



Agenda Item No.: 39.

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF DECEMBER 7, 2011

DEPARTMENT: FINANCE
DIRECTOR: CANDACE HALDER

☐ Consent ☒ Discussion

SUBJECT:
Discussion for possible action regarding a review of the financial forecast model - All Wards

Fiscal Impact:

☐ No Impact ☐ Augmentation Required
☐ Budget Funds Available

Amount:
Funding Source:
Dept./Division:

PURPOSE/BACKGROUND:

In response to Council direction to keep them informed of the economic downturn and its impact on city operations, staff has prepared an update to the five-year forecast.

RECOMMENDATION:

Receive report and direct staff accordingly

BACKUP DOCUMENTATION:

Submitted at Meeting - PowerPoint Presentation by Staff

Motion made by STAVROS S. ANTHONY to Accept the Report

Passed For: 6; Against: 0; Abstain: 0; Did Not Vote: 1; Excused: 0

RICKI Y. BARLOW, STEVE WOLFSON, CAROLYN G. GOODMAN, STAVROS S. ANTHONY, STEVEN D. ROSS, BOB COFFIN; (Against-None); (Abstain-None); (Did Not Vote-LOIS TARKANIAN); (Excused-None)

NOTE: Subsequent to the motion, COUNCILWOMAN TARKANIAN verbally confirmed an affirmative vote.

Minutes:

MARK VINCENT, Internal Services Chief, provided the history and purpose of the presentation prior to reviewing the local economic indicators. He defined assessed value (AV) and confirmed the completion of a five-year forecast, but emphasized the impossibility of perfectly predicting the future.

CITY MANAGER ELIZABETH FRETWELL explained a fundamental service review had been completed for each program in the City and was subject to much debate and public discussion over the course of a year. While the presentation identifies the financial impacts of past efforts, there has been significant time and effort spent trying to hold service levels to a high standard after losing \$115 million in revenue.

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MAYOR GOODMAN reminded the public there has been a great deal of sacrifice to reduce the budget and she is impressed by the efforts of the City and CITY MANAGER FRETWELL.

COUNCILMAN ROSS recognized the fabulous job of the City Manager's office. He reminded the public that public safety programs were least affected by cuts because of the importance and necessity of maintaining and creating a safe city. In contrast, Public Works suffered a 49 percent cut. MR. VINCENT clarified that part of Public Works cutbacks were due to restructuring that shifted responsibilities to other departments.

COUNCILMAN BARLOW received confirmation that the Las Vegas Metropolitan Police Department (LVMPD) budget did not reflect any service cuts and is therefore not reflected in the chart. The Councilman explained the LVMPD budget continues to expand. MR. VINCENT explained that if the budget continues to grow at its current rate, the City will have to make substantial contributions to cover that increase and it will be planned for and monitored.

CANDACE FALDER, Finance Director, reviewed various financial graphs and forecasts. MR. VINCENT explained that property taxes will not be experiencing growth in Fiscal Year (FY) 12 or 13 but that the decline has slowed. There is a possibility that property taxes will flat line in FY15 by not showing any loss or growth. He also explained that the AV has been capped at 3 percent and the reality is there will never be a recovery as fast as the drop over the past few years.

COUNCILMAN COFFIN expressed concern on the sales tax portion of projected growth. MR. VINCENT explained the sales tax portion is a strong component, has experienced significant growth during FY11 and is projected to continue that pattern.

MAYOR GOODMAN stated the Las Vegas Convention and Visitors Authority has reported 19 months of continuous growth.

MS. FALDER will be arranging some of the fringe benefits and Internal Service Fund allocation rates to help balance them. MR. VINCENT explained that changes to these will result in some raises and some reductions to maintain zero costs to the City. CITY MANAGER FRETWELL said MS. FALDER will be working on the projection model and there will be obligations built in to the budget. The Mayor was concerned that some employees will receive concessions and wondered how to justify that. CITY MANAGER FRETWELL explained it was part of the collective bargaining process.

MS. FALDER explained there will not be any future one-time transfers, resulting in the shortfall for FY14.

COUNCILMAN WOLFSON discussed the accomplishments of the Sheriff in keeping his budgets lean. COUNCILMAN BARLOW concurred.

MR. VINCENT clarified that budget requests are an opportunity to review possibilities of restoring services and to shift budgetary funds.

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COUNCILMAN BARLOW received confirmation from CITY MANAGER FRETWELL that information from the Mesquite retreat will be presented to the Council at the Special City Council Meeting and that Councilmembers will have discussions prior to receiving the information. The session will provide opportunities for interactions between the City Council, staff and public. It is designed to provide informational sharing and teamwork exercises. The Councilman clarified that he would like to see a history of Council decisions combined with financial forecasts and historical budgets and COUNCILWOMAN TARKANIAN concurred. CITY MANAGER FRETWELL confirmed a lot of that information is available for dissemination on Monday, December 12, 2011, at the Special City Council Meeting. It is important to remember there is not much flexibility within the budget. The Special City Council Meeting will be a fantastic opportunity to review where the City is at and where the Council wants it to go.

COUNCILMAN ANTHONY agreed that projections and forecasts can be shaky and had MR. VINCENT review past forecasts and how the City performed compared to those forecasts.

COUNCILWOMAN TARKANIAN agreed the City is working in the right direction. She has received many compliments on the stability of the City, especially compared to other municipalities in the State.

COUNCILMAN COFFIN asked for clarification on the purpose of the report. MR. VINCENT explained they are asking the Council to accept the report. The Councilman stated he had thoughts and suggestions for the preparation and analysis of the budget. CITY MANAGER FRETWELL stated she will compile some agenda topics that will provide opportunities for dialogue.

DEAN FLETCHER, President of the Las Vegas Firefighters Union, reminded the Council that future projections are best guesses. There is no foundation or basis for the continued negative growth shown in the presentation. MAYOR GOODMAN indicated City staff will provide him with the data used to compile the negative growth patterns.