

City of Las Vegas Budget Hearing Fiscal Year 2016

May 19, 2015

Submitted at City Council

Date 5/19/15 Item 546

By: STAFF

Fighting Through the Great Recession

“And once the storm is over, you won’t remember how you made it through, how you managed to survive. You won’t even be sure, whether the storm is really over. But one thing is certain. When you come out of the storm, you won’t be the same person who walked in. That’s what this storm’s all about.”

— Haruki Murakami

Our Focus for the Journey

Fiscal Integrity

Sustain Services

Job Preservation

**“We Learned from it
And we are better for it.”**

Major Projects Since FY 2008

Performing Arts Center

MOB Museum

City Hall

Big League Dreams

Lorenzi Renovations

Cleveland Clinic

Atrium Remodel

Neon Museum

Parking Improvements

Downtown Beautification

Parks and Trails

Streetlight Upgrades

Walkable Communities

Solar Projects

Medical District

Median Island Landscapes

Sidewalk In Fills

Street Renovations

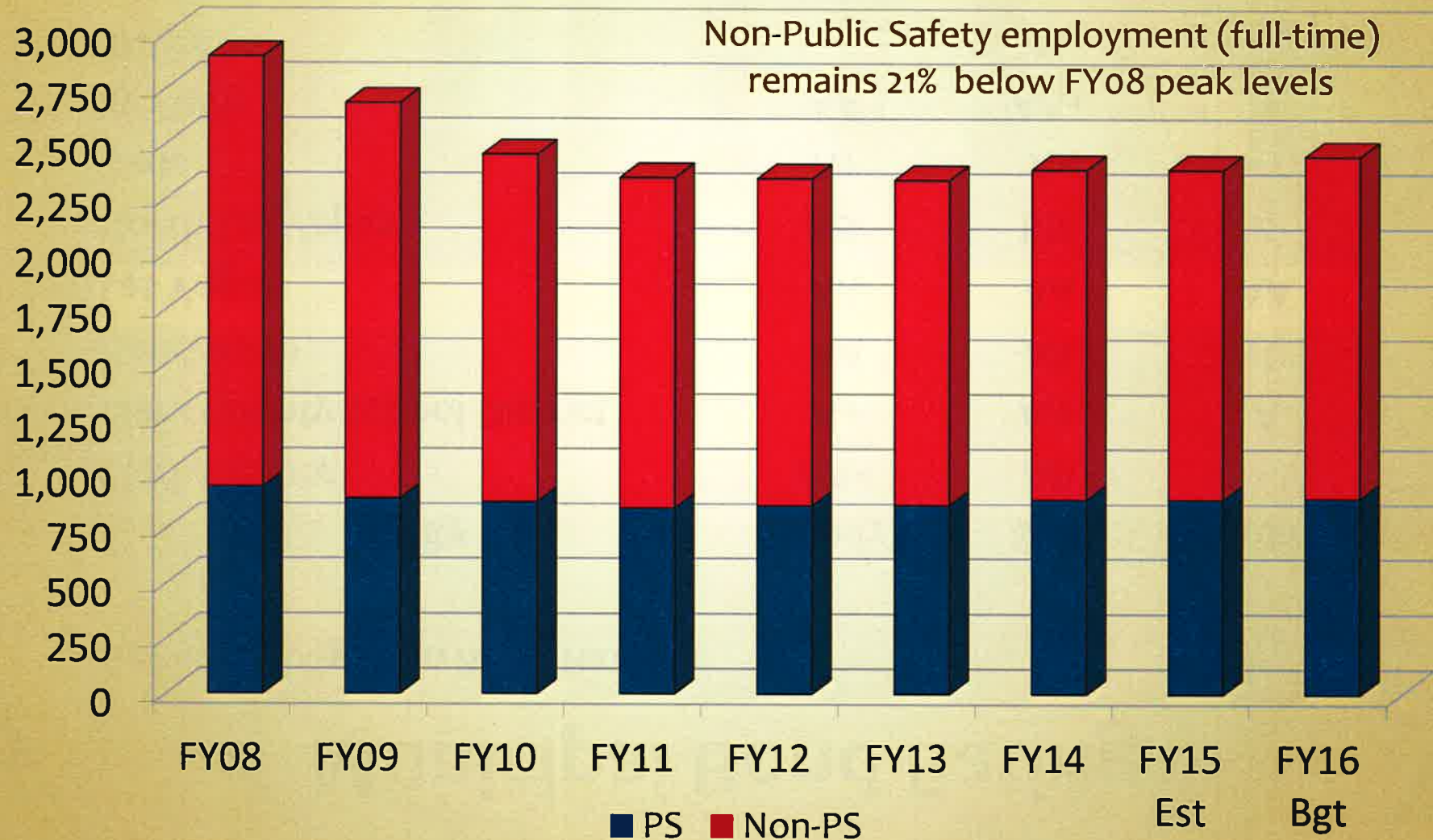
Sewer Rehab

Storm Drain Improvements

Fremont East

Neighborhood Park Impr.

Full Time Employee History



Municipal Bond Ratings

General Obligation Bond Ratings

<u>Entity</u>	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>
Clark County	AA+	AA	---
Clark County School District	A+	AA-	A
Henderson	AA	AA	---
Las Vegas	AA	AA	AA
North Las Vegas	BB-	BB-	B
Reno	A+	A-	---
LVVWD	AA	AA+	---
SNWA	---	A+	---
Washoe County	AA	AA	---
State of Nevada	AA	AA	AA+

Debt Ratio Comparison

Estimated as of June 30, 2015

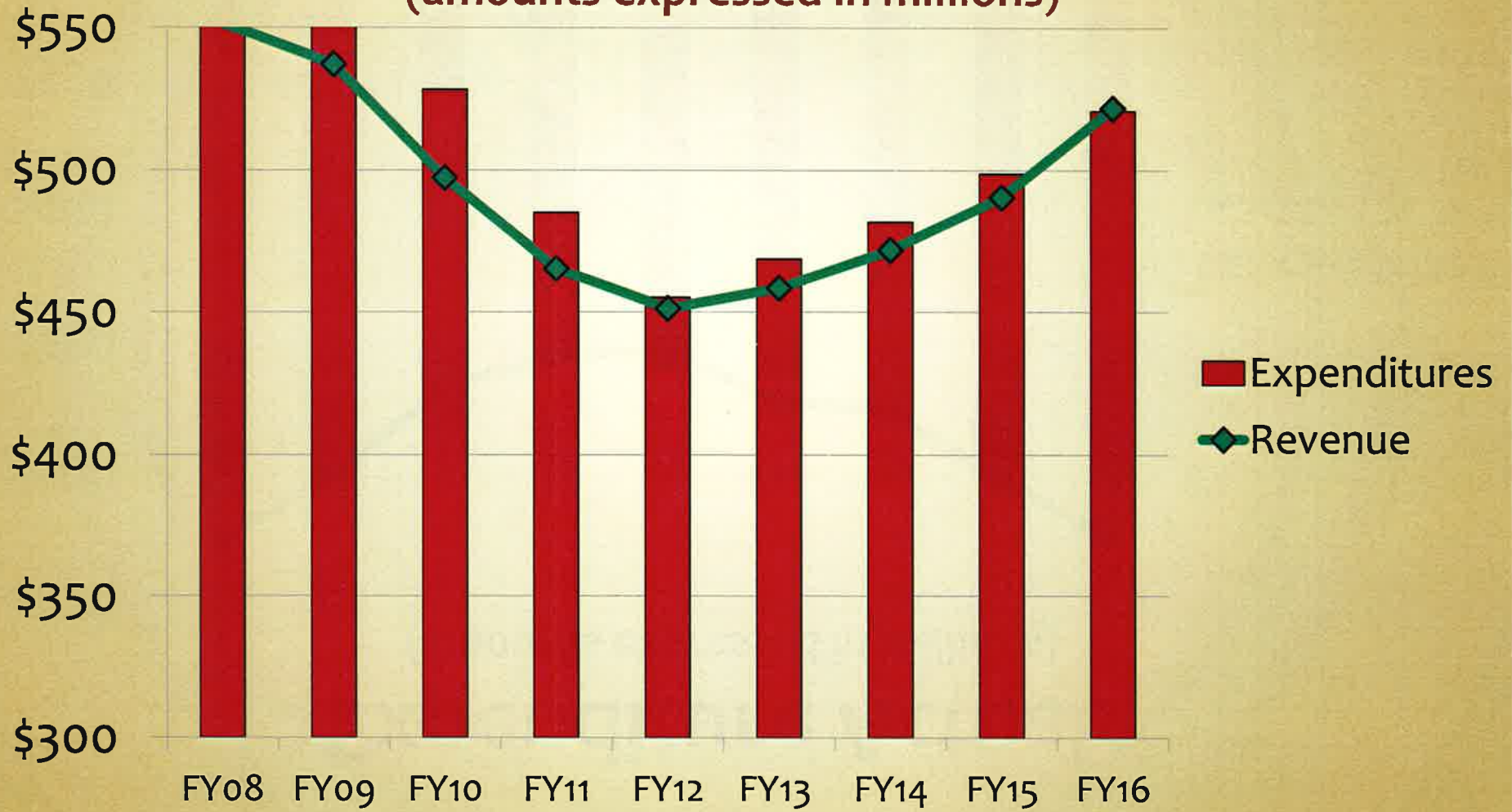
Municipality	Total General Obligation Debt	Estimated Fiscal Year 2014 Population	General Obligation Debt Per Capita
Las Vegas	\$ 338,410,000	598,520	\$ 565.41
Reno	145,704,047	232,243	627.38
Henderson	242,413,021	274,270	883.85
Clark County	2,669,021,848	2,031,723	1,313.67
CC School District	2,894,125,000	2,031,723	1,424.47
North Las Vegas	439,266,000	226,199	1,941.94
Carson City	138,628,414	54,668	2,535.82

Fiscal Trends

- We project FY15 will be the **3rd year in a row** to finish in the black
- We project FY16 will be the **1st balanced budget** submission **since FY07**
- We received two bond rating **upgrades** in FY15:
 - City from AA- to **AA**
 - RDA from BBB- to **BBB**
- Since FY11, our monthly C-Tax growth has averaged **5.9%** (a 43-month average)

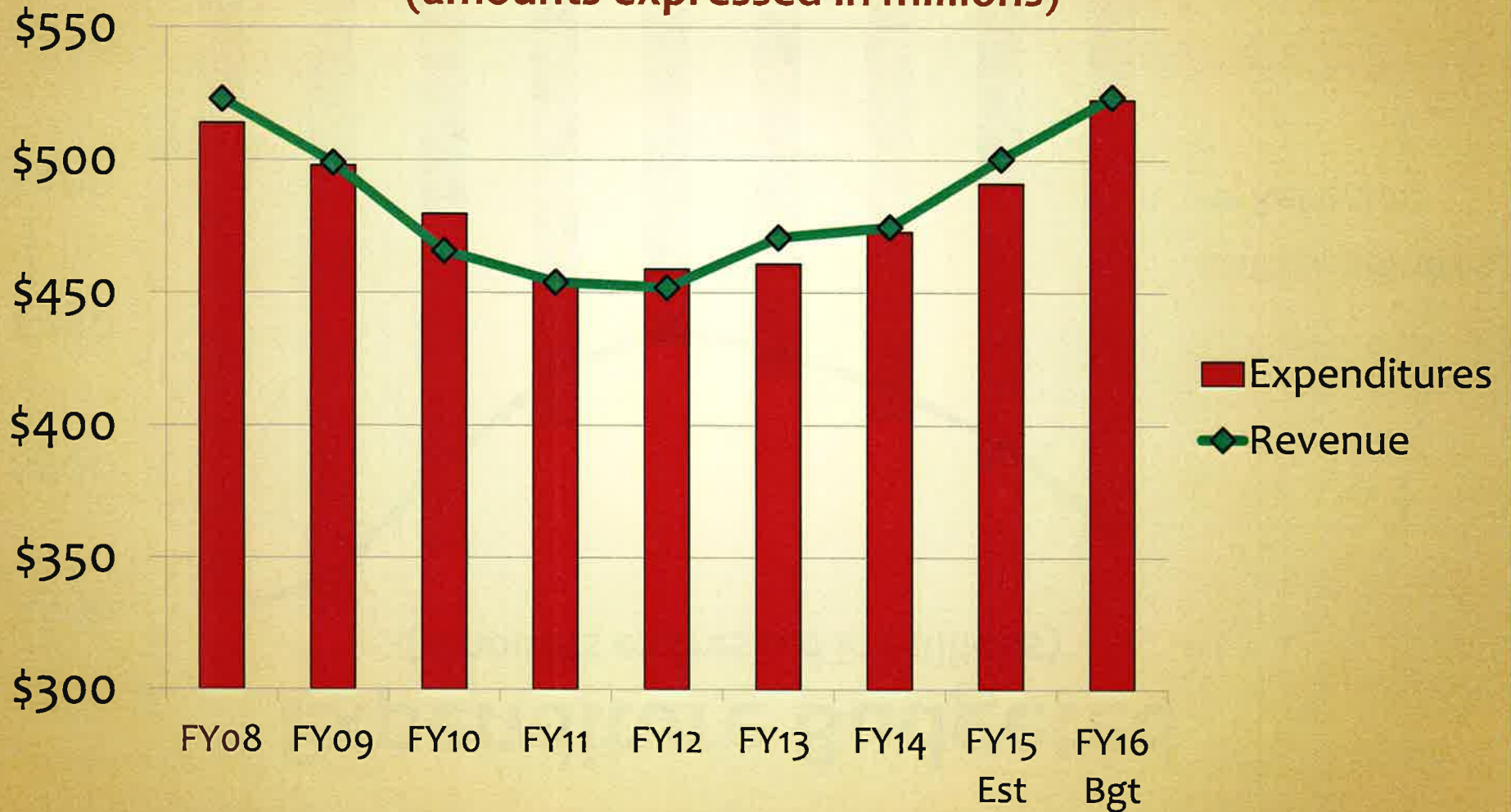
General Fund Revenue & Expenditure Budgeted

(amounts expressed in millions)



General Fund Revenue & Expenditure Actuals

(amounts expressed in millions)



Note: FY15 reflected prior to one time T/O

FY16 Final Budget Highlights

Revenue in excess of expenditures

Revenue increase of 4.7%

Expenditure increase of 6.4%

Restoration and new positions – 62.5

Utilization of \$19.3M in FY15 fund balance for one time Capital and other needs

FY16 from Tentative to Final

Addition of 6 new positions

- Special Events – 1
- Organizational Development – 1
- D&E Accreditation Standard – 4
- Total New and Restored positions – 62.5

Municipal Sports moved to Special Revenue Fund

- 8 full time and 8 part time positions
- To provide for greater transparency

Transfer \$19.3M in FY15 Fund Balance

- Capital Projects Program - \$11.3M
- Unfunded Liabilities in Employee Benefits - \$5M
- One time expenditures (Fleet, IT, MC) – \$3M

Positions

- **General Fund - 41**
 - O&M park maintenance and landscape architect – 7**
 - Parks & Rec program & customer service – 4**
 - Business Licensing support Medical Marijuana – 5.5**
 - Cultural Affairs production techs - 3**
 - Judicial Support – 4**
 - Detention and Enforcement – 7**
 - Other Departments – 8.5**
- **Other Funds – 21.5**
 - Enterprise Funds 17.5**
 - Internal Service Funds - 4**
- **Total All Funds – 62.5**

FY16 Expenditure Assumptions

Expenditures Growth rate at 6.4%

- Program restoration and expansions
- Includes contractual obligations of Public Safety and LVCEA contracts
- Vacancy Rate at 3% for larger departments
- Metro increase funding of 7.2%
- 62.5 new and restored positions*

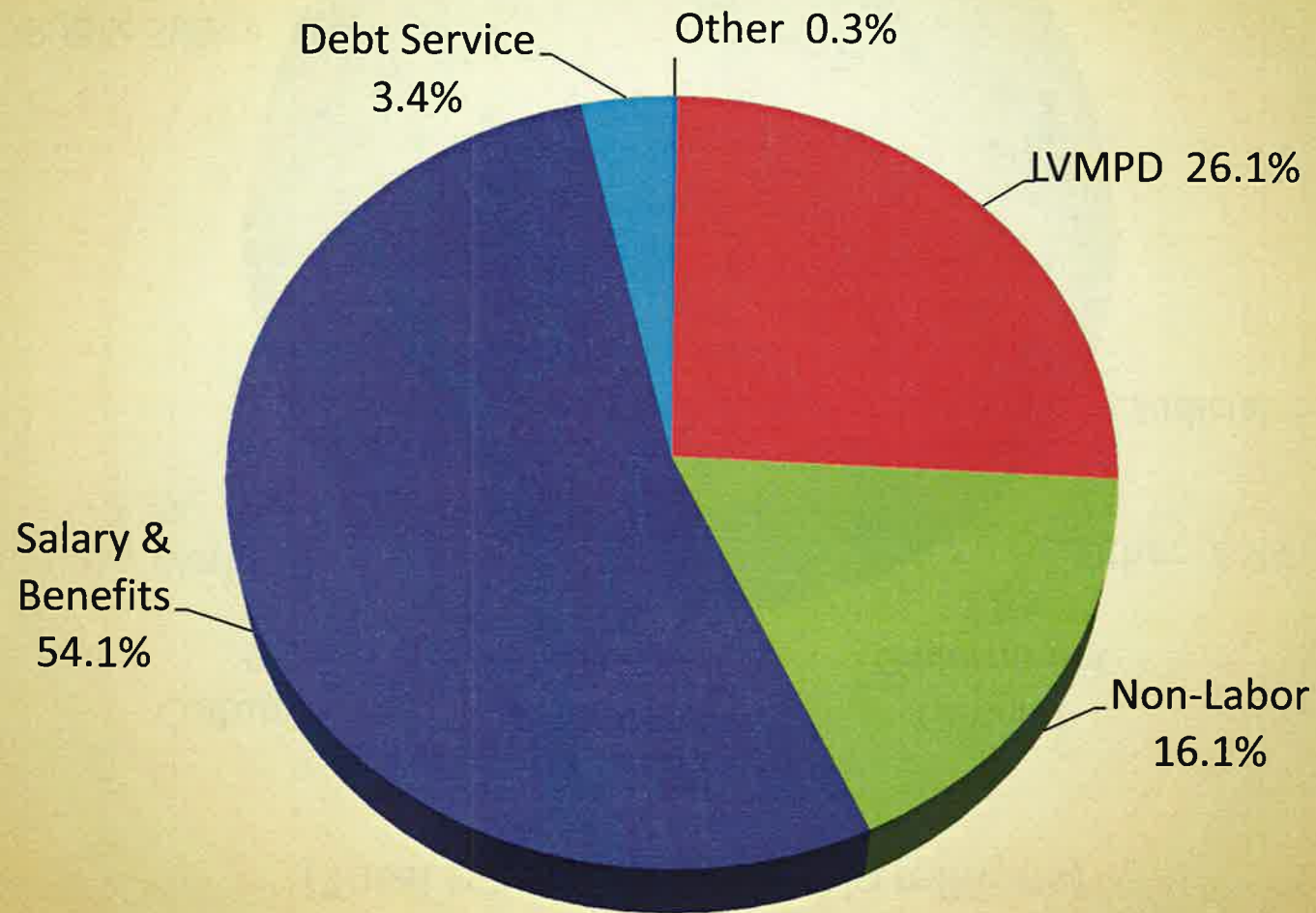
General Fund - 41 Other Funds – 21.5

*Non-Public Safety FT employment **down 21%**

(July 2007 to July 2015 projected)

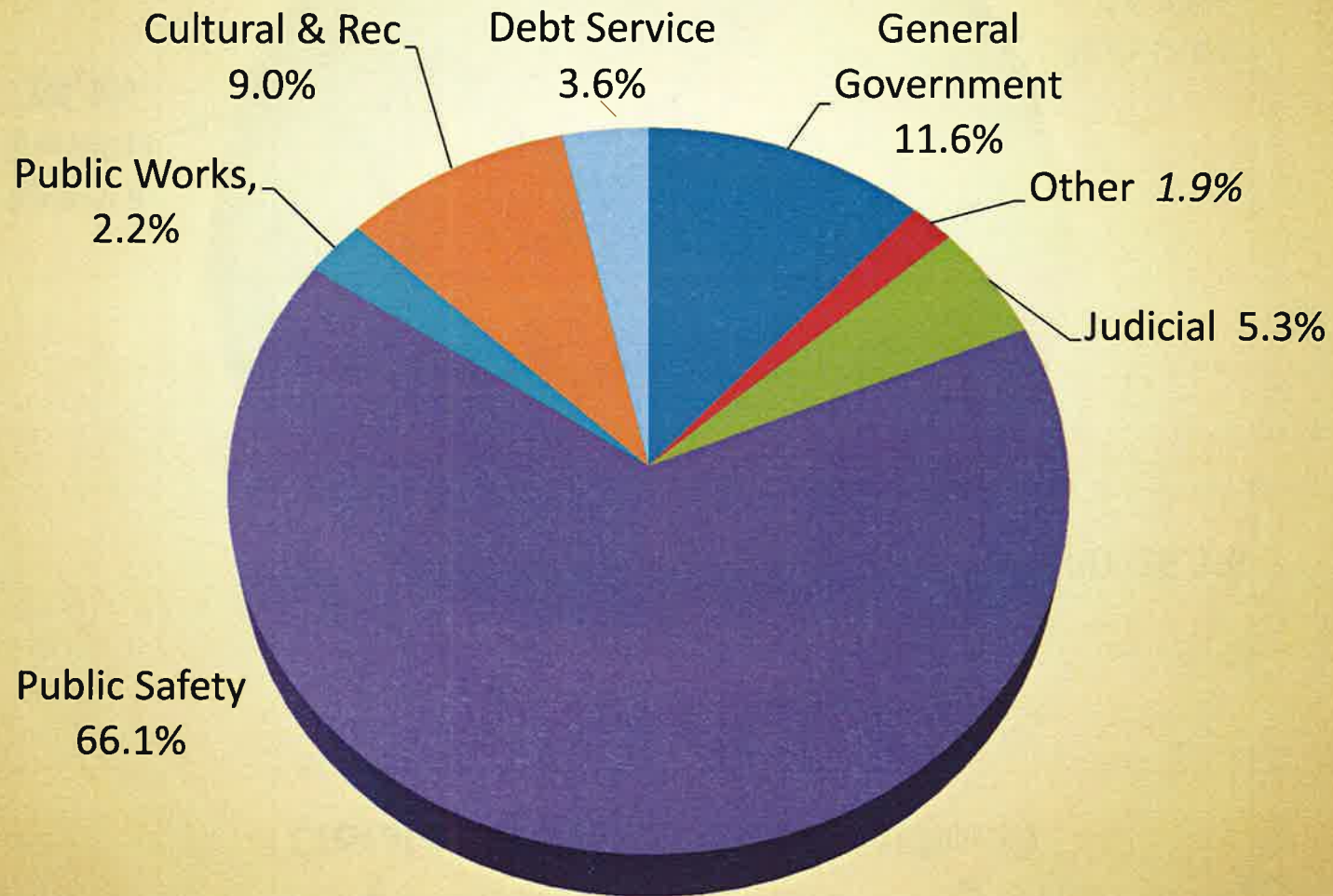
FY16 GF Expenditures by Category

(Total \$520.9 expressed in millions)



FY16 GF Expenditures by Function

(Total \$520.9 expressed in millions)



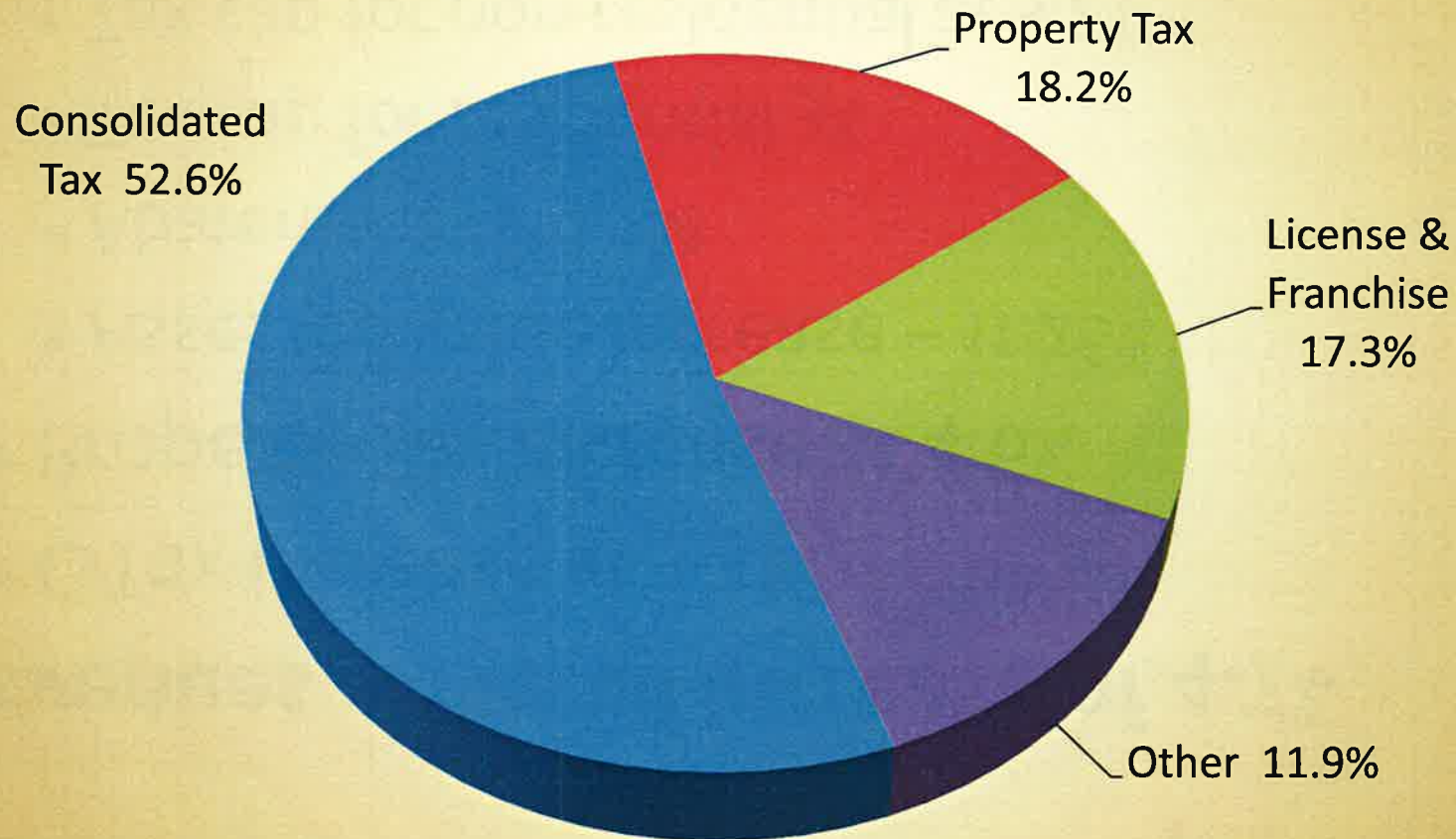
FY16 Revenue Assumptions

Revenues - overall increase of 4.7%

- C-Tax increase at 5.5%
- Property Tax increase at 4.6%
 - Assessed value increase – 11.26%
 - Abatement - \$19.7M
 - Tax cap for residential 3%
 - Tax cap for non-residential at 3.2%
- License & Franchise increase at 3.7%
- Fines and Charges for Services at -0.6%

FY16 General Fund Revenues

(Total \$521.9 expressed in millions)



FY2016 Final Budget

	FY14 Actual	FY15 Est	FY16
Consolidated Tax	245.7	260.3	274.6
Property Tax	88.2	91.0	95.2
License & Franchise	79.4	86.9	90.1
Other	61.6	62.4	62.0
Revenues	474.9	500.6	521.9
Wages & Benefits	257.0	263.0	281.7
Non-Labor	76.9	82.0	84.0
LVMPD - Operations	119.9	127.0	136.1
LVMPD - Facilities	0.7	0.7	
Transfer out - Debt Service	17.4	17.5	17.5
Transfer out – Other	1.2	1.2	1.6
Expenditures	473.1	491.4	520.9
Excess (Shortfall)	1.8	9.2	1.0
Transfer out – Capital/Other		(19.3)	
Fund Balance	108.8	98.7	99.7
<i>Fund Balance</i>	<i>22.9%</i>	<i>19.7%</i>	<i>19.1%</i>
<i>Fund Balance with Fiscal Stabilization</i>	<i>25.6%</i>	<i>22.3%</i>	<i>21.6%</i>

FY16 Capital Improvement Plan

- Project funding restricted to eligible funding source use
- Reallocation of existing project funding
- Recreation Bonds totaling \$50M in two series based on project timing and cash flow
- Parking Bonds authorized at \$12M
- Tourism Improvement District (TID) Bonds
- Use excess GF balance from FY15

Recreational Projects

Sources of Funds:

First bond issuance	\$26,000,000
LVCVA Cash on hand	<u>\$4,700,000</u>
Total:	\$30,700,000

Uses of Funds:

Charleston Heights Community Center	\$2,600,000
Reed Whipple Cultural Center	\$800,000
Doolittle Community Center	\$2,200,000
Las Vegas Senior Center	\$2,900,000
Washington - Las Vegas Wash Park	\$6,200,000
Mayfair Park	\$800,000
Red Rock Park	\$1,900,000
Modern Museum	\$1,000,000
Baker Pool and Park Rehabilitation	\$9,200,000
Baskin Park	<u>\$2,800,000</u>
Total:	\$30,400,000

Recreational Projects (cont.)

Sources of Funds:

Second bond issuance	\$24,000,000
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Uses of Funds:

Gilmore - Cliff Shadow Park	\$7,000,000
Harris - Marion Park and Trailhead	\$6,500,000
Modern Museum	\$1,000,000
Bill Briare Park	\$2,400,000
Charleston Heights Park	\$5,500,000
Woofter Park	\$1,900,000
	<u>\$24,300,000</u>

FY16 Final Budget

All Funds

	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>
Total Budget	\$1.2B	\$1.1B	\$1.2B	\$1.2B
City Population	588K	589K	599K	611K
General Fund	\$469M	\$482M	\$499M	\$521M
Capital Program	\$421M	\$368M	\$388M	\$400M

Redevelopment Agency

	FY14 Actuals	FY15 Estimate	FY16 Budget
Revenue			
Tax Increment	12.7	14.2	15.8
Less 18% set aside	(2.3)	(2.5)	(2.8)
Other/Contributions	2.8	6.1	8.0
Total Revenue	<u>13.2</u>	<u>17.8</u>	<u>21.0</u>
Expenditures			
Operations	3.6	3.5	3.4
Debt Service	11.4	10.0	10.0
Tax Increment Financing	1.4	1.4	1.5
Program Expense	2.3	1.8	3.8
Total Expenditures	<u>18.7</u>	<u>16.7</u>	<u>18.7</u>
Excess (Shortfall)	(5.5)	1.1	2.3
Beginning Fund Balance	<u>22.4</u>	<u>16.9</u>	<u>18.0</u>
Ending Fund Balance	<u>16.9</u>	<u>18.0</u>	<u>20.3</u>

Key Budget Takeaways

- **First balanced budget since FY07**
- **Revenue goal to exceed expenditures by 2% - 5%**
- **Improved bond ratings, both in City and RDA**
- **Restored hours & key positions to stabilize service levels**
- **Renewed investment in capital projects**
- **Significant results in priority areas**

Next Steps

**File budget with Department of Taxation
on June 1, 2015**

**File 5 year Capital Improvement Plan with
Department of Taxation August 1, 2015**

Scenarios for new Special Assistants to Mayor/City Council for FY2016

100% Salary with 55% Fringe Benefit Rate

			Option 1	Option 2	Option 3	Option 4
			R/C Planners to Special Assistant to Mayor/City Council	Create 3 New Special Assistant to Mayor/City Council for 3 Wards	Create 4 New Special Assistant to Mayor/City Council for Mayor + 3 Wards	Create 7 New Special Assistant to Mayor/City Council for Mayor + All Wards
	<u>Grade</u>	<u>100% Salary</u>				
Neighborhood Outreach Specialist - 3	CC.42	\$ 276,230				
Salary*			\$ 276,230			
Benefits*			151,930			
Total			<u>\$ 428,160</u>			
Special Assistant to Mayor/City Council	EL.1					
Salary*	midpoint	\$ 64,860	\$ 276,230	\$ 194,580	\$ 259,440	\$ 454,020
Benefits*		35,670	151,930	107,010	142,680	249,690
Total		<u>\$ 100,530</u>	<u>\$ 428,160</u>	<u>\$ 301,590</u>	<u>\$ 402,120</u>	<u>\$ 703,710</u>
Total Cost			0	(301,590)	(402,120)	(703,710)
			Assumes no increases for employee's being reclassified	Does not include additional costs for Office Set-up (PC's, phones, tablets)	Does not include additional costs for Office Set-up (PC's, phones, tablets)	Does not include additional costs for Office Set-up (PC's, phones, tablets)

*Per FY16 Staffing Plan - 100% Salary (including contract increases for CEA positions) + 55% Benefit Rate