

Strategic Budget Priorities Process

SBPP RECOMMENDATIONS
October 6, 2010



Current City Budget Status

- Recurring revenues are below FY 2005 levels
- 188 positions were eliminated in Fiscal Year 2011 to address the reduction in revenues of \$33.4 M for an ending balance of 8.3%.
- More reductions are needed to address the projected revenue reductions for Fiscal Year 2012
- Special revenue funds heavily dependent upon property taxes will be facing deficits - Public Safety Tax, Library, More Cops and Safekey.
- Continued strain on the budget by current contractual commitments

General Fund Revenues FY 2010-11



← 23% - Consolidated Tax

← 23% - PILT (Payment In lieu of Tax – Utilities Fund)

← 17% - Licenses, Permits & Franchise Fees

← 17% - Charges for Services

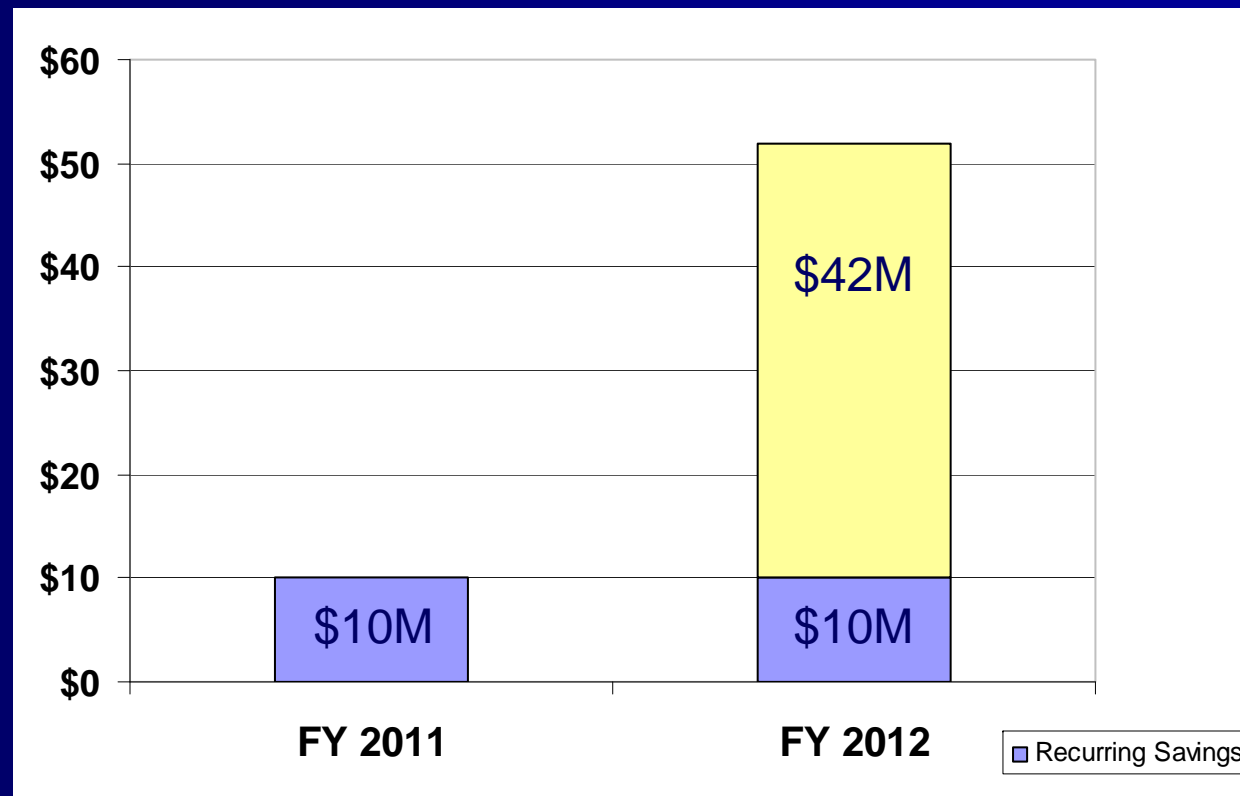
← 10% - Fines, Forfeits, Intergovernmental

← 7% - Property Taxes

← 3% - Miscellaneous

Transfers In
Less than
.5%

Target Savings for BRP II Millions (\$52M 2-Yr Total)



SBPP Committee: Summary of Recommendations

1. Conservative Fiscal Planning
2. Employee Salary Reductions/RIFs
3. No New Taxes/Fees
4. Economic Development
5. Efficiencies/Reorganization
6. Spending Freeze

SBPP Committee Recommendation #1

Conservative Fiscal Planning

- Consider multiple scenarios for revenue projections
 - Concern among the committee that modeling forecasts may be too optimistic
 - Council should consider three different scenarios in the event that revenues do not come in as anticipated
- Reserves should be set aside for future emergencies

SBPP Committee Recommendation #2

Employee Salary Reductions/RIFs

- Salaries unsustainable
- Wage and benefit levels much higher than private sector
- If cannot renegotiate contracts, no other choice but to do RIFs
- Salary reductions could avoid layoffs and service cuts
- Public needs to be educated about the salaries & benefits (i.e., that a 10% reduction would solve the budget problem)
 - More disclosure of public employee salaries
 - Televise city council meetings

SBPP Committee Recommendation #3

No new taxes or fees

- Must resist the temptation to raise fees or taxes
- Businesses and residents already suffering tremendously
- So much of the city's revenue goes towards salaries and benefits; not fair to increase fees on citizens to prop up unsustainable city employee salaries

SBPP Committee Recommendation #4

Economic Development

- Must grow the tax base
- NLV must become the most competitive and aggressive jurisdiction to attract businesses
- Red carpet development services
- Involve private sector more in economic development efforts
 - e.g., Council could create an Economic Development Commission that works with the Economic Development Department

SBPP Committee Recommendation #5

Efficiencies/Reorganization

- Continue to reorganize and streamline
 - Further consolidation of departments
 - Agreements with other jurisdictions
- Elimination of redundant functions
- Explore privatization and outsourcing
 - Create a privatization task force that involves the private sector
- Cross training of city employees to perform multiple tasks

SBPP Committee Recommendation #6

Spending Freeze

- Put a halt to discretionary projects and staffing and maintenance of new facilities until budget situation is resolved

SBPP Committee: Conclusion

- Employee compensation is the heart of the problem
- Other cuts will more directly impact delivery of services to citizens
- Wages and benefits have outpaced inflation and cuts could be absorbed while still offering city employees a more-than-competitive wage
- Other cuts are de minimus compared to salary and benefits cuts

Thank you!

Questions?