City of Las Vegas

Agenda Item No.: **5.**

AGENDA SUMMARY PAGE

SPECIAL JOINT CITY COUNCIL AND REDEVELOPMENT AGENCY

MEETING OF: MAY 19, 2015

DEPARTMENT: FINANCE
DIRECTOR: VENETTA APPLEYARD ☐**Consent** ☒ **Discussion**

SUBJECT:
Public hearing for possible action regarding Fiscal Year 2016 City of Las Vegas Tentative Budget and Fiscal Year 2016 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 2016 City of Las Vegas Tentative Budget was filed with the Nevada Department of Taxation on April 15, 2015. Council will review and possibly amend that Tentative Budget and adopt the revisions as the Fiscal Year 2016 City of Las Vegas Final Budget, including the Five-Year Capital Improvement Plan.

RECOMMENDATION:
Staff recommends adoption of Fiscal Year 2016 City of Las Vegas Final Budget, including the Five-Year Capital Improvement Plan, as amended with guidance from Council.

BACKUP DOCUMENTATION:
1. Fiscal Year 2016 City of Las Vegas Tentative Budget
2. Submitted at Meeting - PowerPoint Presentation and Staffing Scenarios by Staff

Motion made by STEVEN D. ROSS to Approve the Fiscal Year 2016 City of Las Vegas Final Budget, including the Five-Year Capital Improvement Plan, with Option 1, with full knowledge that we may be coming back to augment this budget should additional staff be needed

Passed For: 6; Against: 1; Abstain: 0; Did Not Vote: 0; Excused: 0
BOB COFFIN, LOIS TARKANIAN, CAROLYN G. GOODMAN, STEVEN D. ROSS, STAVROS S. ANTHONY, BOB BEERS; (Against-RICKI Y. BARLOW); (Abstain-None); (Did Not Vote-None); (Excused-None)

Minutes:
MAYOR GOODMAN declared the Public Hearing open.

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VENETTA APPLEYARD, Finance Director, read a quote found by MARK VINCENT, Chief Financial Officer, titled Fighting Through the Great Recession, commenting that this seemed appropriate as the City had weathered the storm. Through the economic downturn, the Citys three key areas of focus to help achieve the Councils priorities were fiscal integrity, sustaining services and job preservation.

Over the three-year period from 2009 to 2011, the City put together a fiscal stabilization plan and reduced its expenditures by 20 percent, totaling $114 million. Although the City did suspend the 12 percent ending fund balance reserve to 10 percent, budget policies were enhanced and an aspirational goal of 20 percent was put on to those ending fund balance reserves. Through this, the City maintained its AA bond rating.

In the Sustainability Services area, the City embarked upon a fundamental service review to identify efficiencies and inefficiencies. That review was used along with a citizen survey to look at revenue structures, enhance and realign services and reorganize. During that process, the City emerged even better. The changes in the Development Services process were a result of the fundamental service review. The City invested in technology, resulting in more on-line services, gas emissions being reduced, and a greater communication with social media and transparency of information evolving.

Employee engagement came out of the area of job preservation. Through the diversity initiative, employees have been empowered to do what needs to be done and make suggestions. MS. APPLEYARD made mention of the Citys Value Conference.

A slide listing the major projects that have been accomplished since Fiscal Year (FY) 2008 was shown. MS. APPLEYARD noted that this was an impressive list and only represented a portion of what the City was able to accomplish despite the recession.

A Full-Time Employee History slide was presented, which indicated that the City had the highest number of employees in FY08. MS. APPLEYARD noted that the number of public safety employees was only down 3 percent since the peak in FY08, but the number of non-public safety employees was down 21 percent. Despite the lower number, the last citizen survey showed great results, proving that the City learned to do things more efficiently.

She presented a slide comparing the Citys AA municipal bond rating to other entities throughout the state. She explained that the three main rating agencies evaluated an entitys credit worthiness by looking at four categories - financial performance, financial management, debt position and the economics and demographics of the area. The rating agencies complimented the City for its quick response and for the Councils continued budget enhancements and policies which led the City through the recession.

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A Debt Ratio Comparison slide containing the general obligation debt as a per capita number showed that Las Vegas had the least amount of debt per capita.
As far as fiscal trends, MS. APPLEYARD stated that it was projected that FY15 would be the third year in a row the City would finish in the black and FY16 would be the first balanced budget since 2007. She additionally noted that the City received two bond rating upgrades in FY15 and C-Tax growth averaged 5.9 percent over a 45-month average.

General Fund Revenue and Expenditure Budgeted and Actuals slides were compared. MS. APPLEYARD found it interesting that even though revenues were expected to exceed expenditures for the first time in FY16, departments continue to be conservative in their spending and look for efficiencies.

FY16 Final Budget Highlights were presented showing revenues would increase by 4.7 percent, expenditures would increase by 6.4 percent, 62.5 positions would be restored and $19.3 million would be utilized in the ending fund balance for FY15 to complete some one-time capital projects and other needs.

MS. APPLEYARD presented the changes from the FY16 tentative budget to the FY16 final budget. Six positions were added based on additional property tax revenues that were identified. The Municipal Sports Unit would be moved out of the general fund and put into a special revenue fund in order to provide better transparency both internally and externally. This would involve eight full-time and eight part-time positions. Of the $19.3 million ending fund balance being transferred, $11.3 million would be going to the Capital Projects Program, $5 million to unfunded liabilities and $3 million in one-time expenditures in Fleet, Information Technologies and Municipal Court.

COUNCILWOMAN TARKANIAN asked how many total positions the City had to eliminate. CITY MANAGER ELIZABETH FRETWELL stated that originally 615 positions were eliminated, and the City was still down 21 percent in non-public safety positions from July 2007 to July 2015. The City would not be back to the FY08 staffing level for some time because it had supplemented with technology, process re-engineering and a variety of different ways to serve the public. CITY MANAGER FRETWELL also answered COUNCILWOMAN TARKANIANS questions relating to the unfunded liabilities.

A recap of the 62.5 positions showing the breakdown of funds and departments was displayed as were the FY16 Expenditure Assumptions. Pie charts showing FY16 General Fund Expenditures by Category (Debt Service, Las Vegas Metropolitan Police Department Operations, Non-Labor, Salary and Benefits and Other) and by Function (Public Safety, Public Works, Cultural and Recreational, Debt Service, General Government, Judicial and Other) were also presented.

On the revenue side, MS. APPLEYARD noted that revenues were increasing overall by 4.7 percent. This number included a C-Tax increase of 5.5 percent, property tax increase of 4.6 percent, a license and franchise increase of 3.7 percent and a fines and charges for services decrease of .6 percent. She explained that the decrease in the last category was due to the Municipal Sports Unit being moved out of the General Fund.
A pie chart breaking down the FY16 General Fund Revenues into Consolidated Tax, Property Tax, License and Franchise and Other percentages was shown.

MS. APPLEYARD went over the FY2016 Final Budget numbers, noting that the Ending Fund Balance with Fiscal Stabilization was within the 20 percent aspirational goal set by Council.

MAYOR GOODMAN asked if at some point in the future the Municipal Sports Unit would become an enterprise fund where it would almost pay for itself. MS. APPLEYARD stated that the unit was almost doing so right now, and as the fee increases went into effect, it was believed that it would be able to sustain itself. Having the unit in the special fund would help isolate that as well. CITY MANAGER FRETWELL clarified that the eight full-time and eight part-time employees referenced earlier in the presentation for the Municipal Sports Unit did not represent any maintenance; it was all programming. Maintenance costs were built into the fee study for field programming. This sets it up to create transparency relating to how the fields are being supported, to what degree financially, how many people and the revenues being captured as a result of that.

MAYOR GOODMAN asked if more personnel were being added to the Development Services Center (DSC) to handle the increase in business and to maintain turnaround times. MS. APPLEYARD replied that of the 17.5 positions being added to the Enterprise Fund, she believed eight of those were representative of the Department of Building and Safety. MAYOR GOODMAN stressed the need to maintain turnaround times. CITY MANAGER FRETWELL reported that the Enterprise Fund also consisted of additional Fire, Business Licensing, Sanitation and Code Enforcement personnel. She stated that there had been a significant increase in volume in the Development Services area and keeping up with new demands had been adequately addressed in this budget. Performance trends would continue to be monitored to ensure the City was staying ahead of that curve. COUNCILMAN ROSS recognized the Directors of Planning and Building and Safety for being responsive and recognizing trends and making the necessary adjustments for the benefit of doing business with the City. MS. APPLEYARD pointed out that Building and Safety and Sanitation have made a great investment in this budget cycle for continuing information technology, which also benefitted the DSC as well.

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JORGE CERVANTES, Executive Director, Community Development, added that the City had to consider how to implement technology to make it easier for its customers and offer more services on-line. Staffing had been adjusted to meet the needs of the trends, and technology was being pushed out to become more efficient. MAYOR GOODMAN asked about the budget specific to this area. MR. CERVANTES indicated that the budget had been increased, and money was appropriated in the Capital Budget for this. The City was in the second year of a three-year program. By the end of this FY Building and Safety and the Fire Department would be on the new INFOR system with electronic plan checking.

For the FY16 Capital Improvement Plan, MR. CERVANTES stated that this was a $400 million five-year plan. Funding from the Regional Transportation Commission (RTC) to be used for railway projects, Regional Flood Control to be used for drainage-type projects and the Enterprise Funding Source Parking and Sanitation made up the majority of the funding sources for the plan, but he noted the other funding sources included reallocation of existing project funding, recreation bonds, parking bonds, Tourism Improvement District (TID) bonds and the excess General Fund balance from FY15.

Staff proposed to issue two recreational bonds instead of one, affording the City more time and avoiding paying interest on money just sitting in the bank. A $26 million bond in conjunction with $4.7 million cash on hand would be programmed for the first charge. He named the four older community centers and two parks this money would be used to rehabilitate, as well as the three new parks to be constructed. Additionally, there was the first of two allocations to The Modern Museum to help move that project forward.

MAYOR GOODMAN asked what the $800,000 allocated to the Reed Whipple Cultural Center was for. MR. CERVANTES replied that the money would be used to replace mechanical equipment that was stolen to make the building habitable for a possible tenant.

MR. CERVANTES explained that the second bond issuance would be for the construction of two new parks, the rehabilitation of three existing parks and the second allocation to The Modern Museum.

Discussion took place between COUNCILWOMAN TARKANIAN and MR. CERVANTES regarding priorities. MR. CERVANTES indicated that the priorities could be switched around.

COUNCILMAN BARLOW asked under what category the expansion of the football and soccer fields at Ed Fountain Park fell. MR. CERVANTES indicated that this was on the list of unfunded recreational projects which totaled approximately $50 million, and the City would be looking at additional funding opportunities to try to get those projects moving forward.

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MS. APPLEYARD announced that the final total budget that would be filed was $1.2 billion.

See Item 6 for additional discussion.

Subsequent to the discussion for Items 5 and 6, MAYOR GOODMAN called for a motion and vote for this item.

MAYOR GOODMAN declared the Public Hearing closed.