

City of North Las Vegas Budget Reduction Update

July 20, 2011

**Al Noyola, Acting Administrative
Services and Finance Director**



Budget Reduction Update July 20, 2011

1

POA / IAFF FY 2012

End of Fiscal Year Budget Shortfall

- Approximately **\$9.1M** of savings that must be found in other areas of the City (**\$8.6M** RIF and **\$500K** layoff costs)
- POA/PSA – approximately 38 positions, cost of **\$4.4M**
 - Includes saving 10 positions due to recent voluntary separations
 - Impact of Court decision
- IAFF – approximately 35 positions, cost of **\$4.2M**
 - Includes saving 5 positions due to recent voluntary separations



Budget Reduction Update July 20, 2011

2

Current Gap as of July 15th

	Amount
Public Safety Gap	\$8.6M
Cost of Layoffs	.5M
Revised Gap	9.1M
Vacant Positions – AS, CA, FN, PD	(1.2M)
Fire Tentative Agreement	(1.8M)
Remaining Gap	\$6.1M



Budget Reduction Update July 20, 2011

3

Positions Available for Reductions

Remaining Positions - Non Sworn Personnel	405.60	\$43,426,612
Remaining Positions - Public Safety Departments		
Fire Department - Non IAFF Members	9.00	1,160,630
Municipal Court - Non POA/PSA Members	47.00	4,455,240
Police Department - Non POA/PSA Members-Fund 100	112.00	10,778,380
Police Department - Non POA/PSA Members-Fund 287	<u>70.00</u>	<u>7,324,250</u>
Remaining Positions - Public Safety Departments	238.00	\$23,718,500
Remaining Positions - Non-Public Safety Departments		
Administrative Services	36.75	4,545,613
City Attorney	16.80	2,272,270
City Clerk	4.00	549,970
City Manager & City Council	7.95	1,294,150
Community Development	17.10	1,867,294
Finance	21.00	2,222,100
Human Resources	8.00	1,049,480
Parks	25.00	2,253,225
Public Works	<u>31.00</u>	<u>3,654,010</u>
Remaining Positions - Non-Public Safety Departments	167.60	\$19,708,112



Budget Reduction Update July 20, 2011

4

Updates on Options Explored to Date



Budget Reduction Update July 20, 2011

5

Option 1 – Privatize the Utility Function

Not Recommended

- Potential profit, could transfer to the City if we are no longer in the Utility business
- Bond issues
 - Build America Bonds (Penalties on early bond payouts)
- Legal Issues with the County
 - Buyer have access to discharge
- Provides only a short term cash infusion
- Eliminates the PILT transfer going forward
- Regional impact



Budget Reduction Update July 20, 2011

6

Option 2 - Sell the new City Hall with leaseback option

- Potential appraisal less than balance of bonds
- Terms - penalties for paying off bonds early
- Cover debt and return on investment
 - May not recoup total investment
- **Update:** Staff has been in discussion with various Venture Capital groups but no viable options have been presented to date.



Budget Reduction Update July 20, 2011

7

Option 3 - Refinance existing GOI revenue supported bonds

- City Hall bond debt of \$102.5M
- Justice Facility / Washburn Facility debt of \$25.5M
- Potential one time savings of **\$2M – \$3M** in each of Fiscal Years 2012 and 2013
- Creates cash flow of **\$9M** over the next 4 years but increases cost of debt by **\$12M** over the life of the bonds



Budget Reduction Update July 20, 2011

8

Option 4 - Raise Taxes for 2 years

No Council Support

- Approximately 28 cent increase to cap
 - \$440K per one cent increase or estimated \$12.4M in total
 - Assumes no increase to Library rate
 - About \$15 per one cent increase per household
 - \$420 Yearly on a house valued at \$150,000



Budget Reduction Update July 20, 2011

9

Option 5 - Consider outsourcing

Not Recommended

- Preliminary review indicates some functions may cost more to outsource than retaining work within the City
 - Remaining budget in many areas would not cover the cost of outsourcing
- Diminished service levels and response times
- Contractual issues with Bargaining Units
- Teamsters has issued formal notice to cease and desist due to MOU on Outsourcing until end of the Contract.



Budget Reduction Update July 20, 2011

10

Option 6 - Layoffs from remaining staff with further Supplies & Services cuts

- Remaining positions available for reductions is 405
- Further reductions to City services
 - Likelihood of closing of certain City facilities
 - Recreation Centers & Pools
 - Further reduction of services to residents
 - Graffiti Abatement, Beautification, and Special Events
 - Loss of more staff and further functional consolidation.



Budget Reduction Update July 20, 2011

11

Staff Recommendations BRP IV

Revised Gap	\$6.1M
Supplies and Services Reductions	\$1.0M
Reduction in Force (Non Public Safety)	\$4.0M
Reduction in Force (Non-Sworn Public Safety)	\$1.1M
Remaining Gap	-



Budget Reduction Update July 20, 2011

12

Proposed Council Action

- Direct the Acting City Manager to continue to seek concessions with unions to mitigate the loss of positions
- Approve the elimination/un-funding of vacant positions in the amount of \$1.2 M and reduce supplies and services budgets in the amount of \$1.0 M
- Direct the Acting City Manager to bring a phased layoff plan beginning in August and ending by October 2011 to Council by August 3, 2011 in the amount of \$5.1 M



City of North Las Vegas Budget Reduction Update July 20, 2011

