Carolyn G. Goodman, Mayor (At-Large)
Stavros S. Anthony, Mayor Pro Tem (Ward 4)
Brian Knudsen (Ward 1)
Victoria Seaman (Ward 2)
Olivia Diaz (Ward 3)
Cedric Crear (Ward 5)
Michele Fiore (Ward 6)

City Manager Jorge Cervantes
City Attorney Bryan K. Scott
City Clerk LuAnn D. Holmes

Special Joint City Council and Redevelopment Agency Budget Meeting Minutes

Council Chambers · 495 South Main Street · Phone 702-229-6011
City of Las Vegas Internet Address: www.lasvegasnevada.gov

May 18, 2022
9:30 AM

1. Call to Order

   Minutes:
   MAYOR GOODMAN called the meeting to order at 12:39 p.m.

   PRESENT: MAYOR GOODMAN and COUNCILMEMBERS ANTHONY, FIORE, CREAR, KNUDSEN, SEAMAN, and DIAZ

   ALSO PRESENT: CHIEF FINANCIAL OFFICER GARY AMELING, ASSISTANT CITY ATTORNEY JEFF DOROCAK, and CITY CLERK LUANN D. HOLMES

2. Announcement Regarding: Compliance with Open Meeting Law

   Minutes:
   ANNOUNCEMENT MADE: This meeting has been properly noticed and posted at the following locations in accordance with the noticing standards as outlined in NRS 241.020: City Hall, 495 South Main Street, 1st Floor; The City of Las Vegas website – www.lasvegasnevada.gov; and The Nevada Public Notice website – notice.nv.gov.

3. Public comment during this portion of the Agenda must be limited to matters on the Agenda for action. If you wish to be heard, come to the podium and give your name for the record. The amount of discussion, as well as the amount of time any single speaker is allowed, may be limited.

   Minutes:
   None.

4. Public hearing and discussion for possible action regarding Fiscal Year 2023 City of Las Vegas Tentative Budget and Fiscal Year 2023 City of Las Vegas Final Budget, including the Five-Year Capital Improvement Plan - All Wards

   Minutes:
   Items 4, 5 and 6 were heard together.

   MAYOR GOODMAN declared the Public Hearing open for Item 4.

   CITY MANAGER JORGE CERVANTES recalled that the tentative budget was presented to the City Council on April 6, 2022, and similar to that budget, this implements the Council's priorities in the allocation of resources, it addresses feedback received from the community survey, and it continues to restore services that were put on hold during the COVID-19 pandemic.

CHIEF FINANCIAL OFFICER GARY AMELING thanked all members of the Finance Department for their efforts to bring these budgets together, and the City Council for the time they have spent in various hearings. Using a PowerPoint presentation, a copy of which was submitted and attached as backup, he provided a brief overview as to how the budget responds to the areas of public safety, diversifying the economy, healthcare and internal support. Speaking to the Fiscal Year 2022 General Fund year-end estimate summary, he said the current estimate of revenues are greater than the budget by $59.2 million, and expenditures are expected to run under budget by $6.1 million.

Some of the Fiscal Year 2023 General Fund highlights included: estimating no growth in Consolidated Tax (C-Tax), an 8.4 percent growth in property tax collections, restorations in priority areas, filing a surplus budget of $10.4 million, and sending any excess monies to the Capital Improvement Program (CIP). The City is also planning to receive a $7.4 million Medicare reimbursement and a $2.2 million contribution from the Redevelopment Agency. A pie chart was displayed that depicted the various revenues for Fiscal Year 2023, and MR. AMELING said C-Tax accounts for 55.2 percent, property tax accounts for 20.1 percent, license and franchise fees accounts for 13.8 percent, and other revenues account for 10.9 percent of a total revenue estimate of $701.9 million. The Mayor inquired about what makes up C-Tax, and MR. AMELING explained it is predominantly retail sales tax, but it also liquor, cigarette and real estate property transfer taxes. He clarified that room tax is in a different category, and most of it goes to the LVCVA (Las Vegas Convention and Visitors Authority) for regional marketing.

Speaking to C-Tax history, MR. AMELING said there was a peak of $264.3 million in Fiscal Year 2006, but there was a drop from the Great Recession, and those impacts lingered for about 10 years. There was another decline in Fiscal Year 2020 due to the pandemic, but it was a much lower decline that what had been anticipated, and the City made it back to pre-pandemic levels within one year. He said another recession might be on the horizon, so staff is keeping a close eye on the revenues. There was a similar decline associated with the Great Recession as it relates to property tax history, and the Fiscal Year 2023 projections will be the first time the City will get back to pre-Great Recession levels.

SUSAN HELTSLEY, Finance Director, recognized her team and the administrative staff for their hard work in crafting this budget. She spoke of the expenditure assumptions for Fiscal Year 2023, and she said the various collective bargaining agreements are in the process of being worked out with the exception of the LVPPA (Las Vegas Police Protective Association), which is valid through June 30, 2025. She pointed out that the tentative budget reflected a 4.29 percent increase for the Las Vegas Metropolitan Police Department (Metro), but that has since been reduced to 1.24 percent. Next, she provided an overview of the various positions being added or restored in Fiscal Year 2023. MAYOR GOODMAN inquired about an additional Animal Control vehicle as more officers are hired, and MS. HELTSLEY said all of the equipment needed is added at the same time a position is added.

She provided an overview of the Fiscal Year 2023 budget changes from tentative to final, and she said that the final budget includes 56 new full-time equivalents. Some of those are hourly positions, and several people could add up to one equivalent. MS. HELTSLEY then detailed the new and restored positions, along with which funding source would be used to support those positions. COUNCILMAN KNUDSEN noted that the ARPA (American Rescue Plan Act) funding is temporary, and he understood that the positions were also temporary pending the outcome of future budgeting cycles, to which MS. HELTSLEY confirmed.

The non-labor changes to the budget included an updated revenue forecast based on most recent trends and economic indicators, including a Mark-to-Market adjustment of $31 million. She further explained this adjustment is required by the Governmental Accounting Standards Board, and it is always a paper adjustment. When inflation rises, the bond rates go up; however, the City is holding their bonds at a lower rate which makes them worth less on paper. Staff also re-evaluated salary and benefits on the most recent staffing changes before finalizing the budget. The remaining changes included additional funding for: marketing, fuel, charter school facilities maintenance, neighborhood cleanups, new ambulance services and the Civic Plaza capital project. MS. HELTSLEY reminded the Council that Metro lowered their increase by $4.6 million, a transfer of $2.8 million will take place for Municipal Court bonds, and there will be an adjustment to the Special Revenue Fund and Capital Program to reflect unspent funds.

Another pie chart was shown that depicted the $691.5 million of expenditures by function, and MS. HELTSLEY pointed out that 62.4 percent of the budget is dedicated to public safety. Public works, cultural and recreation, judicial and other general government services account for the remaining expenditures. Categorically, salary and benefits accounted for approximately 50 percent of expenditures, non-labor is 18 percent, debt service is about three percent, other is six percent, and the Metro contribution is about 22 percent. In looking at an overview of the final budget for Fiscal Year 2023, she said the City is carrying forward $150.4 million of unrestricted funds, $701.9 million in revenue is expected, and expenses will be $691.5 million. Additionally, about $40 million is planned to be moved into the CIP. Speaking to the General Fund forecast, MS. HELTSLEY said deficits were recorded for Fiscal Years 2021 and 2022, but surpluses are predicted for Fiscal Years 2023 through 2026. More deficits are predicted thereafter, but she reiterated that staff is very conservative when budgeting.

MIKE JANSSEN, Executive Director of Infrastructure, expressed the amount of teamwork that goes in to planning the budget. He explained the CIP receives its funding from various sources that include: the one percent transportation room tax, five cent Ad Valorem, annual Medicaid reimbursement, Southern Nevada Public Land Management Act (SNPLMA), ARPA, General Fund/fund balance transfer-in, General Fund backed bond issuance, the residential construction tax and the reallocation of funds from closed-out projects. MR. JANSSEN provided additional details for some of the funding sources, and gave examples of some projects that have been completed by way of this funding.

Speaking to some of the major CIP projects for Fiscal Year 2023, MR. JANSSEN said $20 million is being allocated to the Arts District Parking Garage, which will bring 550 to 650 parking spaces. The City Hall garage and L-Garage vehicle bridge connector will be used to manage parking demands and three floors may be added to the L-Garage. The Regional Pickleball Complex and the Regional Aquatic Complex are both being funded through SNPLMA funding. Park and facility asset refurbishments will include bathroom rehabs, roofs, flooring, water and irrigation systems. Medicaid reimbursement funds will be used to fund the Fire Department apparatus replacements, and a portion of ARPA funds are being planned for the East Las Vegas CSN (College of Southern Nevada) Training and Development Center. Lastly, $4 million will be allocated to replace the synthetic turf at various sporting fields, and the plans were recently unveiled for the Civic Plaza. He said the building will be four or five stories, and staff will continue to refine the leasing program going forward.

The total proposed CIP budget is $297.7 million, but he noted that this does not include projects that receive funding through the RTC (Regional Transportation Commission), RFCD (Regional Flood Control District), and NDOT (Nevada Department of Transportation). Most of the funding will be used for City facilities, and the remaining allocations will be used for municipal parking, parks and recreation, public safety, road and flood, and technology projects. There are a total of 57 new projects planned for Fiscal Year 2023.

MAYOR GOODMAN recalled Project Enchilada, and MR. JANSSEN noted the primary boundaries are between Las Vegas Boulevard and 15th Street; however, staff will be looking to extend it further as growth continues east. MR. CERVANTES added that it was not included in this presentation because it involves RTC funding.

MR. AMELING spoke of the Redevelopment Agency (RDA) budget, and said staff has seen assessed valuation growth, and they expect to see more growth during Fiscal Year 2023 to 14.3 percent. This will allow the City to make progress in the following areas: the Las Vegas Medical District, Symphony Park, Arts District Parking Garage, Hundred Plan in Action, Visual Improvement Program, Cashman redevelopment, maintenance in the RDA area, City Hall Park development and the International Innovation Centers. Referencing a table that compared actual numbers for Fiscal Year 2021, the estimate for Fiscal Year 2022 and the tentative numbers for Fiscal Year 2023, MR. AMELING said the unrestricted fund balance will be used to support a few capital projects, and staff expects to see expenditures rise due to contributions to the CIP. This will leave the Redevelopment Agency with a cash balance of $16.3 million at the end of next fiscal year.

A brief overview was provided of a table that compared actual numbers for Fiscal Year 2021, the estimate for Fiscal Year 2022 and the tentative numbers for Fiscal Year 2023 for all funds with the exception of the Redevelopment Agency. MR. AMELING said some of the budget growth is due to transferring monies between funds because staff is required to ask the Council for appropriation authority. The Fiscal Year 2023 budget includes 21 temporary employees which will be funded through the ARPA, and 3,754.18 employees will be funded through the General Fund.

MAYOR GOODMAN asked if the Permanent Fund is for reserves, and MR. AMELING said that fund is money set aside for the ongoing maintenance of the commitments the City has made for people who have purchased plots. The Mayor asked about emergency reserves, and MR. AMELING said that is the Fiscal Stabilization Fund, which is reflected under the Special Revenue Fund line item.

MR. AMELING said revenue growth was better than anticipated at the onset of the pandemic due to the federal monies that stimulated the local economy and the strategic phased approach to restore services. Staff will continue to practice vacancy management and monitor revenue and expenditure trends. He believed the proposed budget responds to the Council's priorities of public safety, healthcare and diversifying the economy.

Staff is also recommending updates to the Budget Policy, which has not been updated since 2019. Clarifying language has been added to the Budgets, Positions and Personnel, Capital and Revenues sections. Changes were also recommended for the fund balance and reserve targets for several funds. Currently, the General Fund states the ending fund balance should equal at least 20 percent of operating expenditures, but staff is recommending that the unrestricted ending fund balance should equal at least 25 percent of budgeted operating expenditures for the current fiscal year. The Fiscal Stabilization Fund is currently not addressed in the Budget Policy, but staff is proposing that the fund balance does not exceed 10 percent of General Fund expenditures for the prior fiscal year to provide for the stabilization of operations during periods of economic downturn or for the mitigation of the effects of disasters.

Most Internal Service Funds (ISF) have a general policy that states the fund should have no more than 10 percent of the prior year's expenditures, but staff is proposing to change it to at least 10 percent. The Reimbursable Expense ISF currently holds one month of expenses, but it is recommended that it should equal at least the average of one month of the prior year's operating expenses. The Automotive Operations ISF currently holds 10 percent of the prior year's operating expenditures, but the proposal now also includes holding two years of projected capital acquisitions. The Employee Benefit ISF currently requires 10 percent of the prior year's operating expenditures plus two times the average workers' compensation payouts over the last five years, but staff believes it should equal at least 25 percent of the prior year's operating expenditures. The Liability and Property Damage ISF currently requires 10 percent of the prior year's operating expenditures and the average of the last five years claims paid, but staff is recommending that it be changed to at least 10 percent. The Computer Services ISF is within the standard ISF policy, but staff is recommending it be updated to exclude one-time projects. Lastly, the Workers' Compensation ISF is currently included in the Employee Benefit ISF, but staff recommends it equal at least 10 percent of the prior year's operating expenditures plus two times the average of the claims paid over the last five years.

MAYOR GOODMAN asked if the Liability and Property Damage ISF includes funds for lawsuits, and MR. AMELING said there is excessive insurance coverage for larger claims if needed. She then asked if it that balance would increase, and MR. AMELING confirmed the reserve target funding would be increasing with the proposed changes. MR. CERVANTES added that all ISF reserve amounts are being increased due to the volatility of the City's major revenue sources. A recession is being anticipated in the near future, and the City will be prepared to continue providing services.

In closing, MR. AMELING said if approved, the budget will be filed with the State by June 1st, and the final five-year CIP plan will be filed by August 1st.

MR. JANSSEN advised COUNCILMAN KNUDSEN that the five-year CIP plan is a reference of various outside agency funding, and it reflects the current and future projects. MR. AMELING said he could provide a copy of the book, but noted that staff reports on each year of the plan. The Councilman thanked the Finance team for keeping the Council involved in this process.

COUNCILMAN CREAR thanked staff for their hard work and being forward thinking.

COUNCILWOMAN FIORE thanked staff for all the time they spent putting this budget together, and she said the process was very easy this year.

COUNCILWOMAN DIAZ thanked MR. AMELING, MR. CERVANTES and MS. HELTSLEY for taking the Council's feedback and incorporating their suggestions.

MAYOR GOODMAN declared the Public Hearing closed for Item 4.

Motion made by Stavros Anthony to Approve

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0

For-Victoria Seaman, Cedric Crear, Stavros Anthony, Carolyn Goodman, Michele Fiore, Brian Knudsen, Olivia Diaz;

5. Public hearing and discussion for possible action regarding Fiscal Year 2023 City of Las Vegas Redevelopment Agency Tentative Budget and Fiscal Year 2023 City of Las Vegas Redevelopment Agency Final Budget - Redevelopment Area Wards 1, 3 and 5 (Knudsen, Diaz and Crear)

Minutes:
See Item 4 for related discussion.

Motion made by Stavros Anthony to Approve

NOTE: Due to technical difficulties, the video did not capture the vote.

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0

For-Victoria Seaman, Cedric Crear, Stavros Anthony, Carolyn Goodman, Michele Fiore, Brian Knudsen, Olivia Diaz;

6. R-23-2022 - Discussion for possible action regarding a Resolution adopting the budget policies upon which the City Budgets are based

Minutes:
See Item 4 for related discussion.

Motion made by Stavros Anthony to Approve

NOTE: Due to technical difficulties, the video did not capture the vote.

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0

For-Victoria Seaman, Cedric Crear, Stavros Anthony, Carolyn Goodman, Michele Fiore, Brian Knudsen, Olivia Diaz;

7. Citizens Participation: Public comment during this portion of the agenda must be limited to matters within the jurisdiction of the City Council. No subject may be acted upon by the City Council unless that subject is on the agenda and is scheduled for action. If you wish to be heard, come to the podium and give your name for the record. The amount of discussion on any single subject, as well as the amount of time any single speaker is allowed, may be limited.

Minutes:
None.

8. Adjournment

Minutes:
The meeting was adjourned at 1:34 p.m.

Respectfully submitted:

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Cheyenne LaRance, Deputy City Clerk

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LuAnn D. Holmes, MMC, City Clerk

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THIS MEETING WAS PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS
IN ACCORDANCE WITH THE NOTICING STANDARDS AS OUTLINED IN NRS 241.020:
The City of Las Vegas website – www.lasvegasnevada.gov
The Nevada Public Notice website – notice.nv.gov
City Hall, 495 South Main Street, 1st Floor