

City of North Las Vegas Council Financial Update

July 6, 2011



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Where we are today?

- FY 2011 Projected General Fund EFB approximately \$7.2M or 4.8%
- Every action must be a "zero sum" impact on the FY 2012 budget
 - Any revenues or BRP savings that don't materialize add to the FY 2012 deficit
 - Every position saved must be offset by other savings
 - Every savings that is not of a recurring nature adds to the FY 2013 deficit



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POA / IAFF FY 2012 Potential Gap Impacts

- Approximately \$8.6M of savings that must be found in other areas of the City
- 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



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FTE Analysis

FTE Equivalent - Excludes Temporary & Vacant Positions 1,280.50 \$166,064,123

Less:

Redevelopment Funds	-3.55	-503,584
Utility Funds	-128.50	-13,192,070
Motor Equipment Fund	-8.00	-858,100
Self Insurance/Workers Comp/Employee Benefits	-4.20	-591,100
Library Fund	-23.00	-2,138,720
Street Maintenance, Parks & Fire Fund (268)	-27.00	-2,896,870
Fuel Taxes - Roadway Operations Fund (293)	-11.00	-1,071,610
Misc. Special Revenue Funds	-19.90	-1,880,890
Adjusted FTE's - Funds 100/200/287/288	1,055.35	142,931,179

Less:

Elected Officials	-7.00	-804,510
Grant Funded Positions (City Attorney - 2, PD - 4)	-6.00	-566,580
Project Funded Positions	-24.75	-3,370,228
POA Staff	-366.00	-53,913,910
PSA Staff	-57.00	-12,270,130
IAFF Staff	-189.00	-28,579,210
Remaining Positions - Non Public Safety	405.60	\$ 43,426,612



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FTE Analysis

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

Preliminary Options Explored to Date



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Option 1 – Privatize the Utility Function

- 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



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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



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Option 3 - Refinance existing G.O. 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 by \$9M over the next 4 years but increases cost of debt by \$12M over the life of the bonds



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Option 4 - Raise Taxes for 2 years

- Approximately 28 cent increase to cap
 - \$440K per one cent increase or \$12.4M in total
 - Assumes no increase to Library rate
 - About \$15 per one cent increase per household
 - \$420/Yr on a house valued at \$150,000
- Tie revenue growth to priorities set by Council



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Option 5 - Consider outsourcing

- Areas considered – I.T., Payroll, Custodial, Parks/Building Maintenance, Fleet, Legal
- 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



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Option 6 - Layoffs of remaining non-public safety staff

- Already down to 167 General Fund positions
- Further reductions to City services
 - Likelihood of closing of certain City facilities



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With no further actions

- FY 2012 Projected General Fund deficit of approximately \$9M
 - Council may request technical assistance through adoption of resolution
- General Fund falls below 4.1% by the second quarter
 - Triggers severe Financial emergency per NRS 354
- Cash flow issues become critical early in the year
 - CTX, or about \$6M in revenue lags for two months
- Fund balance is exhausted and the City begins having difficulty meeting payrolls by the end of the 2nd quarter
- City loses about \$165,000 per week for every week until replacements to BRP III savings are identified



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Recommendation

- Consider combination of:
 - Restructuring Debt where feasible
 - Outsourcing functions where feasible
 - Further Layoffs
 - Address deficit and leave payouts



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