City of Las Vegas

Agenda Item No.: **6.**

AGENDA SUMMARY PAGE

SPECIAL CITY COUNCIL AND REDEVELOPMENT AGENCY

MEETING OF: MAY 18, 2010

DEPARTMENT: FINANCE AND BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT ☐**Consent** ☒ **Discussion**

SUBJECT:

Public hearing and possible action regarding Fiscal Year 2011 City of Las Vegas Tentative Budget and Fiscal Year 2011 City of Las Vegas Final Budget, including the Five-Year Capital Improvement Plan

Fiscal Impact

☐ **No Impact** ☐ **Augmentation Required**

☐ **Budget Funds Available**

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

The Fiscal Year 2011 City of Las Vegas Tentative Budget was filed with the Nevada Department of Taxation on April 15, 2010. Council will review and possibly amend that Tentative Budget and adopt the revisions as the Fiscal Year 2011 City of Las Vegas Final Budget, including the Five-Year Capital Improvement Plan.

RECOMMENDATION:

Staff recommends adoption of Fiscal Year 2011 City of Las Vegas Final Budget, including the Five-Year Capital Improvement Plan, as amended with Guidance from Council.

BACKUP DOCUMENTATION:

1. Fiscal Year 2011 City of Las Vegas Tentative Budget
2. Submitted at Meeting - PowerPoint Presentation by Staff for Items 6 and 7

Motion made by GARY REESE to Approve

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0
RICKI Y. BARLOW, LOIS TARKANIAN, STEVE WOLFSON, OSCAR B. GOODMAN, GARY REESE, STEVEN D. ROSS, STAVROS S. ANTHONY; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-None)

Minutes:

MAYOR GOODMAN declared the Public Hearing open for Items 6 and 7 and prefaced staff's presentation by stating that this has been a very difficult budget year, especially during the past several months, for loyal staff, the elected officials and the City at large. These issues were confronted years ago, but nobody could have anticipated the rapid decline in the economy. Since 11/2009, heartbreaking actions have been taken, with loyal employees being laid off. However, as elected officials, the Councilmembers have a duty to balance the budget. Not including vacancies, 145 of the finest staff members had to be let go, and, should this budget be approved, 60 more loyal employees will be terminated by way of layoffs.

The Council advised employees that coming together and agreeing to the terms offered by City Management could have avoided such drastic actions, but now there is no choice than to make difficult decisions in order to balance the budget, which will mean that the City will no longer be able to provide services to the level constituents have become accustomed.

CITY MANAGER ELIZABETH FRETWELL commented that at the time she presented the Fiscal Year 2010 budget, she indicated that to address the budget shortfall for Fiscal Year 2011, drastic cuts would be necessary, work with all union employees, implement massive changes to the way the City conducts business and engage the public in deliberations. Although all these measures were taken, she did not anticipate another $21 million deficit as revenues continued to underperform. Approval of this budget will result in cuts of over $50 million, including over 200 valued employees that will have to be let go. The entire process has been traumatic and serious, but the cuts had to be made in order to stay afloat.

This $477 million General Fund budget represents a balanced budget that relies on a significant reduction in expenses and draws on reserves. CITY MANAGER FRETWELL thanked all members of staff that have worked hard to help manage the impact, as well as the employees and the community at large. She also thanked the Council members for their valor in supporting her difficult decisions, noting that she remains hopeful that there will be an opportunity for continued dialogue with the bargaining units, as next year will be even harder. She requested the Council's approval.

CITY MANAGER FRETWELL and MARK VINCENT, Chief Financial Officer, shared in giving a PowerPoint presentation, a copy of which is made a part of the minutes, to provide a report on the final budget.

CITY MANAGER FRETWELL narrated slides 1-5 and 30, noting for Slide 5 that proposals have been received from two of the bargaining units, and active discussions are ongoing with three of the units. Therefore, the budget does not assume concessions, with the exception of Las Vegas Fire and Rescue because negotiations are underway.

MR. VINCENT picked up with presenting Slides 6-29 and 31-35. Referring to Slide 6, he pointed out that the numbers highlighted in yellow represent the change in loss of revenue during the period of 11/2009 to 5/2010, thus the need for additional budget cuts. In categorizing the departments into the functional service areas, as required for filing the final budget, public safety is a high priority, but it has not been exempt from cuts. Most of the non-public safety departments, with the exception of the judicial area, have experienced cuts of 30 percent or higher. The Departments of Planning and Development and Building and Safety experienced staffing cuts of over 40 percent since 2008, which is indicative of the lack of new construction and development.

MR. VINCENT noted that with contract negotiations underway with firefighters, staff is hopeful that a positive resolution will be achieved and the City will receive some concessions, for which staff has adequately budgeted. Although there will be no reduction in fire personnel, staff is recognizing some concessions and an average of three daily brownouts. Should no concession savings be achieved, staff will have to come back to Council for consideration of an increase in daily brownouts. These will be on a rotational basis and there should be no impact on response times, as indicated by GREG GAMMON, Chief of Las Vegas Fire and Rescue.

COUNCILWOMAN TARKANIAN confirmed with CITY MANAGER FRETWELL that there will only be three daily brownouts, contingent upon successful negotiations and concessions with the firefighters.

With respect to the Department of Detention and Enforcement, MR. VINCENT stated the previously intended cuts in jail beds and reduction in marshal services are no longer being recommended, after discussions with CHIEF KAREN COYNE, Detention and Enforcement, the City Attorney and the Sheriff's Office. Consequently, it has been determined that it would be more prudent to make cuts in law enforcement technicians, [illegible] in the 200-bed unit because eliminating the beds would have consequences to inmate management. This will require redirecting monies of $[illegible].3 million [illegible] the Detention and Enforcement budget to partially fund the total cost of approximately $2.1 million for the bed unit. But to partially offset that cost, CHIEF COYNE will begin to look at different deployment schedules of the marshals for parks service, probably a reduction of 12 at mid fiscal year, giving her plenty of time to work with the Las Vegas Metropolitan Police Department (Metro) to ensure the safety level the public is accustomed to in parks. During this time, the remaining issues with the warrant service program can be worked out, which might allow the transfer of about eight of the marshals to the swing shift for the program. CITY MANAGER FRETWELL corrected that ten marshals are scheduled for layoff 6/2010 and another twelve 1/2011.

Regarding the impact for a reduction of five employees in Public Works and seven in Field Operations, COUNCILMAN BARLOW asked how come the savings was less for the seven employees. MR. VINCENT explained that it is a delayed reduction and not all of the savings is through personnel reductions, but rather by more efficiently utilizing equipment.

MR. VINCENT indicated that the final budget will be filed on 6/1/2010.

CITY MANAGER FRETWELL resumed with presenting Slides 36-38 and stressed that with significant reductions in revenues and no end in sight, the City is at a point where it seriously needs to restructure and become a sustainable City. This will require a lot of changes, as well as a lot of thought and consideration to what the City will become in the future for the community. The process should start early summer to lay the groundwork for the Fiscal Year 2012 budget. Over the next few months, staff will validate comprehensive lists of reductions of somewhere between $45 million to $60 million and build the new organizational model based on the Council's service delivery priority. This list will be used to help the Council make even more difficult decisions.

COUNCILMAN REESE stated he never thought he would see the City in this position, and he understands the need for reductions, but he is truly concerned about the safety of the community centers and the parks with the loss of the marshals. CITY MANAGER FRETWELL indicted that CHIEF COYNE and she met with the Sheriff to discuss safety considerations, and, with one-third of the marshal positions being cut, the Sheriff has committed to work with City to supplement patrols in parks and keep them safe. The City's cuts will mean that the current partnership with Metro will have to be strengthened. Consideration has been given to modifying the marshals' shifts so that they can be available during peak hours when the City parks are open.

COUNCILMAN REESE stressed that he is concerned that certain park ordinances, like no drinking in parks, may not be enforceable without the marshals.

DOUG GILLESPIE, Clark County Sheriff, indicated that he has had numerous discussions with CITY MANAGER FRETWELL, and he committed to the Council that he will provide the same level of policing necessary to protect the parks, provide service and respond to calls, as he has done with the Clark County Park Police and the School District. However, if further cuts have to be made, he cannot speak to how that may affect operations. He is committed to help as much as possible, in consideration of the non-anticipated state of the economy. CHIEF COYNE agreed that the City has a fabulous relationship with Metro, but, realistically, she cannot expect that no impact will be felt as reductions are made, especially when the well-trained marshals have done an outstanding job of protecting City properties for the past 27 years.

COUNCILMAN REESE reiterated that this is a difficult decision and asked that everyone empathize.

COUNCILMEMBERS WOLFSON, TARKANIAN, BARLOW, ROSS and ANTHONY thanked all the staff that has been involved in this difficult, arduous budget process. They felt that the recommended cuts are necessary in order to deal with the unwanted, uncontrollable economic situation. In meeting with and surveying their constituents, they have indicated that public safety is their number one priority, despite their concern for how much money is paid out in salaries and benefits.

COUNCILMAN WOLFSON stated that he firmly believes it is important to control growth, including growth of employees salaries and benefits, and that this is the time to act on ongoing discussions about creating a new City employee, despite some of the bargaining units making serious offers. He agreed with CITY MANAGER FRETWELL that massive steps have to be taken to look at what services the City should be providing, and how those should be provided, in light of the fact that what is being done today to balance the budget is not enough to avoid more drastic measures.

COUNCILWOMAN TARKANIAN stated that having to make the hard decision of laying off good employees has emotionally affected her more than any other decision she has made during any other job she has held. She expressed concern about the safety of the trails, to which CITY MANAGER FRETWELL responded by stating that the City has an obligation to respond to incidents on City property, and it is something that will have to be dealt with as the transition plan for reduction in marshal force is developed and implemented.

Regarding public safety provided by firefighters, COUNCILWOMAN TARKANIAN wondered if safety will not be a problem if brownouts can be kept to a minimum. CHIEF GAMMON indicated that he foresaw some of the decline in the economy and implemented brownouts early on, but is now at a drastic number of a minimum of three daily. However, he asserted his duty to the public, noting that the brownouts have not diminished his goal to respond in time, and he believes the units can continue to respond as has been done to date. COUNCILWOMAN TARKANIAN confirmed with CITY MANAGER FRETWELL that approval by the Council would be sought should more than three brownouts be necessary.

COUNCILWOMAN TARKANIAN regarded the unions' offers as being made in good faith, but she believes they have not been able to understand the need for bigger concessions, as they have become accustomed to the prosperity of past years. But the entire nation is undergoing a shift, unlike any in the past, and it is no longer the prosperous country it once was.

COUNCILMAN ROSS stated he is hopeful other opportunities will come up to save the marshals, because he needs to have a level of comfort for the families in the parks and cannot conceive putting their safety in jeopardy. He insisted that as many bodies as possible be saved in the marshal unit and insisted on a commitment from CHRIS COLLINS, Executive Director of the Police Protective Association, and JIM CARMANY, Administrator of Municipal Court, that they will make their best possible effort to transition as many marshals as possible to the Warrant and Fine Recovery Program. He noted that it is difficult to absorb that more money will have to be spent on the inmates than on decent, hardworking employees.

The Councilman verified with MR. VINCENT that this budget could be amended downward and upward, but that an upward amendment has to be demonstrated.

At the request of COUNCILMAN ROSS, CITY MANAGER FRETWELL shared that when the Mayor of San Francisco, California, attempted to make serious employee layoffs, the employees came forward and management and the employees were able to reach a solution. MR. VINCENT noted that although the indicators show that the nation is making an economic recovery, Las Vegas is slowly coming back and should not experience significant improvement until Fiscal Year 2013.

COUNCILMAN BARLOW shared the sentiments of COUNCILMAN ROSS regarding the elimination of the marshal unit, especially when his ward is the inner-city area. He is grateful to the Sheriff for his commitment, but he hopes and prays that the economy improves because employees are human beings, not robots, with families to sustain.

COUNCILMAN ANTHONY agreed with the comments and questions of his colleagues. He indicated that since he took office, the budget has been the most discussed issue. He believes that the City's solutions have been derived methodically. But it is not over, and an even more arduous process begins 7/2010 in preparation for the 2012 budget. Serious discussions will be held on whether the City should continue certain services, with consideration being given to zero-based budgeting and letting every program support itself.

TRACEY VALENZUELA, President of the Las Vegas Peace Officers Association, rebutted the Mayors previous call for the employees to step up and stated that the employees have stepped up, but the Mayor has set the bar ridiculously high to reach. All the unions have been willing to concede, but the Mayor has been staunch in not accepting any offers. The employees' actions are about self-preservation, with 200 people facing the loss of total income, amounting to 600 homes being placed in foreclosure. She asked the Mayor why he has been unyielding, to which MAYOR GOODMAN replied that the offers have not reached the level necessary to keep all employees working in order to continue to provide the same level of services.

MS. VALENZUELA insisted that negotiating and saving some jobs would be better than nothing. She opined that the Mayors explanation is unreasonable, and the employees have received nothing but rhetoric, posturing and grandstanding, which has caused the employees to turn their backs on management. The Council should extend an olive branch and negotiate in good faith. She stood with COUNCILMAN BARLOW in prayer that a resolution will be made.

VAL SHARP, City Employees Association (CEA) Vice President, appeared on behalf of DON KING, CEA President, and questioned the status of the most recent offer made by the CEA. CITY MANAGER FRETWELL indicated that a response was submitted at noon, 5/18/2010.

MR. SHARP appreciated the comments of the Council, but insisted that it is the employees that are feeling the pain of losing their jobs. He stressed that the CEA wants to be a part of the solution, but its membership has to be treated equally and as team members and be allowed to negotiate on a level playing field. He asked that management meet the employees halfway.

COUNCILMAN WOLFSON confirmed with CITY MANAGER FRETWELL that discussions and negotiations would continue, despite approval of this budget. MR. SHARP asked that the bargaining units efforts be recognized.

MR. COLLINS reiterated the statements of MS. VALENZUELA, that the unions have made decent proposals that would have saved 50 percent of cuts in marshals. He was confident that the men and women of Metro will do the very best to protect the City, but argued that they do not have the time to walk the trails and the parks as the marshals do. Consequently, crimes that could have been prevented will occur, with the reduction in marshals, but that is a burden that will be on the Councils and managements conscience, not the marshals, because they have made good-faith offers that have been declined. COUNCILMAN WOLFSON remarked that the City is asking that all bargaining units come forward with equal concessions. MR. COLLINS refuted that with his units offer being rejected in less than 24 hours, he doubts it was given sincere consideration.

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SPECIAL JOINT CITY COUNCIL AND REDEVELOPMENT AGENCY
MEETING OF: MAY 18, 2010

DEAN FLETCHER, President of the Las Vegas Firefighters, commented that approval of brownouts is accepting losses. Referring to a packet, he indicated that decisions were made overnight, because the fire departments budget was cut by $3 million within 24 hours. Had the firefighters offer been accepted, brownouts would not be necessary. He alleged that the hard actions of the Council are part of a long-term plan, which CITY MANAGER FRETWELL has talked about, in an attempt to get as much out of the employees as possible. He questioned the budget deficit for Fiscal Year 2010, to which MR. VINCENT responded that it is approximately $25.5 million for 2010 and $29 million for 2011.

MR. FLETCHER cautioned that he will closely monitor the actions and comments of the Council and management staff. He hopes that as soon as the deficit is less than what has been projected, people are rehired and reductions in public safety retracted. He pointed out that the revenue stabilization fund is at more than $50 million, and it was supposed to be used to offset cuts. He asserted that the firefighters have done their part, but management keeps making sudden changes. He countered that the constituents have indicated that they do not want public safety reduced at all.

At COUNCILWOMAN TARKANIANS request, CITY MANAGER FRETWELL explained that further reductions were necessary in order to diminish reliance on reserves for this year, and she believes that the ballpark figures anticipated to be drawn from reserves are the same as previously projected, which is at about $30 million for next year, although expenditures continue to exceed revenues. MR. VINCENT rejoined that as a result of the Oversight Committees new forecast of its meeting of 5/2010, changes were necessary to deal with $21 million less in revenue than predicted when the tentative budget was being drafted. MR. VINCENT asserted that the numbers presented are factual, despite MR. FLETCHER'S allegations.

MAYOR GOODMAN declared the Public Hearing closed for Items 6 and 7.