

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

April 1, 2009

CALL TO ORDER

4:38 P.M., Council Chambers, 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
Councilwoman Shari Buck
Councilman Robert L. Eliason

STAFF PRESENT

City Manager Gregory E. Rose
Assistant City Manager Sam Chambers
Assistant City Manager Maryann Ustick
City Attorney Carie Torrence
Acting City Clerk Anita Sheldon
Finance Director Phil Stoeckinger
Deputy Fire Chief Kevin Brame
General Services and
Communications Director Brenda Fischer
Human Resources Director Joyce Lira
Municipal Court Administrator Debbie Miller
Parks and Recreation Director Mike Henley
Planning and Zoning Director Frank Fiori
Police Chief Joe Forti
Deputy Director of Engineering Randall DeVaul
Utilities Director David Bereskin
Assistant to the City Manager Michelle Bailey-Hedgepeth
Senior Assistant to the City Manager Kenny Young
Budget Manager Tom Baker
Planning and Zoning Manager Marc Jordan
Deputy City Clerk Marie Purcell
Deputy City Clerk Adelmira Tapia-Rojas

VERIFICATION

Anita Sheldon
Acting City Clerk

BUSINESS

1. WORKSHOP ON THE 2009-2010 TENTATIVE BUDGET.

Jeremy Aguerro, Applied Analysis, explained the overall economy and impact to the City's budget planning. He showed a chart of core economic indicators and said they were moving towards a weaker condition. He said that the disposable income growth rate and value of the U.S. dollar were the only indicators that were moving in a different direction. Mr. Aguerro said that more people were out of work and those that were working had fewer hours and a decrease in pay. The combination put pressure on the federal, state and local governments. There have been 4.3 million jobs lost nationwide in the past twelve months which was the most since 1945. He said the unemployment rate had escalated and that industrial production and personal consumption declined. Mr. Aguerro said that retail sales declined and the personal saving rate increased.

Mr. Aguerro discussed the housing market conditions and said that construction activity dropped nationwide over the last 18 months. The growth in home sales declined at a more rapid pace and U.S. home sales were down 40%. He explained that the number of housing starts were higher than the number of sales which meant the inventory of housing put on the market escalated. Between the 4th quarter of 2007 and 2008, Nevada was one of a handful of states that had an increase in existing home sales of 23% which was encouraging. Mr. Aguerro said that the housing price appreciation rate nationwide continued to fall and this was the first time that it was in the negative since World War II. Foreclosures escalated nationwide and the number of adjustable rate mortgages that were set to reset in late 2009 and 2010 suggested continued escalation. Nevada ranked number one in the nation's number of subprime loans as a percentage of total loans and number two in the nation in adjustable rate mortgages as a percentage in outstanding mortgages. This suggested more foreclosure activity in Southern Nevada and more stress placed on homeowners and property taxes in the future.

Mr. Aguerro explained the Dow Jones Industrial Average and showed the differences with the 1987 crash, the Dot Com crash and the present market. The stock market decreased and devalued equity. He said that in October 2007, hotels and casinos were valued at \$109 billion, but by the end of 2008 the same companies were valued at less than \$10 billion and had lost 90% of their market capital value.

Mr. Aguerro explained that the federal government was taking actions through the Housing and Economic Recovery Act, Emergency Economic Stabilization Act, American Recovery and Reinvestment Act and Treasury's Financial Stability Plan. He said they would take time to work and suggested it would not materialize in terms of improvement until late 2009. He said that the federal budget deficit approached \$1.2 trillion.

Mr. Aguerro explained that the national trends affected the State of Nevada. He said that Southern Nevada had 440,000 residents during the last economic downturn in the 1980's and presently there were 2 million residents.

Mr. Aguerro discussed the Southern Nevada economic indicators and explained that there were no indicators that showed signs of improvements in the economy. He said that the Southern Nevada economy showed a loss of 36,600 jobs with 50% from construction and tourism related jobs and 50% from other sectors. The core tourism economy, which employed 17.9% of the work force, showed signs of weakening. Tourism activity was down 12% even with the 20% reduction of room rates. Gross gaming revenues were down 40% and he said gaming companies faced financial restructuring, including bankruptcy, over the next twelve months.

Mr. Aguerro explained that retail market conditions showed a loss of 16.7% or \$1.7 billion worth of taxable retail spending over twelve months. He showed the major categories of taxable sales and said the largest areas were food services, motor vehicles and parts dealers.

Mr. Aguerro said that Las Vegas ranked number one in the nation in foreclosure activity with one out of every 76 homes receiving some type of foreclosure filing. New home prices continued to decrease and were down 25.7%. He said there were currently more than 20,000 homes for sale with 71% not owner occupied. He explained that the market needed to work through the overage before a significant recovery could be seen. Existing home prices fell 44% over the past three years. He said that \$50 billion of property value was lost during the past year which meant \$25,000 per person in lost value or equity. There were 16,500 homes that were owned by financial institutions and represented the vast majority of sales. Commercial market vacancies were increasing and office buildings built since January 2008 were 65% vacant. By the middle of 2010 there would be a five year inventory of office space on the books in Southern Nevada which meant that as City Center and Fountainbleu were completed there would be no new projects for construction workers and the State could expect 30,000 construction workers to be out of work by early 2010. He explained that vacant land transactions halted and the prices that were being paid for land reflected a greater expectation that the productivity on the land was less. He said that the price per acre after peaking was \$800,000 per acre and currently \$392,000 per acre and decreasing.

Mr. Aguerro discussed the implications for the City's budget and said there would be declines in taxable retail sales because the decreases and percentages did not reflect the amount of declines in actual consumer spending or construction activity which was important for the ability to generate revenue. There would be declines in property taxes, slowdown in building activities, a significant threat for Legislative "takings", weaker performance of investments and increasing demand for services.

City Manager Gregory Rose presented the tentative budget for 2010. He reviewed what the budget accomplished and said it would maintain the current level of external services and eliminated approximately 100 frozen positions which were vacant positions. He explained it funded new parks and improvements, reduced the General Fund balance to 12%, budgeted transfers to the General Fund from Library and Redevelopment to cover overhead costs, reflected tentative cost containment agreements with Unions of \$13.2 million and avoided layoffs if cost containments were achieved.

City Manager Rose reviewed the total budget revenues by source for all funds in the amount of \$845.8 million. He explained the reduction of fund balances and said the General Fund would decrease to approximately \$13 million with the total fund balance reduction of \$127,388,090.

City Manager Rose explained that for 2008-2009 there would be a reduction in revenues of \$19.4 million. He said the proposed budget reduced expenditures by \$14.6 million with a total expenditures reduction of \$14.1 million. There would be an 18% fund balance in 2009.

City Manager Rose discussed the revenue adjustments which included building permits, C-tax, payment in lieu of taxes from the water and wastewater fund, charges for services, transfers from Municipal Facilities Fund of \$9.5 million, interest earned, Intergovernmental revenues and transfers from the Library and Redevelopment funds. He reviewed the expenditure adjustments which decreased by \$14.1 million and said he changed the term hiring freeze to hiring chill because of strategic filling of positions such as public safety. City departments reduced their budgets by 3% with savings of \$6 million. There was an increase to miscellaneous transfers out of \$500,000 and miscellaneous adjustments of \$500,000.

City Manager Rose reviewed the percentage of revenues for 2009-2010 and said the total anticipated revenues were \$189.5 million with a decrease of \$500,000 or .3%, C-tax was estimated to decrease by \$2.1 million or 5%, development revenue to remain flat and property tax to decrease by \$1.4 million or 5%.

City Manager Rose reviewed the General Fund expenditures in the amount of \$202.3 million which reflected the cost containment proposals and reductions from the Department Directors.

City Manager Rose said he anticipated a reduction in Fund 268 of 6.1% or \$14 million, expenditures were budgeted at \$12 million with a projected fund balance of \$3.4 million. This fund was used for Street Maintenance, Parks and Fire and was restricted revenue that could only be used for capital expenditures.

City Manager Rose said that Fund 287, which was the Safe Streets, would decrease in revenues by 3.8% and increase in expenses by 16.8% with an ending fund balance of \$5.1 million.

City Manager Rose said that Fund 288, which was the More Cops Sales Tax Fund, would decrease in revenues by 5% and increase in expenses by 1.3% with an ending fund balance of \$2.8 million. He said the fund could not support accommodating 105 police officers but would support 88 police officers.

City Manager Rose gave an overview of the Enterprise Funds for water, wastewater and golf. The Water Fund revenues were projected at \$69.2 million, Water Rate revenues at \$50 million, connection fees at \$600,000, bond proceeds at \$15 million with total net assets projected at \$37.3 million. He reviewed the Water Fund expenses with an appropriation decrease of \$4.1 million or 5.4% and explained that the largest decrease was from capital outlay. The Wastewater Fund revenues were projected at \$185.4 million with net assets estimated at \$74.3 million. Wastewater Fund expenses increased by 23.6% or \$36 million with the major increase from capital outlay which was the Wastewater Treatment Facility. The municipal golf course required transfers of \$350,000 from the 2008-2009 and 2009-2010 budgets. There were anticipated unrestricted net assets at \$73,000.

City Manager Rose reviewed the Internal Service Funds and said the anticipated revenues were \$15.3 million with expenses of \$14 million. He explained the fund was comprised of workers compensation, property liability and employee payout liability. The Internal Service Fund for motor equipment fund had anticipated revenues of \$6.5 million with expenses at \$5.8 million.

City Manager Rose summarized the department budget supplementals. Under the Police Department there were approved supplemental requests of \$2 million and included the addition of five Correction Officers and two detectives.

Councilman Eliason questioned the impact of overtime in the jail with the additional five correction officers. City Manager Rose said he would bring the information back to the City Council.

City Manager Rose said there were capital improvement requests of \$10.8 million and included the South Area Command Precinct, Range Improvement, Phase I and renovations of Detention A, B and F dormitories.

City Manager Rose reviewed the Fire Department highlights and said that overtime would increase by \$2.2 million due to staffing of Fire Station #50. There were capital improvement requests of \$16.5 million which included Fire Station #50 and apparatus. He explained some were bond related and dependent on approval.

City Manager Rose discussed the Parks and Recreation supplemental requests which included streetscape maintenance in the amount of \$298,000, overtime for special events of \$60,000, class registration program costs of \$32,000, security hours of \$29,400, pool cover of \$15,000 and racquetball storage mezzanine of \$25,000. The capital improvement projects included Bureau of Land Management funds of \$58.8 million, General Obligation Bonds of \$24.2 million, Park District Funds of \$4.7 million, Kiel Ranch funds of \$232,000 and state and federal grants of \$168,000. The projects included Craig Ranch Regional Park, Downtown Central Park development which was included in the new City Hall project, trail improvements, SkyView Multi-Generational Center and Tropical Breeze Park.

City Manager Rose explained there were no supplemental requests for the Public Works Department but capital improvement projects included flood control projects of \$27.7 million, new City Hall campus at \$56 million and transportation projects at \$34.4 million.

City Manager Rose reviewed the Utility Department highlights and said the supplemental requests included the increase in the wholesale water rate of \$1 million. The capital improvement projects included the water system maintenance and upgrades of \$1.1 million, waterline oversizing of \$500,000, and reservoir repainting of \$800,000.

Mayor Montandon questioned if the \$1 million increase was the cost of the City's wholesale water. City Manager Rose said it was cost that would be realized from the Southern Nevada Water Authority for wholesale water.

City Manager Rose said the Water Reclamation Facility would total \$137.1 million, sewer manhole and pipeline rehabilitation of \$825,000, sewerline oversizing of \$355,000 and camera truck replacement of \$394,000.

City Manager Rose reviewed the Library District budget which included a debt service of \$1.4 million with supplemental requests for a full year of operations at Alexander Library of \$70,000, addition of \$10,000 contingency, increase of book collection of \$159,000 and transfer to General Fund of \$300,000 for overhead. He said that the Alexander Library was under budget by \$1 million and recommended that the money go toward debt service to retire the debt.

City Manager Rose reviewed the Information Technology budget which included the annual license maintenance of \$291,000 with capital improvement projects that included Technology Refresh of \$350,000.

City Manager Rose spoke about the 2010-2011 budget and anticipated further reductions in the General Fund balance, further union concessions to avoid layoffs, and continued reduction of expenditures.

ACTION: PRESENTATION GIVEN

PUBLIC FORUM

There was no public participation.

ADJOURNMENT

ACTION: THE MEETING ADJOURNED AT 5:27 P.M.

MOTION: Mayor Montandon

SECOND: Councilman Eliason

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

NAYS: None

ABSTAIN: None

APPROVED: May 6, 2009

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

ATTEST:

/s/ Anita Sheldon

Anita Sheldon
Acting City Clerk