City of Las Vegas

FY 2010 Budget Hearing

May 19, 2009

Extremely Difficult Economy

- ✓Unemployment Up 100%
- ✓Taxable Sales Down 20%
- ✓Residential Valuation Down 70%
- ✓Commercial Valuation Down 80%
- ✓Apartment Vacancies Up 25%
- ✓Passenger Counts Down 12%
- ✓Gaming revenue down 10%
- ✓Convention Attendance Down 30%

Fiscal Action Recap

- ✓ Began corrective action in late FY08 with vacant position management
- ✓ Initiated our FSR in early FY09
- ✓ Initiated a Compensation & Classification Study
- ✓ Initiated fee enhancement changes
- ✓ Created and funded a Stabilization Fund

Fiscal Action Recap

- ✓ Successfully executed a VSP
- ✓ Conducted two revenue reviews with outside fiscal experts
- ✓ Negotiated labor contract changes
- ✓ Froze executive compensation

Revenue Outlook

- ✓ General Fund APR growth rate for the 5 years ending with FY11 will be about -0.2%
- ✓ Negative revenue growth of -3.5% and -2.1% is expected for FY10 and FY11, with FY12 becoming our “bottom out” year.

FY10 General Fund

- ✓Sustain the $48M in budget cuts (9%)
- ✓Draw down fund balance by $31M
- ✓No new positions added for FY10
- ✓Preserve Revenue Stabilization Fund
- ✓Start setting aside funds for post employment benefits

Next Steps

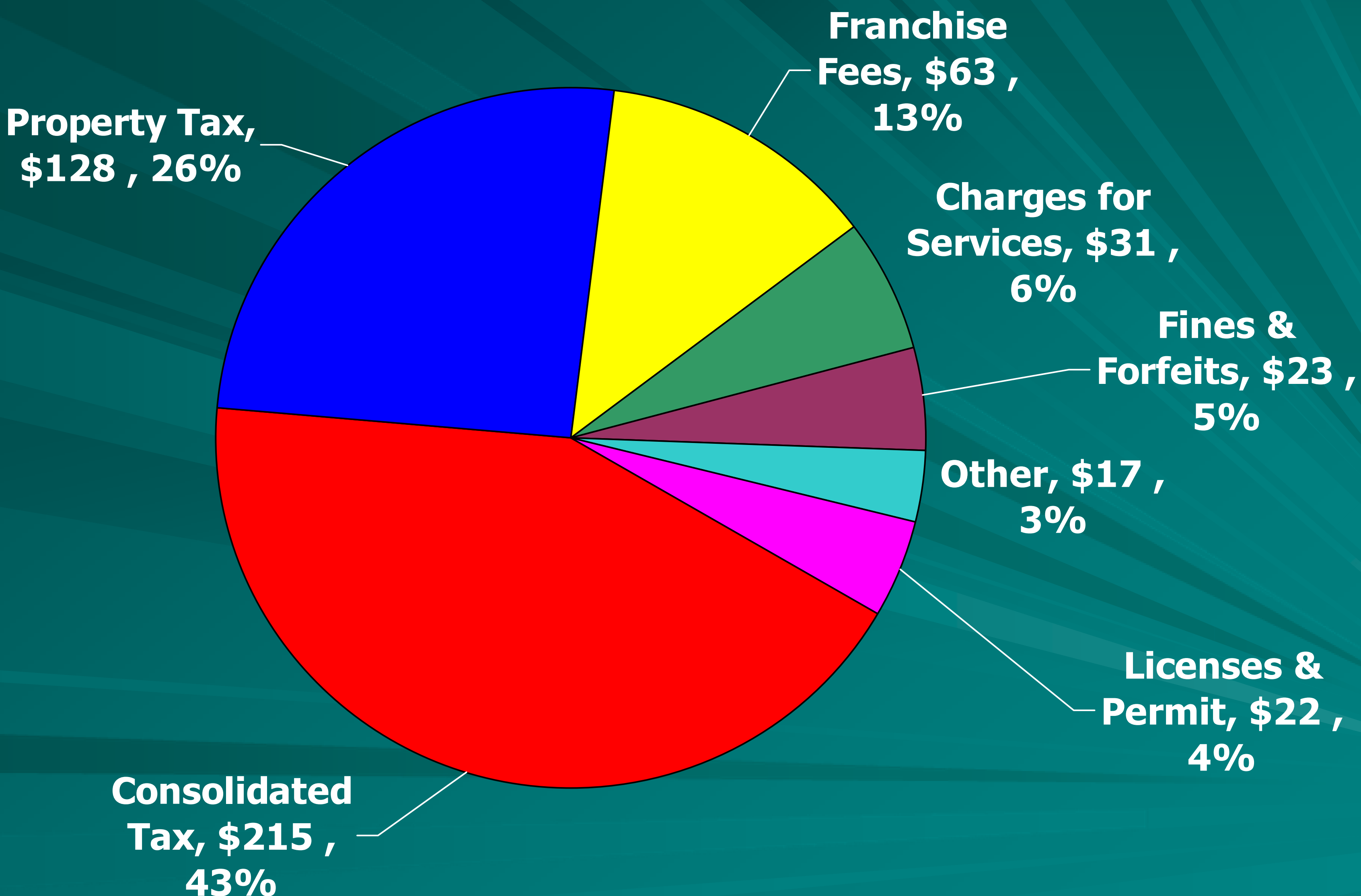
- ✓ Additional Program Reviews
- ✓ Citizen Outreach Model
- ✓ Position freezes
- ✓ Continued discussions with labor unions

Fiscal Year 2010 Final Budget

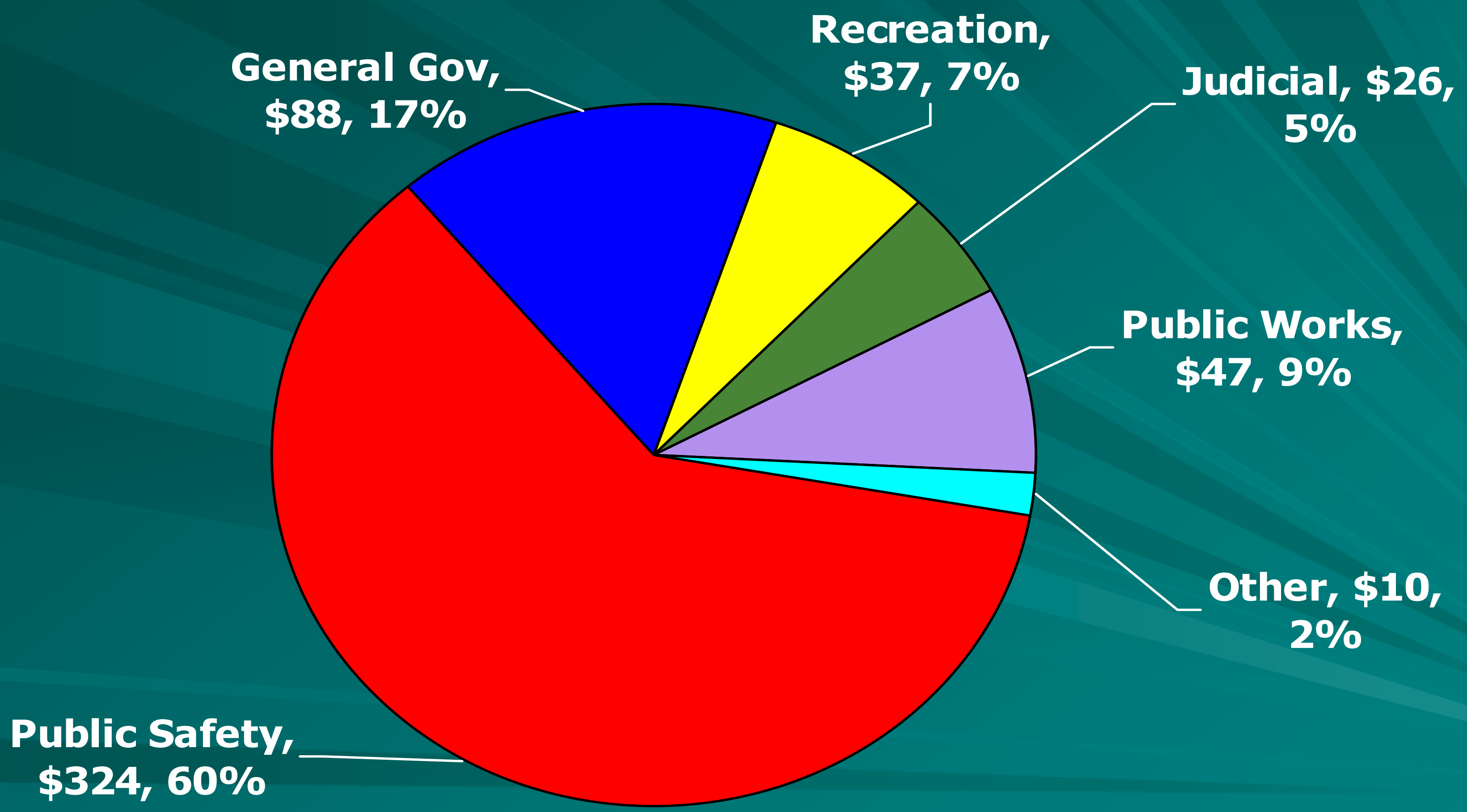
	FY08	FY09	FY10
Total Budget	$1.4 B	$1.5 B	$ 1.6 B
City Population	590,321	603,000	605,000
General Fund	$555 M	$557 M	$530 M

General Fund Revenues

(dollars in millions)



General Fund Expenditures
(dollars in millions)



General Fund Recap

Beginning Fund Balance		$92 M
Revenues	$499 M	
Expenditures	(530)M	
Budget Deficit	(31)M	
Ending Fund Balance		$61 M

5-Yr Capital Improvement Plan

- ✓Focused on maintaining current infrastructure
- ✓Focused on projects already partially funded
- ✓Focused on projects with minimal operating impact

Capital Improvement Plan

General	$ 26 M
City Facilities	17 M
Fire Services	13 M
Public Works	23 M
Traffic	7 M
Parks & Leisure	247 M
Road & Flood	265 M
Detention & Enforcement	4 M
Special Assessments	5 M
Total	$ 607 M

RDA FY10 Operating Budget

Tax Increment Revenue	$ 22.4 M
Less Affordable Housing	(4.0)M
Net Increment	18.4 M
Debt Service	13.6 M
Operations	6.1 M
Expenditures	19.7 M
Operating Loss	$ (1.3)M

Department of Taxation

- Tentative Budget filed is in compliance with the law and appropriate regulations

Citizens Priority Advisory Council

- May 15, 2009
- Budget Policy Review

City of Las Vegas

FY2010 Budget Hearing

Questions & Answers

THE CITIZENS PRIORITY ADVISORY COMMITTEE

City Of Las Vegas • 400 Stewart • Las Vegas, NV • 89101

May 14, 2009

Mayor Oscar B. Goodman
Mayor Pro-Tem Gary Reese
Councilman Steve Wolfson
Councilwoman Lois Tarkanian
Councilman Steven D. Ross
Councilman Ricki Y. Barlow
Councilman David W. Steinman (Interim)

Re: **FISCAL YEAR 2010 BUDGET**

Dear Mayor and Council:

The Citizens Priority Advisory Committee (CPAC) was created to provide citizen guidance to the City in the development of its budget and the management of its fiscal affairs. The role of the CPAC has been largely that of policy development, assisting City staff in the development and publication of progressive fiscal and budget policies.

In that role, we provide our endorsement to the attached 33 budget policies which were used in formulating this year's budget. It is our belief that these policies, as followed, will provide the City with sound fiscal direction through this coming year. We also reaffirm our endorsement of the City's fiscal policies, and commend the City for adhering to these policies.

In addition, we encourage the City's continued pursuit of system and process improvements with the goal of attaining "best business practices" as applicable to a local government.

We appreciate the opportunity of working with City staff in this process.

Sincerely,

The Citizens Priority Advisory Committee

Attachment

cc:
Elizabeth N. Fretwell
Orlando Sanchez

Submitted At Meeting
Date 5/19/09 Item #4

CITY OF LAS VEGAS
BUDGET POLICIES

I. BUDGETS

A. Budgets will be developed based on historical cost trending, adjusted for specific needs where appropriate.
B. Appropriations for ongoing expenditures will not exceed ongoing revenues.
C. Budgets will reflect a 2% vacancy factor on personnel costs.
D. Budget evaluations will consider current and ensuing year impact.
E. New programs to be funded (1) from fees, (2) from efficiencies, (3) from general revenues.
F. Privatization will be considered in providing for expanded or new programs.
G. Program costing will be followed: central service costs will be recovered from outside sources.
H. Reasonable training and travel will be funded.
I. Opportunities will be sought to improve performance through technology.
J. Capital outlays, which reduce operating costs, will be prioritized.

II. POSITIONS AND PERSONNEL

A. Vacant positions shall be evaluated and re-justified.
B. All positions will be funded at 98% to account for vacancies.
C. Savings from vacancies will be used to fund one-time costs or replenish fund balance.
D. Funds will be expended to train and equip the City's workforce.
E. Continuous process improvements will be pursued to improve quality and seek efficiencies.
F. Reasonable and customary technical/professional memberships will be funded.

III. CAPITAL

A. Interest earnings from selected funds shall be dedicated to one time capital needs.
B. Bonds will only be considered for capital needs where (a) there is a valid 5-year capital improvement plan and (b) it is determined that the City can absorb the operating costs of the new facility in its operating budget.
C. Major capital acquisitions will be identified and listed in the CIP for the next five years, and will project annual operating costs to be funded from General Fund in future years.
D. Capital additions shall identify the added net cost of operations.
E. Capital request shall be measured and evaluated by their cost benefit.

City of Las Vegas
Budget Policies

IV. Revenues

A. Barring extraordinary events, the City shall self impose a property tax limit based on the FY 1999 variance between the actual tax levied and the maximum allowed levy; that is, the City will not raise taxes beyond a self imposed limit that is 11.2 cents per $100 below the State imposed limit.

B. Revenue Projections will be based on conservative growth estimations.

C. One-time revenues will only be used for one-time expenses.

D. Fees and charges will be increased, where appropriate, to reflect increased cost in operations, including inflation and increased mandates.

E. Revenues will be optimally sought as provided by law.

F. Growth related revenues will be used to defray the costs of growth.

G. Public/public or public/private partnerships will be sought to enhance funding.

H. Fees will be generically and consistently applied and collected.

V. Fund balance and reserves

A. The General Fund ending fund balance should equal at least 12 percent of operating revenues.
(Temporarily suspended. Ending fund balance at 10 percent of operating revenues.)

B. Statutory balances shall be maintained in self-insurance funds.

C. Sufficient amounts of replacement reserves shall be maintained in capital replacement funds.

D. Sick and Annual Leave will be funded to cover current year plus out year.

E. Maintain a Fiscal Stabilization Fund of not more than 10% of the prior year's General Fund expenditures. Forward funding is based on 20% of General Fund excess actual ending fund balance over budgeted ending fund balance, until maximum level is reached.

Reaffirmed by City Council at the May 19, 2009 Budget Hearing.

Attest:

City Clerk

Mayor