742

Issues for this year:

1. Domestic Violence Fast Track Program implementation.
2. Provide legal support for emergency management issues.
3. New City Attorney to be elected in November 2006.

CITY CLERK

Lynnette Jones, City Clerk

BUDGET \$1,365,265

Issues for this year:

1. Administer 2006 City Municipal Elections and ensure that financial disclosure and ethics requirements are met.
2. Perform external and internal customer service surveys to identify additional service improvement areas.
3. Continue to seek additional ways to engage citizens in government and attract future Board and Commission Members.
4. Complete the Public Works Street Maps Project begun in FY 05/06, which will free up 25% of the floor space in the Community Development Department Vault.

CITY COUNCIL

(See Reno City Council Priorities outlined in the beginning of this document.)

BUDGET \$1,674,838

CITY MANAGER

Charles E. McNeely, City Manager

BUDGET \$14,614,270

Issues for this year:

1. Council Priorities – Assure attainment of the priorities set out by the City Council by providing clear direction and leadership to operating departments.
2. Community Relations – Implement recommendations from Bentz Communications study to improve internal and external communications ensuring proactive dissemination of information to various departments, other agencies and the public.

3. Organizational Effectiveness – Facilitate activities in Risk Management, Business Audits, Grants, Training and Development, Business Planning and Organizational Effectiveness that improve the overall effectiveness of departmental operations and the achievement of Council objectives, City priorities, and five-year Making Reno Great objectives.

CIVIL SERVICE

BUDGET \$358,147

Ric Bailey, Chief Examiner

Issues for this year:

1. City-wide completion of the NeoGov implementation and departmental user training.
2. Coordinate entry level public safety recruitment and examination series in order to have predictable schedules for entry level applicants and to have a regular preparation period and examination administration for all public safety promotions. This effort will require interdepartmental cooperation and planning which will include the Civil Service, Human Resources, Police and Fire Departments.
3. Coordinate a planning committee for the validation and feasibility of a regional/multi-jurisdictional Fire Fighter physical ability examination.

COMMUNICATIONS AND TECHNOLOGY

Budget \$13,269,259

Richard Vandenberg, Communications and Technology Director

Issues for this year:

1. Implementation of Regional Community Center networking and communications.
2. Achieve full CALEA Accreditation.
3. Fully Implement Phase II LAT and LONG location information for Cell phone users.
4. Tactical Dispatch support for EOC and Command Posts.
5. Development of centralized GIS spatial database.
6. Implementation of new GIS Centerline data maintenance process.
7. Implement disc-to-disk file backup solutions.
8. Perform reprogramming of Radios as defined by FCC requirements.
9. Install new Acella software for Community Development.
10. Develop EOC communications/networking and technology environment.

COMMUNITY DEVELOPMENT

BUDGET \$13,958,591

John Hester, Community Development Director

Issues for this year:

1. Complete additional components of the Master Plan (required for Regional Plan conformance), implement planning activities required as a result of annexation agreement and participate in update of Truckee Meadows Regional Plan.
2. Accommodate record levels of development.
3. Further process improvements in Code Enforcement including: acquiring warrants, establishing procedures for criminal citations and continue implementing policies to ensure uniform application of code.
4. Complete conversion to new permit tracking software and begin transition to community service centers.
5. Participate in planning for Community Service Centers. As part of the development review process, CD is obtaining sites and developer contributions for construction of the Centers.
6. Participate in City and regional housing task force efforts, including preparation of the Housing Plan, which is part of the City Master Plan.

FINANCE DEPARTMENT

BUDGET \$2,354,668

Andrew Green, Finance Director

Issues for this year:

1. Assist in finalizing and implementing a City-wide strategic plan to address long-term service provision, infrastructure and facilities for City of Reno in light of potential legislative proposals which would reduce future revenues.
2. Completion of the implementation of the City-wide financial system, including Business Licensing, Utility Billing and Cash Receipts modules.
3. Completion of Overhead Cost Allocation and Fee Study, which will result in the development of an updated Cost Allocation Plan and Fee Schedule City-wide.

FIRE

BUDGET \$48,970,582

Paul Wagner, Fire Chief

Issues for this year:

1. *Departmental Audit* – Based on the comprehensive audit completed in 2005, the Department will develop a strategic plan and budget to implement recommendations, as well as integrating these changes into the current organization is underway.

2. *Emergency Response Capability in Outlying Areas* – The Somerset Subdivision in the northwest will be opening December of 2006, and the locations and construction requirements for the new stations in Verdi, and the Damonte Ranch Subdivision in the Southeast are being negotiated with the possibility of the Damonte Ranch Station ready for occupancy in late FY 06/07. Challenges to extending the Department’s high level of service to other outlying areas will be evaluated.
3. *New Construction and Emergency Response Capability in Existing Service Areas* – The Cold Springs Career Station is constructed and staffed with a Truckee Meadows Fire Protection District Funded Engine Company that served the downtown area for the last five years. During that time, the downtown core has taken a decidedly residential flavor, with condo conversions and new residential high-rise projects underway. This, as well as, the steady gaming and entertainment venues downtown has created a steady increase in call volumes. Challenges to provide emergency response from existing stations will be evaluated.
4. *Aging Existing Infrastructure* – Stations constructed nearly a half century ago are in need of replacement or remodeling to accommodate crews and support staff. Capital funds to replace or remodel have not been available in the past.
5. *Regional Services* – Further integration of the 800 Mhz Radio System and the Tiburon Dispatching Program will be a key focus. Improvements in station paging and the possible integration of outside agencies into our communications and dispatch system could lead to efficiencies and possible reduction in response times. Continued development of a regional training schedule as well as participation in the management of the regional training center can result in improved regional agency cooperation.
6. *Regional Fire Protection Services* – Continue discussions with surrounding fire agencies such as the Sierra Forest Fire District, City of Sparks, and our Federal wildland partners to determine how to provide the most efficient fire protection for the joint areas of protection.
7. *Emergency Medical Technician Program* – Continue to improve the Department’s emergency response capacity. Development and implementation of a quality assurance and quality improvement program to increase the quality of the medical program. Evaluation of further expansion of the EMT-Intermediate program into the City stations will be performed and a plan will be formulated.
8. *Enhance Customer Services* – With the major internal and external growth happening in Reno, there is need to develop a more accessible and efficient customer centered approach, as well as a cohesive partnership with Community Relations to provide timely information and service to the public.
9. Develop strategies using the audit recommendations for managing overtime and special assignment hours.

HUMAN RESOURCES

BUDGET \$16,452,871

Donna Dreska, Human Resources Director

Issues for this year:

1. Develop labor negotiation strategies for five upcoming and expiring, and three expired labor agreements, and managing the timeliness of the negotiation period.
2. Continue addressing demographic and economic changes in the labor market by finding innovative ways for recruiting the best and most qualified workforce, retaining good employees, and creating a workforce which mirrors the community.
3. Continual oversight of the classification and compensation for City of Reno positions, in order to remain competitive in the labor market.

MUNICIPAL COURT

BUDGET \$5,920,453

Christy Magers, Court Administrator

Issues for this year:

1. Convert to new case management system to allow for more efficient upload of traffic citation information.
2. Develop and implement new system of performance evaluation.
3. Continue to explore options for reducing number of failure-to-pay warrants through aggressive collection efforts.
4. Explore possibility of locating criminal justice services within new justice facility.
5. Implement homeless court and approved processes for existing therapeutic court.

PARKS, RECREATION AND COMMUNITY SERVICES

BUDGET \$19,307,061

Nanette Smejkal, Parks, Recreation, and Community Services Director

Issues for this year:

1. Identify and negotiate opportunities for park development and maintenance agreements that leverage available construction funds and provide funding sources for ongoing maintenance and operations.
2. Update the Parks, Recreation and Community Services master plan and identify future park and facility locations.
3. Enhance the maintenance levels at parks and recreation facilities through the adoption of higher standards.
4. Overall monitoring of PRCS cost recovery and pursue new sources of revenues.

POLICE

BUDGET \$56,894,137

Michael Poehlman, Police Chief

Issues for this year:

1. Long term planning will develop a strategy to decentralize police facilities to better serve our growing City.
2. Increase use of civilians to maintain police services at a lower cost.
3. Maintaining authorized police officer strength with retirements and limited academies to train.
4. Facility maintenance remains a concern as plans have not been finalized for the police department to move to another location. Currently, working on courthouse remodel to obtain additional space.
5. With the federal government’s tightening budget, the police department is preparing for grant funding cutbacks.
6. Prepare plans and analyze the costs involved in decentralizing the department into three community service centers.
7. Working towards the development of a regional graffiti team utilizing congressional earmarked funds for an additional graffiti vehicle.

PUBLIC WORKS

BUDGET \$189,591,963

Steve Varela, Public Works Director

Issues for this year:

1. ReTRAC Enhancement Project – Begin construction on enhancement portion of the ReTRAC Project.
2. Review and improve upon Traffic Signal timing and traffic functions of the City.
3. Evaluation of growth impacts on Public Works service delivery.
4. Thorough evaluation of Program Goals for Facility Maintenance to determine program needs with results to be disseminated next year

REDEVELOPMENT

BUDGET \$6,900,116

Redevelopment Administrator

Issues for this year:

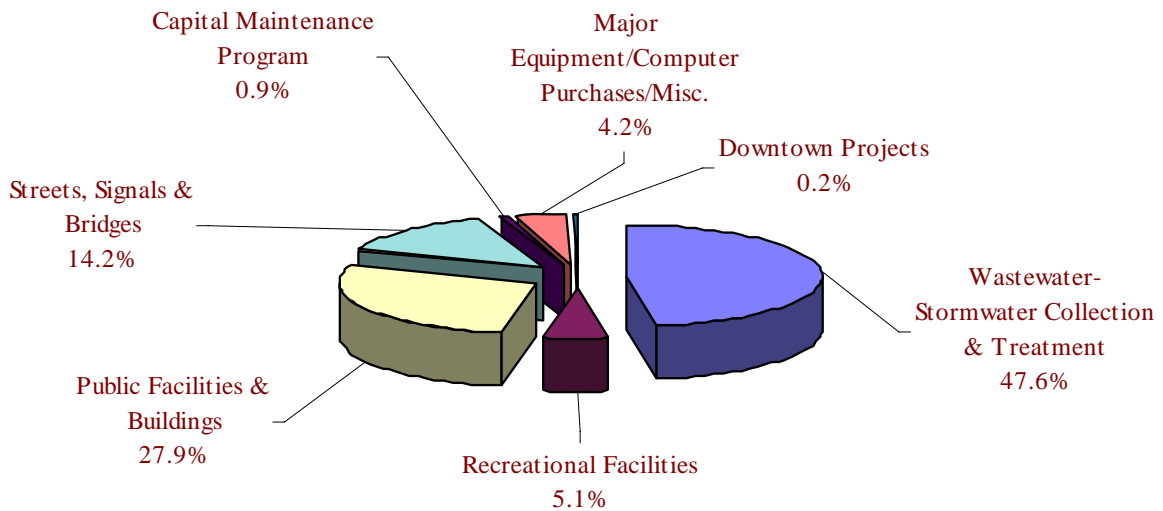
1. Amendment of Redevelopment Project Area 2 (RDA2).
2. Begin the master planning for the redevelopment of RDA 2.
3. Actively market The Catalyst.

4. Communicate with downtown businesses, to minimize adverse impacts during the narrowing of Virginia Street through downtown.
5. Update *The Blueprint: A Revitalization Strategy for Downtown Reno* and sub-area plans as appropriate.
6. In conjunction with regional agencies, develop strategies and policies (e.g., Inclusionary Zoning, Infill Development) to increase availability of affordable and workforce housing.
7. Develop Master Plan for the ReTRAC Corridor.

CAPITAL IMPROVEMENT PLAN

The City has a Capital Improvement Plan which is updated and approved each year by the City Council. This plan reflects the amount the City has budgeted for various projects this year and the longer range needs. Cooperative projects, with Regional Transportation Commission (RTC), are also shown to indicate the overall project level.

Capital Improvement Plan by Category 2006/2007



Revenues by Type

Expenses by Function

General Fund	11,185,000	Wastewater-Stormwater Collection & Treatment	61,520,500
Park District Construction Tax	5,945,500	Recreational Facilities	6,535,500
Special Ad Valorem Capital Tax	1,009,000	Public Facilities & Buildings	35,976,000
Street Fund	5,736,000	Streets, Signals & Bridges	18,395,000
Sewer Fund	61,460,500	Capital Maintenance Program	1,165,000
Community Development Block Grants	476,000	Major Equipment/Computer Purchases/Misc.	5,361,000
City Capital Projects Fund	1,220,000	Downtown Projects	220,000
Motor Vehicle Fund	3,745,000		
Grants	10,100,000		
Room Tax	225,000		
Financing	28,071,000		
Total	129,173,000	Total	129,173,000

Some examples of the above capital improvements are noted below:

- Street Reconstruction and Rehabilitation - \$ 5,500,000
- Neighborhood Revitalization Program - \$ 200,000
- Neighborhood Traffic Calming - \$ 50,000
- Truckee River Restoration Program - \$ 1,311,300
- Fire Vehicle Replacement Program - \$ 1,000,000
- Neighborhood Park Improvements - \$ 1,360,550
- Truckee Meadows Water Reclamation Facility and Stead Facility Expansion - \$29,750,000
- Sanitary Sewer Rehabilitation/Improvements - \$26,259,200
- Lawton Sewer Interceptor - \$ 4,100,000

A complete listing of all Capital Improvement Projects can be found in the 2006/07 Adopted Budget and a complete listing of the 20-year capital improvement program projects can be found in the 2006/07 Budgeted Capital Improvement Plan 2006/2026.

WHAT IS ANTICIPATED?

The City will continue to change as an organization for two basic reasons. First, we desire to improve the services provided to our citizens. Second, it is necessary to achieve an adequate level of financial stability to maintain our infrastructure and to meet the short and long-term operating and capital needs of the City.

The City Council sets priorities to provide staff with a direction for the new fiscal year. Based on this direction, management develops plans to accomplish both short and long-term goals.

MANAGEMENT PRIORITIES

In addition to the Council's top priorities for FY 2006/07 there are other critical issues that affect the long-term quality of life for the community. These issues are being addressed as shown in the adopted comprehensive strategic plans.

- A. **Facilities Maintenance** - Historically, adequate resources have not been budgeted for upkeep of one of the most valuable resources - City facilities. Many City-owned buildings are aging and are in need of repair; the longer maintenance is delayed, the greater the cost will be to address these much needed repairs. This budget continues the process of catching up on some of these needs by allocating \$250,000 from the General Fund for capital maintenance.
- B. **Community Service Centers** – The City Council has approved a new approach in the provision of City services—to decentralize services which are more neighborhood-oriented in order to make services more readily accessible to our citizens. To do this, it will be necessary to construct 3 new community service centers—north, south and central, beginning with police sub-stations in each area and fire stations, where applicable, as the first phase. Since the City's current centralized police station is inadequate to house the Department, given the number of police officers which have been added in recent years, it is important to begin the construction of the first phase of all three community service centers at the earliest possible date. Adequate funding to do this remains a challenge. City staff continues to assess potential solutions to this dilemma.
- C. **Equipment Acquisition** - The City is addressing the problem of equipment needs. Historically, equipment acquisition was deferred due to a lack of funds. The City is continuing to upgrade office technology to help keep personnel requirements at a minimum, even as demands for service increase. Vehicles and equipment are being replaced on a definitive schedule.
- D. **Salary and Benefit Programs** - The City continues its pay-for-performance system adopted by City Council in FY 1996-97. The pay-for-performance system allows for increases in salaries only when employees are performing at acceptable or better

levels. It also creates a nexus between the City Council's priorities and goals and an individual employee's performance plan. This system was implemented with all management, mid-management, professional, administrative and confidential employees in FY 1997-98.

Of major importance to the organization is the need to train and recognize City employees. We must continue to train staff to ensure that they have the skills and abilities to meet the demands of the community, and we must continue to provide competitive compensation to retain talented employees without losing them to higher paying organizations. This budget allows for the continuation of the City's Training Program and the Employee Recognition Program as well as providing competitive salaries and benefits in accordance with the City's long-term labor contracts.

- E. **Reserve Funds** - With the proposed budget, the \$5.66 million stabilization fund will remain intact and the unreserved fund balance is retained in the General Fund of 4% of ongoing expenditures, in accordance with the City's General Fund Reserve policy set by the City Council.

- F. **Program Review** - The City reviews some programs each year with the goal of reducing costs without affecting the level of service residents receive. Over the past two years the City achieved this goal as follows:
 - ❖ Through excellent bids for street work. The amount of street repair and replacement accomplished exceeded projections.
 - ❖ The Tiburon Records Management and Automated Reporting System in the Police Department has resulted in new policies and procedures to eliminate paper work without impacting public safety and improved customer service.
 - ❖ Implemented Virtual Permit Place, providing online permit issuance and upgraded information and materials available electronically to the public.
 - ❖ Program reviews of the Fire Department and the Community Development were completed. These reviews have resulted in better utilization of existing staff and the addition of new staff to provide necessary services.
 - ❖ In the upcoming year, internal audits of the Communications and Technology Department and the City's Self-Funded Medical Plan will be initiated to determine operational savings available. Also, an audit of the City's franchise agreement with Sierra Pacific Power Company will be initiated.

The adopted General Fund budget for FY 2006/07 is over \$176.7 million. This budget addresses the basic service needs of the community and fits within the policy parameters set by the City Council. More importantly, this budget, per Council direction, commits adequate resources to meet the priorities set by the City Council for FY 2006/07 and, as such, has a clear focus and correlation

between current priorities and allocated resources.

In recognition of the uncertainty of the economy, the City has accumulated the necessary reserve funds for capital and emergency expenditures to allow for long-range planning, to plan for upkeep and replacement of the City's infrastructure, and to establish prudent reserves for emergency purposes. City Council reserve level goals were achieved in the areas of general fund reserves and risk management for this year.

This continuing reorganization allows the organization to respond to the necessary changes in priorities and to the needs of our customers - the residents of this community.

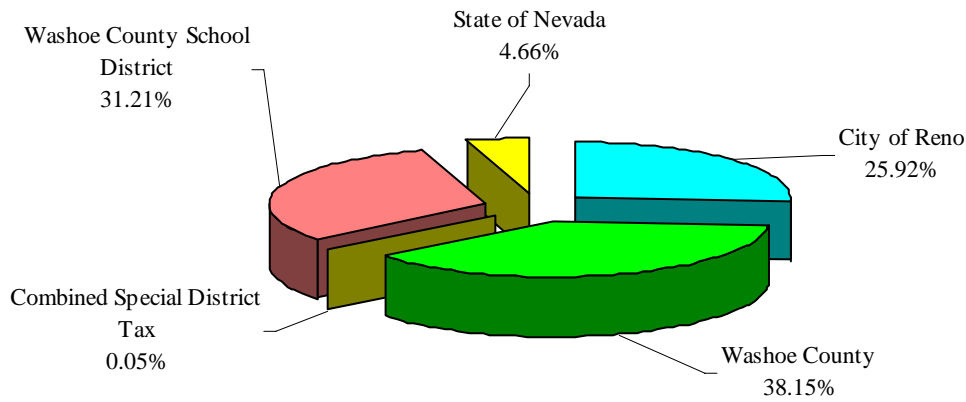
To continue this transition successfully, staff will continue to be trained with the skills and abilities to meet the demands of the community. Staff will continue to be encouraged and given the necessary resources to enable them to excel in their work. Competitive compensation will be provided to retain talented employees without losing them to higher paying organizations.

Finally, the achievements and performance of our employees who excel and fulfill our mission and values will continue to be recognized. This is the responsibility of the top management and the City Council throughout and beyond this transition period.

YOUR PROPERTY TAX DOLLAR

The total overlapping tax rate for 2006/07 (subject to approval by the Nevada Tax Commission) for the City of Reno is \$3.6477 per \$100 of assessed valuation. Therefore, a home which has a replacement value of \$150,000 will have an assessed value of \$52,500 (\$150,000 x 35%) and the home owner will pay approximately \$1,914 in property taxes (\$52,500/100 x 3.6462). The City of Reno will only receive about \$497 of that amount. The rest will go to other governmental agencies.

PROPERTY TAX DISTRIBUTION



The Tax Rates are noted below:

Taxing Agency	Tax Rates	Tax Rates	Tax Rates
	2006/07	2005/06	2004/05
City of Reno Property Tax	0.9456	0.9456	0.9456
County Tax Rate	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385
State of Nevada	0.17	0.17	0.17
Combined Special District Tax	0.0019	0.0019	0.0004
Total Tax Rate:	3.6477	3.6477	3.6462