

**CITY OF NORTH LAS VEGAS
SPECIAL CITY COUNCIL
MEETING MINUTES**

May 20, 2003

CALL TO ORDER: 4:02 P.M.
2200 Civic Center Drive, North Las Vegas, Nevada

ROLL CALL COUNCIL PRESENT:

Mayor Michael L. Montandon
Mayor Pro Tempore William E. Robinson
Councilwoman Stephanie S. Smith
Councilman Shari Buck
Councilman Robert L. Eliason

STAFF PRESENT:

City Manager Kurt Fritsch
Assistant City Manager Gregory Rose
Assistant City Manager Dan Tarwater
City Attorney Sean McGowan
City Clerk Eileen M. Sevigny
Finance Director Phil Stoeckinger
Fire Chief Jim Stubler
Detention Services Chief Ken Ellingson
Police Chief Mark Paresi
Administrative Services Director Eric Dabney
Public Works Director Jim Bell
Parks & Recreation Director Michael Henley
Community Services Director Jacque Risner
Development Services Director Donna Kristaponis
Library Director Anita Laruy
Court Administrator Debbie Lamb
Assistant to the City Manager Brenda Johnson
Redevelopment Manager Kenny Young
Recreation Manager Jim Stritchko
Financial Analyst Tom Baker
Assistant City Clerk Karen L. Storms

VERIFICATION: Eileen M. Sevigny, CMC, City Clerk

BUSINESS:

1. **CONDUCT THE PUBLIC HEARING, PURSUANT TO NRS 354,596, ON THE CITY OF NORTH LAS VEGAS TENTATIVE BUDGET, THE NORTH LAS VEGAS REDEVELOPMENT AGENCY TENTATIVE BUDGET, AND THE NORTH LAS VEGAS LIBRARY DISTRICT TENTATIVE BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2003 AND ENDING JUNE 30, 2004 AND CHANGES TO THE BUDGETS FOR THE FISCAL YEAR BEGINNING JULY 1, 2002 AND ENDING JUNE 30, 2003.**

Mayor Montandon opened the Public Hearing.

City Manager Kurt Fritsch stated the important points of the fiscal year 2003-2004 proposed budget would include the overall plan for allocating the resources of the City, protecting the community's physical security, enhancing the quality of life, increasing economic development, and the maintenance and development of the City's facilities and infrastructure.

City Manager Fritsch stated Finance Director Phil Stoeckinger would present the proposed fiscal year 2003-2004 budget.

Councilman Eliason entered Council Chambers at 4:06 p.m.

Director Stoeckinger stated a Budget Message document (Exhibit A) had been prepared for the Mayor and Council and would outline the slide presentation (Exhibit B). The Budget Message would provide a synopsis of the proposed fiscal year 2003-2004 budget and the proposed budget text. The Budget Message contained comparisons of estimated totals for the current fiscal year and the totals of the upcoming fiscal year. Director Stoeckinger felt it was important to compare the estimated totals for the end of the current fiscal year and upcoming fiscal year versus comparing budget to budget because the budget information from the 2002-2003 budget was a one year old document.

The General Fund Summary (Exhibit C) contained a reconciliation of the tentative and the proposed final budget. It also contained revenue and expense adjustments that caused the changes between the tentative and final budget. A net increase of \$1,169,900 had adjusted the Ending Fund balance. Director Stoeckinger stated the proposed budget had been sent to the printer before a \$300,000 transfer from the General Fund to the Capital Improvement Fund had been recorded. The transferred funds would contribute to the financing of the Lower Las Vegas Detention Basin Park. He recommended the proposed budget be amended before the final version was submitted for State approval.

Director Stoeckinger stated the summary of staff positions and the approved supplemental requests were represented in the fund summary pages. He stated the highlighted positions indicated the position would be phased in.

Referring to the slide presentation, Director Stoeckinger stated the fiscal year 2003-2004 budget contained approximately \$357 million in revenues; \$40.6 million of that figure represented fund balances from the previous fiscal year. He stated an all funds revenue comparison chart compared fiscal year 2003-2004 budgeted amounts with the fiscal year 2002-2003 estimated amounts. The estimated revenues for fiscal year 2002-2003 would be slightly more than \$304 million. For the upcoming fiscal year, the revenues budgeted would be approximately \$316.7 million. The all funds revenue comparison graph showed noticeable changes between the two fiscal years. The intergovernmental resources contained approximately \$141 million. The increase from last year was due to capital improvement projects. Capital improvement expenses had increased by approximately \$73 million from \$53.6 million to \$127 million. Two large projects partially responsible for this increase were from the Regional Transportation Commission of Southern Nevada and the Nevada Department of Transportation. The Miscellaneous/Other column indicated a decrease in funds that would be due to the Aliante bond sale which accounted for \$50 million for fiscal year 2002-2003 and the Judicial Complex which accounted for approximately \$26.5 million.

Director Stoeckinger stated the \$357 million shown on the expense pie chart was the same amount as the revenue pie chart. This amount included the previous year's Ending Fund Balance and an additional \$8.5 million in transfers.

The all funds expenditure comparison chart indicated the anticipated amount of expenditures for fiscal year 2002-2003 was approximately \$257 million. The proposed budget for fiscal year 2003-2004 was approximately \$357 million. Some of the larger increases included a 279% increase in expenditures which included \$18.8 million for the upcoming Justice Facility. The Public Safety portion of the budget increased by 29.5%. Some of the largest expenditures included \$4.2 for the new police precinct and \$17.6 for the Cheyenne Peaking Basin. Mayor Montandon questioned why the Cheyenne Peaking Basin was included in Public Safety. Director Stoeckinger responded if an item related to flood control, the item was budgeted under Public Safety. Director Stoeckinger stated \$8.2 million in expenses related to the infrastructure improvements for Aliante was anticipated to be used and there were other flood control projects costing \$28.8 million.

Public Works expenditures were anticipated to increase by 113% in fiscal year 2003-2004. The largest portion of the increase, \$42.7 million, would be spent on street projects. The largest projects would be the Craig Road Phase 2 and Phase 3 at a cost of \$20.3 million and the Interstate 15 and Lamb Boulevard Interchange at a cost of \$10.5 million. The Clayton Street and Martin Luther King Boulevard improvements and the street maintenance programs were also included in the budget. Mayor Montandon believed the Interstate 15 and Lamb Boulevard Interchange project would cost \$21.25 million. Director Stoeckinger

stated the difference in the amount from fiscal year to fiscal year occurred when a project had been started but not completed. The result created unspent funds "rolling over" from the previous fiscal year to the new fiscal year.

Expenditures related to Culture and Recreation were expected to increase by 65%. In addition, it was anticipated the Lower Las Vegas Detention Basin Park would cost \$2.7 million, the Las Vegas Wash Trail was expected to cost \$1.7 million. He added approximately \$121 million would be spent on various capital improvement projects. Director Stoeckinger pointed out an increase of \$600,000 in the wholesale water rate and an increase of \$400,000 for the prisoner medical contract rates were anticipated.

An important part of the budget included maintaining the property tax rate of \$1.2037. The proposed budget included 73.2 additional positions which included 47 positions, or 63%, for Public Safety. Mayor Pro Tempore Robinson questioned if the positions were for the Fire Department or the Police Department. Director Stoeckinger responded the positions would be added to both the Fire and Police Departments.

The proposed staffing additions included thirty additional uniformed and support positions for the Police Department. Fourteen new positions in Development Services, Planning and Business License were planned due to increases in development activity. Fifteen new firefighter trainees would be hired specifically to staff Fire Station 56. The majority of the proposed staffing additions would be phased in over a period of one year.

Director Stoeckinger stated a fund to fund comparison indicated during fiscal year 2003, staffing had increased by approximately 70 positions. The proposed budget would add 73.2 positions. Public Safety had the largest increase in the number of positions beginning with fiscal year 2001-2002 through to the current fiscal year 2003-2004.

The consortium that represented the City during the State of Nevada legislative session had gathered information that created questions regarding Full Time Equivalent (FTEs) per capita for all urban cities in the state. The City of North Las Vegas was considered the highest in the range of the Consortium of Cities. Director Stoeckinger stated the comparison was not accurate. North Las Vegas was one of the only cities in the Consortium of Cities that provided water and sewer services. He added the City of Las Vegas had not included the Metropolitan Police Department in their numbers and added 55% of the inmates in the City of North Las Vegas jail were considered federal, county, or Immigration and Naturalization Services detainees. Additionally, the North Las Vegas Library was not included in the statistics. Director Stoeckinger stated had all the above considerations been taken into account, the rating for the City would have been lower.

Director Stoeckinger stated the average cost of a City of North Las Vegas employee was \$73,483 based on the salary comparison prepared by the State of Nevada. That figure was approximately \$4,500 less per employee than other urban cities in the consortium. He

pointed out if the consortium had performed a true evaluation of FTEs for the population, the actual cost on a per capita basis would be the second lowest in the consortium. Director Stoeckinger stated while the City had a lower cost per capita, a fair number of employees were provided to administer services to the residents.

The General Fund Summary contained four years of historical information. The budgeted revenues were anticipated to increase by 9%. State projections had been utilized concerning the consolidated tax and shared revenues. The numbers tended to be conservative but the information would be reliable. The Ending Fund Balance would be approximately 12.4% for 2002-2003. The Ending Fund Balance for fiscal year 2003-2004 was expected to be \$6.6 million, or 6% of total revenues.

General fund revenues originated from multiple sources. The largest revenue source was the consolidated tax, which comprised approximately 28% of the General Fund revenues. Other intergovernmental revenues included payment in lieu of taxes which would generate approximately 16% of the total revenues, licenses and building permits approximately 20%, and property tax approximately 11%. Revenues from fines, forfeits, and miscellaneous contributed approximately 4% and charges for services contributed approximately 12% to General Fund revenues.

The General Fund revenue comparison indicated estimated revenues for fiscal year 2002-2003 would be slightly less than \$96 million. The revenue total for fiscal year 2003-2004 was expected to be \$104,237,900. The two largest increases would be licenses and permits. The newly adopted business license ordinance was expected to generate a 22% increase in revenues. Director Stoeckinger pointed out the consolidated tax information had been provided from the State of Nevada and a 2.4% increase was anticipated over the prior year.

The General Fund expenditure comparison indicated expenditures were expected to be approximately \$94.8 million for the fiscal year 2002-2003. The expenditures for the proposed budget were expected to be approximately \$109,464,000. The largest changes by category were expected to be Judicial with an increase of 17.8% and Public Safety with an increase of 12.6%. The Public Safety increase represented \$2.1 million with the added staff to the Police and Fire Department and the Code Enforcement Division. Director Stoeckinger stated an increase for Culture and Recreation was estimated to be 32.7%. The three parks located in Aliante contributed to the increase in expenditures by requiring additional maintenance workers and equipment in the approximate amount of \$233,000.

Director Stoeckinger pointed out the amounts on the Total General Fund Balance graph varied from the amount shown on the General Fund Summary. The reason was the fiscal year 2002-2003 estimated and the 2003-2004 budget excluded transfers while the General Fund Summary included transfer amounts. The graph illustrated the City practiced a sound

fiscal policy annually, with conservative budgeting methods as shown by the actual Ending Fund Balances which exceeded the estimated Ending Fund Balance.

For the year 2001, the City had an Ending Fund Balance of 19.1%, or approximately \$15 million. The economy entered into a recession in March 2001, the effects of which were worsened by September 11, 2001 and the aftermath of that event. As a result, revenues in the General Fund only increased by .01%. Director Stoeckinger stated the results of the September 11th event created an approximate \$7.8 million variance from September 2001 through 2003. That gap was not normal. The City had meticulously examined revenue projections and expenditures. The budget would continue to be prepared in a conservative manner. The budgeted amount compared to the actual amount would return to a \$2 to \$4 million span. Director Stoeckinger pointed out the previous year's budget had been prepared taking into account the decline in the consolidated tax revenue from the prior year and expenditure levels had been closely examined. He stated the estimated Ending Fund Balance of approximately 6.2%, or \$6.6 million would be a solid Ending Fund Balance.

Director Stoeckinger explained the proceeds from Fund 282, the special ad valorem capital projects fund, because of a reexamination of the allocations, could be used for any selected capital improvement project. A newly negotiated allocation was expected to yield approximately \$475,000 in revenue versus \$180,000 that would have been given to the City had the old allocation method been utilized. The new allocation would be beneficial to the City. Additional revenue over the next ten years would be approximately \$5 to \$7 million and would allow the City to begin work on additional capital improvement projects. A tentative agreement had been reached with the other entities in the County regarding the allocation formula.

Mayor Montandon questioned the figures for the Park District Three fund for fiscal year ending June 2003. He stated the City anticipated an ending balance of approximately \$3.3 million in addition to revenues. Mayor Montandon thought the money would be scheduled to be spent in fiscal year 2005 rather than fiscal year 2004 for the Simmons Street and Gowan Road Park. City Manager Fritsch stated approximately \$250,000 of the funds would be used for the design phase in the upcoming fiscal year. The park would be constructed in 2005. Mayor Montandon asked if the same scenario applied to the Las Vegas Wash Detention Basin Park. City Manager Fritsch stated that was correct. Mayor Montandon questioned if that was the quickest method to build a park. City Manager Fritsch responded the design phase would occur over an estimated period of nine to twelve months, conservatively, for each project. Mayor Montandon asked if the design and construction phases could be accelerated so the funds could be spent in fiscal year ending 2004. City Manager Fritsch responded they could be built in the fiscal year 2004-2005. Mayor Montandon questioned, given the fact the money was in the account, if the design phase could be accelerated, could the money be spent in fiscal year 2003-2004. City Manager Fritsch stated that was correct.

Mayor Montandon asked Police Chief Mark Paresi if the Police Department had enough vehicles. Chief Paresi stated they did for the current year.

Mayor Pro Tempore Robinson questioned if the proposed water rate increase had been included in the current proposed budget. Director Stoeckinger stated a portion would be included. Mayor Pro Tempore Robinson stated he would not vote in favor of the budget if a water rate increase was included. He felt businesses were not paying a fair rate and was opposed to the rates for the average citizen increasing. City Manager Fritsch believed the rate increase for water and sewer service had not been included in the budget. Mayor Montandon pointed out the wholesale water rate increase of \$600,000 had been included in the budget. City Manager Fritsch agreed and stated the increases included in the budget were related to growth but not rate increases. Mayor Montandon questioned if the rates were increased, would the increases be reflected in the following year's budget or as an amendment to the current proposed budget. Director Stoeckinger stated a water rate increase would be included in the fiscal year 2003-2004 budget augmentation.

Councilwoman Smith questioned the expansion of the City's workforce. She stated discussions had occurred regarding separating the Public Safety new positions from the other requested new positions. She understood the budget would phase in the Public Safety positions in October but during discussions with Staff, she understood the remaining proposed positions would be reevaluated in October, but no separation had occurred. City Manager Fritsch stated no new hires would occur prior to October 1. Councilwoman Smith felt the issue should be reevaluated in October through an agenda item brought before Council.

Councilwoman Smith questioned the amount of money in the Contingency Fund. Director Stoeckinger stated the amount was \$1.25 million. Councilwoman Smith asked how much money had been spent from the Contingency Fund for the current year. Director Stoeckinger responded approximately \$1 million had been spent. Financial Analyst Tom Baker added approximately \$600,000 remained in the Contingency Fund. Councilwoman Smith asked what the beginning balance had been. Director Stoeckinger responded the beginning balance had been approximately \$1.5 million, approximately \$600,000 remained, and approximately \$900,000 had been spent. Councilwoman Smith felt the Contingency Fund should be altered to \$1 million with the remaining funds transferred to the General Fund.

Mayor Montandon stated if the State Legislature made a decision that affected the City's revenue stream, the City Manager would appear before Council to change the budget. If the State enacted no changes, Mayor Montandon felt the staffing plan should be carried out as planned. Councilwoman Smith stated she would not support the budget under those circumstances. She felt the situation should be reevaluated and possibly changed by Council and not by the City Manager. Mayor Montandon stated the \$1 million in the Contingency Fund represented 1% of the budget. He felt the amount represented sound

fiscal planning. Mayor Pro Tempore Robinson agreed with Mayor Montandon and stated when it was time to add the new positions, the City Manager could provide an update for Council. City Manager Fritsch stated he would be concerned with lowering the amount in the Contingency Fund. The Contingency Fund provided a buffer much like the Rainy Day Fund. He stated the Ending Fund Balance had increased by \$1 million since the tentative budget had been presented and added the City had budgeted with sound economic judgement versus the surrounding jurisdictions. City Manager Fritsch stated the City's proposed budget would be considered cautious. He stated an economic recovery was taking place and the City was growing based on the number of building permits issued.

Councilman Buck questioned Director Stoeckinger regarding the origin of the \$8.5 million for transfers. Director Stoeckinger stated the back portion of the proposed budget listed a summary of all transfers. Financial Analyst Baker stated the transfer summary began on Page 60 of the proposed budget. Councilman Buck expressed concern over hiring new employees during current economic conditions. She felt some positions would be necessary in October and agreed with Councilwoman Smith that a discussion should take place before the filling of other new positions rather than automatically phasing employees into new positions. She felt underutilized employees could be transferred to the newly created positions. Councilman Buck stated Public Safety and possibly Development Services positions could be filled in October and all other positions could be brought to Council for discussion and review. She was of the attitude that City government need not grow bigger every year.

Councilman Buck felt the completion of the proposed parks was very important and should be built in a timely manner. She understood the plan for the Detention Basin Park had been completed. City Manager Fritsch stated an in-house rough draft had been completed but an architect had not been hired to complete the design plan. He understood the construction of new parks was a high priority for Council and assured them the parks would be built as quickly as possible.

Mayor Montandon thanked Staff for the presentation. Director Stoeckinger made a recommendation that a transfer from the General Fund to the Capital Improvement Fund in the amount of \$300,000 be included in the motion to approve the budget for the Lower Las Vegas Detention Basin Park.

Mayor Pro Tempore Robinson questioned how many Code Enforcement Officers the City had. City Manager Fritsch responded there were five. Three new positions had been budgeted for the Rental Housing Inspection Program. Community Development Director Jacque Risner stated the program would not go into effect until the proposed positions had been filled.

Mayor Montandon closed the Public Hearing.

2. ADOPT THE SUBJECT BUDGETS EITHER AS PRESENTED OR WITH MODIFICATION, FOR FISCAL YEARS 2003-2004 AND THE AMENDED BUDGET FOR FISCAL YEAR 2002-2003.

ACTION: FISCAL YEAR 2003-2004 BUDGET AMENDMENTS ADOPTED; \$300,000 TRANSFER FROM THE GENERAL FUND TO THE CAPITAL IMPROVEMENT FUND APPROVED; COUNCIL TO REVIEW ALL NEWLY PROPOSED POSITIONS IN OCTOBER 2003 EXCLUDING PROPOSED POSITIONS FOR THE POLICE DEPARTMENT, FIRE DEPARTMENT, AND DEVELOPMENT SERVICES.

MOTION: Mayor Montandon

SECOND: Mayor Pro Tempore Robinson

AYES: Mayor Montandon, Mayor Pro Tempore Robinson, Councilman Smith, Buck and Eliason

NAYS: None

ABSTAIN: None

ACTION: FISCAL YEAR 2003-2004 BUDGET APPROVED AS AMENDED

MOTION: Mayor Pro Tempore Robinson

SECOND: Mayor Montandon

AYES: Mayor Montandon, Mayor Pro Tempore Robinson, Councilman Smith, Buck and Eliason

NAYS: None

ABSTAIN: None

CITY OF NORTH LAS VEGAS REDEVELOPMENT AGENCY BUDGET

Mayor Montandon opened the Public Hearing.

Director Stoeckinger stated the Redevelopment Agency revenues were anticipated to be approximately \$1.8 million. The anticipated expenditures were estimated at \$3.2 million. The excess revenues over expenditures were anticipated to be approximately \$1.3 million. The estimated Ending Fund Balance for the current year was expected to be approximately \$2.2 million. Director Stoeckinger stated the proposed budget for fiscal year 2003-2004 had an estimated Ending Fund Balance of approximately \$854,000.

Councilman Buck requested an explanation of the land sales in the amount of \$258,000. Community Development Director Jacque Risner stated the land sales took place in the current year and were from the Yale-Keyes Partnership venture. Redevelopment Manager Kenny Young stated the City owned property in the approximate amount of \$2 million. The property would be held as projects and would not be listed in the budget as revenue.

Mayor Montandon closed the Public Hearing.

ACTION: FISCAL YEAR 2003-2004 BUDGET FOR THE CITY OF NORTH LAS VEGAS REDEVELOPMENT AGENCY ADOPTED

MOTION: Mayor Pro Tempore Robinson

SECOND: Mayor Montandon

AYES: Mayor Montandon, Mayor Pro Tempore Robinson, Councilman Smith, Buck and Eliason

NAYS: None

ABSTAIN: None

NORTH LAS VEGAS LIBRARY DISTRICT BUDGET

Mayor Montandon opened the Public Hearing.

Director Stoeckinger stated the Ending Fund Balance for fiscal year 2002-2003 would be approximately \$909,000. Revenues were projected to be approximately \$1,775,700 and expenditures were expected to be approximately \$1,720,300. The Ending Fund Balance for the upcoming fiscal year was expected to be \$945,296.

Mayor Montandon closed the Public Hearing.

ACTION: FISCAL YEAR 2003-2004 BUDGET FOR THE CITY OF NORTH LAS VEGAS LIBRARY DISTRICT ADOPTED

MOTION: Mayor Pro Tempore Robinson

SECOND: Councilwoman Smith

AYES: Mayor Montandon, Mayor Pro Tempore Robinson, Councilman Smith, Buck and Eliason

NAYS: None

ABSTAIN: None

PUBLIC FORUM

There were no participants.

ADJOURNMENT

ACTION: THE MEETING ADJOURNED AT 4:55 P.M.

MOTION: Mayor Pro Tempore Robinson

SECOND: Mayor Montandon

AYES: Mayor Montandon, Mayor Pro Tempore Robinson, Councilman Smith, Buck
and Eliason

NAYS: None

ABSTAIN: None

APPROVED: June 18, 2003

/s/ Michael L. Montandon
Mayor Michael L. Montandon

Attest:

/s/ Eileen M. Sevigny
Eileen M. Sevigny, CMC
City Clerk