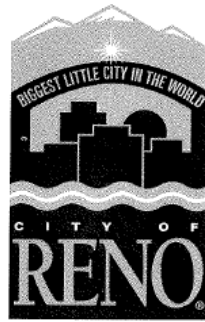


**SECTION I**  
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**INTRODUCTION**

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Honorable Mayor and Members of the City Council:

I am pleased to present the City of Reno's proposed operating plan for Fiscal Year 2012-2013, which includes a \$156.1 million city-wide budget, including the Redevelopment Agency (RDA), and a \$157.6 million General Fund operating budget, including transfers. This is the 15<sup>th</sup> year that the City has produced a program-based budget, a format that makes the budget an invaluable tool for the City Council to develop policy that achieves strategic outcomes for the City. This budget is prepared to allow residents to understand how their tax dollars are being spent within the community as well as defining deliverables for city staff to implement the priorities established by Council on behalf of the citizens. This budget document describes the resources, by department and by program, for the upcoming fiscal year. The budget document also describes various initiatives within each department as well as provides milestones for their completion.

The adopted Council Priorities for the Fiscal Year 2012-2013 Budget are:

- Financial Management
- Economic Development
- Public Safety
- Arts, Culture, & Special Events
- Senior & Youth Services
- Accessibility

The adopted priorities maintain Financial Management and Public Safety from the prior fiscal year, but add quality of life issues such as accessibility for the new fiscal year. The Fiscal Year 2012-2013 Budget was drafted to address the continued trend of declining revenues caused by the worst recession in modern history. It represents the fourth consecutive year of a challenging revenue environment for staff to fulfill Council priorities and deliver services to the residents of the city. The budgeted property tax decline represents a 4.5% decline from the prior fiscal year and sales taxes have stabilized and have shown 9 of 12 months of year-over-year gains. The budget presented to Council reflects an anticipated continuation of this trend and a 2% increase

over the prior fiscal year. The proposed Fiscal Year 2012-2013 budget continues to reflect a conservative view of the remaining revenues and addresses concerns regarding declines in Franchise Fees for the City of Reno. In light of the continued headwinds facing our City, the budget continues to focus on refining the operations of the City and achieves more streamlined service delivery. To support this level of service delivery, the City is undertaking a comprehensive approach to customer service in the 2012-2013 Fiscal Year in order to maintain the high quality of services provided to the citizens of Reno.

Reno will have a \$6.1 million undesignated General Fund Reserve (4%) at the end of the 2012-2013 Fiscal Year. In addition, this budget reflects a 3% increase to the City's Contingency Stabilization account. A key long-term priority for the City is to continue to increase reserve and contingency accounts to re-build our ability to weather the next economic event. The Office of Management and Budget and Finance Departments have been tasked in this fiscal year to develop a long-term fiscal stability plan which includes updates to any fund policies which would enhance the long-term fiscal outlook for the City. Implementation of this plan will be a key factor in moving the City toward fiscal security in the future.

The proposed budget maintains reductions in force that have been implemented over the past several years in response to the recession, however, necessary adjustments include the addition of 12 police officers and a financial analyst. The funding for the officers was identified via an increase in the City's property tax and the analyst directly supports the Council Financial Management priority.

The City Manager has eliminated all non-critical, vacant, unfunded positions totaling roughly 530 full-time equivalents.

Other reductions in salaries and benefits that were negotiated during the recession are still in effect for Fiscal Year 2012-2013 and include the following:

- A 7.5% decrease in pay for non-represented employees;
- Pay and retirement reductions for Police and Fire positions; and
- Reductions in services and supplies in all departments

The other major staffing impact to the Fiscal Year 2012-2013 Budget was the deconsolidation of the Truckee Meadows Fire Protection District and Reno Fire Department that had been in place for more than a decade. Washoe County, serving as the Truckee Meadows Fire Board voted to dissolve the agreement and to create a county-operated fire department effective July 1, 2012. This deconsolidation would have resulted in layoffs of up to 80 fire positions within the City of Reno. City Council and city staff worked with the Federal Emergency Management Administration (FEMA) as well as our congressional delegation to mitigate the layoffs by obtaining a Staffing for Adequate Fire & Emergency Response (SAFER) grant award to guarantee funding these critical public safety positions through Fiscal Year 2013-2014.

### Major Challenges in this Fiscal Year

All departments were required to “hold the line” on expenditures to balance the Fiscal Year 2012-2013 budget. For this budget and future budgets, City staff will begin tackling the long term issues that face the City, including post-employment benefits for current and future employees as well as anticipated increases in health related costs for current and future employees. It will take a phased approach to adequately plan and address these long-term issues and we are taking proactive steps to achieve and maintain the fiscal health of the City of Reno.

In order to address the capital needs in the city’s Sanitary Sewer Fund, the City Council has adopted a fee structure with automatic 8% automatic increases through Fiscal Year 2013-2014, after which, increases will be based on the Consumer Price Index (CPI). This funding structure change is a part of the strategic plan to address deferred and long-term maintenance needs for the City of Reno.

The City’s Worker’s Compensation Liability for heart- and lung-related illnesses for safety personnel continues to grow at alarming non-sustainable rate. An independent actuarial study found Reno’s liability exposure, reflecting claims activity as of June 30, 2004, estimated at \$429 million. A new study with updated numbers including workforce reductions will be completed in this fiscal year and although the liability is not due now, it requires significant planning as it will become due over the next 20 years.

Service levels in this budget will be held flat for Fiscal Year 2012-2013 but, the City will remain focused on providing cost-efficient, valuable services to our citizens. We will continue to develop methods to utilize technology to deliver and enhance existing services efficiently and without major fiscal impact to the City. In addition, the Fiscal Year 2012-2013 Budget looks to invest in technology and improvements to provide services in the most efficient manner possible.

### Major Opportunities in this Fiscal Year

The Capital Improvement Plan for Fiscal Year 2012-2013 includes the following highlights:

- National Bowling Stadium Improvement \$ 2,750,000
- Technology Hardware Improvements \$ 100,000
- Street Reconstruction & Rehabilitation \$ 5,180,000
- Neighborhood Revitalization Program \$ 357,651
- Vehicle Replacements \$ 2,000,000
- Various Sewer Projects \$26,900,000
- Moana Stadium Demo/Reconstruction \$ 400,000

Given the current trends in local government finances, as well as the continued slow recovery in the housing/construction sectors and higher-than-average unemployment, a cautious,

conservative financial posture is recommended. Therefore, as in past budget years, we will utilize conservative revenue growth projections for the Fiscal Year 2012-2013 Budget. In addition to conservative revenue projections, staff has also begun utilizing process as well as using management tools to gain efficiencies in service delivery to control cost growth. We will continue to monitor emerging economic, financial and revenue trends throughout the year to ensure that we can meet the current fiscal challenges.

Fiscal Year 2012-2013 will also be a year that begins a re-visioning of the City of Reno. We are focusing on long-term fiscal planning and performance management strategies to determine what services our residents will need and want and obtain resources for those services. The City will see four new Council members in November, 2012 which will provide an opportunity to engage new leadership in policy development which will directly impact our long-range planning goals.

I wish to thank the City Council members for their hard work and determination in leading policy direction for the City. I would also like to thank the City's Department Directors and the Office of Management and Budget staff for their significant efforts in creating the City's budget. The substantial modifications to programs and staffing levels have been identified through a comprehensive, team-based effort, resulting in a budget that aligns core services with resources while responding to difficult economic times.

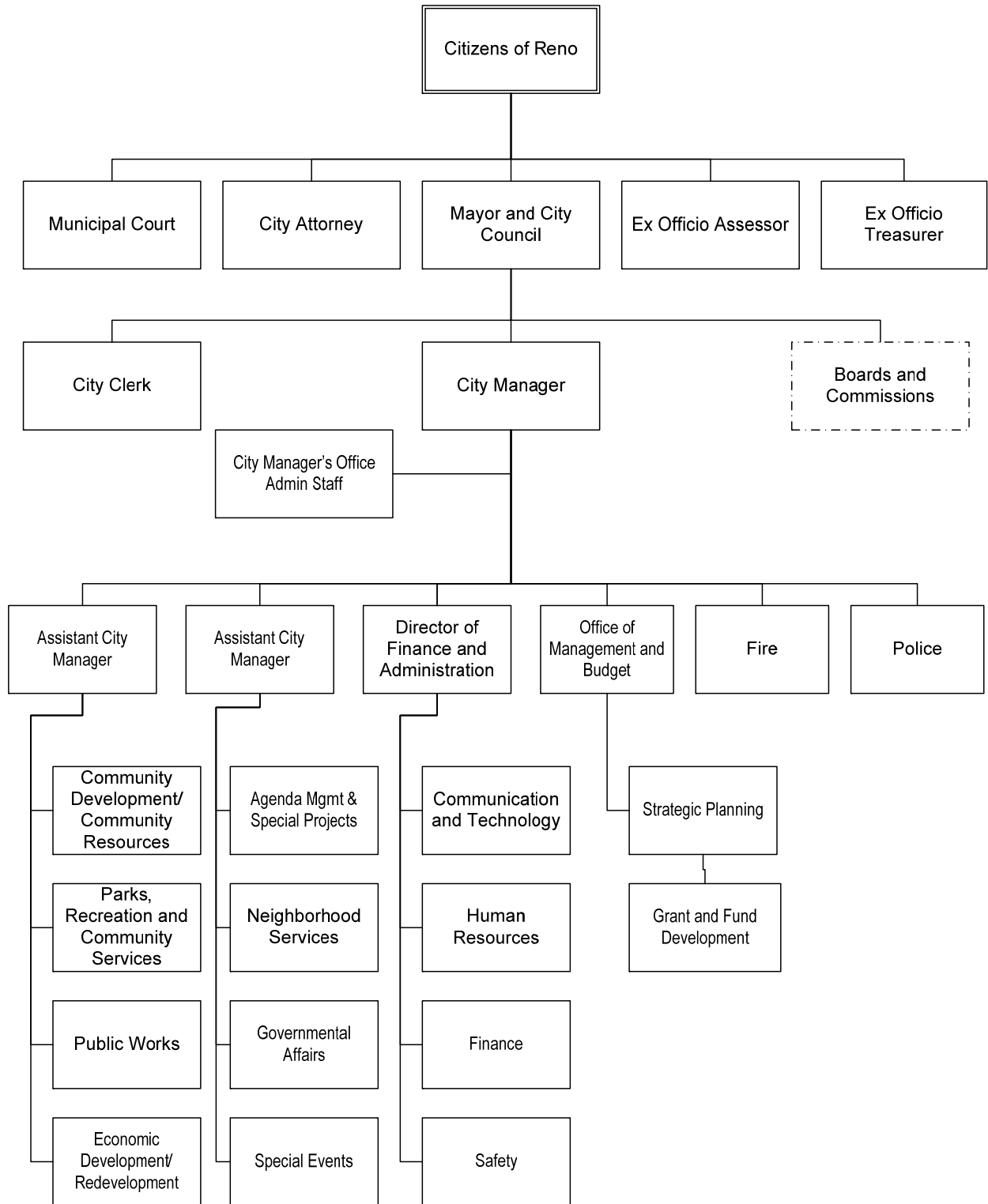
Our organization is dedicated to achieving the City Council's priorities in this and future fiscal years and to provide a superior quality of life for the City's residents. I believe this proposed budget contains the resources and programs necessary to meet those priorities and exceed the expectations of our residents.

Sincerely,

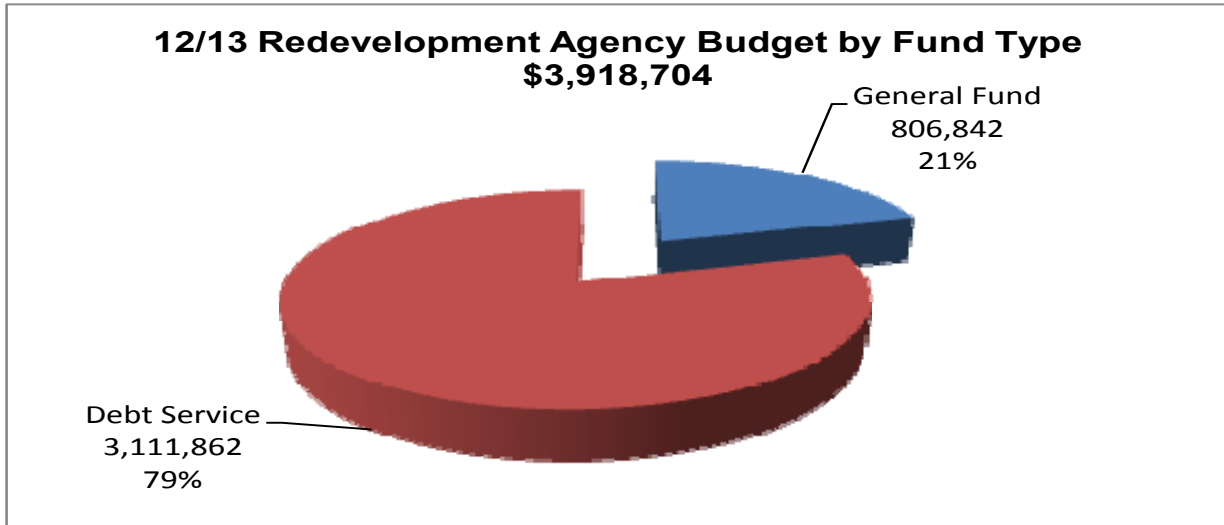
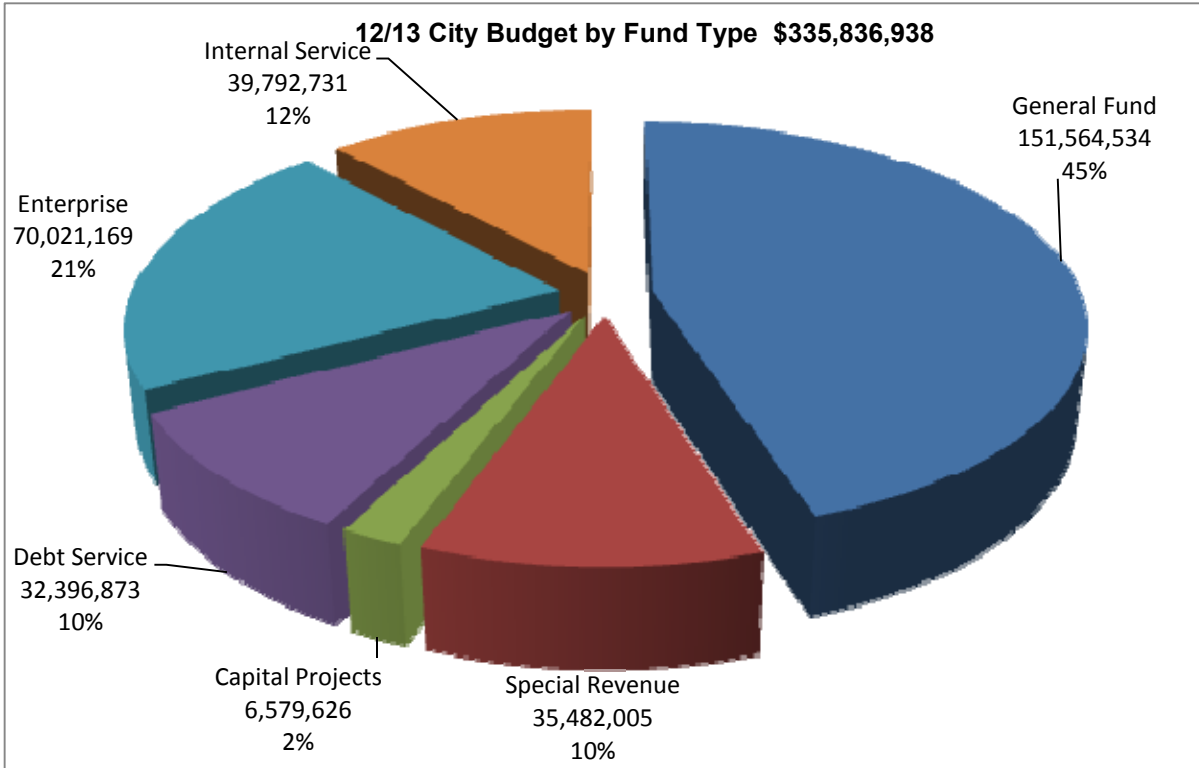


Andrew K. Clinger

# City Organizational Chart



# Budgets by Fund Type



# The City of Reno's Vision and Values

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

## **VISION:**

*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 for 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 residents' concerns and implement plans accordingly.*

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

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.



## **RENO CITY COUNCIL PRIORITIES 12/13**

### **FINANCIAL MANAGEMENT**

To create fiscal strategies that foster economic progress and stability.

- Develop a detailed plan to fund core services
- Develop an asset management approach.
- Develop a debt management plan that prioritizes various bonds and develops a consolidation plan.
- Construct a plan for liability funding and reserve replenishment.
- Reduce future employee liability.

### **ECONOMIC DEVELOPMENT**

To include working with all regional partners in both public and private sectors.

### **PUBLIC SAFETY**

To include core infrastructure, police and fire services such as the Virginia Street Bridge and automatic and mutual aid agreements.

### **ARTS, CULTURE AND SPECIAL EVENTS**

To grow tourism base, preserve and enhance local events and support new quality special events.

### **SENIOR AND YOUTH SERVICES**

To promote a community environment that supports Senior and Youth services.

### **ACCESSIBILITY**

To identify and implement improvements for accessibility.

## **Strategic Business Planning in Reno: Planning, Budgeting, and Quality Assessment**

The City of Reno has put great effort into making sure that our organization stays at par with the Private sector in the area of improvements in effectiveness and efficiency. We believe that our organization has accomplished a major transformation by using results-oriented management and performance measurement, and that these methods provide a conceptually convenient and simple vehicle that allows the City to adapt to the new and rapidly changing environment we are all a part of, and to provide our citizens with information that will increase their confidence in government.

The Strategic Business Planning System links together a single unitary process the annual cycle of the City's significant planning, budgeting, and quality assessments activities. This process coordinates service delivery and assures that each City service provided contributes to the goals and objectives outlined in the City's vision statement and the City Council's priorities. The system also provides an open channel to elected officials, the Manager, and other employees with up-to-date information, as well as policy options and alternatives.

### **Elements of the System**

The System is driven by, and aligned with, these major components:

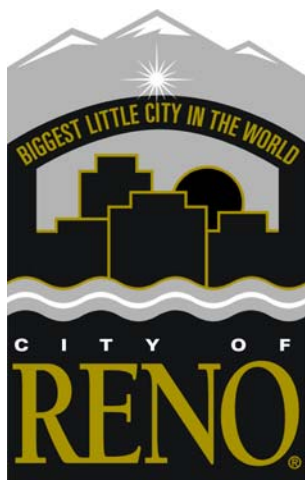
- The Council's vision for the year 2015.
- The Council's Five-Year Action Plans: At the Council's annual planning session, the City Manager and his team present the Council with proposed five-year goals and outcomes designed to implement the Council's vision for the year 2015. The Manager and Council then develop and adopt Action Plans to attain these goals and outcomes.
- The City Council's adopted priorities for the fiscal year-Key City-wide initiatives developed by the Council and the Manager at their annual planning session; inter-departmental teams designated by the Manager or responsible for the successful implementation of these priorities.
- Five and One Year Business Plans: Each year, for each of the City's service delivery programs, departments systematically formulate five and one year plans to further the goals, objectives, and priorities of the Council as well as the adopted long term Financial, Facilities, Streets, Capital Improvement, and Housing Plans. Each plan includes performance indicators.

### **System Implementation**

- A Comprehensive Annual Budget Process that links the program budget and the capital improvement plan with the Milestone Action Plans, and implements program objectives included in the Departmental Business Plans. All appropriations within departments are allocated to defined service delivery programs, each with a short description of purpose, annual program objectives, and performance measures to facilitate program evaluation.
- Major quality assessment activities:
  - Departmental Performance Audits that focus on a department's compliance with the key elements of the City's Organizational Vision.
  - Public/Private Competition for Services. In addition to the system of performance measurement and benchmarking that assess the efficiency and effectiveness of each City service on an annual basis and to assure that Reno citizens receive high quality services at the best possible price, it is the policy of the City to periodically test its services against the market. As part of the competitive process, an assessment of the efficiency and effectiveness of the in-house service selected for competition is conducted prior to issuance of a Request for Proposals.
  - Targeted local, statewide, and national benchmarking, including customer satisfaction measures.
  - External consultant engagement to examine and develop best practices organization-wide as well as in targeted departments.

### **Pay-For-Performance**

- Annual management and employee performance reviews (review past performance and establish expectations for the year to come) based on achievement of goals and objectives outlined in approved Plans.



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