FUNDAMENTAL SERVICE REVIEW REPORT

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FUNDAMENTAL SERVICE REVIEW

Final Report
September 22, 2008

Section 1.0 THE FUNDAMENTAL SERVICE REVIEW

1.1 Introduction

As fiscal year 2007/2008 progressed, the City of Las Vegas Management Team was apprised of the decline of the state's Consolidated Tax revenues over several quarters, the rising threat to local government revenues due to economic conditions in both the nation and the State of Nevada and potential legislative threats to the city's general fund.

As a result, a proactive approach was taken mid-year to stem the loss of revenues by careful scrutiny of operations and departmental offerings. Prior to the annual budget hearing on May 20, 2008, each city department was tasked to prepare a targeted decrement plan which outlined its strategic plan to reduce operating expenses, and to curtail programs and services that were not consistent with the priorities of the City Council. During the Special City Council meeting on March 31, 2008, Mayor Goodman directed staff to perform a Fundamental Service Review, which included:

1. A fundamental review of city operations, programs and services that are neither tied to the city key priorities nor fundamental operation functions;
2. Review what benefits city employees currently receive and how they can be addressed in future collective bargaining sessions, given changes in prosperity;
3. Research the consolidation of services;

4. Develop a strategy relative to the city's stabilization fund and its protection from legislative intrusion.

The following report is the City Manager's response to the direction given by the City Council.

1.2 Methodology

In June 2008, the City retained the services of William Kirchhoff and Associates, a Coronado, California based management-consulting firm. Given the timeframe designated by the Council, Mr. Kirchhoff believed the Fundamental Service Review (FSR) concept was an appropriate tool to examine essential items and present to the Council options to consider. The alternative of soliciting other consultants to examine the seventeen (17) departments of the City of Las Vegas was considered inappropriate, given the suggested due date of October 2008. It was also the desire of the department heads to play an active and contributory role in determining the future of the city's departments. The FSR process lent itself directly to that expertise.

An internal Fundamental Service Review Team was formed consisting of Dr. Barbara Jackson, Leisure Services Director as the Project Manager; Brian Knudsen, City Manager's Office; Margaret Plaster, Human Resources Department; Mark Vincent, Finance and Business Services Director; Claudette Enus, Human Resources Director; Deputy City Managers Elizabeth Fretwell, Steve Houchens, Orlando Sanchez; and Dr. Douglas Selby, City Manager.

Within the Fundamental Service Review process, city departments were charged to complete a thorough self-examination. Team Las Vegas (TLV), which is composed of City of Las Vegas department directors, was immediately tasked to complete an Information Gathering Document (IGD) (see Appendix C). The IGD generated recommendations for cost reduction, efficiencies, eliminations, restructuring, strategic service change and revenue enhancement opportunities Departments were asked to provide information in three (3) categories:

1. Specific internal and external organizational restructuring recommendations within city departments in which you share common interests that will produce a short/long term cost reduction for the city;
2. Specific internal and external departmental program(s) and/or service reductions, revisions or eliminations that will produce short/long term cost reductions for the city;

3. Specific organizational restructuring and cost reduction recommendations that pertain to city departments with which you may have had less interaction.

Upon receipt of approximately 260 recommendations, weekly meetings ensued between the FSR Team and the City Manager/Deputy City Managers (CMO), as well as a series of bimonthly meetings with the TLV Executive Committee. Through these collaborations, staff began the arduous process of vetting the recommendations.

As the suggested ideas/concepts were narrowed, they were placed in the following categories:

1. Do Not Pursue
   - The recommendation is covered in other efficiency, strategic service change, and/or organizational restructuring discussions;
   - The recommendation does not contain sufficient data to move forward with implementation;
   - There is no significant cost savings associated with the recommendation;
   - The city is managed by federal, state or other regulations to provide the service;
   - The recommendation would have a negative community impact;
   - The recommendation has been made before and analyzed;
   - The recommendation would lead to a negative impact to the workforce and lead to inefficiencies in the future.

2. Efficiencies that do not eliminate Full Time Employees (FTEs) (See section 1.3)
3. Efficiencies that do eliminate FTEs
   - Both efficiency categories are for recommendations that could be implemented within the next 18 months. (See Section 1.3).
4. Organizational Restructuring (See Section 1.4)

- Recommendations that have resulted in a series of meetings to evaluate the feasibility of restructuring to better align the organization with decreasing resources.

5. Strategic Service Change (See Section 1.4)
   - Recommendations that represent a shift in the way the city currently does business.
6. Revenue Enhancement (See Section 1.5)
7. Companion Studies (See Appendix B)
   - Issues that are pertinent to the fundamental review of city operations were researched and summarized in a series of Companion Studies which were distributed during scheduled Council Briefing sessions.

Appendix A includes memos sent to Council, directors and the employee base to inform them of the start of the process and to give periodic, strategic updates. A Communications Plan was also developed by the Office of Communications in order to assist the City Manager in keeping the directors, employees and the general public informed of the purpose and progress of the Fundamental Service Review. Details of that plan are described in the Appendix B of this report.

In an effort to include outside experts, members of the local financial community were invited to participate in roundtable discussions of the city's financial situation. Participants from the private sector were asked to analyze the current status of the city's finances, and to offer suggestions for financial models that could lessen the long-term effects of the current and forecasted economic conditions. The committee assisted in the development of the financial models that will be detailed in Section 3.0 of this report.

Of the approximately 260 recommendations, roughly 106 remain and have been categorized. These could be put into action, pending the direction given by Council during its special session on October 6, 2008. The reduction in recommendations was accomplished by assigning Deputy City Manager Elizabeth Fretwell to scrutinize all of the submittals and to observe the organizational restructuring meetings that occurred during August and September 2008. It was her responsibility to report on the results of those meetings and to give a justification for either implementing or reevaluating the recommended action, or deciding not to pursue the item any further.

The organizational restructuring meetings occurred over a three week period and addressed the following topics:

Citywide Management of Records
Graphic Arts Function
Graffiti Abatement
GIS Services
Plans Check
Rapid Response Team
Special Events
Bail, Warrants and Inmate Supervision
Parks & Recreation
Maintenance Shops
Inspections Functions (including Code Enforcement)
City Manager's Office Restructure
Neighborhood Services and Planning Departments
Public Works and Field Operations Departments
Public Information Functions

Summaries of the meetings were developed by the FSR staff, who served as facilitators and recorders for many of the sessions. These summaries were then sent to Directors for comments/corrections and then incorporated into the final document that was forwarded to the City Manager. These summaries also included the Deputy City Managers recommended action(s).

In an effort to address implementation decisions appropriately, the City Manager developed an implementation chart which will allow staff to insert future actions that need to occur relative to the decision made for each action (See Section 4.2, Implementation Strategies). This charting also accounts for any need for further research, evaluation, review processes, cost savings and implementation dates. Actual implementation dates will depend upon Council review and action.

The final report preparation was completed by FSR staff and a team of TLV members who had varying roles during the process. The table of contents explains the varied components that were assembled for Council review. The report was distributed to Council on September 22, 2008 in an effort to allow sufficient time for Council members to review the background

information and data, in order to make an informed decision on October 6, 2008.

The City Manager has taken numerous actions to inform employees, staff, elected officials and the public about the intent and progress of the Fundamental Service Review, as substantiated by the Communications Plan outlined in Appendix A. When the Council provides direction to the City Manager regarding future actions that should be pursued, every effort will be expended to inform these same groups of the impacts of such actions. In the event of reductions in force, the Human Resources Department will enact a process for interviewing the affected personnel and will provide placement services to assist them.

On October 6, 2008, a Special Council meeting will convene for the discussion and possible action on the presentation of the City Manager's recommendations for Council consideration. The agenda for this meeting includes presentations by the following:

John Restrepo, Restrepo Consulting Group, Las Vegas, Nevada
William Kirchhoff, Kirchhoff & Associates, Coronado, California
Mark Vincent, Finance Director, City of Las Vegas
Douglas Selby, City Manager, City of Las Vegas

After the presentations, a facilitated session will occur with the members of Council. The City Manager, Deputy City Managers and key senior management will provide supportive data and address questions, when necessary.

After the conclusion of this session and Council deliberation, the City Manager will direct staff to begin the implementation of Council sanctioned actions. An implementation plan will be developed that will include details regarding any research and/or actions that will need to occur, timelines and cost savings to be realized. This implementation schedule will be presented to Council for final approval.

Fundamental Service Review

EFFICIENCY OPTIONS

If approved by City Council, these efficiency recommendations will be in place by FY10. Most efficiencies have little or no impact on the services delivered to citizens. The efficiencies have been categorized into recommendations that do not eliminate full time employees (FTEs) ($1.7M in savings), recommendations that do eliminate FTEs ($8.3M in savings) and recommendations that are already in progress ($1M in savings).

Efficiency Recommendation that Do Not Eliminate FTEs	FY10 Cost Savings[1]
1. Discontinue membership in the Nevada League of Cities Impacts: May decrease networking opportunities for elected officials and staff; could greatly decrease the organization's viability if they do not adopt a new business model; city staff will spend less time supporting League activities and attending the annual conference. SBP: Government Affairs Program	$40,000
2. Eliminate funding for professional services and consultants in the City Manager's Office Impacts: The City Managers may need to limit their use of consultants since there will only be approximately $275,000 available for professional services/consultants. SBP: Management & Planning Administration Program	$85,000
3. Reduce funds for dues and subscriptions in the City Manager's Office Impacts: The impact to the organization is minimal. SBP: Management and Planning Administration Program	$15,000
4. Reduce regional and national awards entries citywide. It is difficult to determine the actual cost savings in award application fees. Impacts: If the city applies for fewer awards, there will be greater efficiencies in staff time. SBP: Enterprise Support Program	$0

[1] All cost savings are from the General Fund unless noted otherwise.

5. Reduce the OBD FY10 marketing budget, which will affect the Investment Capital Recruitment Campaign, the Downtown Local Awareness Campaign, and promotional giveaways and will result in a 50% reduction in funds allocated for marketing trips to New York and China and a 50% reduction in funds allocated to a downtown tour. In addition, funds for hiring a Business Improvement District consultant will be deferred. Impacts: It would have a negative impact on the RDA's marketing efforts to bring investors downtown. SBP: Marketing Program	$500,000 (Internal Service Fund)
6. Deferral of funding for Downtown Visitors Center in FY09 Impacts: A delay would not negatively impact the RDA or the community. SBP: Marketing Program	$1,700,000 (RDA)
7. Deferral of funding for the Brownfields program in FY09 with potential elimination in the future Impacts: The RDA will not be able to assist potential developers in remediating their sites. SBP: Development Coordination Program	$250,000 (RDA)
8. Reduce legal publications and subscriptions in the City Attorney's Office	$11,563
9. Reduction in Continuing Legal Education (CLE) by finding local, free and/or audio courses	$5,000
10. Restructure the Planning/Land Use action letters Impacts: Reduces paper and other material costs; reduces staff time; departments must access the program rather than relying on a hard copy SBP: Meeting Support Program, Administration Program, Records Program	$2,199
11. Restructure the Blue Book process as it relates to Council meetings by eliminating meeting binders and utilizing the electronic agenda and documentation, reducing costs for paper, binders, graphics and staff time Impacts: The city could save in excess of 567,970 pieces of paper annually; reduction in staff time; the city will utilize a greater portion of the available technology that has implemented over the last several years; furthers the sustainability initiative. SBP: Meeting Support Program, Administration Program, Records Program	$52,155

12. Restructure the Blue Book process as it relates to Planning Commission meetings by eliminating meeting binders and utilizing the electronic agenda and documentation, reducing costs for paper, binders, graphics and staff time Impacts: Material cost savings; reduction in staff time; furthers the sustainability initiative. SBP: Meeting Support Program, Administration Program, Records Program	$5,000
13. Include an option on Planning applications for the applicant to request notification of Council and Planning Commission action via electronic means Impacts: Material cost savings; reduction in staff time; faster delivery of notification of Board action; furthers the sustainability initiative. SBP: Meeting Support Program, Administration Program, Records Program	$1,097
14. Reduce travel for the Office of Communications except for travel required for training Impacts: Increases staff efficiencies; fewer opportunities to network with industry peers. SBP: Personnel Resources Program, Financial Management Program, Communications Program, eGovernment Content Management Program, Publications Program, On-Air Operations Program	$7,900
15. Reduce regional and national award entries for the Office of Communications to four annually Impacts: Will only apply for the most prestigious honors; may miss opportunities for the city to be recognized as a leader SBP: eGovernment Content Management Program, Publications Program, On-Air Operations Program	$3,000
16. Use contract security guards to staff stationary posts Impacts: Redeploys 1.5 FTE's to non-stationary patrol; maintains a security presence at stationary assignments; may increase calls for service as security guards do not possess powers of a peace officer; there may be labor concerns about privatizing the workforce. SBP: Deputy City Marshal Program	$85,084

17. Institute formal life-cycle costing (asset management system) in Field Operations. Although no cost savings will result, this is an industry standard that will create a “preventative maintenance” mindset rather than the “breakdown maintenance” mindset. Impacts: Will conduct a comprehensive assessment of facility conditions; able to predict facility/equipment deterioration and do cost/benefit analysis of preventative maintenance versus reactive maintenance; focus on priority repair projects with return on investment analysis; ability to quantify the costs of deferred maintenance; better justification for budget requests; large up-front costs for the initial assessment; database maintenance requirements may not be compatible with the existing Hansen enterprise system. SBP: Facilities Maintenance Program	-$300,000 (Will be an ISF in FY10)
18. Eliminate external tree trimming contract, develop a preventative maintenance program for tennis courts, restructure areas of responsibility, and provide better coordination of new park design/ construction with maintenance needs. Status: Operations efficiencies are currently being implemented. SBP: Parks and Facilities Grounds Maintenance Program, Sports Fields Maintenance Program	$309,195
19. Place sensors on lights in parking lots, parks, park restrooms and city buildings Impacts: One-time installation cost of $20,000 to add the sensors and could install over time as lights/ballasts need replacement; conserves power and reduces utility costs (minimal); there will be costs associated if vandalism becomes an issue. SBP: Parks and Facilities Grounds Maintenance Program, Facilities Maintenance Program	$2,134
20. Convert the grass around city facilities to desert landscaping, a program that Field Operations has been doing for years. No cost savings has been identified. Impacts: Conserves water; since turf is aesthetic rather than functional, there is minimal impact to the public; maintenance staff will be reallocated to perform the conversion, which will result in decreased maintenance to other areas of the city. SBP: Park and Facilities Grounds Maintenance Program	$0
21. Change from a booth attendant at the Neonopolis garage to a metered or electronic pay system. Impacts: Annual savings of $170,000 from eliminating booth attendant requirements; less opportunity for employee theft; improved options for validation application by area businesses; less presence in the garage and will need to increase security patrol; may see an increase in vagrants and vandalism; operational problems could result in call-back overtime costs. SBP: Parking Area Maintenance Program	$70,000 (Enterprise Fund)

22. Right-size City's Fleet. Impacts: Impacts: Reduce up front capital costs by acquiring smaller vehicles where suitable; fuel savings will increase as the average MPG per vehicle increases; could negatively impact the users' ability to transport wastes and/or equipment to job sites because of the smaller carrying capacities. SBP: Vehicle Management Program	$300,000 (All Funds)
23. Eliminate paycheck pickup. This recommendation will increase productivity by allowing approximately $209,000 in annual staff time to be reallocated to other duties. Regarding non-labor costs, the city would save $10,000 in vehicle and fuel savings, but would spend $25,000 on postage for mailing checks. Impacts: Eliminate staff time required to pick up and deliver approximately 450 pay checks and 2800 direct deposit stubs to employees on a biweekly basis; online direct deposit stubs will eliminate staff and supply costs for printing, sealing, and sorting every pay period; will likely encourage more direct deposit further reducing banking costs; some staff lack computer access; mailing pay checks may result in postal delivery delays with a potential for some employees to not receive their paycheck by Friday payday. SBP: Personnel Resources Program in all departments; Payroll Program (F&BS)	-$15,000 (All Funds)
24. Standardize office supply purchases by requiring staff to use Corporate Express brand supplies or other "vanilla" purchases; standardizing choices will control costs and save jobs. Impacts: Increase use of sustainable products; more efficient ordering process by limiting number of selections; perception may be that limiting choices reduces quality; policy may create potential dissatisfaction and/or cause maverick buying and p-card violations. SBP: All SBP Programs citywide; Contracting Program, Purchasing Cards Program	$300,000 (All Funds)
25. Change audit and banking service providers. Impacts: By selecting a local or state firm as opposed to a national audit firm, the city could save as much as $50K to $80K by giving price a higher priority. Joining the State's contract with Bank of America will also produce a savings of about $40K annually. Increase time for F&BS staff to transition to the new audit firm/bank. Quality of service could be impacted during transition, but it would be isolated to the F&BS staff who will have to deal with the issues. May be some loss of prestige with the audit firm, but it shouldn't affect investor's and rater's confidence SBP: Budget and Reporting Program, Investment Management Program	$120,000

26. Reduce purchasing shopping by requiring staff to use vendor delivery, which is already included in the price. Analysis of P-Card transactions indicates that only 7-10 percent of the 16,500 purchases are Internet related; the remaining 14,800 purchases are trips to the store. Impacts: Increase staff productivity; decreases non-productive time associated with driving, shopping, waiting time at store counters, representing a cost savings potential of over $800K annually; reduces fuel cost; lengthens life cycle of vehicle by reducing mileage; potentially reduces size of fleet; would likely increase the number of work orders closed per day; requires planning to assure parts are ordered to fulfill work order requirements; requires a change in the business process of scheduling work orders; adds one to two days to close out a work order. SBP: All SBP Programs citywide; Contracting Program, Purchasing Cards Program	$19,000 (All Funds)
27. Combine the Employee Relations Division (ERD) and Organizational Development and Training Division (ODTD) under one Manager Impacts: The underfill will create a third analyst for employee relations efforts, rather than a manager; this analyst will focus primarily on labor relations and negotiations; increased time spent on the diversity initiative; increased workload for the remaining ODT Manager and Sr. Office Specialist. While service delivery impacts are expected to be negligible, there may be slightly slower turnaround time for processing administrative tasks (tuition reimbursement, manager scheduling conflicts, etc.) SBP: Management and Planning Administration Program, Employee Relations Program, Employee Recognition Program, Community Outreach Program	$77,860
28. Eliminate Commercial Drivers License (CDL) training program Impacts: Would free up approximately 3,300 hours of staff time devoted to certification training, administration of random drug tests and annual physicals, etc., resulting in approximately $195,000 in savings conservatively; free up 36 hours a week of clerical staff time in Insurance Services, which could then be allocated to subrogated claims collection or subsequent injury fund filings. Other local governments are able to obtain CDL certified drivers without providing in-house training programs; Public Works and Field Ops employees would have to obtain training on their own time, incurring personal training costs as high as $6,000 for certification. SBP: Safety and Liability Program	$3,395 (ISF)

29. Oracle Application Support Augmentation through the outsourcing of Oracle eBusiness Suite actual development, which would allow staff to spend more time developing business/technical requirements. This recommendation would eliminate the need to hire additional ISF funded staff for Oracle support by allowing IT to hire consulting services on a need-only basis. Impacts: Free up staff to develop business and technical requirements; reduced technical development workload, allowing for projects to be completed more quickly, potentially avoid the need to hire more FTEs; outsourced company may lack familiarity with the City, contract costs may occasionally be as much as an FTE. SBP: Business Application Development Program	$0
30. Mobile field operations in Neighborhood Services and Building & Safety Impacts: staff can more efficiently complete their responsibilities in the field; increased productivity of staff time; supervisors can monitor an inspector's route, workload, and reassign inspections on the fly; may be connectivity challenges of mobile devices to internal systems SBP: Project Management Program, Data Network Program	-$302,500 (EF, GF)
31. Reduce the scope of the online computer-based technical training program and contract only for the training that is most used by staff. Impacts: Reduce costs associated with services that are not being fully utilized; valuable as IT rolls out the Microsoft Office 2007 software; ability to train from desktops while in the office; services provided by the vendor may not meet expectations; technical trainer is still needed to conduct basic technical classes. SBP: Technology Training Program	$58,136 (All Funds)
32. Centrally manage computer printing output and charge back to each cost center. This recommendation would reduce the number of printers and centralize shared output devices. Impacts: Reduces printer replacement costs estimated at $237,000 over a 3 to 5 year period; reduced power consumption due to less printers; will require culture change since it will be slightly less convenient to print documents. SBP: Desktop Computer Services Program	$0
33. Web enable all newsletters through an RSS feed, resulting in increased productivity of staff time. Impacts: Eliminate layout and design costs necessary for a paper newsletter; improves the timeliness of the content published. SBP: Web Services Program	$0

34. Utilize technology for meetings at remote locations, which will save staff time in traveling to meetings. Initial technology costs will offset productivity increases. Impacts: Less travel saves staff time and fuel; decreased need for scheduling meeting rooms. SBP: Data Network Program	$0
35. Establish a Leisure Services call/registration center from existing staff, improving cash handling accountability and security. Impacts: Eliminate transaction services at 80+ sites; creates one central hub for customer services transactions; eliminates training to dozens of seasonal staff members; will require restructuring of business model and redistributions of staff and resources to implement. SBP: Management and Planning Administration Program	$99,525
36. Centralize all reservation/rental functions into a newly created Facility Rental Services Work Unit. The unit would handle all parks and facility reservations and rentals with three full time staff plus a small crew of hourly workers to monitor and staff rentals. No immediate savings will result. Impacts: Gives customer one stop to learn about various facilities available on dates they wish to have an event; saves customers time as they only have one number to call, rather than checking individually with each facility; will take time to implement. SBP: Management and Planning Administration Program, Facilities Program	$0
37. 100% cost recover Corporate Challenge within five years. Impacts: If unable to cost recover, would result in the elimination of the long standing programs that serves approximately 15,000 participants. SBP: Recreation Program	$83,000
38. Provide mobile computer terminals for Municipal Court Marshal vehicles Impacts: Increased staff efficiencies; one-time capital cost to purchase four units. SBP: Marshal Unit Program	-$32,200
39. Convert DMV convictions to PDF format Impacts: May be resistance from DMV. SBP: Customer Services Program	$4,550
40. Maintenance & Recovery Savings in the Courtroom Support Division by eliminating one of the two computers that each of the six courtroom clerks have. Impacts: Lessens the convenience for courtroom clerks. SBP: Courtroom Operations Program	$15,000

41. Consolidate bond forfeiture notice mailings, ensuring that each bonding company receives only one mailing per week from the Courtroom Support Division. Impacts: cost savings in postage. SBP: Courtroom Operations Program	$14,000
42. Enhance collection efforts Impacts: decreases the amount of fees paid to outside collection agencies; improves in-house collectors' productivity; improves defendant compliance in paying court fines and fees. SBP: Judicial Enforcement Program	$125,472
43. Creation of an expanded credit-card-by-phone initiative called the Judgment Execution Team (JET) Impacts: Will enhance compliance with court orders; increase city revenue by giving defendants the option to pay on the spot by credit card; will reduce costs associated with the transportation, booking, and housing of the defendant in city jail; estimated that approximately $48,000 worth of revenue could possibly be generated by the Marshal Unit in FY09, and $96,000 in FY10. SBP: Marshal Unit Program	$105,200
44. Eliminate ASED intake appointment for DUI and extended impulse control clients, which would free up time for counselors and technicians. Impacts: Approximately 45 hours of staff time will be reallocated to more critical tasks each week; may reduce the time it takes the client to complete court ordered program requirements as program participants will no longer have to schedule and complete an intake appointment. SBP: Misdemeanor Offender Counseling Services Program	$0
45. Conduct on-demand domestic violence orientations; 50 percent of clients “no-show” for scheduled intake appointments, which reduced overall productivity of the unit. Impacts: client will be able to complete the intake appointment on the same day s/he attends program orientation, avoiding a separate trip and possible time off from work; may positively impact program compliance by reducing the number of future intake appointment no-shows; only one counselor may be available for on-demand intake appointments, resulting in a maximum of five clients per orientation session having the on-demand option. SBP: Misdemeanor Offender Counseling Services Program	$0

46. Create a foreign language work study program with local universities to offset the cost of interpreter services Impacts: College students may earn credit for participating in the program; students' participation may be limited due to class schedules; requires detailed planning to ascertain adequate coverage. SBP: Customer Services Program, Courtroom Operations Program, Misdemeanor Offender Counseling Services Program and Evaluation Center Program	$200,000
47. Expand the house arrest program Impacts: More cost effective than incarceration in the city jail; would free up jail space for more serious offenders; defendants' jobs not put in jeopardy; defendants better able to maintain family unity; anticipated increase in referrals could mandate additional staff and equipment; no arrest powers for House Arrest Officers when defendants abscond from the program – when not located in a timely manner, do not pay their debt to society. SBP: House Arrest Program	$0
48. Expand online program options to include petit larceny, impulse control and substance abuse programs Impacts: labor involved in implementing the online programs will be minimal; online programs are convenient for program participants, especially those clients who work long and/or unusual schedules; online programs typically generate additional revenue from clients ordered to complete a particular program from courts other than our own; attending classes in a traditional setting may have more of an impact on the client. SBP: Misdemeanor Offender Counseling Services Program	$15,000
TOTAL GENERAL FUND SAVINGS	**$1,664,658**[2]

[2] For those recommendations that have an impact on "all funds," 55% was attributed to the General Fund.

Efficiency Recommendation that Eliminate FTEs	Positions	FY10 Cost Savings[3]
1. Eliminate the New Directions Youth Arts Program Impacts: The program provides unique services to youth sentenced to detention. The services are not offered by any other entity and enhance the quality of life for participants, which may lead to decreased crime in the community. SBP: Cultural Affairs Program	1 FT 3 PT	$142,860
2. Leave a Deputy City Clerk position vacant and eventually restructure the function to a Minutes Clerk position Impacts: Create new job classification, which requires approval by CEA and Civil Service. SBP: Meeting Support Program, Administration Program, Records Program	1 FT	$103,890
3. Restructure trades functions in parks and facilities by eliminating the Facilities Maintenance Supervisor in parks Impacts: Potential delay in response due to calls received by the functioning division (Parks) not the responding division (Facilities); supervisor may not have sufficient knowledge of all trades functions (Parks & Facilities); increased number of assets to oversee by a supervisor. SBP: Park Amenity Inspection, Construction, and Repair Program, Facilities Maintenance Program	1 FT	$139,355
4. Eliminate the video inspection of public sewer systems installed as a condition of private development program Impacts: Elimination of a position which currently has limited assigned duties due to the decrease in construction activities; elimination of the subsidy of private development activities by the Enterprise Fund. SBP: Environmental Compliance Program	1 FT	$176,542 (EF)
5. Eliminate in-house remodeling services Impacts: Savings on personnel costs during periods of low-remodel needs; slower response to remodeling needs due to contracting time requirements; more detailed construction plans needed due to contracting requirements; savings could be offset by potentially higher contractor costs. SBP: City Facilities Remodeling Program	16 FT	$1,551,732

[3] All cost savings are from the General Fund unless noted otherwise.

6. Eliminate child care licensing Impacts: Regulation by State would now be uniform in Las Vegas, North Las Vegas, and Henderson; corporate owned/operated facilities located in the neighboring cities would benefit from one set of regulations; State Board of Child Care employees are trained social service workers that specialize in Child Care, whereas CLV are not; SBP: Business Licensing Program	3 FT	$254,280
7. Consolidate parking collection with the treasury window Impacts: Supervision will be consolidated; allows for more flexibility for vacations and sick time without causing disruption in the work flow; citizens would have one place to come to transact any payment at City Hall; both departments would have to cross-train and learn new computer systems; learning curve would result in slower service until all involved become proficient in each others' systems; cost of remodeling new space estimated to be $50K SBP: Payment Receipting Program	3 FT	$173,910 (EF)
8. Eliminate the EMS Education Administrator Impacts: Suspension of the planned internal paramedic school program; Advanced Cardiac Life Support (ACLS) and Pediatric Advanced Life Support training will be taught by Fire Training Officers. SBP: Medical Oversight Program	1 FT	$135,371
9. Eliminate an Assistant Fire Chief Impacts: Responsibility for Homeland Security has been redirected to another Deputy Fire Chief position. SBP: Homeland Security: Special Operations Program, Counter-Terrorism Program	1 FT	$179,926
10. Attrit the LVFR Educational and Training Administrator Impacts: Increased dependence on the Office of Communications to provide a video/camera person when services are needed. SBP: Fire Public Information Program	1 FT	$188,731
11. Eliminate the EMS Instructor 3 Impacts: Record keeping workload for the primary EMS Educator will continue to be high. SBP: Medical Oversight Program	1 PT	$26,910

12. Eliminate the LVFR Public Education Officer Impacts: Role of public education will be shifted to the Fire Operations and Fire Prevention Divisions. SBP: Fire and Life Safety Public Education Program	1 FT	$163,147
13. Eliminate the Service Repair Write in the Fire Shop Impacts: The shop foreman, purchasing technician and battalion chief of support services will cover the service repair writer's duties. SBP: Equipment and Supply Program	1 FT	$116,325
14. Eliminate an Office Specialist II in LVFR Impacts: Recommendation is temporary as the workload will increase when new fire stations are placed into service in 2-3 years. SBP: Personnel Resources Program, Financial Management Program, Communication Program	1 FT	$94,310
15. Reduce staff in new Employee Relations/Organizational Development & Training division by one Senior Office Specialist Impacts: Eliminate some overlap of services; increased dependence on the Sr. Office Specialist in ODTD whose workload may expand to a level that would ultimately negatively impact service delivery to internal customers. SBP: Management & Planning Administration Program, Employee Relations Program, Employee Recognition Program, Community Outreach Program	1 FT	$76,120
16. Reduce staff in the Personnel Services division by one Personnel Analyst in recruiting Impacts: longer and delayed recruitments; negative impact on measurement targets; less time to complete HR's major test review project; fewer job fairs; unpaid overtime for appointive staff. SBP: Recruitment & Selection Program	1 FT	$85,720
17. Automate processes within the Data Center, which will allow IT to attrit a Computer Systems Tech II Impacts: Manual tasks can be automated; provides ability to reduce staff; minimal cost to implement; provides a more consistent execution of daily tasks; less staff to provide coverage during absences SBP: Server and Application Administration Program	1 FT	$110,030

18. Utilize a mail processing firm to pick up and meter outgoing mail Impacts: Reduced mailing costs; reduced staff workload; managing and controlling the vendor and the quality of service provided is less ideal than working with city staff. SBP: Mail Room Program	1 PT	$14,960
19. Evaluate and restructure role of all administrative clerical employees in Leisure Services Impacts: Coverage is enhanced; cross training; talent is leveraged; creates standardization; drives team approach; creates visible role model; greater accountability; requires management to be disciplined and consistent; requires consistent supervision; loss of coverage in work-force SBP: Management and Planning Administration Program	1 FT	$113,930
20. Review 4 positions for reorganization and 1 position for reclassification in Leisure Services Impacts: Streamlined organization; unable to utilize positions to better fit the needs of the organization; Internal customer service and internal services will be impacted SBP: Management and Planning Administration Program	4 FT	$413,617
21. Discontinue the Senior Citizen Liaison Program Impacts: Decreased outreach to seniors with unique needs. SBP: Community Outreach Program	1 FT	$150,948
22. Freeze 10 positions in Municipal Court as a result of SB544 SBP: Court Administration, House Arrest Program, Misdemeanor Offender Counseling Services Program, Pre-Trial Services Program, Records Management Program, Division Manager Program, Division Supervisors Program	10 FT	$1,281,070
23. Eliminate an Office Specialist II in Planning & Development SBP: Long Range Planning Program	1 FT	$74,250
24. Eliminate a Statistical Analyst II in Planning & Development Impacts: Functions of this position has changed with the advent of the internet; a consultant is used by OBD for specialized; city of Henderson utilizes a Planner position who functions as a demographer; other staff member in P&D could easily absorb the work with no reduction in quality or output. SBP: Customer Information and Awareness Program	2 FT	$225,550
25. Elimination of a GIS Technician Impacts: Planning & Development can accomplish its GIS needs with only two GIS positions. SBP: Management and Planning Program	1 FT	$86,130

26. Align staffing levels within the Engineering Planning line of business with current demand for services Impacts: Adjusts staffing levels to current service demands; if development increases significantly in the future, staffing levels will need to be reevaluated and realigned; if demand for services rapidly increases, may experience decreased response times until such time as staff levels are readjusted. SBP: Land Development Program, Offsite Inspection and Testing Program, Right of Way Program, Flood Control Program, Roadway and Trails, Development Coordination	11 FT	$963,957
27. Restructure Traffic Engineering to provide more efficient operations Impacts: Combining Traffic Signal Repair Section with Traffic Signal Construction Section and reassigning an existing Engineering Project Manger position to the Traffic Engineering Maintenance provides better coordination, reduced costs, and cross training of staff. Restructuring of the street lighting program through movement of current staff to other shifts and combining park lighting and roadway lighting will reduce call outs, and distribute staff to demands for service more efficiently. Eliminating the current 3 shift per day work schedule for the combined Traffic Repair Section and replacing with a 2 shift, 10 hour per day work schedule will provide cost savings in reduced staffing call outs. There will be no coverage provided between 1 a.m. to 5 a.m. The decrement of positions will impact the maintenance of street lights and traffic signals because the inventory of assets will only increase not decrease. The asset to technician ratio will be above national standards. Response times to complete street light and traffic control device repairs will slightly increase. SBP: Roadway and Area Lighting Program; Traffic Signals, Signs and Markings Program	8 FT	$674,650
28. Align staffing levels with the Capital Program Management lines of business with availability of future funding of Capital Projects Impacts: Adjusts staffing levels to current service demands; if significant increases in funding for capital projects are secured in the future, staffing levels will need to be reevaluated and realigned; if economic market conditions improve substantially, there may be difficulty recruiting qualified engineers. SBP: Capital Project Management Program, Survey Program, SID Program	9 FT	$949,480
TOTAL POSITIONS ELIMINATED, UNFUNDED OR FROZEN AND GENERAL FUND SAVINGS	**83 FT 5 PT**	**$8,320,249**[4]

[4] Cost savings takes into account the salary of the employee who will ultimately separate from the city and the lower salaries that some employees my receive as a result of bumping rights as defined in Article 21, Reduction in Force, in the LVCEA Labor Contract.

"In Progress" Efficiency Recommendations	FY10 Cost Savings
1. Consolidate the Franchise Officer in the City Attorney's Office Impacts: The Franchise Officer was not being fully utilized in Finance & Business Services and was consolidated with a vacant deputy city attorney position in the Attorney's Office. The new combined position will manage the franchise agreements for the city and giving legal counsel to F&BS on business license issues.	$228,640
2. Restructure the work card appeal process which affects Metro, Business Licensing, City Attorney and City Clerk. 89% of all appeals are removed from the process prior to any action by the Council. Status: A Code change was authorized in August providing for the streamlining of the process by not requiring City Attorney and City Clerk involvement. Appeals will be handled by Business Services and Metro. SBP: Business Licensing Program	$0
3. Augment emergency management services through the use of IT GIS staff Status: A senior GIS analyst from IT now works part-time for the Office of Emergency Management, and a portion of his salary and benefits is used as the match requirement for the Emergency Management Performance Grant. SBP: Emergency Management Program	$0
4. Implement Password Self-Service Program in Oracle and Windows. Efficiencies created due to increased productivity of staff. Impacts: Password resets cost between $14 and $28 per incident. IT averages over 125 password related calls per month for Oracle and Windows, accounting for 13 percent IT Service Desk requests. Once this program is implemented, IT will review the workload of the Service Desk to determine if an adjustment to staff is warranted. SBP: Security Administration Program	$0 (ISF)
5. Case Management System (CMS) organizational restructuring Impacts: Implementing the CMS software will bring numerous efficiencies to Municipal Court operations including automating many manual tasks within the department, reducing data entry, reducing hard copy reports, and reducing customer wait times in person and by phone. SBP: Misdemeanor Offender Counseling Services Program, Client Services Program, Community Service Work Program, Customer Services Program, Technical Support Program, Judicial Enforcement Program, Records Management Program, Criminal Justice Regulation Compliance Program, Courtroom Operations Program, Marshal Program, Pre-Trial Services Program, House Arrest	$141,090

6. Utilizing Neighborhood Development's federal grant funding to absorb 3 remaining GF salaried positions in addition to non labor expenses Impacts: Allows unexpended general funds to be applied towards other programs and services to benefit city residents; allows for the appropriate utilization and benefit of administrative fees available for managing and implementing federal grant programs. If federal funding is reduced in FY'09 (effective October 2008) or in subsequent years, a reduction in force may occur. SBP: Affordable Housing Program	$448,753
7. Reduced overtime for after-hours Neighborhood Services community meetings including neighborhood meetings, neighborhood clean-ups, Youth Neighborhood Association Program (YNAPP), Neighborhood Partners Fund Program (NPF) and Community Development Recommending Board (CDRB) Impacts: Planners are more accessible to the neighborhood; extended evening service hours; reduced OT expenses and planners can participate in more neighborhood efforts and events; more challenging to schedule internal meetings. SBP: Neighborhood Outreach Program	$131,324
8. Reduced overtime for after-hours Planning & Development community meetings Impacts: P&D uses part time & executive staff for after-hours meetings. Average reduction in expenditure comparing 1998-2002 & 2004-2008 is 87 percent. Marginal additional reduction is expected. SBP: Outreach Program	$8,250
TOTAL GENERAL FUND SAVINGS	**$958,057**

Fundamental Service Review

ORGANIZATIONAL RESTRUCTURING AND STRATEGIC SERVICE CHANGE OPTIONS

At the request of the City Manager to present suggestions for improving services, reducing costs, and increasing organizational capacity by creating efficiencies in operations, department directors submitted a series of recommendations for review. Recommendations for consolidation of services, functions, programs, and departments were categorized into a list of potential opportunities for organizational restructuring.

Once categorized, the Fundamental Service Review (FSR) Team, created a series of meetings for affected department directors to discuss the suggestion and provide additional information to the City Manager for his recommendation to the City Council.

In the meetings, department directors discussed the advantages and disadvantages of implementing the recommendations and the potential impacts to customers. Department directors also commented on the impacts to their departments and their staff in the event the suggestion was implemented. After the meetings, department directors were asked to provide a recommendation for the City Manager to consider.

The following actions were divided into the categories of major organizational changes, organizational changes appropriate for immediate implementation, and recommendations that need additional analysis.

Major Organizational Changes

These options will have a significant impact to the organization in terms of labor and non-labor resources. Implementation of the recommendation will take an extended period of time. It is expected that an implementation plan will be developed for the Council to consider at a later date.

1. Right-size Plans Check Functions
2. Right-size and Consolidate Inspection Functions
3. Consolidate Vehicle Maintenance Functions
4. Right-size and Centralize Graphic Arts Functions
5. Centralize Public Information Functions

Organizational Changes Appropriate for Immediate Implementation (within FY09)

These options can be implemented immediately and are intended to improve efficiencies without any significant allocation of additional resources.

1. Consolidate Special Events

2. Coordinate Graffiti Abatement efforts
3. Staffing increase for the Rapid Response Team
4. Centralize records functions in the City Clerk's Office (Under evaluation)
5. Expand department utilization of Community Service/Work Program participants
6. Eliminate the City Ride Bus System
7. Conduct a review of all Internal Service Funds
8. Re-evaluate the Current Community Schools Service Delivery Model and Staffing

Organizational Changes Requiring Additional Analysis

1. Review Warrant Service Program
2. Outsource Fleet Maintenance
3. Privatize City Parking Enterprise Fund (possibly under the RDA)
4. Outsource Architectural Services
5. Evaluate the jurisdiction of the deputy city marshals
6. Decommission the operation of the Bonanza Mojave Water Resource Center Facility and deliver potable water to Desert Pines Golf Course
7. Outsource Custodial Services
8. Change sewer billing from fixture to water use
9. Evaluate Human Service Functions (a result of the Human Service Review)

City Manager Recommendations for Council to Consider

1. Right-Size Plans Check Functions

Summary

City staff will evaluate implementing an electronic plan check system and right-sizing the workforce for current work load. The plans check function is supported by a budget of nearly $8M and over 70 personnel.

Affected Departments

Building & Safety
Fire & Rescue
Planning & Development
Public Works

Target Impact

- Improved customer service to the development community by increasing efficiency in plans check functions
- Decreased overall costs for administering the plans check function after an initial investment in technology
- Appropriate resources allocated for the service

Implementation Implications

- Initial investment in technology of approximately $2M over a five year period
- Potential reduction in staff
- Re-classification of impacted employees

2. Right-Size and Consolidate Inspection Functions

Summary

City staff will evaluate consolidating inspections staff under a central management system and right-sizing the workforce for current work load. The inspection functions are supported by a budget of approximately $16M and over 100 personnel.

Affected Departments

Building & Safety
Finance & Business Services
Fire & Rescue
Neighborhood Services
Planning & Development
Public Works

Target impact

- Improved customer service to the development community by increasing efficiency in inspection functions
- Decreased overall costs for administering the inspection functions
- Appropriate resources allocated for the service

Implementation Implications

- Potential reduction in staff
- Re-classification of impacted employees

3. Consolidate Vehicle Maintenance Functions

Summary

City staff will evaluate consolidating the fleet service functions of Fire & Rescue and Field Operations in Field Operations. Fleet Service, in total, is supported by a budget of approximately $13M and 48 personnel. Included in the study will be an evaluation of outsourcing opportunities.

Affected Departments

Field Operations
Fire & Rescue

Target Impact

- Decreased costs for providing vehicle purchase and maintenance services

Implementation Implications

- Potential reduction in staff
- Re-classification of impacted employees
- Potential challenges from labor union representation due to two collective bargaining units being impacted with different collective bargaining agreements

4. Right-Size and Centralize Graphic Arts Services

Summary

City staff will evaluate consolidating graphic arts functions under a central management system. It is estimated the labor and supply costs for graphic artists/illustrators and their supplies, not including printing, is approximately $1.3M. Included in the costs are the employees' salaries and benefits, which accounts for 12 full-time employees.

Affected Departments

All departments

Target Impact

- Decreased costs for administering the graphic arts function

Implementation Implications

- Potential reduction in staff
- Change in business for departments who utilize a department-specific graphic artist. (Newsletters, brochures, and presentations etc. will have to be created by department staff or sent to a central repository for graphic arts services)

5. Centralize Public Information Services

Summary

City staff will evaluate centralizing public information functions under a central management system. The public information officer (PIO) function is supported by a budget of approximately $1.69M and nine personnel.

Affected Departments

All departments

Target Impact

- Decreased costs for administering public information functions

Implementation Implications

- Potential reduction in staff
- Change in business for departments who utilize department-specific public information officers and specialists and publicity specialists. (Media releases newsletters, brochures, and presentations, etc. will have to be created by department staff or sent to a central repository for public information services)
- Assessment of other duties performed by existing PIO categories will need to be performed
- Re-classification of staff may occur
- Citywide standards for a marketing function will need to be developed. If marketing efforts are curtailed, the PIO staff of varied departments will need to have their areas of responsibility reevaluated

6. Consolidate Special Events

Summary

City staff will consolidate the resources associated with special events under one central management system in the Office of Cultural Affairs. In this regard, special events are defined as major events that simultaneously utilize considerable resources of the city from varied departments or events that support the City Council and/or City Manager.

Affected Departments
All departments

Target Impact
- Increased efficiency
- Reduced costs
- Improved customer service

Implementation Implications
- Space requirements for the Special Events Team
- Procedures will need to address the ability of other city departments to either access the services of this unit, contract this service privately, or use department staff

7. Coordinate Graffiti Abatement Efforts and Consider a Potential Increase in Staffing

Summary
City staff will consolidate all graffiti abatement functions related to drainage channels, trails, light poles, cabinets and traffic control signs in Neighborhood Services. Field Operations will continue to provide graffiti abatement in parks and on city buildings. Staff will evaluate the feasibility of allowing Neighborhood Services to fill three positions in Rapid Response that were frozen as part of their FY09 budget decrement. Staff will also review working with the BLM to see if SNPLMA funding can be used for security cameras on trails, which have proven to be effective in deterring graffiti.

Affected Departments
Field Operations
Neighborhood Services
Public Works

Target Impact
- Reduced graffiti
- Greater efficiency in allowing one group to abate most graffiti

Implementation Implications
- Neighborhood Services staff will need additional training
- Neighborhood Services will need additional staffing resources

8. Staffing Increase for the Rapid Response Team

Summary

Additional emphasis should be placed on the functions provided by the Rapid Response Team as the efforts of this specialized team increases quality of life standards for City of Las Vegas residents. This function may also lead to decreased crime and increased public safety.

Affected Departments
Neighborhood Services
Field Operations

Target Impact

- The removal of illegal signs, graffiti abatement, drainage of stagnant pools in vacant and abandoned homes, removal of shopping carts, and cleaning homeless encampment are some of the services that can be increased with additional resources

Implementation Implications

- City staff will evaluate what resources are necessary to meet the demands of the community (increased general fund obligations)
- Re-classification of staff may occur
- Neighborhood Services will need additional staffing resources

9. Centralize Records Functions in the City Clerk's Office

Summary
City staff have begun an evaluation of centralizing record retention and destruction functions. The evaluation will consist of surveying the department's needs as well as an evaluation of the resources needed to complete the functions associated with state statutes and record retention regulations.

Affected Departments
All departments

Target Impact

- Increased efficiency
- Decreased costs
- Enhanced ability to meet compliance standards

Implementation Implications

- Potential reduction in staff
- Potential outsourcing of certain functions

10. Expand Department Utilization of Community Service/Work Program Participants

Summary
During Fiscal Year 2008, 85,624 hours were worked at city sites through the Municipal Court Work Program, and 21,199 hours were worked at city sites through the Municipal Court Community Service Program. The dollars contributed to the city through these

two programs was over $1 million. Since there is not enough work currently identified at city sites, 33 percent of the hours worked are spent at non-profits throughout the city. Field Operations, Leisure Services, Neighborhood Services and Public Works attended a meeting on August 29 to discuss ways that the community service and work program could be expanded. Each department has developed a list of tasks that could be performed by the community service/work program participants. The list will be vetted by city management and the Attorney's Office to ensure that the duties identified are appropriate and do not violate collective bargaining agreements.

11. Eliminate the City-Ride Bus System

Summary

Since the Regional Transportation Commission (RTC) offers many similar and, in most cases, precisely the same type of bus route service the city offers, it is recommended that consideration be given to eliminating the citywide bus route all together. The RTC provides the service at a slightly higher rate, which may cause concern among the small percentage of residents who take advantage of the service. If the City Council provides direction to move forward, there will be an impact to approximately 11 personnel and a budget of approximately $1 million. The overall goal of eliminating the service is to reduce costs by transferring the service to another service provider.

12. Conduct a Review of all Internal Service Funds

Summary

The initial review of internal service funds indicates fund balances have been growing by approximately 18% per year accumulating funds in excess of what is needed to recover the cost of operations and provide for a reasonable capital replacement plan. In addition to the $7M previously identified as part of the "virtual" stabilization fund, there may be an additional $15M that could be made available for stabilization by modifying replacement schedules and practices. Additionally, it appears rates should be cut by 20-25% to properly align them to the cost of operations. We will continue to evaluate the transactions within the internal service funds to make the process much more transparent and efficient.

13. Re-evaluate the Current Community Schools Service Delivery Model and Staffing

Summary

Leisure Services is currently updating the community schools report from 2000 to reflect the current information, programs and operations. In addition, the current review is centered on the costs and impacts associated with converting Community School Board employees to city employees. The Community School Board employees serve as class instructors, Safekey instructors, summer camp counselors and fulfill other duties in order for programs and activities to be offered at the Community Schools. The review will include staffing models, number of board employees, costs associated with employing board employees, average hourly wage, the number of new employees needed to keep each hourly board employee to 19 hours a week, and the cost of full time city employees for Community Schools and Safekey.

Leisure Services is also facilitating the development of a joint planning team between the Clark County School District and City of Las Vegas to improve the utilization of school recreational facilities for local residents.

14. Review the Warrant Service Program

Summary

City staff will evaluate the resources needed to effectively manage the Warrant Services Program. Because there is potential to bring in additional revenue, there will be an analysis to determine how to strategically place resources so that the marshal unit(s) can effectively serve and collect on active warrants.

Affected Departments

Detention & Enforcement
Municipal Court

Target Impact

- Increased revenue due to an increase in warrants served

Implementation Implications

- City staff will evaluate what resources are necessary to increase revenue and offset costs
- Coordination meetings between Municipal Court, Detention and Enforcement and the City Manager's Office will need to occur

14. Outsource Fleet Maintenance

Summary

Outsourcing fleet maintenance may be a viable cost saving option for consideration. Allowing professional vehicle maintenance organizations to maintain and retire equipment may afford the city the opportunity to take advantage of an outside organization's expertise in its economic control of resources. Reliable service that meets or exceeds the level of service Fleet Operations is currently providing will be a prerequisite for moving forward with this option. Once the analysis is complete, and if the results indicate savings would be realized and City Council provides direction to move forward, there may be an impact to approximately 49 personnel and a $13 million budget. The overall goal of outsourcing, if pursued, will be to provide a similar service at a decreased cost.

15. Privatize City Parking Enterprise Fund

Summary

Privatize City Parking Enterprise Fund possibly under the RDA using the RDA in lieu of general fund to absorb the shortfall. The parking garage metered system and enforcement function could bid out with a goal of reducing the deficit. Privatizing the City Parking Enterprise Fund would require a detailed feasibility study to address the following: Would the city transfer or sell city assets? What kind of fee increase would be required? Can NRS be modified to allow towing and assessment of violations by a contractor or other owner?

16. Outsource Architectural Services

Summary

The city's in-house staff of 11 FTEs in the Office of Architectural Services does not do in-house design but instead project management of work contracted out to consulting architects. In-house staff does some minor schematic layouts of concepts such as parks, but all design work is contracted out. The current value of contracted work that Architectural Services oversees is $436 million. Additional analysis is necessary to determine outsourcing opportunities in light of the work provided by this unit.

17. Evaluate the jurisdiction of the Deputy City Marshals

Summary

NRS 280.125 allows for the creation of a specialized law enforcement unit consisting of marshals with limited authority to enforce state laws and city and county ordinances on real property owned, leased or otherwise under the control of the City of Las Vegas. The City of Las Vegas has its own deputy city marshal unit separate from the Metropolitan Police Department that regulates the use of public parks, buildings, grounds and rights-of-way. The deputy city marshals occasionally provide specialized services to the Mayor and City Council and oversee initiatives designed to address specific problems within the city. The deputy city marshals' jurisdiction occasionally overlaps with Metro's jurisdiction, and further study is required to see if greater efficiencies and coordination between the two agencies can be achieved.

18. Decommission the operation of the Bonanza Mojave Water Resource Center facility and deliver potable water to Desert Pines.

Summary

The Bonanza Mojave Water Resource Center (BMWRC) currently operates solely to provide reclaimed water to Desert Pines Golf Course for irrigation. BMWRC is under contract with Desert Pines Golf Course to provide 1 million gallons per day of reclaimed water year round. The contract was signed in February 2006 and co-terminates with the effective period of the Lease and Management Agreement between the City of Las Vegas and Desert Pines. A technical memorandum prepared by CH2M Hill in December 2007 identified several options for supplying Desert Pines with irrigation water and performed a cost analysis on the identified options. The recommendation with the lowest annual cost is to decommission BMWRC, buyout or change the contract with Desert Pines and BMWRC, and provide potable water for irrigation purposes. The current operating cost of BMWRC is $525,765. If the city instead provided potable water, the cost would be $214,000, resulting in a savings of $311,765.

19. Custodial Outsourcing

Summary

If all of the city's custodial services were outsourced, significant cost savings would result from eliminating 27 full-time and one part-time personnel. Assuming the city

would pay an outside vendor $450,000 annually to provide custodial services, the city would save approximately $1.5 million.

20. Change sewer billing from fixture to water use

Summary

Current fixture-based sewer billing requires sewer inspectors who visit customers (primarily commercial) to count fixtures to update records for billing purposes. Billings based on fixtures is not as accurate as billings based on water usage (as adjusted for irrigation). By investing in a new sewer billing system and interfacing with the Las Vegas Valley Water District for their water usage data, the need for five of the sewer inspectors is eliminated. The cost of the new system, including staff support of about $177,000, is estimated at $3.0 million. The annual labor savings from the decreased inspections would be about $745,000; thus the payback occurs over four years. Thereafter, the annual savings would be $745,000 in today's dollars. Municipal Code changes will be required to transition from fixture-based billing to water-based billing. Since this is a long-term project with a high implementation cost, it is not for immediate consideration.

21. Evaluate Human Service Functions as a result of the Human Service Review

Summary

As the affected departments identified services for those who are defined as "hard to serve," it became clear the majority of these services were implemented as the result of the identification of a specific concern that needed to be addressed. As the city's population grew, so did the services required, often without attention to the overall impact of the service as it was related to the dollars invested.

Based upon the expansion and, in some instances, the unplanned growth of the City of Las Vegas human services programs, there is an opportunity for enhancing their effectiveness.

It is the Human Services Review Team's recommendation that the City Manager's Office establish a *Service Review Task Force* that would be charged with the responsibility of implementing the following:

- Make certain that all services have been identified.
- Identify services which may be referred to others and what organization(s) should most appropriately provide these services.
- Design strategies for the development and implementation of cost-effective, coordinated services that should continue to be provided by the City of Las Vegas.

Fundamental Service Review

REVENUE ENHANCEMENT OPTIONS

Background

At the request of the Mayor and Council, staff surveyed all city departments and documented current fees, fines, and other charges for services as part of the Fundamental Service Review.
A total of $62M, or just under twelve percent of the city's general fund revenues, is represented by charges for services ($27M), business licenses and permits ($18M), and Municipal Court fines and forfeits ($17M). While it is never pleasant to raise fees, and it is especially troublesome when the local economy is suffering, staff believes the City Council should give consideration to adjustments where warranted.

Summary of findings

Six (6) departments have suggested areas where fees could be increased. The collective annual impact of these recommendations is estimated to be $8.4 million, of which $1.8 million would be new fees, $6.3 million would be increases to existing fees, and about $0.3 million would be discretionary fees that provide for some extra service to the customer, such as express services.

Two (2) departments, Building and Safety and Leisure Services, are currently undergoing formal rate studies with the help of outside experts. The reports will not be available in time to consider for the October 6 workshop and can be addressed at a later Council meeting.

By way of clarification, the Building and Safety revenues are collected in the Building and Safety Enterprise Fund, and so that study will not be able to help reduce the city's general fund operating deficit. Likewise, Field Operations has recommended increasing parking garage rates, which will benefit the Parking Enterprise Fund.

In the category of charges for services, attention needs to be placed on the cost of providing the service. In some cases, such as in Leisure Services, Council may determine that it is not desirable to recover 100 percent of the cost. Taxpayers expect that most recreation and cultural experiences will be provided through the property and sales taxes. In other cases, such as development projects, taxpayers expect that the cost of the reviews and inspections should be born by the developer (hence the mantra

“growth paying for growth”). In the case where fees are a source of revenue supporting all general fund functions including public safety, there is a reasonable expectation that such fees should grow at a pace that reasonably supports the general fund. Fees that have not been increased for a decade or longer could be considered for increase. The city currently lacks a formal comprehensive policy on fees that have service costs associated with them.

From a different perspective, of the total fees proposed, $4.6 million relate to development, $2.5 million relate to business licenses, $0.8 million relate to code enforcement fees, with the remaning $0.5 identified as other. Table 1 summarizes the proposed fee increases:

Table 1 - Total Suggested Fees

	Total	New	Increase	Extra Service
Developer Fees				
Planning & Development	$ 910,000	$ 910,000	$ -	$ -
Public Works	$ 3,683,000	$ 121,000	$ 3,562,000	$ -
	$ 4,593,000	$ 1,031,000	$ 3,562,000	$ -
Business License Fees				
Fin & Business Serv	$ 2,294,000	$ 280,000	$ 1,930,000	$ 84,000
Planning & Development	$ 162,000	$ 162,000	$ -	$ -
	$ 2,456,000	$ 442,000	$ 1,930,000	$ 84,000
Code Enforcement Fees				
Neighborhood Services	$ 569,000	$ 5,000	$ 564,000	$ -
Public Works	$ 235,000	$ 235,000	$ -	$ -
	$ 804,000	$ 240,000	$ 564,000	$ -
Other				
Muni Courts	$ 326,000	$ 119,000	$ -	$ 207,000
Fire & Rescue	$ 150,000	$ -	$ 150,000	$ -
Field Operations	$ 50,000	$ -	$ 50,000	$ -
	$ 526,000	$ 119,000	$ 200,000	$ 207,000
Total	$ 8,379,000	$ 1,832,000	$ 6,256,000	$ 291,000

Conclusion

Service fees relative to extra services, code enforcement, and a special license category deserve immediate consideration by the City Council. Other fee increases related to development and business licensing, while warranted, could be phased in over time to lessen the financial burden on businesses.

Council could determine that enacting fees for discretionary services or fees, as a result of inadequate actions by an application, are reasonable. These fees are designed to recover the cost associated with the extra service. The following fees fall into that category:

- License application fees under Title 6 for expedited temporary licenses ($20,000)
- Re-inspection fees for three or more reinspections under Title 6 ($64,000)

- Credit Card payment option for Judgment Execution Team when enforcing bench warrants ($192,000)
- On-line fee programs for petit larceny, impulse control, and substance abuse ($15,000)

Additionally, Council could consider enacting fees related to code enforcement. In all cases, whether dealing with a nuisance or an unsafe property, the cost of enforcement could be fully recovered. Additionally, certain actions such as those related to boarded buildings could carry additional fees as incentive for property owners to take quick remedial action. The following fees fall into this category:

- Failed inspection fees, and related civil penalties, under Title 9 ($494,000)
- Pool pumping fees under Title 9 ($34,000)
- Sign Impound Fees under Title 19 ($5,000)
- Residential and commercial boarding fees under Title 16 ($36,000)
- News rack permit fees supporting the removal of illegal racks under Title 13 ($235,000)

Finally, there is a new proposed business license fee for commercial leasing companies. This is a gross license fee not currently being collected. Staff has met with the affected business communities and they seem to understand that this proposed Title 6 fee would begin to treat them like similar businesses (i.e., they recognize they are getting a free pass today). This new license category is estimated to collect $280,000 annually.

Those fees identified for immediate action are summarized in Table 2:

Table 2 – Fees for Possible Immediate Action:

	Total	New	Increase	Extra Service
Developer Fees				
Planning & Development	$ -	$ -	$ -	$ -
Public Works	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
Business License Fees				
Fin & Business Serv	$ 364,000	$ 280,000	$ -	$ 84,000
Planning & Development	$ -	$ -	$ -	$ -
	$ 364,000	$ 280,000	$ -	$ 84,000
Code Enforcement Fees				
Neighborhood Services	$ 569,000	$ 5,000	$ 564,000	$ -
Public Works	$ 235,000	$ 235,000	$ -	$ -
	$ 804,000	$ 240,000	$ 564,000	$ -
Other				
Muni Courts	$ 207,000	$ -	$ -	$ 207,000
Fire & Rescue	$ -	$ -	$ -	$ -
Field Operations	$ -	$ -	$ -	$ -
	$ 207,000	$ -	$ -	$ 207,000
Total	$ 1,375,000	$ 520,000	$ 564,000	$ 291,000

Of the remaining $7.0 million in proposed fees, $4.6 million relates to development and $2.1 million relates to business license. A recommended approach towards these fee increases could be to phase them in over a period of three to five years. This approach lessens the immediate impact on the business community, especially during this economically challenging time, as well as allows for modification or adjustment as we work through this recovery period. The remaining $0.2 million relates to parking garage and fire permit fees, which could be enacted at any time. These fees can be summarized as follows:

Table 3 – Fees for Possible Phase In Over Time:

	Total	New	Increase	Extra Service
Developer Fees				
Planning & Development	$ 910,000	$ 910,000	$ -	$ -
Public Works	$ 3,683,000	$ 121,000	$ 3,562,000	$ -
	$ 4,593,000	$ 1,031,000	$ 3,562,000	$ -
Business License Fees				
Fin & Business Serv	$ 1,930,000	$ -	$ 1,930,000	$ -
Planning & Development	$ 162,000	$ 162,000	$ -	$ -
	$ 2,092,000	$ 162,000	$ 1,930,000	$ -
Code Enforcement Fees				
Neighborhood Services	$ -	$ -	$ -	$ -
Public Works	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
Other				
Muni Courts	$ 119,000	$ 119,000	$ -	$ -
Fire & Rescue	$ 150,000	$ -	$ 150,000	$ -
Field Operations	$ 50,000	$ -	$ 50,000	$ -
	$ 319,000	$ 119,000	$ 200,000	$ -
Total	$ 7,004,000	$ 1,312,000	$ 5,692,000	$ -

As the additional fee study reports emerge from the Departments of Building & Safety and Leisure Services, options will be presented to Council for consideration.

Attachment: Service Fee Data Table

Kirchhoff & Associates Report

September 19, 2008

Executive Summary of the Fundamental Service Review

This consultant was assigned the task of assisting the City Manager's Office conduct a Fundamental Service Review (FSR) of the City's programs, services and operational activities. The FSR was directed by the City Council and is a component of the comprehensive efforts of the City Manager and his staff to present the City Council with a set of service re-balancing initiatives. These initiatives identify a variety of specific ways to address the forecasted shortfall of the revenues required to maintain the existing level of services through 2014.

If one were to select a model for quality large city financial management and oversight, you would be hard pressed to find a more solid example than the City of Las Vegas. The City's strict adherence to the accepted municipal governmental financial management standards is "by-the-book." Only a handful of major cities in the United States have positioned themselves as favorably as the City of Las Vegas in terms of not only being able to ride out a devastating economic downswing, but also be in the ready position when the economy rebounds.

If there is an example of perfect storm economic conditions that developed with a record setting speed, it would be the current economy that engulfs the City of Las Vegas and almost every other major city in the U.S. Mortgage industry problems, development declines, layoffs in the trades, and the punishingly high price of petroleum products have blown the wheels off of the economy. These economic pressures, built up at an unusually accelerated rate, profoundly affect the City's current and future revenue streams.

The external economic events impact the City from both sides of the expenditure and revenue equation. For example, the escalating price of oil results not only in lost revenues as auto and air traffic into the City slow down, but also drives up the costs of operating the City's large vehicle fleet. In practical terms, the City is left with no choice but to do things differently with respect to the way it delivers services and pays for the delivery system.

The City's Achilles' heel is its extremely generous employee compensation package. The data below indicates how the City's employee work force was paid in comparison to Nevada's state and local governments, and all other employees.

Average Annual Wages - 2007

All Nevada Workforce	**$42 thousand**
Nevada State & Local Govt.	**$46 thousand**
City of Las Vegas	**$76 thousand (1)**

(1) Includes overtime and leave buy-back of $8 thousand

Background

The City's financial staff had identified the shifting trend in the balance of revenues and expenditures at a relatively early stage in the economy's downturn.

This has allowed for the development of a non-crisis problem-solving approach, of which the FSR is a part of. As a result of the early warning by its financial managers, the City was able to tighten up operating costs and make other adjustments as the administration moved into a very aggressive "hold down the costs" mode. The recent elimination of positions related to the development and construction decline (engineers, architects, inspectors and building inspectors) is an example of the City's relatively swift cost-cutting efforts.

The consultants were tasked with the responsibility of reviewing the scenarios presented by the department directors and deputy city managers that were felt to help stabilize the City's expenditures with respect to revenues, and effectively deal with the systemic problem of an overly generous compensation package. The result of this joint effort has been the identification of a series of steps the Mayor and City Council can adopt that will result in closing the revenue and expenditure gap.

The good news is that the City has in place the assets to effectively manage its way through the challenges created by the economic uncertainties. For years the professional staff and policy makers have been doing things well beyond "right" with respect to managing the City's financial condition. When other cities were running up long-term debt (bond issues), the City of Las Vegas played it close to the vest. Instead of postponing costly infrastructure needs, the City of Las Vegas aggressively built the streets, parks and public facilities needed to be a world class city. Conservative revenue estimating and continuous budgetary oversight allowed the City to create the surplus necessary manage its way through the hard times. The City's relatively low debt, the condition of its infrastructure, workforce competency, and its aggressive approach to economic generation efforts in terms of development, redevelopment and business opportunities have enabled the development of a comprehensive strategy designed to both minimize the impact of the current economy and reposition the City correctly for the next economic rebound.

The Challenge

The bad news is that the economic conditions have created a multi-million dollar imbalance between the revenues the City takes in, and the expenses associated with delivering municipal services – a structural gap that will continue indefinitely unless mitigated by substantial change.

Hard choices must be made – choices that ultimately must lead to a fundamental restructuring of the way things are done by the City. The purpose of this analysis is to assist the City's policymakers and managers make the choices necessary to change the way of doing business. Despite the challenging economy, the City can continue to be among the nation's leading communities in population growth, economic development, and business expansion, if it takes the necessary steps for the fundamental restructuring necessary to eliminate millions of dollars of annual operating costs.

The Fundamental Service Review Effort

The FSR is the City Manager's initiative to re-position the City for the economic challenges it will face for the next three to four years. The overall strategy is sound and simple; and, experience tells us it will work so long as all of the interrelated elements are adopted. The SRI contains five elements. They are:

1. Bridge the revenue-expenditure gap in FY2009 by drawing down upon the FY-2008 ending fund balance (this will give the City sufficient breathing room to implement the SRI);

2. Implement operational efficiencies that are designed to lower the costs associated with service delivery;

3. Develop new revenues sources;

4. Modify the City's organizational structure and reduce management positions; and,

5. Realign the City's personnel policies and practices that relate to the employee compensation program.

Summary

The City of Las Vegas is being challenged with a significant annual revenue shortfall of millions of dollars through FY-14. This is the first time in over two decades that the City's current annual revenue stream is less than the previous year. The FSR is a comprehensive plan to close the revenue and expenditure gap by eliminating operational costs, increasing revenues by streamlining the organization, and the elimination of costs associated with employee compensation and workplace practices. It is certainly one of the most comprehensive efforts ever taken by a municipality to change the way it does business so that what it does is more cost-effective.

Chapter I
Introduction

The Big Picture

In FY 2007 the City of Las Vegas' consolidated tax revenues, for the first time in many years, were less than that of the previous year. That direction continued into FY-2008. If the regional, state, and national economies continue to decline as predicted, the City will no longer be able to operate in a growth mode until it takes the steps necessary to improve its financial condition.

Unless operating expenditures are reduced by millions the City will be operating in an imbalanced position which requires augmentation by the drawdown of reserves and curtailment of capital projects which are only temporary fixes. The

City is currently projecting a negative relationship between revenue growth and operating expenditures if no changes occur or expenditures are not reduced. Exhibit I illustrates the City's forecasts (this excludes the use of the Revenue Stabilization Fund, but includes the debt service reduction of $5.4 million in FY-2011.

Exhibit I
Forecast Revenue and Expenditure Growth Rates

Fiscal Year	FY-09	FY-10	FY-11
Revenue Growth	1.6%	2.3%	4.2%
Expenditure Growth	3.6%	5.9%	5.7%

The Assignment

Kirchhoff & Associates was retained by the Las Vegas City Manager to assist in a comprehensive review (Fundamental Services Review) of the City's operations, programs, and services for the purpose of reducing the forecasted imbalance between General Fund revenues and expenditures. Because of the firm's experience with municipal service delivery, and previous involvement with many of the City's departments, Kirchhoff & Associates was asked to help develop a series of recommendations scenarios for changing the current operations of the City, the purpose of which is reducing the costs associated with overhead.

How the Report is Organized

This report contains seven interrelated chapters. They are:

Chapter I – Introduction –This chapter outlines the assignment given to the consultant and outlines the methodologies used to develop the report's findings.

Chapter II – The City's Financial Condition –Evaluating a city's financial condition is the process of identifying the factors that affect financial condition and then places them in a rational order for review. This chapter provides the background for the identification of cost

mitigating possibilities presented in Chapter VII – Services Re-Balancing Initiatives.

Chapter III – The Economy – The impacts of the economy on the City of Las Vegas are discussed in this chapter.

Chapter IV – Previous Cost Reduction Efforts and FSR Companion Studies –In this chapter the pro-active management actions taken by the City Manager to deal with the declining revenues are summarized. The 10 Companion Studies that are related to the Fundamental Services Review effort are identified in this chapter.

Chapter V – The Consequences of Budget Cutting – The intent of this short chapter is to help with the awareness that budget cutting has a profound effect on not only those who live and work in the community, including City employees, but also those who are visitors. Cities exist for the purpose of providing services and a consequence of budget cutting is providing some groups of people with less.

Chapter VI – Employee Compensation – Most of a city's budget is devoted to salary, wages and benefits. The percent of General Fund dollars devoted to compensating the City's employees is high by any standards. Without a fundamental restructuring of the City's compensation practices there will be no choice other than a severe reduction in essential services. Furthermore, without a significant readjustment of future compensation practices, the City will not be able to maintain an acceptable financial condition

Chapter VII – Summary of Recommended Options – In this chapter the consultant references that has already been presented in Sections 1.3, 1.4 and 1.5 of the Fundamental Service Review Report.

The Five Phases of Budget Retrenchment

Every line item in a municipal budget has a constituency – special interest groups, elected officials, staff, and others all see the budget as a means for accomplishing good things for their community. During periods of revenue growth these constituencies are usually competing for additional funding. But when revenues are flat or declining, then these constituencies are tasked with protecting their interests. It's a healthy component of the democratic process.

Nevertheless, protecting one's interests is more often than not done in an environment of conflict rather than cooperation.

Since conflict is inevitable, the task is to find a way to regulate it – the structures, procedures, and organizations that can mediate differences. Separating the budget retrenchment process into five distinct phases is a way of using a structure to minimizes the conflict associated with. The intent of following the five phases is so that legitimate *options* can be identified by the staff and presented to the policymakers for *consideration.* The five phases of budget retrenchment are:

Phase I – Identification of the options;
Phase II – Evaluating the options;
Phase III – Selecting the options;
Phase IV – Implementing the options; and,
Phase V – After-implementation adjustments.

The purpose of the Fundamental Services Review and Companion Studies was for the staff and consultant to identify and evaluate options (Phases I & II) for consideration by the City's policymakers (Phase III). Once the Mayor and Council have made their collective choices, then the implementation and after-implementation work (Phases IV & V) become the City Manager's responsibility.

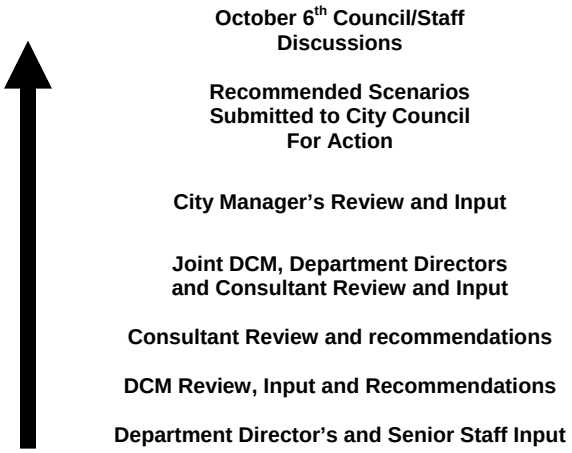
The Study Process

In addition to being actively involved with the oversight of this analysis, the City Manager assigned a considerable staff project team to assist the consultants. The Project Manager was Dr. Barbara Jackson, Director of Leisure Services. The City's deputy city managers and department directors provided the consultant with both ideas and detailed information pertaining to cost reduction opportunities, and devoted an extensive amount of their time to this effort. Their

collective input is the core of this study because they are the group of people who know the most about what it takes to deliver services to the communit.

The recommendations discussed in Chapter VII Summary of Recommended Options, are the result of much time spent getting ideas, input and recommendations from the City's deputy city managers, department directors, financial and human resources staff. Written input and individual interviews were followed by a series of group meetings which allowed the deputy city managers and department directors to collectively focus on what changes might best serve the interests of the City. In these meetings the staff worked hard at the complex challenge of what an already cost-effective organization must do to not only change dramatically, but minimize the resultant pain. The process used to develop the recommended scenarios was intended to shine as much staff input and consulting experience on the options and opportunities before they were assembled for final review by the City Council. Exhibit II illustrates this bottoms-up process.

Exhibit II
The Recommended Scenario Review Process



Report Overview

This report will demonstrate that the City has been, and still is, effectively managing the factors related to maintaining a positive financial condition. And that for the most part, the current situation is the result of an economic downturn that could not have been predicted any earlier than was done by the City's financial forecasting staff. With the exception of its generous employee package, which has had a payback in terms of quality staff, the City's financial management is textbook true.

The report recommends that three courses of action be followed. First, city management should continue its on-going efforts to improve operational efficiency and increase productivity. While this is a long-standing tradition of the City's workplace culture, it will still need the constant attention that is used to hold things together.

Second, there are many opportunities to reduce the cost of providing municipal services either by modifying, eliminating or adjusting programs, activities and services. The identification of the recommended scenarios for council action is the basic charge of this report and are presented in Chapter VII Services Re-Balancing Initiatives

Third, the fact remains that significant changes in the way City employees are compensated in the future *must take place*. There is simply not enough savings to be gained by either efficiencies or program changes to offset the estimated shortfall. Leaving compensation out of the equation will result in the community at large carrying the burden, rather than sharing it with those they employ. There will be less and less money each year for parks, social services, safety initiatives and capital projects if the compensation system is not revamped.

Chapter II
The City's Financial Condition

Background

The term financial condition has a number of meanings. Defined broadly, financial condition is a city's ability to finance its services on a continuing basis. It is a city's ability to:

- Maintain existing service levels;
- Withstand economic disruptions; and
- Meet the demands of growth and decline.

In the narrow accounting sense, financial condition can refer to a city's ability to generate enough cash over thirty to sixty days to pay its bills. This definition of financial condition is called cash solvency. Financial condition can also refer to a city's ability to generate enough revenues over its normal budgetary period to meet expenditures and not incur debts. This is often referred to as a budgetary solvency. In a broader sense, financial condition can refer to the city's ability to pay all costs of doing business, including expenditures that will appear in years to come which is referred to as long-run solvency. Finally, there is what is called

service-level solvency. This is when a city has sufficient financial resources to pay for the level of services its citizens want.

The evaluation of a city's financial condition is useful when the city:

- Is under the strain of identifiable financial problems and wishes to gain a broader perspective on these problems;
- Senses that financial problems are emerging but is having difficulty pinpointing their origin or developing a strategy of coping with them; or,
- Is in good financial condition but needs a systematic way to monitor changes and anticipate future problems.

Generally speaking, a city's financial problem can be traced to one or more of the following situations:

- A decline in revenues;
- An increase in expenditure pressures;
- Decreasing cash and budgetary surpluses;
- A growing debt burden;
- The accumulation of unfunded liabilities;
- The erosion of capital plant;
- A decline in tax base;
- An increase in the need for public services;
- The emergence of adverse economic conditions;
- An increase in governmental constraints and over dependence on intergovernmental funding;
- The occurrence of natural disasters and emergencies;
- The influence of local political pressures; and,
- The lack of effective legislative policies or management practices.

The Core Financial Condition Indicators

Although there are approximately forty indicators that municipal financial analysts use to help determine a city's financial condition. There are seven core indicators that are used to provide a big picture review. They are:

- General Fund Revenues per Capita;
- General Fund Expenditures per Capita;
- General Fund Ending Balances;
- Number of Full-time Employees and Employee per Capita;
- General Fund Increases Compared to Compensation;
- Percent of Fringe Benefits vs. Wages and Salaries; and
- Debt.

General Fund Revenues per Capita

Examining per capita revenues shows changes in revenues relative to changes in population size. As population increases, it might be expected that revenues and the need for services would increase proportionately, and therefore the level of per capita revenues would remain at least constant in real terms. If per capita revenues are decreasing, the government may be unable to maintain existing service levels unless it finds new revenue sources or ways to save money. This reasoning assumes that the cost of services is directly related to population size.

Analysis: The City of Las Vegas' revenues per capita in constant dollars have increased from $713 in FY-03 to $887 in FY-08. The increase in revenues means that the City has the capacity to spend more per resident for services than it did in the past. In terms of financial condition this is a positive trend.

Exhibit III on the following page shows the revenues per capita increases from FY-03 to FY-08.

Exhibit III
General Fund Revenues per Capita

Fiscal Year	03	04	05	06	07	08
Revenues per Capita	$713	$781	$835	$884	$897	$887

General Fund Expenditures per Capita

Changes in per capita expenditures reflect changes in expenditures relative to changes in population. Decreasing per capita expenditures can indicate that the cost of providing services is outstripping the community's ability to pay.

Analysis: Expenditures per capita have increased from $720 in FY-03 to $877 in FY-08. This means that the City of Las Vegas is spending more per resident each year, a positive trend if the increase results in more or improved services. Of concern there is the slight decline in per capita expenditures from FY-07 and FY-08. Exhibit IV illustrates the trend since FY-03.

Exhibit IV
General Fund Expenses per Capita

Fiscal Year	03	04	05	06	07	08
Expenses per Capita	$720	$770	$831	$843	$912	$877

General Fund Balance

The General Fund "balance" is the result of annual expenditures against revenues. The trend is positive when the ending balance exceeds the beginning balance. An ending fund balance is the difference between revenues and expenses at the end of each fiscal year. As the percentage of ending fund balances decrease, a local government loses its ability to respond to changing conditions and to citizens' needs and demands. Decreases in ending fund balances generally indicate an expenditure exceeding revenue situation and signal future inability to maintain service levels.

ANALYSIS: Between FY-03 and FY-06 the City's ending fund balance increased from $56,484,206 to $97,699,827. Because of advance corrective action taken by the City in FY-08 the ending fund balance declined slightly to $86.1 million. However, the financial model forecast predicts it will drop to $34.1 million by the end of FY-11, which will bring the City perilously close to a financial emergency if additional actions are not taken. Exhibit V illustrates the fund balance trend during the past six years.

Exhibit V
Fund Balances FY-03-08

Fiscal Year	03	04	05	06	07	08
Balance	$56,484, 206	$62,679,089	$74,277,085	$97,699,827	$89,372,037	$86,063,885

With respect to financial condition a fund balance between 10%-15% of the General Fund is the desired standard. Anything less reduces the City's ability to adequately address fiscal uncertainty, as the City of Las Vegas now faces. Anything over 15% is an indication that the City's forecasting is off the mark or there are inadequate expenditure controls.

Number of Full Time Employees and Employee per Capita

Cities are labor intensive service delivery organizations. When the employee per capita ratio increases it is usually the result of having to provide additional services, or it is an indication that productivity is declining.

Analysis: The City of Las Vegas' staffing increases, when compared to population growth has resulted in an improved employee per capita ratio which is a gain in productivity. In FY-03 the employee per capita ratio was 1: 176. In FY-08 it had increased to 1:182. Exhibit VI on the following page illustrates that in FY08 each City employee was serving 6 more residents than was the case in FY-03.

Exhibit VI
Employee per Capita Comparison FY-03 with FY-08

	FY-03	FY-08
Population	514,540	590,321
Staffing	2,911	3,229
Employee per Capita	1:176	1:182

As a financial condition indicator this trend is positive if the service levels remain the same or are improving because it means more citizens are being served by fewer employees.

General Fund Revenue Increases Compared to Compensation

Compensation is always the dominate expenditure of a full-service municipality such as the City of Las Vegas and must be closely monitored against the increase/decrease in the operating budget. When the percent of compensation is increasing against the total operational budget, the trend is cause for concern because less funding will be available for supplies, materials, contract services, capital projects and programs.

> **Analysis:** Total labor costs have increased since FY-03 an average of 9.3 percent. The operating budget for the same period of time increased an average of 6.9 percent.

This is a negative trend that is the primary cause of the City's current and predicted revenue-expenditure gap.

Percent of Fringe Benefits vs. Wages and Salaries

Benefits represent a significant share of a city's operating costs. Because the funding and recording of fringe benefits is a complex process, these costs can escalate unnoticed, straining the city's finances.

Analysis: The City's payroll has increased from $136,743,622 in FY-03 to $198,988,665, an average annual gain of 6.5 percent. During the same period the benefit portion of compensation increased by 9.0 percent. The increase in the percentage of benefits is a negative financial condition trend. Exhibit VII on the following page shows the relationship between benefits as a percent of salary and wages.

Exhibit VII
Benefits as a Percent of Salary and Wages FY-03-FY-08

Fiscal Year	FY	03	04	05	06	07	08
% Benefits	39.8	39.5	42.1	42.2	42.6	44.2	45.9

The increasing percentage of benefit costs compare to salary and wages is a negative financial condition for the City of Las Vegas.

Debt

When analyzing a city's financial condition it is necessary to examine the way in which it uses and manages debt. As was pointed out in the preceding section, a growing debt burden is often a significant factor when a city's financial condition is declining.

The City of Las Vegas has a City Charter imposed debt limitation that limits total indebtedness to an amount greater than twenty percent (20%) of the total assessed valuation of the taxable property within its boundaries. Its current level of General Obligation gross debt as a percent of assessed value is 1.33%. The ratio of direct General Obligation debt as a percent of assessed value is .32%.

As illustrated by Exhibit IX on the following page gross debt per capita has dropped from $553 to $533 during the past five years. Although the total amount of General Fund debt service has increased from $10,081,618 in FY-03 to

$14,910,000 in FY-07 During the same time frame direct General Obligation debt per capita has been reduced from $147 to $127, a very positive trend.

Exhibit IX
General Obligation Debt Per Capita

Gross G.O.Debt Per Capita		Direct G.O. Debt Per Capita	
2004	2008	2004	2008
$553	$533	$147	$127

Analysis: By all standards the City's management of General Fund debt is conservative and appropriate. For FY-09 the annual payment of General Fund Debt is 2.2 percent of the General Fund operating expenditures budgeted. The City's tax rate is a modest $.77 (cents) per $100 of assessed valuation and the current bond ratings are:

Standard & Poors: AA
Moody's: Aa3
Fitch: AA

The City's debt level is necessary and appropriate. Furthermore, the way it has been managed contributes to the City's ability to work its way through the challenges of the current and future economies.

It is of interest to note that none of the recommendations made by the staff for coping with the revenue decline relate to any form of "creative" debt restructuring. Unlike many local governments that opt for this type of quick fix budget balancing mechanism when stressed by declining revenues, the City remains consistently conservative in the way it manages its debt, even though it has considerably more capacity to increase additional debt liability.

Summary of the City's Financial Condition

Until the unpredictable and dramatic change in the economy, the City's financial condition was extremely solid – a credit to those serving in leadership positions

over the years. Unlike many cities across the country, Las Vegas did not fall prey to excessive debt, an erosion of its capital plant, a declining tax base, nor did it ignore its infrastructure or cut services. With the exception of the compensation issue the City had its financial indicators aligned correctly. And even though compensation was emerging as a negative indicator, the robust local and regional economic situation, when married up with the City's culture of efficiency and enhanced productivity, was sufficient to carry the load.

But things are radically different now because of externally driven economic forces. And, there is no evidence that the economic downswing is merely a blip on the screen. Everything points to a long, multi-year stall. This, when combined with the compensation pig coming through the python, puts the City in a precarious position unless the City Manager's Service Re-Balancing Initiatives are supported.

The good news is that the City has positioned itself to absorb the economic blow as well as any large city can. By taking swift and decisive action with respect to program, activity, service and employee compensation modifications, the City has the capacity to "ready" itself for the economic upswing that will eventually come. The key in eliminating the gap between revenues and expenditures will be a strategy that involves: (A) continued attention to the goal of being more efficient today than yesterday; (B) re-balancing services; and, (C) restricting compensation increases.

Chapter III
The Economy

Like many state economies, Nevada's is struggling. Economic problems are making it difficult for Southern Nevada cities to enact balanced budgets. The combination of a weak economy and projected budget shortfalls is posing a major problem for the State's cities, and experts say that these financial conditions are here to stay for the foreseeable future.

Confidence in the economic outlook continues to deteriorate as people and businesses are squeezed by a high and accelerating inflation and a weak economy. The Starbucks corporation decision to close 600 underperforming stores nationally, including seventeen in Southern Nevada, the Lake Las Vegas' bankruptcy petition, First National Bank of Nevada takeover and Silver State Bank's problems are but four examples of the unsure economy that is creating a wave of negative wealth problems. Certainly, one of the most telling indicators in a growing city is the increase or decrease in the total valuation of all building permits issued. Exhibit X illustrates the change in total building permit values in Las Vegas from 2002 to 2007.

Exhibit X
Total Building Permit Value FY02-*07*

FY	2002	2003	2004	2005	2006	2007
Value	$1,244,380,647	$1,532,891,951	$1,771,426,190	$1,517,709,030	$1,662,736,858	$766,189,103

The value of residential building permits issued by the City follow a trend similar to that of total building valuation. Exhibit XI illustrates this.

Exhibit XI
Residential Building Permit Values 2002 -2008
(Values in Thousands)

FY	2002	2003	2004	2005	2006	2007
Value	$621,774	$920,222	$869,737	$549,751	386,419	$219,854

When the economy deteriorates, cities are caught between the proverbial rock and the hard place. For example, both the direct and indirect ripple effects resulting from the price of oil constrains the City's ability to deliver services. The City will find itself spending significantly more for gasoline to operate its fleet, and on the wide range of oil-based products it uses on a daily basis, such as fertilizer for parks, diesel fuel for tractors, plastic bags and coverings, etc. Ninety percent (90%) of the mayors recently surveyed by the U.S. Conference of Mayors said climbing fuel prices have significantly affected their city's ability to provide service. The situation is no different in Las Vegas.

Pressing in from the other direction is the fact that people are spending less time and money in the City. A recent report produced by the Las Vegas Convention and Visitors Authority indicates a 4.7 percent drop in passengers at McCarran International Airport and a 6.4 percent decrease in car traffic. The combination of increased materials and supply costs, and a flattening or reduction of revenues generated by residents' and visitors' spending makes it impossible for the City to continue to do business as it has.

With wholesale inflation rising faster than any time since 1981, and the Federal Reserve Bank predicting that it will go higher, the City, as a business will be spending much more for the goods and services it needs to operate on. And the massive transfers of income from U.S. citizens to both foreign and domestic

users leaves those in the community, as well as visitors, with les money for entertainment, long stays and large purchases.

Nevada is expected to remain the epicenter of the nation's foreclosure crisis. The Pew Center projects that one in 11 homes in the state will enter foreclosure by 2010. The Pew Center also predicts that 77 percent of all homeowners, not just those in foreclosure will feel the effects in the form of falling property values and that will affect state and local revenues, with the impact on public health, safety and economic vitality

Chapter IV
Previous Cost Reduction Efforts and FSR Companion Studies

This chapter contains two sections as background information for the reader. The first identifies some of the cost reduction efforts that the City Manager has authorized and put in place to date. The second section is a summary of the other studies, the Companion Studies, that have been developed in conjunction with the FSR for Council consideration.

Previous Cost Reduction Efforts

The major cost reduction efforts to date include:

- Freezing executive compensation;
- Elimination of $20.6 million from FY09 baseline budget;
- Reduced Council discretionary budgets;
- Holding 185 position equivalents vacant;
- Stricter position justification criteria for refilling positions;
- 10% fuel reduction goal;
- Limited non-represented employee increases to COLA;
- Reduced travel and supplies budgets;
- Reduced hours of operation at recreational centers;
- Reduced maintenance and upkeep in parks;

- Reduced CityRide bus routes for Downtown;
- Eliminated overtime associated with neighborhood clean-ups; and,
- Review of long term liabilities.

Companion Studies

This section contains a list and brief description of those studies which have been developed in association with the Fundamental Services Review. The primary staff member(s) responsible for each study is identified.

Companion Studies	Responsible Staff
1. Comparison of Municipal Governments (This is a review of current configurations and structures of other municipalities, including the top southwest cities of similar size)	Maggie Plaster
2. Consolidation (Compilation of all consolidation related research, management studies and documentation of local efforts).	Ted Olivas/Brian Knudsen
3. Alternative Work Schedule (This is an overview of departments utilizing alternative schedules. The review includes timeframes, costs, telecommunications potentials and recommendations).	Claudette Enus/Orlando Sanchez
4. Performance Plus (This is a review of the ongoing work of the Performance Evaluation Team's efforts to use programmatic evaluative tools.)	Barbara Jackson/Penny Towers
5. Stabilization Fund (Overview of the future financial situation of the City and measures to protect an internal stabilization fund).	Mark Vincent
6. Labor Negotiations (The identification of future and long terms issues regarding CLV collective bargaining units. Also included is an update regarding the Classification/ Compensation Study that is being conducted by a Consultant.)	Claudette Enus

7. Fee Studies — Mark Vincent
(Varied departments are in the process of examining fees charged for services and/or programming within their respective areas of operations).

8. Communications Plan — David Riggleman
(The review of all current avenues to provide continuous updates to Council, employees and and the public on the progress of the Fundamental Services Review).

9. Human Services Review — James Carman/Betsy Fretwell
(Analysis of types and costs of human service Programs and services being performed by departments throughout the City organization).

10. Budget Savings & Efficiencies to Date — Mark Vincent
(A list of the budget reduction measures and their impacts since the May 20, 2008 Budget Hearing).

Chapter V
The Consequences of Budget Cutting

The upside of a disciplined and well thought-out budget cutting process is that it results in a more cost-effective operation. Things that aren't really needed get the axe, and the overall effort "thins out the brush" in the budget.

The downside of any budgeting cutting effort is that the community's people who depend on social services are often impacted more adversely than the mainstream as the reduction of services are transferred to lower-income families. While the dynamics of a city often favor cutting library services and arts/cultural activities in order to preserve public safety department's status quo, the residual costs are often significant and damaging to the community's overall quality of life. Some of the communities within a city that are affected by budget cuts are:

- Lower income families and children;
- Persons with disabilities;
- Families and individuals in crisis;
- Workers and employees;
- At-Risk youth and children;
- Seniors; and,
- Immigrants and refugees.

Experience tells us that there are significant problems that result from these type of program cuts, no matter how compassionate the policymakers are. Often the programs eliminated tend to escalate the long terms costs of the municipality as it tries to contend with the outcome. Restricting the hours of a skateboard park, reducing infrastructure repairs and equipment maintenance, and the minimizing of training needs are often more costly in the long run than they appear when they are red-lined out at a budget session.

The point of this discussion is the argument that City policymakers must balance the budget not only in terms of revenues vs. expenditures, but also in terms of compassion for the underserved, and the bricks and mortar need by the taxpayers.

Chapter VI
Employee Compensation Costs

By any standards those leading the Las Vegas City government have created a very productive local government work force. Embracing the business practice that well-treated employees produce the best product, the Las Vegas City Government has, like other top-tier governments across the country paid its employees extremely well for many years.

The infusion of talented professionals from the outside, and the skill development of its internal cadre, has resulted in a highly regarded model of how to manage a large, dynamic and growing community. Within the professional circles of city management and public administration Las Vegas' government is looked on as the way to do business. In addition to attracting and retaining a quality workforce, the City's compensation practices have contributed significantly to a very positive workplace culture.

As the City's compensation level increases, then the funding available for non-personnel activities will decrease. And, without the rapid return of a stem-winding economy, there is simply no way to legitimately address the structural imbalance that the City will face between revenues and expenditures unless a dramatic change in its compensation practices is made. Other than raising taxes or fees, there is no other way for the City to maintain an acceptable financial

condition without adjusting the way in which it compensates its employees. The City can no longer compensate its custodians almost double what the market is, nor can it continue to pay its bus drivers $10-12 more per hour than does the Regional Transportation Commission.

As should be expected, there will be strong resistance from the labor groups representing employees. Most of the City's work force is unionized and any changes to compensation (salary and benefits) are subject to collective bargaining. While the labor contracts have resulted in higher wages and excellent benefits for the workforce, the cumulative effect of these multiple contracts have ramped up the cost of personnel *beyond the sustainable level.* The CLV tax base is simply not large enough to carry the wages and benefits provided to its employees. But with the City's long standing record of transparency with respect to economic projections, budget numbers and compensation data, and labor's ability to "do the math," it is important for all concerned, including the communities discussed in Chapter VI, The Consequences of Budget Cutting, that labor participates in this problem-solving effort. Why? Because it is the workforce that stands to lose the most over the long haul when a city's financial condition spirals into long term degradation.

Perhaps the most important assumption an organization's leadership must make when going through any type of serious budget reduction effort is that every employee is looking for the answer to one question – *will I lose my job?* Once people begin to hear about budget cuts they start to worry about their own jobs, clients, and programs. Without effective communications, morale will decrease and distractions from work will increase.

Periods of budget cutting are difficult times for everyone involved. Experience tells us that once the budget reduction process is underway, as it is with the City of Las Vegas, everything said by or on behalf of the organization by leadership will be examined very closely searching for implicit clues that suggest the extent

of layoffs or that jobs will be guaranteed or protected. It is therefore important that leadership keep its communications open and messages clear; that empty promises are not made; and, that everyone cannot be made happy.

Based on the information available to the consultant, it is apparent that the City Manager and his staff recognize the importance of effectively communicating with the workforce what is going on with respect to management's efforts to deal with the budget imbalance. It is important that this effort continues.

Excluding the City's contribution to Clark County for its share of the Las Vegas Metropolitan Police Department operations, wages, salary and benefits represent 71.9 percent of the FY-09 General Fund's operating budget. Currently, benefits amount to 45.9 percent of salary and wages.

Exhibit XII illustrates the compensation creep that has been occurring during FY-03-08.

Exhibit XII
CLV Revenue Growth Compared to Employee Compensation Growth
FY-03-*09*

Revenue Growth	Compensation Growth
6.6%	7.2%

Chapter VII
Summary of Recommended Options

More than 260 ideas and options were initially developed by the staff and consultants during the Fundamental Service Review effort. Thousands of hours were spent developing ways to modify services and change the way the City does business in order to adjust to the limitations imposed by an imploding economy. In each instance the many variables of a municipal service (cost, efficiencies, community need, labor contracts, long range implications, etc.) were weighed against the service or program change. Those selected as final options were earlier identified in Sections 1.3, 1.4 and 1.5 of the Fundamental Services Review Report. They are summarized below.

Efficiency Recommendations That Do Not Eliminate FTEs

If adopted, these 48 recommendations will result in a $1.7 million savings without eliminating FTEs. Eliminating professional services and consultants in the CMO, placing sensors on parking lot lights, and using contract security guards to staff stationary posts are examples of recommendations found in this category.

Efficiency Recommendations That Eliminate FTEs

The 27 recommendations in this category will result in a savings of $8.2 million. Examples of this effort include the restructuring of Traffic Engineering and aligning Engineering Planning's line of business with the current demands for services. Eighty-one (81) full time and 5 part time positions will be eliminated.

Eight (8) other "in progress" Efficiency Recommendations, such consolidation of the Franchise Officer in the City Attorney's Office and the organizational restructuring of the Municipal Court's case management system, will reduce operational costs by approximately $1 million.

Organizational Restructuring and Strategic Service Change

Three categories of organizational change options are discussed in Section 1.4 of the Fundamental Service Review Report. The category of Major Organizational Changes will have a significant labor and non-labor impact, each requiring an extended period of time for implementation. An example of this is the recommendation is to right-size and consolidate inspections services. Organizational changes that can be implemented immediately include the consolidation of Special Events and the coordination of graffiti abatement. Nine organizational changes such as outsourcing fleet maintenance and modifying the warrant service program, will require additional analysis.

Revenue Enhancements

At the time this report was prepared revenue enhancements were still under study. The reader is referred to the revenue enhancement options that have been presented in Section 1.5 of the Fundamental Service Review Report.

Conclusions

The options identified and discussed in Sections 1.3, 1.4 and 1.5 of the Fundamental Service Review Report represents the best thinking of the many people involved in the effort of dealing comprehensively with all of the interrelated aspects of the financial challenge facing the City of Las Vegas. As an organization, it dug very deep into the complex ways of reducing the City's operational costs and way of doing business in the future. One would be hard pressed to find a comparable effort by another municipality.

Almost every recommended change has a consequence that relates to another operational service or programs. Therefore, caution must be exercised against any additional picking and choosing that might “unravel” the effect of Fundamental Service Review Report recommendations on City services and programs.

Fundamental Service Review
Budget Rebalancing Scenarios

Finance & Business Services
Mark R. Vincent
September 19, 2008

Background

Given the recent economic conditions, namely the housing slump, credit tightening, and price escalation of petroleum-related and other products, it has become obvious that the five consecutive quarters of negative consolidated tax revenue growth (46 percent of general fund revenues) coupled with declining property tax revenue growth (25 percent of general fund revenues) have yet to hit bottom. Economic predictions are that this "trough" could persist another eighteen months before recovery begins.

The consolidated tax revenue formula distributes the Clark County revenues based on local government growth rates, and Las Vegas is now the slowest growing entity in southern Nevada, both from a population and a property value perspective. Further, Las Vegas and the other local governments have historically grown through annexation of new land, and the geographic constraints of the city limits will likely cause Las Vegas to reach maximum build out before any other entity.

These growth and revenue constrictors will prevent Las Vegas from returning to the double-digit growth rates experienced during the rapid growth of the mid-1990s through the mid-2000s. The future rate of growth cannot sustain the current rate of expenditure growth. The cumulative five-year budget shortfall based on current staffing levels would be $150 million. Action must be taken.

Summary of findings

Implementation of the $11 million in Fundamental Service Review (FSR) efficiency recommendations coupled with the reprogramming of $47 million of funds cobbled together to create a "virtual" revenue stabilization fund will not be sufficient to close the funding gap, ultimately leaving fiscal year (FY) 2014 with a $16 million operating shortfall.

Labor costs (wages and benefits) is the single largest element of the City's operating cost, comprising about 75 percent of the total (excluding the City's contribution towards Las Vegas Metropolitan Police Department, which is 80 percent labor in its own composition). Collective bargaining agreements cover 86 percent of the City's labor cost, which is growing substantially faster than inflation (in some cases two to three times as fast). Either programs and services

are reduced or the rate of labor cost growth (or some combination of the two) must be slowed in order to achieve long-range fiscal stability given the City's future revenue outlook.

In all, there are nine scenarios created with the forecast model, the results of which are summarized in Chart 1. Clearly the current $11 million identified efficiencies, and the $47 million stabilization fund will not be sufficient. Combining them in a plan of action helps to "buy" more time, but ultimately the fiscal stability of Las Vegas will be undermined. Efficiencies and program reductions/eliminations will need to be greatly expanded (likely doubled in FY 2010).

An alternative to program cuts could be concessions by the collective bargaining units. Two types could be one-time freezes or reduction in future increase. As stated in Scenario 7, although wage freezes can be effective in reducing the shortfall, a reduction in the rate of growth produced a more effective long-term solution. All appointive employees, including executives, have had their salaries frozen in FY 2009 (except that non-executive appointives received a cost of living adjustment, but not merit increases or bonuses). If all the collective bargaining units could agree to a one-year freeze in conjunction with the $11 million efficiency reductions, the model indicates that would sustain Las Vegas' fiscal health over the five year forecast (Scenario 6). An alternative to a wage freeze would be an across-the-board agreement to reduce the annual step increases from 5 percent to 2.5 percent (Scenario 7). Although that doesn't produce a savings as large as Scenario 6, it has two positive attributes: first, it allows the workforce to continue to receive annual adjustments without a freeze; and second, it has a longer lasting, more sustainable impact of slowing the rate of labor cost growth (from 5.1 percent to 3.8 percent).

Scenarios 8 and 9 are offered to illustrate the impacts of fee increases and termination of the current Five Year Capital Improvement Program (or at least the mothballing of the facilities).

Chart 1 – Scenario Summaries

Model Scenario	5-Year Savings	FY 2014 Shortfall	Fund Bal Percent
Scenario 1 - Baseline "do nothing"	$ -	$ (29)	-8.8%
Scenario 2 - $11M Efficiencies	$ 60	$ (16)	0.2%
Scenario 3 - $47M Stabilization	$ 47	$ (29)	-1.8%
Scenario 4 - 2 then 3	$ 107	$ (16)	7.2%
Scenario 5 - 3 then $23M Efficiencies	$ 107	$ (4)	7.1%
Scenario 6 - $11M Efficiencies + Freeze	$ 132	$ (0)	10.9%
Scenario 7 - $11M Efficiencies + 1/2 Step	$ 124	$ 7	9.7%
Scenario 8 - Fee Increase	$ 26	$ (20)	-4.8%
Scenario 9 - Terminate CIP projects	$ 58	$ (14)	-0.1%

As stated in the Analysis section, the $47 million revenue stabilization funds are not effective in bringing long-term stability because they cannot equalize operational revenues and expenditures. Their real role is to plug one-time anomolies. If, for example, revenues dips below forecasted levels for any reason, the $47 million could be available to plug that gap; to use it as a means of fixing a structural operating deficit means it will not be available if the forecast is optimistic. Further, Las Vegas should begin to fund the $400 million unfunded employee benefit liabilities, and staff believes the best use of the $47 million is to apply $25 million towards the liabilities and retaining the rest of it ($22 million) as a hedge against revenues not achieving the forcasted growth rates.

The details of the scenarios are outlined in the Analysis section.

Analysis

Scenario 1 – Baseline "Do Nothing"

Fiscal years 2004 through 2006 returned consolidated tax revenue growth rates in excess of 10 percent annually. At the same time, property tax growth, fueled by residential construction, grew at an average of 10 percent annually. These growth rates were substantially higher than normal, and they generated approximately $110 million in excess revenues of which $78 million was transferred out for capital project construction leaving about $32 million to remain the general fund reserve balance.

In the two years following fiscal year 2006, consolidated tax revenues have dropped a combined $14 million producing a negative 5 percent growth rate. Further, property tax has begun a trend or lower growth rates due to slumping housing construction and contracted credit markets. The recession is real, and the impacts are being felt in all sectors, including gaming and tourism.

A fiscal review committee was convened to review the financial model prepared to estimate the impacts of a prolonged recession, and the reality that double-digit revenue growth rates for Las Vegas will not return in the near future if ever. That committee was comprised of three financial consultants steeped in municipal fiscal policy, three private business executives managing through the current economic realities, and a state legislator who has a municipal budgeting background. All seven reached consensus that the financial model in Table 1a is a reasonable forecast of what Las Vegas can expect in revenue growth over the next five years, which equates to an average annual percentage (APR) rate of 4.7 percent, less than half of what was experienced in fiscal years 2004 through 2006.

Note that in Table 1a, there are two FY 2009 budget columns, "Orig FY09" and "New FY09." As part of our FSR, we continued to examine the operational cost elements in both FY 2008 and FY 2009. Our emphasis was on the non-labor and fringe benefit elements of the operating cost. Expenditures in FY 2008 came in approximately $13 million under the revised budget, and a further macro-level examination revealed there were two areas that warranted reduction, professional fees and internal service charges. Also, the FY 2009 fringe benefit allocation rate included approximately $10 million that was to be used to fund liabilities related to employee benefits, namely post employment health benefits and workers compensation benefits. Staff has decided to request funding those liabilities through express appropriations rather than through a fringe benefit allocation process. The results of these changes were to reduce the FY 2009 budgeted expenditures by approximately $21 million, which when combined with the budget reductions approved in the May 2008 Budget Hearing, will reduce our budgeted expenditures by $42 million, which is reflected in the flattening of the expenditure line between FY 2007 and FY 2009 (Table 1b).

As previously stated, the city has over $400 million of unfunded benefit liabilities that are mandated through the NRS but are not funded by the state, and the funding of these liabilities cannot be ignored indefinitely. Not only are adequate reserves necessary in the general fund,

but Las Vegas will have to develop a policy for appropriating funds to begin addressing the unfunded employee liabilities.

Table 1a – Scenario 1 Baseline Forecast

	Budget		5-Year Forecast					
	Orig FY09	New FY09	Ave Growth	FY10	FY11	FY12	FY13	FY14
C-Tax	252.1	249.1	4.2%	251.6	259.2	272.1	288.5	305.8
Prop Tax	133.6	133.4	6.8%	140.0	148.4	158.8	171.5	185.2
Lic & Fran	85.1	83.2	4.4%	85.7	89.1	93.6	98.3	103.2
Other	63.4	63.4	3.0%	65.3	67.3	69.3	71.4	73.5
Transfers In From Other Funds	3.0	3.0	-12.9%	1.5	1.5	1.5	1.5	1.5
Revenue Stabilization	-	-		-	-	-	-	-
	537.3	532.1	4.7%	544.1	565.5	595.3	631.1	669.2
Revenue Growth	2.6%	1.6%	-	2.3%	3.9%	5.3%	6.0%	6.0%
Wages	199.0	199.0	5.6%	208.3	221.5	236.3	248.5	260.7
Benefits	101.9	91.3	6.7%	96.7	104.0	112.1	119.2	126.5
Wages & Benefits	300.8	290.3	5.9%	305.0	325.5	348.3	367.7	387.2
Non- Labor	97.9	87.3	4.5%	91.3	95.4	99.7	104.2	108.8
LVMPD - Operations	135.7	135.7	6.5%	144.6	153.9	164.0	174.6	186.0
LVMPD - Facilities Capital	7.6	7.6	-11.2%	7.0	2.0	2.0	4.2	4.2
T/O - Debt Serv	12.1	12.1	-6.8%	12.1	13.9	8.5	8.5	8.5
T/O - CPF	1.7	1.7	-100.0%	1.7	-	-	-	-
T/O - Other	1.5	1.5	0.0%	1.5	1.5	1.5	1.5	1.5
Re-Fund FY08/FY09 Vacancies	-	-		-	-	-	-	-
Labor Reductions	-	-		-	-	-	-	-
Non-Labor Reductions	-	-		-	-	-	-	-
CPF - Cumulative New Debt Service	-	-		-	-	2.0	2.0	2.0
CPF - New O&M (initial year)	-	-		4.7	6.0	1.6	0.7	-
	557.4	536.3	5.4%	567.9	598.2	627.6	663.4	698.3
Expenditure Growth	7.7%	3.6%	-	5.9%	5.3%	4.9%	5.7%	5.2%
Excess(Shortfall)	(20.1)	(4.2)	-	(23.7)	(32.7)	(32.3)	(32.4)	(29.1)
	-	-	-	-	-	-	-	-
Fund Balance	75.5	91.4		67.7	35.0	2.7	(29.7)	(58.8)
Budget Policy FB Percentage	14.0%	17.2%	-	12.4%	6.2%	0.5%	-4.7%	-8.8%

This “do nothing” scenario, as illustrated in Tables 1b and 1c, produces a cumulative operating budget shortfall of $150 million or an average annual shortfall of $30 million. General fund cash reserves would be depleted by the end of FY 2012, forcing bankruptcy.

The forecast includes expenditures for three types of future commitments. First, operations and maintenance cost (O&M) are reflected based on the FY 2009 5-Year Capital Improvement Program approved by the City Council. The majority of the expenditures listed here are assumed to be labor costs, such as firefighters or parks maintenance personnel. Second, Council has an agreement with a developer to build a new city hall which will eventually be funded through land sales and redevelopment taxes. That agreement calls for Las Vegas to begin lease/note payments in FY 2012 of $2 million annually. Finally, the relocation of the Metropolitan Police Department will result in the need to fund approximately $4.2 million annually towards that new lease obligation, net of other savings.

Table 1b – Scenario 1 Revenue and Expenditure Trends

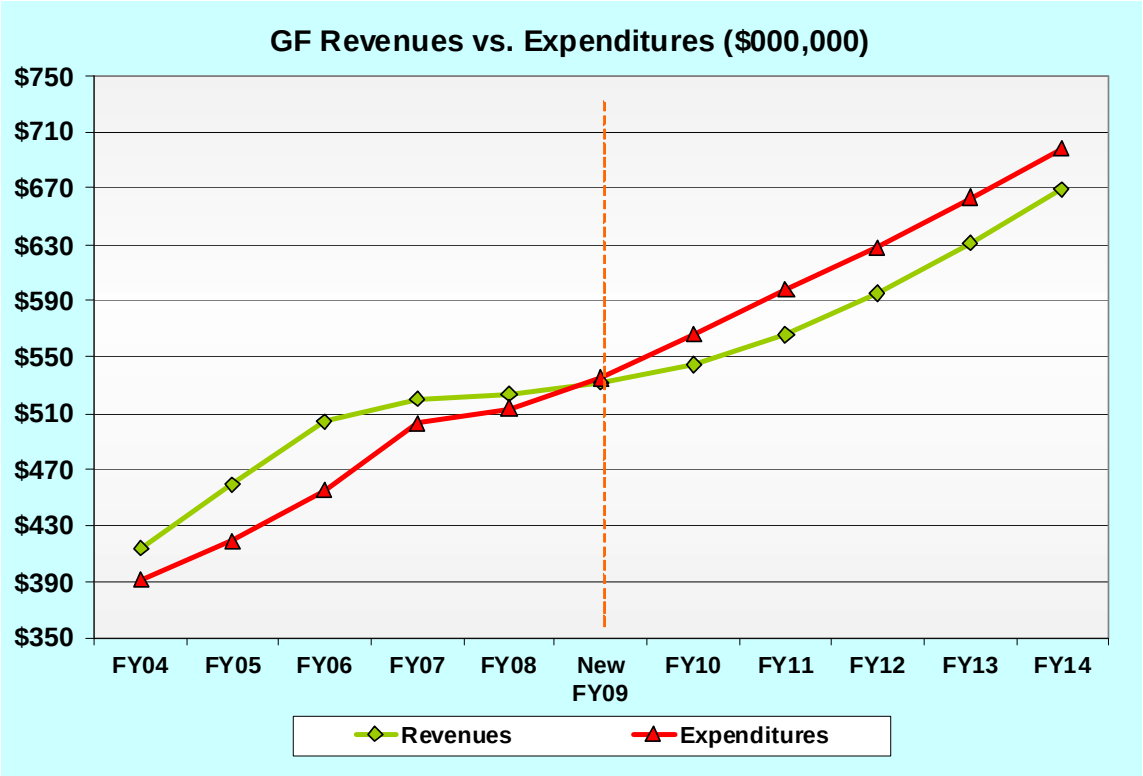
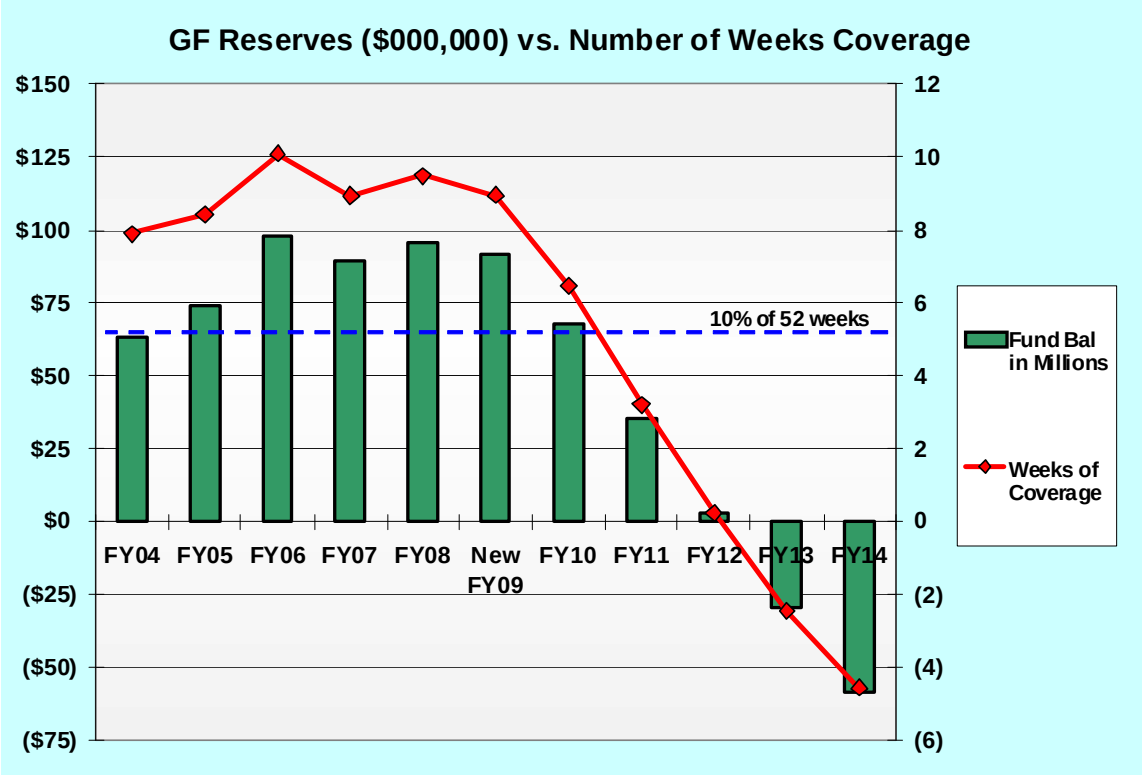


Table 1c – Scenario 1 Fund Balance Impacts



Scenario 2 – Implement Efficiency Recommendations in FY 2010

The FSR efficiency recommendations total about $11 million of which $9 million represents wages and benefits (approximately 90 positions). If all the recommendations were implemented in FY 2010, the five-year budget shortfall would only drop by about $60 million. This scenario, as illustrated in Tables 2b and 2c, produces a cumulative operating budget shortfall of $90 million or an average annual shortfall of $18 million. General fund cash reserves would be depleted by the end of FY 2014, possibly forcing bankruptcy.

Table 2a – Scenario 2 Efficiency Recommendations

	Budget		5-Year Forecast					
	Orig FY09	New FY09	Ave Growth	FY10	FY11	FY12	FY13	FY14
C-Tax	252.1	249.1	4.2%	251.6	259.2	272.1	288.5	305.8
Prop Tax	133.6	133.4	6.8%	140.0	148.4	158.8	171.5	185.2
Lic & Fran	85.1	83.2	4.4%	85.7	89.1	93.6	98.3	103.2
Other	63.4	63.4	3.0%	65.3	67.3	69.3	71.4	73.5
Transfers In From Other Funds	3.0	3.0	-12.9%	1.5	1.5	1.5	1.5	1.5
Revenue Stabilization	-	-		-	-	-	-	-
	537.3	532.1	4.7%	544.1	565.5	595.3	631.1	669.2
Revenue Growth	2.6%	1.6%	-	2.3%	3.9%	5.3%	6.0%	6.0%
Wages	199.0	199.0	4.9%	208.3	215.1	229.5	241.5	253.3
Benefits	101.9	91.3	6.2%	96.7	101.0	109.0	115.9	123.0
Wages & Benefits	300.8	290.3	5.3%	305.0	316.1	338.5	357.4	376.4
Non- Labor	97.9	87.3	4.1%	91.3	93.3	97.5	101.9	106.5
LVMPD - Operations	135.7	135.7	6.5%	144.6	153.9	164.0	174.6	186.0
LVMPD - Facilities Capital	7.6	7.6	-11.2%	7.0	2.0	2.0	4.2	4.2
T/O - Debt Serv	12.1	12.1	-6.8%	12.1	13.9	8.5	8.5	8.5
T/O - CPF	1.7	1.7	-100.0%	1.7	-	-	-	-
T/O - Other	1.5	1.5	0.0%	1.5	1.5	1.5	1.5	1.5
Re-Fund FY08/FY09 Vacancies	-	-		-	-	-	-	-
Labor Reductions	-	-		(8.9)	-	-	-	-
Non-Labor Reductions	-	-		(1.9)	-	-	-	-
CPF - Cumulative New Debt Service	-	-		-	-	2.0	2.0	2.0
CPF - New O&M (initial year)	-	-		4.7	6.0	1.6	0.7	-
	557.4	536.3	5.0%	557.0	586.8	615.6	650.9	685.1
Expenditure Growth	7.7%	3.6%	-	3.9%	5.3%	4.9%	5.7%	5.3%
Excess(Shortfall)	(20.1)	(4.2)	-	(12.9)	(21.3)	(20.3)	(19.8)	(15.9)
	-	-	-	-	-	-	-	-
Fund Balance	75.5	91.4	-58.1%	78.5	57.2	36.9	17.1	1.2
Budget Policy FB Percentage	14.0%	17.2%	-	14.4%	10.1%	6.2%	2.7%	0.2%

Table 2b - Scenario 2 Revenue and Expenditure Trends

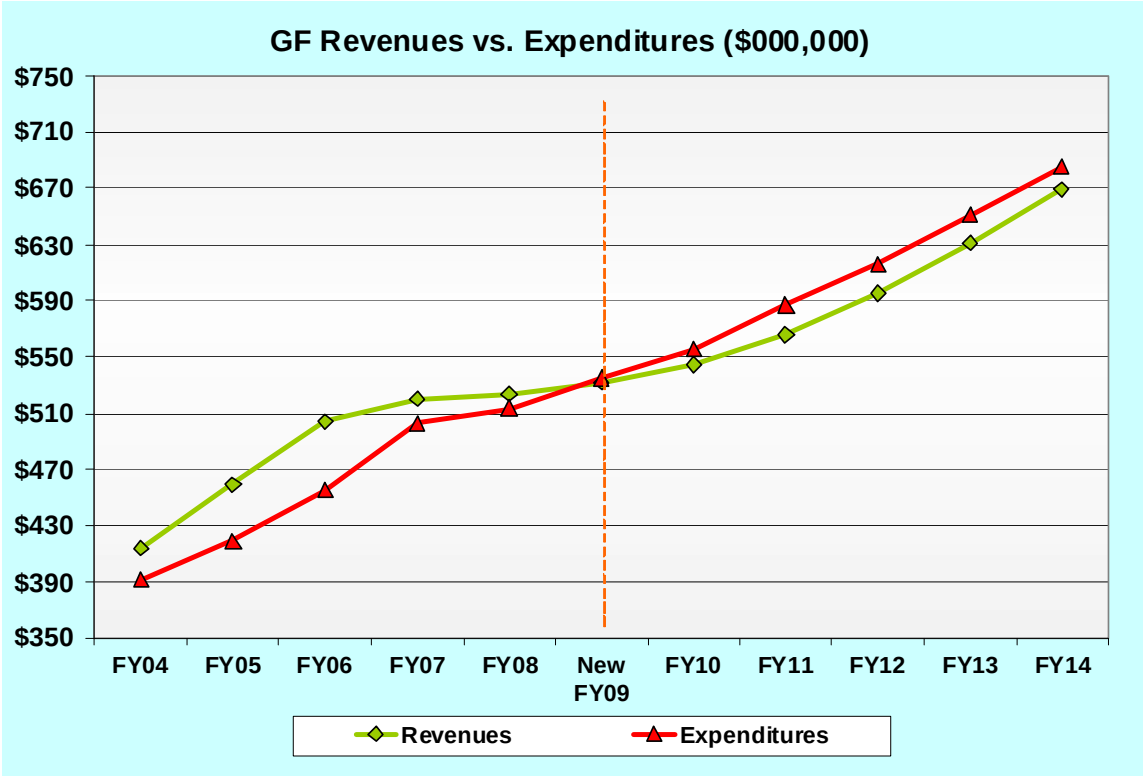
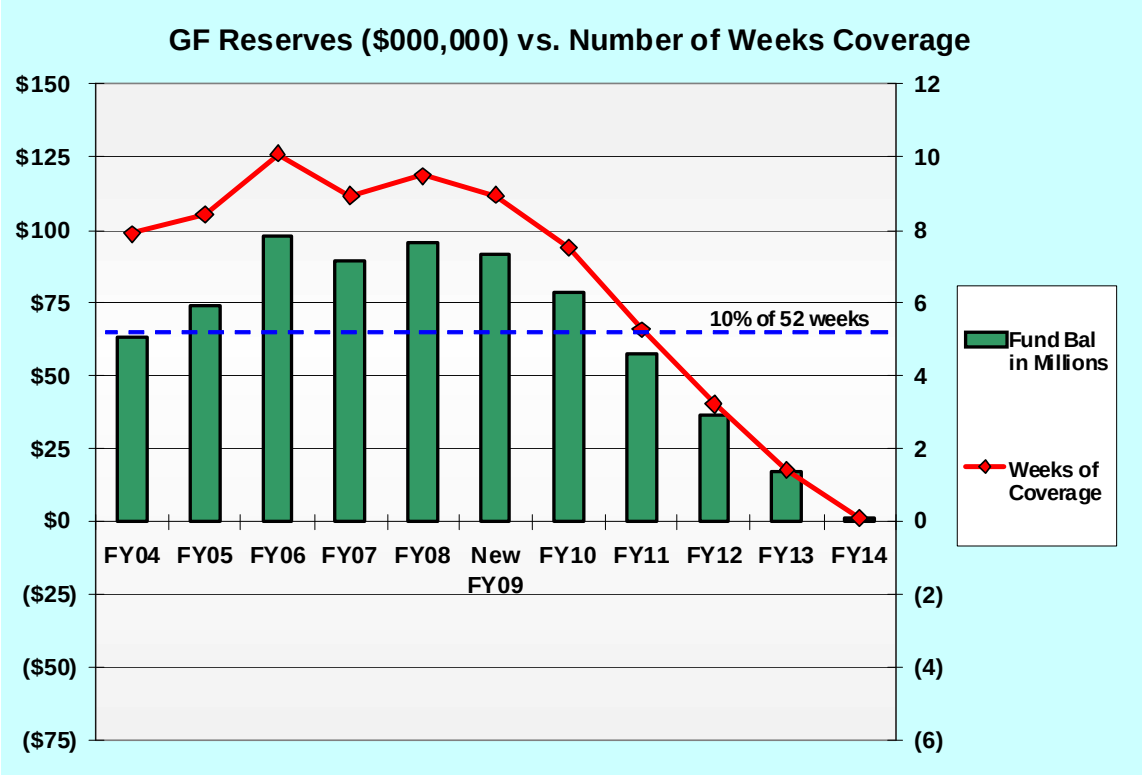


Table 2c - Scenario 2 Fund Balance Impacts



Scenario 3 – Use of Revenue Stabilization Fund

During the May 2008 Budget Hearing, approximately $32 million of fundable revenues were cobbled together from various sources. These were identified by delaying or terminating capital projects funded from general fund revenues (i.e., transfers out), by delaying capital replacement of equipment billed through internal service funds (ISF) such as vehicles, computers, radios, etc., and by redirecting funding historically used for capital projects back into the general fund. Additional ISF review determined an additional $15 million would be available within those funds, which could bring that total up to $47 million.

There are several risks associated with this scenario. First, the current state law governing the creation of revenue stabilization funds is so restrictive that the protections against diversion for other uses is outweighed by restrictions to use only in the event of natural disasters. Second, without statutory protection, the funds are open to outside attempts to appropriate them for other uses and obligations other than fiscal stability. Third, drawing down the general fund balance to a 10 percent level and then expending the entire $47 million to maintain that 10 percent balance will not be viewed favorably by the investment community who rates our credit and buys our municipal bonds; depleting our reserves on an extended basis will reduce the Las Vegas bond credit ratings. Lastly, revenue stabilization funds are one-time revenues i.e., they should be used to fill short-term emergency gaps not for long-term fiscal re-balancing.

All that said, if the $47 million in revenue stabilization was utilized in FYs 2011 and 2012 after drawing down the existing general fund balance reserve to 10 percent, the five-year budget shortfall would only drop by $47 million. This scenario, as illustrated in Tables 3b and 3c, produces a cumulative operating budget shortfall of $103 million or an average annual shortfall of $21 million. General fund cash reserves would be depleted by the end of FY 2014, possibly forcing bankruptcy.

A better use of this one-time money would be to fund a portion of the employee benefit liabilities (about $400 million) and retain the rest as a revenue stabilization fund for other natural or man-made disasters or the possibility that the model revenue forecast is not achieved.

Table 3a – Scenario 3 Stabilization Fund

	Budget		5-Year Forecast					
	Orig FY09	New FY09	Ave Growth	FY10	FY11	FY12	FY13	FY14
C-Tax	252.1	249.1	4.2%	251.6	259.2	272.1	288.5	305.8
Prop Tax	133.6	133.4	6.8%	140.0	148.4	158.8	171.5	185.2
Lic & Fran	85.1	83.2	4.4%	85.7	89.1	93.6	98.3	103.2
Other	63.4	63.4	3.0%	65.3	67.3	69.3	71.4	73.5
Transfers In From Other Funds	3.0	3.0	-12.9%	1.5	1.5	1.5	1.5	1.5
Revenue Stabilization	-	-		-	22.0	25.0	-	-
	537.3	532.1	4.7%	544.1	587.5	620.3	631.1	669.2
Revenue Growth	2.6%	1.6%	-	2.3%	3.9%	1.3%	1.7%	6.0%
Wages	199.0	199.0	5.6%	208.3	221.5	236.3	248.5	260.7
Benefits	101.9	91.3	6.7%	96.7	104.0	112.1	119.2	126.5
Wages & Benefits	300.8	290.3	5.9%	305.0	325.5	348.3	367.7	387.2
Non- Labor	97.9	87.3	4.5%	91.3	95.4	99.7	104.2	108.8
LVMPD - Operations	135.7	135.7	6.5%	144.6	153.9	164.0	174.6	186.0
LVMPD - Facilities Capital	7.6	7.6	-11.2%	7.0	2.0	2.0	4.2	4.2
T/O - Debt Serv	12.1	12.1	-6.8%	12.1	13.9	8.5	8.5	8.5
T/O - CPF	1.7	1.7	-100.0%	1.7	-	-	-	-
T/O - Other	1.5	1.5	0.0%	1.5	1.5	1.5	1.5	1.5
Re-Fund FY08/FY09 Vacancies	-	-		-	-	-	-	-
Labor Reductions	-	-		-	-	-	-	-
Non-Labor Reductions	-	-		-	-	-	-	-
CPF - Cumulative New Debt Service	-	-		-	-	2.0	2.0	2.0
CPF - New O&M (initial year)	-	-		4.7	6.0	1.6	0.7	-
	557.4	536.3	5.4%	567.9	598.2	627.6	663.4	698.3
Expenditure Growth	7.7%	3.6%	-	5.9%	5.3%	4.9%	5.7%	5.2%
Excess(Shortfall)	(20.1)	(4.2)	-	(23.7)	(10.7)	(7.3)	(32.4)	(29.1)
	-	-	-	-	-	-	-	-
Fund Balance	75.5	91.4		67.7	57.0	49.7	17.3	(11.8)
Budget Policy FB Percentage	14.0%	17.2%	-	12.4%	10.1%	8.3%	2.7%	-1.8%

Table 3b - Scenario 3 Revenue and Expenditure Trends

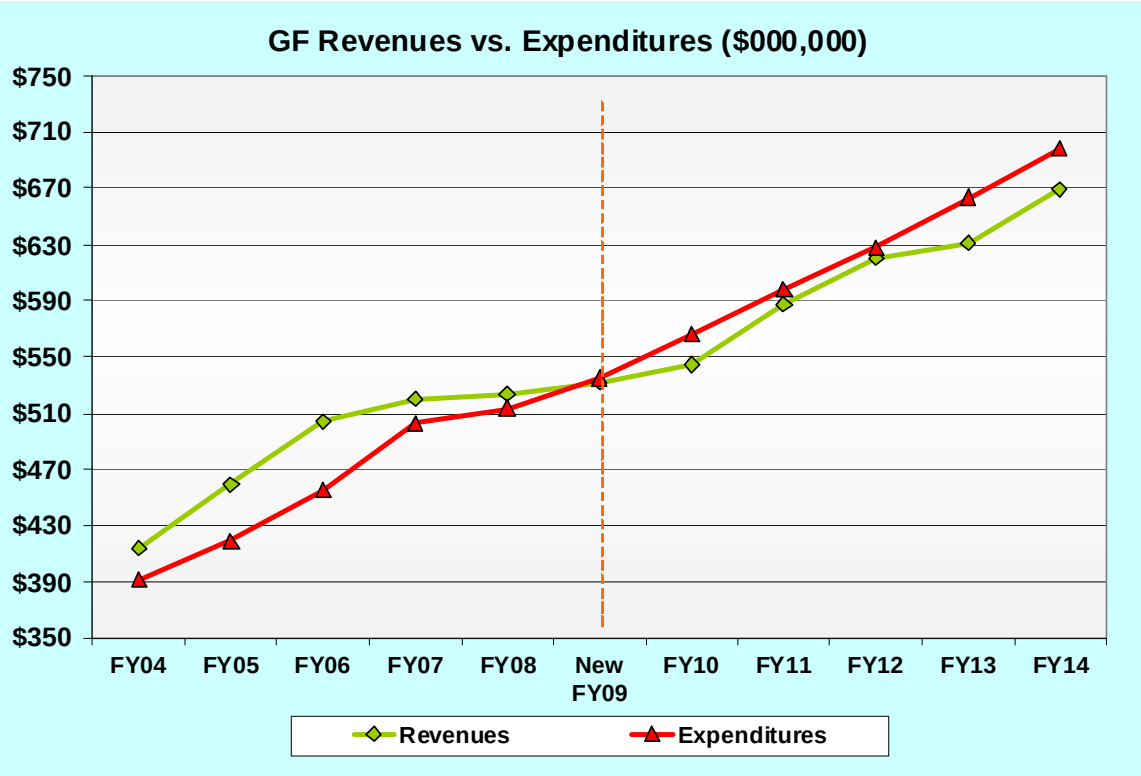
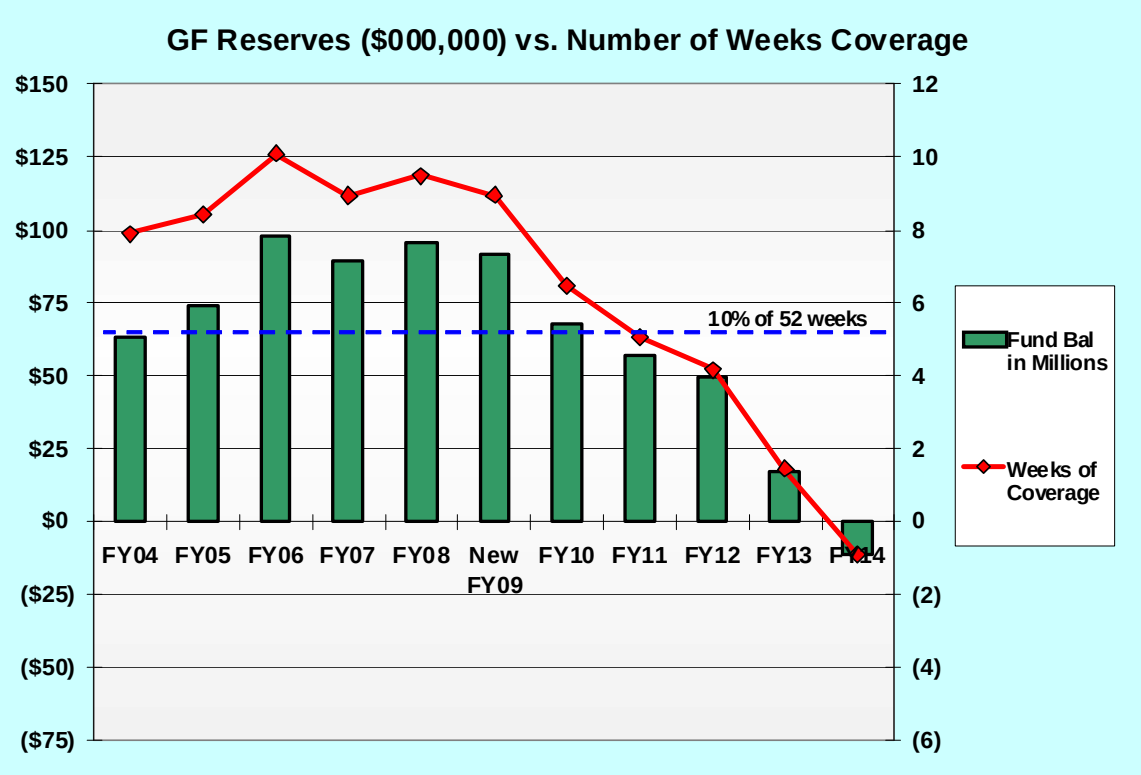


Table 3c - Scenario 3 Fund Balance Impacts



Scenario 4 – Efficiency Recommendations and Revenue Stabilization Fund

If scenarios 2 and 3 were combined, that is implement the $11 million in efficiency recommendations and then use the $47 million in stabilization funds to maintain a 10% general fund reserve balance, the forecasted five-year operating shortfall would be reduced by $107 million to $43 million or an average annual shortfall of $9 million.

While this approach will not result in a full depletion of general fund reserves, the reserve will drop significantly below the 10 percent fund balance reserve by FY 2014. This approach has the same stabilization fund risks as described under Scenario 3 on page 8, and more importantly, does not bring the expenditure growth rate into full alignment of the revenue growth rate. Further, there would be no reserves left to withstand another slump in FY 2014.

Table 4a - Scenario 4 Efficiency Recommendation and Stabilization Fund

	Budget		5-Year Forecast					
	Orig FY09	New FY09	Ave Growth	FY10	FY11	FY12	FY13	FY14
C-Tax	252.1	249.1	4.2%	251.6	259.2	272.1	288.5	305.8
Prop Tax	133.6	133.4	6.8%	140.0	148.4	158.8	171.5	185.2
Lic & Fran	85.1	83.2	4.4%	85.7	89.1	93.6	98.3	103.2
Other	63.4	63.4	3.0%	65.3	67.3	69.3	71.4	73.5
Transfers In From Other Funds	3.0	3.0	-12.9%	1.5	1.5	1.5	1.5	1.5
Revenue Stabilization	-	-		-	-	23.0	24.0	-
	537.3	532.1	4.7%	544.1	565.5	618.3	655.1	669.2
Revenue Growth	2.6%	1.6%	-	2.3%	3.9%	5.3%	2.1%	2.1%
Wages	199.0	199.0	4.9%	208.3	215.1	229.5	241.5	253.3
Benefits	101.9	91.3	6.2%	96.7	101.0	109.0	115.9	123.0
Wages & Benefits	300.8	290.3	5.3%	305.0	316.1	338.5	357.4	376.4
Non- Labor	97.9	87.3	4.1%	91.3	93.3	97.5	101.9	106.5
LVMPD - Operations	135.7	135.7	6.5%	144.6	153.9	164.0	174.6	186.0
LVMPD - Facilities Capital	7.6	7.6	-11.2%	7.0	2.0	2.0	4.2	4.2
T/O - Debt Serv	12.1	12.1	-6.8%	12.1	13.9	8.5	8.5	8.5
T/O - CPF	1.7	1.7	-100.0%	1.7	-	-	-	-
T/O - Other	1.5	1.5	0.0%	1.5	1.5	1.5	1.5	1.5
Re-Fund FY08/FY09 Vacancies	-	-		-	-	-	-	-
Labor Reductions	-	-		(8.9)	-	-	-	-
Non-Labor Reductions	-	-		(1.9)	-	-	-	-
CPF - Cumulative New Debt Service	-	-		-	-	2.0	2.0	2.0
CPF - New O&M (initial year)	-	-		4.7	6.0	1.6	0.7	-
	557.4	536.3	5.0%	557.0	586.8	615.6	650.9	685.1
Expenditure Growth	7.7%	3.6%	-	3.9%	5.3%	4.9%	5.7%	5.3%
Excess(Shortfall)	(20.1)	(4.2)	-	(12.9)	(21.3)	2.7	4.2	(15.9)
	-	-	-	-	-	-	-	-
Fund Balance	75.5	91.4	-12.0%	78.5	57.2	59.9	64.1	48.2
Budget Policy FB Percentage	14.0%	17.2%	-	14.4%	10.1%	10.1%	10.2%	7.2%

This scenario, as illustrated in Tables 4b and 4c, produces a cumulative operating budget shortfall of $43 million or an average annual shortfall of $9 million. General fund cash reserves would not be depleted but would fall below the 10 percent threshold by the end of FY 2014, likely reducing the city's credit rating.

Table 4b - Scenario 4 Revenue and Expenditure Trends

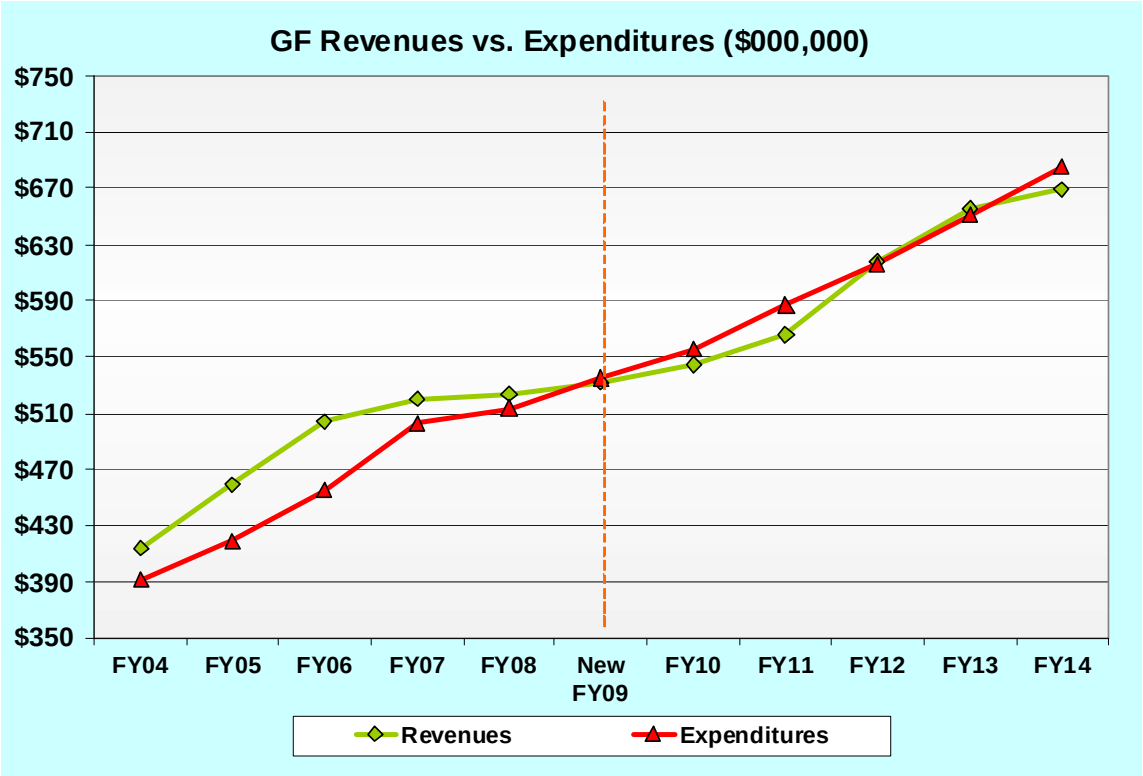
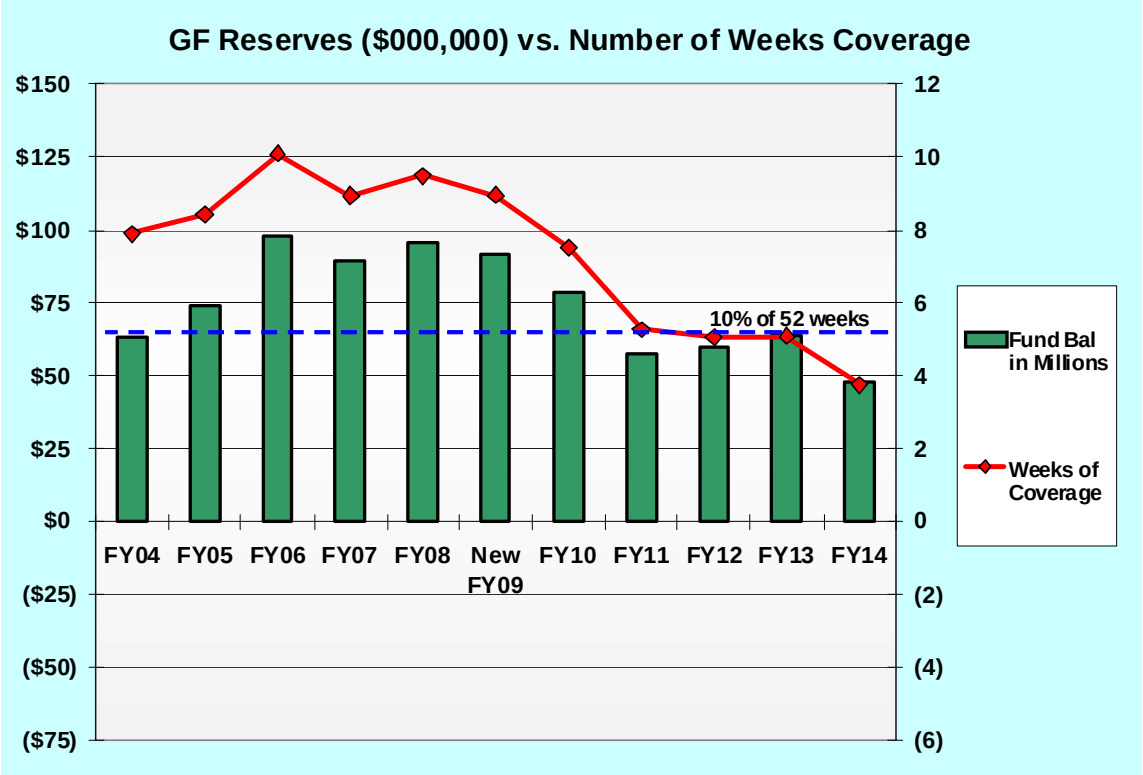


Table 5c - Scenario 4 Fund Balance Impacts



Scenario 5 – Reversing the order of Scenario 4

Delaying the efficiency recommendations by first utilizing the $47 million revenue stabilization funds would result in the need to increase the efficiency cuts from $11 million to $23 million in order to arrive at the same fund balance of $48 million in FY 2014 (less than a 7 percent reserve). This is because stabilization funds have a one-time impact and the delayed cuts lose the compounding effect on the operating budget; cutting costs earlier are less impactive on the workforce and ultimately our services.

Table 5a - Scenario 5 Reversing the Implementation Order of Scenario 4

	Budget		5-Year Forecast					
	Orig FY09	New FY09	Ave Growth	FY10	FY11	FY12	FY13	FY14
C-Tax	252.1	249.1	4.2%	251.6	259.2	272.1	288.5	305.8
Prop Tax	133.6	133.4	6.8%	140.0	148.4	158.8	171.5	185.2
Lic & Fran	85.1	83.2	4.4%	85.7	89.1	93.6	98.3	103.2
Other	63.4	63.4	3.0%	65.3	67.3	69.3	71.4	73.5
Transfers In From Other Funds	3.0	3.0	-12.9%	1.5	1.5	1.5	1.5	1.5
Revenue Stabilization	-	-		-	22.0	25.0	-	-
	537.3	532.1	4.7%	544.1	587.5	620.3	631.1	669.2
Revenue Growth	2.6%	1.6%	-	2.3%	3.9%	1.3%	1.7%	6.0%
Wages	199.0	199.0	4.5%	208.3	221.5	236.3	242.7	247.8
Benefits	101.9	91.3	5.7%	96.7	104.0	112.1	116.6	120.6
Wages & Benefits	300.8	290.3	4.9%	305.0	325.5	348.3	359.3	368.4
Non- Labor	97.9	87.3	3.3%	91.3	95.4	99.7	101.4	102.6
LVMPD - Operations	135.7	135.7	6.5%	144.6	153.9	164.0	174.6	186.0
LVMPD - Facilities Capital	7.6	7.6	-11.2%	7.0	2.0	2.0	4.2	4.2
T/O - Debt Serv	12.1	12.1	-6.8%	12.1	13.9	8.5	8.5	8.5
T/O - CPF	1.7	1.7	-100.0%	1.7	-	-	-	-
T/O - Other	1.5	1.5	0.0%	1.5	1.5	1.5	1.5	1.5
Re-Fund FY08/FY09 Vacancies	-	-		-	-	-	-	-
Labor Reductions	-	-		-	-	(8.0)	(9.5)	-
Non-Labor Reductions	-	-		-	-	(2.7)	(3.2)	-
CPF - Cumulative New Debt Service	-	-		-	-	2.0	2.0	2.0
CPF - New O&M (initial year)	-	-		4.7	6.0	1.6	0.7	-
	557.4	536.3	4.7%	567.9	598.2	616.9	639.6	673.2
Expenditure Growth	7.7%	3.6%	-	5.9%	5.3%	3.1%	3.7%	5.3%
Excess(Shortfall)	(20.1)	(4.2)	-	(23.7)	(10.7)	3.4	(8.5)	(4.0)
	-	-	-	-	-	-	-	-
Fund Balance	75.5	91.4	-12.2%	67.7	57.0	60.3	51.8	47.8
Budget Policy FB Percentage	14.0%	17.2%	-	12.4%	10.1%	10.1%	8.2%	7.1%

Note that not only are the efficiency cuts more than twice as much if delayed to FYs 2012 and 2013, but they are spread over two years. Asking employees to wait for the pending cuts over several years could be devastating on employee morale.

This scenario, as illustrated in Tables 5b and 5c, is similar to scenario 4 in that it produces a cumulative operating budget shortfall of $44 million or an average annual shortfall of $9 million. General fund cash reserves would not be depleted but would fall below the 10 percent threshold by the end of FY 2013, likely reducing the city's credit rating.

Table 5b - Scenario 5 Revenue and Expenditure Trends

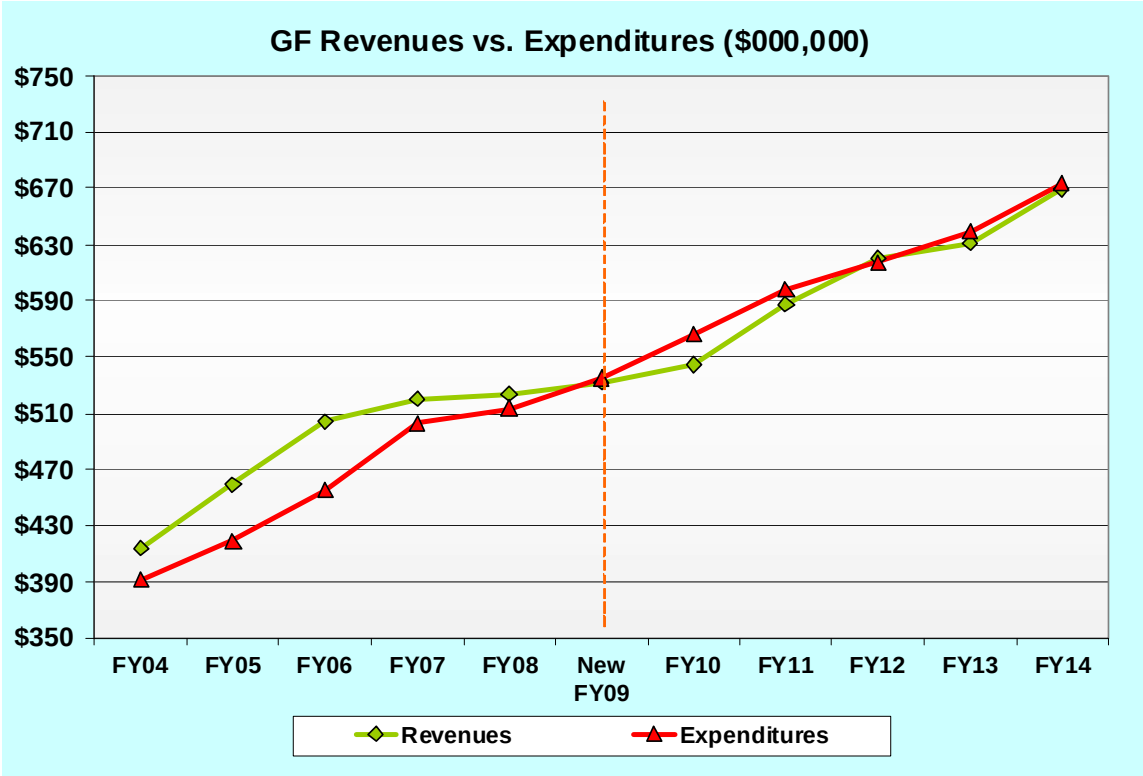
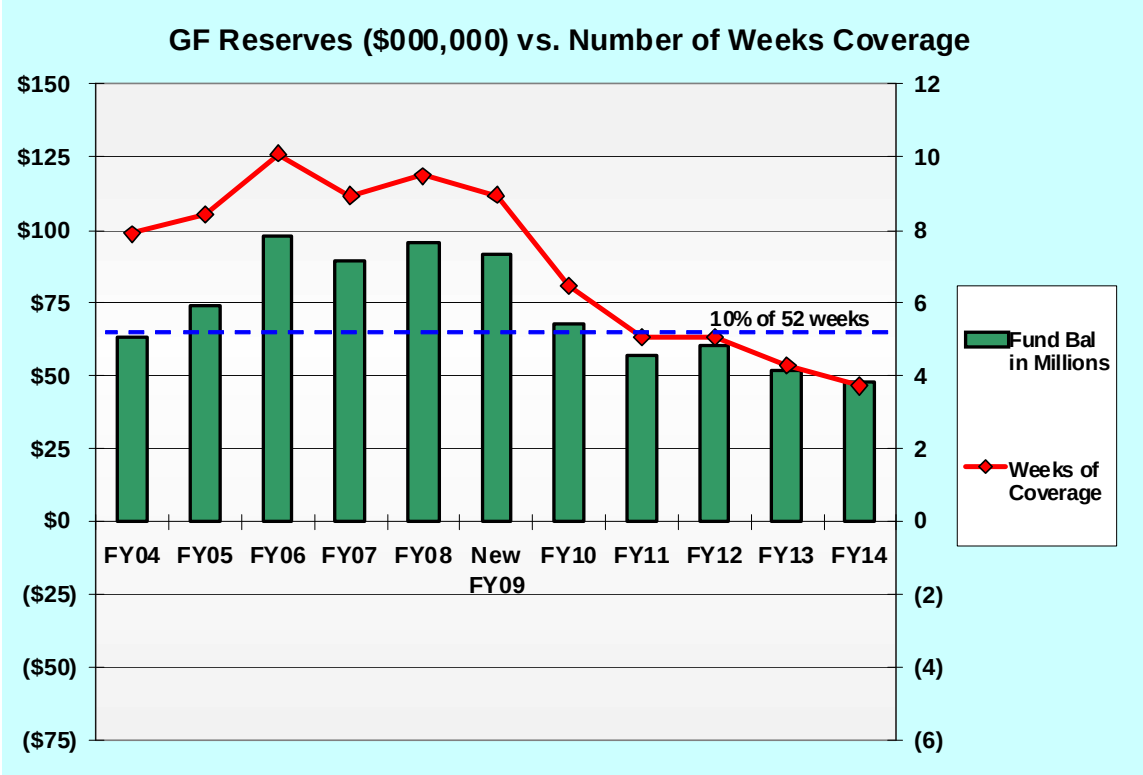


Table 5c - Scenario 5 Fund Balance Impacts



Scenario 6 – Efficiency Recommendations and a FY 2010 Wage Freeze

If the $11 million in wage efficiencies could be coupled with an across the board wage freeze in FY 2010, the forecasted five-year operating shortfall would be reduced by $131 million to $19 million or an average annual shortfall of under $4 million.

Currently, the compounding effects of annual cost of living increases (COLA), annual step increases, and annual longevity increases cause wages to increase annually by about 4.7 percent (taking into account that only 48 percent of the workforce is eligible for step increases and that the 5 percent normal attrition rate saves about 20 percent due to lower replacement wage rates). Unfortunately, fringe benefits, a function of labor, tend to grow even faster, especially when medical cost and PERS contribution rates increase. A one year wage freeze (no COLA, step, or longevity increases) could save about $72 million over 5 years.

Table 6a - Scenario 6 Efficiciencies and FY 2010 Wage Freeze

	Budget		5-Year Forecast					
	Orig FY09	New FY09	Ave Growth	FY10	FY11	FY12	FY13	FY14
C-Tax	252.1	249.1	4.2%	251.6	259.2	272.1	288.5	305.8
Prop Tax	133.6	133.4	6.8%	140.0	148.4	158.8	171.5	185.2
Lic & Fran	85.1	83.2	4.4%	85.7	89.1	93.6	98.3	103.2
Other	63.4	63.4	3.0%	65.3	67.3	69.3	71.4	73.5
Transfers In From Other Funds	3.0	3.0	-12.9%	1.5	1.5	1.5	1.5	1.5
Revenue Stabilization	-	-		-	-	-	-	-
	537.3	532.1	4.7%	544.1	565.5	595.3	631.1	669.2
Revenue Growth	2.6%	1.6%	-	2.3%	3.9%	5.3%	6.0%	6.0%
Wages	199.0	199.0	4.0%	199.0	205.3	219.3	230.7	242.1
Benefits	101.9	91.3	5.4%	93.1	97.2	105.0	111.7	118.5
Wages & Benefits	300.8	290.3	4.4%	292.1	302.5	324.2	342.4	360.6
Non- Labor	97.9	87.3	4.1%	91.3	93.3	97.5	101.9	106.5
LVMPD - Operations	135.7	135.7	6.5%	144.6	153.9	164.0	174.6	186.0
LVMPD - Facilities Capital	7.6	7.6	-11.2%	7.0	2.0	2.0	4.2	4.2
T/O - Debt Serv	12.1	12.1	-6.8%	12.1	13.9	8.5	8.5	8.5
T/O - CPF	1.7	1.7	-100.0%	1.7	-	-	-	-
T/O - Other	1.5	1.5	0.0%	1.5	1.5	1.5	1.5	1.5
Re-Fund FY08/FY09 Vacancies	-	-		-	-	-	-	-
Labor Reductions	-	-		(8.9)	-	-	-	-
Non-Labor Reductions	-	-		(1.9)	-	-	-	-
CPF - Cumulative New Debt Service	-	-		-	-	2.0	2.0	2.0
CPF - New O&M (initial year)	-	-		4.7	6.0	1.6	0.7	-
	557.4	536.3	4.5%	544.1	573.2	601.3	635.9	669.3
Expenditure Growth	7.7%	3.6%	-	1.5%	5.4%	4.9%	5.7%	5.3%
Excess(Shortfall)	(20.1)	(4.2)	-	0.0	(7.8)	(6.0)	(4.8)	(0.2)
	-	-	-	-	-	-	-	-
Fund Balance	75.5	91.4	-4.5%	91.5	83.7	77.7	72.9	72.7
Budget Policy FB Percentage	14.0%	17.2%	-	16.8%	14.8%	13.0%	11.5%	10.9%

This scenario, as illustrated in Tables 6b and 6c, produces a cumulative operating budget shortfall of $19 million or an average annual shortfall of less than $4 million. General fund cash reserves would not be depleted nor fall below the 10 percent threshhold by the end of FY 2014, but there would remain a long-term concern. While this scenario seems to cover the five-year shortfall adequately, it does not bring the labor growth rate into balance with the revenue growth rate. Eventually, additional action will need to be taken to fix the imbalance (FY 2014 would still have a $0.2 million operating shortfall).

This scenario does have the advantage of retaining the revenue stabilization fund for emergencies, reprogramming it for capital projects, or allocating it for the unfunded employee liabilities or some combination of the three.

Finally, a wage freeze could not happen unilaterally but rather would have to be accomplished at the collective bargaining table.

Table 6b - Scenario 6 Revenue and Expenditure Trends

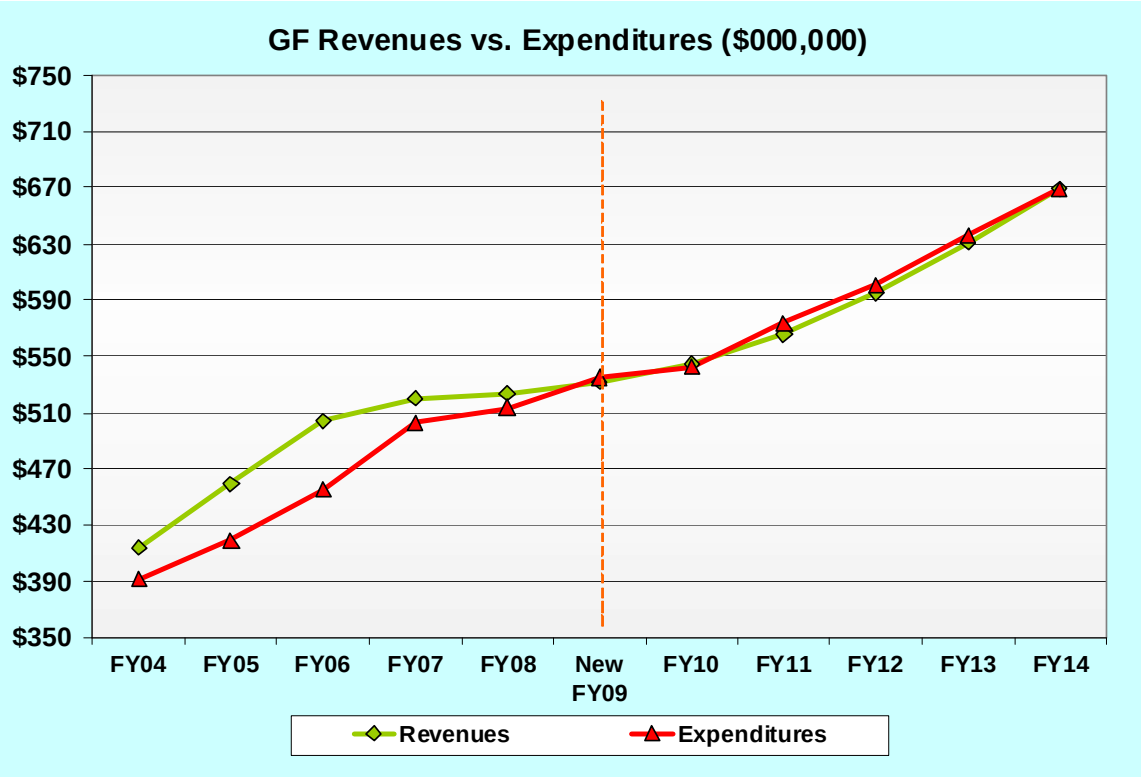
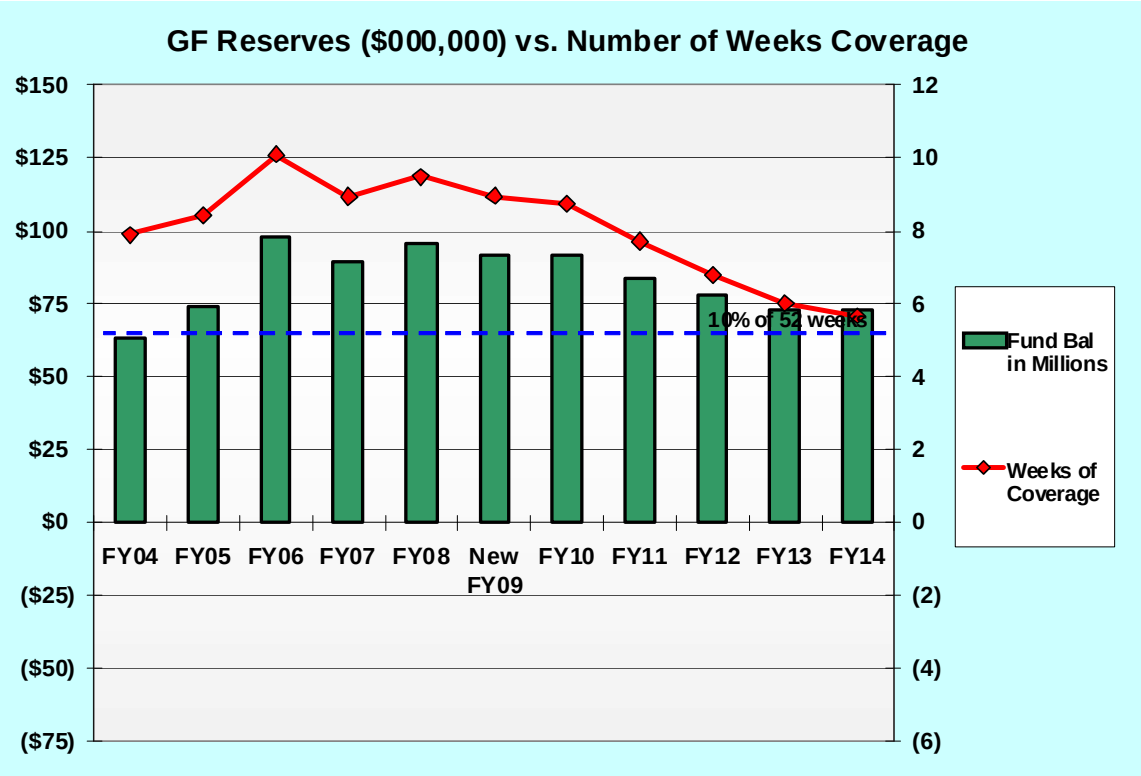


Table 6c - Scenario 6 Fund Balance Impacts



Scenario 7 – Efficiency Recommendations and a 50 Percent Reduction in Step Increases

As indicated in Scenario 6, a one-time freeze of all or part of wages is not the best solution. The compounding effects of annual cost of living increases, annual step increases, and annual longevity increases cause wages to increase annually by about 4.7 percent (taking into account that only 48 percent of the workforce is eligible for step increases and that the 5 percent normal attrition rate saves about 20 percent due to lower replacement wage rates). Unfortunately, fringe benefits are a function of labor and they tend to grow even faster, especially when medical cost and PERS contribution rates increase. The impact of fringe benefits brings the baseline labor cost growth rate to 5.1 percent. Obtaining a 25 percent reduction in this total labor growth rate is necessary to achieve long-term fiscal stability.

For example, if the $11 million in efficiency recommendations could be coupled with a 50 percent reduction in annual step increases (e.g., reduce 5 percent to 2.5 percent) in FY 2010, the forecasted five-year operating shortfall would be reduced by $124 million to $26 million or an average annual shortfall of $5 million. Reducing the contractual step increases from 5 percent to 2.5 percent has the impact of dropping that baseline labor growth rate to 3.8 percent, achieving the desired 25 percent growth rate reduction. This is important because while the revenue model assumes we could recover to 6 percent revenue growth rate by FY 2013, it also assumes a population growth rate of 3 percent. If all or most of the revenue growth needs to go towards baseline wages and benefits, we cannot expand services to accommodate a growing population.

While only saving a little over $4 million in wages in FY10, the cumulative compounding impact of cutting step increases in half could save about $65 million over 5 years. Coupled with the efficiency savings this senario is the only one that produces a fully balanced budget by FY 2014.

Table 7a - Scenario 7 Efficiciencies and 50 Percent Reduction in Step Increases

	Budget		5-Year Forecast					
	Orig FY09	New FY09	Ave Growth	FY10	FY11	FY12	FY13	FY14
C-Tax	252.1	249.1	4.2%	251.6	259.2	272.1	288.5	305.8
Prop Tax	133.6	133.4	6.8%	140.0	148.4	158.8	171.5	185.2
Lic & Fran	85.1	83.2	4.4%	85.7	89.1	93.6	98.3	103.2
Other	63.4	63.4	3.0%	65.3	67.3	69.3	71.4	73.5
Transfers In From Other Funds	3.0	3.0	-12.9%	1.5	1.5	1.5	1.5	1.5
Revenue Stabilization	-	-		-	-	-	-	-
	537.3	532.1	4.7%	544.1	565.5	595.3	631.1	669.2
Revenue Growth	2.6%	1.6%	-	2.3%	3.9%	5.3%	6.0%	6.0%
Wages	199.0	199.0	3.8%	206.0	210.2	221.8	230.7	239.3
Benefits	101.9	91.3	4.7%	95.3	98.1	104.4	109.5	114.6
Wages & Benefits	300.8	290.3	4.0%	301.3	308.3	326.2	340.2	353.8
Non- Labor	97.9	87.3	4.1%	91.3	93.3	97.5	101.9	106.5
LVMPD - Operations	135.7	135.7	6.5%	144.6	153.9	164.0	174.6	186.0
LVMPD - Facilities Capital	7.6	7.6	-11.2%	7.0	2.0	2.0	4.2	4.2
T/O - Debt Serv	12.1	12.1	-6.8%	12.1	13.9	8.5	8.5	8.5
T/O - CPF	1.7	1.7	-100.0%	1.7	-	-	-	-
T/O - Other	1.5	1.5	0.0%	1.5	1.5	1.5	1.5	1.5
Re-Fund FY08/FY09 Vacancies	-	-		-	-	-	-	-
Labor Reductions	-	-		(8.9)	-	-	-	-
Non-Labor Reductions	-	-		(1.9)	-	-	-	-
CPF - Cumulative New Debt Service	-	-		-	-	2.0	2.0	2.0
CPF - New O&M (initial year)	-	-		4.7	6.0	1.6	0.7	-
	557.4	536.3	4.3%	553.3	579.0	603.3	633.7	662.6
Expenditure Growth	7.7%	3.6%	-	3.2%	4.7%	4.2%	5.0%	4.6%
Excess(Shortfall)	(20.1)	(4.2)	-	(9.1)	(13.5)	(8.0)	(2.6)	6.6
	-	-	-	-	-	-	-	-
Fund Balance	75.5	91.4	-6.7%	82.3	68.8	60.8	58.2	64.8
Budget Policy FB Percentage	14.0%	17.2%	-	15.1%	12.2%	10.2%	9.2%	9.7%

This scenario, as illustrated in Tables 7b and 7c, produces a cumulative operating budget shortfall of $31 million or an average annual shortfall of $6 million. General fund cash reserves would not be depleted nor fall significantly below the 10 percent threshhold by the end of FY 2014. This scenario would be favorable to scenario 6 for two reasons: first, it avoids another annual wage freeze; and second, it has the long-term benefit of bringing the labor growth rate into balance with the forecasted revenue growth rate, thus achieving greater fiscal stability in the long run (note that the FY 2014 forecast in this scenario produces a $7 million excess; no shortfall)

Also like scenario 6, the revenue stabilization fund could be retained for future emergencies, reprogrammed for capital projects, allocated for the unfunded employee liabilities or some combination of the three.

Finally, any adjustment to annual step increases could not happen unilaterally but rather would have to be accomplished at the collective bargaining table.

Table 7b - Scenario 7 Revenue and Expenditure Trends

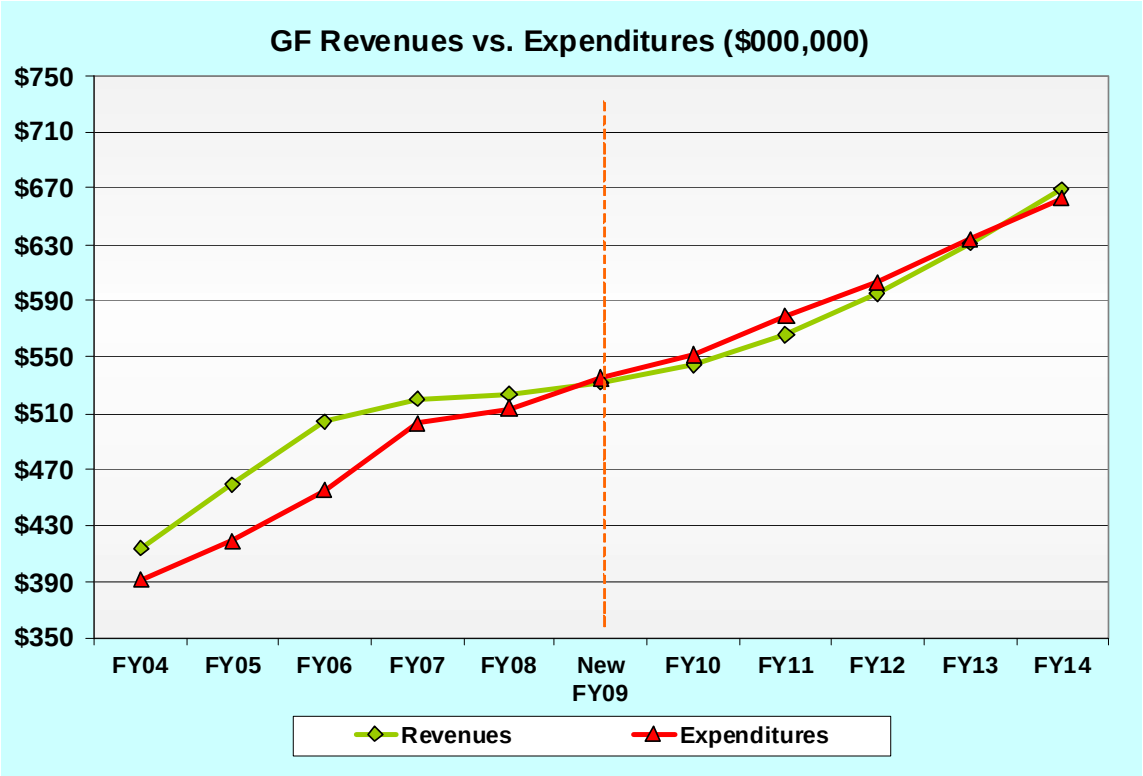
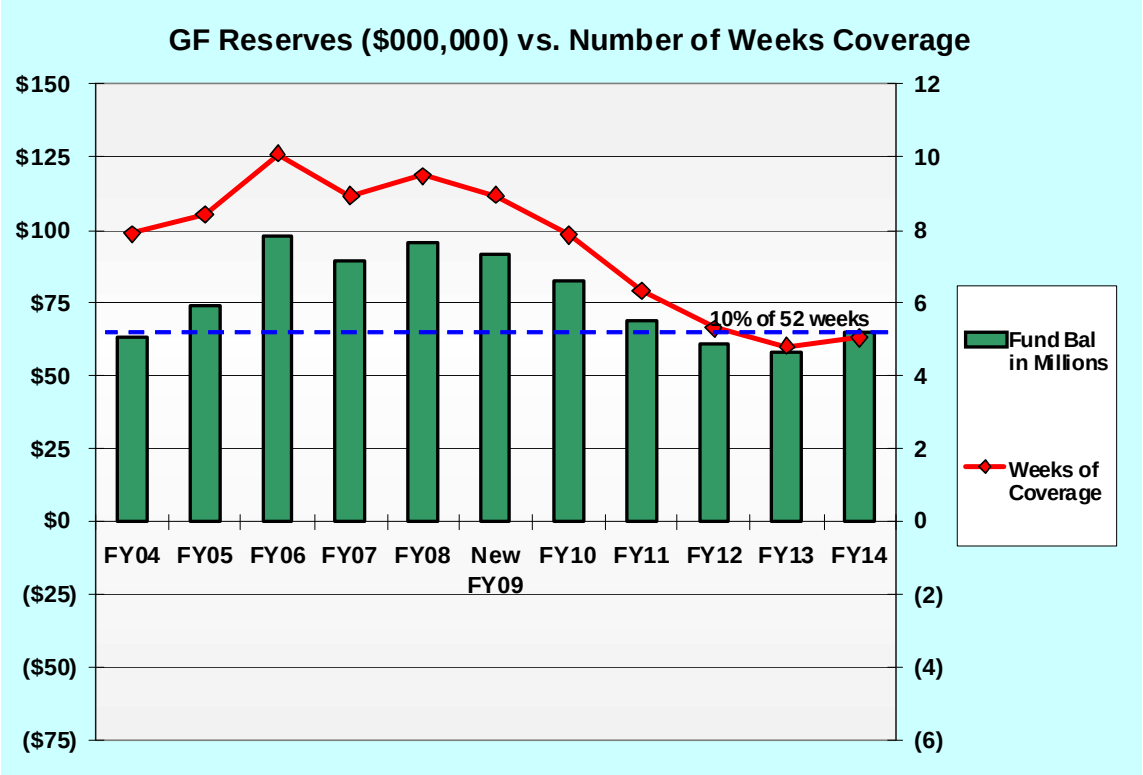


Table 7c - Scenario 7 Fund Balance Impacts



Scenario 8 – Impacts of a Phased Implementation of Fee Increase

The Companion Fee Study indicated that about $8.4 million in fee increases could be considered by Council. If those fee increases were phased in over five years, that would average an annual fee increase of $1.7 million annually. Although nominal, that could increase revenues over the next five years by $26 million, thus reducing the five-year shortfall from $150 million to about $124 million.

Table 8a - Scenario 8 Phased Fee Increases

	Budget		5-Year Forecast					
	Orig FY09	New FY09	Ave Growth	FY10	FY11	FY12	FY13	FY14
C-Tax	252.1	249.1	4.2%	251.6	259.2	272.1	288.5	305.8
Prop Tax	133.6	133.4	6.8%	140.0	148.4	158.8	171.5	185.2
Lic & Fran	85.1	83.2	4.4%	85.7	89.1	93.6	98.3	103.2
Other	63.4	63.4	5.4%	67.0	70.7	74.5	78.5	82.5
Transfers In From Other Funds	3.0	3.0	-12.9%	1.5	1.5	1.5	1.5	1.5
Revenue Stabilization	-	-		-	-	-	-	-
	537.3	532.1	5.0%	545.8	568.9	600.6	638.2	678.2
Revenue Growth	2.6%	1.6%	-	2.6%	4.2%	5.6%	6.3%	6.3%
Wages	199.0	199.0	5.6%	208.3	221.5	236.3	248.5	260.7
Benefits	101.9	91.3	6.7%	96.7	104.0	112.1	119.2	126.5
Wages & Benefits	300.8	290.3	5.9%	305.0	325.5	348.3	367.7	387.2
Non- Labor	97.9	87.3	4.5%	91.3	95.4	99.7	104.2	108.8
LVMPD - Operations	135.7	135.7	6.5%	144.6	153.9	164.0	174.6	186.0
LVMPD - Facilities Capital	7.6	7.6	-11.2%	7.0	2.0	2.0	4.2	4.2
T/O - Debt Serv	12.1	12.1	-6.8%	12.1	13.9	8.5	8.5	8.5
T/O - CPF	1.7	1.7	-100.0%	1.7	-	-	-	-
T/O - Other	1.5	1.5	0.0%	1.5	1.5	1.5	1.5	1.5
Re-Fund FY08/FY09 Vacancies	-	-		-	-	-	-	-
Labor Reductions	-	-		-	-	-	-	-
Non-Labor Reductions	-	-		-	-	-	-	-
CPF - Cumulative New Debt Service	-	-		-	-	2.0	2.0	2.0
CPF - New O&M (initial year)	-	-		4.7	6.0	1.6	0.7	-
	557.4	536.3	5.4%	567.9	598.2	627.6	663.4	698.3
Expenditure Growth	7.7%	3.6%	-	5.9%	5.3%	4.9%	5.7%	5.2%
Excess(Shortfall)	(20.1)	(4.2)	-	(22.0)	(29.3)	(27.0)	(25.2)	(20.1)
	-	-	-	-	-	-	-	-
Fund Balance	75.5	91.4		69.4	40.1	13.1	(12.2)	(32.2)
Budget Policy FB Percentage	14.0%	17.2%	-	12.7%	7.0%	2.2%	-1.9%	-4.8%

Table 8b - Scenario 8 Revenue and Expenditure Trends

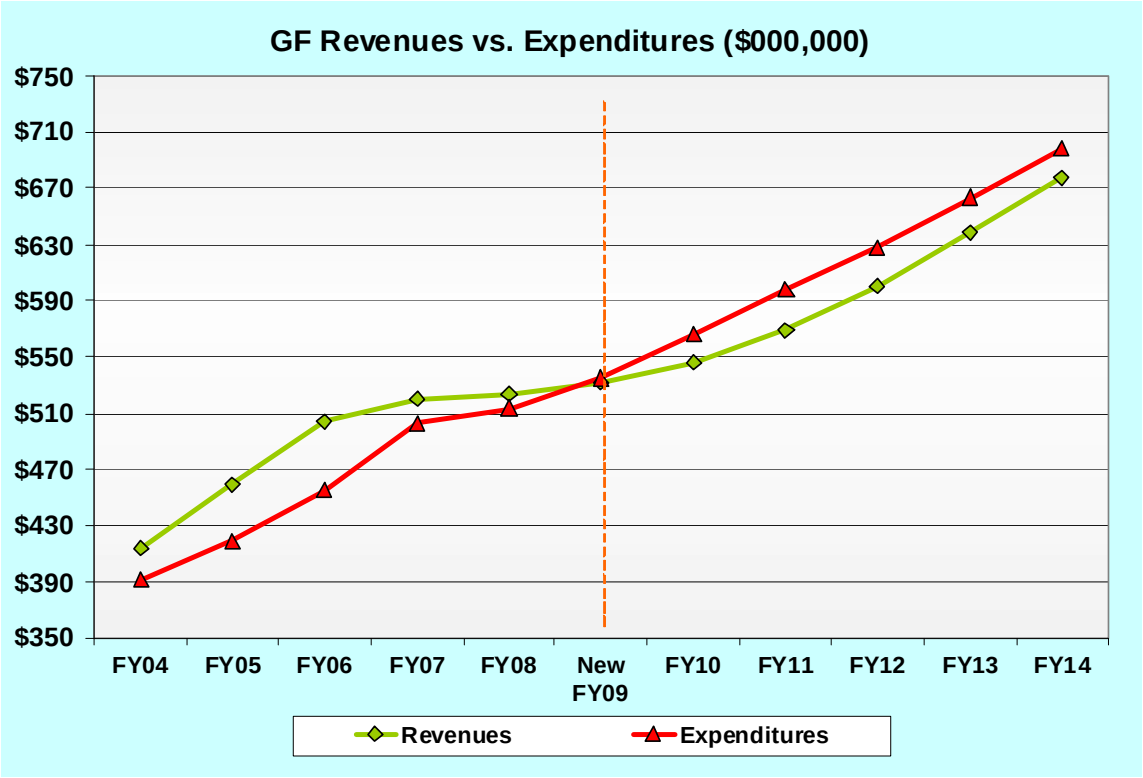
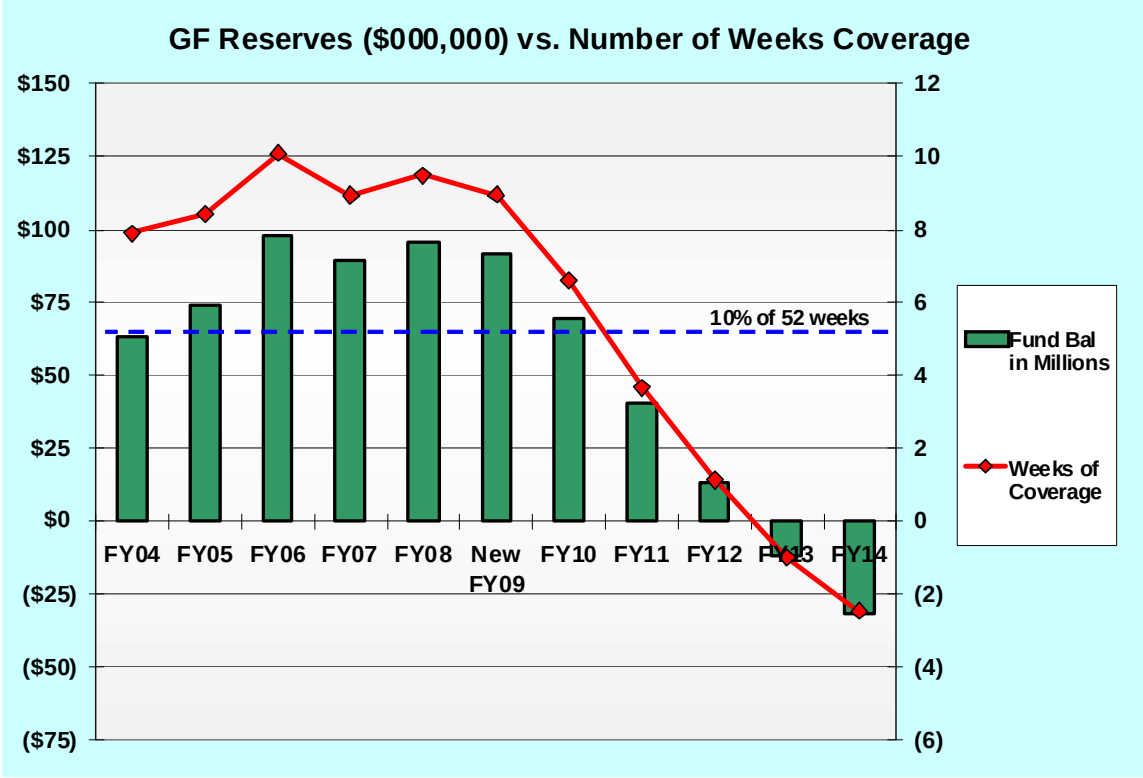


Table 8c - Scenario 8 Fund Balance Impacts



Scenario 9 – Terminate or Mothball all Capital Projects Impacting Operations

The forecast model takes into consideration the operating impacts of the capital projects indentified in the Five Year Capital Improvement Program. These general fund operating impacts are identified on the line labled "CPF – New O&M" on the Baseline Scenario 1. The current and planned construction of facilities like fire stations, parks, recreation centers, and even road and flood projects to some extent, will all require staff to operate and maintain them as well as utility costs. Some of these projects are already under construction, and most are funded with non-general fund money that cannot be used for other purposes. It seems prudent to continue with the capital construction of these facilities, but this scenario then assumes they are not put into service during this five-year projection (i.e., they will be mothballed). Only by mothballing the facilities can we avoid the incremental cost of operations, maintenance, and utility costs of the new facilities.

Table 9a - Scenario 9 Terminate or Mothball CIP projects

	Budget		5-Year Forecast					
	Orig FY09	New FY09	Ave Growth	FY10	FY11	FY12	FY13	FY14
C-Tax	252.1	249.1	4.2%	251.6	259.2	272.1	288.5	305.8
Prop Tax	133.6	133.4	6.8%	140.0	148.4	158.8	171.5	185.2
Lic & Fran	85.1	83.2	4.4%	85.7	89.1	93.6	98.3	103.2
Other	63.4	63.4	3.0%	65.3	67.3	69.3	71.4	73.5
Transfers In From Other Funds	3.0	3.0	-12.9%	1.5	1.5	1.5	1.5	1.5
Revenue Stabilization	-	-		-	-	-	-	-
	537.3	532.1	4.7%	544.1	565.5	595.3	631.1	669.2
Revenue Growth	2.6%	1.6%	-	2.3%	3.9%	5.3%	6.0%	6.0%
Wages	199.0	199.0	4.7%	208.3	218.1	228.4	239.1	250.4
Benefits	101.9	91.3	5.9%	96.7	102.4	108.5	114.9	121.7
Wages & Benefits	300.8	290.3	5.1%	305.0	320.5	336.9	354.0	372.1
Non- Labor	97.9	87.3	4.5%	91.3	95.4	99.7	104.2	108.8
LVMPD - Operations	135.7	135.7	6.5%	144.6	153.9	164.0	174.6	186.0
LVMPD - Facilities Capital	7.6	7.6	-11.2%	7.0	2.0	2.0	4.2	4.2
T/O - Debt Serv	12.1	12.1	-6.8%	12.1	13.9	8.5	8.5	8.5
T/O - CPF	1.7	1.7	-100.0%	1.7	-	-	-	-
T/O - Other	1.5	1.5	0.0%	1.5	1.5	1.5	1.5	1.5
Re-Fund FY08/FY09 Vacancies	-	-		-	-	-	-	-
Labor Reductions	-	-		-	-	-	-	-
Non-Labor Reductions	-	-		-	-	-	-	-
CPF - Cumulative New Debt Service	-	-		-	-	2.0	2.0	2.0
CPF - New O&M (initial year)	-	-		-	-	-	-	-
	557.4	536.3	5.0%	563.2	587.3	614.5	649.0	683.1
Expenditure Growth	7.7%	3.6%	-	5.0%	4.3%	4.6%	5.6%	5.3%
Excess(Shortfall)	(20.1)	(4.2)	-	(19.0)	(21.8)	(19.2)	(17.9)	(13.9)
	-	-	-	-	-	-	-	-
Fund Balance	75.5	91.4		72.4	50.6	31.3	13.4	(0.5)
Budget Policy FB Percentage	14.0%	17.2%	-	13.3%	8.9%	5.3%	2.1%	-0.1%

This scenario produces a $58 million savings, and as illustrated in Tables 9b and 9c, produces a cumulative operating budget shortfall of $92 million or an average annual shortfall of $18 million. General fund cash reserves would be depleted by FY 2014, likely forcing bankruptcy.

This scenario does not eliminate the new city hall as the operations, maintenance, and utility costs associated with it should be roughly equivalent or slightly less than the current city hall. Also, elimination of the $2 million annual lease payment only saves a cumulative $6 million. The operational impact is not significant.

Table 9b - Scenario 9 Revenue and Expenditure Trends

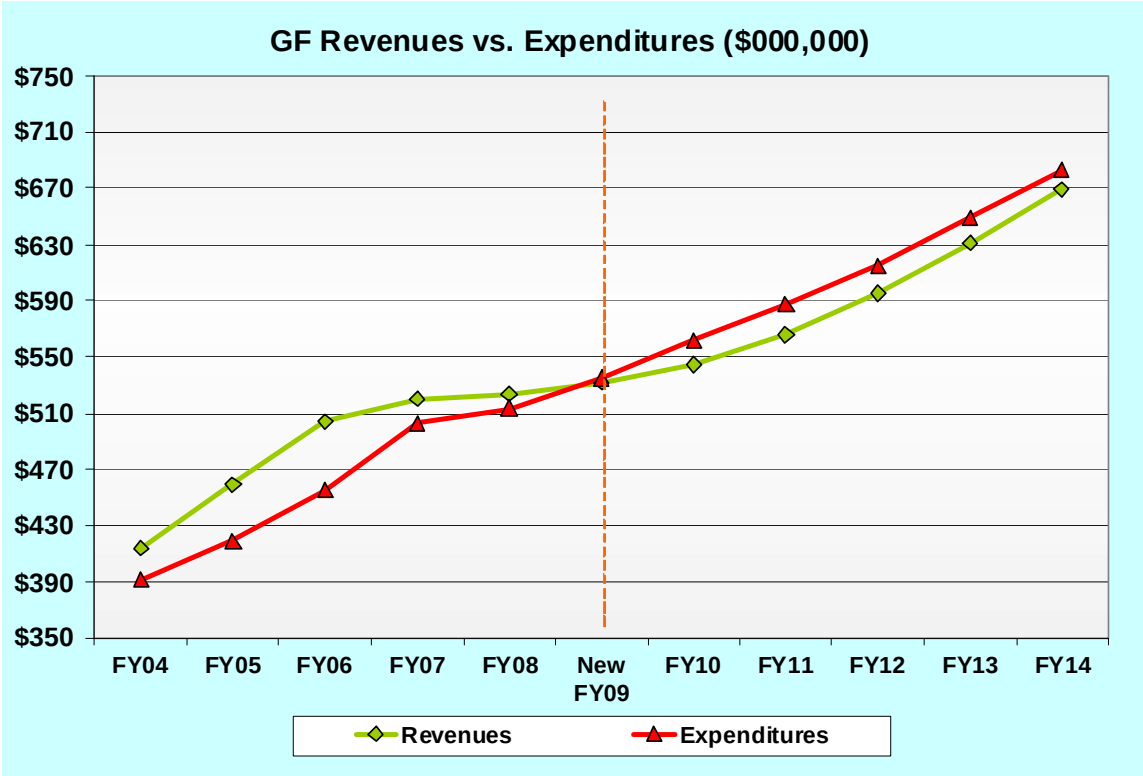
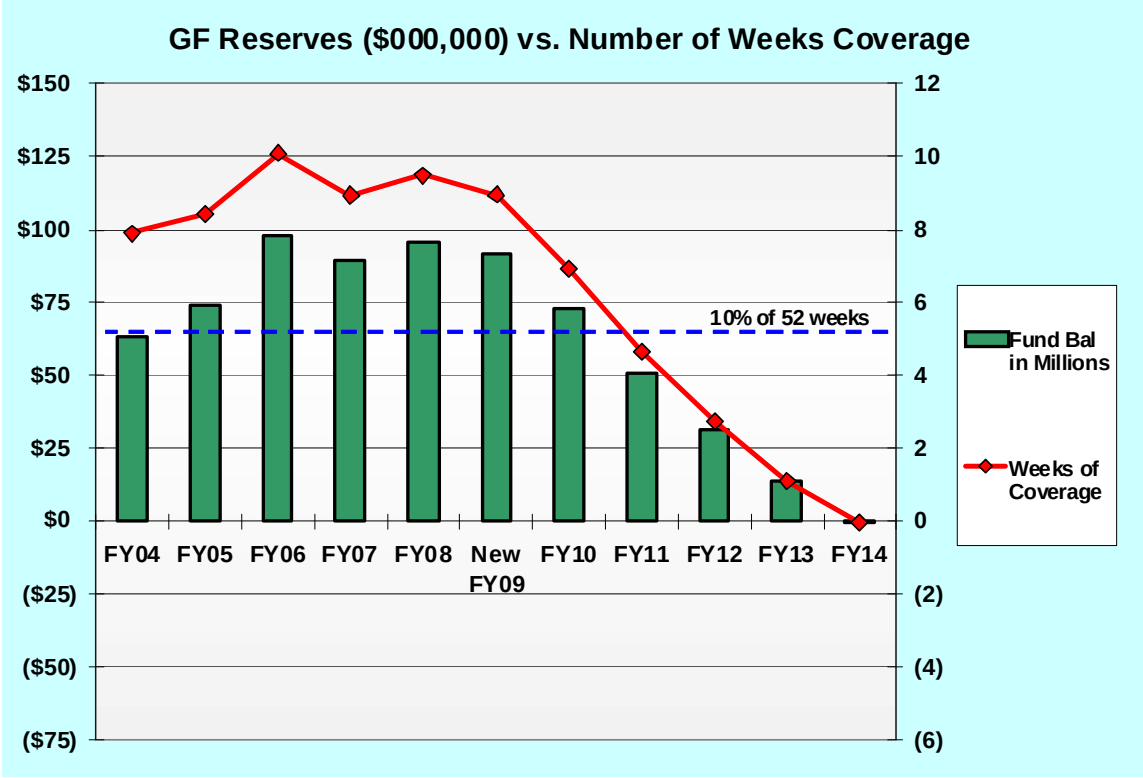


Table 9c - Scenario 9 Fund Balance Impacts



Fundamental Service Review

IMPLEMENTATION STRATEGIES

If the Council directs staff to move forward with some or all of the recommended actions proposed in the Fundamental Service Review, a series of actions will take place.

Implementation of Efficiencies that do not eliminate Full-time Employees
Implementation will occur within FY09. Approximately $1.7M in savings should be identified in the budgeting process for FY10.

Implementation of Efficiencies that do eliminate Full-time Employees
Position reductions need to occur before June 2009 to achieve approximately $8.2M in savings for FY10.

- The Department of Human Resources will facilitate learning sessions to help affected staff develop interviewing, resume writing, and job hunting skills
- Employees in positions identified for elimination may go through a bumping rights process in accordance with applicable collective bargaining unit agreements

Implementation of Organizational Restructuring and Strategic Service Change Options

Implementation Timeline – Within FY09
These options were recommended to increase efficiency and provide a better service to the community. If the Council gives direction to move forward, staff will make the appropriate changes and report back to council when the changes are complete.

Expand Department Utilization of Community Service/Work Program Participants
Implementation may occur after initial conversations with the Las Vegas City Employees Association (LVCEA) to avoid conflict with their Collective Bargaining Agreement.

Eliminate the City Ride Bus System

Implementation will occur after an initial transition to the Regional Transportation Commission (RTC). Additional decisions will need to be made about the busses and other equipment/supplies utilized for this service.

- The transfer of services may result in the elimination of 10 full-time positions
- The Department of Human Resources will facilitate learning sessions to help affected staff develop interviewing, resume writing, and job hunting skills
- Employees in positions identified for elimination may go through a bumping rights process in accordance with applicable collective bargaining unit agreements

Conduct a Review of all Internal Service Funds

The initial review is complete, resulting in a transfer of an additional $15M into the stabilization fund and a reduction in accrual rates for selected funds. Additional changes will be made at the direction of the Finance & Business Services Director. The Council will be apprised of the actions taken as a result of the review at a later date.

Re-evaluate the Community Schools Service Delivery Model and Staffing

Implementation can occur after a report and recommendation to Council, which will be presented at a later date. This recommendation will require a series of discussions with the School District and all other participating organizations.

Consolidate Special Events

Implementation can occur after initial discussions with affected departments and a realignment of budget, resources, and space.

Coordinate Graffiti Abatement Efforts and Consider a Potential Increase in Staffing

Implementation can occur after initial training efforts provided by the Department of Public Works for Neighborhood Services staff and a review of funding opportunities with the RTC.

Staffing Increase for the Rapid Response Team

Implementation can occur after a review of the last budget decrement plan and reinstatement of currently “frozen” positions.

Centralize records functions in the City Clerk’s Office

Implementation of the review is currently under way. It is expected that department directors will be surveyed; resources will be identified; and compliance requirements will be evaluated to determine an appropriate implementation plan. The City Council will be appraised of the recommendations and implementation of proposed recommendations will take place in FY10. This recommendation may result in reductions in staff, reclassification of current staff, or certain functions outsourced to a private company.

Implementation Timeline – FY10 and beyond

Outsource Fleet Maintenance

- Will result in a reduction in force

Privatize the City Parking Enterprise Fund

- Evaluate feasibility of privatizing under the RDA
- Evaluate parking garage metered and enforcement system

Outsource Architectural Services

- Will result in a reduction in force

Evaluate the jurisdiction of the Deputy City Marshals

- Will require conversations with the Metropolitan Police Department to determine the appropriate jurisdiction for City Law Enforcement Marshals

Decommission the operation of the Bonanza Mojave Resource Center facility and deliver potable water to Desert Pines

- Because there is a facility dedicated to this service, this option may be realized after the facility is no longer operating.

Outsource Custodial Services

- Will result in a reduction in force

Change sewer billing from fixture to water use

- Requires an initial investment of approximately $3M
- Will result in a reduction in force
- Requires municipal code changes

Implementation of Organizational Restructuring Recommendations

Major Organizational Changes

These options will have a significant impact to the organization, both in terms of labor and non-labor resources. Implementation of the recommendation will take an extended period of time. It is expected that an implementation plan will be developed for the Council to consider at a later date.

Right-Size Plans Check Functions

Implementation will include an evaluation of the purchase of an electronic Plans Check System. The purchase of the system will result in:

- An up-front cost for a new system and long-term maintenance costs
- Reductions in Staff
- Potential modification of the management structure

It is anticipated that if the Council directs staff to move forward with this recommendation, the new system may not be fully implemented until 2011. Savings associated with the implementation will be expected in the following fiscal year.

Right-Size and Consolidate Inspection Functions

Implementation will include an evaluation of the current workload and the potential consolidation of functions under a central management system. The right-size of staff and consolidation of functions will result in:

- Reductions in Staff
- Potential modification of the management structure

It is anticipated that if the Council directs staff to move forward with this recommendation, the new system may not be fully implemented until 2011. Savings associated with the implementation will be expected in the following fiscal year.

Consolidate Vehicle Maintenance Functions

Implementation will include a consolidation of Fleet Services currently housed in the Departments of Field Operations and Fire & Rescue. The consolidation will result in

- Reductions in Staff
- Modifications of the management structure
- Negotiations with the collective bargaining unit representation

As part of the review, staff may also propose to Council a recommendation for outsourcing some or all of the vehicle maintenance functions. The recommended course of action may not be fully implemented until 2011. Savings associated with the implementation will be expected in the following fiscal year.

Right-Size and Centralize Graphic Arts Functions

Implementation will include a review of current functions performed and an assignment of personnel to a central management system. The consolidation may result in:

- Reductions in staff
- Modifications of the management structure

Centralize Public Information Functions

Implementation will include a review of current functions performed and an assignment of personnel to a central management system. The consolidation may result in:

- Reductions in staff
- Modifications of the management structure

Organizational Changes Requiring Additional Analysis

- Warrant Services provided by Detention & Enforcement and the Municipal Court
- Human Services provided by the Departments of Municipal Court, Detention & Enforcement, Leisure Services, Neighborhood Services, and the City Attorney

Implementation Expectations

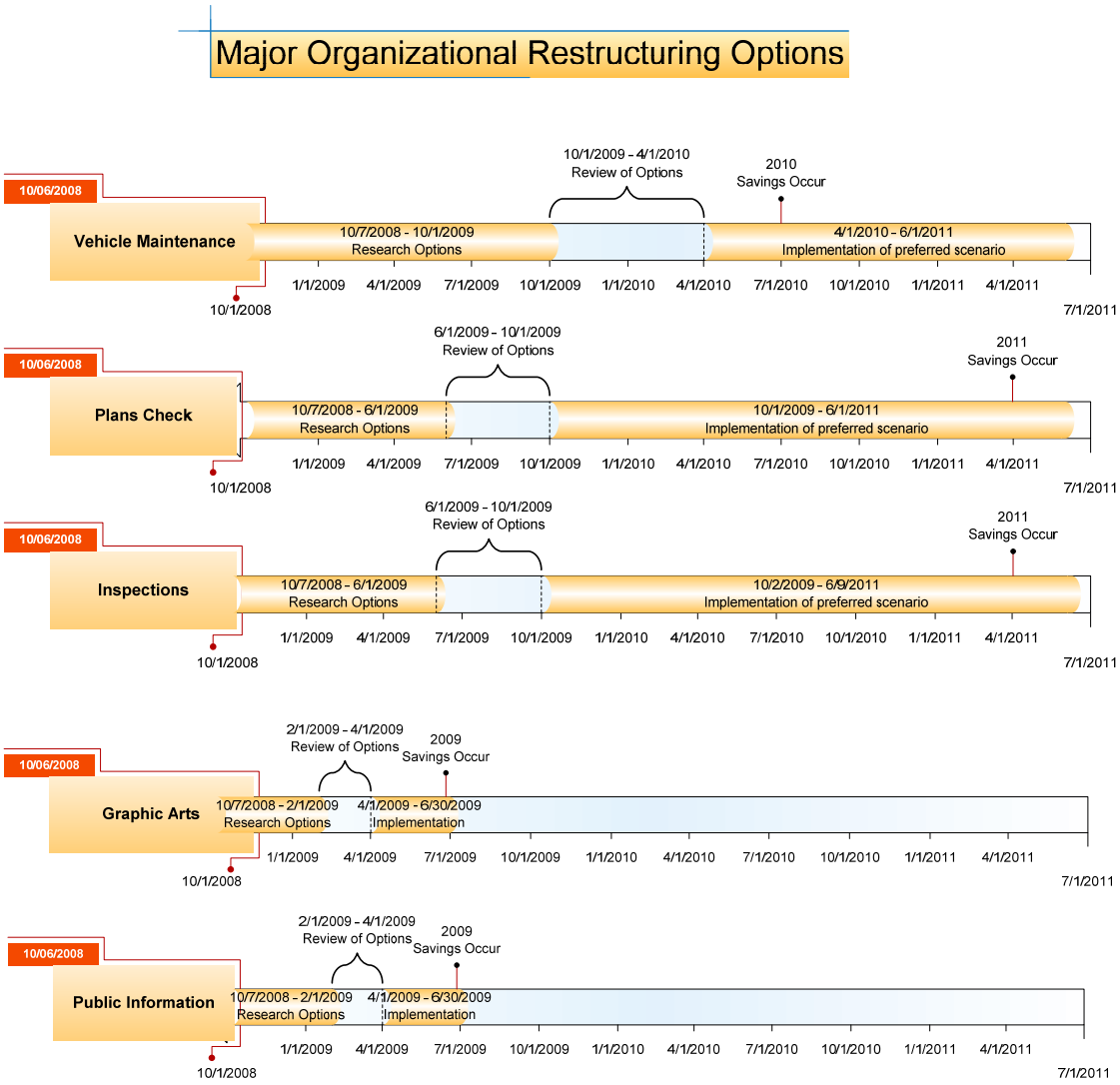
If the City Council adopts some or all of the recommendations of the City Manager, over the next two years, the organization will need to readjust to changing systems. Reductions in force in several departments will force executive staff to realign functions and services with a new operating reality.

During the review and evaluation period, the Council will be presented a series of reports, which will be accompanied with a recommendation for action on many of the items above.

The chart below outlines a possible timeline for implementation of some actions, if the City Council directs staff to go forward with recommendations. The implementation timeline is a rough estimate of time needed to accomplish the organizational restructuring recommendations and identifies the anticipated timeframe for realizing a cost-saving benefit.

This document and proposed actions are subject to change based on the analysis completed after direction is given by the City Council

FOR EXAMPLE ONLY



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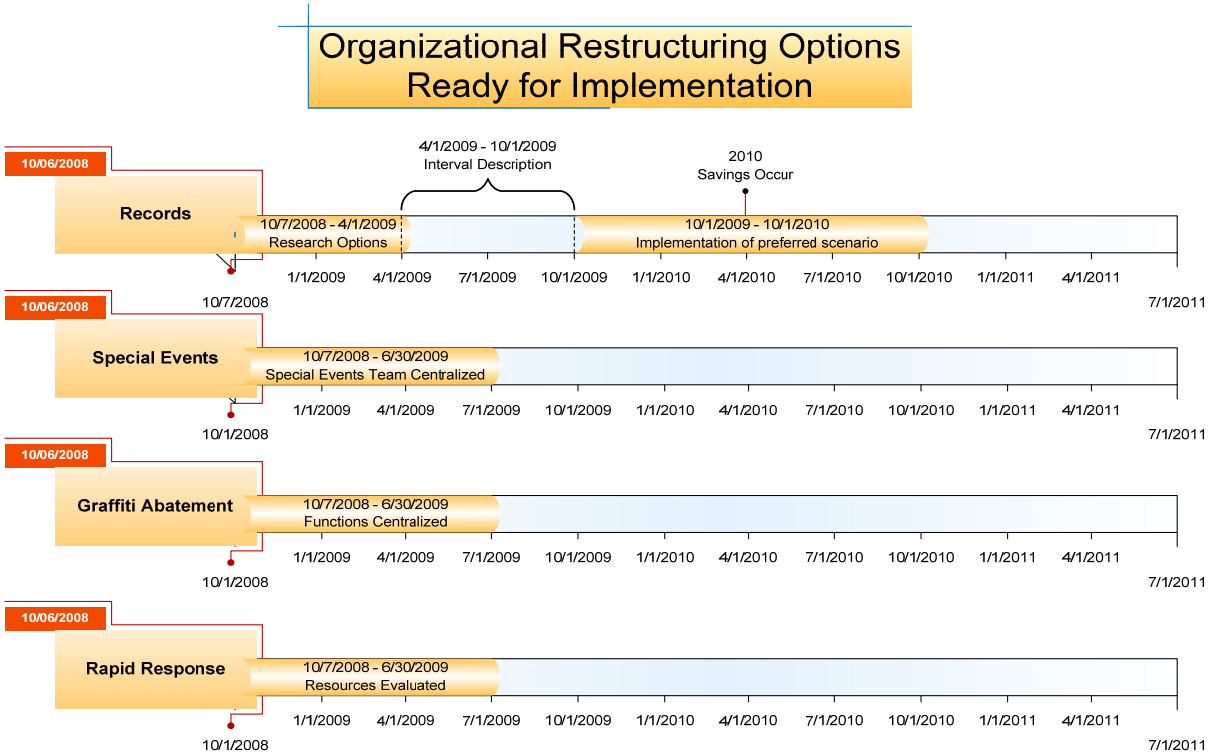


Fundamental Service Review

SUMMARY OF OUTREACH

A communication strategy was developed as part of the fundamental service review process. The purpose was to help assure that clear communication from senior management was (and is) taking place, and that the City Council members, employees, and the public were receiving accurate information—not left to rely on hearsay.

The following is a summary of the outreach efforts:

Employee Communications

Initial Announcement: On July 9, 2008 a memo was drafted by the city manager to go to all employees. It outlined the fundamental review of services and explained the city's overall financial situation.

The memo was e-mailed to all those employees with computers on July 10. Hard copies were distributed to those employees who do not have computer access. Please see the appendix.

Newsletters: The city sends two regular newsletters to all employees. One is a monthly update from the city manager; the other, called *City Team*, is produced quarterly. Updates concerning the fundamental review of services appeared in the following issues:

City Manager Newsletter:

1. June 2 (one story)
2. July 31 (one story)
3. August 29 (one story)

City Team Newsletter:

1. Week of September 22 (two stories)

The *City Team* edition contained a story about why the city is considering a new city hall in light of the tight budget. The article entitled "If Money Is Tight, Why A New City Hall?" was a companion story to the information about the fundamental review of services. Employees have raised this question in light of the city's declining revenue. The story

explains how such a move can actually help the city's overall budget picture, not make it worse. Please see the appendix.

Budget Bulletins: In an effort to keep the City Council members and the employees updated on the city's financial picture, a series of "budget bulletins" were produced. They were e-mailed to the council and other key staff and also posted on the city's intranet site, Inside CLV, under a special section called "Budget Update." Updates concerning the fundamental review of services appeared in the following bulletins:

Budget Bulletins:

1. July 23 (posted to intranet)
2. August 8 (posted to intranet)
3. August 15 (posted to intranet)
4. September 12 (posted to intranet)

As a side note, the Budget Bulletins began appearing in March with information about how the various city departments were attempting to reduce costs and increase efficiencies. They were posted on the intranet under the Budget Update section. Information about how other government agencies around the country were dealing with financial difficulties was also added.
Please see the appendix.

Additional Employee Communication: The city has the ability to communicate information to the employees very rapidly. We took advantage of this on July 23 and August 20. In the first communication, City Manager Doug Selby sent an e-mail to all employees telling them about a new feature added to the city's intranet site called the Budget Update. For those employees who had not seen the addition to the intranet, the e-mail told them about the features, including how information about the fundamental service review would be included on a regular basis. Please see the appendix.

On August 20, a reminder was sent from City Manager Doug Selby to all city employees. Doug mentioned that as part of the fundamental service review employees could receive payment for good ideas that would help the city save money or be more efficient. This effort was in keeping with our Idea$ For Dollar$ program, which encourages employees to share feedback on how the organization can be better. Doug's e-mail on the 20th also communicated that information about the fundamental service review was available on the intranet and that information should be shared with those employees who lack computer access. Please see the appendix.

In addition, a memo was sent from City Manager Doug Selby to members of the City Council on September 5. It provided an update as to where the overall fundamental service review process stood at that time. The areas of efficiency, organizational restructure, strategic service change, and companion studies were highlighted. Please see the appendix.

Video/DVD: An interview segment concerning the fundamental service review was taped for the City Scene program on KCLV. City Manager Doug Selby and Barbara Jackson talked about the process and why the city had undertaken the review. They also discussed implications for citizens and employees. Copies of that interview segment were made available to all city departments via DVDs that were distributed to the directors on August 25. Directors showed the 7:30 minute segment to their employees during staff meetings.

Focus Groups: Human Resources set up four focus groups with a cross section of city employees for an in-depth discussion of the budget and employee concerns and ideas. Employees were asked for input concerning the fundamental service review and ways the city could be more efficient. They could also discuss any worries they might have related to the process. Selected at random with the help of a random number generator, 118 city employees were tapped to take part. These meetings were approximately two hours in length and involved about 30 employees in each group. Attendance was optional, but departments were asked to relieve selected employees of their normal duties to allow attendance at the meetings. Of course our desire was to hear suggestions from employees on how our organization can save money but maintain a high level of service. The focus panels met on the following dates:

1. September 18, 9:00 a.m. to 11:00 a.m.
2. September 22, 1:30 p.m. to 3:30 p.m.
3. September 24, 1:00 p.m. to 3:00 p.m.
4. September 26, 9:00 a.m. to 11:00 a.m.

Meet the Manager Meetings: The fundamental service review process was a main focus in the last round of Meet the Manager meetings. City Manager Doug Selby and Finance and Business Services Director Mark Vincent presented a PowerPoint presentation on the city's budget situation and the need for the fundamental service review process. Employees were free to ask questions during these meetings. Mark also made himself available for staff meetings throughout the city. The Meet the Manager meetings that discussed the fundamental service review took place on the following dates:

1. August 4 — Meet the Manager -- Detention & Enforcement
2. August 7 — Meet the Manager – West Yard
3. August 28 — Meet the Manager – DSC
4. September 2 — Meet the Manager -- East Yard
5. September 12 — Meet the Manager – WPCF
6. September 18 — Meet the Manager – RJC
7. September 22 — Meet the Manager – City Hall
8. September 30 — Meet the Manager – City Hall

Internal Briefings: City Manager Doug Selby held numerous briefings concerning the fundamental service review with leaders of the city's bargaining units, area elected

officials, and members of the City Council. Consultant William Kirchhoff also briefed members of the City Council. Those briefings took place on the following dates:

Mar. 3	Met with Don King (discussed declining revenues and FSR)
April 28-29	City Council briefings
Jun. 2-3	City Council briefings
Jun. 30-Jul. 1	City Council briefings
Jul. 7-8	City Council briefings
Jul. 9	Legislative Session (presented budget challenges and FSR)
Jul. 14	Quarterly meeting with Mark Bunnell (discussed declining revenues and FSR)
Jul. 14-15	City Council briefings
Jul. 17	Quarterly meeting with Chris Collins (discussed declining revenues and FSR)
Jul. 23	Sheriff (discussed declining revenues and city impacts)
Aug. 4-5	City Council briefings
Aug. 4-8	City Council briefings by William Kirchhoff
Aug. 7	Dean Fletcher and Scott Johnson – Update on FSR
Aug. 13	Mark Bunnell – Update on FSR
Aug. 14	Chris Collins – Update on FSR
Aug. 18-19	City Council briefings
Aug. 25-26	City Council briefings
Aug. 26	Tommy Ricketts/members – Update on FSR
Sept. 8	CM Reese
	CW Tarkanian
Sept. 8-9	City Council briefings
Sept. 9	CM Wolfson
Sept. 10	Mayor
	CM Brown
	CM Barlow
Sept. 15-16	City Council briefings
Sept. 16	CM Ross

Please see the appendix.

Appointive Meeting: At the last appointive employee meeting on September 11, City Manager Doug Selby and Finance and Business Services Director Mark Vincent gave a presentation on the fundamental service review process and the city's overall budget situation. The presentation was an abbreviated version of the Meet the Manager discussion on the fundamental service review.

CMIRs: Even before the formal process for the fundamental review of services began, two City Manager Information Reports were prepared in the spring. Entitled "Current Financial Status and Future Projections" (March 6) and "Budget Update" (April 22), the CMIRS clearly outlined the city's problems of declining revenues. All CMIRs are posted to the city's intranet, Inside CLV. Please see the appendix.

Communications to the Public

Channel 2: As mentioned above, an interview segment concerning the fundamental service review was taped for the City Scene program on KCLV. City Manager Doug Selby and Barbara Jackson talked about the process and why the city had undertaken the review. They also discussed implications for citizens and employees. The segment began airing on August 23 and ran through September 20 on KCLV. This particular segment (and entire program) will remain available on the city's Web site through the video on demand feature. City Scene is also posted on You Tube.

Net News e-Newsletter: A story updating the public on the upcoming City Council workshop as well as an overview of the fundamental review of services appeared in the September edition of Net News. It was e-mailed on September 15. Net News is also posted to the city's Web site. Currently more than a thousand people subscribe to Net News, the city's e-newsletter. Please see the appendix.

Final reports or additional information concerning the fundamental review of services will be posted on the city's Web site as well as the intranet.

Media: The city received media inquiries concerning the fundamental review of services from the *Las Vegas Sun* and the *Review-Journal*. Reporter Sam Skolnik of the *Sun* interviewed City Manager Doug Selby for the "Six Questions" segment on August 27. The piece has yet to appear.

Reporter Alan Choate of the R-J also made a request that any final written reports be provided to him.

City Manager Doug Selby and possibly Mayor Goodman plan to be part of editorial board meetings at the two newspapers prior to the October 6 City Council workshop.

The Office of Communications will issue a news release concerning the fundamental review of services to advance the October 6 City Council workshop.

City of Las Vegas

CMIR No.:

CITY MANAGER INFORMATION REPORT

3/6/08

DEPARTMENT: City Manager's Office

NAME: Douglas Selby, City Manager

SUBJECT: Current Financial Status and Future Projections

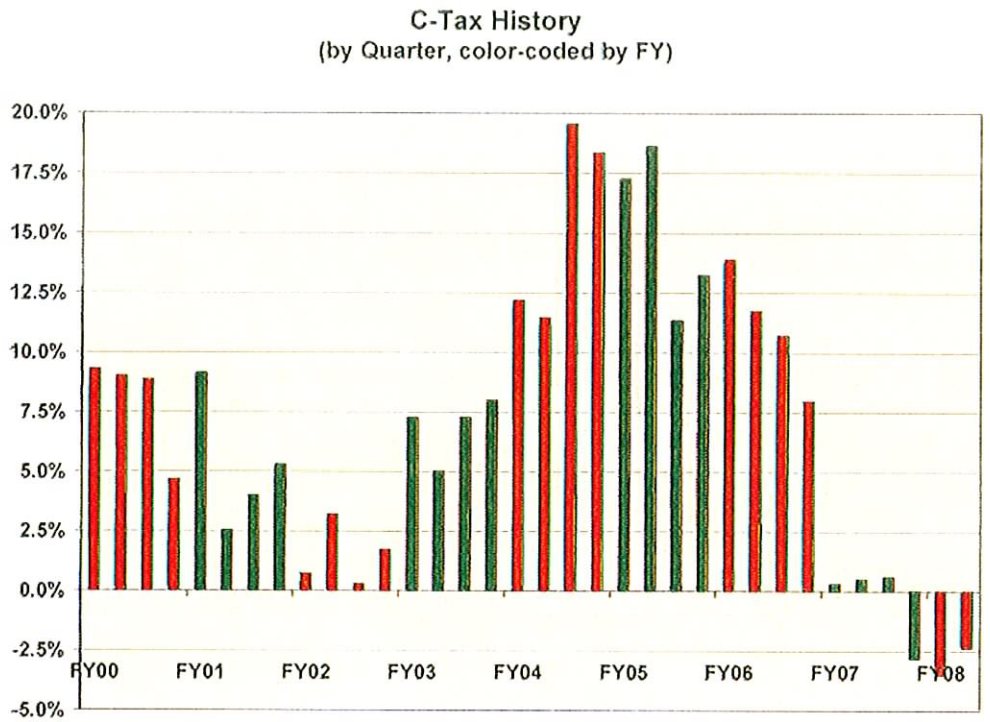
Introduction

The City of Las Vegas like many other municipalities has experienced a severe downturn in our revenues due to the uncertainty in the national and local economy. In particular, we have seen a rapid and sustained drop in C-Tax revenue, which makes up 51% of our general fund budget. We are optimistic about our local economy and its ability to rebound and grow over the long term; however, we know that over the next 24 months we cannot sustain programs, projects and services at the level of the preceding 5 years. Over 85% of our revenues are outside of our immediate control which leaves us with no alternative but to look at reductions in our expenditures to balance our budget. The following report is intended to provide an assessment of our current financial status, an action plan to balance our budget for the remainder of this fiscal year, and a preliminary strategy to address a continued downturn in revenues in the future.

Situational Analysis

Consolidated tax makes up about half of our general fund. After experiencing an average growth rate of 9.2% during the first half of this decade (fueled by 11 straight quarters of double-digit consolidated tax revenue growth), fiscal year 2007 (FY07) revenues plummeted to a negative 0.4% consolidated tax growth. This net drop in excess of 12% was at first thought to be temporary. However, during FY07 the sub prime mortgage crisis began as the housing bubble burst. By the end of FY07, the sub prime crisis began to extend into related markets as banks and lenders tightened credit. Lack of homebuyers and the drying up of credit needed to build and buy homes, caused the building and construction sector to pull back, particularly in residential, but also commercial development. As home prices began to fall, property values also fell, impacting assessed property value. Developers and builders have delayed or canceled projects. Homeowners, who previously used sub prime loans to finance all manner of goods and assets, are no longer able to continue this practice, which contributed to lower C-Tax revenues. As of December 2007, we have experienced 6 quarters of dismal C-Tax revenues. The collective wisdom of local municipal finance managers is that this situation will carry into FY10 and possibly FY11, and that we may actually level off at a "new" normal growth rate of well less than 10%. It is clear that something must be done to respond to shrinking revenues

over the second half of this decade. The following graph provides a summary of C-tax over the past 8 years.



General Budget Approach

The unprecedented downturn in revenues due to the local and national economy, coupled with city labor costs that over a five-year stretch will out pace revenue growth, have placed the City of Las Vegas in a position requiring aggressive action to control expenses in order for us to end this fiscal year with a balanced budget. The outlook for FY09 which starts on July 1, 2008, does not appear to be any better and will require even deeper cuts in our expenditures.

With assistance from the Finance Director and other department heads, I am currently working on finalizing strategies for meeting these challenges while trying to preserve (1) our ability to continue to deliver needed services to our residents, albeit at a reduced level, (2) the city's financial bond rating, (3) jobs and (4) long-term programs that will lead to improved operational efficiency in City government. Our revenue picture will dictate how well we can honor these priorities. An additional consideration is the long-term possibility that revenue growth will stabilize at a much lower rate than previously experienced. The strategies that are being finalized have been developed with the input of all city department directors and will be shared with our labor organization leaders for

their input. The strategies are subject to change based on input from the City Council and changes to our revenue outlook. However, the fundamental need to dramatically cut expenditures until such time we witness a sustained economic recovery must be addressed today to avoid a crisis in the future.

Fiscal Year 2008 Budget Cuts

The priority during the remainder of FY08, which ends on June 30, is to meet our revised budget. The revised budget reflects an across the board 4.5% cut to all general fund departments (except for Metro and utility costs). This total cut of $16.7 million represents a 3% cut of our $555 million general fund budget. When combined with a $4.8 million draw down of prior year fund balance, the total general fund shortfall is $21.5 million, or 3.9% of our $555 million general fund budget. The cuts are predominantly vacant positions ($13.2 million), many of which will be indefinitely unfunded. Attached to this report is the summary of the budget cuts and impacts for the remainder of this fiscal year.

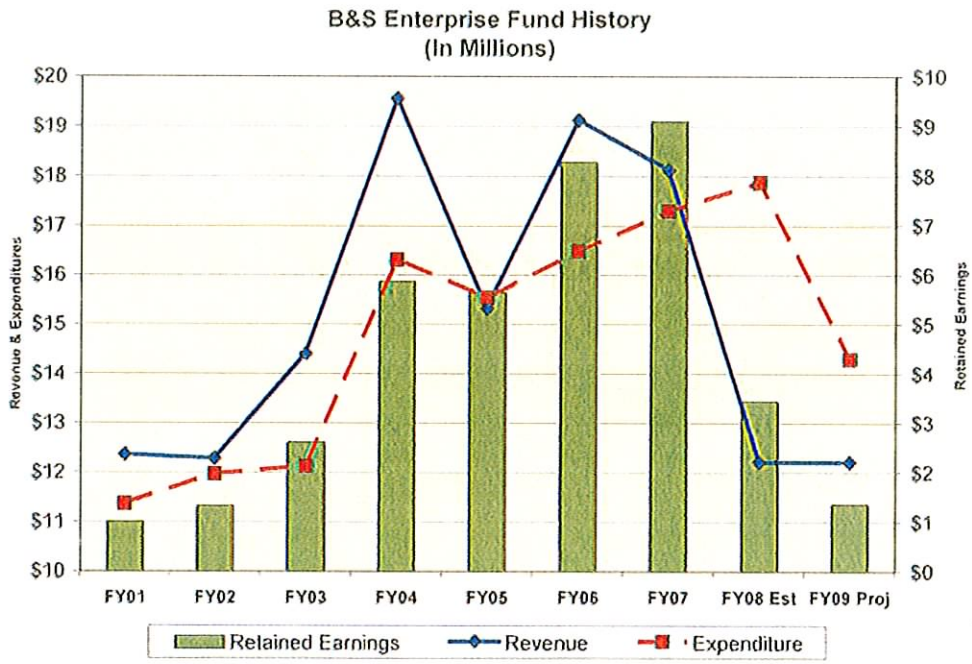
Fiscal Year 2009 Budget Cuts

Fiscal Year 2009 (FY09) revenue projections currently estimate a growth of 2% over FY08. This modest growth is a result of a forecast of continued positive growth in property taxes and fees rather than a recovery of C-tax revenue. Most of the vacant positions used to support the FY08 cuts will probably remain unfunded in FY09. These extended "soft reductions in force" (i.e., elimination of vacant positions) will have a significant effect on the type and scope of services we are able to offer, both internal and external. Departments have submitted their plans to meet the reduced FY09 budget targets, including vacancy management plans. I will also be reviewing the current five-year capital improvement project plan, building reserves and related operating impacts with our department heads to assess other areas where we can possibly save money by deferring projects, reducing contingency funds and deferring replacement of equipment. We will be meeting with City Council over the next few weeks to finalize the budget recommendations before the March 31 Budget Workshop.

Building and Safety Enterprise Fund

Immediate action is required in the Department of Building & Safety (B&S) (an enterprise funded department) due to a dramatic downturn in the residential market that is rapidly depleting their retained earnings balance. The last two fiscal years have witnessed a 36% reduction in B&S revenues with no end in sight. Current operating cost exceeds revenues by $5.7 million, and there is no capacity in the general fund to subsidize the shortfall for even one year. Consequently, action has been taken to identify 31 positions for elimination, 3 of which will be managers. Although these cuts are extensive, management believes the essential services of B&S will be maintained given the current level of demand. It is important to note that even with these reductions, B&S

expenditures will likely exceed revenues by about $2 million per year. We will continue to closely monitor the financial condition of B&S and take additional corrective actions if necessary in mid-FY09. The B&S financial situation is illustrated in the following graph.



Fiscal Year 2010 and Beyond

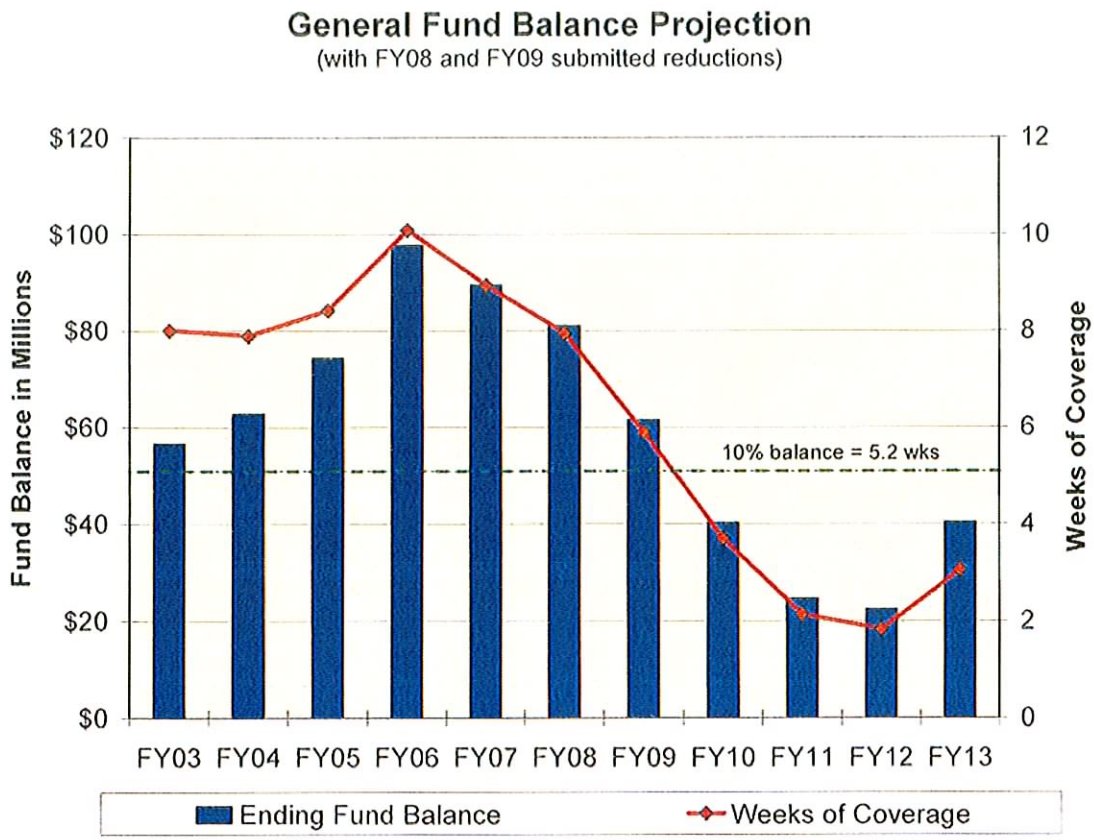
If revenues do not show evidence of sustained recovery by January 2009, we will not be able to sustain a balanced budget in FY10 without program cuts that will result in layoffs of employees paid in whole or in part through the general fund. Absent additional cuts in FY10 and FY11, forecast models show that the general fund balance will drop significantly below 10% of revenues (i.e., less than 5 weeks of operational coverage) putting the city at risk of losing its bond rating, but more importantly, preventing the city from adding any additional staff or services for up to three to four years. The following graph illustrates what will happen to our fund balance based on cuts being considered for FY09. The Council's current budget policy calls for us to maintain a 12% fund balance. I will be recommending that this be reduced to 10% recognizing that a further drop below 10% may be unavoidable unless we can carry over more money from FY09.

City of Las Vegas

CMIR No.:

CITY MANAGER INFORMATION REPORT

3/6/08

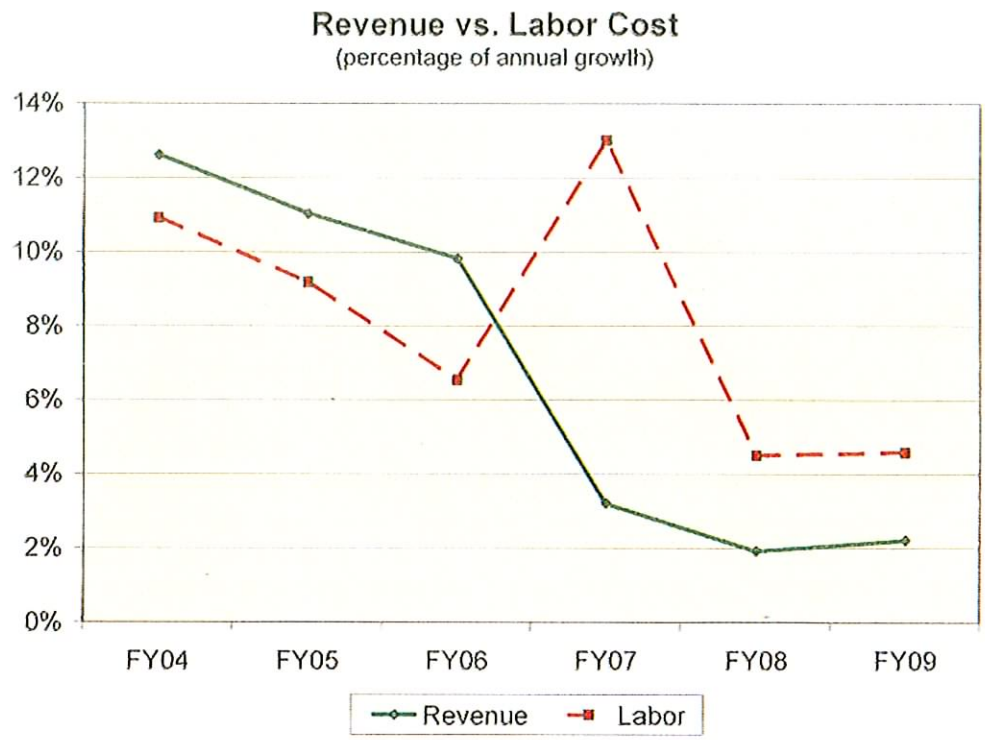


Other actions we are recommending over the next four months are designed to prepare the city for limited revenue growth for the next two years followed by a modest revenue recovery after FY12. Our growth in labor cost (which is about 75% of our general fund budget) has exceeded revenue growth two years in a row and is projected to exceed revenue in the next year. This trend is illustrated in the following graph. This means a significant element in preparing for FY10 budget involves examining our options for reducing the cost of labor.

City of Las Vegas

CMIR No.:

CITY MANAGER INFORMATION REPORT
3/6/08



We have only two fundamental approaches to address labor costs. One is to work with our bargaining unit leadership on changes to pay and/or benefits. For example, forgoing merit and COLAs for one year could save approximately $13 million. The second option is reducing our workforce numbers. It is premature to speculate about what functions would be impacted under this option, but I am recommending that a plan be developed for possible implementation as early as January 2009 which would identify programs and activities that would be modified, terminated or suspended indefinitely if the current revenue performance continues.

Summary and Conclusion

For the balance of FY08, we will pursue our plan of utilizing vacancy savings and fund balance draw down. In addition, there will be some service impacts such as community and recreation center closures on Sundays, elimination of some Leisure Services events, elimination of special events requiring overtime, elimination of city bus use beyond traditional routes, suspension of the Citizen Leadership Academy, and cuts in travel, consultant and supply budgets among other things. These adjustments are necessary to avoid general fund layoffs of

full time employees in the short term. These actions and impacts are summarized in the attachment to this report.

Leading into FY09, city staff will prepare a comprehensive assessment of service impacts of frozen vacant positions and reductions in hourly positions, overtime, and professional services. We will present a service reduction plan and impact analysis to the City Council in detailed briefings over the coming weeks. Meetings with union leadership will also occur to ensure open communication and joint planning. On March 31 the City Council will convene to provide direction regarding the proposed FY09 budget.

Finally, once we have a finalized FY09 budget, staff will begin a formal dialogue with labor organization leadership to discuss labor contractual obligations for FY10. We will also continue to monitor the solvency of the Building & Safety Enterprise Fund. With the help of the department directors, we will develop program reduction or elimination plans to be activated if our revenues do not recover as we hope they will over the long term. Our Finance Director will continue to monitor and report on our financial funds diligently. As the City Manager, I commit to work with the Council to prudently manage the city's resources while we go through this turbulent period. As signs of recovery emerge, we will move prudently to restore city service levels at a rate we can afford.

Douglas A. Selby
City Manager

FY08 BUDGET CUTS

- In December, City Council approved a 4.5% general fund reduction of approximately $21.5M -- $16.7M mainly from vacancy savings and $4.8M from fund balance reserve.
- Departments prepared service reductions and revised budget plans
- Most of the $16M in savings will come from vacancy savings – most fills will be "critical" positions
- General reductions in other spending categories:
  - Hours of operation
  - Professional services
  - Travel
  - Printing
  - Overtime
  - Underfilling critical positions
  - Reduction in hourly costs
  - Delayed purchases
  - Training
  - Special events overtime eliminated
- 31 employee reductions in force in Building & Safety with 3 (9%) of the positions coming from management

2008 EXAMPLES OF IMPACTS

- Clerk added revenue generating passport service
- Municipal Court added traffic court as revenue generating project
- Disbanded canine program
- Returning 2 administrative marshals to patrol assignments
- Closing all Recreation, Cultural Arts, Senior and pool centers on Sundays
- Las Vegas Senior Center: The hours will be reduced from 80 hours per week to 60 hours. Currently, the center is open from 8 am - 10 pm weekdays and 8:30 - 9:30 pm on Saturdays. Recommend the hours of 8 am to 8 pm during the week and closing on Saturdays.
- Will start no new recreation programs
- Scaled back summer programs applies to services and supplies that will be provided
- Events that will be eliminated from the FY 08 programming calendar will be:
  - Annual Father's Day Big Band Concert at Sammy Davis Jr. Festival Plaza (last year's attendance was 450),
  - "Good Night Gracie" at the Charleston Heights Arts Center (Potential Attendance: 254) *This event was cancelled as the planned artist had become unavailable*
  - One performance of the Night Groovin Series at Reed Whipple Cultural Center (Potential Attendance: 80)
- The Las Vegas Blues Festival scheduled in Sammy Davis Jr. Festival Plaza will be moved so it falls within the FY 09 budget year.
- The Salsa Dance scheduled at East Las Vegas will move to September of 2008 so it falls within the FY 09 budget year.
- Elimination of special events bus transport including adaptive (disability children)
- Security at Chuck Minker eliminated
- Tee It Up Classic canceled
- Modified schedules for certain tournament support: the leagues will be asked to take on more responsibility for planning and implementation of adult tackle football at Ed Fountain. Only the fields will be allocated.
- Field Ops will be unable to perform any small unfunded projects that are not in the CIP
- Discontinue any special transportation requests (off bus route operations)
- Elimination of Planning Commission dinners, conference and travel funds.

Gwen Barnes

From: Doug Selby
Sent: Friday, March 14, 2008 5:27 PM
To: City Council, All Staff
Cc: TLV Executive Committee; Dean Fletcher; Tommy Ricketts; Mark Bunnell; Diana Paul
Subject: Budget Bulletin #1

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, this will be the first of many regular reports I will be sending to you. This document is designed to keep you apprised of revenue trends, budget actions we've taken, impacts of budget actions in terms of service delivery, comments and complaints as a result of budget cuts (internal and external), advance notice of actions (e.g. closures of recreation centers, discontinuance of events, reduced maintenance, reduced response times, etc.) and a calendar of council actions (workshops, briefings, budget hearings, final budget approval). Not all departments will report on a regular basis.

In addition, I have met with leadership of the city's four bargaining units, municipal court judges and the sheriff to brief them on our budget situation.

Building and Safety Department:

- The city is working to assist displaced workers in finding new employment opportunities. For example, the city learned that the State Public Works Board is hiring several inspectors for its Las Vegas office and has encouraged displaced workers to apply for those positions.

Office of Business Development:

- Transferred four staff members (labor/benefits) including services and supplies from the General Fund to the RDA Special Revenue Fund.
  Expected General Fund savings: $770,420.
- The department identifies the Net Fiscal Impact on the General Fund of each new project being considered by the City Council on the Public Purpose Form. For example, on the Charlie Palmer hotel deal scheduled for the March 17 City Council meeting, we show a significant positive budget impact – more than $500,000 annually.

Office of Communications:

- Will no longer produce printed publications and mail them.
  Expected savings: $50,000 annually.

Department of Detention and Enforcement

Deputy City Marshals

- Two recently vacated Deputy City Marshal positions have been left vacant. One position was a resignation and the other a non-confirmation.
  Expected Savings: $268,710 (salary and benefits).
  Impact: The unit will operate with two vacant positions; overtime may increase and/or the department will experience challenges in managing patrol coverage.

- Redeployed one Deputy City Marshal on special assignment from IT technical support to patrol.
  Expected savings: Overtime reduction (savings are being evaluated at this time).
  Impact: Increased reliance on IT staff for technical assistance on D&E computer applications.

- Reallocated Deputy City Marshal from accreditation special assignment to patrol.
  Expected savings: Overtime reduction (savings are being evaluated at this time).
  Impact: Will negatively affect our ability to maintain appropriate documentation accreditation standards.

Detention

- Staffing for attorney visits reduced from 3 officers to 2.
  Expected savings: Overtime pay reduction of $180 per visitation session.
  Impact: No customer impact. The impact on staff was operational adjustments.

- Public visitation staffing reduced from 4 officers to 3.
  Expected savings: Estimated overtime pay reduction of $180 per visitation session.
  Impact: No customer impact. The impact on staff was operational adjustments and an increased emphasis placed on officer safety.

- Hospital staffing reduced from 2 officers to 1 for non-high risk inmates.
  Expected savings: Overtime pay reduction varied depending on number of inmates requiring hospital visits.
  Impact: Decreased officer presence may result in escape attempts. Heightened security awareness required by staff.

- Overtime pay for sergeants to prepare and present shift briefings reduced.
  Expected savings: $39,000 annually.
  Impact: Required use of computerized briefing system for staff. No impact on security or customer service.

- Responsibility for high risk transports of federal prisoners transferred to U.S. Marshals.
  Expected savings: Overtime pay reduction varied depending on number of transports required.
  Impact: Increased workload and costs for U.S. Marshals.

- Hours of operation for Downtown Beautification crew reduced.
  Expected savings: $180 overtime reduction per day by having officer work part of the shift in a housing unit.
  Impact: Reduction in the amount of work the crew can provide to other city departments, potentially increasing their labor costs.

- Standby pay and bi-weekly training overtime for SERT team discontinued.
  Expected savings: $139,680 annually.
  Impact: Reduced team availability for responses to facility disturbances; increased reliance on Deputy City Marshal Unit and LVMPD to provide emergency responses.

<u>Information Technologies:</u>

- Started a sustainability initiative to power off non-operation critical computers at the end of each

work day.

Expected savings: Approximately $50,000 now and in future years.

Leisure Services Department:

- Sunday Center Closure Notification Plan sent to council. Operational hours have been studied over a long and broad period of time with Sundays by far the lowest use day at these pools and facilities.

  Expected savings: $87,000.

Douglas Selby
City Manager
City of Las Vegas
Selected as American City of the Year by the World Leadership Forum

Gwen Barnes

From: Gwen Barnes on behalf of Doug Selby
Sent: Thursday, March 27, 2008 2:35 PM
To: City Council, All Staff
Cc: TLV Executive Committee; 'dfletcher@lvfd.com'; 'tricketts@lvcea.org'; Mark Bunnell; Diana Paul
Subject: Budget Bulletin #2

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Building and Safety:

Of the 31 people ultimately affected by the lay off:

- Executives
  1 will retire
  1 will separate
  (A third was moved to a classified position, he is not counted in total because he bumped someone, and that person is already accounted for below)

- Classifieds
  4 found outside employment
  3 were placed into vacant positions
  22 will separate if not placed into vacant positions
  31 Total

In the end, approximately 50 people were affected in some way, either by moving to a lower grade job, or moving to another department, or deciding to retire or find outside employment (not something they planned to do at this time).

City Clerk's Office

- The department will no longer send certified mailings for land use applications before the City Council. **Expected Savings:** Estimated $10,000 annually, which includes the cost of postcard and envelopes.

Detention and Enforcement:

Deputy City Marshals

- Vacated deputy city marshal position left vacant. Result of resignation of academy recruit.
  Expected Savings: $115,820 annually (salary and benefits).
  Impact: Future workload that was to be handled by this position will be reallocated to other staff. Will decrease number of patrol officers anticipated and may delay reimplementation of services reduced due to budget constraints.

Detention

- Staffing in female housing unit decreased from 3 officers to 2 during the hours of 2 a.m. to 6 a.m.

Expected Savings: Potential overtime reduction of up to $180 per night by reallocating personnel instead of paying overtime.
Impact: Increased awareness required on the part of the officers.

Support Services

- In conjunction with vendor, an analysis of payments on long term capital project resulted in credit for billing error.
  Expected Savings: $65,955 being credited towards next invoice.
  Impact: Unanticipated money will be available in internal service fund.

Field Operations

Fleet & Transportation Services

- A bus driver vacancy has not been authorized /approved to be filled.
  Expected Savings: Approximately $70,000 in salary and benefits.
  Impact: There could be service interruptions to the City Ride Bus Service route if someone is on vacation or calls in sick, as there will be no overtime authorized.

- Special Events services the division has provided free in the past have been severely restricted due to lack of staffing and the need for overtime, which is not authorized.
  Impact: The division will be unable to provide transportation for special events, such as Project Homeless Connect. Five other requests for Special Events Services have been received, two which were authorized by the City Manager's Office.

Facilities Management

- Facilities Management has denied the request for additional city custodial services at the Centennial Hills Active Adult Wing to begin on or about June 1.
  Impact: Existing city custodial services at this facility will cease July 1. Both requests are being denied/canceled due to no overtime funding. Staff is trying to work with the YMCA to cover the custodian needs of the active adult wing.

Fire & Rescue Department:

- The department has reassigned two of its five Fire Protection engineers to the Fire Prevention Division and is having them focus on enforcement issues, such as special hazard inspections and fire lane/red curb violations.
  Impact: By assigning two individuals to inspections, this will improve safety in our city and could generate additional revenue.

Leisure Services:

- Signs have been posted at the community centers and pools that will be closed on Sundays, letting residents know of the change effective April 6, 2008.

- Staff will encourage participants to seek alternate sites for Sunday activities, i.e. Durango Hills Community Center and Centennial Hills Community Center, both operated by the YMCA, which will continue to be open on Sundays from noon-5 p.m.

- The department will be posting signs at the Northwest Senior Center alerting patrons that the facility will be closed permanently as of May 30, 2008. Staff will direct program participants to alternate locations. Councilman Ross and Councilman Brown will be hosting a "Meet and Greet" with the Northwest Senio· Center participants at the Centennial Hills Community Center on March 26. This will provide the

Northwest participants a chance to see the new facility and get acquainted with the programs offered there.

Neighborhood Services:

- Publications such as newsletters are being made available via email and the city's Web site to reduce printing costs.
  Expected savings: $3,364.00 annually.

Citizen and Community Engagement Activities

Reduction in community building activities:

- Neighborhood Partners Fund (NPF) - $20,000
- Youth Neighborhood Association Partnership Program (YNAPP) - $5,000
- Batteries Included - $7,000
  Expected Savings: With the implementation of these reductions, a fiscal year savings of $32,000 will be actualized.
  Impact: NPF neighborhood grant opportunities will be reduced from 15 to 11 and the YNAPP grant opportunities will be reduced from 30 to 25 potential awards. Additional impacts include lack of funding available for the Batteries Included program.

Planning & Development Department

- Due to a clerical shortage the department will be using part time intern staff to provide reception service at the front counter of the DSC.
  Expected savings: These employees will be paid hourly and will not receive benefits. Exact figure to be determined.

Gwen Barnes

From: Gwen Barnes on behalf of Doug Selby
Sent: Friday, April 04, 2008 9:12 AM
To: City Council, All Staff
Cc: TLV Executive Committee; 'dfletcher@lvfd.com'; 'tricketts@lvcea.org'; Mark Bunnell; Diana Paul
Subject: Budget Bulletin #3 Revised

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

City Clerk's Office:

- The office will discontinue publishing legal publications in the *Review Journal* for land use applications coming forward from the Planning Commission to the City Council. According to the City Attorney's Office, there is no statute or code that requires this legal publication. Any items coming straight to the council will be published to ensure that the public is notified. The publication requirement is in the statute for items before the Planning Commission and those will remain.
  Expected savings: $15,000 annually.

Department of Detention and Enforcement

Deputy City Marshals

- Hourly employee released.
  Expected Savings: $12,210 annually.
  Impact: Increased workload on full time clerical staff. May require the evaluation and reallocation of some duties within Field Services division.

Detention

- Additional female U.S. Marshal inmates accepted. Nine inmates accepted; five will be held for approximately one month then transferred to prison, and the additional four will remain in our facility for an unknown time until sentenced and transferred.
  Expected Revenue: $872.64 per day for approximately one month = $26,179.20. $387.84 per day beyond one month = approx. $11,635 per month.
  Impact: Will require heightened security of staff in female housing unit (no additional staff needed). May require additional staff time to provide access to legal library and attorney visitation.

- Hourly employee released from Law Enforcement Support Unit.
  Expected Savings - $12,210 annually.
  Impact: Increased workload on full time staff. May require increased use of light duty personnel in this unit.

Information Technologies Department:

- The department is in the process of finalizing details for replacement of its Unisys mainframe computer.

Expected savings: Estimated $15,000 per month beginning in August 2008.

- The department is also holding a deputy director position vacant for the current fiscal year and plans to underfill this position as a division manager in October 2008.
  Expected savings: $256,000.

Neighborhood Services Department:

Community Development Recommending Board (CDRB)

- The department is revamping the CDRB, which includes reducing the number of board members from 24 appointments to 11 appointments.
  Expected savings: With the restructuring of the board, the department will save $5,211 in costs related to refreshments, printing supplies and materials. To minimize overtime, presentations and board meetings will begin during normal business hours, resulting in an approximate annual savings of $12,800. Implementing these changes will result in a cumulative savings of $18,011.

Gwen Barnes

From: Doug Selby
Sent: Thursday, April 10, 2008 10:17 AM
To: City Council, All Staff
Cc: TLV Executive Committee; Mark Bunnell; 'ccollins@lvppa.com'; Dean Fletcher; Tommy Ricketts
Subject: Budget Bulletin #4

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Employee Salaries:

Appointive employees will not be given merit adjustments or bonuses this year, but they will receive cost of living adjustments (COLAs). The savings from this action are about $480,000. In combination with savings from executives forgoing any increases there will be a total salary savings of about $1.4 million.

In June the city manager will recommend that the council grant 3.5 percent cost of living adjustments to appointive employees. This is the same COLA that will be received by CEA represented employees as set forth in their contract. Granting appointive COLAs equal to CEA COLAs is a long established practice to help offset salary compression between the two work groups and will cost about $560,000.

Step and COLA adjustments for represented employees will be made in accordance with our collective bargaining agreements.

Building and Safety:

Here is the latest update as it relates to the 31 people ultimately affected by the lay off:

- Executives
  1 will retire
  1 will separate
  (A third was moved to a classified position, he is not counted in total because he bumped someone, and that person is already accounted for below)

- Classifieds
  4 found outside employment
  19 were placed into vacant positions for which they qualified
  6 will separate if nothing is available prior to 5 p.m. Friday, April 11
  31 Total

In the end, approximately 51 people were affected in some way, either by moving to a lower grade job, or moving to another department, or deciding to retire or find outside employment (not something they planned to do at this time).

Department of Detention and Enforcement

Deputy City Marshals

- One marshal position will remain vacant due to recruit rescinding application for employment.
  Expected Savings: $102,802 annually (salary and benefits).
  Impact: Reduced staffing available for patrol duties. Will hinder the ability to provide special events coverage without the use of overtime. Deputy City Marshal Program now showing 3 vacant positions.

- Coordinated with city attorney to schedule deputy city marshal court testimony on Wednesdays when possible, which is a common day for all officers to work. Desire is to reduce overtime expenditures for court appearances.
  Expected Savings: Minimum of $296 per occurrence for each appearance moved to Wednesday from an officer's scheduled day off (Based on $74 per hour salary and benefits, with minimum 4 hour call-out defined in labor agreement).
  Impact: No impact on D&E operations. Will impact City Attorney staff arranging testimony schedules.

Support Services

- Uniforms for CEA employees beginning to transition from purchased to rental uniforms, using existing city contract. Will reduce purchase and dry cleaning expenses and decrease city labor costs involved with employees dropping off and picking up uniforms at the cleaners. Transition starting with Parking Operations positions and may expand to cover uniforms for up to 44 positions.
  Expected Revenue: Approximately $55 per year per employee on uniform cost. Approximately $227 per year per employee on dry cleaning. Annual saving potential if all 44 employees transition is estimated to be approximately $10,000 per year.
  Impact: Increase in operational efficiencies by eliminating employee time required to pick up and drop off uniforms at cleaners.

Douglas Selby
City Manager
City of Las Vegas
Selected as American City of the Year by the World Leadership Forum

Gwen Barnes

From: Gwen Barnes on behalf of Doug Selby
Sent: Thursday, April 17, 2008 7:42 AM
To: City Council, All Staff
Cc: TLV Executive Committee; Mark Bunnell; 'Chris Collins'; 'dfletcher@lvfd.com'; 'tricketts@lvcea.org'; Diana Paul
Subject: Budget Bulletin V

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Building and Safety:

Here is the final update as it relates to the people ultimately affected by the lay off:

* Executives
  1 will retire
  1 will separate
  (A third was moved to a classified position, he is not counted in total because he bumped someone, and that person is already accounted for below)

* Classifieds
  4 found outside employment
  21 were placed into vacant positions for which they qualified
  4 separated as of 5 p.m. Friday, April 11
  31 Total

In the end, approximately 51 people were affected in some way, either by moving to a lower grade job, or moving to another department, or deciding to retire or find outside employment (not something they planned to do at this time).

Department of Detention and Enforcement

Deputy City Marshals
* Fleet reduction. Truck maintained exclusively to transport equipment trailer turned in as surplus.
Expected Savings: $4,066 per year (maintenance and insurance).
Impact: None. Alternate vehicles available to move the trailer.

Support Services
* Fleet Reduction. Two administrative sedans turned in a surplus.
Expected Savings: $12,938 per year (maintenance and insurance).
Impact: Other lower use vehicles converted to pool vehicles to be used by more than one work unit. May result in occasional mileage reimbursement claims if all pool and administrative vehicles are in use.

Detention:
* Fleet reduction. One work crew truck turned in to be reallocated to another department.
Expected Savings: $11,069 per year (maintenance, insurance and capital recovery cost).
Impact: No back-up vehicle available for inmate work crew may result in a decrease of off-site services on days the remaining truck is out of service for maintenance.

Overtime reduced through operational changes:

* Staffing decrease in Unit 6 when lower population numbers allow.
* Officers in special assignments redeployed to static operational posts.
Expected Savings: Will vary depending on inmate population and staff training schedules
Impact: Increased number of inmates in Units 1-5 may result in increased tension,

requiring heightened officer awareness.

Parking Enforcement:

* Two officer positions filled to maintain enterprise fund revenue.
Expected Savings: On completion of training, approximately $20,000 per month potential revenue per officer.
Impact: No impact on general fund. Allowed retention of two Building and Safety employees facing reduction in force.

* One parking operations labor position filled to maintain enterprise fund revenue.
Expected Savings: Approximately $15,000 per month in potential revenue generation by not pulling enforcement staff to perform duties of this position.
Impact: Will allow officer positions to focus on revenue generating activities instead of performing laborer duties due to a vacancy. Allowed retention of one Building and Safety employee facing reduction in force.

Department of Information Technologies:

* Taking advantage of the pending retirement of one of the department's computer systems technicians, IT has been developing revised schedules. The one that seems to meet most city wide needs includes three shifts during the week and a dark shop on the weekends. To that end IT has worked with its clients to reschedule the running of computer jobs from Saturday or Sunday to Friday or Monday. The department will be testing the new schedules over the next two months while it still has full staffing.
Expected Savings: $96,881 annually.
Impact: A potential delay or extended wait time for calls for service is possible during weekends. Additionally, when/if a system fails, some extended down time may occur if the problem cannot be resolved remotely.

City of Las Vegas

CMIR No.:

CITY MANAGER INFORMATION REPORT

4/22/08

DEPARTMENT: City Manager's Office

NAME: Douglas Selby, City Manager

SUBJECT: Budget Update

Introduction

In an effort to keep the City Council updated on the latest developments on the city's financial condition, this report will provide an update to the March 6, 2008, City Manager's Information Report (CMIR) that provided an assessment of the city's current financial status, an action plan to balance the budget for the remainder of FY08 and a preliminary strategy to address a continued downturn in revenues in the near future. The following report addresses the direction provided by the Mayor and City Council during the March 31 budget workshop and provides a current update of the city's financial condition.

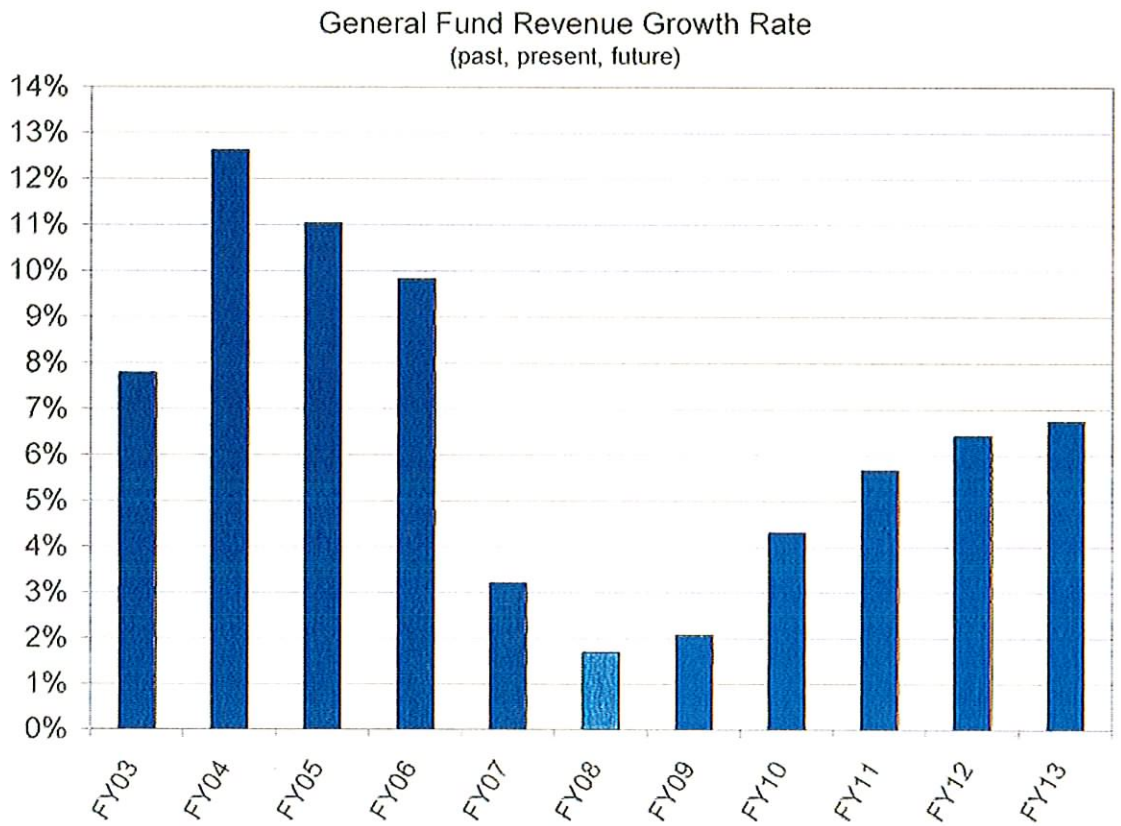
Current Financial Status

The March 6, 2008, CMIR reported that after experiencing an average growth rate of 9.2 percent during the first half of this decade (fueled by 11 straight quarters of double-digit consolidated tax revenue growth), fiscal year 2007 (FY07) revenues plummeted to a negative 0.4 percent consolidated tax growth – a net drop of 12 percent. As of December 2007, we have experienced 6 quarters of dismal C-Tax revenues. The first month of the third quarter C-Tax came in at a disappointing negative 5.68 percent for an overall negative growth rate of 3.28 percent since July 2007.

The departments' decrement plans of 4.5 percent and 3.0 percent for FY08 and FY09 (except for Metro and utility costs) have been implemented with most departments achieving or exceeding this goal. Certain departments including the City Attorney's Office, Detention & Enforcement, City Auditor, Planning and Development and Fire and Rescue exceeded their targets due to an inability to cut costs without cutting personnel. All these departments continue to seek savings from vacant positions and reduced operational costs as well as seeking revenue increases where possible. The final budget cuts by function are as follows: 0.7 percent Public Safety; 5.3 percent Judicial; 6.5 percent General Government; 7.8 percent Cultural and Recreation; 8.0 percent Public Works and 15.1 percent Economic Assistance.

The March 6 CMIR focused primarily on the C-Tax revenue, which makes up 47.2 percent of our general fund revenues ($254.7 million). Please take note of the percentage change in C-Tax which has declined from a once high of 52.4

percent in FY06 to the current 47.2 percent for FY09. The model that was presented during the March 31 budget workshop predicts C-Tax to bottom out in FY10 at 46.5 percent. The components of C-Tax are combined basic and supplemental sales and use tax; cigarette, excise tax, real property transfer tax; liquor taxes and the government services tax (formerly the motor vehicle privilege tax). These revenue streams are market driven and are subject to the ups and downs of the local and national economy. Property taxes and license fees tend to be more stable ($219.4 million); however, they are feeling the effects of the slowing economy as well. The remaining balance of the general fund revenues ($65.8 million) are charges for services ($29.7 million); other intergovernmental taxes ($4.8 million); fines and forfeits ($19.1 million); and interest, rentals and other ($12.2 million). The following charts illustrate the historic and projected trending of these revenues:



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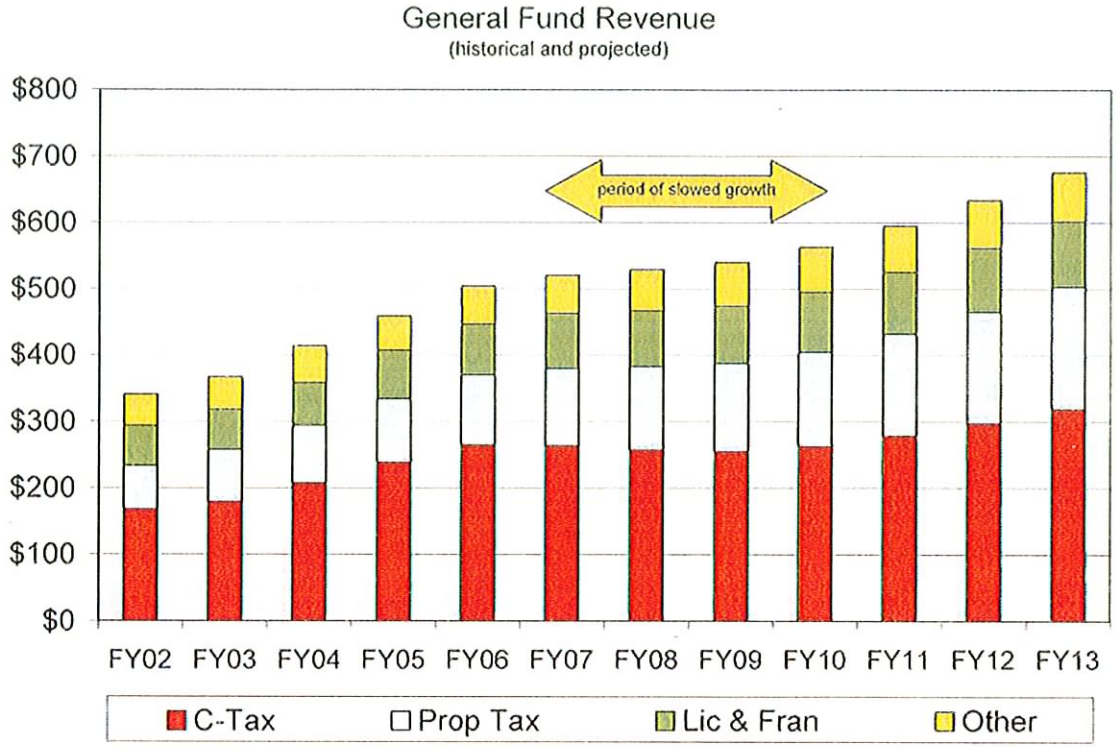

Changes to proposed department decrement plans

During budget briefings and/or the March 31 budget hearing, the Council directed staff to restore the Senior Food programs. The programs have been restored by reducing the Mayors and City Council offices' special events accounts by $28,000 ($4,000 each). The Council was also concerned about the increase in response time to abate graffiti from 24 hours to 72 hours. Staff has made the necessary adjustments to abate graffiti complaints within 48 hours by shifting staff from the Rapid Response Team. The results of this change will result in an increased response time of the Rapid Response Team to abate conditions in public right-of-ways from 24 hours to 48 hours.

The following table lists the current and final changes to the hours of operation for Leisure Services facilities:

Facility	Current Hours	Original Proposed Reductions	Final Proposed Reductions
Doolittle Community Center	Monday-Friday 8 a.m. – 9 p.m.	Friday 8 a.m. – 8 p.m.	Friday 8 a.m. – 8 p.m.
Mirabelli Community Center	Monday-Friday 7 a.m. – 9 p.m.	Monday-Friday 8 a.m. – 8 p.m.	Mon. – Thursday 8 a.m. – 9 p.m. Friday 8 a.m. – 8 p.m.
Veteran's Memorial	Monday-Friday	Monday-Friday	Mon. – Thursday

Leisure Services Center	6 a.m. – 9 p.m. Saturday 7 a.m. – 6 p.m.	8 a.m. – 9 p.m. Saturday 8 a.m. – 3 p.m.	8 a.m. – 9 p.m. Friday 8 a.m. – 8 p.m. Saturday 8 a.m. – 4:30 p.m.
Dula Gymnasium	Friday 7 a.m. – 10 p.m. Saturday 8 a.m. – 10 p.m.	None None	Friday 7 a.m. – 8 p.m. Saturday 9 a.m. – 5 p.m.
Baker Park Pool	Saturday 12 – 5 p.m.	Closed	Saturday 12-5 p.m.
Garside Pool	Saturday 12 – 5 p.m.	Closed	Saturday 12 – 5 p.m.
Doolittle Pool	Saturday 12 – 5 p.m.	Closed	Saturday 12 – 5 p.m.
Pavilion Pool	Monday-Friday 5:30 a.m. – 9 p.m.	Monday-Friday 8 a.m. – 9 p.m.	Monday-Friday 8 a.m. – 9 p.m.
Summer Pools • Baker Pool • Garside Pool • Doolittle Pool	Closed August 15 Open September 6 & 7, 13 & 14	Close all summer pools immediately after Labor Day (Sept. 2nd)	Close August 15 Close immediately after Labor Day (Sept. 2nd).

All Sunday's closures carry over from FY08.

The Center for Business and Economic Research, UNLV, Clark County March Indices

A recently released report by the Center for Business and Economic Research, University of Nevada, dated March 28, 2008, shows a sharp drop of 1.39 percent during the month of January in the Southern Nevada Index of Leading Indicators; a 2.69 percent drop in Clark County Business Activity Index; 2.8 percent drop in McCarran passenger activity and a 20.48 percentage point drop for January in Clark County Construction Index, the largest one-month decline for the series which began in January 1995. The drop in the index reflects the overall decline in construction. Construction has shed nearly 10,000 jobs since May 2007 but nearly 5,000 in the last quarter. We can expect continued weak reports for residential construction so long as we continue to have an excess supply of vacant units (Center for Economic Research, UNLV, Dr. Keith Schwer).

The one positive note was the strong construction activity along the Strip has kept the drag from the decline in residential construction from pinching off the economic expansion for some time. Tax rebates and other spending upturns should help moderate the downslide. However, the difficulties of getting housing back on its feet will not come quickly. Indeed, it is possible that we may not

experience much of a recession or depression, but the subsequent recovery may not be much either. The new Strip properties in 2009, however, will likely be robust enough to push the local economy into the next expansion phase, regardless of the drag in 2008 (Center for Economic Research, UNLV, Dr. Keith Schwer).

Building and Safety Enterprise Fund

Of the 28 classified positions that were eliminated due to the dramatic downturn in the residential market, Human Resources, with the assistance of the Las Vegas City Employees Association and various departments, was able to place 21 individuals into existing vacant positions in which they qualified as required by the collective bargaining agreement and four were able to find outside employment. The three remaining positions (31 total positions were eliminated in the Building and Safety Department) were appointive personnel -- one will retire and the position will remain vacant, one separated from the city and the third was moved to a classified position.

The total number of inspections for January 1, 2008 through April 13, 2008 were 32,852 down 17,595 from the same time in 2007 (50,447). Through March the enterprise fund generated just $8.1 million in revenues (a 40 percent reduction for the previous year) producing a net operating loss of $4.2 million. Assuming a continued monthly revenue of $900,000 and utilizing the current reserve of $5.7 million (includes $4.2 million contribution for the acquisition of the Atrium Building) to offset the monthly operating gap of $400,000 ($1.3 million operating cost less monthly revenue of $900,000), Building and Safety will continue operating at its current level for another 14.25 months before zeroing out their reserves. We will continue to monitor Building and Safety's operating costs, revenues and reserve balances and take the necessary steps to ensure the solvency of the department.

The $4.2 million contribution from Building and Safety to acquire the Atrium that is now being used to fill the gap between operating costs and revenue will be entered into as a debt from the Building and Safety department enterprise fund to the general fund. When the economy rebounds and revenues increase in the enterprise funds, the general fund will be made whole.

Additional department cost savings

Department directors continue to take a lead role on making cost cutting measures in their departments to ensure efficient and effective operations while at the same trying to minimize negative impacts on the services they provide our citizens. A weekly budget update is provided to the City Council and shared with TLV Executive Committee and union leaders.

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The estimated annual cost savings as the result of the actions taken by the department is just over $900,000. The savings results from eliminating production and mailing publications that will now be available on the internet to holding additional positions vacant. In addition, department directors are also taking a look at how they operate and are deploying and assigning employees differently to keep more in line with the city's eight priorities.

Council Directive

During the budget workshop, the Council directed the city manager and the director of finance to perform a fundamental review of all city operations and to provide a report on October 1, 2008. The direction included the following:

- The report should prioritize or rank a list of recommended adjustments, reductions, transfers or termination of programs and services that are not substantially tied to the City Council's key priorities or to a fundamental operating function. Where possible, there should be included a matrix of the value of the service or program as well as its labor and non-labor cost components and any self supporting revenue with an aggregate savings to equal or exceed the forecasted FY10 budget deficit should the services or program be terminated.
- Second, review the benefits city employees are currently receiving and what benefits could be addressed in future collective bargaining sessions.
- Third, research the possibility of consolidation of services and the evaluation of a regional government to represent Southern Nevada. Discussions should take place with the managers of other governmental entities and perhaps presentations to the elected officials of the other entities exploring this idea.
- Lastly, create a stabilization fund that is used only under specific criteria for balancing the city budget. The fund should be created in a manner to be secure from access by outside governmental entities.

Fundamental Review of City Operations

There are three approaches the city may choose to examine our capabilities. The first one is a functional analysis which is a strategic approach that establishes organizational capabilities for each of the major functional areas of the city. The second approach is the value-chain analysis that breaks the city down into a sequential series of activities and attempts to identify the value added of each activity. The third and final approach is benchmarking which is a strategic management approach that assesses capabilities by comparing the city's activities or functions with those of other cities.

The city will be performing a hybrid of all three approaches in performing what the Mayor has termed a "Fundamental Review." The City Manager's office and

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finance director met on Thursday, April 3, 2008, to discuss and establish the skeleton work of what will be a fundamental review of all city operations. The first action was identifying community of interests – functions that relate but are administered by various departments. The second step was to identify an outside panel that will serve as an advisory committee to the city manager to ensure the integrity of the process. Finally, it was determined that an external consultant will be retained to assist in the process and to provide an outsider perspective on how we operate as a city and the services and operations we provide. The city auditor has also agreed to assist this effort by suggesting options that might be considered based upon his performance review of various city functions over the past several years.

In addition, we are currently exploring a phased compensation and class study with public safety positions being in phase one due to the beginning of contract negotiations around the end of this calendar year. The International Associations of Fire Fighters (IAFF) expires in June 2009. Non-Metro PPA members, Peace Officers Association (POA) and the Las Vegas City Employees Association contracts expire in June 2011.

Conclusion

Actions taken to date to manage expenditures are achieving the desired result of ending the current fiscal year with a balanced budget. Because we forecast very low revenue growth for the next several years, we also want to ensure a sufficient ending fund balance in the current fiscal year that in combination with additional operating cost reductions in fiscal year 2009 and deferral of certain capital projects allows us to stay financially solvent for the next year. Baring any unforeseen worsening of the economic picture, unanticipated major expenditures or loss of revenues to the State or other agencies, we expect to stay on target with our budget through fiscal year 2009.

The achievements to date with only negligible impacts on services to citizens have been possible thanks to the executives and staff throughout the city who have been very understanding and cooperative as we have made some very difficult cuts. The Council's leadership has also been invaluable by suggesting possible operational considerations to reduce costs over the short term and by supporting longer term changes in the interest of more economical municipal operations.

Douglas A. Selby
City Manager

Gwen Barnes

From: Doug Selby
Sent: Friday, April 25, 2008 11:45 AM
To: TLV Executive Committee
Subject: Fundamental Review

Team Las Vegas members,

There have been many questions about how we might accomplish the task of completing a fundamental review of our organization by October 1 as the Mayor and Council directed in the March 31 budget workshop. In my latest budget CMIR, we outlined a high level process with communities of interest and the use of an outside consultant as well as a look at what is mandatory of the services we provide. Although I have confidence that a consultant will enable us to hit the target, the limitations of solely relying on an outsider could severely constrain our results. I have given much thought to how we might merge both an inside-outside approach. We have such a strong executive team, I believe having one of our current leaders step up and take responsibility for our fundamental review is our best chance for success. I have asked Barbara Jackson to step into that role for us and she has agreed to do it. She will formally transition out of here role as the Director of Leisure Services and into the role of project director for the fundamental review. She will be working directly for me beginning informally on May 5 and formally on June 8 when she will relocate to City Hall. Any consultants and/or support staff will report directly to her for project guidance. BJ has laid out an aggressive, highly inclusive process that I think you all will support. BJ has committed to see the project through to completion in the fall and possibly beyond if needed. I will designate an acting director in Leisure Services prior to BJ relocating to City Hall.

I appreciate the support of each of you as we go through these next few months of work to complete this very significant report for our leaders. I know you will help us make this be a highly successful effort and that you will assist and support BJ as she leads this effort.

I plan on discussing this a bit more at our TLV meeting on Monday. Have a great weekend.

Doug

Douglas Selby
City Manager
City of Las Vegas

Gwen Barnes

From: Doug Selby
Sent: Friday, April 25, 2008 5:44 PM
To: City Council, All Staff
Cc: TLV Executive Committee; Tommy Ricketts; Mark Bunnell; 'ccollins@lvppa.com'; Dean Fletcher
Subject: Budget Bulletin IV

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Important Dates:

May 20 – Budget Hearing
June 2 – Final Budget Filed

Here are some March budget highlights:

- **Business licenses increased $10,084 (0.09%).** Gross business licenses declined $184,890 (-2.46) while Fixed business licenses increased $204,437 (4.77%). The shaky economy has hurt this line item. As reported last month, per Business Licensing, there have been some business closures due to the housing market decline.
- **Power franchise fees increased $2,019,890 (11.08%).** A 10% rate increase took effect on 6/1/07.
- **Municipal Court fines and forfeits increased $793,939 (6.59%).** This was due to better collection efforts and more transactions.
- **Parking fines and meter fees increased $427,038 (14.26%).** The double digit increase can be attributed to better collection efforts.
- **Consolidated Tax declined $4,995,139 (-3.28%) through January.** Taxable Sales are down due to the slowdown in the economy.
- **EMS transports increased $140,898 (8.30%)** due to an increase in the number of transports compared to last year (25.8% increase in transports).
- **Inmate Housing decreased $481,795 (-9.44%).** This was due to a policy change to limit the number of federal inmates that are housed. This line item is on the rebound. Two months ago the decline stood at 18%. The rebound can be attributed to an increase in fees charged to the county.

Office of the City Clerk

- The City Clerk's office has recently reviewed the notification and publication requirements involved with the dangerous building/abatements process. After working with Dan Still in the City Attorney's Office, the department is able to reduce the size of the *Review Journal* publications and do away with the certified portion of the mailing.
  Anticipated savings: Around $2,000 in publication fees per year in addition to a reduction in postage costs and City Clerk staff time.

Field Operations

- The department will be receiving a total of seven employees from Building and Safety due to the reduction in force.

Parks and Open Spaces:

- Jaycee Park and more than half of Lorenzi Park are now out of service due to the renovation project funded by SNPLMA funds. Staff from those parks has been reassigned to other areas allowing maintenance levels to remain basically intact.
  Impact: Service levels will be impacted when those facilities are reopened.

Transportation Services:

- There have been City Ride Bus Service route cancellations/ reductions due to a bus driver vacancy that has not been authorized/approved to fill and no overtime funds available.

Human Resources

- Human Resources has collaborated with IT and discussed with the City Manager's Office regarding the decision to delay replacement of employee identification badges beginning Fiscal Year '09. Identification badges will be updated in a similar way as DMV updates driver's licenses with a stick-on label that updates the expiration date.
  Anticipated savings: Approximately $10,000.

Information Technologies

- The department frequently supports non-infrastructure events such as neighborhood council meetings, information fairs, regularly scheduled council and planning meetings. The department also expend overtime hours on infrastructure maintenance tasks that are required to be completed during off business hours. These events include server and network component replacement or repair, operating system upgrades, and major business application upgrades or installations.

  For the last six months the department has expended 1,678 hours of overtime; an average of 280 hours per month. The department is reviewing the expenditures with an eye toward possibly reducing the number of infrastructure maintenance downtime windows where doing so does not increase risk to the infrastructure. Where possible the department is also assigning support for non-infrastructure events to Appointive personnel with the appropriate technical expertise and business knowledge.
  Anticipated savings: The department expects to reduce the need for overtime and after hour maintenance by 20 percent, or 56 hours per month over the next six months, or approximately $23,500 annually.

Department of Leisure Services

Adaptive Division:

- The 10th Annual Tee it Up Classic has been canceled. The program has been picked up by Las Vegas Disabled Sports USA, which has also worked with United States Disabled Sports USA and continues to provide it as the cornerstone for the Wounded Warrior program Las Vegas.
  Expected savings: Approximately $15,000

Senior Citizen Programs Division

- As of June 1, the Las Vegas Senior Center will reduce the hours of operation from 81 hours per week to 60 hours per week. This was included in the approved FY 08 decrement plan for the department that was approved by the City Council. Based on attendance numbers, a Monday to Friday 8 a.m. to 8 p.m. schedule will accommodate the largest number of participants.

  This action is being taken primarily to address staff shortages that the Senior Division has faced since the Centennial Hills Active Adult Center opened last summer, and not as part of a budget reduction plan. To open the Centennial Hills Active Adult Center, staff was shifted from the Las Vegas Senior Center, since no positions were allocated for Centennial Hills. Staff was also moved from the Doolittle Senior Center to the Las Vegas Senior Center to cover the shortage there while Doolittle undergoes construction. As a result, the staffing shortage will be further complicated when the Doolittle Senior Center reopens this summer and staff that was shifted to the Las Vegas Senior Center need to go back to their original assignment with Doolittle. In order to provide minimum safe staffing levels for the Las Vegas Senior Center, the reduction of hours is needed to provide adequate coverage when the building is open.
  Expected Savings: $4,000 in shift differential per year.
  Impact: The center is currently open Monday through Friday, 8 a.m. to 9:30 p.m. and Saturdays from 8:30 a.m. to 9:30 p.m. (81 hours). The reduction in hours will impact how late the center is open during the week and the building will be closed on Saturday. While we hope to be able to accommodate all groups and users, there will be an impact to groups and rental groups that cannot fit their activities within the reduced hours of operation that were included in the FY 08 decrement plan. This may result in complaints or calls from these groups. Staff will work to help groups reschedule any programs or activities that happen outside the revised operating hours to either open hours or to other facilities that may be able to accommodate them.

Neighborhood Services / Building and Safety

- The Departments of Neighborhood Services and Building and Safety have entered into an agreement to cost share the senior technical systems analyst position effective May 2008. The senior technical systems analyst will work for 20 hours per week in each department. Both departments will absorb 50 percent of salary related expenses.
  Anticipated savings: Through this partnership, the Department of Neighborhood Services and Building and Safety will each actualize an annual savings of $58,195; a combined annual savings of $116,390.

Douglas Selby
City Manager
City of Las Vegas
Selected as American City of the Year by the World Leadership Forum

COUNCIL BRIEFINGS – WEEK OF APRIL 28, 2008

1. **The Animal Foundation Agreement:** On February 28, 2006, the Shelter Agreement expired by its terms, but TAF continued to provide shelter services on a month-to-month basis, during which time the Parties were attempting to negotiate a new agreement for sheltering services. The negotiations are 95% complete. $68,180 reflects the increased monthly payment amount negotiated in the draft sheltering agreement currently being prepared for presentation to the City Council for approval.

2. **Director of Building and Safety:** We are presently engaged in the recruitment and possible selection of a new Director of the Building and Safety Department. We received almost 40 applications for this position and have narrowed the group of finalists to five. On Thursday, May 1, we will be conducting an oral panel and interviews of the finalists. The City Council is invited to meet and visit with the candidates during the lunch break. We will provide an applicant matrix in our Council briefings. Additional information is available from Human Resources at request.

3. **Natural History Museum:** The City is the landlord on this property which is located adjacent to Cashman Field and the Mormon Fort State Park. The Museum is the recipient of a $500,000 grant from the Nevada State Legislature. In addition, the Museum has positioned itself to be the benefactor of the Luxor Hotel and Casino and the latter's Egyptian collection recently moved to provide for renovation and modernization of the Casino. To house this display, the Museum is required to cover its infrequently-used courtyard. They are currently developing plans for housing this exhibit. Any material change to the Museum requires a modification to the lease agreement between the Museum and the City.

4. **Billboards Revisited:** During the City Council meeting of April 16, Council engaged in a lively discussion concerning the continued options in dealing with billboards, and the positions of their associated industry representatives. Planning has been in contact with the companies, and has provided the Council with industry responses to three options; none of which prevailed as a dominant option since the discussion in January. In spite of the City's efforts, there remains a lack of consensus between owners. The large, established companies want to maintain much of the status quo; while smaller companies would like more flexibility in their ability to develop more sites. The City Attorney is preparing summaries that the Council can review, and then give further direction as to how they would like to proceed in preparation of the May 21 City Council meeting.

5. **Lead in Artificial Turf**: Last weekend, news reports surfaced on national and local television as well as in newspapers regarding concerns in New Jersey of lead being found in artificial turf. The City's Safety and Health Officer has been charged with assessing the impact that this information would have relative to the City's turf installations. She found that the concern is with nylon products and that all polyethylene installations that have been tested are found to be lead free. The City currently has 17 artificial turf fields. Fifteen of these fields are sports fields, and they are all polyethylene. We have 2 play areas that are nylon. The Safety Officer checked with suppliers of all of our turf, including nylon, and has been assured that their products are lead free. We have documentation supporting this finding. Nevertheless, as a precautionary measure, we are taking samples of the nylon to be analyzed

6. C-Tax Update:

Month	FY2007 Actual	FY06 to 07 % change	FY2008 Budget	FY2008 Actual	FY07 to 08 actuals % change	FY08 $ BUDGET VARIANCE	FY08 % BUDGET VARIANCE
July	20,245,543	1.03%	22,028,633	20,018,880	-1.12%	(2,009,753)	-9.12%
August	20,811,549	2.09%	22,222,280	20,168,961	-3.09%	(2,053,319)	-9.24%
September	24,441,355	-1.73%	25,297,061	23,019,406	-5.82%	(2,277,655)	-9.00%
October	20,251,403	1.95%	22,604,538	20,412,441	0.80%	(2,192,097)	-9.70%
November	20,271,237	3.80%	22,222,280	19,918,657	-1.74%	(2,303,623)	-10.37%
December	26,702,804	-2.89%	26,554,926	25,304,399	-5.24%	(1,250,528)	-4.71%
January	19,609,659	2.80%	21,200,721	18,495,666	-5.68%	(2,705,055)	-12.76%
February	19,631,506	2.82%	21,223,919	18,560,836	-5.45%	(2,663,083)	-12.55%
YTD CTAX through Feb.	171,965,056	0.95%	183,354,359	165,899,246	-3.53%	(17,455,114)	-9.52%

7. **Update on Fundamental Review:** Dr. Barbara Jackson has agreed to leave the department of Leisure Services to take the position of leading the fundamental review process for the City. She will officially relocate to City Hall in early June to begin working directly for the City Manager on this project. Dr. Jackson has years of experience at the leadership level of the City and is in a unique position to coordinate the efforts of the fundamental review. She will work with any identified outside consultants and internal staff to accomplish the project by Oct 1 as Council directed. The City Manager will name an acting director of Leisure Services until a permanent director is named.

8. **Lone Mountain Park Interlocal:** The County formally requested that the City de-annex the park portion that is in city corporate boundaries. There is no mechanism under state law that allows this de-annexation. As a resolution, staff is proceeding to draft a proposed interlocal agreement with Clark County for the development of the NW Lone Mountain Park. Certain studies and permits would be required for the parks development but the County would not be charged a fee for them with the exception of connection fees for water and sewer. The County would be asked to complete the offsite roadway improvements, conduct a traffic study, conduct a drainage study, conduct neighborhood meetings with park design and facility locations, undergo a review for fire safety and a few other minor reviews. The City would rezone the property to civic use.

9. **Endoscopy Proposals received in response to the City Council fine of $500,000 (Attachment):**

Briefing Schedule:

Monday, April 28, 2008 – 1:00 p.m. – 3:00 p.m.
Mayor Pro Tem Reese
Councilwoman Tarkanian

Tuesday, April 29, 2008 – 10 a.m. – 12 noon
Councilman Ross
Councilman Barlow

Tuesday, April 29, 2008 – 2 p.m. to 4 p.m.
Mayor Goodman
Councilman Brown
Councilman Wolfson

from the desk of the city manager

DOUG SELBY

Volume V, May 2008

BUDGET UPDATE

The City Council recently approved the final budget for Fiscal Year '09. The negative growth in the consolidated tax, which funds a majority of the city's operations, led to a very tight budget that does not allow for the expansion of programs or new hires. There are several impacts from the revenue shortfall, including freezing the equivalent of 186 positions, no executive salary adjustments, only COLA adjustments for appointive employees, reduced training and office supplies, deferral of capital projects, no special events on overtime or fee wavers, and more. We expect budget cuts to last until Fiscal Year 2012.

Although no one can predict what will happen in the future, by paring down the budget the city is not only making responsible financial decisions but is trying to prepare for the event that the economy does not recover quickly. Many cities haven't anticipated the problem of decreasing revenues and are experiencing major issues, such as the city of Vallejo, California, which recently declared bankruptcy.

So we don't end up like other cities that have to take drastic measures to deal with a revenue shortfall, the City Council directed that we begin a review of all city programs and operations with the goal of reducing costs to meet our decreasing revenue streams that we expect to see over next several years. I have asked Dr. Barbara Jackson to head up this effort.

By October 1 we plan to give the City Council a prioritized plan for recommended adjustments, reductions, transfers or terminations of programs or services that are neither tied to the council's priorities or are not fundamental operating functions. For the critical program functions, we will be looking at opportunities to reduce operational costs and enhance revenues. It is important to streamline operations to make it through these difficult economic times and also look at ways we can improve our operations.

Because 75 percent of the city's operating budget is costs for labor, we will also be conducting a classification and compensation study of our workforce to determine whether we are properly compensating our employees. This will be an unbiased comparison of salaries, benefits and compensation of other cities our size. I want to thank all of you for your patience and support during these lean economic times. CM

Douglas Selby

CITY HALL UPDATE

Plans are moving forward for a new City Hall. At the May 21 meeting, the City Council approved a master development agreement with LiveWork/Forest City, LLC. This agreement establishes a six-month period to design City Hall, gives the city binding site control of the Queen of Hearts Block where the new City Hall would be located and sets a deadline for completing other "transaction documents" for the entire project.

The projected City Hall opening is 2011. The total project is expected to generate more than $4 billion in private investment, $16 to $20 million in TIF revenues for the city and more than 13,000 jobs. Some of this TIF revenue would be used to offset the cost of financing the long-term debt on this project

The project will cost the city relatively little "up front," not having a significant initial impact on the General Fund. The city would not make a first payment on the City Hall until fiscal year 2012. This is after the local economy is expected to have begun a recovery. At the same time, payments by the city to lease the space will be limited to only $2 million a year for the first five years.

Due to this deferred approach to paying on the project, the city has the potential to then sell the existing City Hall and adjacent properties. This amounts to some 17 acres. By selling these holdings, the city can apply the proceeds to "buying down" any costs associated with the City Hall project. Current projections are that the present City Hall site and neighboring parcels could generate an estimated $72 million. By using these land sale proceeds as well as a portion of the TIF revenue, the new City Hall would be substantially paid for on the back of redevelopment — redevelopment that would not occur unless City Hall was relocated to the LiveWork/Forest City project. CM

Congratulations to all employees for helping make the city one of the best places to live and work, and kudos to those who have earned individual recognition:

KUDOS

I AM PLEASED TO ANNOUNCE that the May Employee of the Month is **Victoria Franklin**. Victoria was recently promoted to a Senior Recreation Leader with the Leisure Services Department and has been an employee with the city since 2005.

Before she was promoted to work at the Veteran's Memorial Leisure Services Center, Victoria worked at Doolittle Community Center, where she made significant contributions to help improve and increase programming opportunities and community awareness. She planned and organized many of that center's events including the very successful It Takes a Village event, which brought together numerous groups to send the message that our community will not accept acts of violence.

Victoria was also the lead instructor and coach of the award-winning Doolittle Community Center Jam Squad Cheer Team. The performance cheerleading team recently returned from a competition in Phoenix where they won numerous awards including the leadership award. CM

PLEASE JOIN ME in congratulating **Jorge Cervantes**, who was recently ratified by the City Council as the new director of the Department of Public Works. Jorge previously served the city as city engineer and as deputy director of Public Works, and was appointed to the director position by the city manager.

Jorge joined the city of Las Vegas in 1998 as a project manager and was promoted to assistant city traffic engineer in 1999. He was promoted again to city engineer/deputy director in 2006. Jorge succeeds Charles Kajkowski, who retired on May 16 after nearly 36 years of service to the city. CM

CONGRATULATIONS TO Fleet and Transportation Services Manager **Dan Hyde** for receiving the 2008 Lifetime Achievement Award during the National Alternative Vehicle Fuel Conference held here in May. Dan was recognized for his advocacy of strong fleet leadership as a key in cleaning up America's cities. Dan has helped build a city fleet of more than 1,100 city vehicles and pieces of equipment that operate on some type of alternative fuel. Under his leadership Las Vegas in 1993 became the fifth city in the nation to become part of the United States Department of Energy Clean Cities program. Dan is recognized and admired on a local, national and international level for his commitment to alternative fuels. CM

THE CITY OF LAS VEGAS was recently honored as a "Key City for CAPPA," by ICLEI – Local Governments for Sustainability at the Local Action Summit North America held in Albuquerque. The recognition was based on information the city submitted about ten programs including the alternative fuels program, CELEBRATE program, turf conversions and the Methane Recovery Project at the Water Treatment Facility.

ICLEI -- Local Governments for Sustainability will launch its Climate and Air Pollution Planning Assistant tool (CAPPA) this year to assist local government leaders in developing customized plans for reducing climate and local air pollution based on the collective advice of local governments throughout the organization's network.

The city has a number of sustainability programs. Sustainability is defined by the city as meeting the needs of the present without compromising the needs of future generations. This includes numerous "green" efforts such as constructing new buildings to Leadership in Energy and Environmental Design (LEED) standards, water conservation, recycling and greater energy efficiency, just to name a few. CM

IDEA$ FOR DOLLAR$

We are launching an updated "Idea$ for Dollar$" program that has been redesigned to make it easier for you to submit your ideas on how to create more efficient and effective city operations and to receive feedback from me more quickly. This new interactive form can be found on the home page of the city's Intranet.

The form is more user friendly and will allow me to address your ideas as quickly as possible. The old form required back-up and other materials, but with the new form you will be able to submit your ideas for my consideration without providing all the necessary documentation. If I feel more documentation is necessary it will then be requested.

All you have to do is click on the icon and submit your idea. Rewards are available in $25 increments up to $100. For those more extensive ideas that result in significant savings, you will be eligible for an award up to $2,500.

I encourage all of you to submit your ideas on how to make our organization run even better. CM

OUR MISSION - TO PROVIDE RESIDENTS, VISITORS, AND THE BUSINESS COMMUNITY WITH THE HIGHEST QUALITY MUNICIPAL SERVICES IN AN EFFICIENT, COURTEOUS MANNER AND TO ENHANCE THE QUALITY OF LIFE THROUGH PLANNING AND VISIONARY LEADERSHIP

EDITOR: Diana Paul, Office of Communications
DESIGN: Sherman Sheftall, I.T. Graphic Arts

Gwen Barnes

From: Doug Selby
Sent: Friday, May 09, 2008 3:44 PM
To: City Council, All Staff
Cc: TLV Executive Committee; 'ccollins@lvppa.com'; Dean Fletcher; Tommy Ricketts; Mark Bunnell
Subject: Budget Bulletin VII

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Important Dates:

- May 20 – Budget Hearing
  June 2 – Final Budget Filed

Foreclosures:

We received the following information from John Restrepo:

City of Las Vegas
Foreclosure Snapshot*

	Total		Owner-Occupied		Tenant-Occupied†		Vacant‡	
	Count	%	Count	%	Count	%	Count	%
Short Sale	1,843	49%	825	91%	366	91%	652	26%
Foreclosure Commence	430	11%	79	9%	38	9%	313	13%
Foreclosed	1,499	40%	-	0%	-	0%	1,499	61%
Total	3,772		904	24%	404	11%	2,464	65%

Source: Greater Las Vegas Association of Realtors
**data as of 5/1/2008*
†Tenant-Occupied is indicative of being Investor-Owned.
‡May have previously been Owner-Occupied or Tenant-Occupied.

There have been 1,499 foreclosures since April, of which 61 percent were on vacant property. Foreclosures have commenced on another 430 properties, with 73 percent of those being on vacant properties and another 9 percent on tenant occupied properties. There have already been 1,843 short sales (homes are sold for less than their value), and 45 percent of those were owner occupied with another 20 percent tenant occupied.

What this information tells us is that overall, 65 percent of foreclosure activity has occurred on vacant properties, and another 11 percent on tenant occupied properties. It is possible that most of the foreclosure activity is investor related, not homeowner related.

Here are how some other cities are being affected by declining revenue:

According to the *Atlanta Business Chronicle:*
Atlanta, GA

- The proposed 2009 budget cuts more than 400 jobs mostly in departments other than public safety.
- The mayor asked the council to raise property taxes by more than $40 million.
- The budget crunch was blamed by an internal audit on the city's budgeting processes. Blame was also placed on employee benefits and raising health care costs.

According to the *New York Times:*
Vallejo, CA

- On May 7, 2008, the City of Vallejo, California, voted to declare bankruptcy. It was a unanimous vote after the city failed to "squeeze" concessions out of city employees.
- Staff reported the city would run out of money some time in June.
- Smaller cities have also flirted with the idea of bankruptcy including Half Moon Bay, California and McCall, Idaho.

According to the *Arizona Republic:*
Peoria, AZ

- Maricopa County is expecting an eight percent increase in incarceration fees; also new DUI laws have increased the number of booking days.
- A city councilman has asked staff to analyze the possibility of contracting jail services.

According to the *Detroit Free Press:*
Michigan

- The governor has appointed a team of financial experts to determine if the city of Pontiac faces a fiscal emergency.
- Thirteen other cities in Michigan remain on the states watch list for financial difficulty.
- The City of Pontiac has cut its police force from 175 officers to 70.
- The city has shuttered most of its community centers and eliminated its park program.
- Public Works is down to eight workers.
- The city is running a $6.7 million deficit in its $57 million general fund.

According to the *Sacramento Business Journal*:
Sacramento, CA

- The city "released a $964-million proposed budget" Thursday that "aims to balance a budget shortfall, and includes a 20 percent cut to non-public safety services," as well as "an eight percent reduction in public safety activities." The budget is designed to "make up for a $58-million shortfall," and calls for leaving 338 jobs vacant.

KCRA, Channel 3 in Sacramento, California is reporting:
Sacramento, CA

- The Sacramento Fire Department is reporting that because of rotating closed fire stations, response time will increase from 5 ½ minutes to 6 ½ minutes.
- The city is facing an estimated shortfall of $58 million.
- The fire and police budgets are proposing an eight percent cut while other departments are suggesting a 20 percent cut.
- Additional cuts may have to be made after the summer.

SignonSandiego.com is reporting:
San Diego, CA

- Sales tax revenue is down nearly $2 million than the previous year.
- Funding for organizations the city supports will be cut by 7.5 percent.
- Eight vacant positions in the police department will not be filled.
- Eight positions in street and park maintenance will be frozen.
- Two positions in the city's library will be frozen.

Budget Updates:

Department of Detention and Enforcement

Detention Services:

- Lieutenant position vacant due to retirement.
  Expected Savings: $4,384 per week until filled.
  Impact: Decreased command staff presence in the Detention Center. Remaining lieutenants changing shifts to ensure proper supervision is maintained, but this will decrease the ability for lieutenants to provide secondary supervision and managerial oversight to the operations and complete administrative projects.
- Corrections officer position vacant due to retirement.
  Expected savings: $156,514 annually (salary and benefits).
  Impact: Potential for increased overtime usage until current recruits graduate the academy and complete field training.
- Implementation of new alcohol breath testing machine in the Detention Center reduced testing time from 10-15 minutes per inmate to 2 minutes per inmate.
  Expected savings: 26 hours of personnel time saved per month.
  Impact: Decreased testing time allows staff to complete other duties, leading to increased efficiency and the potential to reduce overtime costs.

Deputy City Marshals:

- Deputy city marshal position vacant due to resignation.
  Expected savings: $111,825 annually (salary and benefits).
  Impact: Potential for increased overtime usage to maintain minimum staffing levels until current recruits graduate the academy and complete field training.

Animal Control:

- Fleet Reduction. One vehicle (Unit 2783) was turned in.
  Expected savings: $4,065 per year (maintenance and insurance).
  Impact: None. Alternate vehicles available.

Public Works Department

- The department has initiated a cross-training program that allows employees, in areas affected by the downturn, to be reassigned temporarily to another area within the department where there is heavy work demand.

- Traffic Engineering Maintenance has deferred its downtown and school crossing crosswalk restriping due to budget cutbacks. It is now performing semiannual preventive maintenance rather than quarterly.
  Impact: This action will cause pavement markings in the downtown area to be less visible to pedestrian and vehicle traffic due to fading and the wear and tear of vehicle traffic.

- The Charleston Median Landscaping project has been canceled. The city received a $500,000 enhancement grant from NDOT to provide median landscaping on Charleston between Las Vegas Boulevard and Maryland Parkway that will have to be rejected. Due to the budget cutbacks, the city's match of $500,000 was not funded for FY 09.
  Impact: Project will be postponed.

- Cultural Corridor Median Improvements - Costs reduced from $1,625,000 to $1,000,000.
  Impact: $625,000 savings coming from rescoping this project to only provide the two neon signs that are being funded by the Centennial Committee funds, and to provide the landscaped raised median around these signs only. The third neon sign and the landscaped medians that aren't directly in front of the cultural facilities were removed from the scope due to budgetary constraints.

- Stewart/First Street Landscaping reduced from $2,007,250 to $1,200,000
  Impact: $800,000 savings coming from eliminating the streetscape improvements between Casino Center and 4th Street. We will rely on CIM to provide these streetscape improvements with its project.

- Pavilion Pool reduced from $8 million to $6 million. The project will provide a cover with a retractable roof, and replace the obsolete heater.
  Impact: Splash pads and picnic area have been removed from the scope.

Planning and Development Department

- Planning Commission members were informed that there will be no more pre-meeting dinners provided for them effective July 10. The estimate of cost savings is $7500. They were also informed that there would be no City funding to attend conferences or training.

Douglas Selby
City Manager
City of Las Vegas
Selected as American City of the Year by the World Leadership Forum

Gwen Barnes

From: Doug Selby
Sent: Friday, May 16, 2008 6:07 PM
To: City Council, All Staff
Cc: TLV Executive Committee; 'ccollins@lvppa.com'; Dean Fletcher; Mark Bunnell; Tommy Ricketts
Subject: Budget Bulletin VIII

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Important Dates:

May 20 – Budget Hearing
June 2 – Final Budget Filed

Department of Leisure Services

Senior Citizen Programs Division, Las Vegas Senior Center

- As of June 1, the Las Vegas Senior Center will reduce the hours of operation from 81 hours per week to 60 hours per week. This was included in the approved FY '08 decrement plan for the department that was approved by the City Council. Signs noting the new hours have been posted since May 5. Staff has met with the various user groups that will be affected by the reduction in hours. Most groups were able to adjust their meeting times or days so that they will be able to continue to meet at this center. A couple of the groups were not able to do so and staff worked to help them arrange to meet at other city facilities in the vicinity. One or two groups chose to relocate to another meeting location. The revised operating hours will be Monday to Friday, 8 a.m. to 8 pm.
  Expected savings: $4,000 in shift differential per year. This action was taken primarily to address staff shortages that the Senior Division has faced since the Centennial Hills Active Adult Center opened last summer and not as part of a budget reduction plan. To open the Centennial Hills Active Adult Center, staff was shifted from the Las Vegas Senior Center, since no positions were allocated for Centennial Hills. Staff was also moved from the Doolittle Senior Center to Las Vegas Senior Center to cover the shortage there while Doolittle underwent construction. As a result, the staffing shortage will be further complicated when the Doolittle Senior Center reopens this summer and staff that was shifted to the Las Vegas Senior Center need to go back to their original assignment with Doolittle. In order to provide minimum safe staffing levels for the Las Vegas Senior Center, the reduction of hours was needed to provide adequate coverage when the building is open.
  Impact: The Center was open Monday through Friday, 8 a.m. to 9:30 p.m. and Saturdays from 8:30 a.m. to 9:30 p.m. (81 hours). The reduction will result in the center closing 1½ hours earlier during the week and the building will be closed on Saturday. As noted earlier, the majority of the groups and programs that would be affected by the reduction of hours have bee accommodated during the new operational hours.

Department of Information Technologies:

- The current mainframe systems are scheduled to be replaced by July 1, 2008. The new machines are twice as fast and will result in less time needed to perform data backups. We estimate backups taking 5 hours will take 2.5 hours on average with the new machines. Thus, the legacy applications (Courts and Business Services) will have an improved availability window on a daily basis.
  Expected Savings: The monthly lease cost will be reduced from $38,000 to $17,000 per month over the three-year agreement

Douglas Selby
City Manager
City of Las Vegas
Selected as American City of the Year by the World Leadership Forum

Gwen Barnes

From: Doug Selby

Sent: Tuesday, May 20, 2008 9:01 AM

To: Leisure Services - All Staff

Cc: TLV Executive Committee; City Council, All Staff

Subject: Acting Director for Leisure Services

Good morning,

As many of you are aware I asked Dr. Barbara Jackson to take the lead role in coordinating the efforts to perform a fundamental review of all city operations and to provide a completed report to the City Council by October 1, 2008. As such, she will be working directly for me until further notice. In her absence, I have designated Billie Bastian to serve as Acting Director of Leisure Services effective May 22, 2008, in hopes to make this a seamless transition and to provide stability within your department. Should you have any questions or require further information, please contact Orlando Sanchez or myself via e-mail or phone.

I thank you for your continued support and your hard work to make us a world class city.

Douglas Selby
City Manager
City of Las Vegas
Selected as American City of the Year by the World Leadership Forum

Gwen Barnes

From:	Gwen Barnes on behalf of Doug Selby
Sent:	Friday, May 23, 2008 3:12 PM
To:	City Council, All Staff
Cc:	TLV Executive Committee; 'Chris Collins'; Dean Fletcher; Mark Bunnell; 'tricketts@lvcea.org'; Diana Paul
Subject:	Budget Bulletin IX

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Important Dates:

June 2 – Final Budget Filed

Here is the U.S. Municipalities Financial Report for the Week of May 13, 2008:

According to the *Southern Voice*:
Atlanta, GA

- The crisis over Atlanta's $140 million budget shortfall continues to escalate as council members disagree on proposed plans, which include raising property taxes, reducing services levels, combining governments and creating new cities. Midtown activists are questioning if it is possible to have their section of the city secede.
- Citizens and some politicians are placing blame on the chief financial officer.

According to NBC 30.com Connecticut's News Leader:
New Haven, CT

- Residents protested outside a City Council meeting regarding a plan to relocate a police substation.
- The decision was made when the council was asked to decide between paying rent or paying for police officers.
- The new substation is in a high school several blocks from the current station (a cost saving measure of $21,000).
- Other items that will be cut include a senior center, $500,000 in programs for the homeless, $226,000 in programs for small businesses, $1 million in education spending and nearly $6 million in layoffs.
- About 100 layoffs have already been announced by the city.

According to Thenewstribune.com:
Pierce County, WA

- The county executive has approved $7.1 million in staffing cuts and other adjustments to balance the 2008 budget.
- Cuts include postponing hiring new police officers and using $1 million in the fund balance to cover the deficit.

According to the *Berkley Daily Planet:*
Berkley, CA

- While the $315 million budget appeared balanced earlier in the week, the city manager told the council

he would need to set aside $2 million to address potential federal and state cuts, which could lead to an eventual shortfall in 2011.

- The city manager recommended cutting nine additional positions.
- The city has been able to balance its budget through improving its Business License Tax collections—by revising fees for miscategorized businesses—and generating new parking meter revenue, the city manager told the council.

According to WSLS 10 in Roanoke, VA:

Bedford, VA

- Bedford City Council took its first look Tuesday at a proposed budget that has a general fund of nearly $17.7 million, a 4 percent decrease from the city's current budget. The cuts would mainly come in the departments of public works, community development and police operations.
- The situation recently led city officials to look into changing the city's status to a town, entering into talks with Bedford County officials over studying such a switch. It would merge the two localities, but the city would still keep up its own operations.
- The budget also proposes a 3-cent increase to the 81-cent real estate tax rate, a 2 percent increase in water and sewer rates beginning in January and a 6.7 percent hike in solid waste fees.
- Police Chief James Day told council members his department saved significantly on gas money by having bike patrol officers on the streets. He said there was a 17 percent reduction in local crimes reported.

According to *The Arizona Republic*:

Phoenix, AZ

- City budget cuts are eliminating most of the city's youth sports programs, shutting down programs in soccer and baseball that last year served 3,850 youth.
- Parks officials considered raising fees, but decided that doing so was unfeasible. When officials looked at the real costs of the programs and divided it up by the number of participants, the fee would have topped $100.

According to *The Idaho Mountain Express and Guide*:

Hailey, ID

- Hailey is taking steps to reduce operating expenses for the city to make up for a budget deficit of $550,000.
- The city has eliminated two staff positions in the Planning Department and two positions in the Street Department in response to the deficit.

According to ABC 7, KGO San Francisco:

Gilroy, CA

- In the last six months, sales tax revenue has fallen nearly seven percent. That's cost Gilroy $552,605 and the budget woes do not end there.
- The building slowdown is also hitting Gilroy hard. The city projected $18 million in development funds for new roads and other infrastructure, but the actual development will generate about $5 million.

According to the *New York Times:*

Vallejo, CA

- On May 7, 2008, the City of Vallejo, California, voted to declare bankruptcy. It was a unanimous vote after the city failed to "squeeze" concessions out of city employees.
- Staff reported the city would run out of money some time in June.
- Smaller cities have also flirted with the idea of bankruptcy including Half Moon Bay, California and McCall, Idaho.

Budget Updates:

Field Operations Department

Parks and Open Spaces

- The median and basin maintenance contract has been renegotiated to reduce service levels in some areas.
  Impact: Maintenance of larger facilities will receive the same level of service.
  Expected Savings: These changes took effective April 1, 2008, and are expected to save approximately $92,000 per year.
- This year's overseed program will be modified to reduce the number and/or areas of the city sports fields by 65 percent.
  Expected savings: Approximately $138,000.
  The following sports fields will NOT be overseeded:
  - All American football fields, Baker soccer field, Buckskin Basin soccer/lacrosse fields, Brinley ballfield (school), Doc Romeo multi-use fields and softball fields, Doolittle ballfields (skinned infields), Freedom softball field (closed), Jaycee Park (closed), Johnson (school), Katz (school), Lied (school), Lorenzi (closed), Morgan (skinned infields), Mountain Ridge softball fields, Rainbow Family Park multi-use fields, and Veteran's Memorial multi-use fields.
  - The following sports fields will be overseeded:
    Bettye Wilson, Centennial Hills, Children's Memorial (infields only), Dexter (infields only), Doc Romeo (infields only), Ed Fountain, Freedom (infields only), Garside (infields only), Hadland (infields only), Kellogg-Zaher, Majestic, Mountain Ridge (infields only), Rafael Rivera (infields only), and Rainbow (infields only).

Transportation Services

- The City Ride Bus Service route has seen cancelations/reductions due to a bus driver vacancy that has not been authorized/approved to fill and no overtime funds available.
  Potential Impacts: The morning Senior Route was canceled on Tuesday, May 6, 2008.
- Transportation Services provided bus service for the Alternative Fuels & Vehicles National Conference and Expo the week of May 11 – 14, 2008.
  Impact: Special requests for bus service are usually provided at no cost; however charges are now being imposed.

Department of Information Technologies:

- The department is developing an automated process that will notify city employees of the need to review their online phone bills.
  Impact: This will replace the current manual process that requires department administrative personnel to notify staff of this task on a monthly basis. The new process will notify staff for as long as there are outstanding bills to be reviewed. Production with this process should start at the beginning of next week.

Public Works Department:

- Traffic Engineering Maintenance has reduced the rate of replacing old and faded roadway signs due to budget restrictions. These replacements include stop signs, street name signs and assorted regulatory and warning signs.
  Impact: There will be a potential safety issue if the sign's reflective coating is faded and not clearly visible to motorists during non-daytime conditions.

- The department continues to look at work levels and staffing levels to maximize resources. The department has temporarily reassigned construction inspectors from Offsite Inspection and Testing to assist on the Fifth Street School, Jaycee Park, Gowan 4, Union Park and Las Vegas Middle Branch projects.
  Impact: Improves the flexibility and efficiency of the department's workforce.
- The following projects will be designed in-house as a result of reassigned Land Development staff to Engineering Design section: Bonneville/Clark **(estimated savings $285,330)**; Vegas Drive Sewer **(estimated savings $179,340)**; Antelope Sewer **(estimated savings $25,350)**.
- The Horse Drive Interchange will have in-house construction management.
  Expected savings: $1,887,554.
- The Water Pollution Control Facility is evaluating operational strategies related to treatment equipment to see if it is possible to move as much of its demand and energy requirements into the off-peak hours without impacting effluent water quality. Effective June 1 through September 30, Nevada Power Company's summer Time-Of-Use rates are in effect. Highest rates are charged during peak hours (1 p.m. to 7 p.m.), slightly less during the mid-peak hours (10 a.m. to 1 p.m. and 7 p.m. to 10 p.m.) and lowest during the off peak hours (10 p.m. to 10 a.m.).
  Impact: The opportunity to reduce costs and lessen the demand placed on the electric utility infrastructure.

Maggie Plaster

From: Gwen Barnes
Sent: Tuesday, June 17, 2008 8:11 AM
To: Maggie Plaster
Subject: FW: Budget Bulletin X

Attachments: Picture (Enhanced Metafile)

From: Doug Selby
Sent: Friday, May 30, 2008 10:20 AM
To: City Council, All Staff
Cc: TLV Executive Committee; 'ccollins@lvppa.com'; Dean Fletcher; Tommy Ricketts; Mark Bunnell
Subject: Budget Bulletin X

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Important Dates:

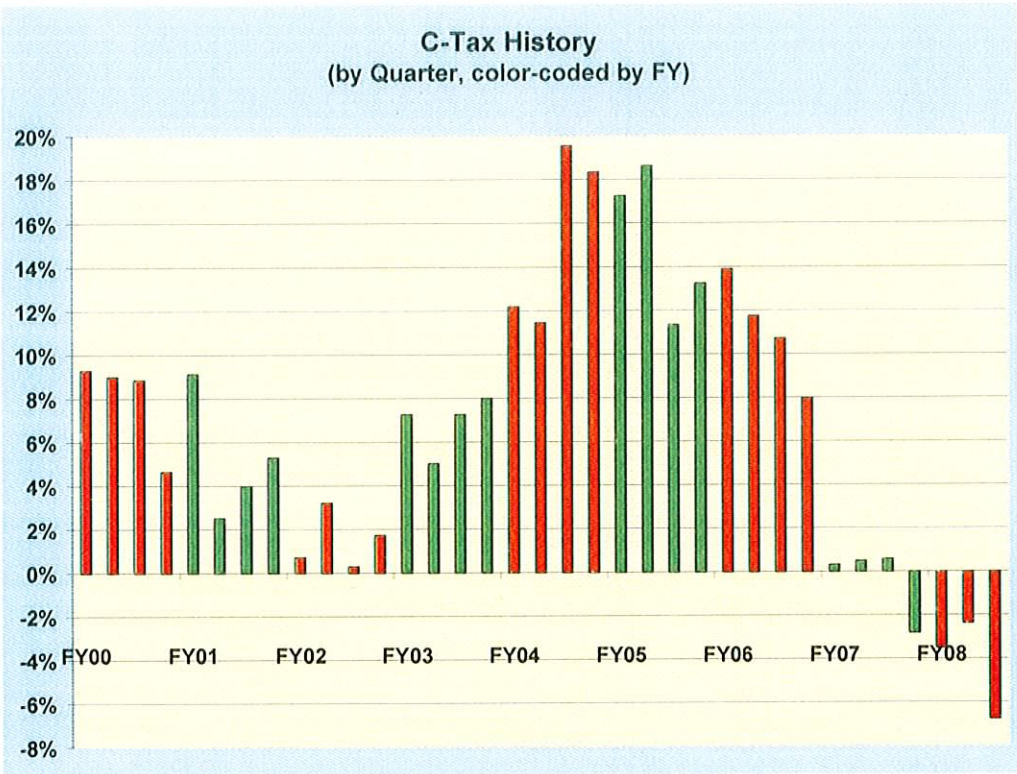
June 2 – Final Budget Filed

Financial Update:

The March Consolidated Tax numbers continue on the decline:

- Compared to last March, March 2008 declined 8.61 percent.
- Compared to the third quarter in the prior year, the third quarter of FY '08 declined 6.76 percent.
- FY 2008 year-to-date shows a decline of 4.18%

The updated chart looks like this:



Budget Update:

Finance and Business Services Department

- The department has awarded approximately $60.2 million in public works contracts recently, and while not every bid was under the estimate, in total the bids were about 39 percent lower than the estimated cost, for a savings of $23.2 million.

Here is the U.S. Municipalities Financial Report for the Week of May 19, 2008:

According to CBS 5:

Vallejo, CA

- Mayor Osby Davis said the city's attorneys have filed papers seeking Chapter 9 bankruptcy protection in federal court in Sacramento.
- The City Council voted to authorize the city manager to file for bankruptcy on May 6 after months of failed negotiations with its public safety unions.
- Some officials blame the financial crisis on labor contracts they said provide overly generous pay and benefits to the city's police officers and firefighters.

According to *The City Paper, Nashville's Daily News*:

Nashville, TN

- In the past several weeks, the governor and the legislature have been grappling with a so-called budget crisis that forced consideration of layoffs for 2,000 state employees, elimination of the planned expansion of the governor's pet Pre-K program, and other dire cuts in services and spending.
- The new budget includes approximately $468 million in cuts, including a buyout plan to remove 2,000 non-essential state employees from the payroll. The buyout plan will cost approximately $50 million and save $64 million.

According to *The New York Sun*:

New York, NY

- The State Public Employment Relations Board increased starting salaries for police officers to $35,881 from $25,100 and provided a 9.73 percent retroactive raise covering two years, which will cost the city $50 million a year more than it had budgeted.
- If other uniformed employees seek to renegotiate their contracts and receive similar pay raises, it could cost the city an additional $135 million per year.
- Mayor Bloomberg has said that the decision may threaten a 7 percent property tax cut.
- Presidents of two of the city's four other police unions said they would consider reopening their contracts from 2006 if it appears they can get a better deal.
- The givebacks include allowing the police department to reschedule police officers to work other days without having to pay them overtime.
- The police department believes the raise will help with recruiting efforts.

According to *The Daily Emerald*:

Lane County, OR

- The bleak outlook includes four hours of anarchy outside of city limits each day because sheriff's officers will only be working 20 hours per day.
- The county is $47 million poorer this year after the federal government failed to renew a decades-old pact of compensating rural counties that house federal land.
- Expenditures are increasing by six percent while revenue is only increasing by three percent.
- Commissioners and residents continually cite three possible options to fix the budget: a new tax, help from city and state governments, or cutting fat from the current budget.
- The majority of commissions will not support a new tax. The city of Eugene has been working to provide the county's general fund, where public safety money comes from, with $4.5 million during the next two years.

According to *The Las Vegas Review Journal*:

Washoe County, NV

- Washoe County commissioners have approved a budget for the fiscal year, which uses a one-time contribution from internal accounts to meet a $28 million shortfall.
- Officials say about 213 positions will not be filled to save on salary and benefits.
- A continued decline in tax revenues and added costs could pose problems later in the fiscal year.

According to The TimesHerald.com:

Port Huron, MI

- When it comes to cutting salaries and surpluses, council members do not agree with each other or with the city administration.
- Protest was heard when the mayor brought forth lowering wages for top city administrators.
- The mayor indicated city administrators had been overpaid for the past 20 years.

According to Arizona ABC affiliate KNXV-TV:

- **Phoenix, Arizona** has increased the cost of senior citizens' meals and transportation. Phoenix is asking its elderly who use senior services to contribute between 50 cents and $2.50 more for meals and transportation services. The fee increases were approved by the City Council. KNXV noted that senior center staff members will be asked to "let the elderly know that contributions do not meet the actual cost of services."

COUNCIL BRIEFINGS – WEEK OF JUNE 2, 2008

1. **Fundamental Review Update**: As requested by the Council, staff will provide an update on progress in the fundamental review of city operations.

2. **SB500 (Attachment)**: Human Resources received a request from Nevada Legal Services to participate in the City's insurance plan now allowed under SB500. Nevada Legal Services went to the County first, and the County required a significant amount of upfront money to allow Nevada Legal Services to participate in their plan. They declined and are now approaching the City.

3. **Health Insurance Administrator:** Recommended transition from Fiserv to Cigna.

4. **Construction costs (Attachment)**: About $61 million in public works contracts have been awarded over the past several months. Not all bids were under the engineer's estimate, but in total the bids were about 39% lower than expected. Because the funding sources for the projects are restricted use, the savings are not available to offset reduced general fund revenues.

5. **Global Green Connection**: Staff will discuss the proposal from H2 Green Technologies, LLC to build a global center for green technologies in the City of Las Vegas. This is to follow up on the abeyance of a resolution of support from the last Council agenda.

6. **C-Tax Component Analysis**: The March Consolidated Tax numbers continue on the decline. Compared to last March, March 2008 declined 8.61 percent. Compared to the third quarter in the prior year, the third quarter of FY 2008 declined 6.76 percent. FY 2008 year-to-date shows a decline of 4.18 percent.

March comparison year to year

	% inc 08 & 07	FY08
BCCRT	-4.75%	15,561,115.83
SCCRT	-5.45%	53,747,087.63
Cigarette	5.59%	908,950.67
Liquor	34.97%	210,968.50
RPTT	-37.98%	6,007,716.70
GST	-4.41%	8,901,106.56
	-8.44%	85,336,945.89

7. **Building and Safety Director**: The recruitment effort for a Building and Safety director has been unsuccessful to date. While we had a number of qualified candidates apply for the job, our negotiations with our top choice and second choice failed because we could not reach agreement on salary. The City Manager will present a new option for filling the position on an interim basis.

8. **Safekey Cashless Handling Procedure:** Please be advised that effective August 25, 2008, Safekey will no longer accept cash payments at Safekey elementary school sites. Customers may pay at the site with a check, debit card, credit card, money order or online at www.lasvegasparksandrec.com. Customers may make cash payments at any Leisure Services facility.

9. At the June 4 Council Meeting, the Council will be asked to approve two agreements for the disbursement of some of the monies received from the Gastroenterology Center of Nevada and the Endoscopy Centers of Southern Nevada. In summary the agreements are as follows **(Attachment):**

$161,000 - to the Metropolitan Police Department for a contract with a Record Management Company (ChartOne) to organize and make available to patients their medical records from the Gastroenterology Center of Nevada and Endoscopy Center of Southern Nevada.

$239,000 – to the Great Basin Primary Care Association for client management services, which include providing referrals for the following services:

(i) Provide Hepatitis screening on request.
(ii) Provide Hepatitis A and B vaccinations to Clients
(iii) Upon testing positive for Hepatitis C through an initial screening, Clients will be provided medical consultation, case management, and a course of treatment for Hepatitis.

10. **Kyle Canyon Gateway district court foreclosure filing (Attachment)**

Briefing Schedule:

Monday, June 2, 2008 – 1:00 p.m. – 3:00 p.m.
Mayor Pro Tem Reese
Councilwoman Tarkanian

Tuesday, June 3, 2008 – 10 a.m. – 12 noon
Councilman Ross
Councilman Barlow

Tuesday, June 3, 2008 – 2 p.m. to 4 p.m.
Mayor Goodman
Councilman Brown
Councilman Wolfson

Gwen Barnes

From: Doug Selby
Sent: Friday, June 06, 2008 9:52 AM
To: City Council, All Staff
Cc: TLV Executive Committee; 'ccollins@lvppa.com'; Mark Bunnell; Tommy Ricketts; Dean Fletcher
Subject: Budget Bulletin XI

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Budget Update:

Leisure Services Department:

Summer Camps

- The majority of summer camps for youth will begin on June 9 at various community recreation and art centers, and community schools throughout all the wards. Community based field trips for most of the summer camps will be reduced from the traditional two per week to three for the entire summer. Summer camps will conclude in a staggered schedule with the last one ending on August 22, 2008.
- Most summer camp sites will have the opportunity to visit a city pool and swim one time each week in addition to the three field trips.
  Expected Savings: $17,500.
  Impact: Some parents may view that the field trip services offered during camp time has decreased with the prices remaining the same from year's past. Implementation date begins the first week of camp, June 9, 2008.

Detention and Enforcement:

Detention Services

- One senior corrections officer position vacant due to retirement.
  Expected Savings: $163,740 annually (salary and benefits) or $3,149 per week until filled.
  Impact: Potential for increased overtime usage until current recruits graduate the academy and complete field training.

Parking Enforcement

- One Parking Enforcement Officer position vacant due to non-confirmation.
  Expected Savings: None
  Impact: Reduced revenue generation for enterprise fund.

- One parking meter technician position vacant due to retirement.
  Expected Savings: None
  Impact: Enforcement officers will be removed from revenue generating duties to perform technician duties.
- One parking operations laborer position vacant due to resignation.
  Expected Savings: None
  Impact: Enforcement officers will be removed from revenue generating duties to perform technician duties.

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Boston, MA

- Mayor Michael J. Sullivan and councilors say they believe all the cooperation and civility will lead to a smooth budget process this summer, avoiding the crisis of last year when the city came to the verge of shutting down not once but three times.
- Councilors say they still have many questions about Sullivan's proposed $240 million budget that calls for, among other measures, the elimination of two departments and the hiring of a city manager-type position to handle the city's finances.
- To make up for some of those declines, the proposed budget calls for property tax and water rate increases, along with a citywide hiring freeze, vacation buybacks and fewer city vehicles.

According to *The San Francisco Examiner*:

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- Proposition C, a 2006 city charter amendment approved by 63 percent of the vote, authorized the city to adjust the salaries of the top seven elected officials — the assessor-recorder, city attorney, district attorney, mayor, public defender, treasurer, and sheriff — every five years to make the salaries competitive with comparable positions around the Bay Area. This year, none of the cost-of-living increases comes to more than $8,079, and the total pay increase for all seven positions is $45,130, according to documents from the Civil Service Commission.

- For the coming fiscal year, the city is facing the second-highest projected budget shortfall since Mayor Gavin Newsom came to office. Newsom has asked city unions to reduce the city's total labor costs by 3 percent, suggesting city workers accept mandatory furloughs and wage deferrals, among other cost-cutting measures.
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According to The Californian. com:

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- The board of the King City Union School District has voted unanimously to close San Lorenzo School.
- The decision comes as the result of serious fiscal challenges, which were projected to leave the district $2.7 million in the red this coming year and $4.6 million the following year if no changes were made.
- Closing the school, which serves 4th and 5th graders, will save the district about $250,000 this coming year and $320,000 in coming years -- about 11 percent of the total amount needed for the district to stay healthy.

According to *The Times Standard*:

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- Eureka is proposing the city drastically reduce its contributions to outside agencies. The Humboldt County Convention and Visitors Bureau and the Greater Eureka Chamber of Commerce, both of which have a contract with the city to provide services in exchange for city funding, agreed to take a 10 percent reduction next year, resulting in about $14,000 in savings for the general fund.
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- The proposed budget also relies on the city maintaining its hiring freeze, which would result in 12 positions not being filled and a general fund savings of more than $950,000. The freeze also includes public safety positions -- six in the police department and two in the fire department.

According to *The New York Times:*

New York City, NY

- According to the chairman of the New York City Housing Authority, without increased government aid the authority would raise rents for some tenants and eliminate hundreds of community centers and resident programs.
- Assuming no new governmental financing becomes available in coming months, the authority is planning to eliminate all of the agency's community-based programs, including 94 community centers and 147 senior centers operated by the agency or the city's Department for the Aging in public housing.
- From 2001 to 2008, the Housing Authority lost a total of $611 million in federal dollars, money it qualified for under a HUD spending formula but did not receive because of shortfalls in Congressional appropriations. Officials say that this year, the loss of that money means that for every federal dollar the agency needs to operate, it gets roughly 82 cents.

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- Rogers said some other options are to charge students more to go to college, or to have the Legislature and governor enact new taxes, such as a general business tax.

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- More than 50 jobs could be lost and park repairs could be delayed next year as the city grapples with a $5 million deficit in its $181 million budget.
- The City Council may consider freezing positions in the city's 850-member staff and delaying repairs and maintenance to offset the balance.
- The police and parks departments are expected to be hardest hit because they consume about 40 and 15 percent of the council's discretionary spending, respectively.
- But, the county will not touch revenue from the quarter-cent sales tax that city residents approved last year to pay for street repairs and park rangers. That $2.5 million will continue to pay for fresh blacktop around town and the rangers the city has hired.
- City Manager Dick Wilson hopes to dull the deficit pain somewhat by spreading the cuts out over two years and spending the savings from previous years to cover the difference.

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- A review of Maricopa County's top 100 public employees' salaries shows that even those at the bottom of that scale make nearly three times the money of the typical valley worker.
- Critics said that the results of the review are "a reflection of a government that has

grown too large and wants its top employees to be paid like the CEOs of corporations." But others defended the high salaries as necessary to recruit and keep talented employees.

- County Manager David Smith said, "Every one of our salaries are market based. ... You need the best people you can get to operate a $2.3 billion budget." He also noted that the county compares its pay structure to similar counties across the country such as San Diego and Orange counties in California, or Clark County in Nevada.
- Bryon Schlomach, an economist with the conservative Goldwater Institute, seemed to agree with Smith, noting that "[t]oo often...government officials are asked to act like 'Wall Street brokers' in that they recruit businesses and broker other big-dollar deals normally associated with the corporate world. If you really want someone to do all these things you can make that argument you have to pay them really well."

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Douglas Selby
City Manager
City of Las Vegas
Selected as American City of the Year by the World Leadership Forum

Gwen Barnes

From: Doug Selby
Sent: Friday, June 13, 2008 2:53 PM
To: City Council, All Staff
Cc: TLV Executive Committee; 'ccollins@lvppa.com'; Dean Fletcher; Tommy Ricketts; Mark Bunnell
Subject: Budget Bulletin XII
Attachments: Budget Memo 6- 13.doc

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Detention and Enforcement:

Support Services

- Reallocated existing computer equipment to eliminate need to purchase additional hardware.
- Desktop printer moved from Admin to Field Services report room. Saved $875 on equipment cost, $50 on annual maintenance.
- Networked copier printer moved from project trailer to replace desktop printer and copier in booking area. Saved $1250 on equipment cost, $50 on annual maintenance.
- Desktop printer from project trailer moved to Admin. Saved $875 on equipment cost, $50 annual maintenance.
- GIS capable PC moved from CAD project to Detention to maintain as-built drawings of detention center electrical systems. Saved $7000 on equipment cost, $2,300 on annual maintenance.
- Three low use PCs reallocated to Intake, Property and DCM task force. Saved $3,480 on equipment cost, $6,900 on annual maintenance.
  Expected Savings – Total first year savings = $22,830
  Impact – No negative operational impacts

Information Technologies

Software License Cost Savings

- IT has reduced the annual cost of a software license package as a result of installing the new Oracle RAC computing technology platform. This technology allows the city to scale computing resources according to the demands of the business functions. As a result, we were able to cancel computing load testing software from our Mercury Interactive software suite.
- The city paid licensing fees of $38,830 for the entire suite of load testing and quality assurance tools. Canceling the load testing modules resulted in a new license quote of $20,293.20 for an annual savings of $18,536.80.

Field Operations

Facilities Management

- As of July 1, Centennial Hills Active Adult center and the Councilman's community room will receive custodial service from the YMCA. Since the opening of the community center, these areas have been serviced by city custodians on an overtime basis. The increase in operating hours of the center and lack of budgeted overtime made this change necessary.

Parks & Open Spaces

- At the semi-annual field allocation meeting, the leagues were notified that as of June 30th, the city will no longer provide the current level of maintenance support for weekend league play and tournaments, which will reduce scheduled overtime expenses. Those parks most impacted by this reduction are Kellogg-Zaher, All American, Bettye Wilson, Majestic and Ed Fountain.

Transportation Services

- City Ride Bus Service route cancellations/reductions due to a bus driver vacancy that has not been authorized/approved to fill and no overtime funds available.
- Canceled one of the buses for the morning Fremont Route on Tuesday, June 3, 2008. This is a 50 percent reduction in service. One bus was still in operation.
- Canceled one of the buses for the evening Fremont Route on Tuesday, June 10, 2008. This is a 50 percent reduction in service. One bus was still in operation.
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According to the Orlando Sentinel:
Osceola County, Florida

- Osceola County, Florida lays off employees, explores other cost cuts. Osceola County "announced the layoff of about 60 employees" Tuesday due to "property-tax cuts and a sluggish economy." County Manager Mike Freilinger said that 85 total positions are being eliminated, and of those, 26 are vacant. Freilinger said the county "expects to save $5.4 million from the layoffs," while it "needs to reduce the budget by almost $13 million." In addition to the layoffs, Freilinger "is looking at changing the way" the county "insures employees," and has "streamlined the public information office, cutting print and broadcast projects, as well as the position of chief public information officer." He also has recommended "that the county outsource probation services," and possibly mosquito control as well. The Sentinel notes that Osceola County also "has changed its vehicle-use policy so that only 'essential' and on-call personnel will take home vehicles."

According to the Florida Sun-Sentinel
Hollywood, Florida

- The city faces a $14-million shortfall for next budget. Hollywood City Manager Cameron Benson "announced Tuesday the city is facing a potential $14-million shortfall in next year's budget" in a letter to city commissioners and he "blamed a significant drop in property values, and voter-supported tax reforms for the expected gap." The Sun-Sentinel added that Broward County officials "estimated last week" that there has been a five percent, "or roughly $742 million, decline in Hollywood property values." Benson told commissioners that methods for coping with the shortfall will affect the city "not only for the coming year, but for years ahead."

According to the Indiana Star Press
Muncie, Indiana

- Muncie Mayor Sharon McShurley (R) is considering privatizing the city's fire department "to help compensate for an expected shortfall of $7 million in tax revenue between 2009 and 2010." The Star Press noted that the "city is expected to spend about $9.5 million on the fire department in 2008, or a little more than one-third of the general fund." Reactions so far have centered on safety, with fire department officials saying that a private firm "would put profits before public safety," and proponents of a privatization plan focusing on "savings related to operating an efficient business model" that would "simply outweigh any risks."

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Sent: Friday, June 20, 2008 3:30 PM
To: City Council, All Staff
Cc: TLV Executive Committee; 'Chris Collins'; Dean Fletcher; 'tricketts@lvcea.org'; Mark Bunnell; Diana Paul; Maggie Plaster
Subject: Budget Bulletin

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Budget Update:

Department of Information Technologies:

- At the beginning of May 2008, the department began a mail pickup and metering pilot project with Las Vegas Presort. This is an authorized U.S. Postal Service provider that picks up the out-going mail from our mail room, applies postal metering to that mail, and also processes mailings that have postage paid by the sender, or "Indicia" mailings.

  The provider is claiming a first-class mail savings of $.027 per mail piece ($.39.3 versus $.42 per piece). That could translate to about a $60,000 per year savings for just first class mail. Indicia mail savings is estimated to be about $25,000 per year. An added benefit is the elimination of the need to send a driver to the post office on average of once per week to process Indicia mailings.

  The pilot ends June 27, 2008, at which point the department will get a cost analysis of the mailing activities from the service provider to review.

Here is the U.S. Municipalities Financial Report for the Week of June 9, 2008:

According to The Tulsa World.com:
Oklahoma City

- With a last minute $2 million infusion, the budget for the Oklahoma Department of Mental Health and Substance Abuse Services for the coming year is the same as last year's -- roughly $209 million in state-appropriated dollars. Almost 96 percent goes directly to services.
- A standstill budget, in many ways, means a step back in providing services in the face of increasing demands for these services, as well as inflationary pressures such as those experienced in the areas of transportation and energy costs," agency spokesman Jeff Dismukes said.
- Al Friedman, chief executive of Red Rock Behavioral Health Services, said the percentage of money in the state budget going to mental health from 1990 to 2000 dropped every year even as agencies such as the Department of Corrections grew.

According to *The Duluth News Tribune*:
Duluth, MN

- At a sit-down-and-chat with the Duluth Area Chamber of Commerce on how best to solve the city's budget deficit, Mayor Don Ness said he "inherited" the $5 million shortfall. That's true, as he took office

just this year.

- When it was his turn, City Councilor Todd Fedora, who is also only months into his first term, said that the "budget was approved" — implying, also accurately, that Ness as a former city councilor was a part of that approval process. Fedora added that the city has been "wasting" money for years. Whether city spending has been wasteful could be debated expenditure by expenditure. As far as the budget approval process, however, it must be asterisked with the fact that the local and national economy are in a far more precarious state now than when the spending plans passed the City Council.

According to KCRA.com:

Sacramento, CA

- A city-run Old Sacramento shop that sells crafts made by local senior citizens may be shut down as leaders grapple with a $58 million budget deficit.
- The Sacramento City Council will consider the future of The Elder Craftsman and other spending cuts. Many city jobs are also on the chopping block.

According to The Statesman Journal.com:

Salem, MA

- In the next fiscal year, fuel for Salem's fleet of police cars, fire trucks, public works vehicles and other equipment is expected to cost nearly $559,000 more than was estimated last fall.
- The Salem City Council approved additional money for fuel in the city's 2008-09 fiscal budget. City funds set aside for fuel purchases will go from little more than $1.2 million to about $1.8 million.
- More funding for fuel was one of several budget amendments approved by the council, as it finalized the $496.2 million budget for fiscal 2008-09. The extra money for fuel will come out of the city's unappropriated ending balance — a pot of funds often tapped for unexpected expenses.

According to NBCSanDiego.com:

Chula Vista, CA

- Officials in Chula Vista announced that their Fourth of July fireworks show along the bay front has been called off due to lack of funds. The $40,000 required to pay for the annual fireworks display was one of the cuts made in last December's budget reductions, which totaled more than $15 million.
- City officials said in addition to paying for the display, they would have had to spend an additional $35,000 for police and traffic control.
- In less than two years, the City of Chula Vista has cut more than 200 jobs and approximately $30 million to balance its budget.

According to CourierPostOnline.com:

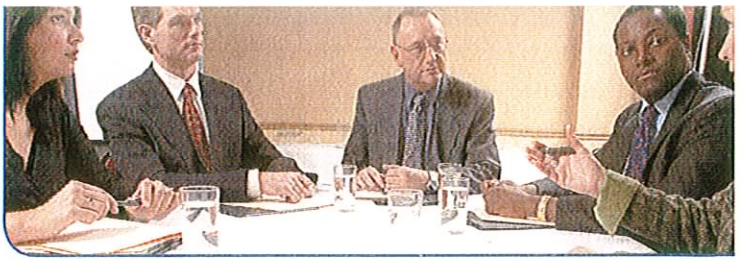
Camden, NJ

- The state has come to the rescue after the city council's revised spending estimates for the current budget year uncovered $14.3 million in errors in its $164 million spending plan.
- On Wednesday, the state Department of Community Affairs' Local Finance Board voted to increase the city's share of Special Municipal Purpose Aid by $14.3 million -- up to $61.5 million -- an increase of about 24 percent. The fund provides aid to communities experiencing exceptional financial distress.
- The state had little choice but to increase aid to Camden. Under Camden's Municipal Rehabilitation and Economic Recovery Act -- legislation signed in 2002 by then-Gov. James E. McGreevey -- the city is barred from increasing property taxes until 2012.
- This no-tax restriction means the state either had to come through with the money or force the city to make cuts. Since the present budget cycle ends June 30 there was little time to close the gap.
- The city's state-appointed chief operating officer, retired Superior Court Judge Theodore Z. Davis, said he never gave his approval to the original spending plan, which was adopted by the city council last

from the desk of the city manager

DOUG SELBY

Volume V, July 2008



FUNDAMENTAL REVIEW

Hopefully by now all of you are familiar with the purpose of the fundamental service review. A memo from me about this topic was sent to every employee on July 9 and 10. This still may be a bit of a mystery to some, so we added new information to the city's intranet site, Inside CLV. If you click on the Budget Update link, you will find information on the fundamental service review as well as other city budget issues.

Simply put, the sagging economy is forcing us to reduce our budget by an additional $30 million. It is certainly no small task. In that vein each department submitted suggestions on how we might save that money. This week our department directors have been meeting with consultant Bill Kirchhoff to delve deeper into some possible solutions. Also, Barbara Jackson and I taped a segment explaining the fundamental service review and its critical nature for a segment on "City Scene," which will air on Channel 2 in August.

We are working toward a special meeting of the City Council on October 6. Our hope is to give the council members some possible options in how to best address our budget woes. I'll continue to keep you posted as we move forward with this difficult process. In the meantime, my thanks again for your commitment to service as we navigate these uncertain economic times.

Douglas Selby

LADY LUCK

At the council meeting earlier this month, the city of Las Vegas entered into a disposition and development agreement with CIM, LLC for a major redevelopment project west of City Hall. It would bring more restaurants and other mixed uses to the area. Under the agreement, CIM must make a minimum $100 million in improvements to the Lady Luck Hotel and streetscape/façade improvements on Third Street. The company also will develop 100,000-200,000 square feet of retail and an additional 350,000-500,000 square feet, including a hotel, residential and/or office, including restaurant, bars, etc, that are normally associated with a large-scale mixed use development.

The Lady Luck site, and the surrounding acreage that is planned to be developed into a mixed use development, is estimated to generate $920 million in private investment, 3,599 in permanent jobs, a $348 million impact and $96 million in new taxes.

Some of the projects CIM has been involved with include the Third Street Promenade in Santa Monica, Calif., the Gas Lamp District in San Diego and projects in downtown Los Angeles, San Jose and Sacramento.

CIM must start construction on the Lady Luck site by December 31, 2009, with substantial completion by December 31, 2011. The company must also complete modifications and improvements to the Third Street pedestrian bridge to minimize impact on the historic post office.

The city will use its best efforts to complete the mob museum and streetscape improvements to Stewart Avenue, streetscape improvements to Ogden Avenue and Third Street and make other public improvements.

UPCOMING MEET THE MANAGER MEETINGS

Please work with your supervisor to schedule a time so that you can attend one of the Meet the Manager meetings. You are encouraged, but not required, to attend, and we don't want to negatively impact customer service.

- **August 4**, 10 to 11 a.m., Detention & Enforcement, 3300 Stewart Avenue, Admin Conference Rm.
- **August 7**, 11 a.m. to noon, West Service Center, 2875 Ronemus Drive, Field Operations Center Building, Streets Crew Room.
- **August 28**, 3 to 4 p.m., Development Services Center, 731 S. 4th Street, Conference room 2B.
- **August 29**, 10 to 11 a.m., City Hall, 400 Stewart Avenue, HR Training Rooms 1 & 2.
- **September 2**, 11 a.m. to noon, East Service Center, 3104 E. Bonanza Road, TEFO Break Room.
- **September 12** , 11 a.m. to noon, Water Pollution Control Facility, 6005 E. Vegas Valley Drive, O&M Building, Training Room
- **September 18**, 10 to 11 a.m., Regional Justice Center, 200 Lewis Avenue, Room #4438.
- **September 30**, 8:30 to 9:30 a.m., City Hall, 400 Stewart Avenue, HR Training Rooms 1 & 2

COUNCIL BRIEFINGS – WEEK OF JUNE 30, 2008

1. **NO Redevelopment meeting on Wednesday, July 2, 2008.**

2. **Tapestry Update (Hand-out):** Following the June 18th City Council meeting and the many unanswered questions concerning the site where the Tapestry is proposing constructing affordable apartment units, city staff will address the following questions that were discussed at the meeting.

   - History of site, including how the residents were notified that the site was considered to be a future park site (Cover letter dated, August 27, 2003, on city letterhead titled "Dear Homeowner).
   - Is there still a need for affordable housing in view of the current housing market?
   - Recreation and Public Purpose (R & PP) process.
   - Unsolicited versus RFP process.
   - Current zoning of property.
   - Master plan for city parks element, adopted in 2000 -- does not call for a park in this area.
   - County process versus City process approach to identifying and reserving BLM sites for affordable housing.

3. **Building and Safety structural plans review:** Staff has met with industry groups regarding the City's changed procedure for structural plans reviews. Chris Knight will be working with Rimkus Consulting Group and the Structural Engineering Association of Southern Nevada on this issue. Possible resolutions include special fees for structural plans reviews by the City due to poor quality designs and legislative changes to enforce higher quality standards and insurance requirements on structural engineers.

4. **Fundamental review (Hand-out – Communities of Interest):** As part of our review of City operations to meet future revenue challenges City Directors are now engaged in developing suggestions for organizational changes, departmental restructuring, program and service reductions, revisions or eliminations and revenue enhancement opportunities. They are being encouraged to look not just at their department, but to offer suggestions they feel might work for other departments. The current budget savings target for 2010 is a reduction of an additional $30 million. A contract with an outside consultant, William Kirchoff, is being developed to provide an independent assessment of our suggestions and meet with Council members and executive staff in July and August to assist in refining options for the Council's consideration in October.

5. **Vegas Grand Prix 2010**: Staff met with Jim Freudenberg the promoter of the 2007 Vegas Grand Prix to discuss his proposal for a downtown race in October 2010. The new race would be an Indy Car race which has a lot more U.S. popularity, better financing and includes well known race teams including members of the Mario Andretti and A.J. Foyt racing families. Freudenberg has already been told that there would be no City contribution to a race other than staff assistance and he still seems interested. Staff will continue to negotiate the terms of a possible race in 2010. All discussions will be with the understanding that final approval rests with the City Council.

6. **Building and Safety Issues with 8311 Farm Road and proposed SID (Attachment):** Construction of the home on the property began in 1990, since that time the City has had 6 different Building Code Revisions. The home received a temporary Certificate of Occupancy in December of 2005. The property did not pass final inspection due to the off-site improvements not being complete. The proposed ordinance on the July 2 City Council agenda creating an SID for the area associated with the property will resolve the off-site improvement issue and allow the home to receive a final inspection. However, it is doubtful that the home will comply with the current Building and Residential Codes of the City. Other complications exist on the property for the construction of a swimming pool and a

Gwen Barnes

From:	Doug Selby
Sent:	Thursday, July 03, 2008 2:22 PM
To:	City Council, All Staff
Cc:	TLV Executive Committee; 'ccollins@lvppa.com'; Dean Fletcher; Tommy Ricketts; Mark Bunnell; Maggie Plaster
Subject:	FW: Budget Bulletin 7-03-08

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Budget Update:

Field Operations Department:

Parks and Open Spaces

- Picnic reservation sites will be power washed on an as needed basis during the week. No weekend power washing services will be performed.
  Expected savings: Approximately $105,000.
  Impact: The impact should only affect those citizens who utilize reservable picnic areas on weekends. There are approximately 650 weekend picnic reservations per year.

Transportation Services

- City Ride Bus Service route cancelations/reductions due to a bus driver vacancy that has not been authorized/approved to fill and no overtime funds available.
  Impact:

· Canceled one of the buses for the morning Fremont Route on Friday, June 13, 2008. This is a 50% reduction in service. One bus was still in operation.

· Canceled one of the buses for the morning Fremont Route on Saturday, June 14, 2008. This is a 50% reduction in service. One bus was still in operation.

· Shortened the service time for the Outlet Mall Route on Friday, June 13, 2008.

· Shortened the service time for of the buses for the morning Fremont Route on Sunday, June 15, 2008. This is a 50% reduction in service. One bus was still in operation.

· Canceled one of the buses for the morning Fremont Route on Saturday, June 21, 2008. This is a 50% reduction in service. One bus was still in operation.

· Canceled one of the buses for the evening Fremont Route on Friday, June 27, 2008. This is a 50% reduction in service. One bus was still in operation.

· Canceled one of the buses for the morning Fremont Route on Saturday, June 28, 2008. This is a 50% reduction in service. One bus was still in operation.

· Canceled the Outlet Mall Route on Saturday, June 28, 2008.

Streets and Sanitation

- Effective Fiscal Year '09, the historical policy of holiday operation (excluding Thanksgiving and Christmas) of the Downtown Beautification Office and graveyard shift motor sweeper operators is being stopped, and those staff will not be worked in a holiday overtime basis.
  Expected savings: The labor cost savings for July 4 will be 50 hours of overtime.

Here is the U.S. Municipalities Financial Report for the Week of June 23, 2008:

According to *The Tri City Herald*:

Olympia, WA

- State tax collections have dropped for the third straight quarter, bolstering the likelihood the Legislature will have a sizable budget hole to plug come January.
- The relatively small revenue decline announced Thursday, representing less than one-half of 1 percent of the state's operating budget, was blamed on a broad economic slowdown. Retail sales and business taxes are lagging along with personal income growth and higher inflation and gasoline prices are hurting.

According to *The Baltimore Sun*:

Baltimore, MD

- Despite the return of Maryland's so-called structural deficit, several members of Howard County's State House delegation have warned social services providers not to look for revenues to grow next year.
- "I don't see me going back down there [Annapolis] and raising more taxes," said state Sen. James N. Robey, who said he supported tax increases and spending cuts last year that were designed to eliminate the $1.7 billion state budget shortfall.

According to *The Conntact*:

New Haven, CT

- New Haven's budget crisis has led to layoffs and cuts in airport subsidies and may result in further reductions to services, affecting businesses in the Elm City.
- Mayor John DeStefano Jr. says he won't cut police and fire payrolls as summer demand spikes: A single eight-hour police shift on June 11, a Wednesday, recorded more than 900 calls for service, the mayor said.
- City jobs will be lost in the public works and parks departments, cuts that may affect street sweeping, parks maintenance and other services, DeStefano said. The mayor has threatened more layoffs if city unions don't agree to $6 million in benefit give-backs.

According to *The Glendale News Press*:

Glendale, CA

- Glendale's $775.3-million budget is expected to be formally adopted Tuesday, having withstood a month of politics, intense scrutiny and scorn as the City Council worked to close a projected $9.9-million shortfall.
- In the three weeks since the City Council closed a projected $9.9-million shortfall in the $168.7-million general fund to balance the budget, a few vocal critics have railed against what they say is a failed policy of allowing municipal employee salaries to outpace revenues.
- City officials have rejected the accusations as "conspiracy theories" and say the shortfall was borne out of unanticipated civil judgments against the city, flattening enterprise revenues and a general economic downturn that struck without warning after the credit crisis.
- Councilman Bob Yousefian, after initially joining in a round of congratulations for balancing the budget, has said he will vote against it, siding with the critics. His four colleagues, who have criticized the outspoken councilman for politicizing the issue, are expected to pass the budget.
- Mayor John Drayman closed the public hearing on the budget on June 17, and said he did not intend to reopen it at Tuesday's meeting. Speakers would be barred from addressing the budget during the public comment period since it is reserved for items not on the council agenda.

According to *The Daily Californian*:

Berkley, CA

- The Berkeley City Council is set to approve the updates to the city's biennial budget proposed by Mayor Tom Bates at its meeting Tuesday night.
- The main changes to the 2008-2009 budget involve cuts from the general fund and specific funds, cutting positions, allocating additional money to certain projects and community agencies and reserving funds to deal with anticipated budget cuts from the state.
- Because the city adopts a budget every two years, the budget that the council will examine simply makes changes to the 2007-2009 budget passed by the council last June in order to update it to include funding changes-both increases and cuts-that have occurred during the last year.
- Additionally, nearly $3.8 million in one-time allocations from the general fund, reserve funds and revenue are set to be dished out to a variety of projects, including a new $1 million animal shelter and staffing for the Climate Action Plan and for the Berkeley Fire Department.

According to *The Moorpark Acorn*:

Ventura, CA

- Despite funding shortages, city officials voted to continue paying for the school resource officer at Moorpark High School and the DARE anti-drug program offered to fifth-graders throughout Moorpark.
- The Ventura County Sheriff's Department, which subcontracts with the city for law enforcement services, administers both programs.
- Councilmember Mark Van Dam also voted to support the program for another year because the decision won't affect other vital programs, but using reserve money to pay for DARE is "not a wise financial decision," he said. "Reserves should be used for special projects or needs, not ongoing expenses."
- The city is tapping into reserves and making some adjustments to fill a $1 million deficit. Cost cutting measures include eliminating three city sponsored crossing guards, leaving employee vacancies open longer and delaying improvements to the Civic Center community center.
- This year's fiscal deficiencies are mostly the result of current economic conditions that have flattened sales and property taxes. General purpose revenues such as property tax, sales tax and vehicle license fees are the only significant sources of city income that do not have restrictions on how they may be used.

East Point, Georgia will furlough all city employees.

The Atlanta Journal-Constitution (6/12, Brown) reported that East Point, Ga., "will furlough all city employees" and require "unpaid leave throughout the next year," probably as "one day off of each two-week pay period." The plan would allow "city offices [to] remain open as usual." City Manager Crandall O. Jones "said furloughs would begin July 1." The city's operating budget for its next fiscal year is expected to be $108 million with a funding gap of "$5 million to $8 million." The Journal-Constitution noted that "the city has operated in the red every year for at least the past decade," but it expects to "finish the current fiscal year with a balanced budget." The city has "about 600 employees," and some could face layoffs. Georgia's Fox affiliate WAGA-TV (6/13) also covers the story.

Sand Springs, Oklahoma reaches agreement on budget that includes cuts, layoffs.

Oklahoma's Sand Springs Leader (6/12, Waldschimdt) reports that the city council "adopted an austere budget" for fiscal year 2009 that includes "spending cuts and layoffs to balance revenue and expenditures." The budget, according to City Manager Doug Enevoldsen, is designed to address "a mountain of fiscal challenges" that include a $2-million shortfall that began in 2007. It "freezes eight vacant positions, eliminates four full-time and one part-time position, and caps salaries" not involved in collective bargaining. The $32.8-million budget, which takes effect July 1, is a continuation of significant cost reductions made earlier this year when the council revised the 2008 fiscal year budget." The budget "includes no new services or initiatives," which Enevoldsen referred to as a "status quo budget."

Los Angeles budget priorities seen as contributing to illegal dumping of garbage.

The Los Angeles Times (6/16, Lopez) reports that illegal dumping of garbage and refuse is increasing in the city, in part because "Mayor Antonio Villaraigosa (D) has made public safety a top priority," meaning that there is less money "available to public works officials responsible for policing the city's alleyways." One result is "that trash is freely dumped in some of the city's most impoverished neighborhoods, eroding the quality of life in ways that can breed more serious problems." The Times "surveyed alleys and streets in Watts and nearby neighborhoods," and found that "[i]n some alleys, rubbish sat for six weeks." In addition, "residents in other parts of town said they also sometimes wait two to three weeks for alleys to be cleaned."

Fire departments cutting training, maintenance to balance higher fuel costs.

The Wall Street Journal (6/18, A4, Miranda) reports that fire departments, "especially in rural areas," are "cutting back on training and maintenance to balance out increasing fuel costs." The efforts are among the "trade-offs...made by local governments as they try to control costs and adhere to taxpayer-funded budgets," even as they are responsible for "operating fleets of fuel-guzzling buses, police cars, fire trucks, and ambulances." Many of those vehicles "run on diesel fuel," which is "up 67 percent since the first week of June 2007." The "local governments weren't counting on such a stee jump in their fuel bill" and "have little budget flexibility to adapt." In Palm Bay, Fla., City Manager Lee Feldman noted, "When people dial 9-1-1, they expect a response in a reasonable amount of time, and we have a need to deliver on that response." Math works against local governments when "[f]ire trucks get, on average, about five miles a gallon," yet "no extra money is coming from the county."

In related coverage, Florida Fox affiliate WTVT-TV (6/18) reports on its website that Hillsborough County is "being forced to dip into...reserves to pay for gas." The county operates 2,600 vehicles, and "used two and a half million gallons of gas in the first part of this year." WTVT adds that "County Administrator Pat Bean said it's not a popular thing to take money from reserves," but the county does not "have a choice. We can't stop fire trucks from running. We can't stop people from fixing potholes." The county's commissioners approved an "increase in the fleet budget "from $6,008,333 to $8,508,333," but it will only cover extra costs "until September." After that, the "county's reserve will then be reduced to $948,020."

Monroe County, New York facilities increase thermostat settings to save money.

New York state's Time Warner Cable Channel 108 (6/18, Fairbanks) reported on its website that Monroe County Executive Maggie Brooks "announced thermostats in all county facilities will be set at" 78 degrees during summer to "lower the county's energy consumption." Brooks said that "costs for taxpayers" will be reduced by $150,000 to $500,000, "depending on similar measures taken during the heating season."

Iredell County, North Carolina taps $5 million in reserves for next fiscal budget.

North Carolina's Charlotte Observer (6/22, Marusak) reported that Iredell County commissioners approved a $169-million budget for the next fiscal year "that keeps the tax rate" at current levels "but uses $5 million of the county's fund balance." The reserves were used because "[s]ales taxes did not generate as much as in the past, and the tax base didn't grow as much," according to County manager Joel Mashburn. The Observer noted that the county "still has a $23 million, or 12.5 percent, fund balance" for a "relatively healthy level," although "some North Carolina communities maintain balances of 18 percent or more."

Puyallup, Washington expects more than $268,000 from May red-light camera revenues.

The AP (6/23) reports that Puyallup, Wash., issued 2,165 red-light tickets in May to drivers "caught on camera," for a "total amount owed to the city" of $268,460. Local officials, however, "don't expect the red-light cameras to be a money maker over time," because the city will owe "the private contractor that runs the automated cameras" about $30,000, some "fines will go down after court hearings," and "city officials expect fewer tickets as drivers get used to the cameras."

Miami-Dade County, Florida may cut 1,600 jobs for next fiscal budget.

The Miami Herald (6/24, Pinzur) reported that Miami-Dade County Mayor Carlos Alvarez (R) "wants to cut 1,600 county jobs, 4.6 million miles of bus service, and a range of programs" to balance the government's budget for the next fiscal year. His "$7.4 billion spending plan would freeze the county's overall tax rate," but a "$200 million gap was not the bleak picture that many anticipated." Alvarez "suggested raising more than $60 million by adjusting tax rates and raising some fees." The plan "would allow Miami-Dade to keep popular programs that would otherwise be gutted." Plans to do so were "prepared by County Manager George Burgess," the Herald added.

Boston budget includes millions for evaluation of waterfront site for new city hall.

The Boston Globe (6/25, Slack) reports that "an obscure item" in the city of Boston's budget for the next fiscal year calls for "$2.025 million in loans for 'site investigation and engineering services on two piers at Marine Industrial Park.'" The site, however, is "actually tagged for a controversial plan" to evaluate Mayor Thomas M. Menino's (D) "proposed site for a new city hall on the South Boston waterfront." One councilor at large, Michael F. Flaherty, "grilled city officials at a public meeting yesterday about the expense, saying it seems ill-advised when schools and other critical city services need more funding." Flaherty, the Globe notes, "did not realize he had already voted to approve the funding for the studies" in a measure that "approved $850,000 last year for the study of the site, known as Drydock 4.'"

Minnesota cities receive less local government aid than expected due to tax cap.

Minnesota Public Radio (6/23, Robertson) reported on its website that Minnesota cities are discovering that a "$42-million increase in local government aid (LGA)" approved by the Legislature is largely disappearing due to a new cap on property taxes. "Initially, Bemidji City Manager John Chattin thought the new tax law was not great, but okay" for his city, but "[n]ow, he's convinced it's a bad deal." Bemidji expected to receive "around $212,000" in LGA, but "Chattin says when the city plugged in the numbers... the aid money essentially evaporated." In International Falls, "City Manager Ron Otterness was expecting more than a half million dollars" in increased LGA, but eventually calculated that the city would receive "a slight decrease in aid." MPR notes that "[c]ity leaders worry their budget problems are only going to get worse."

Governments cope with high energy prices by "scrimping and saving."

In continuing coverage from previous *ICMA News Briefings*, the Los Angeles Times (6/30, A1, Riccardi) reports on its front page that "governments around the nation are reacting just like consumers" to the high price of energy, and many are "changing basic routines, and scrimping and saving in order to get by." In addition, the Times adds that government budgets are "already strained by the housing collapse." Across the country, the energy prices have differing effects. In El Paso County, Colo., for example, the sheriff's department "has ended car patrols of its 2,000-square-mile jurisdiction," while "[o]ne Ohio sheriff is putting deputies into golf carts." In Stillwater, Okla., the city has ceased "mowing the grass on nearly half of its parkland," while "Cleveland is remapping its trash pickup routes to cut costs." The Times points out that schools also are "cutting back routes" for buses, considered "major gas guzzlers," and the cutbacks mean that some "[c]hildren will no longer be able to use school buses to travel to gifted programs at far-off schools." In addition, the Times notes that the four-day work week is becoming a popular way of reducing energy costs.

Utah governor declares four-day work week for many state agencies.

Utah's Spectrum (6/29, Van Deusen) reported that Gov. Jon M. Huntsman (R) will put "many state government agencies" on a four-day work week, beginning in August. Huntsman, who noted that "[t]his is something that has been done at a local government level," said he would like Utah to "be the first state actually rolling this out." The Spectrum added, "Approximately 1,000 buildings will be shut down on Fridays" to reduce energy costs by about 20 percent, and, in doing so, "the state's carbon footprint." To maintain services, "[e]mployees will work 10-hour days from 7 a.m. to 6 p.m.," and government offices will "open roughly one hour earlier," and "close one hour later," Huntsman said. The Spectrum noted that one Utah resident said the expanded hours may help people utilize government services.

Suffolk County, New York begins pilot program to measure savings from shortened week.

The New York Times (6/29, Ain) reported that a "90-day pilot project adopted on Tuesday" by the Suffolk County, N.Y., legislature "would allow 568 nonunion county employees to work four 10-hour days, instead of five eight-hour days" to "reduce gasoline consumption and to 'send a message to big oil,' according to its sponsor, Legislator Wayne R. Horsley, Democrat of Babylon." The project has the support of the Suffolk County Association of Municipal Employees, although its 10,000 members are not eligible for it, and County Executive Steve Levy, who "said he would sign the bill" but "questioned whether there would be energy savings." It would "take effect on July 1," and participating employees "would have to keep a log of the miles they drove each week to see if they really reduced gasoline consumption."

Utah's reduced work week follows local government trend.

In continuing coverage from the June 30 *ICMA News Briefing*, USA Today (7/1, Copeland) reports that "Utah this summer will become what experts say is the first state to institute a mandatory four-day work week for most state employees," and the state is "joining local governments across the nation that are altering schedules to save money, energy, and resources." The reduced work week, expected to result in offices closed on Fridays, will "apply to about 17,000 employees," or "roughly 30 percent of the state workforce." USA Today notes that mandatory or voluntary reduced work week programs are "gaining in popularity," and are used in Marion County, Fla.; Oconee County, S.C.; Walworth County, Wis.; and Will County, Ill. Oakland County, Mich.; Miami-Dade County, Fla.; and Suffolk County, N.Y., are expected to offer the reduced week.

State, local groups experience increases in homelessness among working poor, middle class.

USA Today (6/26, Armour) reports that the newly homeless are part of "a national real estate crisis whose most grievous victims" are "thousands of both former homeowners and renters" who "are winding up in shelters or turning to charities for food or other aid." About 61 percent of state and local homeless groups have "seen a rise in homelessness since the foreclosure crisis began in 2007, according to a study released in April by the National Coalition for the Homeless." Also, "[t]hose facing homelessness include the working poor," as well as "middle-class families who scarcely expected to find themselves unable to afford their homes." Cities that have experienced "sharp jumps in foreclosures" as well as "an increase in homelessness" include Detroit, Portland, Ore., and Salt Lake City, Utah, USA Today adds.

Higher fuel prices seen as contributing to demise of distant suburbs.

On its front page, the New York Times (6/25, A1, Goodman) reported that "the economics of American suburban life" in "distant edges of metropolitan areas" are deteriorating, with residents considering moves to more urban areas to get away from increased costs "of reaching, heating, and cooling homes" far from work centers. The realization that "rising energy prices are less a momentary blip than a change of lasting consequences" means that "decades-old migration away from cities" may give way to more rapidly falling prices for homes in exurban areas, and to eventual deterioration of areas that "are lovely and affluent today." Christopher B. Leinberger, an "urban land use expert" writing in The Atlantic Monthly, said that distant "low-density suburbs and McMansion subdivisions" could "become what inner cities became in the 1960s and '70s -- slums characterized by poverty, crime, and decay."

Macomb County, Michigan approves four-day workweek.

The Detroit Free Press (6/25, Neavling) reported that Macomb County, Mich., is one of a "growing list of governments offering four-day workweeks to help employees cope with rising gas prices." Also offering the four-day week is Oakland County, where County Executive L. Brooks Patterson "urged companies to join the pack," and two businesses, "Troy-based WorkLife Financial and IBM offices throughout the county," have done so. The state

could be next, as "Gov. Jennifer Granholm (D) has proposed the same for state employees," the Free Press noted. Also considering the four-day week is "Bloomfield Township," where "officials on Monday approved" it "on a trial basis." The Free Press added that "Wixom is mulling a similar plan."

Grant County, Indiana considers altering work hours, closing on Fridays.

The AP (6/25) reported that in Indiana, "Grant County commissioners are considering closing county offices on Fridays to save on utility costs," in part because the county has "less and less money to operate, and we have got to figure out ways to become more and more efficient," according to Commissioner David Glickfield. Under the plan, county employees would work from 8 a.m. to 5 p.m. Monday through Thursday at the same pay they receive now for working from 8 a.m. to 4 p.m. Monday through Friday "with one-hour lunch breaks." The employees would thus work three fewer hours. Commissioners "decided to have County Administrator Angela Banter look further into the idea and come back with numbers and a recommendation."

COUNCIL BRIEFINGS – WEEK OF JULY 7, 2008

1. **C-Tax Update:** Despite the report in the RJ on taxable sales, our actual C-Tax distribution for April was **down 2.9%** from April last year. Year to date (YDT) we are **down 4%**. I think we'll come in $1M to $2M under our revised budget of $253M for FY08, which will be a **4.2% decrease** from FY07. The FY09 budget is $252M, which at this point it looks like we'd need to experience flat growth in FY09.

	FY2008	FY2008	FY07 to 08	FY08 $	FY08 %
Month	Budget	Actual	actuals % change	BUDGET VARIANCE	BUDGET VARIANCE
July	22,028,633	20,018,880	-1.12%	(2,009,753)	-9.12%
August	22,222,280	20,168,961	-3.09%	(2,053,319)	-9.24%
September	25,297,061	23,019,406	-5.82%	(2,277,655)	-9.00%
October	22,604,538	20,412,441	0.80%	(2,192,097)	-9.70%
November	22,222,280	19,918,657	-1.74%	(2,303,623)	-10.37%
December	26,554,926	25,304,399	-5.24%	(1,250,528)	-4.71%
January	21,200,721	18,495,666	-5.68%	(2,705,055)	-12.76%
February	21,223,919	18,560,836	-5.45%	(2,663,083)	-12.55%
March	25,995,875	23,024,917	-8.61%	(2,970,958)	-11.43%
April	21,693,980	19,669,818	-2.87%	(2,024,162)	-9.33%
YTD CTAX through Apr.	231,044,214	208,593,980	-4.06%	(22,450,234)	-9.72%

2. **Trailer Park Fixtures:** In a recent meeting with LVCEA it was brought to our attention that trailer parks were not being assessed a fee for their outdoor community fixtures like apartments and condominiums. Inspectors will visit the sites to get an accurate count of the fixtures and all trailer park owners will be notified by mail informing them that they will start being assessed the fee per Municipal Code 14.04.020.

3. **Classification and Compensation Study (Attachment)**

4. **Housing Authority:** Representatives from the County and City met last week to start discussions on the possible consolidation of all three Housing Authorities (City of Las Vegas, Clark County and the City of North Las Vegas).

5. **Northwest Interlocal Agreement**: Paragraph 11 reads as follows: "After the initial five-year term this agreement may be terminated upon adoption of a resolution to that effect by either governing body." The initial five-year term expired on January 2, 2007. If the agreement is not terminated by either party the existing agreement will remain in effect until January 2, 2012.

6. **BJ to provide update on Fundamental Review (Attachments):** The review consultant, William (Bill) Kirchhoff has sent his viewpoint on the status of the review process to date. There are also several companion studies that are concurrently being done by varied staff as the review progresses and are listed in an attachment.

Briefing Schedule:

Monday, July 7, 2008 – 1:00 p.m. – 3:00 p.m.
Councilwoman Tarkanian

Tuesday, July 8, 2008 – 10 a.m. – 12 noon
Councilman Ross
Councilman Barlow

Tuesday, July 8, 2008 – 2 p.m. to 4 p.m.
Mayor Goodman
Councilman Wolfson

Memorandum

City of Las Vegas
Office of the City Manager

To: All Staff

From: Doug Selby, City Manager

Date: July 9, 2008

Re: Fundamental Service Review

Many of you are aware that at the last budget workshop the City Council directed staff to conduct a full review of our city's services and program offerings from each department. This was done in light of the fiscal constraints that the city and other government entities are experiencing. This is not intended to be a band-aid approach but a long-term look at the future structure and offerings from this municipal government. Simply put, the council wants us to assess what the City of Las Vegas should or should not be doing as an organization. The effort is being led by Dr. Barbara Jackson, internal staff and an outside consultant, William (Bill) Kirchhoff.

Fundamentally, I know these are tough questions to consider and cannot help but create some apprehension. I would ask all of you to try to refrain from speculating on where this review will lead us. We are just beginning our assessment process, and a tremendous amount of work is yet to come. Please know that we undertake this process with the hope of preserving as many jobs and programs as possible, but the reality of our economic situation cannot be ignored.

The respective departments have all been asked to look at long-term recommendations that could be made regarding the operations of each department as well as any cost savings and/or revenue enhancements that could arise. It is our intent to blend the input received from the departments along with those of the independent consultant into a long-term, strategic approach that council may consider.

The Finance Department anticipates it would take an additional $30 million in reductions in order to maintain the present reserve balances and bond ratings through 2010. Therefore, all departments are taking a hard look at their ability to maintain core functions yet provide the essential services which are in the best interests of all citizens in the years to come.

In October, the City Council members will consider a strategic direction for the future of the city only after they have been thoroughly briefed and come to a consensus on the programs and services that best serve the residents of Las Vegas. In the interim, I ask for your consideration and patience as we explore options to meet the challenge of balancing our operating costs and our revenues. I am confident that your level of customer service and commitment will not waiver. I will continue to keep you posted on our progress through this effort as we work toward meeting with the council in October. Thank you all in advance for your understanding.

For more detailed information on our budget and related issues, please visit our intranet site, Inside CLV and click on the "Budget Update" icon.

Gwen Barnes

From: Doug Selby

Sent: Wednesday, July 23, 2008 8:53 AM

To: City Council, All Staff

Cc: TLV Executive Committee; Maggie Plaster; Brian Knudsen; 'ccollins@lvppa.com'; Mark Bunnell; Dean Fletcher; Tommy Ricketts; Diana Paul

Subject: Budget Bulletin July 23

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Fundamental Review:
The process for the fundamental service review is moving ahead. Over the course of the next two weeks, the directors will meet individually with their respective deputy city managers and consultant Bill Kirchhoff to discuss and refine ideas they have offered to reduce city operational costs. We will be scheduling opportunities for Council members to meet with the consultant during the first part of August. We are still on schedule for an October 6 workshop with the Council to discuss the results of the Fundamental Review and seek Council's direction.

Here is the U.S. Municipalities Financial Report for the Weeks of July 7 and July 14, 2008:

According to The New York Daily News.com:
New York, NY

- The 400,000 New Yorkers who live in New York City Housing Authority (NYCHA) buildings have plenty to worry about: Their landlord is going broke, rents may go up and services are slipping.
- They may not be aware that last year, 190 NYCHA employees got arrested - almost 1.5 percent of the agency's workforce. That was worse than in 2006, when 171 employees ended up in handcuffs.
- Compare that with NYCHA's $170 million deficit. The City Council scratched and clawed last month to get a measly $18 million to plug that gap, enough to keep 75 senior and community centers open - but 205 more will have to close.

According to The Seattle PI.com:
Seattle, WA

- Two citizens initiatives likely to qualify for the November ballot would compound an already gloomy budget situation if approved by voters, possibly pushing the state's shortfall past $3 billion.
- Last week, nonpartisan staff from the state Senate Ways and Means Committee released a new six-year budget outlook that pegged the projected budget hole facing legislators at about $2.7 billion.
- Though lawmakers have found creative ways in the past decade to push off such decisions, budget gaps are generally plugged by cutting spending or raising taxes.
- Trimming something on the order of $3 billion would be no easy task. For instance, operating the entire system of state community colleges and universities during the current two-year

budget cycle is expected to cost $3.6 billion.

According to The Bradenton.com:
Tampa, FL

- Budget woes turned the lights out on fireworks shows across the state. Several cities, including Cocoa Beach, Winter Springs, New Smyrna Beach and Bonita Springs, canceled their annual displays.
- Bonita Springs cut its show because of city government budget cuts and a lack of sponsorship. The city is planning other festivities instead.

According to Dallas Morning News.com:
Dallas, TX

- The city of Plano plans to eliminate 50 vacant positions to help close a projected budget shortfall.
- Those cuts include trimming from police and fire services. At a special session, the Plano City Council is expected to approve the elimination of 11 police officers and six firefighters. Cutting civil service positions, like in the police and fire departments, requires council action.
- The City Council has already discussed a menu of options, including raising property taxes for the second time in three years. But they have yet to take action on any plan. The council is scheduled to hold budget hearings next month.

According to The Berryessa Sun.com:
Berryessa, CA

- Berryessa Branch Library will no longer be open Sundays. Effective July 6, Sunday hours ended at the Berryessa library as well as most City of San Jose libraries due to citywide budgetary cutbacks.
- San Jose City Council adopted the city's $2.7-billion budget on June 24, which had an estimated $29.6-million general fund shortfall. Among the concessions to balance the city's budget this year was eliminating hours at most San Jose libraries.
- Ned Himmel, the city's assistant library director, said the San Jose library system will need to absorb $250,000 in annual cutbacks, which include reductions to library supplies and services.

Debt ratings experts warn that municipalities and states face growing financial problems.

The Wall Street Journal (7/10, C12, Anciro) reports, "Municipal debt, long a haven" for investors seeking safety, faces "a growing variety of perils" that could eventually harm credit ratings of states and municipalities. The primary threats are "an erosion of property-tax receipts," due to declining home values, and rising energy costs. The energy costs, the Journal notes, are a threat both directly to municipalities' budgets and to "consumer spending, another significant source of state funds." Still, experts at Standard & Poor's and Moody's Investors Service said that governments can depend on time as well as management expertise to reduce the economic threats. Nick Samuels, a Moody's analyst, said, "A lot of it depends on how well local governments manage through a downturn like this," and "how they respond to revenue shortfalls, how timely the response is, and if they have the flexibility to deal with these problems." The Journal adds that "financial problems already have pushed municipalities like Jefferson County, Ala., to the brink of default, while Vallejo, Calif., sought bankruptcy protection."

Hamilton County, Ohio readies cuts to avoid "fiscal emergency."

Ohio's Business Courier of Cincinnati (7/10) reports that Christian Sigman, assistant Hamilton County administrator, is "telling all county departments except for the board of elections to prepare for budget

included in design-bid-build also apply to Design-Build (experience, bonding, insurance, bidder's preference).

- Construction Manager at Risk NRS 338.1692 requires the advertisement to contain an estimate of the cost of construction. Other bidder qualification factors included in design-bid-build also apply to CMAR (experience, bonding, insurance, bidder's preference).

6. **Service Fee Waiver Policy (Attachments):** Letter notifying public of no waiver of service fee

7. **Gaming Revenue Downtown**: May was down 17%, not as bad as NLV (29%) or Boulder Strip (30%) but worse than the Strip. However, year-to-date, it's not down as much as everyone else (-1% vs -3%, -7%, etc). It's another Las Vegas reality that the downtown plods along at its own slow pace regardless of what's happening elsewhere.

	Downtown LV	Downtown LV Strip	N. LV	Laughlin	Boulder Strip	Mesquite	Totals
FY08 YTD July-May %	-1.10%	-1.32%	-7.13%	-2.95%	-4.55%	-3.18%	-1.95%
May-08	-17.19%	-16.10%	-29.40%	-7.79%	-29.88%	-3.24%	-17.25%
FY07 July-June %	-3.82%	5.64%	-1.98%	0.20%	0.09%	8.27%	3.80%
May-07	0.27%	1.37%	-4.52%	-4.41%	0.32%	9.19%	0.72%
FY06 July-June %	-1.85%	14.70%	10.46%	2.61%	7.81%	13.96%	11.56%
May-06	0.42%	12.07%	2.19%	7.32%	7.27%	12.02%	10.00%
FY05 July-June %	0.96%	9.44%	17.01%	6.74%	15.39%	14.87%	9.41%
May-05	-3.28%	14.77%	41.78%	7.36%	18.62%	13.23%	13.81%

Briefing Schedule:

Monday, July 14, 2008 – 1:00 p.m. – 3:00 p.m.
Mayor Pro Tem Reese
Councilwoman Tarkanian

Tuesday, July 15, 2008 – 10 a.m. – 12 noon
Councilman Ross
Councilman Barlow

Tuesday, July 15, 2008 – 2 p.m. to 4 p.m.
Mayor Goodman
Councilman Brown
Councilman Wolfson

COUNCIL BRIEFINGS – WEEK OF JULY 14, 2008

1. **PERS Update:** Dana Bilyeu, Executive Director of PERS to give presentation

2. **Fundamental Review-Implementation and Timelines (Attachment)**

3. **Alpha Omega Project Update (Hand-outs)**

4. **Endoscopy Funding Update:** As a result of the monies obtained from the Southern Nevada Endoscopy Centers of Nevada and the City's subsequent agreements with the Metropolitan Police Department and Great Basin Primary Care Association:

   Las Vegas Metropolitan Police Department ($161,000)
   All of the files are now alphabetized, out of the boxes they were stored in, and on the shelves. There are roughly 130,000 files Chart One is managing. The alphabetizing of the files is the first phase of this project, and the second phase is to create an electronic data base to reference the files. This phase should take approximately 120 days to complete. Metro will be releasing a press release advising the general public they can contact Chart One by mailing in their requests or contacting Chart One at 828-0170.

   A total of 2,396 requests for medical files have been received and of those 320 have been classified as urgent. Of the 320 requests, Metro has sent out 239 or approximately 75%. An important point to express is there are medical files that are not in Metro's possession, and those citizens will have to contact the attorneys representing the Endoscopy Centers of Nevada to obtain their medical files.

   Great Basin Primary Care Association ($239,000)
   The Great Basin Primary Care Association (GBPCA) indicated they have not yet spent any monies. They are working closely with the Southern Nevada Health District (SNHD to broadcast the available services. Also, they are using the SNHD to help monitor the people who may apply. The SNHD recently sent a letter to 53,000 people reminding them to go to the SNHD for testing. Their website and call-center are updated with the information about the City monies that can be utilized through the GBPCA.

5. **Public Works Advertising**: NRS 338 governs advertising requirements for construction contracts. Depending upon the type of construction delivery method, the City's bid estimates must be included in the invitation to bid as follows:
   - Design-Bid-Build Although there is no specific requirement in NRS to publish the estimated construction cost, there are several reasons why we believe publishing a cost range estimate is beneficial. First, NRS 338.1385 and NRS 338.1377 require the local governments to define the qualification and experience requirements of a responsible bidder. Each of the CLV bid packages specifies the bidder must have completed a number of projects of *similar size, scope or type*. For instance: "3 projects of a similar size" relates to the dollar value of the bidder's previous projects. We publish a range, not the actual engineer's estimate. Second, the bidder's preference must be taken into consideration for all public works projects over $250,000. Third, it is not legal for a bidder to submit a bid on a project beyond his bonding limit as determined by the State Contractor's Board, and each bidder must provide an affidavit of his insurability, which cannot be obtained from the insurance carrier without providing the estimated cost of the project. For these reasons, we support the continuance of our practice of publishing the construction range estimate.

   - Design-Build NRS 338.1723 requires the preliminary request for proposals to include an estimate of the cost to design and construct the public work. Other bidder qualification factors

cuts of just under six percent, or a combined $6.9 million" to "avoid a fiscal emergency." Sigman said, "If we don't make these cuts, there's a very high risk that we would be unable to meet payroll by the end of the year." The Courier adds that the election board is exempt from the cuts "because the department is already projecting a shortfall of $239,000 due to new voting requirements based on federal law," according to Sigman. The revised budget figures will be presented to commissioners July 17.

Silicon Valley, California seen as a model for challenged economies.

The Christian Science Monitor (7/9, Arnoldy) reported that Silicon Valley, Calif., "has added thousands of jobs and recently overtaken Manhattan for the nation's highest weekly wages -- even as Californian cities just 80 miles east form the glowing core of the real estate meltdown." The Monitor notes that San Jose, the "capital" of Silicon Valley, "suffered the greatest loss of jobs of any major U.S. city since the Great Depression" just six years ago, but it "has reinvented itself and rebounded." Its ability to do so "holds lessons for the United States as the country faces stiffer global competition, say experts." One local businessman who heads a networking group said, "They call it Silicon Valley," but the area "really should be called Innovation Valley."

Outagamie County, Wisconsin moves to reduce workweek to four days.

Wisconsin's Post-Crescent (7/10, Squires) reported," Outagamie County Executive Toby Paltzer has asked his staff to come up with a plan that would allow the county to close at last its main administrative building one day a week." That building in Appleton "houses the offices of the treasurer, county clerk, and register of deeds, along with some health and human services, and planning and zoning quarters." Paltzer said a major consideration in reducing the building hours is "a 40 percent increase" in the county's natural gas bill next year. He said his preference is for "full-time county employees [to] work four 10-hour days," with county offices extending "their hours on the days they're open." The Post-Crescent noted that the county will need to seek agreement from its seven unions, but the "response from county workers to even a tentative plan has been overwhelmingly positive."

Belmont, North Carolina reduces some trash collections to twice a month.

North Carolina's Banner News (7/10, Lark) reported that the high cost of diesel fuel has caused the city of Belmont to reduce the collection of "yard debris, refuse furniture, and other solid waste" from "each weekday" to "once every other week" as part of the city's fiscal year budget for 2008-09. The move is designed to limit the public works departments' current fuel costs of "$30,000 a year" for its two trash trucks, crawl truck, and street-sweeper. The plan "won't affect the regular emptying of garbage cans," according to Public Works Department.Director David Isenhour. If costs continue to rise, the department may have to consider "once a month collection" of the same types of trash.

Arizona cities and towns seen as struggling to maintain roads.

The Arizona Republic (7/6, Creno) reported that "[s]treets in cities and towns across Arizona are falling into disrepair because there is not enough money to keep them in shape." Eagar, Ariz., for example, "can't afford to fill the cracks in its streets." The situation has grown dire, the Republic added, because state "funding is no longer keeping up with the" needs of municipalities for repairs. The shortage is in "the state Highway User Revenue Fund, which captures gas taxes and other transportation-related fees." Arizona "cities and towns get about a third" of the $1.38 billion collected last year, but because the "tax is a flat amount per gallon, soaring gas prices haven't helped the state highway fund" and "gas-tax collections are falling short of projections." The Republic pointed out that "[s]ome cities are finding ways around the funding issue" with local revenues and short-term repairs, but there are concerns that a possible state tax increase to raise road funds will restrict the cities' "ability to raise their own sales taxes to meet city needs."

Revenue outlook for states described as likely to grow worse.

In continuing coverage from previous *ICMA News Briefings*, the New York Times (7/1, A14, Steinhauer) reported that states, which began "another difficult fiscal year" Tuesday, are "squeezed by high inflation, dwindling tax revenues, and a national economic downturn" as they deal with "yawning budget gaps." In numbers "adjusted for inflation and tax cuts," the states' tax revenues "fell 5.3 percent" in the first quarter of this year, compared to 2007, accounting for "the third quarter in a row that total adjusted revenue declined." The Times added that the first quarter was "the weakest" for states "since early 2003." Broadly, "[t]he states with the biggest budget troubles" are the same ones "where the nation's mortgage crisis has hit the hardest."

The Wall Street Journal's (7/1, Dougherty) Real Time Economics blog posted a link to the report from the Nelson A. Rockefeller Institute of Government, "the public-policy research arm of the State University of New York." The Journal noted that Robert B. Ward, deputy director of the institute, predicted that "the second quarter will be worse for states," because their first-quarter revenue reports included some types of taxes "paid in the first part of the year" that made for "a revenue spike." The Journal pointed out that as revenue declines, "the cost of government expenditures...are rising faster than prices in other sectors of the economy." Those costs include "everything from gas for fire engines to healthcare and pension plans."

[1]

The Cleveland.com reports:
Cleveland, OH

- From coast to coast, tough financial conditions are forcing school districts and nonprofit groups to cut back on summer programs that are widely viewed as invaluable to both struggling and superior students.

- Some of the most widespread cuts are occurring in Florida and California as a result of severe state budget woes.

- In California, there's a sharp partisan edge to the debate, with some Democratic legislative leaders blaming Republican fiscal policies for forcing big reductions in summer programs.

- Many other summer school programs in Florida — where state sales tax revenues are down — also are cutting back. These include school districts in Orlando's Orange County and in Martin County, just north of West Palm Beach.

- Trying to slash more than $2 million from its budget, the district is giving priority this summer to students needing help passing the high school exit exam and to seniors needing five or fewer credits to earn a diploma. That means no enrichment courses in subjects like Mandarin or creative writing — and none of the accelerated classes that in the past had enabled good students to enhance their transcripts

[2]

The Detroit News.com reports:
Detroit, MI

- Union officials worry that summer maintenance -- pothole repair, streetlight fixes -- won't get done as efficiently if the reclassifications and layoffs go through.

- Wayne County commissioners passed a resolution Wednesday afternoon calling for a loan to the department. The $3.5 million proposed would essentially be a loan from the general fund and

avert the layoffs, said Commissioner Keith Williams, the resolution's sponsor. But the agreement was turned down by County Executive Bob Ficano's office.

- "We still would be $3.5 million in the hole," said county spokeswoman Vanessa Denha-Garmo. "We'd still have to pay it back."

- "We assumed the county executive was on board," he said. "We did what we tried to do -- we tried to borrow the money, we got the money with full commission approval, and he said no."

[3]

The Charlevoix News .com reports:
Charlevoix, MI

- "If we keep going like this, we're going to go broke."
  Those words spoken by Superintendent of Charlevoix Public Schools Chet Janik on the 2008-2009 budget indicate the inevitable and ongoing implosion of Michigan's economy.
- According to Janik, there are several upcoming factors that will also have an effect on this year's budget: State aid is expected to increase to $100 per student. Also, the curriculum development salaries are also expected to fluctuate, and in the last six years alone, the school system has 150 less students, 15 fewer teachers and 20 less support staff.
- McLean also said that the financial tightening is also due in part to a combination of things, including not getting enough money per student each year and the fact that enrollment is going down. According to McLean, enrollment is going down due to many parents leaving the state in search of a job.
- Annemarie Conway, an Economics and Government teacher, as well as a parent, is optimistic about the bond the school system will be receiving.
- "(Because of the budget tightening) we don't really get to go to too many conferences, also, they're cutting back on supplies and it's getting harder and harder to do field trips," Conway said. "If it wasn't for an anonymous donor, we wouldn't have been able to do an overnight field trip to Lansing over a year ago."

[4]

The News.com reports:
Forrest City, AR

- The St. Francis County Quorum Court adopted an ordinance Tuesday to allow more than $300,000 in interest to be used over the next two years to help fund health insurance for county employees.

- The plan, which was submitted by Justice Regan Hill, will use half of the interest from the $7 million in hospital lease funds from 2008 and 2009 for health insurance. Last week, County Judge Gary Hughes presented members of the budget committee with information that anticipated $620,000 interest during that time period leaving $310,000 to fund health insurance.

- Hill first presented his plan to members of the court's budget committee during a meeting held just prior to the quorum court meeting. Hill told committee members that he came up with the idea as a means of showing the public exactly how the interest funding would be spent.

- The court also adopted an ordinance, again by a 10-to-1 margin, to repeal a 2005 ordinance

which required quorum court approval for any expenditures by elected officials in excess of $5,000. The court then passed a resolution asking that elected officials notify the court of any purchases, leases, contracts, or services that exceed $5,000.

[5]

The Business Courier Journal.com reports:

Cincinnati, OH

- **Hamilton County will revoke its promised $50,000 contribution to the Cincinnati USA Partnership for Economic Development in 2008 as part of a new "lockdown" policy to eliminate non-essential county spending.**
- The partnership is the economic development arm of the Cincinnati USA Regional Chamber, which has seen its funding cut in past county budgets. Commissioners are trying to eliminate $6.9 million in spending countywide this year, and they're expected to implement the new lockdown policy as part of that quest. County Budget Director Christian Sigman last week urged department heads to plan for a 6 percent reduction in total spending this year, saying the cuts were needed to avoid a fiscal crisis. Hamilton County Auditor Dusty Rhodes said he would sue if necessary to force the county to fund state-mandated duties performed by his office.
- County Budget Director Christian Sigman last week urged department heads to plan for a 6 percent reduction in total spending this year, saying the cuts were needed to avoid a fiscal crisis. Hamilton County Auditor Dusty Rhodes said he would sue if necessary to force the county to fund state-mandated duties performed by his office.
- Commissioners are expected to hear from several county elected leaders at their weekly staff meeting Wednesday, where they will consider the lockdown resolution along with budget resolutions that would formalize the 6 percent spending cut.

Douglas Selby
City Manager
City of Las Vegas
Selected as American City of the Year by the World Leadership Forum

[1]

Information obtained from website Cleveland.com on July 15 , 2008
http://www.cleveland.com/newsflash/index.ssf?/base/news-41/121609558784810.xml&storylist=cleveland

[2]

Information obtained from website .com on July 11 , 2008
http://www.detnews.com/apps/pbcs.dll/article?AID=/20080711/METRO01/807110346/1410/METRO01

[3]

Information obtained from website Charlevoix News.com on July 16 , 2008
http://www.charlevoixcourier.com/articles/2008/07/16/news/doc487df76b81a30773020093.prt

[4]

Information obtained from website The News.com on July 16 , 2008
http://www.thnews.com/article.php?id=5943

Gwen Barnes

From: Doug Selby

Sent: Wednesday, July 23, 2008 10:07 AM

To: All Exchange Users

Subject: Budget Update

Dear City Employees,
I hope you've had the chance to visit a new feature on the city's intranet site (InsideCLV). We've added more information concerning the city budget. This was done in an effort to keep you better informed about the city's financial picture and also to give you more information about the fundamental service review process I let you know about last week.

If you go to InsideCLV and click on the Budget Update icon, you'll find we've now included information from the U.S. Municipalities Financial Report, links to video and agenda documents related to the council budget discussion from May 20, City Manager Information Reports (CMIRs), and weekly budget bulletins we've been providing the City Council. Those most recent budget bulletins also include updates on where we stand with the fundamental service review.

These are clearly uncertain economic times. I hope the information we're providing helps you better understand exactly what's happening here at the city. I know by sharing it on a regular basis we help separate facts from fiction as to how we're responding as an organization.

My thanks to I.T. for making the additions and to the other departments that provide the budget information itself. The link to the Budget Update page is below.

http://insideclv/2270.htm

Douglas Selby
City Manager
City of Las Vegas
Selected as American City of the Year by the World Leadership Forum

Gwen Barnes

From: Doug Selby

Sent: Monday, July 28, 2008 1:36 PM

To: City Council, All Staff

Cc: TLV Executive Committee; Maggie Plaster; 'ccollins@lvppa.com'; Dean Fletcher; Mark Bunnell; Tommy Ricketts

Subject: Budget Bulleting July 28

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Budget Update

Leisure Services Department:
Adaptive Recreation Division

- As a result of the recent MOU with the Downtown Soccer Club, the Adaptive Recreation Division was able to eliminate the service and supply costs of approximately $141,000 for the implementation of the tournament. The department expects to make approximately $42,000. Field Permit Fees will generate $18,000, tournament use fee $30,000. Labor will be approximately $6,000.
  Expected Savings: In 2007 the department made $28,000. In 2008 the department projects making $42,000.

Here is the U.S. Municipalities Financial Report for the Week of July 21, 2008:

According to The NapleNews.com:
Bonita Springs, Fl

- A cash-strapped Bonita Springs government on Tuesday tentatively approved the first tax rate increase in the city's nine-year history.
- While the proposal increases the tax rate by 15.4 percent, the city government will collect less money than it did in the previous budget year because of falling property values. Taxable property value in the city fell 9 percent from last year.
- This year, even with the proposed tax rate increase, Bonita Springs' budget would decrease by about 40 percent. The biggest loss from last year's budget is the elimination of nearly all capital projects in Bonita Springs, meaning there won't be any work done to the city's roads and public facilities.

According to The Los Angeles Times:
Los Angeles, CA

- California's state workers on Thursday were digesting the news that Gov. Arnold Schwarzenegger may cut their pay to the federal minimum wage of $6.55 an hour until legislators send him a budget he can sign.
- Schwarzenegger was expected to sign the order early next week, affecting 200,000 state workers. The deadline for passing a 2008-09 budget was July 1, and without one soon, California

may be unable to borrow billions of dollars needed to keep the state solvent, officials have warned.

- The plan would allow the state to defer paying about $1 billion a month, administration officials said. Workers would be repaid their lost earnings once a budget was in place. But many workers questioned how they would pay their immediate costs: mortgages, food, gas and child support.

According to The Sun-Sentinel.com:
Coral Springs, FL

- Coral Springs' budget is thinner next year, meaning some cuts will be needed to make up for the shortfall. Still, some programs such as financial literacy will be added and a campaign to "Buy Coral Springs" will urge residents to patronize local businesses. The city will also spend $215,000 over the next year on walking trails stretching to the Everglades.
- What is being cut: 31 full-time city jobs will be eliminated by attrition; city financial support for West Atlantic Library will end; overtime for city employees will be reduced; 31 part-time positions will be eliminated.
- What else changes: The fire assessment fee will increase to $104.25 from $99.95 for single-family homes; the waste management fee will increase to $243 from $232.20 for single-family homes; salary increases for staff are capped at 4.25 percent; water and sewer fees will be raised 5 percent in July 2009. To save money, the city will consider combining events by, for example, approaching the city of Tamarac about a joint Fourth of July celebration. And as of Oct. 1 there will be a 25 cent fare for city buses, a free service to date.

According to The JournalStar.com:
Lincoln, NE

- Two centerpiece programs of the mayor's budget proposal appear to be on the rocks with the Lincoln City Council, which declined to approve either of them during preliminary votes Monday.
  Mayor Chris Beutler has proposed the city tap a little-used pot of money to set up a $6.4 million economic development fund, and use interest income on the 2005 stormwater bond issue to stimulate the housing industry.
- Beutler proposed creating an economic development fund and shoring up the budget by tapping into the city's little-used Special Assessment Revolving Fund, which contains about $10 million. He wants to transfer $8.1 million out of the fund, using $1.7 million to replace his property tax increase revenue and $6.4 million to set up an economic development fund.
- The council also stripped funding for the mayor's housing stimulus plan, which would dole out grants of $1,000 or more to people who buy new homes. Members don't agree with using interest income on stormwater bond money to fund the program, but indicated they may be open to fashioning some kind of economic stimulus program.

According to Turnto23.com:
Bakersfield, Calif.

- The Kern County Board of Supervisors met Monday night to discuss next year's budget.
- The meeting often focused on two departments, libraries and parks. Residents addressed the board about the importance of both county departments, which could face budget cutbacks given the current economic conditions.
- The Sheriff's Department could also be forced to cut back, but Sheriff Donny Youngblood said safety comes first, and deputies will not be pulled from the street. The department plans to cut back on nonsafety overtime hours as well as decreasing take-home vehicle usage. Other programs, such as Law Enforcement in the Park and National Night Out Against Crime might not have any deputy involvement in the future, Youngblood said. County libraries and parks employees could be laid off, library hours could be cut and parks may not get as much upkeep to

help keep the budget in line.

According to CNNmoney.com:

- A total of 739,714 foreclosure filings were recorded during the second quarter of 2008, up 14 percent from the first quarter, and 121 percent from the same period in 2007. That means that one of every 171 U.S. households received a filing, which include notices of default, auction sale notices and bank repossessions.
- Bank repossessions are up as a proportion of total filings, representing 30 percent of the notices issued during the quarter, up from 24 percent a year ago.
- California's Central Valley remains ground zero for foreclosure filings. Stockton, which is just east of San Francisco, had the highest rate of foreclosure filings of any metro area, one for every 25 homes. That's seven times the national average.
- Riverside/San Bernardino, which is east of Los Angeles, had the second highest rate in the nation with one filing for every 32 households. Las Vegas, Bakersfield and Sacramento rounded out the top five.
- At the state level, Nevada had the highest rate with one filing for every 43 households, while California had the highest total number of filings - 202,599.

Douglas Selby
City Manager
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from the desk of the city manager

DOUG SELBY

Volume V, August 2008

FUNDAMENTAL REVIEW

You should have all received an email from me last week reminding you that I want to hear from you in our Idea$ For Dollar$ program. We're tying that effort into the fundamental service review. This is a perfect means to make sure we haven't missed some excellent suggestions on improving the efficiency of our organization, and at the same time you could earn some extra money for submitting good ideas. In addition, we help make sure that everyone has a chance to be heard. More information about Idea$ For Dollar$ is on the city's intranet site, Inside CLV.

An interview about the fundamental service review effort and where we stand currently is airing on the City Scene program on KCLV. Barbara Jackson and I conducted this interview and explain the reasons behind the undertaking and what we need to accomplish. We don't identify any specific programs that might be impacted at this point, but we do give a clear overview. This episode of City Scene will air on Channel 2 for the next few weeks. We've also made each department a DVD copy so the seven-and-a-half minute discussion can be shown to the employees at staff meetings. CM

Douglas Selby

RECYCLING EFFORTS

Thank you to all the city employees who are helping make the city's recycling program a success. With your help, we have given our paper, plastic and aluminum a second life as a new product. Because of the rapid growth of the Office Recycle Program, Republic Services of Southern Nevada has created new service routes to pick up our materials. If you have any questions on the new route, please call Jeff Dix at 229-1160.

Just 20 months ago, the city of Las Vegas was a fairly small volume producer and now we have grown and grown. We have seen a 23 percent increase in the quantity used in just the first eight months of this year. The latest item we are planning on recycling may seem unusual, but it is a common item found around City Hall-keys. These unused keys can be remelted into other products. Metro Police have also joined in our program for recycling in the City Hall complex. CM

MEET THE MANAGER MEETINGS

During this round of Meet the Manager meetings we are presenting information on our budget situation and the fundamental service review process. Remaining meetings will be held:

September 2, 11 a.m. to noon, East Service Center, 3104 E. Bonanza Road, TEFO Break Room.

September 12, 11 a.m. to noon, Water Pollution Control Facility, 6005 E. Vegas Valley Drive, O&M Building, Training Room

September 18, 10 to 11 a.m., Regional Justice Center, 200 Lewis Avenue, Room #4438.

September 30, 8:30 to 9:30 a.m., City Hall, 400 Stewart Avenue, HR Training Rooms 1 & 2

This is a good opportunity to hear directly from Finance Director Mark Vincent and myself about how we are approaching the challenge of declining revenues. I've also asked Human Resources to assist in setting up four focus groups with a cross section of city employees for an in-depth discussion of the budget and employee concerns and ideas. These meetings will be about two hours in length, occur in September and involve 15 to 25 employees in each group. Attendance is optional, but departments will be asked to relieve selected employees of their normal duties to allow attendance at the meetings.

Some actions that have already been taken in response to the downturn in general fund revenues include a reduction of $20.6 million in the current year budget compared to last year, no salary increases or bonuses for executives, no merit increases for appointive employees, deferral of many general funded capital construction projects, reduced travel and supply budgets, reduced hours of operation at recreational facilities, reduced park maintenance, reduced CityRide bus routes, reduced discretionary budgets for the City Council, extended replacement schedules for vehicles and capital equipment, and strict limitations on refilling any vacant position at the city. CM

RETIREES

As many of you know, the city of Las Vegas has seen a large number of employees retire as a result of SB 544. Nearly 150 valuable city employees have retired because of this senate bill. Most of these employees were long-time workers with a great deal of institutional knowledge. Their departure will be a loss for the city and I want to thank them for their years of service. Because many of these positions will remain vacant due to the budget shortfall we will be challenged to maintain the high level of customer service our citizens have come to expect from the city of Las Vegas. I appreciate all city employees doing their best to continue to serve your coworkers and our citizens in these lean times. CM

COUNCIL BRIEFINGS – WEEK OF AUGUST 4, 2008

1. **Conversion of Business License Companies into the Hansen database**: Effective August 18th, a system change in Hansen will take place which will require businesses performing work in the city to have a Business License prior to the issuance of a permit or processing of an application. Staff will search the Hansen database to determine if the company record exists before attaching the company to the application or permit record. If the company record is not found, processing of the permit or application will be stopped automatically by the system and the customer will be referred to a Business License representative either at DSC or on the third floor of City Hall. The advancement in this technology has a potential to impact many companies doing business in the city. Finance is in the process of developing informational material that will be made available to all departments in order for them to begin notifying their customers of the change.

2. **C-Tax Update**: The C-Tax was down 4.2% in May. We expect to close FY08 at about $253M, which will be 4% lower than FY07 and 9.4% lower than our FY08 Final Budget. Our revised FY08 estimate in the FY09 Final Budget was about $253M, so this will not affect our FY09 fiscal performance.

	FY2008	FY2008	FY07 to 08	FY08 $	FY08 %
Month	Budget	Actual	actuals % change	BUDGET VARIANCE	BUDGET VARIANCE
July	22,028,633	20,018,880	-1.12%	(2,009,753)	-9.12%
August	22,222,280	20,168,961	-3.09%	(2,053,319)	-9.24%
September	25,297,061	23,019,406	-5.82%	(2,277,655)	-9.00%
October	22,604,538	20,412,441	0.80%	(2,192,097)	-9.70%
November	22,222,280	19,918,657	-1.74%	(2,303,623)	-10.37%
December	26,554,926	25,304,399	-5.24%	(1,250,528)	-4.71%
January	21,200,721	18,495,666	-5.68%	(2,705,055)	-12.76%
February	21,223,919	18,560,836	-5.45%	(2,663,083)	-12.55%
March	25,995,875	23,024,917	-8.61%	(2,970,958)	-11.43%
April	21,693,980	19,669,818	-2.87%	(2,024,162)	-9.33%
May	22,485,034	20,118,610	-4.23%	(2,366,425)	-10.52%
YTD CTAX through May	253,529,248	228,712,590	-4.07%	(24,816,658)	-9.79%

3. **Parking Ticket Moratorium Program Results (so far)**:

	29-Jul	30-Jul	31-Jul	5-Aug	6-Aug	7-Aug	Total
Violation Count	489	352	366				1,207
Collected	$ 16,960	$ 12,357	$ 12,140				$ 41,457
Abated	26,191	16,565	21,330				64,086
Total	$ 43,151	$ 28,922	$ 33,470	$ -	$ -	$ -	$ 105,543

4. **Fundamental Review**: Presentation on Communication Plan **(Hand-out)**

5. **West Owens Welfare Office**: Last week CM Barlow was made aware that the state will consider on Aug 14 at the Interim Finance Committee of eliminating the current lease with the City for this space. The current lease payments are 30k per month or 360k annually. CM Barlow has asked staff to negotiate with the State to maintain services at this location during these difficult economic times. This may require Council consideration of a lease modification at a future Council meeting.

Gwen Barnes

From: Doug Selby
Sent: Friday, August 08, 2008 2:39 PM
To: City Council, All Staff
Cc: TLV Executive Committee; 'ccollins@lvppa.com'; Mark Bunnell; Dean Fletcher; Tommy Ricketts
Subject: Budget Bulletin August 8

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Fundamental Review Update:

Our fundamental service review remains on schedule. As you know, we're working toward the goal of presenting the council members with some options at our October 6 City Council special meeting/workshop. Due to the sagging economy, we're facing a budget shortfall of up to $30 million dollars, and we're working with a consultant on how we can reduce our costs or find other efficiencies. That consultant, Bill Kirchhoff has been able to meet individually with the department directors, the senior executive staff, and members of the City Council. He is helping us look at some possible organizational restructuring, finding additional efficiencies, and getting a handle on the rising cost of maintaining our labor force. We'll continue to keep you posted as we draw closer to October 6.

Department Updates:

Public Works Department:

- Due to the budget cut backs, the city will not be participating with NDOT on the maintenance cost for the upcoming landscaping along the recently widened section of U.S. 95.
  Expected savings: The city's cost would have been approximately $80,000 per year for perpetuity.
  Impact: The landscape design along U.S. 95 will be modified to reduce some of the more intense planting maintenance components. Landscape will still be provided with a combination of hardscape and sculpture treatments.

Office of Administrative Services:

- In March, 2008, the Office of Administrative Services decided to freeze the open position of grant coordinator. The decision was made so that a management analyst

position could be filled.

Expected Savings: Approximately $20,000 in FY 2008.

Impact: The consequences of not having a full-time grant coordinator has impacted the city's ability to apply for discretionary grants. The department's Performance Plus Reporting on Grants Management shows a significant decrease on the dollar amounts awarded to the city over the past year. The average for the year was approximately 90 percent less than in previous fiscal years. Staff believes this is due to the state of the economy, increased competition, and the loss of the grant coordinator.

Increased workload for the management analysts assigned to grant coordination, because of the loss of the director of Administrative Services and promotion of the management analyst assigned to Performance Plus, has also decreased the amount of time allotted for grant coordination, which includes applying for and monitoring of city-wide grant monies. Additionally, because of the loss of the director of Administrative Services and the grant coordinator, staff has taken on multiple assignments and has been consistently working more than 40 hours a week.

Other Vacancies:

- A deputy director in Public Works will be retiring soon. That position will be held vacant with possible impacts on workloads for the Director.
- The Director of Administrative Services position is being held vacant as stated above. This is impacting the workload of the Director of Community and Government Affairs who has been assigned to oversee the Administrative Services functions.
- The deputy director position in Building and Safety is being held vacant.

Here is the U.S. Municipalities Financial Report for the Week of August 4, 2008:

According to The Queens Chronicle.com:

Queens, NY

- After analyzing the city's current fiscal climate, city Comptroller William Thompson Jr. announced on Monday that the budget could be facing some serious gaps, thanks in no small part to the rise in use of debt assistance plans, which are expected to rise more than 7 percent each year for the next four years.
- Thompson appeared, along with Mayor Michael Bloomberg, before the New York State's Financial Control Board on Monday morning. He issued a comprehensive statement about the nature of the city's finances, saying some changes needed to be made if the city has any hope of staying in the black during what are likely to be tough financial times.
- Ultimately, Thompson's advice runs parallel to statements made recently by Gov.

David Paterson — that the people of New York, and its government, need to learn to live within their means. Paterson made a statement Tuesday afternoon, announcing his decision to possibly cut down the state workforce and calling the state legislature into an emergency session in mid-August.

- Currently, Thompson said the city's Fiscal Year 2009 budget is balanced, but it won't stay that way for long if New York City insists on borrowing against itself to pay for services. Thompson warned that budget gaps lay on the tracks ahead as long as New York City stays on its current path, which includes underestimating overtime pay for city employees, and an increase in pension costs for retired workers. Other cost overruns in the coming years include $200 million in overpayments and redundancies on the city's health insurance, which could be restructured but simply hasn't, and a change in accounting standards for borrowed funds that may end up costing the city half a billion dollars.

According to The Orlando Sentinel .com:
Orlando, FL

- Gov. Chris Gregoire is telling state agencies to cut hiring, travel and fuel costs as the weak economy continues to take its toll.
- In a memo released Monday, Gregoire tells agency directors to cut gas consumption by 5 percent. She also orders freezes on hiring, out-of-state travel, service contracts and extra equipment. There's some exceptions for emergencies.
- Gregoire won't say how big of a deficit the state is facing. But legislative budget experts say the gap could be about $2.7 billion.

According to The Orlando Sentinel.com:
Rochester, NY

- The mayor of Rochester, N.Y., is turning in his city-issued sport utility vehicle and buying a smaller car he can take to ribbon-cuttings, parades and budget meetings.
- States, counties and cities struggling to absorb $4-a-gallon gasoline at a time of widening budget problems are employing various energy-saving tactics: limiting the use of take-home work vehicles, converting to alternative-fuel cars and trucks and, in some cases, experimenting with a four-day workweek.
- Rochester has already cut its passenger cars by 74 since 2007, and the mayor aims to remove up to 80 percent of the 174 vehicles assigned to employees around the clock.
- Despite the steps being taken, Rochester's projected fuel bill through next June will swell by $1.2 million to $5.2 million, up from $2.4 million when Mayor Robert Duffy was elected as mayor three years ago.

According to Newsday.com:
Albany, NY

- Gov. David A. Paterson may have gotten lawmakers' attention last week with a

historic call to reopen the state budget less than four months after its adoption, but whether they will acquiesce to the $1.2 billion in recommended cuts is far from certain.

- All 212 legislators face re-election in the fall and are loath to anger voters by slashing money for education, health care, building projects and other popular programs during the Aug. 19 special session. This is particularly true of Republicans desperate to hold on to the State Senate, their sole power base in Albany and where they have only a one-seat edge over Democrats.
- Experts said Paterson's own steps have undercut the urgency for legislative action as well. He plans to remedy the projected $630-million deficit in this year's fiscal plan with another 7 percent of unilateral trims to state agencies and instituting a hiring freeze. He's asked lawmakers to attack next year's projected deficit of $6.4 billion by making cuts of $600 million.

According to The Chicago Tribune.com:

Chicago, IL

- State parks aren't the only tourist destinations suffering from this year's budget woes. The state's 49 historic sites, such as Lincoln's New Salem in central Illinois, are reeling from a $2.7 million reduction that will wipe out half the staffing budget of the Illinois Historic Preservation Agency.
- The first cuts took place Thursday, when 80 seasonal workers were dismissed. The next cutbacks go into effect Monday, when hours will be reduced sharply at four museums that have been open seven days a week in the summer. Three of those museums will now be open five days a week, while the Lincoln-Herndon Law Offices in Springfield—where the nation's 16th president practiced law in the 1840s—will be open only on Saturdays.

According to The Los Angeles Times.com:

Los Angeles, CA

- Gov. Arnold Schwarzenegger, expressing frustration with lawmakers' failure to approve a state budget, ordered his administration Thursday to lay off thousands of part-time employees and moved to temporarily slash the pay of most full-time staff.
- Nearly 200,000 employees could have their pay cut to the federal minimum wage of $6.55 an hour, with full salary reimbursed once a budget is signed. More than 10,000 lost their jobs Thursday. Exceptions were made for those deemed too critical to let go for purposes of law enforcement, public health and safety or other crucial services.
- The budget dispute has broken down along party lines. Democrats have insisted on increasing taxes to help close a $15-billion budget gap. Republicans are banking on cuts in government services and, like Schwarzenegger, have focused on changing the state budget process to create a more secure rainy-day fund.

According to WRDW.com:

Augusta, GA

- Augusta homeowners won't see a hike in their city property taxes this year, but they're not off the hook. There is a plan to charge more to use city services in the coming year.
- Of course gas isn't the only thing fueling possible city cutbacks. "Parks and Recreation also," said Commissioner Joe Bowles. "We've got building facilities and membership fees that are grossly undervalued."
- It is suggested that the city is $5 million in the hole after the Augusta commission swatted down a tax increase.

According to The NY Times.com:

San Francisco, CA

- Faced with a $15 billion budget shortfall and a testy State Legislature, Gov. Arnold Schwarzenegger is dealing with a host of critics, including pro-tax Democrats, tax-averse Republicans and a public increasingly displeased with him. Now, even the state's computers seem to be against him.
- Last week, with no budget agreement in sight, the governor issued an executive order terminating thousands of part-time and temporary state employees and slashing the wages of about 170,000 of the state's full-time workers to the federal minimum wage.
- But the California controller, John Chiang, says the state's payroll system — which uses a programming throwback known as Cobol, or Common Business-Oriented Language — is so antiquated it would take months to make the changes to workers' checks.

Douglas Selby
City Manager
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Gwen Barnes

From: Doug Selby
Sent: Friday, August 15, 2008 6:16 PM
To: City Council, All Staff
Cc: Maggie Plaster; TLV Executive Committee; Diana Paul; Dean Fletcher; Mark Bunnell; Tommy Ricketts; Gwen Barnes
Subject: Budget Bulletin August 15

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Fundamental Review Update:

We're in what I'm calling the homestretch of the fundamental service review. We still have a lot of work before our October 6 special meeting/workshop with the City Council. Still, some clear areas are beginning to emerge. For example, we're pursuing some organizational efficiencies that will help reduce our costs. At the same time, we'll be exploring ways we might be able to restructure the organization to make it more efficient and ways we could generate more revenue. I realize this process takes time and I know everyone is anxious to hear more of the specifics. I want to make sure we've done our due diligence on everything being considered. I'm asking that you please be patient a bit longer and allow us the next few weeks to complete this extensive process. Barbara Jackson is doing an excellent job in managing the process receiving accolades from our outside consultant on the progress she has achieved so far. Dr. Jackson will continue in her current role reporting directly to me, but I've asked that Deputy City Manager Betsy Fretwell take the lead in getting us to a "final list" for ultimate consideration by the Council. The goal of our FSR team is to ensure options we present to the City Council are well researched and accurate. Thank you in advance for your continued understanding.

Here is the U.S. Municipalities Financial Report for the Week of August 11, 2008:

According to The New York Sun.com:
Albany, NY

- As a Republican lawmaker in Albany, Dean Skelos said the state could gain additional hundreds of millions of dollars by ratcheting up fraud recoveries from a Medicaid system that he says is saddled with waste, despite the creation of a Medicaid inspector general's office two years ago that was hailed by lawmakers as a major victory against abuse of the program.

- Some Democratic lawmakers in Albany have suggested that the Legislature save money by scaling back on school aid to wealthier districts on Long Island, an important base of support for the embattled Republican conference. Mr. Skelos, who represents a district in Nassau County, bristled at the idea: "I don't think school aid is intended just for New York City," he said.

- A spokeswoman for Governor David Paterson said the governor was about to do just that. "In the next few days, the governor plans to put forth his budget-cutting proposals to the Legislature, and we're looking forward to a very productive session, which is imperative given the financial situation," the spokeswoman, Marissa Shorenstein, said.

According to The Orlando Sentinel.com:
Orlando, FL

- For years, school leaders juggled their budgets to prevent the state's chronic money woes from creeping into the classroom. But they're out of options now and scaling back popular programs for gifted students and troubled kids.
- Drastic state budget cuts are threatening Orange County's esteemed Advanced Placement program, which serves bright, college-bound students. Officials throughout Florida's 67 districts are scrambling to make do with two-thirds of what they had planned -- by cutting teachers and classes or by charging students to use the expensive textbooks.
- Orange, Volusia and other counties also are trimming special programs such as AVID (Advancement Via Individual Determination), which gives struggling students a chance to go to college. An alternative program called CEP (Community Education Partners), which helped youngsters in Orange County recover credits and graduate on time, already is gone.

According to Newsday.com:
Syracuse, NY

- Gov. David Paterson's declaration that the state is facing a deep fiscal crisis that requires another $1.2 billion in budget cuts may scare off some finalists vying to become the next chancellor of the state university system, a top SUNY official has warned.
- Stony Brook President Shirley Strum Kenny, who is retiring next June, predicted layoffs if SUNY is asked to trim more from its current budget. The university released a study showing that it generates almost 60,000 jobs on Long Island, and roughly 7.5 percent of all jobs in Suffolk County.
- State budget officials, while declining to provide a number, predicted that SUNY can weather additional cuts.

According to The Los Angeles Times.com:
Los Angeles, CA

- One reason California still has no state budget is a closed-door dispute over a tax proposal that could be a multimillion-dollar boon to banks that engage in subprime lending.
- The proposal, according to legislative sources and industry lobbyists involved in the private budget talks, was brought to the table by the Schwarzenegger administration at the urging of lenders and other corporate interests. The proponents argued that it would help offset costs to businesses that could result from other tax changes under consideration.
- The plan would allow many large financial companies that are currently enduring record losses to eventually receive tax breaks millions of dollars greater than are currently available to them. Subprime lenders would be among the largest beneficiaries because they experienced a large boom followed by a bust.
- The budget stalemate is now more than six weeks old. The new fiscal year began July 1, and neither the Assembly nor the Senate has voted on a spending plan. The negotiation over how businesses are allowed to write off losses -- part of a larger debate about taxes -- is among the latest sticking points and one that threatens to keep lawmakers from reaching a deal.

According to The Hartford Courant.com:
Hartford, CT

- In a surprising turnaround, the Hartford city council has decided to reopen two neighborhood library branches that were closed earlier this summer because of an $870,000 budget gap.
- To keep the branches open until next July, when the fiscal year ends, library officials plan to cut operating hours across the system and close neighborhood branches on Saturdays.

- Prior to Monday's turn of events, majority leaders on the council and Mayor Eddie A. Perez had been adamant that the library board would have to find funding sources other than the city to reopen the branches. The city also offered the services of its auditor to see whether savings were possible in the library's operating budget, which the board accepted.

According to The Orlando Sentinel.com:
Orlando, CA

- Despite a slowing economy and state-mandated cuts, city officials unveiled their $380 million proposed spending plan Tuesday, which calls for keeping the tax rate the same as last year.
- Under the proposed budget, residents will pay $10 more annually for fire service, up from $20 to $30. Residents in single-family homes will now pay $5 for garbage pickup and $2.87 for those in multi-family homes.
- Thanks to declining property values and Amendment 1, which voters passed in January, the city will lose a little more than $3 million compared with last year, according to the report. The amendment doubled the $25,000 homestead exemption on everything but school taxes and allowed homeowners to transfer tax savings when they move, a concept known as portability.

Gwen Barnes

From: Doug Selby
Sent: Wednesday, August 20, 2008 8:40 PM
To: All Exchange Users
Subject: Ideas for Dollars

Just a reminder to all employees that our Idea$ For Dollar$ program is in full swing. We'd like to look at taking some of your best ideas and tying them into the fundamental service review that we're undertaking. This would be a perfect means to make sure we haven't missed some excellent suggestions on improving the efficiency of our organization, and at the same time you could earn some extra money. A true win-win for everyone!

As you probably know, we don't pay for ideas that have already been suggested. Also, the more impactful, well thought out and better analyzed the idea is, the more money you could be awarded. For more details please visit the city's intranet site, Inside CLV, and click on the Idea$ For Dollar$ button. Good ideas will be most helpful as we look to complete the fundamental service review over the next month or so.

One final reminder, information about the fundamental service review and our budget situation in general can also be found on the Inside CLV site. Just click on the Budget Update button. A host of information is there, including weekly updates on our progress in the fundamental service review found in the most recent budget bulletins that are being provided to the City Council.

Please be sure to share all this information with your coworkers who might not have computer access. We look forward to hearing your ideas.

COUNCIL BRIEFINGS – WEEK OF AUGUST 18, 2008

1. **No Redevelopment Meeting on Wednesday, August 20, 2008**

2. **Fundamental Service Review Companion Study: Performance Plus (PPET) and its relevance to the Fundamental Service Review- Hand-out** - (Penney Towers/Betsy Fretwell)

3. **Update on Traffic Commissioner**: The traffic commissioner was projected to raise in FY '08 approximately $107K and the actual revenue was 12% greater - $165,785. Expenses for the program also came in under expectations by 11%. For FY'09 the original projected revenue was $368K and the revised revenue estimates are now $537K. As the Court completes the implementation of the court management software system, these numbers will be refined as most are compiled manually now and may have some level of error in the current projected revenues.

Briefing Schedule:

Monday, August 18, 2008 – 1:00 p.m. – 3:00 p.m.
Mayor Pro Tem Reese
Councilwoman Tarkanian

Tuesday, August 19, 2008 – 10 a.m. – 12 noon
Councilman Ross
Councilman Barlow

Tuesday, August 19, 2008 – 2 p.m. to 4 p.m.
Mayor Goodman
Councilman Brown
Councilman Wolfson

1. **Fiscal Update**: Meet the Manager Presentation **(Hand-out)**

2. **PERS Fire Update (Attachment)**

3. **Transfer of canines to NV-DPS and Metro:** After decommissioning the canine unit, staff have been working with other law enforcement agencies to develop transfer agreements so three dogs can continue to be used in the field.

4. **Fundamental Service Review, Companion Study (Hand-out)**: Review of Alternative Work Schedules and the social, environmental, and economic impacts to the organization.

5. **Fundamental Service Review, City Comparison of Organizational Structures (Hand-out)**

6. **Fundamental Service Review, City Comparison of Budget Deficits (Hand-out)**

7. **Update on SB544**

8. **2008 Best of the Web Award:** Center for Digital Government has informed City that our site has won for best city government web site in the nation. This is the award for which the city took 4th place in 2006 and 3rd place in 2007. The official announcement was made Tuesday and the awards ceremony is on Friday, September 12th in Hollywood, CA.

9. **Metro Admin Building**: (Sheriff to give presentation)

10. **Energy Committee/Strategy**

11. **RDA Bonds**

Follow-up:

- **Update on Traffic Commissioner by Municipal Court**

- **Policy of the prohibition of glass containers and alcoholic beverages**: A committee composed of representatives from Risk Management, Public Works, Field Operations, Human Resources, Leisure Services, Detention & Enforcement and the City Attorney's Office began meeting in 2007 to propose ordinance changes to Municipal Code, Title 13 related to banning alcohol and glass in parks. Also considered was a proposal to have the current "Park Rules" under Title 13.36.055 codified, making them ordinances rather than rules.

  During the time since the first meeting, Leisure Services and D&E completed a review of 45 other city/county laws/statutes/ordinances regarding alcohol and glass in parks. The results of that study were that 13 permitted alcohol, 23 restricted alcohol consumption to permit only and 9 did not permit alcohol. There were 18 political entities that permitted glass containers in their parks, and 27 that either restricted or did not permit glass containers.

  The City Attorney's Office (Dan Still, then Jim Lewis, now Val Steed) developed a proposed ordinance addressing each of these issues. This proposal will be reviewed at a meeting of the committee members on Aug. 29th. If there are any changes to the proposal adopted at that meeting, the suggested ordinance will be revised and finalized for submittal to the City Manager's Office for review and direction.

- **Short-term Rental Ordinance**: On March 5, 2008, the Las Vegas City Council adopted Bill No. 2008-14, which allows short-term rentals in residential districts as a conditional use. Letters were sent out explaining this new ordinance to everyone who participated in the meetings, property owners that we knew to be offering short-term rentals, as well as all licensed property managers. Included in this letter was a copy of the ordinance, our instruction sheet, as well as a permit application form. Business Licensing established Short Term Rental Fees pursuant to code as follows: Property owner - $50 per rental (less than 31 days); Property Management - $250 annually per property. To date short term rental permit activity by ward:

  Property Owner Ward 1 – 7 permits issued - $640 (representing 2 properties)
  Ward 2 – 3 permits issued - $240 (representing 2 properties)
  Property Management Ward 2 – 5 permits pending - $1,150
  Ward 4 – 2 permits pending - $ 560

  These numbers are significantly less than staff anticipated based on industry participation in the meetings which preceded the adoption of this code.

- **Mental health facilities:** Information regarding long-term acute mental health care facilities for adults and children in Southern Nevada.

  Youth:
  - Desert Willow Treatment Center - 6171 West Charleston Blvd (Las Vegas) -- 58 beds
  - Boys Town of Nevada - 821 N. Mojave Road (Las Vegas) -- 18 beds/short-term placement

  Adult:
  - Westcare Mental Health Crisis Unit - 401 S. Martin Luther King Blvd (Las Vegas) -- 25 beds
  - Montevista (privately owned) - 5900 West Rochelle (unincorporated Clark County) -- 80 beds
  - Spring Mountain Treatment Center - 7000 W. Spring Mountain Road (unincorporated Clark County) -- 82 beds
  - SNAMHS - Rawson Neal - 1650 Community College Drive (unincorporated Clark County) -- 293 beds

  We are not aware at the State level that the legislature/state limits the areas of where these facilities are to be located. Title 19 (zoning code) would regulate location and spacing of these types of facilities.

- **Fundamental Service Review/Performance Plus Definitions**

Briefing Schedule:

Monday, August 25, 2008 – 1:00 p.m. – 3:00 p.m.
Mayor Pro Tem Reese
Councilwoman Tarkanian

Tuesday, August 26, 2008 – 10 a.m. – 12 noon
Councilman Ross
Councilman Barlow (Absent)

Tuesday, August 26, 2008 – 2 p.m. to 4 p.m.
Mayor Goodman
Councilman Brown
Councilman Wolfson

September 2008

Top Stories

City Looks To Save Money

It is no secret that these are difficult economic times. The downturn in the economy is forcing families, private companies and government entities to do some serious belt tightening. The city of Las Vegas is no different. Like government agencies around the nation, the city is experiencing a revenue shortfall and is forced to make some hefty cuts. In fact, the city may need to reduce its spending by up to $30 million to balance the budget.

To make sure this process is handled in the best interests of the community, the City Council directed staff to undertake what we are calling a fundamental review of services. For the last several months, city employees and external experts have been looking at ways the city can be more efficient, but still provide the best possible service. A series of options will be presented to the City Council at a special meeting on October 6 at the Charleston Heights Arts Center. The council will have the very difficult task of adopting a plan that will reduce the city's budget significantly. This could mean a reduction in programs and staff.

Some actions that have already been taken in response to the downturn in general fund revenues include a reduction of $20.6 million in the current year budget compared to last year, no salary increases or bonuses for executives, no merit increases for nonunion employees, deferral of many general funded capital construction projects, reduced travel and supply budgets, reduced hours of operation at recreational facilities, reduced park maintenance, reduced CityRide bus routes, reduced discretionary budgets for the City Council, extended replacement schedules for vehicles and capital equipment and strict limitations on refilling any vacant position at the city.

Until the economy recovers the city will have no choice but to continue heavily scrutinizing and, most likely, reducing spending. The hope is to do all this with the least amount of negative impact on the citizens we serve.

Return to the Newsletter

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Memorandum

City of Las Vegas
Office of the City Manager

To: Mayor Oscar B. Goodman
Mayor Pro Tem Gary Reese
Councilman Larry Brown
Councilman Steve Wolfson
Councilwoman Lois Tarkanian
Councilman Steven D. Ross
Councilman Ricki Y. Barlow

From: Douglas Selby, City Manager

c: Steve Houchens; Elizabeth Fretwell; Orlando Sanchez; Barbara Jackson

Date: September 5, 2008

Re: FUNDAMENTAL SERVICE REVIEW - UPDATE

Because of declining general fund revenue and ever present legislative threats to the City's general fund, the City Council directed staff to complete a Fundamental Service Review (FSR) of all City programs and services and develop options for the City Council to consider for reducing general fund expenditures to balance the budget in 2010 and beyond. This report is a summary of the actions that are underway and presents the City Council with a general review of what can be expected in future Council Briefings and the Special Council Meeting on October 6.

Leading the project, Dr. Barbara Jackson has worked closely with an independent consultant, Bill Kirchhoff, to solicit information from the department directors about 1) programs or services in their department they feel could be modified to better meet the needs of the City Council and their constituents and 2) areas in other City departments they feel could be modified, reduced, or eliminated. The consultant and Dr. Jackson have met with all department directors and the management staff to vet information and solicit ideas for enhancing City operations to meet growing demands with limited resources.

I have assigned Deputy City Manager Betsy Fretwell the duty of meeting with directors and key staff to assess the pros and cons of the various proposals. Ms. Fretwell has been charged with compiling for me a final list of options, which will be presented as part of my set of final recommendations to City Council.

Of the approximately 260 recommendations that were submitted, the FSR Team (comprised of myself, the deputy city managers, Barbara Jackson, Mark Vincent, Claudette Enus, Brian Knudsen and Maggie Plaster), department directors, and Bill Kirchhoff have narrowed the list via consolidation with other recommendations, work currently in progress, elimination of recommendations because of insufficient data, and/or elimination because the recommendation would not have yielded any savings or created efficiencies. The more

manageable list of approximately 110 recommendations, which is still being refined prior to presentation to Council, was categorized as follows for deliberation.

FSR Categories

Efficiencies - Recommendations that could be implemented within the next 18 months.

Efficiencies are recommendations that will have little to no impact on the services delivered to citizens. The efficiencies have been categorized into recommendations that do not eliminate full-time employees (FTE) and recommendations to do eliminate FTEs.

- There are 51 recommendations at an estimated total cost savings of $7.9M per year or one time that do not eliminate FTEs.
- There are 29 recommendations at an estimated total cost savings of $9.5M per year or one time that do eliminate 91 FTEs – many of which are currently vacant.

Total estimated cost savings - $17.4M*

Positions affected – 91*

** These totals are subject to validation and reconciliation with the FY09 decrement budgets.*

Organizational Restructure - Recommendations that have resulted in a series of meetings to evaluate the feasibility of restructuring the organization to better align with decreasing resources and improved long-term service delivery.

These recommendations require further analysis. The FSR Team and the independent consultant are in the process of facilitating discussions with impacted departments to solicit information on the impacts to the organization and the impact to service delivery to the constituents. The recommendations that have been made include:

- Restructuring the City Manager's office
- Consolidating Special Events
- Consolidating Plans Check staff
- Consolidating inspection functions
- Restructuring the citywide management of records
- Consolidating public information functions
- Consolidating graphic arts functions
- Consolidating vehicle maintenance shops
- Consolidating Geographic Information Systems (GIS) functions
- Creating a traditional Parks and Recreation Department
- Reduction of the Rapid Response Team
- Consolidating graffiti abatement functions
- Consolidating the Departments of Neighborhood Services and Planning & Development
- Consolidating Public Works and Field Operations

These recommendations will be fully vetted and presented to the City Council during briefings prior to the October 6 Special City Council Meeting.

Strategic Service Change - Recommendations that identify a fundamental change to the delivery or elimination of current services.

There are 12 recommendations that represent a shift in the way the City currently does business. All recommendations require additional review prior to moving forward. There are recommendations, which could be implemented in a relatively short time period and recommendations that will require a significant amount of analysis and additional time for implementation if the City Council chooses to direct staff to implement.

Companion Studies

In addition to the FSR categories, the Council has directed staff to provide a series of reports that identifies potential opportunities for improving service delivery while reducing costs.

1. **Comparison of Municipal Governments:** Presented to Council to give a broad overview of how other similarly-sized municipalities are structured. The report details the changes other governments are undergoing in order to meet the demands of the declining economy.
2. **Consolidation:** This report will document the historical trends of consolidation and draw conclusions for the City Council to consider with regards to consolidating the City of Las Vegas with other local government organizations.
3. **Alternative Work Schedule:** Presented to Council to provide an analysis of the social, economic, and environmental impacts an Alternative Work Schedule has on the organization and the constituents the City serves.
4. **Performance Plus:** Presented to Council to describe the services that have been identified through the Performance Plus Executive Team as overlapping.
5. **Classification/Compensation and Labor Negotiations:** Will be presented to Council in two parts over the next year. One report will document the trends in other local government organizations and in other sectors in Southern Nevada and will make comparisons of employee classification and compensation. The other report will be presented to Council as a strategy for dealing with upcoming labor negotiations.
6. **Fee Studies:** Will be presented to Council as a series of options for the City Council to consider with regards to maintaining or increasing City imposed fees and/or fines.
   - Five departments submitted specific fee increases that would produce an estimated $8.2 million in annual revenue. Additionally, two departments are undergoing formal studies on their fee structures (Building & Safety and Leisure Services), and their proposed fee adjustments will be provided at a later date when the studies are completed. Of the $8.2 million identified, $1.8 million represents new fees, $6.1 million represents increases of existing fees, and $0.3M represents fees for extra voluntary services (i.e., fast tracking temporary licenses).
7. **Budget Savings and Efficiencies to Date:** Presented to Council to document the past and current actions staff has taken to ensure efficient operations.
8. **Stabilization Fund Review:** Will be presented to Council as an overview of the future financial situation of the City and measures to protect an internal stabilization fund.

9. **Communications Plan:** Presented to Council as a citywide strategy for communicating the potential impacts of the Fundamental Service Review and the downturn in the economy to employees, the media, and the constituency. To date, the City has:
    - Solicited information from employees via the Idea$ for Dollar$ program
    - Created focus panels of staff from all levels of the organization to engage in "out-of-the-box" thinking
    - Sent regular e-mail updates to inform employees of the economic situation facing the City
    - Included in regular monthly newsletters information about the Fundamental Service Review and the process currently underway to evaluate City programs and services
    - Conducted Meet the Manager meetings by which employees are given the opportunity to ask questions during a presentation that explains the economic situation and the processes underway
    - Met with labor leaders to explain the City's financial situation
10. **Human Services Review:** Will be presented to Council as an analysis and conclusions about the services the City provides to underserved, at risk, or hard to serve citizens and the impacts to the organization.

Department directors and staff at all levels of the organization have dedicated a significant amount of time to prepare a final report that will contain a series of options for the City Council to consider. The companion studies and the conversations that will take place between now and the October 6 deadline are intended to prepare the Council to make some very serious decisions that will have significant impacts on how the City of Las Vegas moves forward.

Over the next four weeks, the City Council can expect the remainder of the Companion Studies as well as additional information about the efficiency, organizational restructure, and strategic service change recommendations. As the FSR team, Bill Kirchhoff, and department directors continue to analyze data, options will be made clearer and brought forward to the Council for final direction at the October 6 meeting.

If you have questions, would like additional information about the process, or would like to speak to me or Bill Kirchhoff about your own recommendations for enhanced service delivery, please let me know.

1. **C-Tax Update (Attachment)**: June 2008 $22.2M distribution was **10.6% lower** than last June's $24.8. For the year, C-Tax was **down 4.7% from FY07 actual** distribution. The $250.9M for FY08 was $2.5M off of the estimate in the FY09 Final Budget.

2. **Fundamental Service Review Companion Study:** Consolidation **(Hand-out)**

3. **Fundamental Service Review Companion Study:** Fee Study **(Hand-out)**

4. **Increasing Construction Costs (Attachment):** For the past 12 months, we have been enjoying a very favorable bid environment on our capital projects where bids were coming in up to 20% below engineer's estimates. This trend may be coming to an end. We just had bid openings on our Tenaya overpass projects and all of the bids came in over the engineer's estimates. Our estimate was $7,524,217 and the lowest bid was for $7,936,053. There were a total of 7 bids that ranged from the low bid of $7.9M to $10.9M. Our available funding for this project is only $7,525,000 so we will be going back to the RTC to get the additional funding and should be able to award in October.

Briefing Schedule:

Monday, September 8, 2008 – 1:00 p.m. – 3:00 p.m.
Mayor Pro Tem Reese
Councilwoman Tarkanian

Tuesday, September 9, 2008 – 10 a.m. – 12 noon
Councilman Ross
Councilman Barlow

Tuesday, September 9, 2008 – 2 p.m. to 4 p.m.
Mayor Goodman
Councilman Brown
Councilman Wolfson

Gwen Barnes

From: Doug Selby
Sent: Friday, September 12, 2008 3:37 PM
To: City Council, All Staff; Dean Fletcher; Tommy Ricketts; Mark Bunnell; 'ccollins@lvppa.com'
Cc: TLV Executive Committee; Maggie Plaster; Diana Paul; Barbara Jackson - Leisure Services

Council members,

In an effort to keep you up to date on the current budget situation and its impacts on operations, here is the next budget update for this week.

Fundamental Service Review:

We're less than a month from our special City Council meeting at the Charleston Heights Arts Center. Our plan will be to present some viable scenarios to consider in reducing the city's operating costs in response to dramatic drops in our revenues. This past week's activities have included one on one briefings with council members on the status of the fundamental review, presentations to employees on our financial situation and work sessions with directors and the Fundamental Service Review team (FSR) on organizational restructuring ideas. The FSR team will meet this Saturday to start to finalize materials for the October 6 workshop including short listing options for council consideration.

We remain on schedule to provide the City Council, department heads and employees with much of this information during the week of September 22. We also plan to schedule meetings with the editorial staff of the Review-Journal and Sun prior to the October 6 meeting. I am pleased with the progress we're making and thank everyone for the patience and professionalism shown during this extensive and often difficult process.

During this round of Meet the Manager meetings we are presenting information on our budget situation and the fundamental service review process. Remaining meetings will be held:

- September 18, 10 to 11 a.m., Regional Justice Center, 200 Lewis Avenue, Room #4438.
- September 30, 8:30 to 9:30 a.m., City Hall, 400 Stewart Avenue, HR Training Rooms 1 & 2

I've also asked Human Resources to assist in setting up four focus groups with a cross section of city employees for an in-depth discussion of the budget and employee concerns and ideas. We've asked for employee input concerning the fundamental service review and want to continue the discussion with the employees. Selected at random with the help

of a random number generator, 118 city employees were tapped to take part. These meetings will be about 1 ½ hours in length and involve about 30 employees in each group. Attendance is optional, but departments will be asked to relieve selected employees of their normal duties to allow attendance at the meetings. Of course our desire is to hear suggestions from employees on how our organization can be more efficient. The focus panels will meet on the following dates:

- September 18, 9 a.m. to 11 a.m.
- September 22, 1:30 p.m. to 3:30 p.m.
- September 24, 1 p.m. to 3 p.m.
- September 26, 9 a.m. to 11 a.m.

Department Update:

Department of Information Technologies:

- The department recently implemented a new payroll process.
  Impact: By reconfiguring the computing environment, the payroll process that normally runs in eight hours took two hours on the new application being used by the department. The new application is much faster, cheaper and requires less administration.
  Expected savings: A cumulative net savings of $91,171 over the first three years is anticipated.

Here is the U.S. Municipalities Financial Report For August 25-Sept 8:

According to The Orlando Sentinel.com:
Orlando, FL

- Lake County School Board members have cut jobs, money for consultants and nearly all out-of-state travel to counter a loss of state funding and balance the school district's budget for the new school year.
- Although employee pay raises haven't been negotiated yet, they likely won't be large, officials said. And considering the state might cut school funding again within the next several months, employees might not get raises at all.
- The district will get millions of dollars less from the state this school year, mostly because of the economic slump and because counties will collect less in property taxes. Lake schools' share of the county's overall property-tax rate will drop slightly.

According to The Chicago Tribune.com:
Chicago, IL

- Chicago Transit Authority officials Monday are scheduled to announce "belt-tightening measures" to ease a projected $66 million deficit.

- Although time intervals between buses and trains may be extended by several minutes, there will be no massive route cuts such as those threatened in last year's Doomsday funding crisis, according to CTA sources.
- The budget crisis has been caused in part by soaring fuel costs. The CTA previously said it is spending $25 million more on fuel this year than it had budgeted.

According to The Baltimore Sun.com:

Baltimore, MD

- Like most county public schools that were built in the 1960s and are in need of a face-lift, Northeast High School in Pasadena needs a new gymnasium, more classrooms and a larger cafeteria.
- But whether county officials can fully fund the renovation project, which would cost $32 million in the next fiscal year, is uncertain. Portions of the project could be put on the back burner as the school system struggles to put a dent in maintenance and construction backlogs that have grown over the years because of lack of funding.
- Superintendent Kevin M. Maxwell has submitted a $216.4 million capital budget for fiscal year 2010 to the school board, hoping to ease a $185 million maintenance backlog, and construction and renovation backlogs that exceed $1.5 billion. But county officials, forecasting a shrinking revenue pool, expect to award the school system about $100 million in capital funding for the coming fiscal year, according to budget projections. The school system is also eligible for state funding.

According to The Newport News Daily Press.com:

Newport News, VA

- Every major category of state revenue is substantially below budgeted projections and relief is still at least a year away, state budget writers learned Tuesday.
- Finance Secretary Ric Brown told the House Appropriations Committee that income and sales tax collections aren't meeting their targets. That's critical because those taxes combined account for at least 80 percent of the state's operating budget.
- Governor Tim Kaine last week ordered state agency chiefs to submit contingencies for cutting their operating budgets by 5 percent, by 10 percent and by 15 percent. The plans are due by Sept. 26.

According to Newsday.com:

Nassau, NY

- The budget squeeze affecting Nassau County will mean that for the first time in five years Nassau County Executive Thomas Suozzi will propose raising the county's portion of the property taxes by no more than 3.9 percent in his planned budget for 2009, county officials said.
- But Suozzi said he asked all employees with county vehicles to use 20 percent less gasoline, and last week Suozzi ordered a temporary halt to all purchases. His budget cuts will also mean slightly cooler offices for county workers this winter, a wage freeze for political appointees and possible layoffs.
- Such developments are among those cited by Suozzi as he tries to balance the

county budget that he must present to the 19-member Nassau County Legislature by next Monday.

According to The South Florida Sun-Sentinel.com:

Port St. Lucie, FL

- The City Council gave preliminary approval for a budget that should cut city taxes for most property owners, but several residents went to City Hall on Monday asking for a bigger break.
- The proposed budget for the 2008-2009 financial year is $326.4 million less than the current budget, largely because the city is wrapping up several construction projects. But the city is also seeing a decline in property taxes because of the sagging real estate market and the tax reform amendment approved by voters in January.
- However, a handful of residents told the council Monday -- in sometimes heated terms and to the occasional applause of the audience -- that people need more tax relief given the current state of the economy. At one point, Councilwoman Michelle Berger even chastised City Manager Don Cooper for using profanity when responding to one resident's suggestion that the city had $68 million unaccounted for from a previous budget.

According to the Chicago Tribune.com:

Chicago, IL

- A declining share of taxes and fees and rising fuel and health-care costs are forcing Kane County to cut next year's budget by 1.5 percent.
- Officials expect the county to collect $3 million less in the general revenue fund from sales and income taxes, state grants and licensing and permit fees. Some of that shortfall can be absorbed by transferring expenses to other funds, but the county still needs to spend less in 2009 than the $77 million it spent in the 2008 general fund, said Board Chairman Karen McConnaughay.
- McConnaughay asked department heads to cut 1.5 percent from their 2009 budgets. She also suggested the county implement a hiring freeze and suggested that managers and elected officials decline scheduled pay raises next year.

According to The Baltimore Sun.com:

Baltimore, MD

- Maryland's Medevac program implemented changes this year designed to reduce unnecessary use of state police helicopters, a senior official told lawmakers in Annapolis this morning.
- Between 4,500 and 5,000 patients are transported to hospitals by the state's Medevac unit every year, at a cost to taxpayers of about $4,000 per trip.
- Given problems raised by auditors, Sen. John C. Astle, an Anne Arundel County Democrat and former helicopter pilot, has said he and others on the audit committee would probably question the wisdom of purchasing new helicopters.

According to The Orlando Sentinel.com:

Ft. Pierce, FL

- City Commissioner Reggie Sessions said he wants to disband the Fort Pierce Utilities Authority board after several commissioners blasted the authority Tuesday night for not making sufficient budget cuts.
- Sessions and Commissioner Christine Coke were among the more vocal commissioners Tuesday night who criticized utilities authority officials, including utility director Bill Thiess, during a discussion over whether to approve the authority's $164 million budget.
- Coke made a motion not to approve the utility's budget and force it to make cuts, but the motion died for a lack of a four-fifths majority vote, which is needed to disapprove the budget. Mayor Bob Benton and Commissioner Eddie Becht cast the dissenting votes needed to disapprove the budget.

According to The Morning Call.com:

Allentown, PA

- Though some Republican commissioners have publicly complained about the latest Lehigh County budget and the $12 million deficit it carries, they say there is likely little that can be cut from it.
- "At first glance, unless you get rid of whole programs you are not going to have much of a chance of trimming it," said Republican Commissioner Chairman Percy Dougherty, who has said often that the county must live within its means. "Even cutting salary increases in half would only save a few hundred thousand dollars."
- Republicans control the board and various commissioners have suggested cutting the county's public information office, the county's two nursing homes, the "quality of life" program that grants money to various groups such as the Allentown Symphony, and the Community and Economic Development Department, but Dougherty said there is probably "no stomach" for major program reductions.

According to The Los Angeles Times.com:

Los Angeles, CA

- Fallout from the state's longest budget standoff on record is rippling through California, with scores of healthcare providers on the brink of bankruptcy, schools and community colleges scaling back offerings and contractors struggling to hang on.
- If there is no spending plan by the end of the month, the state will owe $12 billion to government service providers who by law cannot be paid in the absence of a budget. Many in the Capitol predict the stalemate could easily last that long, and service providers up and down the state are warning that they will go under if it does.
- Thousands of low-income parents who rely on the state to help cover child care expenses learned this week that they were being cut off. Child Care Resources Center, a north Los Angeles County nonprofit that helps area parents tap the subsidies, said it can no longer afford to float the costs itself.

- A Republican proposal to release emergency funds to service providers was rejected Wednesday by Gov. Arnold Schwarzenegger as fiscally irresponsible. He said it would precipitate a cash crisis, emptying state coffers of billions of dollars at a time when reserves are low and the usual bridge loans can't be accessed because there is no spending plan.

According to The Hartford Courant.com:
Hartford, CT

- Three legislative committees passed an energy assistance budget Wednesday that's even larger than the sweeping one proposed by Gov. M. Jodi Rell, who described the approved budget as "unaffordable and irresponsible."
- The state's appropriations, human services and energy and technology committees approved $113 million for the state's energy assistance program, which provides financial assistance to low- and moderate-income households for heating fuel.
- "We adjusted the amount of the benefits to address the increase in costs of oil and electricity," said state Sen. Jonathan Harris, D-West Hartford, co-chairman of the human services committee. "Given the crisis and the fact that people are facing the real imminent prospect of freezing to death, it was considered to be better judgment to plan for the worst."

According to WNDU.com:
St. Joseph, IN

- South Bend leaders say the city's budget is in dire straits. Right now, a local option income tax is the only option on the table for raising revenue lost to the circuit breaker.
- If a local option income tax raise is passed, leaders say budget cuts in South Bend could be bearable, while the city of Mishawaka could end up with a surplus.
- In South Bend, city leaders are trying to chop $18 million out of the budget by 2010, while Mishawaka looks at a more manageable $2 million in cuts.

According to The Daily Californian.com:
Berkley, CA

- Starting next week, the 137-year-old "Daily Californian," the independent UC Berkeley student paper, will be cutting a day of publication, finding itself vulnerable to a national epidemic of reductions in print ad revenue.
- The biggest component of the Daily Cal's ad revenue comes from national agencies, which generated significantly less revenue in the months leading up to the summer. The paper will not hire as many new staff members this year.
- All professional and college papers are coping with a shift to online news. Financial struggles forced students at Howard University in Washington, D.C. to cut the print version of their daily paper, "The Hilltop," altogether in March.

According to The Chicago Defender.com:

Chicago, IL

- The Chicago Public Schools expect to spend $12 million to $15 million this school year to operate its bus program for students who need the service. But CPS will not be able to provide bus service to students at five new magnet schools this year because additional state funding was not secured, said Malon Edwards, a CPS spokesman.
- "I had no idea that bus service would not be offered at Kershaw. No one informed me about the state budget cuts," said Michelle Williams, 37, whose daughter is a second grader at Kershaw. "It wasn't until the first day of school when I waited 45 minutes outside with my daughter for the bus when I realized something was wrong." Williams said she took public transportation that day to get her daughter to school but cannot keep doing it.
- To qualify for gas mileage from CPS, parents must live between one-and-a-half and six miles from the school. If they live a shorter distance, they would not be eligible for reimbursement, under CPS guidelines. But even with reimbursement some parents are still not satisfied.

According to The Allentown Morning Call.com:

Allentown, PA

- Easton, PA is likely to be at least $1.26 million in the hole when it starts its 2009 budget, and it might be up to city residents to help plug that gap.
- While officials pursue homeowners and others who are behind on their 2008 taxes, Mayor Sal Panto Jr. said he wants input from residents on which city services he should cut.
- A $1.26 million gap would represent about 4.7 percent of the city's budget, which in 2008 was more than $26.6 million.
- Hoping to scrape up as much income as possible, Finance Director Chris Heagele is more than a month into a campaign to collect $1.2 million in unpaid 2008 real estate taxes, plus more than $1.3 million in overdue city utility bills.

According to The Orlando Sentinel.com:

Orlando, FL

- Animal Control Officer Jennifer Feldman said she and her staff, kennel control supervisor Carlos Thomas and an assistant animal control officer, handle more than 200 calls from police officers and residents every month.
- City officials have suggested eliminating Delray Beach Animal Control, a division of the Code Enforcement department. All animal control work would be forwarded to Palm Beach County Animal Control.
- Feldman said she has been asked by Code Enforcement officials to provide documentation of Animal Control's annual records.

According to Newsday.com:

Brookhaven, NY

- Faced with an expected revenue shortfall this year of more than $17 million, Brookhaven Town Supervisor Brian X. Foley called yesterday for a hiring freeze

until the end of the year.

- Foley said the freeze, which he hopes to enact before the town board's next work session on Sept. 4, would help offset the loss of money from the town's landfill fees and mortgage taxes. Landfill revenues, which pay for about half of the town's general fund budget, are projected to be $5.4 million lower than in 2007, while mortgage taxes, at 15 percent of the budget, are on track to be $11.9 million lower, he said. The town's 2008 general fund budget is about $169 million.
- A mortgage tax of 1.05 percent is assessed in New York on money borrowed to purchase property or to refinance an existing loan, and about half of the revenue goes to towns, cities and villages. Landfill revenue is down, Foley said, because the decline in home building results in less construction debris.

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1. **Update on Homeland Security grants recommendations**: The local emergency management working group has made preliminary recommendations for funding allocations for homeland security and emergency grants. LVFR bomb squad $3M for statewide projects (good portion to remain in LV area); Regional Public Safety complex - $400,000; Statewide Citizen Corp projects such as the Las Vegas CERT (public education program) - $500,000. Other projects that received substantial funding that will benefit the city include: Interoperable Communications (including SNACC radios); Fusion Center and Silvershield.

   All of these recommendations will be considered by the State Homeland Security Commission on September 19th.

2. **SNPLMA 10-Year Anniversary Event at Centennial Hills Park:** Received a phone call this morning from Steve Tryon, the BLM Assistant Field Manager of SNPLMA, regarding Senator Ensign's desire to hold a SNPLMA 10-year anniversary event at the Centennial Hills Park amphitheater on October 23, 2008, Thursday. They need a venue that will house 300 people. If the amphitheater is not ready, they would then hold it at the Las Vegas Springs Preserve.

3. **Fundamental Service Review (Hand-out):** Human Services Review

4. **Detention and Enforcement Service Changes:** Consistent with the FY09 decrement plan, the department is planning to scale back the service delivery hours in their Animal Control Unit effective October 2008. An analysis identifying the peak hours and days of the week during which service delivery demands are the greatest has been completed. Based on the analysis, it is recommended to reduce the current 18 hour days (5:30 AM to 11:30 PM) to 14 hour days (6:30 AM to 8:30 PM). Calls will continue to be accepted from the public. Unless they meet our established emergency criteria, the calls will be handled, according to priority, the following business day. After hours, emergencies will continue to be handled on a rotating call-out basis. It is anticipated that citizens should experience no adverse affects as a result of the reduced hours due to the increased efficiency experienced by focusing resources during peak times and days.

   The department is also planning to eliminate the Deputy City Marshal rotating on-call response to after hours (between 2 AM and 6 AM) alarm calls on city property as of October 2008. Chief Coyne has spoken to and secured the Sheriff's support to handle these issues and notify us accordingly. She will follow-up with him to ensure the identified date offers him enough time to circulate a directive to his staff. It is anticipated that this change will result in an annual savings the equivalent of one officer's salary.

5. **National League of Cities (NLC) Policy and Advocacy Committees:** The NLC is seeking City Council applicants for the Committees below. The **deadline** for application submittal is **November 21, 2008.** The application is available on the NLC website. The Government and Community Affairs department is available to assist in the application submittal process.

   <u>Policy and Advocacy Committees</u>
   Community & Economic Development (Councilman Barlow is currently serving on this committee)
   Energy, Environment & Natural Resources
   Finance, Administration & Intergovermental Relations
   Human Development
   Information Technology & Communications
   Public Safety & Crime Prevention
   Transportation Infrastructure & Services

Work Continues On City's Fundamental Service Review

The effort known as the fundamental service review (FSR) is nearly complete. The goal is to provide the City Council details of the plan at a special meeting at the Charleston Heights Art Center on October 6.

During the last budget workshop in the spring, members of the council directed staff to take a hard look at city services and the way the city "does business." Due to the downturn in the economy, our organization is looking at a budget shortfall of up to $30 million. The FSR was undertaken to help determine what can and should be done to make up for this decline in revenue, while at the same time recognizing that our costs of labor and operation continue to climb.

Employees at all levels have contributed suggestions on how best to proceed. The IdeaS For DollarS program also was tied into the FSR to help generate viable ways of improving our efficiency. Human Resources also organized focus groups with employees.

"If one were to select a model for quality large city financial management and oversight, you would be hard pressed to find a more solid example than the city of Las Vegas."

-William Kirchhoff

Dr. Barbara Jackson led this effort from the beginning, working with our consultant William Kirchhoff. A former city manager, Kirchhoff has praised the city of Las Vegas saying, "If one were to select a model for quality large city financial management and oversight, you would be hard pressed to find a more solid example than the city of Las Vegas. Only a handful of major cities in the United States have positioned themselves as favorably as the city of Las Vegas in terms of not only being able to ride out a devastating economic downswing, but also be in the ready position when the economy rebounds."

As we get closer to the October 6 special council meeting, your director will be able to share more of the FSR specifics and what options will be presented to the City Council. **CT**

If Money Is Tight, Why A New City Hall?

With the downturn in the economy, a tight city budget and the need to undertake the fundamental service review (FSR), it may not seem the best time to look at building a new City Hall. However, difficult times require innovative solutions, and that is precisely why the city is moving ahead with its City Hall plans.

The approach is far different from our traditional way of building facilities, and will actually cost the city very little for the first several years of the project. At the same time, the city will help to create a significant "economic shot in the arm" for downtown.

The reason the move makes great economic sense is because the city has entered into a lease arrangement with a private enterprise called LiveWork/Forest City. These private developers are creating a five-block project known as Civic Center Commons. It will include office buildings, stores, restaurants, an intermodal transportation hub and a new City Hall, all running along the First Street corridor near the old Queen of Hearts site.

As part of this plan, LiveWork/Forest City will also build a hotel-casino in Union Park. Of course, once the city moves into a new City Hall, the current 12-acre campus could be sold. All of these moves, coupled with our other redevelopment plans around the present City Hall, could result in over 13,000 new (and permanent) jobs and more than $4 billion in private investment.

At the same time, a very attractive part of this package is that the city will pay only $2 million dollars annually for the first five years of the Civic Center Commons development. Economists predict the downturn will be over by then and our local economy will be on the mend.

It may seem counterintuitive, but the city believes that moving forward now actually makes the best economic sense. **CT**

Maggie Plaster

From: Doug Selby
Sent: Tuesday, September 23, 2008 5:37 PM
To: All Exchange Users
Subject: Update on Fundamental Service Review

The Fundamental Service Review (FSR) is nearly complete. This week we are briefing City Council members and labor leaders on the results of the work to date, including specific actions that can be taken to reduce our general fund operating costs. The city is facing a revenue shortfall of up to $30 million in Fiscal Year 2010 and up to $150 million over the next five years. Doing nothing or "business as usual" is not an option. The city cannot run a deficit budget and change will have to occur to keep the organization solvent.

The FSR was undertaken to determine what should be done to make up for the declining revenues. Each department director was asked to submit recommendations for addressing the shortfall, and these recommendations along with additional ideas have been analyzed by the FSR team and me. What started as 260 recommendations has been reduced to about 100 recommendations. On October 6, the City Council will meet at Charleston Heights Arts Center to provide direction for reducing the city's operating costs. Until that workshop the information we are sharing is subject to further refinement which could affect the final budget strategy. Of course, the council will decide the course of action the city ultimately takes.

Throughout the FSR we kept our focus on maintaining critical services, preserving jobs and maintaining a stable financial base of operations. Still, the economy in Southern Nevada is strained, and declining revenues coupled with increasing operational costs mean the city will have little choice but to cut some programs and make some staff reductions. It is possible that 83 fulltime positions will be impacted prior to July 1, 2009, of which about half are currently vacant due to our restrictions on filling vacant positions. Every one of our coworkers in the city of Las Vegas is important to me and having to face the reality of reducing our workforce through involuntary layoffs is a painful, but necessary part of the solution. If the economy fails to turn around over the next few years and our budget strategy fails to slow growth in our operating costs, the city will be forced to make additional cuts in the next two to five years. Once again, this would mostly likely be a combination of staff reductions and program cuts. Department directors have been asked to meet with their employees this week to discuss the FSR and the possibility of staffing cuts so that employees don't hear about it through the grapevine. Our Human Resources Department is preparing to give potentially impacted employees as much support as possible through this difficult time including job placement assistance.

In an effort to provide you with all of the details of the FSR, we will post the entire report and companion studies on the city's Budget Update Intranet page early next week. If you have any and questions after you have reviewed the report, please e-mail Dr. Barbara Jackson, FSR Project Manager, at bjackson@lasvegasnevada.gov

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City Manager
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Fundamental Service Review

IDEAS FOR DOLLARS

Ideas for Dollars

The City of Las Vegas respects and values the opinions and suggestions of all city employees and citizens that will serve to improve the many services offered. Over 75 percent of the city's general funds are spent on city employees' salaries and benefits. We recognize and appreciate the hard work of all our employees, but also realize we have an untapped resource that has not been fully used in the past. Through our Diversity Initiative, we realized that we must fully engage our employees at all levels if we are to meet the future demands placed upon us with a flat or no growth economic base. Employees are responsible for many of the day-to-day operations of the city and would know where we could improve on our service deliveries. Ideas for Dollars is another step the city has taken to engage our employees in the decision-making process while at the same time, receive recognition with a small monetary gift to thank them for their contribution in making us a World Class City.

The Ideas for Dollars Campaign was launched in May 2008. For the initial period May 30 - June 19, 2008, 48 suggestions were submitted and $845 awarded. Of the 48 ideas received, 26 were sent to the department directors for review and implementation if proven to be valid. For the period June 21 - August 13, 2008, we received 87 suggestions. We are currently reviewing these suggestions to determine the dollar amount to be awarded, looking for possible duplications of previous ideas, and will then forward to departments for their review and possible implementation.

A final report will be generated in May 2009 to determine the overall success of this program and determine the amount of savings realized by the city as the result of the suggestions.

In short, Ideas for Dollars is another outreach program to engage all employees to better serve our citizens while reducing the cost of operations of our city.

Fundamental Service Review

FOCUS GROUPS

At the request of the City Manager, the Organizational Development & Training Division (ODTD) of the Human Resources Department was asked to put together focus panels of random employees to obtain their ideas regarding the Fundamental Service Review, how to save money and ways to improve customer service. A group of City of Las Vegas employees were invited to participate in the focus panels. The panels were scheduled for September 18 (9:00 a.m. – 11:00 am); September 22 (1:30 p.m. – 3:30 p.m.); September 24 (1:00 p.m. – 3:00 p.m.) and September 26 (9:00 a.m. – 11:00 a.m.). There is a wrap-up meeting scheduled on October 13 from 10:00 a.m. to 11:00 a.m. where the City Manager will review, with the panel participants, the results of the panels. Department directors will be invited to attend some or all of the meetings.

ODTD prepared a list of employees and then used a random number generator to select the employees on this list. This list is a stratified sample in that the ratio of the number of employees in each department was the same as in the sample. Each participant was invited to attend a specific panel.

Participation on the panels was voluntary. Employees were not paid to attend, unless of course the panel was during their normally scheduled work shift. Departments did not incur additional payroll expense in the form of overtime or additional staffing as a result of allowing employees to attend.

FUNDAMENTAL SERVICE REVIEW

Companion Study Synopsis

Alternative Work Schedules: AWS

(August 25/26, 2008: Council Briefing Sessions)

Background

This companion study documents the social, environmental and economic impacts of implementing an Alternative Work Schedule (AWS) throughout the organization.

Results

Alternative schedules are a common occurrence in the city. More than 630 employees work either a 4/10 or a 9/80 schedule. Ninety (90) employees work a flextime schedule. Approximately 43 percent of the eligible workforce utilize either an AWS or flex schedule. Telecommuting opportunities also exist within the organization. Data from FY07/08 indicate that employees on AWS actually utilized more vacation and sick hours than those employees on a normal work schedule.

Conclusions

- AWS should be viewed as an employee benefit instead of a strategy for potential savings, cost containment or cost reduction.
- AWS may impact the environment by reducing power consumption in city facilities if the city reduces service delivery by one day in all non-critical functions.
- There does not appear to be any documented significant cost savings associated with AWS. At the City of Las Vegas, there may be increased costs because of increased sick and vacation leave usage.
- The use of AWS should be determined by the demands of the job responsibilities rather than the worker's preference. However, schedule considerations and flexibility are influential factors in the career-planning and labor market decisions of many workers.

Fundamental Service Review
Companion Study
Alternative Work Schedules

Department of Human Resources
Author: Brian Knudsen

Executive Summary
For many years, employers have sought to improve employee productivity and work environments. One common strategy that has received increasing interest is alternative work arrangements, which includes alternative work schedules (AWS), flextime, and a compressed workweek. This report attempts to document the social, environmental, and economic impacts of implementing Alternative Work Schedules throughout the organization. Research indicates that:

- AWS should be viewed as an employee benefit instead of a strategy for potential savings, cost containment, or cost reduction.

- AWS may impact the environment by reducing power consumption in city facilities, if the city reduces service delivery by one day in all non-critical functions.

- There does not appear to be any documented significant cost savings associated with AWS. At the City of Las Vegas, there may be increased costs because of increased sick and vacation leave usage.

- The use of AWS should be determined by the demands of the job responsibilities, rather than the workers preference. However, schedule considerations and flexibility are influential factors in the career-planning and labor market decisions of many workers.

Several work units in the City of Las Vegas have implemented an AWS for employees at the request of employees. Although documentation of AWS at the city is limited, a general consensus of directors is that the practice may negatively impact customer service in some work units. Customer service and the impact to the community should be taken into consideration prior to implementing an AWS. Customer usage data, use of overtime, and other related criteria should also be taken into consideration prior to implementing any change in scheduling as each work unit serves different constituencies and has different labor considerations.

Currently at the City of Las Vegas

Alternative schedules are a common occurrence in the city organization. The City allows more than 630 employees to work either a 4/10 or a 9/80 schedule. Ninety (90) employees work a flextime schedule. Including Fire & Rescue, Municipal Court, and Detention & Enforcement, the city allows approximately forty-three percent of the eligible workforce to take advantage of an AWS and approximately five percent of employees utilize a flextime schedule. The city also has a developed and long-standing telecommuting policy and procedure and with the approval of the Director of Human Resources and the applicable department director, telecommuting can be afforded to the employee who needs to work from home.

Initially, assumptions were made that employees on AWS would utilize less vacation and sick leave and there may be a benefit to the city because employees would be working more hours. Data from the 2007/2008 fiscal year shows that employees on an AWS actually utilized more vacation and sick hours than those employees on a normal work schedule.

The chart below outlines the average annual use of sick leave and vacation leave and compares employees on AWS and employees who work a normal work schedule:

AWS Analysis - Actual FY08 Usage by Schedule

(Excludes Hourly and Temporary Employees) SOURCE: Oracle Time & Labor System

			Actual Hours Used by All Employees			Average Annual Usage per Employee				
Schedules (NOTE 1)	**Emp Count**	**Ave. Hrs / Day**	**Sick Lv**	**Vac Lv**	**Total Sick / Vac**	**Sick Hours**	**Vac Hours**	**Sick/Vac Hours**	**Sick Days**	**Vac Days**
8 hours per day for 5 days	1,435	8.00	95,454.46	146,684.01	242,138.47	66.52	102.22	168.74	8.31	12.78
9 hours for 8 days and 8 hours for 1 day	414	8.89	35,751.44	52,728.39	88,479.83	86.36	127.36	213.72	9.71	14.33
10 hours per day for 4 days	559	10.00	46,578.67	77,025.46	123,604.13	83.32	137.79	221.12	8.33	13.78
12 hours for 6 days and 8 hours for 1 day	218	11.43	20,086.14	28,495.57	48,581.71	92.14	130.71	222.85	8.06	11.44
10.5 or 11.5 for 2 days and 9.5 or 8.5 for 2 days	16	10.00	959.57	2,399.68	3,359.25	59.97	149.98	209.95	6.00	15.00
Platoons & Fire 42 Shifts	515	24.00	102,366.07	158,932.20	261,298.27	198.77	308.61	507.38	8.28	12.86
Total	3,157		301,196.35	466,265.31	767,461.66	95.41	147.69	243.10		

NOTE 1 - The schedules are per OTL as of 25-Jul-2008; their accuracy is dependent on the department timekeepers communicating all schedule changes to payroll.

Average Annual Usage by those in yellow (excluded F&R)	1,207	218.74
Average Annual Usage by 5/40	1,435	168.74
Average Extra Use of Sick and Vacation		50.01
Average wage + benefits		$ 50.89
Annual Cost of Lost SL & VAC Productivity		**$3,071,616**
Lost Holiday Productivity - Extra holiday hours based on Ave Hrs/Day		27,194
Average wage + benefits		$ 50.89
Annual Cost of Lost Holiday Productivity		**$1,383,907**
Annual Cost of Total Productivity Loss		**$4,455,523**

The analysis would indicate that contrary to original assumptions, employees who are on AWS utilize more sick leave and vacation leave (The chart above represents data from one fiscal year. Past fiscal year data shows similar results). Finance and Business Services staff have estimated that personnel on AWS cost approximately $4,455,523, in FY2008, in lost productivity. This statistic is specific to the City of Las Vegas and is contrary to what has happened in other organizations. "Research shows that employees participating in a compressed workweek schedule report increased job satisfaction (Baltes, Briggs, huff, Wright, & Neuman, 1999; Ivancevich, 1974) and decreased levels of perceived anxiety and stress. In addition, reported organizational benefits associated with compressed workweeks include decreased absenteeism (Tippins & Stroh, 1993), increased productivity (Duxbury & Haines, 1991; Tippins & Stroh, 1993; Vega & Gilbert, 1997), and more favorable employee attitudes regarding both job and coworkers (Tippins & Stroh, 1993)[1]

[1] Facer, Rex, Wadsworth, Lori. (June 2008). Review of Public Personnel Administration. Volume 28, Number 2. Sage Publications.

Around the Country

A study completed by Georgetown University Law Center[2] found that:

- "The percentage of the workforce that works an alternative schedule increased dramatically from 1986 to 1997 and has since leveled off. In 1985, 12.4% of the population worked an alternative schedule, compared to 27.6% in 1997 and 17.5% in 2004."
- In the public sector:
    - 28.8% of all full-time federal employees use alternative work schedules.
    - 28.4% of all full-time state employees use alternative work schedules.
    - 13.7% of all full-time local employees use alternative work schedules."

Newspaper articles around the country are reporting on the growing trends of public sector agencies moving towards alternative work schedules for their employees. A sampling of the articles shows that government officials are claiming that moving to an alternative work schedule reduces the impact of high gasoline prices on their employees and provides an economic incentive for the organization.

Excerpts from News Articles

"Henderson city employees have been on a four day work week schedule for 20 years. It was adopted back in 1983, when our country was deep in the throws of an economic recession.

Henderson officials say the modified work week still saves tax payers more than $5.5 million a year and is an attractive recruitment incentive. Henderson employees work four, 10 hour shifts every week.[3]

"Escalating gas prices are prodding businesses and local governments to take a drastic step to curb costs: Many are cutting back to four-day workweeks, with employees generally working four, 10-hour days instead of five eight-hour days.

In most cases, they're acting because of pressure from employees who want shorter workweeks, which generally mean lower driving costs. Companies and local government offices are shortening individual workweeks with staggered schedules, but in most cases, staying open five days.

It's a sign of how deeply gas prices are cutting into employees' pay and businesses' bottom lines. The last time four-day workweeks came into vogue was during the gas run-up in the 1970s.[4]"

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[2] Author Unknown, Workplace Flexibility 2010, an Alfred P. Sloan Foundation Initiative.

[3] Information obtained on July 31, 2008 from website: (http://www.lasvegasnow.com/Global/story.asp?S=8527733)

In Alabama, the City of Birmingham decided to adopt a four-day week for employees starting July 1.

"We are doing it in an effort to help employees save some money on gasoline," says Deborah Vance, chief of staff to the mayor. Offices and departments that deal directly with the public will maintain their five-day schedule."

“Utah this summer will become what experts say is the first state to institute a mandatory four-day work week for most state employees, joining local governments across the nation that are altering schedules to save money, energy, and resources. “

Gov. Jon Huntsman, a first-term Republican, says he's making the change to reduce the state's carbon footprint, increase energy efficiency, improve customer service, and provide workers more flexibility.

"The reaction (from the public) has been very much a willingness to give this a go," he says.[5]”

“When Ohio's Kent State University offered custodial staff the option of working four days a week instead of five to cut commuting costs, most jumped at the chance, part of a U.S. trend aimed at combating soaring gasoline prices.”

"We offered it to 94 employees and 78 have taken us up on it," said university spokesman Scott Rainone.

The reason is simple: rising gas prices and a desire to retain good workers. And while so far only the university's custodians are eligible, Rainone hopes the option will be offered to all departments -- including his own.[6]”

Alternative Work Schedules and the Social Impacts on the Organization

“Employees perceived that the alternative schedule increased their productivity and their ability to serve the citizens. Additionally, researchers report that employees working the 4/10 workweek experience lower levels of work-family conflict than their counterparts who are working other schedules,” as outlined in an article *Alternative Work Schedules and Work Family Balance.*[7]

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[4] Information obtained on July 31, 2008 from website: (http://www.usatoday.com/money/workplace/2008-06-01-work-week-four-day-gas-prices_N.htm)

[5] Copeland, Larry, USA Today, information obtained on July 31, 2008 from website: (www.usatoday.com).

[6] Information obtained on July 31, 2008 from website: (http://www.reuters.com/article/topNews/idUSN2937323620080529?feedType=RSS&feedName=topNews&rpc=22&sp=true)

[7] Facer, Rex, Wadsworth, Lori (March 2008). Review of Public Personnel Administration. Volume 28, Number 166. Sage Publications.

"Several Utah cities have turned to the four-day work week, and a BYU study shows the system is a big hit." Working 10-hours a day, four days a week can help a city or businesses cut costs, according to BYU professors Rex Facer and Lori Wadsworth. The BYU study found that more than 60 percent of the employees on the four-day work week reported higher productivity as a result of the alternative schedule.

The study also suggests 4/10-hour days fits better with the younger generation. Facer says, "They are demanding a much better work-life balance." The employees in the study were less likely to report they come home tired, that work takes away from personal interest, and that work takes time they would like to spend with family[8]."

Employees on AWS indicate that the AWS reduces work-family conflict, which leads to increased productivity and morale. There was no available research data to show that increased productivity was perception or reality.

Schedule flexibility is highly valued by many employees and can increase their productivity and job satisfaction. Flexible schedules helps employees meet other household scheduling requirements, reduce commuting time and stress, reduce fears about being tardy, use rideshare and transit for commuting, and work when they are most productive (some employees are morning people, others are not). One survey found that 68% of employees would like to have flexible work hours, and 53% would participate in a compressed workweek (CTS, 1994). Since Flextime and Compressed workweeks are usually implemented as an employee option, those who participate are almost always better off, or they would not choose it.

As different public and private organizations are moving to alternative work schedules, the State of Ohio has required state employees to return to a normal working week. "State officials say that change is needed because too often departments were closed, phones went unanswered, and customer service windows were left unattended, especially on Fridays, as state workers only worked only four days a week[9]."

Alternative Work Schedules and the Environmental Impacts

Probably the most routine argument for AWS is the potential for minimizing the impact on the environment. AWS will have a minimal impact to the environment if the city can justify closing down facilities for an additional day a week. If the city allows employees in non-critical positions to move to a 4/10 workweek and closes certain facilities down on either a Monday or a Friday, there will be a positive impact to the environment because of a general reduction in power usage at the closed city facilities. Additionally, employees may choose to stay

[8] Information obtained on July 31, 2008 from website: (http://stage-v2.ksl.com/index.php?nid=148&sid=3504402)

[9] Urbina, Ian (April 28, 2008). Ohio State Workers are Coping It's Now 8 to 5, with a 5 Dave Work Week. New York Times. www.NewYorkTimes.com. (Information retrieved on July 30, 2008).

home on their additional day off limiting the amount of traffic and emissions into the environment. There may also be a reduction in fuel consumption as staff will spend less time starting and stopping at the beginning and end of their shifts.

Flextime benefits include reduced traffic congestion, support for ridesharing and public transit use. Flextime allows commuters to match their work schedules with transit and rideshare schedules, which can significantly increase the feasibility of using these modes. Compressed Work Week reduces commute travel, although total vehicle travel may be modest if employees take additional car trips during non-work days or move farther from worksites. Because it does not reduce total mileage, Flextime probably provides no direct road safety, energy conservation or emission reduction benefits.[10]

Alternative Work Schedules and the Economic Impact

If the city were to completely move all non-essential positions to a 4/10 schedule and/or a schedule that allows the city to shut down facilities for an additional day a week, there would be an approximate savings of $173,000/year.

The following facilities were considered in this calculation:

Approximate utility cost savings for a four-day workweek:

City Hall	$108,990
Development Services Center (DSC)	$20,154
Leisure Administration	$8,823
East Yard	$8,443
West Yard	
Fleet	$7,604
Building & Safety	$2,204
Construction	$6,370
Parks	$6,605
Detention Administration	$3,805
Total	**$173,000**

The represented savings are indicative of discontinuing services for one additional day, such as Fridays. The City of Henderson, several years ago, moved from a normal work schedule to a 4/10 schedule effectively eliminating city services, with the exception of public safety on Fridays. They have managed the impact to the customers by increasing early morning and late night hours.

"What does the research say about the costs related to flexible schedules?

- 1998 Business Work-Life Study (Galinsky and Bond, 1998) found that 18% of employers reported that the costs of flexible work options outweigh the benefits; 36% felt these options were cost neutral, and 46% reported that the benefits outweigh the costs.

[10] Information obtained on July 31, 2008 from website: (http://www.vtpi.org/tdm/tdm15.htm)

- Kopelman (1986) suggested that flexible work options may reduce overtime costs.
- Most of the studies in Golembiewski & Proehl's (1978) review of the literature cite "no appreciable effect" on cost or reduced cost and the data implies that the benefits of flexible work schedule applications far outweigh their costs.[11]"

Costs include increased administrative and management responsibilities and more difficult evaluation of employee productivity. Alternative Work Scheduling may reduce staff coverage and interaction and make meetings difficult to schedule. Compressed Work Weeks may reduce productivity (employees become less productive at the end of a long day), reduce total hours worked, and it may be perceived as wasteful by the public (for example, if staffing at public agencies is low, or non-existent, on Fridays).

Options to Consider

1. Change the city's service delivery times from Monday thru Friday 8:00am to 5:00pm to either a Monday thru Thursday or Tuesday thru Friday 7:00am – 6:00pm for all non-critical services (or other hours that equate to four, ten hour shifts, with a one-hour lunch break).

   Positive Considerations

   - This option may have a positive impact on the environment by reducing the amount of utilities used to heat and cool city facilities as well as decreased fuel consumption due to employees making fewer trips to a city facility.
   - This option may have a positive impact on the workforce and increase the city's ability to recruit talented individuals.
   - Employees may report a decrease in home-work conflict and increased productivity, although it is doubtful the increase could be measured.

   Negative Considerations

   - Constituents may be negatively impacted by discontinuing services one more day a week. As reported in the State of Ohio, phone calls were not answered and customer service windows were left unattended.
   - As indicated by Finance & Business Services, sick leave and annual leave usage may increase, thereby decreasing productivity.

   Implementation Considerations

   - Implementation should include a customer survey to determine constituent expectations so that expectations are met.

[11] Information obtained on July 31, 2008 from website: (http://wfnetwork.bc.edu/encyclopedia_template.php?id=97)

- As an employee benefit, implementing a four day, 10 hour work week would need to be a negotiated benefit.

Cost Savings

- This option will save the city approximately $173,000 in utility costs, not including costs saved because of decreased fuel consumption. This number does not include the potential additional costs associated with lost productivity – as accounted for in previous years at the City of Las Vegas.

2. Maintain current service delivery standards while changing the City's non-critical workforce to a four day, 10 hour work week. This option requires the city maintain operations five days a week but alternates employees days off so they only work four days a week. One employee works Monday through Thursday, while another employee works Tuesday through Friday, for example.

Positive Considerations

- This option may have a positive impact on the workforce and increase the city's ability to recruit talented individuals.
- Employees may report a decrease in home-work conflict and increased productivity, although it is doubtful the increase could be measured.
- For some work units, there may be a decrease in overtime.

Negative Considerations

- Management and administration of "staggering" work schedules will increase the workload for supervisors, managers, and directors.
- For some work units, there may be an increase in overtime.
- Scheduling staff meetings would be difficult.

Implementation Considerations

- Implementation should include a customer survey to determine constituent expectations so that expectations are met.
- As an employee benefit, implementing a four day, 10 hour work week would need to be a negotiated benefit.

Cost Savings

- There is no anticipated cost savings. There may be an increase in costs by decreasing productivity of management staff. There may be additional costs associated with lost productivity – as accounted for in previous years at the City of Las Vegas.

3. Research and evaluate each independent service to determine if AWS is appropriate for the work unit utilizing customer impact, employee morale, and overtime usage data.

Positive Considerations

- The option allows department directors to research, evaluate, and make informed decisions about the services their department provides and the most effective means of scheduling employees around department needs.
- This option may have a positive impact on the workforce and increase the city's ability to recruit talented individuals.
- Employees may report a decrease in home-work conflict and increased productivity, although it is doubtful the increase could be measured.
- For some work units, there may be a decrease in overtime.

Cost Savings

- Prior to implementation, department staff would need to identify a cost savings, employee benefit, or increase in service to the constituents.

Conclusion

The table in Appendix One documents the decrease in percentage of employees working an AWS by industry (an approximate two percent decrease). Other research has indicated that there was a spike of AWS usage during the fuel crisis in the 1970s, and the use of AWS has obviously increased recently because of what seems to be an employer's response to increasing financial demands on their employees. This analysis leads to the conclusion that AWS is utilized as a tool for improving employee morale as opposed to utilizing AWS as a cost saving measure.

Despite the recent increase in AWS discussion amongst public and private sector employers around the country, there does not seem to be any substantial evidence that suggests there is a cost savings associated with AWS unless there is a reduction of services for an additional day. AWS may improve productivity and employee morale by decreasing home-work conflict, but evidence at the City of Las Vegas contradicts that point with increased sick leave and vacation leave usage.

At the City of Las Vegas, more than forty percent of the workforce is afforded the AWS benefit. Any expansion of the AWS program at the City of Las Vegas will require additional research to determine the impact to internal customers and the constituents. Within each department, there may be divisions or programs where AWS will benefit the workgroup because of the opportunity to limit overtime or to increase morale and, as such, each department director would need to identify the advantages and disadvantages of AWS in their department prior to implementation.

Appendix One

Flexible schedules of wage and salary workers, by industry, May 2001–04[12]

Industry	Workers with flexible work schedules				Change, May 2001–May 2004
	2001	%	2004	%	
Agriculture and related		30.7		30.5	–.2
Nonagricultural		30.7		29.6	–1.1
Mining		22.9		24.4	1.5
Construction		23.2		22.0	–1.2
Manufacturing		24.1		24.8	.7
Durable goods manufacturing		25.3		26.3	1.0
Nondurable goods manufacturing		22.2		22.5	.3
Wholesale and retail trade		34.2		31.5	–2.7
Wholesale trade		35.3		33.8	–1.5
Retail trade		33.9		30.9	–3.0
Transportation and utilities		25.2		24.1	–1.1
Transportation and warehousing.		24.5		24.6	.1
Utilities		28.2		21.9	–6.3
Information		36.7		36.3	–.4
Publishing, except Internet		36.7		42.2	5.5
Motion picture and sound recording industries		41.0		35.5	–5.5
Broadcasting, except Internet		31.2		24.7	–6.5
Telecommunications		37.4		35.9	–1.5
Financial activities		42.5		39.6	–2.9
Finance and insurance...		42.1		38.6	–3.5
Real estate and rental and leasing		43.6		42.0	–1.6
Professional and business services		41.4		39.2	–2.2
Professional and technical services		50.5		48.7	–1.8
Management, administrative, and waste services		28.1		25.5	–2.6
Education and health services		24.3		23.9	–.4
Educational services....		20.5		18.8	–1.7
Health care and social assistance		27.5		27.9	.4
Leisure and hospitality		32.0		30.4	–1.6
Arts, entertainment, and recreation		37.7		29.5	–8.2
Accommodation and food services		30.5		30.7	.2
Accommodation		28.8		23.8	–5.0
Food services and drinking places		30.8		32.0	1.2
Other services		41.5		42.7	1.2
Other services, except private households		41.6		42.5	.9
Other services, private households		41.1		44.2	3.1
Public administration		32.5		29.0	–3.5

[12] McMenamin, Terence M. (December, 2007). A time to work: recent trends in shift work and flexible schedules. Monthly Labor Review.

Appendix Two

Definitions

Alternative Work Schedule (AWS):	Shift hours that are permanent in nature and other than that of an eight-hour/five day per week work schedule[13]. Examples could include: Four/Ten hour shifts in a week, 9 day/80 hours in a two-week period, etc.
Normal Work Schedule:	A schedule that is eight hours a day/five days a week.
Flextime:	A schedule, which permits an employee to choose their starting and ending time as long as they work a forty-hour workweek.
Telecommuting:	A schedule, which permits employees to work from home for a portion of their workweek.
Compressed Work Week (CWW):	A schedule, which allows an employee to work less than a full-time, forty hour work-week, while still maintaining full-time status.

[13] The Collective Bargaining Unit Agreement between the City of Las Vegas and the City Employees Association has provisions for Alternative Work Schedules.

FUNDAMENTAL SERVICE REVIEW

Companion Study Synopsis

Budget Savings & Efficiencies to Date

(August 11/12, 2008: Council Briefing Sessions)

Background

City of Las Vegas departments were charged with reducing expenditures throughout the organization in mid FY2008. This companion study detailed the exact effects and impacts by department since the May 20, 2008 budget hearing.

Results

City wide Impacts are as follows:

- Across the board expenditure reductions of $20.6 million
- Reduction (14%) in travel, training and office supplies
- No executive salary adjustments
- Limited appointive salary adjustments
- Reduction in services from IT Internal Service Funds-PCs, Communications and Graphics
- Delay in vehicle and equipment replacement schedules
- Vacancy Savings – 186 positions with Vacancy Management Plan
- No special events on overtime
- No fee waivers
- Deferral of Capital Projects

Departmental Impacts: For a full detailed list see: Companion Study – Budget Savings and Efficiencies to Date (Issued August 11/12, 2008)

Conclusions

General Fund FY2009 Budget Reductions (5/20/08)	$20.6M
Additional Operating Savings/Efficiencies to Date	1.7M
FY 2009 General Fund Reductions to Date	$**22.3M**
Capital Project Budget Savings and Scope Reductions	**$ 3.3M**
Grand Total to Date	**$ 26.6M**

Fundamental Service Review
Companion Study
Budget Savings & Efficiencies To Date
Finance & Business Services
Mark R. Vincent, Director
August 11, 2008

General Fund FY2009 Budget Reductions (May 20, 2008)	$ 20.6M
Additional Operating Savings & Efficiencies to date	$ 1.7M
FY2009 General Fund Reductions to date	$ 22.3M
Capital Project Budget Savings and Scope Reductions	$ 3.3M
Grand Total to date	$ 26.6M

FY2009 BUDGET REDUCTION IMPACTS (May 20, 2008 Budget Hearing)

CITY WIDE IMPACTS:

- Across the board expenditure reductions of $20.6 million
- Reduction (14%) in travel, training and office supplies
- No executive salary adjustments
- Limited appointive salary adjustments
- Reduction in services from IT Internal Service Funds – PCs, Communications & Graphics
- Delay in vehicle and equipment replacement schedules
- Vacancy savings – 186 positions with Vacancy Management Plan
- No special events on overtime
- No fee waivers
- Deferral of Capital Projects

DEPARTMENTAL IMPACTS:

Mayor & Council **Target Met** **Cut = $452,000**

- Reduction in line item budget levels that have been unused the past several years
- Freezing one vacant position
- $5,000 reduction in special events funding for each ward

City Manager **Target Met** **Cut = $600,000**

- Reduced professional services will impact ability to support current and future city Council and CMO projects and initiatives
- Freezing one vacant position
- Eliminated one federal lobbying contract

City Attorney **Target Not Met** **Cut = $324,000**
Target was **$1,920,000**

- Reduction in outside legal support

City Clerk **Target Met** **Cut = $156,000**

- Research delays resulting from reduction in available staff
- Freezing one vacant position

Human Resources **Target Met** **Cut = $469,000**

- Delays in all customer services
  - Recruitment
  - Hiring
  - Grievance resolution
  - Training
  - Benefit support
- Reduced ability to provide training opportunities
- Inability to provide specialized recruitment advertising (potential use of headhunters)

FY2009 BUDGET REDUCTION IMPACTS (May 20, 2008 Budget Hearing)

- Reduction in investigation and facilitation services

Finance & Business Services **Target Met** **Cut = $1,295,000**

- Delays in licensing enforcement response times
- Longer processing times for Purchasing & Contracts awards
- Allocation of Investment Management costs to funds receiving the income

Planning & Development **Target Not Met** **Cut = $437,000**
Target was **$860,000**

- Reduced ability to respond to requests timely due to documents not filed
- Elimination of surveys designed to support Master Plans, Elements and Census 2010

Internal Audit **Target Not Met** **Cut = $116,000**
Target was **$141,000**

- May impact ability to deliver annual audit plan

Information Technologies **Target Met** **Cut = $995,000**

- Reduction in computer room support. Three shifts to two shifts, resulting in a 10/hour/day "dark" computer room. Reduction in computer room support will potentially extend response times for problem resolution.
- Reduction in contract assistance for technical and research analysis for forward technologies. This may delay advancement to new technologies and processes.
- Delay implementation of automation and technical infrastructure causing continued manual administration of some internal processes and reducing our ability to transition staff to new technologies deployments.
- Reduce the use of specialty short term contract staff delaying some automation projects.

Non-Departmental **Cut = $2,060,000**

- Reduction in Transfers out for Capital Projects

Municipal Court **Target Met** **Cut = $1,462,000**

- Increased wait time at customer service counters

Fire and Rescue **Target Not Met** **Cut =$2,950,000**
Target was **$8,206,000**

- Reduction in professional services, services supplies, travel and certifications with potential negative impacts to ISO rating and accreditation
- Deferral of equipment and apparatus purchases
- Further reductions may result in need to shut down units during individual shifts

Detention and Enforcement **Target Not Met** **Cut = $(720,000)**
Target was **$4,461,000**

- No recertification for D&E by accrediting agencies

FY2009 BUDGET REDUCTION IMPACTS (May 20, 2008 Budget Hearing)

- City Marshals
  - No expansion of marshal coverage to 24/7
  - Re-deploy marshals from special assignments to patrol
  - No new special assignments
  - No directed patrols on OT
  - Suspend all efforts to secure sub-station space
  - Reduce private security funding
  - Evaluate the need for static posts
- Detention
  - Defer jail expansion project and re-evaluate needs in FY2010
  - Work with the Court and City Attorney to maximize alternatives to incarceration
  - Re-deploy officers on special assignment posts to daily operational posts
  - Reduce hours of operation at the bail window to 6am-11pm
- Animal Control
  - Reduce hours of operation for animal control to 6am-9pm

Public Works **Target Met** **Cut = $3,196,000**

- No recertification for PW by accrediting agency
- No offsite inspections outside normal operating hours or attend public development meetings – no overtime
- Longer than 2 week turnaround reviews for drainage studies now preparing in house rather than outsourcing
- NW annexation drainage study placed on hold
- Terminate scanning of drainage studies and updating storm drain index of city drainage facilities
- Suspending downtown roadway painting, parking lot maintenance and school crossing/marking
- Delays in response and repair times for signals and streetlights
- Suspending all special lighting project
- Suspending stop sign capital replacement program
- Reduction in SID timelines and surveying activities

Leisure Services **Target Met** **Cut = $2,277,000**

Summer Camps

- Field trips for each summer kid's camps will be reduced from 2 per week to only 3 for the <u>entire</u> summer.
- Field trips and camps for individuals with disabilities will be reduced from 3 to 2 per week. This will impact Summer and Seasonal Camps (Ward 5)

Senior Field Trips

- Number of field trips per center will be reduced across the board

Catering Services

- Reduction of catering at events such as Mother's Day Luncheon (Ward 5), Mother's Day Dinner and Dance (Ward 1), and Military Ball (Ward 3)

Miscellaneous

- Blue Moon Ball at the Sammy Davis Jr. Festival Plaza at Lorenzi Park (Ward 5) will be suspended (Seniors)
- Discontinue Learn to Swim Classes at Municipal Pool (Ward 5) during off season
- Propose to close the Leisure Services Graphics Production Unit resulting in the loss of three hourly employees
- Transportation for After School and Work Programs will be reduced
- Outreach Services – to be restructured and managed by center staff
- No after hours rentals will be accepted
- Awards/Trophies will only be provided if the cost is included in the participant's fee.
- No new furnishings for Doolittle Senior Center expansion (Ward 5), including no new weight room equipment
- Reduction in number/scale of Leisure Services programmed special events (performances, film screenings, festivals, dances, dedications, openings)

Pool Hours of Operation

- Closure of summer pools on Saturdays – Garside Pool (Ward 1), and Baker Park Pool (Ward 3)
- Shortened summer swim season with opening of the seasonal pools scheduled after Memorial Day and closure immediately after Labor Day – Seasonal pools are Baker, Garside, Doolittle and Carlos Martinez and Dario Hall Family Pool
- Pavilion Pool – currently opens at 5:30 am; propose opening at 8:00 am Monday – Friday
- Sunday closures will continue at all Leisure facilities with the exception of Darling Tennis Center and the Carlos L. Martinez and Dario J. Hall Family Pool

Recreation Hours of Operation

- Stupak (Ward 3) – reduce hours on Friday from 7 am – 6 pm, summer only, resulting in a 2 hour reduction
- Doolittle (Ward 5) – reduce hours on Friday from 8 am – 8 pm, resulting in a 1 hour reduction
- Mirabelli (Ward 1) – reduce hours Monday - Thursday from 8 am – 9 pm resulting in a 1 hour reduction. Friday 8:00 am 8:00 pm resulting in a 2 hour reduction.
- Veterans Memorial (Ward 2) – reduce hours Monday – Thursday from 8 am – 9 pm resulting in a 2 hour reduction. Friday 8 am - 8 pm resulting in a 3 hour reduction Reduce hours Saturday from 8 am - 4:30pm resulting in a 5.5 hour reduction
- Sunday closures will continue at all Leisure facilities with the exception of Darling Tennis Center and the Carlos L. Martinez and Dario J. Hall Family Pool

FY2009 BUDGET REDUCTION IMPACTS (May 20, 2008 Budget Hearing)

Art Center Operations

- Continued closure of Charleston Heights Arts Center (Ward 1), West Las Vegas Arts Center (Ward 5), and Reed Whipple Cultural Center (Ward 5) on Sundays

Senior Center Operations

- Reduction of hours at Las Vegas Senior Center (Ward 5) from 80 hours per week to 60 hours per week

Adaptive/Sports Operations

- Continued closure of Dula Gymnasium (Ward 5) and Chuck Minker Sports Complex (Ward 3) on Sundays

Mayor's Cup Soccer Tournament (Ward 4)

- Turn the Mayor's Cup over to Downtown Soccer to collect all fees and incur all expenses

Corporate Challenge

- Increase fees to ensure 100% cost recovery

Tennis Channel Open (Ward 4)

- Provide the TCO with the venue to hold the event with no city funding

Neighborhood Services **Target Met** **Cut = $1,022,000**

- Fewer YNAPP and NPF grants awarded
- Fewer neighborhood clean ups; a total of 12 and scheduled during normal work hours
- Fewer clients will receive homeless intervention assistance that includes rent, transportation, and utility assistance.
    - Emergency Housing Assistance Program
    - EVOLVE Workforce Development Program
- Graffiti abatements response time will increase from 24 hours to 72 hours
- Delay removal of signs and shopping carts

Field Operations **Target Met** **Cut = $2,754,000**

Parks & Open Spaces

- Reduction of services due to no overtime funds
    - No weekend/after-hour coverage of sporting and special event
    - Rotating 50% reduction in overseeding program
    - Limited cleanings for picnic reservations
    - No holiday OT (e.g. minimum holiday coverage)
    - Reduced ability to respond to non-emergency calls (e.g. tree down)
- Reduction of services to compensate for increased costs in maintenance supplies assuming no expanded funds
    - Reducing frequency (25%) of contracted median maintenance services
    - Discontinue any special projects unless funding provided (labor & supplies)

FY2009 BUDGET REDUCTION IMPACTS (May 20, 2008 Budget Hearing)

Streets & Sanitation Maintenance

- Reduction of services due to no Overtime funds
  - No support for neighborhood cleanups (1/2 FTE)
  - Gradually extend street rehab cycle from 7 to 8 years and areas adjacent to schools will not receive slurry seal or other roadway applications reduction in oversight of Street Rehabilitation Projects
  - Discontinue any special project requests unless funding provided (labor & supplies)
- Reduction of services due to vacant positions
  - No regular trails maintenance (non- RTC trails) (1 FTE Skilled Trades Helper)
  - Limited sidewalk program (limited handicap ramps, limited involvement in damaged panel replacement)
  - Limited city parking lot maintenance activity

Facilities Management

- Reduction of services due to no overtime funds
  - Discontinue OT for city custodial services at Centennial Hills Senior Center
  - Discontinue any special project request unless funding provided (labor & supplies)
- Reduction of services due to vacant positions
  - Evaluate reducing frequency of custodial services (in-house)

Vehicle Management

- Reduction of services due to vacant positions
  - Reducing Fremont evening bus route from 2 buses to 1 bus (50% reduction)
  - Evaluate discontinuing weekend operations

Business Development **Target Met** **Cut = $740,000**

- Activities transferred to RDA

Budget Savings & Efficiencies To Date (since May 20, 2008 Budget Hearings)

Office of Communications

Transfer printed publications to electronic distribution = $50,000 annually.

City Clerk

Elimination of legal publications and certified mailings not required by statue or code = $27,000 annually.

Human Resources

Human Resources has collaborated with IT and discussed with the City Manager's Office regarding the decision to delay replacement of employee identification badges beginning Fiscal Year '09. Identification badges will be updated in a similar way as DMV updates driver's licenses with a stick-on label that updates the expiration date. = Approximately $10,000.

Planning & Development

Planning Commission members were informed that there will be no more pre-meeting dinners provided for them effective July 10. They were also informed that there would be no city funding to attend conferences or training. = estimate of cost savings is $7500.

Information Technologies

The current mainframe systems are scheduled to be replaced by July 1, 2008. The new machines are twice as fast and will result in less time needed to perform data backups. = $21,000 over three years

The department frequently supports non-infrastructure events such as neighborhood council meetings, information fairs, regularly scheduled council and planning meetings. The department also expend overtime hours on infrastructure maintenance tasks that are required to be completed during off business hours. These events include server and network component replacement or repair, operating system upgrades, and major business application upgrades or installations.

For the last six months, the department has expended 1,678 hours of overtime; an average of 280 hours per month. The department is reviewing the expenditures with an eye toward possibly reducing the number of infrastructure maintenance downtime windows where doing so does not increase risk to the infrastructure. Where possible, the department is also assigning support for non-infrastructure events to appointive personnel with the appropriate technical expertise and business knowledge. = approximately $23,500 annually.

Started a sustainability initiative to power off non-operation critical computers at the end of each work day. = Approximately $50,000 annually

The department is in the process of finalizing details for replacement of its Unisys mainframe computer. = Estimated $180,000

The department is also holding a deputy director position vacant for the current fiscal year and plans to under fill this position as a division manager in October 2008 = $100,000.

Taking advantage of the pending retirement of one of the department's computer systems technicians, IT has been developing revised schedules. The one that seems to meet most citywide needs includes three shifts during the week and a dark shop on the weekends. To that end, IT has worked with its clients to reschedule the running of computer jobs from Saturday or Sunday to Friday or Monday. The department will be testing the new schedules over the next two months while it still has full staffing = $96,881 annually.

Software License Cost Savings
IT has reduced the annual cost of a software license package as a result of installing the new Oracle RAC computing technology platform = annual savings of $18,537.

Fire & Rescue

The department has reassigned two of its five Fire Protection engineers to the Fire Prevention Division and is having them focus on enforcement issues, such as special hazard inspections and fire lane/red curb violations.

Detention & Enforcement

Detention Services
Elimination of shifts, extension of vacancies, schedule modifications and redeployment of positions on special assignment = $475,000 savings

Housing additional female U.S. Marshall inmates = minimum of $26,000 in added revenue

Fleet Reduction - One work crew truck turned in to be reallocated to another department = $11,069 per year

Animal Control
Fleet Reduction - One vehicle (Unit 2783) was turned in = $4,065 per year

Hourly employee released = $12,210 annually.

Deputy City Marshals
Deputy city marshal position vacant due to resignation. = $111,825 annually

Budget Savings & Efficiencies To Date (since May 20, 2008 Budget Hearings)

One marshal position will remain vacant due to recruit rescinding application for employment. = $102,802 annually

Coordinated with city attorney to schedule deputy city marshal court testimony on Wednesdays when possible, which is a common day for all officers to work. Desire is to reduce overtime expenditures for court appearances.

Fleet reduction - Truck maintained exclusively to transport equipment trailer turned in as surplus = $4,066 per year.

Support Services
Uniforms for CEA employees beginning to transition from purchased to rental uniforms using existing city contract. This reduce purchase and dry cleaning expenses and decrease city labor costs involved with employees dropping off and picking up uniforms at the cleaners. Transition starting with Parking Operations positions and may expand to cover uniforms for up to 44 positions = $10,000 per year.

Reallocated existing computer equipment to eliminate need to purchase additional hardware = $22,830 one year savings.

Public Works

The department has initiated a cross-training program that allows employees, in areas affected by the downturn, to be reassigned temporarily to another area within the department where there is heavy work demand.

Traffic Engineering Maintenance has deferred its downtown and school crossing crosswalk restriping due to budget cutbacks. It is now performing semiannual preventive maintenance rather than quarterly.

Cultural Corridor Median Improvements scope reduction = $625,000.

Stewart/First Street Landscaping scope reduction = $807,250.

The following projects will be designed in-house as a result of reassigned Land Development staff to Engineering Design section: Bonneville/Clark; Vegas Drive Sewer Antelope Sewer = $490,000.

The Horse Drive Interchange will have in-house construction management = expected savings $1,887,554.

Budget Savings & Efficiencies To Date (since May 20, 2008 Budget Hearings)

Leisure Services

The department will be posting signs at the Northwest Senior Center alerting patrons that the facility will be closed permanently as of May 30, 2008. Staff will direct program participants to alternate locations.

Adaptive Division:

The 10th Annual Tee it Up Classic has been canceled. The program has been picked up by Las Vegas Disabled Sports USA, which has also worked with United States Disabled Sports USA and continues to provide it as the cornerstone for the Wounded Warrior Program Las Vegas. = Approximately $15,000

Neighborhood Services

The Departments of Neighborhood Services and Building and Safety have entered into an agreement to cost share the senior technical systems analyst position effective May 2008. The senior technical systems analyst will work for 20 hours per week in each department. Both departments will absorb 50 percent of salary related expenses = a combined annual savings of $116,390.

The department is revamping the Community Development Recommending Board, which includes reducing the number of board members from 24 appointments to 11 appointments = savings of $18,011.

Publications such as newsletters are being made available via email and the city's website to reduce printing costs = $3,364.00 annually.

Field Operations

Parks and Open Spaces:

Jaycee Park and more than half of Lorenzi Park are now out of service due to the renovation project funded by SNPLMA funds. Staff from those parks has been reassigned to other areas allowing maintenance levels to remain basically intact.

Picnic reservation sites will be power washed on an “as needed” basis during the week. No weekend power washing services will be performed = approximately $105,000.

At the semi-annual field allocation meeting, the leagues were notified that as of June 30, the city will no longer provide the current level of maintenance support for weekend league play and tournaments, which will reduce scheduled overtime expenses. Those parks most impacted by this reduction are Kellogg-Zaher, All American, Bettye Wilson, Majestic and Ed Fountain. The median and basin maintenance contract has been renegotiated to reduce service levels in some areas. = approximately $92,000 per year.

Transportation Services:

There have been City Ride Bus Service route cancellations/ reductions due to a bus driver vacancy that has not been authorized/approved to fill and no overtime funds available.

Budget Savings & Efficiencies To Date (since May 20, 2008 Budget Hearings)

Special Events services the division has provided free in the past have been severely restricted due to lack of staffing and the need for overtime, which is not authorized.

Streets and Sanitation
Effective Fiscal Year '09, the historical policy of holiday operation (excluding Thanksgiving and Christmas) of the Downtown Beautification Office and graveyard shift motor sweeper operators is being stopped, and those staff will not be worked in a holiday overtime basis.

Building and Safety

Enterprise Fund reduction in force – 31 positions

FUNDAMENTAL SERVICE REVIEW

Companion Study Synopsis

City Comparison: Closing the Gap on Budget Deficits

(August 25/26, 2008: Council Briefing Sessions)

Background

This companion study assesses how other cities are addressing budget deficits to ensure that the City of Las Vegas is considering all possible options in addressing its budget deficit.

Results

Eight of nine cities reviewed all dealt with multi-million dollar structural deficits. All of the cities reviewed are taking similar actions as the City of Las Vegas in reducing budget deficits. The goal is to make these budget cuts with minimal impact to current service levels. Some of the actions include:

- Eliminating non-critical positions
- Reductions in service levels of parks/recreation and libraries
- Public safety functions cuts (Note: Less than those of non-public safety functions)
- Fee structure reviews
- Fee increases
- Frozen salaries/pay at current levels
- Decreased future pay increases
- Reduced salaries of certain personnel

Conclusions

With the exception of items relative to salaries and pay, the City of Las Vegas has engaged in all of the practices noted in the other cities. The salary/pay issues are tied to existing collective bargaining agreements for much of the city's workforce. Discussions with those groups would be warranted prior to any salary/pay adjustments for the non appointive ranks.

Fundamental Service Review Companion Study
City Comparison: Closing the Gap on Budget Deficits

Author: Maggie Plaster

Date Completed: August 2008

Executive Summary

Purpose

Assess how other cities are addressing budget deficits to ensure that the City of Las Vegas is considering all possible options in addressing its budget deficit.

Addressing Budget Deficits

The City of Las Vegas is not alone in dealing with a multi-million dollar structural deficit. Of the nine cities reviewed for this report, eight addressed a budget shortfall for Fiscal Year 2009 ranging from $96 million to $1.7 million. The exception is the City of Portland.

All of the cities reviewed are taking similar actions to reduce their budget deficits. Their ultimate goal was making budget cuts without affecting current service levels. Seven of the eight cities with FY09 budget shortfalls have eliminated non-critical positions. When service levels are cut, the areas often include parks and recreation and libraries. Public safety functions are not exempt from cuts; however, the cuts required are less than non-public safety functions. Some cities have instituted fee increases while others are reviewing their fee structures for the FY10 budget. Some cities have frozen pay at current levels or decreased pay increases. Two cities actually reduced salaries of certain personnel.

The information in this report was gathered from each city's Fiscal Year 2009 budget. Greater detail regarding the actions departments are taking to address the budget shortfall can be found in the full report. Following are the report's major findings beginning with the largest city reviewed.

<u>City of Phoenix</u>

- $96 million General Fund shortfall in FY09
- 431.8 city positions eliminated
    - Executive and middle management jobs were reduced by the greatest proportion.
- Public Safety departments decreased their budgets by three percent.
    - Police and Fire made cuts to administrative support staff and costs, capital outlays, commodities, supplies and overtime.
    - Staffing for two new fire stations was delayed.

    - Two courtrooms and associated staffing were eliminated in Municipal Court, City Prosecutor and Public Defender.
- The remaining General Fund departments decreased their budgets by 11.6 percent.
- 191 positions and $15.9 million were eliminated from Development Services.
- Service reductions include:
    - Reduced parks maintenance
    - Shortened swimming pool season
    - Reduced hours at cultural facilities
    - Closed small, minimally used recreation centers
    - Eliminated supervised youth sports programming
    - Curtailed maintenance of city facilities
- Increased some existing recreation fees and implemented a new $5 fee to utilize Parks community centers throughout the city.

<u>City of San Diego</u>

- $10.6 million General Fund shortfall in FY09
- In FY09, 127.13 FTE positions were eliminated from the budget; in FY08 629.71 FTE positions were eliminated from the budget.
- Business Process Reengineering and Managed Competition are in place, but there are no savings associated with these programs for FY09.
- No new revenues have been pursued and existing fees have not been evaluated for cost recovery levels.
    - A full review of existing user fees will occur during the summer of 2008 and an accompanying Cost Recovery Policy will be complete by January 2009.
- The following actions have been taken for FY09:
    - $201,000 in reductions to training programs and program development initiatives
    - Development Services will keep 91 of 469 positions vacant
    - Library's budget decreased by 6 percent and 21 positions were eliminated
    - Parks & Recreation budget decreased by 1.5% and 32.77 positions were eliminated
    - Police eliminated 24.5 non-sworn FTEs
    - The Water Department eliminated 23.5 positions

<u>City of San José</u>

- $29.6 million gap in the General Fund in FY09
- A net decrease of 39 positions in FY09 with 450 positions eliminated over the past six years.
- The shortfall was closed primarily with ongoing reductions but also with the strategic use of reserves, one-time dollars, and with fee increases designed to maximize cost recovery in a number of areas.
- FY09 budget closes 91% of the General Fund deficit with ongoing dollars. Proposals in "tier two" could be used by the City Council to achieve a 100% solution. Proposals in "tier three" could be employed to address any state budget balancing impacts on the City or other unforeseen actions such as higher than anticipated compensation increases resulting from ongoing negotiations with City labor groups.

- FY09 budget reduces administrative services, library hours, and maintenance levels; phases out certain school-based programs; shifts funding sources; and increases fees.

City of Detroit

- In FY06, Detroit faced a $300 million deficit
- Since FY03, Detroit has reduced expenditures for utilities, rent and insurance by $46 million and reduced expenditures for contractual services from $90 million to $51 million.
- Detroit has reduced the size of its workforce by 25 percent since Mayor Kilpatrick took office, a savings of $100 million in total salary costs over a six-year period.
- Following are some of the major actions taken by the City of Detroit in FY07 to reduce the deficit:
    - Eliminated 657 positions
    - 10% salary reductions for union personnel excluding Police and Fire
    - Healthcare plan design and contribution changes and reduction in administrative fees and rates saved $58 million citywide.
    - Creation of a General Services Department saved $4.5 million through coordinated purchasing and consolidated efforts.

City of Austin

- $25.3 million budget shortfall in FY09
- In early 2008, department directors were asked to create cost savings plans, which allowed Austin to end the year with a $2 million surplus in the General Fund.
- To close the FY09 gap, original cost estimates were refined, including insurance costs, accrued payroll, and inflationary costs. Refining the revenue projections resulted in an additional $4.7 million to close the gap.
- Expenditures were decreased by $2.3 million by reducing employee pay raises from 3.5 percent to 2.5 percent, and delaying implementation until December.
- General Fund departmental savings of $6.8 million, which include the following:
    - The Police Department saved $1.5 million, part of which was attributed to the elimination of a minimum staffing policy.
    - Fire was able to generate $650,000 of savings: $350,000 in overtime savings, $200,000 in vacancy savings and a $100,000 reduction in funding for the cadet hiring process by reducing overtime costs.
    - Emergency Medical Services saved $950,000 through more accurately predicting annual vacancy savings.
    - Municipal Court saved $340,000 due to reduced service collection costs.
    - Parks & Recreation saved $1.6 million by keeping 24 positions vacant, which represents approximately 5 percent of their total personnel.
- Every two years, the city completes a comprehensive revenue initiative in which existing fees are reviewed, and new fees are considered that would support the delivery of services. The review also includes an analysis of whether fees have kept pace with inflation.

City of Portland

- Did not have to address a revenue shortfall in FY09.

- The city faced a $15.7 million deficit four years ago and a sixth straight year of budget cuts.
- The FY09 budget has an additional $33 million in General Fund resources above what is required to maintain services at last year's levels.

City of Tucson

- The FY09 General Purpose Funds budget is $1.7 million less than the FY08 budget.
- Services will not be expanded in FY09.
- Employees will not receive raises.
- Staffing has been reduced through attrition in support operations such as fleet, purchasing, personnel, etc. since 1999.
- Past and current retirement incentives have reduced recurring personnel costs.
- In FY08, the revenue shortfall was $12 million. Non-public safety positions were held vacant, travel budgets were cut, and major acquisitions and improvements were deferred.
- During FY09, departments will be asked to evaluate the services and activities they perform to determine opportunities for permanent savings by eliminating vacant positions, consolidating services, and improving efficiencies.

City of Sacramento

- $58 million General Fund deficit in FY09.
- Police and Fire Department net operating budgets were reduced by approximately 8 percent.
- Other department net operating budgets were reduced by 20 percent.
- $26.6 million reduction in labor costs, including the unfunding of 338 FTEs (out of 3,943 FTEs).
- $5.9 million reduction in service and supplies.
- $2.6 million increased reimbursements from other sources.
- $3.7 million in new revenues will offset the cost of maintaining service levels.
- The city is developing a long-term plan that will include the following cost reduction strategies: additional staffing reductions, maintenance of strict hiring controls, identification of new revenue sources, continued management of discretionary expenditures, and continuation of the City Manager’s Budget Advisory Committee
- At least four potential departmental consolidations will be evaluated for implementation prior to the start of FY10: General Services and Information Technology; Human Resources and Labor Relations; Development Services, Planning, and Economic Development; and Treasurer and Finance.

City of Vallejo

- Vallejo was forced to file for bankruptcy protection in May 2008 due to: the loss of revenues from the sub-prime mortgage crisis, the increase in staffing costs since savings from the planned reduction in the number of fire companies staffed were lost in arbitration, and the millions in payout amounts for the large number of employees who either retired or left the city’s employ.
- $16 million shortfall in a $78.6 million General Fund

- Expenditures for FY09 have been reduced by $7.8 million (almost 9%) from FY08.
- City staffing of 379 employees is 23 percent less than the 494 positions authorized five years ago in FY04.
- Service levels have been reduced in all areas, including public safety.
    - Two fire stations have closed.
    - Fire staffing is at 1970 levels, and aging equipment is not being replaced.
    - Budgeted positions in the Police Department have been reduced to 124, dozens less than it was four years ago.
    - Community Services, Youth Services, Neighborhood Services and the Narcotics Team have been eliminated.
    - Most property crimes are not investigated.
    - Both police and fire administrative staff have been significantly reduced.
- Employee salaries have been frozen at current levels, and Vallejo cannot honor the terms of the negotiated labor contracts.
- Department heads have had their salaries rolled back to the rate effective on July 1, 2005.
- The City will pay 50 percent of retiring and separating employees' leave balances at the time of separation and deferring payments of the remaining 50 percent until January 2010.

CITY COMPARISON REPORT

CITY OF PHOENIX

Population: 1,513,000

On March 11, the Mayor and City Council approved $72 million in General Fund budget reductions including the elimination of 431.8 city jobs. Those reductions were implemented on April 14. The reductions were made to address an overall General Fund revenue shortfall of $96 million due to a decline in the housing industry and slowdown in the economy.

Additional actions were taken to address the $96 million revenue shortfall aside from the $72 million in department reductions. General Fund vehicle replacements were reduced to only emergency response and Reserve-a-Ride vehicles, desktop technology replacements were reduced, repayment of General Fund support to Transit and Streets was delayed, maintenance service center renovations were deferred, and a hiring freeze has been extended into the first few months of the 2008-09 fiscal years. These actions reduced General Fund expenditures on a citywide basis and helped minimize service and program reductions in the community.

In December 2007, departments were asked to begin preparing proposed budget cuts equal to 20 percent of their General Fund budget. Since $117 million in General Fund reductions have occurred over the past five years, there was minimal capacity left for departments to avoid service cuts. In January 2008, the Mayor and City Council approved an approach to reduce the 2008-09 budget that included 3 percent reductions in the Public Safety and Criminal Justice programs (Police, Fire, Municipal Court, City Prosecutor and Public Defender), and 11.6 percent reductions for the remaining General Fund departments. This approach allowed for administrative, non-service reductions in Police and Fire and avoided even higher percentage reductions and service impacts to the community.

Police, Fire, Municipal Court, City Prosecutor and Public Defender departments' 2008-09 budget growth was reduced by 3 percent. A large portion of these reductions, particularly in Police and Fire, were in administrative support staff and costs. Capital outlay, commodities, supplies and overtime were reduced in Police and Fire, and staffing for two new fire stations was delayed due to delays in construction schedules. None of the reductions in Police and Fire impacted direct service delivery. Two courtrooms and associated staffing were eliminated in Municipal Court, City Prosecutor and Public Defender.

In all other General Fund departments, executive and middle management jobs have been reduced by the greatest proportion. The vast majority of services remain intact, but some services have been reduced. Parks maintenance has been reduced which will mean less watering and a delay in landscape maintenance and in cleaning the parks each day. The swimming pool season has been shortened to the last weekend in May through the end of July. Hours at various cultural facilities will be reduced, and several small, minimally used recreation centers will close. Supervised youth sports programming will be eliminated. Funds available for Neighborhood Fight Back areas have been reduced. Fewer library materials will be purchased. The Summer Youth Work Experience Program will be reduced. New transit service will be delayed, and maintenance at city facilities has been curtailed.

The budget includes increases in some existing recreation fees and implementation of a new $5 fee to utilize Parks community centers throughout the city. The revenues raised by these actions prevented approximately $1 million in additional cuts in Parks and Recreation programs.

The Development Services Department also has been severely impacted by the current housing and economic downturn. A total of 191 positions and $15.9 million have been reduced from Development Services. These reductions were necessary to keep expenditure levels in line with current revenues.

Department	FTEs	FY09 Budget	Comments
General Government			Represents 8% of the total budget.
Mayor	18.5	$2,075,000	FY09 budget is $241,000 or 10.4% less than FY08 estimated expenditures; reductions in printing, temporary employment, training and the elimination of two mayor's assistant positions.
City Council	54.0	$4,578,000	FY09 budget is $100,000 or 2.2% more than FY08 estimated expenditures. The increase is offset with budget reductions including the elimination of an administrative assistant I position and reductions in district funding and other contractual items.
City Manager	6.0	$1,201,000	Reductions eliminate funding for consultants, out of state conferences, memberships with research organizations, other contractual services as needed, and the internship honoring former Phoenix City Manager Marvin A. Andrews.
Deputy City Managers	20.0	$1,871,000	FY09 budget is $36,000 or 1.9% less than FY08. Reductions eliminate a management assistant III position responsible for coordinating special projects, a deputy city manager position resulting in greater workloads and less time to address management issues, funding for consultants, memberships with research organizations, and various contractual services. Additionally funding of an administrative secretary position is transferred to the Aviation Department.
Government Relations	6.3	$1,435,000	FY09 budget is $43,000 or 2.9% less than FY08. Eliminates a management assistant II position. Reductions may adversely impact regional relationships and federal lobbying efforts.
Public Information	29.5	$3,277,000	FY09 budget is $24,000 or 0.7% more than FY08. The increase reflects replacement of broadcast equipment and sets for PHX 11 and normal inflationary increases, which are offset by the elimination of one full-time production specialist and a part-time media production specialist position. Reduces the replacement of production sets, video equipment, photographic supplies, computer replacements and various contractual services including community advertising, graphic design and printing services.
City Auditor	35.2	$3,082,000	FY09 budget is $139,000 or 4.3% less than FY08. Includes the elimination of two internal auditors and one secretarial position, a reduction in contractual data security testing, a reduction in outreach recruitment efforts and replacing one full-time internal auditor with a part-time position. These reductions will result in fewer audits performed annually.
Equal Opportunity	37.0	$3,648,000	FY09 budget is $41,000 or 1.1% less than FY08 and includes the elimination of user technology specialist and equal opportunity specialist positions. The budget also includes reductions in travel, various contractual services, programming for a new Minority Women Small Business Enterprise (MWSBE) database and computer replacements.

Personnel	111.4	$15,518,000	FY09 budget is $1,037,000 or 6.3% less than FY08. Reduces funding for replacement of office furniture and the outdated building alarm system, travel, employee benefit and compensation consultants, contracts for employee counseling, executive medical services, and reduced support of the city's annual Community Service Fund Drive. The Language Education and Diversity Sensitivity (LEADS) program is reduced by 80%. Funding for job recruitment and outreach activities, advertising and executive search firms, development and training of city employees, and translation services provided to the public also is reduced. FY09 budget eliminates funding for the parenting reference guide, and eliminates the City Store, a volunteer program run by retired city employees. Several positions are eliminated including staff assigned to the Employee Assistance Program (EAP), and staff responsible for testing, recruitment, and career counseling. Also, staff assigned to the LEADS program, the Labor Relations Division and the Employment Services Division are eliminated. The impact of these reductions will result in increased difficulty in finding highly qualified and diverse candidates, increased time to fill vacancies, increased staff workloads, a backlog in the processing of grievances and a reduced number of training classes available to city employees.
Retirement Systems	14.0	$1,830,000	FY09 budget is $40,000 or 2.2% more than FY08, which is due primarily to increased costs of software maintenance. This increase is partially offset by the elimination of an information technology systems specialist and a secretary II position. Also reduced are contractual services for pre-existing condition exams for Fire Department recruits that will now be conducted by the Fire Department, and reduced attendance at conferences for COPERS board members.
Law	250.0	$22,918,000	FY09 budget is $312,000 or 1.4% more than FY08. Elimination of four attorneys and four legal support positions assigned to various trial courtrooms and civil litigation.
Information Technology	220.0	$7,123,000	FY09 budget is $2,103,000 or 41.9 % more FY08. The increase reflects infrastructure and software costs to enhance network security, 2007-08 expenditure reductions, carryovers and normal inflationary increases. These increases are partially offset with reductions in funding for recruiting expenditures, deferring operating and maintenance costs for the Phoenix Wi-Fi network, elimination of an information technology analyst programmer III and the deferral of a licensed cable provider audit.
City Clerk & Elections	123.0	$6,685,000	FY09 budget is $804,000 or 10.7% less than FY08. The decrease primarily reflects the non-recurring costs of a regularly scheduled citywide election, two City Council district run-off elections, a special Parks and Preserve Initiative election in 2007-08 and budget reductions. These reductions eliminate micrographic and word processing operations, reorganize the Election Division by reclassifying a deputy city clerk position and assigning administrative duties to a management assistant II, and eliminate an information technology analyst position responsible for technical customer support. Funding also was reduced for part-time election staff, mail services and technology support, and resources such as office supplies, reference materials and new equipment.
Finance	303.5	$24,521,000	FY09 budget is $221,000 or 0.9% less than FY08. Includes a reduction of 22 positions in Inventory Management, Banking and Cashiering, Tax, Accounting, Administration, Purchasing, and Financial Accounting and Reporting divisions. The budget also includes reduced funding for various contractual services and commodities; travel, training, and conferences; computer software licenses and support; and professional financial consultants.

Budget & Research	31.0	$4,087,000	FY09 budget is $114,000 or 2.7% less than FY08. The decrease reflects budget reductions in contractual services and commodity purchases, and the elimination of a secretary II and a budget analyst II position. A management intern position was restored with Water, Aviation and Solid Waste funds.
Engineering & Architectural Services	119.1	$14,006,000	FY09 budget is $630,000 or 4.7% more FY08, which reflects normal inflationary increases and is partially offset by reduced funding for computer application and system support, overtime and GPS equipment. These reductions will delay the development of project management software applications and create backlogs in the Geographic Technology Section.
Public Safety			Represents 33.8% of the total budget.
Office of the Public Safety Manager	2.0	$381,000	
Police	4964.7	574,215,000	FY09 budget is $49,487,000 or 9.4% more than FY08. This increase is primarily due to normal inflationary adjustments, partial-year funding to operate the new Southwest Precinct, and new Public Safety Expansion funds approved by Phoenix residents in November 2007. Of the 575 positions added with Public Safety Expansion funding, it is anticipated that 389 will be hired by the end of 2008-09. These increases are partially offset by budget reductions including the elimination of 72 administrative and clerical support positions and one police commander. The reductions also include reduced funding for a variety of contractual, commodity and capital items such as replacement vehicles. Also offsetting the increase is the transfer of 10 victim services positions to the Family Advocacy Center to improve and better coordinate victim advocacy for victims of crime, sexual assault and domestic violence. In addition, the proposed budget converts six grant-funded positions in the Commercial Narcotics Interdiction Squad to General funds by reducing overtime, and adds one police sergeant to the Public Transit Safety Bureau with Public Transit funds.
Fire	2134.0	$302,959,000	FY09 budget is $39,141,000 or 14.8% more than FY08. This increase reflects normal inflationary adjustments, the carryover of funds to replace the department's self-contained breathing apparatus (SCBA), and Proposition 1 funding which was approved by voters in November 2007. These increases are partially offset by reduced funding for commodities and the replacement of equipment; deferring the opening of Station 62; delaying the hiring of staff for Station 60 due to construction delays; and the elimination of a media production specialist, caseworker II, two secretary IIs, user technology specialist and two fire battalion chiefs assigned to the alarm room. Adaptive Response Units will be used to ensure quality service continues while stations are being deferred.
Emergency Management	6.0	$793,000	FY09 budget is $44,000 or 5.9% more than FY08. The increase reflects normal inflationary increases and the carryover of federal and state grant funds. This increase is partially offset by general fund budget reductions in contractual and commodity line items.
Family Advocate Center	17.0	$1,715,000	FY09 budget is $820,000 or 91.6% more than FY08. The increase reflects the transition of 10 victim services staff from the Police Department to enhance victim advocacy for victims of crime, sexual assault and domestic violence. This increase is partially offset with reductions in funding for victim services materials, domestic violence and sexual abuse education materials, the intern program and the elimination of the volunteer/intern coordinator position.

Criminal Justice			Represents 2.5% of the total budget.
Municipal Court	382.9	$42,541,000	FY09 budget is $1,603,000 or 3.9% more than FY08. The increase is due to normal inflationary increases and is offset by the elimination of six support staff positions. Three of these positions were assigned to an environmental courtroom and three were assigned to a criminal courtroom. Additional reductions were also taken in various contractual line items.
Public Defender	9.0	$4,937,000	FY09 budget is $318,000 or 6.9% more than FY08. This increase is primarily due to normal inflationary adjustments and FY08 budget reductions for contracted court-appointed attorneys and expert witnesses.
Transportation			Represents 20.0% of the total budget.
Street Transportation	784.0	$65,375,000	FY09 budget is $2,007,000 or 3.0% less than FY08. This decrease is primarily due to budget reductions, which are slightly offset by normal inflationary increases and the carry-forward of unspent FY08 funds for the remodeling of the Southwest Service Center, electrical repairs at the department's sign shop and completion of a new roof for the signal shop. Reductions eliminate five positions including a middle manager and administrative support staff, which will result in service delays for internal customers. The budget also eliminates production of a training video for internal and external groups on permitting processes and requirements for safe construction zones, minimizing safety hazards for cars and pedestrians; eliminates funding for material testing of street surface repairs done by street maintenance staff; and eliminates the capital replacement of a robotic station used by survey crews to collect and record data on completed projects. Also, funding that allows the Street Maintenance Safety Committee to review and test safety products are reduced. The budget converts funding of the Traffic Management System Maintenance contract from the General Fund to the Arizona Highway User Revenue Fund. General Fund contracts for freeway landscape maintenance, quick concrete response and wash maintenance will be converted to the Capital Construction Fund. This will reduce funding for screen walls, guard/rail/barriers, speed humps, illuminated street signs and local street improvements.
Aviation	868.7	$214,109,000	FY09 budget is $9,390,000 or 4.6% more than FY08. This increase reflects the addition of expanded bus service needed during the construction of the Automated Train Project and normal inflationary adjustments. The FY09 budget also adds six support staff for implementation of a GIS system and to assist with new federal security mandates. A building equipment operator is added to provide maintenance for newly acquired facilities.

Public Transit	125.0	$240,175,000	FY09 budget is $22,430,000 or 10.3% more than FY08. This increase is primarily due to full-year costs of service added in FY08, a significant increase in fuel costs, the addition of a sergeant for the Transit Safety Bureau (position is included in the Police Department budget) and normal inflationary increases. These increases are offset by General Fund expenditure reductions. The General Fund expenditure reductions include the utilization of savings from a new bus shelter maintenance and advertising contract and the elimination of bus routes being replaced by the light rail system. Reductions also include eliminating municipal security guard positions added in FY08 for park-and-ride facilities and transit centers (positions are included in the Police Department budget.) Security would continue to be provided with contracted security services. In addition, the reductions include the elimination of two positions providing contract oversight and information technology support. Other reductions include reduced frequency of cleaning for bus stops with no furniture, reduced funding for replacement of office equipment, reduced marketing and customer communication, and reduced training and travel for staff and members of the Citizens Transit Commission.
Community Development			Represents 8.0% of the total budget.
Development Services	386.0	$44,356,000	FY09 budget is $6,487,000 or 12.8% less than FY08. This decrease results primarily from the effects of the housing market which significantly reduced the department's workload and corresponding revenues. Overall, the FY09 budget is $16.8 million lower than the original FY08 budget and reflects the elimination of 191 positions. These reductions were necessary to keep expenditures in line with current revenue collections. The budget eliminates administrative staff including accounting, technology support, and counter support staff, residential inspectors responsible for inspecting residential construction, civil and site inspection staff responsible for inspecting off site infrastructure improvements for residential and commercial projects, and a major commercial plan review team responsible for plan review and permitting services for large commercial construction projects. Other reductions include eliminating funding for Web site development and additional online permitting, eliminating leased space, eliminating temporary staff support, and reducing fuel, furniture and technology expenses.
Planning	68.9	$7,536,000	FY09 budget is $306,000 or 3.9% less than FY08. The decrease is due to the elimination of seven positions. These include technical positions assigned to GIS, graphic design, planning, secretarial support and two management level positions. The elimination of these positions will adversely impact general support of the department and village planning committees.
Business Customer Service Center	2.4	$553,000	FY09 budget is $39,000 or 6.6% less than FY08. This reflects a budget reduction in staff that provides specialized plan review and assistance for businesses that are starting or expanding in Phoenix.
Housing	171.7	$84,285,000	FY09 budget is $1,174,000 or 1.4% more than FY08. The increase reflects the addition of 22 positions needed to maintain lease-up rates for conventional housing units and the Section 8 voucher program. Many of these positions are temporary and will not be needed once the department implements its new business system. Also reflected is the conversion of a budget analyst II position to a management services administrator. Additionally, Community CDBG funds are expected to be decreased by 41.7% in 2008-09.

Community and Economic Development	111.0	$18,603,000	FY09 budget is $687,000 or 3.6% lower than FY08. This decrease is primarily due to reductions in CDBG allocations. Also reflected are General Fund budget reductions including the elimination of a secretary III, a project manager, two project management assistant positions, reduced funding for the International Program interns and computer replacements.
International Economic Development	1.0	$217,000	FY09 budget reflects the full-year costs associated with this newly created function which is designed to enhance the city's economic development activities on an international level.
Downtown Development Office	15.0	$4,344,000	FY09 budget is $166,000 or 4.0% more than FY08 and reflects budget reductions occurring in both FY08 and FY09. These reductions include cuts in business travel, consultant funding, appraisals, lot cleanings and printing costs for downtown projects; reduced costs for plan review and event partnering; and the elimination of an economic development program manager.
Neighborhood Services	235.0	$48,845,000	FY09 budget is $16,150,000 or 49.4% more thanFY08. This increase reflects the effect of the carry-forward of unspent grant allocations budgeted in FY08. The General Fund budget of $15,353,000 is $763,000 or 5.2% more than the FY08. The General Fund increase reflects the carry-forward of unspent but committed Fight Back funds and normal inflationary adjustments offset by budget reductions. The General Fund budget reduces contractual funding for blight abatement activities, code enforcement computer upgrades, and Fight Back program grants to assist neighborhood improvement efforts. Additionally, budget reductions include eliminating a middle manager position assigned to the Westside Revitalization program; a curriculum and training coordinator position used to develop, coordinate and provide training for neighborhood associations; three administrative support positions providing fiscal, personnel and administrative assistance; three preservation inspectors responsible for code enforcement citywide; two neighborhood specialist positions providing information and support to neighborhood groups; and an information technology programmer position.
Hope VI Project	9.5	$493,000	FY09 budget is $714,000 or 59.2% less than FY08. This decrease reflects the reclassification of a management assistant III position to a management assistant II position and the carryover of a receivable for reimbursement of administrative costs associated with the A. L. Krohn HOPE VI application.
Community Enrichment			Represents 11.2% of the total budget.

Parks & Recreation	1491.4	$112,626,000	FY09 budget is $5,631,000 or 4.8% less than FY08. This decrease is the result of budget reductions, some of which became effective the last two and a half months of FY08. Reductions are slightly offset by a full-year's operating costs for facilities opened in 2007-08, operating costs for new or expanded facilities opening in 2008-09, and normal inflationary adjustments. The budget provides for additional staff and operating costs to open and maintain new or improved park facilities constructed primarily with 2006 bonds. This includes maintenance and recreational activities for the Downtown Civic Space Park and Phase II of the Reach 11 Sports Complex. The budget also provides staff and other operating costs for landscape maintenance of new streets citywide. FY09 budget eliminates 220.2 positions. The budget eliminates administrative staffing in several divisions including a deputy parks and recreation director, and reduces funding in various commodity and contractual costs including private security services at various central city park facilities. Staff reductions also include park rangers responsible for patrolling and enforcement of preserves and undeveloped parkland, and staff responsible for general park maintenance, street landscape maintenance, palm tree pruning in residential neighborhoods, graffiti removal and specialized maintenance. Maintenance staff that coordinated various work alternative projects for community service opportunities also was reduced. The budget reduces hours and recreation programming at various cultural facilities, all community centers and swimming pools; closes small, minimally used recreation centers and eliminates recreation programming at Cesar Chavez High School and Palomino Park; eliminates recreation support of Human Services Department's senior programs at South Mountain and Devonshire Community Senior centers; delays the opening of the 35th Avenue Learning Center and Phoenix Center North building; eliminates overtime in support of several promoter-backed events including the People's Pop Concert series and other medium-sized events including setup for these events; eliminates staff and coordination of the X-Tattoo program and Plan-it League summer employment program; eliminates staff and support of the Latino Institute, recreation intern, and Summer Youth Work Experience programs; eliminates supervised youth sports programming, community use of the Maryvale Baseball Park, staff support of the Arizona Senior Olympics programs and reduces usage of Camp Colley; eliminates the General funds that leverage grant funds for the Clear Path and Tribal Outreach programs, which ends grant funding of these employment training programs; and reduces funding for after-school programs citywide. In addition to budget cuts, the budget also increases revenues through new or increased recreational and/or admission fees, which avoids further reductions in recreation programming. This includes implementing a new fee for youth and increasing the adult fee for athletic field usage, increasing softball league fees, increasing swim lessons and swim team fees, increasing admission fees to the Pueblo Grande Museum and for recreational swimming, and implementing an annual fee to purchase a recreation pass for use at community centers. The budget also converts funding for various services. Neighborhood Block Watch funds will support park rangers to patrol and enforce city codes at developed city parks through 2008-09, the River Rampage program will be partially supported by private donations committed through FY10, the Electric Light Parade and Fabulous Phoenix Fourth events will be funded by working with the community to find private funding sources, and the cost of printing class catalogs and other material will be transferred from the General Fund to the accounts which are funded by recreation program registration fees.

Library	471.4	$39,404,000	FY09 budget is $1,273,000 or 3.3% more than FY08. This increase is primarily due to start-up costs for the new Agave regional library (scheduled to open in July 2009), which includes hiring staff in preparation for opening and related operating services. These increases are partially offset by budget reductions that include reducing the number of supervisory positions at the branches, deferring planned facilities maintenance projects, delaying opening of the new Agave Library from December 2008 until July 2009, eliminating a monthly calendar of events, and reducing the book and other circulating materials budget by 19 percent.
Golf	117.3	$8,754,000	FY09 budget is $253,000 or 3.0% more than FY08. This increase is due to normal inflationary costs and an increase in the number of vehicles that need replacing due to continuous breakdowns and repairs. The increase is partially offset by the elimination of operating costs and staffing for the Papago Golf Course and Pro Shop. Management and maintenance of this course will be contracted out to a concessionaire.
Phoenix Convention Center	341.7	$63,105,000	FY09 budget is $16,980,000 or 36.8% more than FY08. The increase is primarily the result of new capital facility operating costs and normal inflationary increases. The increase is partially offset by reductions in General Fund expenditures. The budget provides for additional staff and other resources to operate the new North building, which triples total rentable space. The General Fund reductions include the elimination of an available parking space counting system for Regency garage and a reduction in fixed-post security for Heritage and Regency garages.
Human Services	508.5	$64,500,000	FY09 budget is $57,000 or 0.1% less than FY08. The decrease is primarily due to budget reductions but is partially offset by increases in building rental for Reserve-a-Ride, bulk food purchases for senior meals program, replacement vehicles and normal inflationary increases. The budget includes a reduction of 16.9 positions that will eliminate arts and crafts instruction classes at senior centers; reduced support for personnel, budgeting, accounting, contract management and information system functions; and decreased support of the emergency utility assistance program. Additionally, budget reductions eliminate the STEP-UP and Young Families Can programs, thereby removing the opportunity for 50 volunteer mentor matches with young fathers and the opportunity to provide self-sufficiency skill development assistance; and decreases the School Base Program. The budget reductions will also eliminate senior home meal delivery carrying case replacement funding, eliminate a senior center volunteer recognition event and reduce contracted computer support. The Stay-in-School Small Business Program will be eliminated resulting in fewer summer jobs for local youth. Additional reductions will eliminate city funding for Salvation Army Market Shuttle and community assistance contracts (Rio Salado Community College and Salvation Army); reduce emergency assistance focused on clients without alternate community assistance; and reduce city funding for the Local Alcohol Reception Center (LARC), thereby reducing alcohol detoxification and medial treatment services. The budget also reduces the Summer Youth Work Experience Program, eliminates a remodeling project for the Luke Krohn Senior Center and reduces funding for the Central Arizona Shelter Services, decreasing the number of homeless single men and women receiving emergency shelter services.
Education & Youth Programs	7.4	$1,065,000	FY09 budget is $114,000 or 9.7% less than FY08. The decrease reflects budget reductions including funding for grants and the elimination of an administrative assistant II position. The reductions will adversely impact youth involvement in city operations and administrative support.

International & Sister Cities Programs	7.4	$1,065,000	FY09 budget is $114,000 or 9.7% less FY08. The decrease reflects budget reductions including funding for grants and the elimination of an administrative assistant II position. The reductions will adversely impact youth involvement in city operations and administrative support.
Rio Salado	1.0	$167,000	
Historic Preservation Office	7.0	$713,000	FY09 budget is $7,000 or 1.0% more than FY08. The increase is primarily due to the funding of an historic preservation database. This increase is partially offset by a budget reduction that eliminates an historic preservation planner II position for design review.
Phoenix Office of Arts & Culture	13.0	$1,477,000	FY09 budget is $490,000 or 24.9% less than FY08. The decrease is the result of budget reductions and the expiration of the 21st Century Grant, which is partly offset by normal inflationary increases. The budget reduces grants to arts organizations, eliminates part-time staff, and reduces funding for educational and marketing efforts. Reductions also include reduced funding for art preservation projects and fewer resources for training. Individual grant awards or the number of organizations receiving grants will be reduced.
Environmental Services			Represents 16.5% of the total budget.
Water Services		$267,979,000	FY09 budget is $17,892,000 or 7.2% more than FY08. The increase is primarily due to an increase in price for raw water, an increase in water production, vehicle replacements, proposed budget additions and normal inflationary increases. The budget adds staff and equipment to provide maintenance and support for the new Distributed Control System, and new security system improvements. Also included is the addition of staff to keep pace with the growth in the water distribution system and to improve the Backflow Prevention Program. The costs for both programs are offset by a reduction in overtime and contractual charges. In addition, staff and equipment are being added to provide ongoing support for the electronic Drinking Water Regulatory Database and to increase electrical maintenance services for water and wastewater treatment facilities. The budget adds contractual services to provide solids removal for the newest expansion of the 91st Avenue Wastewater Treatment Plant. In addition, staff and equipment are being added to provide supervision for the third shift maintenance staff at the 91st Avenue Wastewater Treatment Plant.
Solid Waste Management	614.0	$128,216,000	FY09 budget is $16,879,000 or 15.2% more than FY08. This increase includes costs and staff additions to resume contained solid waste collection in Service Area 6 of the West Region; increases for equipment management and diesel fuel; procurement of solid waste containers and refuse barrels; and other inflationary increases. Budget additions also include staff and equipment needed to activate the Salt River Service Center, enhanced enforcement of Chapter 27 code requirements, and increased environmental compliance and recycling educational outreach to residents.

Public Works	541.0	$30,036,000	FY09 budget is $3,316,000 or 12.4% more than FY08. This increase is for contract custodial expenses; increases in fuel and electricity prices; the carryover of costs associated with various remodeling projects and a portion of the employee bus card program; information technology upgrades and other inflationary increases. Also reflected is the addition of 17 equipment management support positions related to the opening of the Salt River Service Center and the expansion of solid waste collection in Service Area 6. All of these positions are charged to the Solid Waste Fund. These increases are partially offset by the following budget reductions: elimination of funding for the Glenrosa Service Center land purchase and installation of the Fire Operations Building exhaust system; reduced funding for upgrades to the Calvin Goode Building and deferral of painting at the Okemah and Glenrosa service centers; and the elimination of a secretary II position, a contract specialist I position, a building maintenance worker position and an equipment service worker position.
Environmental Programs	15.0	$1,729,000	FY09 budget is $176,000 or 9.2% less than FY08. The decrease includes budget reductions in General Fund brownfields grants, which were reallocated to bond funds in the capital improvement program, and the elimination of an environmental quality specialist position. Also reflected is the expiration of a federal brownfields training grant.

CITY OF SAN DIEGO

Population: 1,257,000

The Fiscal Year 2009 Proposed Budget includes a total of 10,659.51 full-time equivalent (FTE) positions with 7,476.91 of these positions budgeted within the General Fund - 10,659.51 FTE positions represent a net reduction in the City's budget of 127.13 FTE positions from the FY 2008 Annual Budget of 10,786.64 FTE positions. The net reduction is a result of eliminating 241 positions, both vacant and filled, and the addition of approximately 114 positions for mandated programs, new facilities, and facilities that received partial staffing last fiscal year. The position cuts are no longer funded positions in the City and represent a real reduction in labor costs.[1]

Total Position Reductions		
FY2007	**FY2008**	**FY2009**
38.00	629.71	127.13
Total		**794.84**

The City of San Diego has been focused on achieving fiscal recovery for the past two years. In FY08, a net total of 629.71 FTE positions were eliminated from the budget. Many of these positions were vacant, and at the time, core city services were not expected to be adversely affected. The FY09 proposed budget is balanced largely through position reductions as in the past two years. The Mayor has acknowledged that these reductions could have a negative impact on service delivery in some areas, particularly in the areas of Park and Recreation and Library.

In the FY09 Proposed Budget, the Mayor relies heavily on position reductions and service reductions totaling $27.2 million. These reductions have been offset by priority position additions in other areas, such as Storm Water, for a net reduction of $10.6 million and 127.13 positions. The Independent Budget Analyst's (IBA) Office continues to believe that many of the reductions taken in the FY 2008 budget were service-related as well, particularly in the areas of Park and Recreation and Library, which are hit hard again in the Mayor's FY 2009 budget proposal. The IBA believes that these reductions may be necessary if no other solutions are identified to balance the budget, but they

[1] City of San Diego. *FY09 Proposed Annual Budget Executive Summary*. http://www.sandiego.gov/budget/proposed/pdf/vol1/02v1execsum.pdf. Accessed: July 2, 2008.

should not be made lightly. These two departments, as well as others, have experienced reductions for several years in a row. The cumulative effect of this, not just the FY 2009 impact, should be considered. New costs to maintain and operate new facilities are simply being funded by making program and staffing reductions at existing facilities. This is an unfortunate method by which to address costs of opening new facilities and should be the subject of a larger policy discussion.

There are no significant savings for FY 2009 resulting from either Business Process Reengineering or Managed Competition to help balance the budget. Both of these programs have taken longer than was originally anticipated to implement. The IBA has expressed such concerns in numerous reports and is currently pursuing remedies for facilitating these processes. At this point, savings associated with Managed Competition results are not expected until FY 2010 at the earliest.

Despite recurring deficits, no new revenues have been pursued, such as a dedicated funding source for new, costly Storm Water mandates; and existing fees have not been evaluated for cost recovery levels or incorporated into annual budget discussions for several years. The Mayor's Office has committed to undertaking a full review of existing user fees during the summer of 2008, and to having the results and an accompanying Cost Recovery Policy complete by January 2009 for application in FY 2010.

In the IBA's Review of the FY09 Proposed Budget, she states "The City's ability to balance its FY 2009 budget is good news, but short-lived. With a struggling national and local economy, the City faces declining revenue growth on top of potential significant state funding cutbacks on top of an embedded structural budget deficit. This dynamic does not bode well for future budgets. Unless clear, decisive and long-term corrective actions are implemented, budget deficits will persist well into the future, resulting in a continual erosion of City services." [2] Year by year budget balancing actions will not solve the problem.

FY09 Position Reductions

General Fund FTE Reductions:

Unclassified/Unrepresented	15.00	
Municipal Employees Association:		
Administrative Support	24.70	
Professional	38.05	
Supervisory	31.75	
Technical	29.65	
Local 127	18.00	
TOTAL		157.15

Non General Fund FTE Reductions:

Unclassified/Unrepresented	10.50	
Municipal Employees Association		
Administrative Support	9.70	
Professional	14.90	
Supervisory	7.50	
Technical	7.50	
Local 127	31.00	
Undetermined	2.50	
TOTAL		83.60

[2] City of San Diego. *Review of the Fiscal Year 2009 Proposed Budget.* http://www.sandiego.gov/iba/pdf/08_41.pdf. Accessed: June 27, 2008.

City of San Diego Departments

Department	FTEs	FY09 Budget	Personnel	Revenue	Comments
Administration	17.75	$1,928,090	$1,820,721	$100,574	Added Equal Employment Contracting (from Purchasing) and Grants and Gifts Administration (from the Business Office)
Business Office	11.25	$2,355,000	$1,319,596		Oversees Business Process Re-engineering, Managed Competition ($1.5 million for consulting) and the surveys on resident satisfaction of city services
City Attorney	339.22	$36,495,776	$34,979,784	$5,001,558	FY09 budget reflects a reduction of $415,000 over FY08 budget and a net reduction to dept revenues of $1.16 million. Discontinued some service level agreements with depts.
City Auditor	11.00	$1,670,890	$1,570,871		A newly created independent office that reports to the Audit Committee and the City Council. Target is 25% cost recovery.
City Comptroller	103.00	$11,954,735	$10,491,187	$3,695,837	Auditor operations have been separated from Comptroller operations. Responsible for Enterprise Resource Planning (ERP) project from the CIO. Proposes to eliminate $375,000 in contractual services for temporary staff.
City Planning & Community Investment	128.45	$28,653,748	$13,791,539	$4,389,883	Services include planning, community investment (CDBG, economic development, redevelopment, homelessness) and facilities financing
City Treasurer	126.00	$14,938,732	$10,407,083	$29,048,691	
Citywide Program Expenditures	0	$71,184,523			The budget includes corporate master leases rent, citywide elections, public liabilities claims transfer fund, leverage of employee pick-up savings, GF reserve, and special consulting services
Community & Legislative Services	28.00	$4,200,062	$3,317,676	$266,900	Includes City TV and Council Liaisons.
Council Administration	13.50	$2,114,520	$1,590,777		
Customer Services	23.00	$2,332,992	$1,962,293	$704,021	$201,000 in reductions to training programs and program development initiatives which includes $35,000 reduction in training supplies, $50,000 reduction from the City-wide Training Division Leadership Development and a $56,000 reduction in training-related expenses to the Centralized Sexual Harassment Training program. Coordinating city volunteerism will be phased out.
Debt Management	22.00	$2,762,197	$2,410,871	$1,243,485	

Development Services	453.00	$48,593,514	$35,913,985	$48,837,998	Enterprise Fund. Will keep 91.00 positions vacant for FY09. The dept has seen a slowdown in building permits over the past two years. Fund reserves and balance have drastically declined. Dept is doing a fee study because all costs are not being recovered.
Neighborhood Code Compliance	68.00	$6 ,665,089	$5,783,979	$9 32,879	Budget includes the reduction of 1.00 Supervisor of the Graffiti Control Program crew, resulting in a savings of $86,107. As a result of this reduction, the division's Senior Civil Engineer will assume supervision responsibilities of this program.
Engineering & Capital Projects	520.50	$65,252,499	$ 55,242,446	$6 3,064,976	
Enterprise Resource Planning	0	$10,889,730		$9,389,730	The ERP Project will replace the major software systems currently in use for accounting, treasury, procurement and human resource functions.
Environmental Services	464.08	$98,707,435	$38,534,961	$55,791,585	Dept consists of the Office of the Director, Collection Services, Energy Dust. & Environmental Protection, Waste Reduction & Disposal spread across four different funds.
Financial Management	31.00	$4,281,744	$3,390,213	$652,784	
General Services					Comprised of 4 divisions.
- Facilities Division	109.00	$15,057,683	$9,059,413	$3,354,100	
- Fleet Division	248.50	$51,048,500	$21,062,692	$51,048,500	
- Publishing Services	25.00	$4,559,008	$1,776,970	$4,618,052	
- Streets Division	253.67	$51,100,325	$2 0,023,018	$37,574,417	
Labor Relations	7.00	$9 68,209	$929,644		
Library	358.71	$35,315,605	$26,665,683	$1,745,548	6% decrease in budget; 21 positions eliminated. Will be a reduction in service levels, however the impacts on programs and customer service are uncertain.
Metropolitan Wastewater	8 40.50	$717,855,944	$80,770,906	$711,645,000	
Office of Ethics & Integrity	13.00	$2,108,323	$1,498,257	$824,101	10% budget reduction. Reduced support for the Citizens' Review Board and some diversity training will be eliminated.
Office of the Independent Budget Analyst	10.00	$1,413,410	$1,376,058		
Office of the CIO	79.38	$40,416,864	$8,518,814	$1 3,527,930	Projecting that targets for FY09 will decline for number of monthly Help Desk calls handled, and incident tickets processed.
Park & Recreation	737.17	$86,232,854	$48,584,741	$24,999,471	Budget reflects a net decrease of 32.77 FTEs and $1.29 million, or a 4.3% decrease in the number of positions and a 1.5% drop in total GF dollars from FY 2008.
PETCO Park	0.50	$17,668,954	$81,910	$15,500,447	

Police	2 783.00	$4 09,199,362	$341,492,697	$42,482,907	Elimination of 24.5 non-sworn FTEs. In the past, when non-sworn positions have been cut, functions previously performed by the support staff were transferred to officers, resulting in a loss of officer time in the field.
Public Safety	5.50	$2,438,698	$700,038	$2 36,775	
Purchasing & Contracting	43.00	$4,446,781	$3,859,055	$865,121	
Qualcomm Stadium	22.75	$18,743,462	$3 ,107,873	$17,088,498	
Real Estate Assets	34.50	$4 ,071,062	$3 ,532,245	$43,604,594	Created a new division, Corporate Services that will locate and allocate facilities for the various departments of the City. Prior to assuming this function, the various City departments located their own office space. This created inefficiencies and significant additional expenses to the City. READ expects to see savings to the City by consolidating departments from leased space to City owned space and exercising surrender options in leased space and subleasing.
Risk Management	82.75	$8,981,965	$7,153,618	$6,555,023	
SD Fire & Rescue	1,190.83	$1 88,252,919	$156,369,782	$9,574,413	
San Diego City Employee Retirement System (SDCERS)	64.00	$4 1,775,822	$7,922,602		
Special Promotional Programs	10.00	$8 7,860,147	$1 ,063,857	$88,854,119	
Storm Water	131.00	$48,819,151	$11,623,358	$6,260,091	
Water	778.50	$520,316,880	$68,197,962	$499,050,016	As part of the citywide budget reductions, the Water Department eliminated 23.50 positions and $3.0 million in personnel expense. Of the positions eliminated, 19.00 are currently vacant. As such, the department does not anticipate any service level impacts as a result of these reductions.

Citywide Reorganization/Restructuring

The Fiscal Year 2009 Proposed Budget reflects the restructuring of several departments coming as a result of executive management and department initiated reorganizations. The following provides an overview of significant changes to the City's organizational structure that are included in the Fiscal Year 2009 Proposed Budget.

- Public Utilities: The Water and Metropolitan Wastewater Departments now report under the Public Utilities Business Center. In Fiscal Year 2008, the two departments reported under the Public Works Business Center.

- Community Services: The Community Services Business Center was created and the Park and Recreation, Library, Environmental Services, and Customer Services Departments were moved under this business center.
- Purchasing and Contracting: The Purchasing and Contracting Department is now a part of the Office of the Chief Financial Officer.
- Equal Opportunity Contracting Program: The Equal Opportunity Contracting Program transferred from the Purchasing and Contracting Department to the Administration Department.
- Metropolitan Wastewater Department: The Metropolitan Wastewater Department consolidated some of its divisions to streamline accountability and budgeting.
- Storm Water Pollution Prevention: The Storm Water Pollution Prevention Division will become a stand-alone department, now called the Storm Water Department, within the Public Works Business Center. The Division has been a part of the General Services Department for the past two fiscal years. This change will provide better efficiencies for the department's Storm Drain and Street Sweeping functions. Positions and related non-personnel expenses were transferred into the Storm Water Department from the Police Department and the Street Division of the General Services Department.
- The City Auditor Department: The City Auditor Department has been created independent of the City Comptroller Department. Staff related non-personnel expenses have been transferred from the Office of the Comptroller into this newly created department. This new department is responsible for the internal auditing functions of the City of San Diego. The City Auditor currently reports to the Chief Operating Officer.
- Engineering and Capital Projects Department: The City's Engineering and Capital Projects Department (E&CP) was restructured to provide better efficiencies among City operations needing engineering and capital project management services. A total of 235.53 FTE positions and other non-personnel expenses were either realigned within or dispersed from E&CP, the Water Department, and the Metropolitan Wastewater Department to General Fund departments including City Planning and Community Investments, Development Services, and General Services.
- Streets Trench Restoration Function: Operation of this function has been returned to the General Services Department. A total of 39.34 FTE positions were transferred from the Metropolitan Wastewater and Water Departments.
- Managed Competition Program: The Managed Competition Program has been transferred from Purchasing and Contracting to the Business Office.
- Administration Department: The Business and Grant Administration Department has been re-titled the Administration Department.
- City Planning and Development: The titles of the Land Use and Economic Development Business Center and Department have changed to City Planning and Development.

City of San José

Population: 930,000

In FY09, the city of San José closed a $29.6 million gap in the General Fund. Since the worst of the downturn began seven years ago, the City has eliminated more than 450 positions and reduced the General Fund budget by more than $330 million.

The $29.6 million General Fund shortfall was closed primarily with ongoing reductions, but also with the strategic use of reserves, one-time dollars, and with fee increases designed to maximize cost recovery in a number of areas. The blend of solutions represents a sound approach to balancing the budget and provides over $900 million in the General Fund and $2 billion in all operating funds to

continue providing the comprehensive mix of quality services that regularly elicits high satisfaction levels residents.

General Fund Budget Balancing Plan	
	(In $000s)
General Fund Shortfall	**(23,360)**
Development Fee Program Impact	**(6,277)**
TOTAL GENERAL FUND SHORTFALL	**(29,637)**
SOURCE OF FUNDS	
2008-2009 Future Deficit Reserve (one-time)	7,271
2007-2008 Fund Balance/Reserves	12,473
Transfers from Other Funds	3,041
Fee Increases/Activity Level Adjustments	5,741
Miscellaneous	2,821
Total Change in Source of Funds	**31,347**
USE OF FUNDS	
Staffing & Non-Personal/Equipment Reductions	(15,267)
Funding Shifts	(3,590)
Use of Reserves (Committed Additions)	(2,749)
Technology & Capital Infrastructure Maintenance	6,074
City Council Direction (Mayor's Message)	4,756
Neighborhood Services Activities	2,701
New Facilities Operations & Maintenance	2,285
Public Safety Activities	1,674
Economic Development Activities	1,365
Miscellaneous	4,461
Total Change in Use of Funds	**1,710**
Total Balancing Solutions	**29,637**

The FY09 Operating Budget includes a modest addition of limited resources to address some of the critical service and infrastructure needs: funding new police officers, Green Vision initiatives, staffing for new park and library facilities, as well as enhanced economic development efforts. However, San José continues to face significant and enduring long-term fiscal challenges, and the budget includes significant reduction proposals: reducing administrative services, library hours, and maintenance levels; phasing out certain school-based programs (unless they cannot be re-tooled to share responsibility with the City); shifting funding sources; and increasing fees. Placed against the larger context of both an enduring structural deficit and six straight years of significant budget reductions, the Administration struggled to prepare a budget that meets the test of both sound professional advice and public acceptability.

Before work on the Proposed Budget was finalized, a Stakeholder Group directed by the City Council to develop advantages and concerns for a Three-Year General Fund Structural Deficit Elimination Plan held a series of public meetings. Three components make up the $137 million deficit: 1) the $75 million shortfall contained in the most recent *Five-Year Forecast*; 2) $40.2 million on the City's list of *Unmet/Deferred Infrastructure and Maintenance Needs*; and, 3) the unfunded costs for *General Fund Retirement Benefits* which are currently projected at $21.6 million.

In FY08, elimination of the structural deficit was established as one of the City's 3-year goals. The FY09 budget makes progress in this regard by closing 91% of this year's General Fund deficit with

ongoing dollars. While this falls short of the ideal goal that all of the City's ongoing costs be funded with ongoing dollars, additional reductions are highlighted as Tier Two proposals that could by used by the City Council to achieve a 100% solution. Beyond Tier Two, additional reductions could be employed to address any state budget balancing impacts on the City or other unforeseen actions such as higher than anticipated compensation increases resulting from ongoing negotiations with City labor groups.

Tier Two Options		
Additional Program Reductions	**FTEs**	**Ongoing Savings**
Human Resources Recruitment Staffing	1.00	$78,000
Transportation Events Coordinator	1.00	$120,000
Living/Prevailing Wage Program	1.00	$114,000
Street Landscape Maintenance	3.00	$232,000
Street Light Shut Off		$459,000
Community Facilities Re-Use	9.00	$303,000
Community Centers Closure	7.50	$306,000
Police Traffic Enforcement Team	5.00	$759,000
Mayor, City Council, Appointees, CBOs	TBD	354,000
TOTAL	**27.50**	**$2,725,000**

Tier Three reductions could potentially include: 1) further reductions in library and community center hours; 2) rescinding proposed new investments such as for Economic Development to support retail and facilitate industrial project development, and half of the new Police Officers in the General Fund; 3) the complete eliminations of the Park Ranger Program, Elementary School Crossing Guard Services, and/or Landscape Maintenance; and/or, 4) significant reductions to Regional Park Recreational Programs and other public safety services including School Liaison Sworn Staffing and Neighborhood Watch.

San Jose instituted a hiring freeze in 2001 for non-critical positions to reduce expenditures and preserve vacancies to avoid layoffs. The number of City employees in the FY09 budget is 6,953 a net decrease of 39 positions from FY08, down from a high of nearly 7,500. While some new positions are added in the FY09 budget, a number of employees are negatively impacted as well. Of the 164 positions eliminated in the budget, 45 are filled positions. Of the positions recommended for elimination in the budget, 9 full-time and 6 part-time employees would face redeployment or layoff. Over the past six years 450 positions have been eliminated, and no fulltime employee has left the City involuntarily. Instead, they have moved these employees into other needed positions that, though necessary to provide services, had been held vacant.

Approximately 120 new positions were proposed for addition in the budget, of which 53 were previously approved through Council action. The additions are concentrated in several key areas: public safety with the addition of 15 new police officers; neighborhood services with 46 positions for libraries, community centers and parks; airport with the addition of 11 positions; finance with 5.5 positions for enhanced monitoring and collections; economic development with 4 positions; and environmental services with 15 positions.

City of Detroit

Population: 871,000

In FY06, the city of Detroit faced a potential deficit of $300 million due to structural costs that the administration had inherited and costs there were built into the budget when economic times were much better. There was a lot of talk about Detroit being on the brink of payless paydays, bankruptcy and receivership. Detroit has made dramatic reductions since FY06. Since FY03, Detroit has reduced expenditures for utilities, rent and insurance by $46 million and reduced expenditures for contractual services from $90 million to $51 million. In addition, Detroit has reduced the size of its

workforce by 25 percent since Mayor Kilpatrick took office, a savings of $100 million in total salary costs over a six-year period.

FY07 Fiscal Responsibility Items and Initiatives:

- Position Changes – The 2006-07 budget includes 657 fewer positions than the 2005-06 Budget.
- 10% Salary Reductions – for union personnel excluding Police and Fire. Union employees will have 26 days off without pay.
- Pension Obligated Certificates (POCS) – Anticipated savings of $20 million for refinancing of the POCs due to amortization change.
- Healthcare – Anticipated savings of $58 million citywide through plan design and contribution changes, reduction in administrative fees and rates.
- Internal Service Fund – $20 million for vehicle fleet replacements for vehicles throughout departments such as: Police, Fire, DPW, Public Lighting and Recreation.
- Demolition Program - $7 million in block grant funds recommended, down from $8 million in the 2005-06.
- Finance Department – an additional six (6) positions were added to Finance Treasury – to implement the solid waste fee and to further enhance revenue collections. Income Tax Division will aggressively investigate outstanding income taxes owed to the city.
- Environmental Inspectors were transferred from Health and DPW to the Department of Environmental Affairs (DEA). This change will allow DEA to be more efficient in monitoring areas for violations.
- Public Lighting – Department structure changed to better reflect functions costs. PLD will implement the VAR program saving a net of $8 million through reduced fuel costs.
- Transportation Operations subsidy – decreased from $83.4 million to $76.3 million, a reduction of $7.1 million from 2005-06. The Budget includes a .50 cents fare for both seniors and disabled riders.
- Establishment of a General Services Department – A total of 628 positions were transferred from Agencies such as: DPW, Recreation, Public Lighting, Health, Civic Center and Elections to create this department. This department includes the consolidation of fleet management, skilled trades with the exception of the Apprentice Program, security, building and grounds maintenance including vacant lots and inventory management. This consolidation will save $4.5 million through coordinated purchasing and consolidated efforts.
- Senior Citizens Department functions and the Consumer Advocacy functions moved to the Mayor's Office Neighborhood City Halls.
- 311 Call Center moved to the Mayor's Office Neighborhood City Halls.
- Consumer Affairs Department Functions Transferred - Licenses and Permits to Buildings and Safety Engineering; Weights and Measures regulation to the Police Department Vehicle Management Division.

FY08 Fiscal Responsibility Items and Initiatives:

- Civilian salaries are at full funding.
- Demolition Program - $5.1 million in Block Grant Funds recommended, down from $7.2 million in the 2006-07 Budget. A grant for $1.5 million Economic Development Initiative will be used to supplement this program.

- Finance Department – Will initiate an Accounts Receivable Collection Plan to migrate all in-house systems onto the Accounts Receivable Module. To enhance cash Management processes, Debt Management will consolidate with the Treasury Division. Additional positions were added to both the Income Tax and Treasury Division to improve timeliness of tax refund processing and revenue collection.
- ITS – Will administer a Computer Leasing Initiative for the procurement of computer equipment and laptops for city departments.
- Public Lighting – Implement an energy management services agreement, which will generate an additional $5 million.
- Recreation - $8 million from the Casino Percentage Payment is being dedicated to Recreation for capital improvement ($4 million) and additional seasonal summer employees ($4 million)
- Transportation Operations subsidy – increased from $76.8 million to $79.7 million, an increase of $2.9 million. The increase is primarily due to the restoration of the 10% DOWOP.
- General Services – Just in time delivery of parts for vehicles to replace current system. This will provide the ability to deliver parts and services faster and cheaper.

FY09 Fiscal Responsibility Items and Initiatives:

- General Wage increase of 4% for civilian employees and 3% for uniform employees in accordance with labor agreements and 312 awards.
- Fiscal Stabilization Bonds – This is the final year of payments for the fiscal stabilization bonds. The FY 2008-09 balloon payment is $40.2 million.
- Finance –Additional positions were added to General Accounting Division to improve the production of the Comprehensive Annual Financial Report (CAFR).
- Transportation Operations subsidy – increased from $79.7 million to $85.0 million, an increase of $5.3 million.

City of Austin

Population: 710,000

The FY09 budget is structurally balanced with revenues sufficient to cover expenditures. Achieving structural balance can be a daunting task in the face of increasingly inadequate revenue and escalating program and service delivery costs, as well as the tremendous costs of ongoing investments in both new and aging infrastructure. The city of Austin faced a decline in sales tax revenue in early 2008, and as a result, city management initiated a number of financial strategies to restrain spending including calling upon Department Directors to recommend Cost Savings Plans as a means to further curtail spending during the current fiscal year. As a result of the implementation of those Cost Savings Plans, the city of Austin is projecting to end the year with about a $2 million surplus in the General Fund.[3]

In regard to the proposed budget for fiscal year 2009, achieving structural balance meant eliminating a revenue shortfall of $25.3 million in order to meet projected expenditure requirements for the upcoming year. City management undertook a number of strategies to close the funding gap. Expenditures were reduced by refining original cost estimates, including insurance costs, accrued payroll, and inflationary costs. Other expenditure decreases were identified through further development of departmental savings plans which included reducing police and fire overtime, holding 42 general fund positions vacant, and reducing contractual and commodity expenditures.

[3] City of Austin. *Fiscal Year 2008-2009 Proposed Budget.* Available: http://www.ci.austin.tx.us/budget/08-09/downloads/FY09ProposedExecutive3Summary.pdf. Accessed: July 31, 2008.

Decreases were achieved in Communications and Technology Management, Support Services, and Capital Project Management. Finally, expenditures were decreased by $2.3 million by reducing employee pay raises from 3.5 percent to 2.5 percent, and delaying implementation until December.

With the local economy expected to grow at a more moderate pace while the costs of delivering services will continue to increase, balancing the 2009 budget focused primarily on spending reductions, with particular emphasis on minimizing service impacts to Austin residents.

Balancing the 2009 Budget:

The city of Austin expected projected 2009 expenditures to increase by $48.0 million. When compared to projected increased revenue of $22.7 million, this resulted in a shortfall of $25.3 million. Refining the revenue projections resulted in an additional $4.7 million that helped close the gap. To balance the budget, expenditure projections were decreased by $20.6 million. The major elements of recommended spending reductions in the General Fund are described below:

General Fund Departmental Savings - $6.8 Million

- The Police Department generated savings of $1.5 Million. Beginning in 2007, the police chief eliminated a minimum staffing policy that required supervisors to have eight of ten officers assigned to a shift on duty at all times even if they had to pay overtime. Instead, officers are now deployed based on analyses of demand and crime statistics, which will be enhanced beginning this summer using a program called COMPSTAT. Additional strategies are also planned for 2009, including more effective backfilling for special events.
- Fire was able to generate $650,000 of savings. By continuing to effectively deploy staffing and units throughout the City's 45 station system, the Department will be able to reduce overall overtime costs.
- Emergency Medical Services has generated $950,000 in savings. In recent years, EMS has not budgeted vacancy savings based on difficulties in accurately predicting staffing impacts associated with the conversion to a 48-hour work week in 2006. With two years of experience in monitoring actual staffing patterns, EMS is better equipped to predict annual vacancy savings in 2009. And for 2009, the cadet positions will not be utilized, due to improved overall recruiting of existing paramedics, which is a result of the added recruiting resources added in the 2008 budget.
- Municipal Court has $340,000 of savings in 2009, mainly due to reduced service collection costs.
- By freezing one vacant records management positions, as well as reducing contractual and commodity costs, the Health Department has achieved $231,000 in savings.
- Parks & Recreation's savings of $1.6 million will be achieved by keeping 24 positions vacant, which represents approximately 5 percent of their total personnel. The department will be able to spread these vacancies throughout all areas, therefore minimizing impact to service levels.
- The Library Department has savings of $139,000, achieved by freezing a vacant purchasing position, as well as reducing travel and training.
- The Watershed Protection & Development Review department has identified $1.0 million in savings. This is due to reducing contractual and commodity costs, charging Austin Water Utility for work performed, and managing overall vacancies. Additionally, the department will keep six positions vacant related to the barricade program. This will leave a full crew of 7 FTEs in place for FY 2009 to begin implementing the City's new downtown traffic control plan.
- In the Neighborhood Planning & Zoning Department, salaries for three positions will be charged to CIP project funding. The department will also scale back on contractual and commodity expenditures; total savings are $268,000.

Support / Internal Service Departmental Savings - $9.9 Million

- Savings of $5.5 Million were generated in Administrative and Technology Support. All City departments utilize central support services and information technology services. These internal service funds include functions like financial services, human resources and legal services, as well as Mayor and Council and the City Manager's office. Both this year and next year, spending has been reduced to generate savings to help cover the increased costs of operations in 2009 that was anticipated in the five-year forecast. As a result of these savings efforts by the City's internal services funds, either holding open vacant positions or reducing discretionary spending, the General Fund will be able to allocate a lower level of funding in 2009 for these services than was originally projected in the forecast. Enterprise funds will also benefit from these savings efforts.

In addition to departmental operating expenditures, the General Fund contributes to other City programs and activities through the transfer of funds. Part of the budget balancing process for 2009 included a reassessment of these transfers, including researching the original rationale and basis for the transfer amount. This resulted in savings of $4.4 million.

Corporate Savings - $3.5 Million

During the last three years, growth in the local economy has allowed the City to reinvest in the workforce through increased pay and benefits. The 2009 budget continues to include funding for employee pay increases.

The forecast presented to Council in April reflected an annual pay increase of 3.5 percent across the board for the entire workforce. Meet and confer and collective bargaining negotiations with the public safety workforce are still in process at the time of this proposed budget submittal. Citywide, the budget proposal includes funding for a 2.5 percent pay increase for all city of Austin employees, which would become effective in December 2008. This is a necessary measure to reduce expenditures in the General Fund and help address a portion of the shortfall.

The budget continues funding for the Employee Awards & Recognition program. The corporate-wide events, however, will be scaled back, with more focus on departmental recognition in 2009.

The financial impact of these savings on the General Fund will minimize any reductions in services for Austin citizens in the 2009 budget, and will help close the estimated shortfall.

General Fund

The 2009 budget for the General Fund totals $620.7 million and provides funding for basic municipal services, such as public safety, health and human services, parks and recreation and library services.

Property Tax Revenue - The City of Austin receives 34 percent of its total revenue from property taxes, its most stable source of revenue. This budget sets the overall tax rate at 40.28 cents per $100 of assessed valuation. Of the overall tax rate, 27.61 cents per $100 of assessed valuation will be collected and deposited into the City's General Fund to pay for ongoing operations and maintenance costs. The remainder will be deposited into the debt service fund to pay for capital improvements. Due to an increase in new property on the tax rolls, the tax rate results in $20.5 million of additional revenue compared to 2008 revenue. The 2009 tax rate of 40.28 cents is lower than the 2008 tax rate of 40.34 cents.

Sales Tax Revenue - Sales tax represents 26 percent of total General Fund revenue in 2009. Austin's sales tax revenue continues to grow, but not at the rate originally anticipated for 2008. Sales tax growth has been revised downwards to 2.0 percent. The FY 2009 budget is based on 3.0 percent growth in 2009. Given growth in retail sales so far this year, and evaluating the predicted trends of the overall national economy, the city's growth projections are prudent. Using 3.0 percent growth will result in sales tax collections of $160.8 million in 2009.

Utility Transfers - The General Fund receives annual transfers of funds from Austin Energy and Austin Water Utility at 9.1 percent and 8.2 percent of gross revenue, respectively. These transfers are similar to the property taxes, dividend, or return-on-equity type payments commonly paid to municipal governments by investor-owned utilities. The transfers are calculated based on a rolling average of the last two years actual revenue and the current year estimated revenue. Due to strong off-system sales during the current year, the transfer from the electric utility will increase in 2009 by $2.0 million compared to the preliminary projections included in the five-year forecast. In 2009, transfers from the utilities total $121.5 million.

Other Revenue - Every two years, the City completes a comprehensive revenue initiative in which existing fees are reviewed, and new fees are considered that would support the delivery of services. The review also includes an analysis of whether fees have kept pace with inflation. The proposed budget reflects increases in various other revenue categories primarily to keep pace with the cost of service. Examples of the types of fee adjustments include police patrol fees for event support and several parks fees related to the use of electricity or increasing maintenance costs. No major changes are proposed in development fees, although most of these fees have not been adjusted since the early 1990s. The Watershed Protection and Development Review Department plans to conduct a comprehensive review of all fees in the near future, incorporating a cost of service study, as well as a survey of stakeholders and a comparison to other cities.

General Fund Reserves - The proposed budget maintains the contingency reserve at 1 percent of departmental expenditures, or $6.0 million. The emergency reserve remains at $40 million. If funds are appropriated from either of these two reserves during the course of a year, these funds have to be replenished during the following year. The City's financial policies provide for a third General Fund reserve for budget stabilization. These funds may be appropriated to fund capital or other one-time costs, but such appropriation should not exceed one-third of the total amount in the reserve. In the past when reserves have been discussed with the rating agencies, the City has consistently indicated it would be spending a portion of budget stabilization reserves to pay for capital replacement costs deferred during lean economic times. Under current financial policies, it is anticipated that $10.5 million will be available in fiscal year 2009 to fund capital replacement needs. Based on the significant investment in vehicles and equipment during the last two years, $10.5 million will be sufficient to maintain the City's fleet and other capital equipment in good working order. The balance of $20.9 million in the budget stabilization reserve at the end of 2009 will provide a sufficient level of reserve, including funding for future capital replacement expenditures.

Department	FTEs	FY09 Budget	Comments
Emergency Medical Services	464.00	$46,200,000	Budget includes savings of $950,199. The department is holding vacant 10 EMS Cadet positions which amount to $353,615 in personnel savings. There are no plans in FY 2009 to utilize these cadet positions. Additionally, vacancy savings for uniformed personnel are increasing for a total of $596,584.
Fire	1046.00	$127,200,000	Budget includes savings of $650,000. The reductions include 350,000 in overtime savings, an additional $200,000 of vacancy savings and a $100,000 reduction in funding for the cadet hiring process. The overtime and vacancy savings will be realized by continuing to efficiently deploy units and staff throughout the City's system of 45 fire stations. The funding for hiring is used for purchase of a written exam, oral board and background services, facility rental, and services related to the administration of the written cadet exam. The restitution of funding for the cadet hiring process will be requested in FY 2010.
Municipal Court	163.00	$15,000,000	Budget includes savings of $339,426. A reduction of $275,000 is derived from a collection fee assessed to cases turned over to a collection service. This expense is now paid by the individuals for the collection fee instead of Municipal Court paying for it. Other operational reductions of $64,426 are also included. These reductions

			are for various support costs such as cleaning supplies, telephone equipment, subscriptions, mileage reimbursement, office supplies, clothing, food/ice, small tools, memberships, printing and binding, and gas/heating fuels.
Police	2150.50	$241,400,000	Budget includes savings of $1,583,643. The savings include the elimination of a currently vacant sworn Commander position, which will generate a savings of $175,313. The facility for the Child Abuse unit is not anticipated to be occupied during FY 2009, resulting in a reduction of $102,000 for the rental of that facility. To better reflect the cost of overtime rate services, a $150,000 increase in expense refunds is included in the department's savings plan. Additionally, $258,330 in savings will be generated from a reduction in overtime as a result of using Detectives to fill in as additional officers for non-reimbursed overtime special events, including Mardi Gras, Texas Relays, Halloween and South by Southwest. Finally, an additional $898,000 in savings for overtime will be generated as a result of departmental initiatives such as "Home for the Holidays" and the elimination of minimum staffing.
Public Safety & Emergency Management	118.00	$12,000,000	Budget includes a decrease of $22,300 to department-wide travel and training and the Awards and Recognition program.
Library	350.43	$25,300,000	Budget includes savings of $138,684. The reductions include a $34,494 decrease as a result of holding a 1.00 FTE Purchasing Technician position vacant for the entire fiscal year. Additionally, a decrease of $43,867 in the periodicals budget and a $60,323 decrease in the department travel and training.
Parks & Recreation	473.50	$55,300,000	Budget includes savings of $1,587,398. For the entire fiscal year, the department will hold 24 positions vacant, resulting in a savings of $967,769. Contractual and commodity expenditures will be reduced department-wide for a total savings of $323,141. Additionally, the department will maximize use of alternate funds for expenditures. Special Revenue Funds, such as Trust and Agencies and Park Land Dedication Funds (PLDs), will be used to fund eligible expenditures for a total savings to the General Fund of $296,488.
Health & Human Services	288.50	$61,100,000	Budget includes savings of $230,830. Contractual and commodity expenditures will decrease $32,500 department-wide in an effort to meet the savings plan target. The pilot adult immunization program that began in FY 2008 will reduce funding for a temporary position. Additional staffing reductions will be made within the Administrative and Management activity, where a position will be held vacant for FY 2009 to produce a vacancy savings of $66,344. This vacancy will impact the department's centralized records management. A $64,386 savings will be recognized within the department due to a savings in back charged salaries and benefits. The Budget will also include a reduction in unallocated bilingual pay for 22 positions for a savings of $39,600. This reduction will not impact service levels because the department will have enough funding for 20 positions if needed in the coming fiscal year.
Neighborhood Housing & Community Development	66.00	$48,800,000	
Neighborhood Planning & Zoning	76.50	$7,100,000	Budget includes a savings in the amount of $44,800 in areas such as books, seminars, advertising/publication, memberships, photographic supplies/services, food & ice, computer supplies, and software. Additionally, three existing Senior Planner positions will back charge the on-going Comprehensive Plan CIP project, in order to maintain program and personnel needs.
Public Works	527.00	$66,700,000	

Contract & Land Management	74.00	$7,500,000	
Watershed Protection & Development Review	518.00	$76,900,000	Budget includes savings of $1,007,701. An increase in vacancy savings in the amount of $344,291 will be achieved through a managed vacancies plan. As positions become vacant, the department plans to keep them open at least 4 months on average. The department will also have savings of $329,771 to hold 6.0 FTEs vacant for the entire year related to event traffic control. This will leave a full crew of 7 FTEs in place for FY 2009 to begin implementing the City's new traffic control plan. Additional back charges to Austin Water Utility are included in the reductions. WPDR has negotiated an increase in the back charge of $58,383 to AWU based on use of Austin Clean Water Plan (ACWP) FTEs to provide a Special Projects Review Team to facilitate the issuance of permits for three large scale AWU projects. The other back charge from AWU is for partial funding in the amount of $132,634 of three existing Right-of-Way Management FTEs to work on the South IH-35 Water/Wastewater Program. Other operational reductions of $142,622 are also included. These reductions are for various support costs such as testing services, mileage reimbursement, printing and binding, office supplies and small tools.
Communications & Public Information	17.00	$1,800,000	Overtime will be reduced by $10,000 in the Channel 6 Activity. The Department will increase vacancy savings by $25,000 in FY 2009 as a result of attrition. The Budget includes the transfer of responsibility for the Austin City Employees (ACE) Appreciation and Physical Education (PE) programs to CPI. Funding for these programs was originally transferred in from the Human Resources Department in the amount of $120,000 for FY 2009. Due to budget savings plan reductions for ACE in the amount of $60,000 and an increase in the PE program of $18,665 for more employee participation, the budget is increased by $78,665. Additionally, a Public Information Specialist Senior FTE and $77,555 is proposed to be transferred in from Management Services to manage these programs. The total budget increase for CPI is $156,220. The small tools budget will decrease by $10,000 department wide in FY 2009.
Financial & Administrative Services	378.75	$27,900,000	Budget includes a decrease in funding in the amount of $103,320 due to the transfer of funding for parking for some of the Central Library employees to the Library. Budget also includes the transfer of $80,900 for memberships to National League of Cities, Texas Municipal League and the U.S. Conference of Mayors to Management Services and the Mayor's budgets.
Communications & Technology Management	328.00	$51,400,000	
Fleet Services	194.00	$47,100,000	
Government Relations	3.00	$1,300,000	
Human Resources	97.00	$9,900,000	Budget includes savings of $529,079. Vacancy savings was increased by $195,227 based on analysis of normal department attrition. Also included is a decrease in the amount of $24,359 for property and boiler insurance. Additionally, in October 2008, the City of Austin will receive a membership credit on property insurance in the form of a one-time premium reduction in the amount of $309,493. The credit is a result of the mutual insurance company structure and its better-than-expected operating performance due primarily to lower-than-expected property losses in the immediate previous years. However, this credit will not be available in October 2009 due to higher claims experienced in 2008.
Law	89.00	$8,800,000	Budget includes savings of $308,561. To generate these savings, the

			Law Department is increasing vacancy savings by $200,000 based on historical analysis and attrition. Additionally, one Attorney Senior position will be held vacant for FY 2009, which will foster personnel savings in the amount of $108,561.
Management Services	41.25	$15,000,000	Budget includes a savings of $87,320. The reduction includes holding 2.0 FTE Assistant City Manager Executive Secretary positions vacant for the entire fiscal year.
Mayor and Council	30.00	$2,184,978	
City Auditor	24.00	$2,200,000	Budget includes savings of $58,335. These savings include a $50,000 increase in a back charge to Austin Water Utility (AWU) and a $8,335 decrease in departmental commodities and contractual expenses.
City Clerk	19.50	$3,100,000	Budget includes savings in the amount of $72,199 in areas such as computer software, computer hardware, small tools, packing supplies, mileage, books, and further travel and training reductions.
Small & Minority Business Resources	29.00	$2,600,000	Budget includes savings of $70,371. These savings are for contractual and commodity expenses such as rental of equipment, telephone equipment, food and ice and small tools.
Austin Energy	1716.75	$1,380,000,000	
Economic Growth and Redevelopment	44.75	$7,200,000	
Austin Water Utility	1056.60	$414,800,0000	
Aviation	374.00	$134,300,000	
Convention Center	241.00		
Solid Waste Services	463.00	$66,600,000	

City of Portland

Population: 537,000

The city of Portland did not have to address a revenue shortfall in FY09. Mayor Tom Potter drafted his first city budget at the end of a prolonged economic downturn four years ago when the city faced a $15.7 million deficit and a sixth straight year of budget cuts. The FY09 budget reflects an economy that remains strong, with the City enjoying an additional $33 million in General Fund resources above what is required to maintain services at last year's levels.

City of Tucson

Population: 519,000

The General Purpose Funds budget, which funds the 10-year Financial Sustainability Plan, is $491.7 million for Fiscal Year 2009, a decrease of $1.7 million from Fiscal Year 2008. Because the Fiscal Year 2009 General Purpose Fund revenues are just adequate to cover the recurring costs adopted in the Fiscal Year 2008 budget, funds are not available to expand services or fund human capital adjustments.[4]

Through the ten-year Financial Sustainability Plan, the Mayor and Council provided the community with a concise picture of the city's future needs and the means to achieve its goals. The plan incorporated aspects of the city's strategic priorities, as well as input from citizens and other planning processes. It focuses 60 percent of General Purpose Funds revenue growth on improving services

[4] City of Tucson. *Recommended Biennial Budget Summary: Fiscal Years 2009 and 2010.* http://www.tucsonaz.gov/budget/docs/09RecBOOK-V1.pdf. Accessed: August 7, 2008..

to the community. The goal of this year's budget process has been to maintain the gains achieved through the Financial Sustainability Plan over the last two years.

Just as there are no service increases for citizens in the Fiscal Year 2009 Recommended Budget, there are no raises for employees. However, the Fiscal Year 2009 recommended budget does continue the past two years of Financial Sustainability Plan's service and human capital increases:

- Maintains Police and Fire staffing at the city's highest recorded levels.
- Repairs and repaves another 16 square miles of residential streets.
- Continues 24,000 hours of maintenance and 20,000 hours of programs in Parks and Recreation.
- Funds $800,000 in Parks and Recreation facility improvements.
- Maintains employee raises and benefit contributions.

For Fiscal Year 2010, preliminary revenue projections indicate growth of $10.9 million that will be available for increases in Financial Sustainability Plan funding: $6.5 million to improve services and $4.4 million for human capital investments.

While there are no Financial Sustainability Plan funds for human capital adjustments, the city is still faced with increased personnel costs and no revenue growth. The Fiscal Year 2009 Budget has to cover an estimated $11 million for public safety pension contribution increases ($6 million), the full-year cost of the Fiscal Year 2008 merits ($3 million), and medical insurance rate increases ($2 million). While it would have been easy to reverse course on the Financial Sustainability Plan to fund this deficit, Mayor and Council made it clear that they don't want to retreat from progress on their ten-year vision. Instead, to cover these increased costs, support departments were asked to further tighten their belts.

Staff developed budget revisions that transferred existing funding between departments to cover the public safety pension contribution increase and the full year cost of Fiscal Year 2008 merits. Funding for the increased personnel costs will come from filling retiree vacancies at lower salaries and from reducing department budgets through increased turnover rates, which will require the continued management of vacancies in Fiscal Year 2009. Potential non-personnel increases in fuel and energy rate changes will be recovered through an extension of travel reductions and major acquisition deferrals begun in Fiscal Year 2008. The City has committed to ensuring there are no layoffs.

Controlling base budgets

Controlling base budgets is an integral part of the Financial Sustainability Plan; without controlling current costs, Tucson would not be able to dedicate revenue growth to improving services and investing in human capital. A basic tenet of the Financial Sustainability Plan has been that the city's budget would offset the impact of population and inflationary pressures by generating cost savings throughout the organization. Over the life of the plan, departments will have to continuously improve their service delivery by doing more with less. Over the past two years, departments have had to absorb the cost impacts of inflation and the demands of a growing population. Following are some of our "controlling base budgets" accomplishments to date:

- Per capita budgets have decreased on a constant dollar basis (i.e., adjusted for inflation).
- Since 2006, new city positions have primarily been to implement Financial Sustainability Plan services, such as additional police officers and firefighters.
- Staffing has been reduced through attrition in support operations such as fleet, purchasing, personnel, etc. since 1999.
- Past and current retirement incentives have reduced recurring personnel costs.

The Financial Sustainability Plan itself has helped to control base budgets by limiting funding for human capital increases to 40 percent of revenue growth. Beginning in Fiscal Year 2007, the Financial Sustainability Plan reversed prior year trends that saw over 60 percent of funding allocated to human capital and only 40 percent to services.

Future benefit changes

To complement department efforts at reducing the costs of service delivery, several changes in employee benefits have been initiated to help control future cost pressures on base budgets.

Pension Contribution Rates - Contribution rates to Tucson Supplemental Retirement System (TSRS) for new employees will be based on the total required combined contribution rate calculated annually, which will save the city up to $2 million annually.

Retirement Program Changes - An End of Service (EOS) Program is offered to help with the long-term goal of workforce planning. TSRS employees who are eligible to retire prior to December 31, 2010, may participate in this program, which sets aside their monthly retirement benefit in an interest-bearing account while they continue to work up to one additional year for the city.

Medical Benefit and Premium Changes - The city has had successful negotiations with the current medical insurance provider (CIGNA HealthCare) and is renewing the contract for next fiscal year. Initially, CIGNA offered the city a 14 percent premium rate increase, but the city was successful in negotiating that down to a 6 percent rate increase.

Plan offerings were changed based on feedback received from an Employee Benefit Survey conducted in March 2008. The city will offer a high premium plan, a low premium plan and a choice fund plan. The Open Access Plus plan, which provided referral-free access to physicians, was eliminated due to low participation and high cost.

A cost saving feature built into the contract includes premium returns for employee participation in a health risk assessment. CIGNA agreed to a premium credit based on the level of employee completion of CIGNA's on-line Health Risk Assessment (HRA) by June 15, 2008. If 50% to 74% of the employees complete the HRA, a premium credit of 0.75% will be issued back to the city. A 75% or greater employee participation rate will garner the city a 1.5% premium credit.

While a lower rate increase was negotiated, the city will be absorbing a $2 million premium increase for active and retired employees. The city will move to a three tiered salary-based employee contribution, with better paid employees bearing a greater cost of their medical benefit. For employees with base salaries of $60,000 or less (approximately 3,600 employees), their premium levels will be set at current rates for the basic HMO and HRA plans. For employees with base salaries of $60,001 to $100,000 (approximately 1,850 employees), premium levels will be set at 5% more than the rates for the lowest salary-based premium. Premium levels for employees with base salaries of more than $100,001 (approximately 140 employees) will be set at 10% more. Depending upon the plan selected, employees making over $60,000 would be paying from $1 to $9 more per pay period for medical insurance.

Retiree Medical Premium Changes - Like most other city, county, and state governments, the City of Tucson is facing a funding challenge related to Government Accounting Standards Board Statement 45, which requires disclosing liabilities relating to Other Post-Employment Benefits. The city’s other post-employment benefit is the medical insurance provided to retirees.

While the city’s policy has been to contribute 75 percent to the cost of medical premiums for retirees prior to Medicare eligibility (upon eligibility for Medicare, the city's contribution ceases), the city’s post-employment liability can be reduced by switching to a fixed-amount subsidy. Other Arizona retirement systems provide a fixed-amount subsidy (currently $160-240 depending on the coverage). To contain future costs, the city will offer a fixed contribution for this benefit.

For those who enter the EOS Program or retire prior to January 1, 2010, the medical benefit will remain at the 75 percent level. For those retiring January 1, 2010 or later, the benefit will be $200 for the retiree only, $375 for retiree and one dependent, or $475 for a family. As with the current policy, the city’s retiree medical benefit will stop when the retiree reaches Medicare eligibility.

Managing through the Current Recession

Early data available in November 2007 suggested a $5 million shortfall for the City of Tucson based on reduced local and state-shared sales tax collections. However, holiday revenues proved to be very disappointing and the estimated revenue shortfall was revised upwards to $12 million. The City of Tucson is not alone. Many others, including the City of Phoenix and the State of Arizona, have experienced similar downward trends with revenue estimates getting progressively worse.

In response to the city's projected deficit in Fiscal Year 2008, a decision was made to hold non-public safety positions vacant, cut travel, and defer major acquisitions and improvements. The impact of the economic slowdown on the city's revenues is also reflected in the General Purpose Funds portion of the Fiscal Years 2009 and 2010 Recommended Biennial Budget.

Permanent Reductions Are Needed. The General Purpose Funds savings efforts started in Fiscal Year 2008 and that will continue in Fiscal Year 2009 are only temporary solutions. During Fiscal Year 2009, departments will be asked to evaluate the services and activities they perform to determine opportunities for permanent savings by eliminating vacant positions, consolidating services, and improving efficiencies. This effort will help us manage the recession and is a next step in the continuous improvement cycles that the Financial Sustainability Plan requires to be successful.

City of Sacramento

Population: 454,000

The Proposed Budget is balanced and totals $964.3 million from all funding sources and supports 5,294 authorized full time equivalent (FTE) positions. The General Fund totals $420.3 million and 3,943 authorized FTE, with 338 FTE proposed to be unfunded.

The General Fund deficit was estimated to be $58 million for Fiscal Year 2008/09. The Proposed Budget reflects the Council's direction to keep public safety and core services a high priority. Police and Fire Department net operating budgets have been reduced by approximately 8%. In order to balance the budget, most other department net operating budgets have been reduced by 20%. Overall, these reductions will likely result in lower service levels, however, core services are being maintained and funded.[5]

The $58 million gap between ongoing revenues and expenditures has been closed with a combination of ongoing expenditure reductions ($32.5 million), the implementation of new fees, and one-time funding ($20 million). Following is a high level overview of the reductions to the City's General Fund operating departments included in the Proposed Budget. In some departments, additional FTE have been identified as unfunded to reflect rightsizing efforts currently underway and previously unfunded positions:

- $26.6 million reduction in labor costs, including the unfunding of 338 FTE
- $5.9 million reduction in service and supplies
- $2.6 million increased reimbursements from other sources
- $3.7 million in new revenues are included to help offset the cost of maintaining service levels.

The use of one-time resources to bridge the gap between revenues and expenditures defers, but does not eliminate the need to make cost reductions. In future years these reductions will be deeper

[5] City of Sacramento. *Fiscal Year 2008/09 Budget in Brief.* http://www.cityofsacramento.org/finance/budget/Proposed-budget-FY2007-08/documents/FY08-09ProposedBlueprint.pdf. Accessed: July 9, 2008

and more difficult since many of the non-essential services are already proposed to be eliminated in Fiscal Year 2008/09.

The Proposed Budget is the first, and major, step in a multi-year plan to close the budget gap with ongoing measures. Dealing with the funding gap over a multi-year perspective will require hard decisions relative to program and service priorities and discipline to ensure that the city is implementing long-term solutions versus short-term band aids to address the City's financial problem. The long-term plan will include the following primary cost reduction strategies:

- Additional staffing reductions
- Maintaining strict hiring controls
- Identification of new revenue sources
- Continued management of discretionary expenditures
- Continuation of the City Manager's Budget Advisory Committee

One way to reduce the impact of budget reductions on service levels is an examination of the fundamental organization of service provision. At least four potential departmental consolidations will be evaluated for implementation prior to the start of FY2009/10:

- General Services and Information Technology
- Human Resources and Labor Relations
- Development Services, Planning, and Economic Development
- Treasurer and Finance

The criteria applied to evaluating potential departmental consolidations will include customer service enhancements, consistency in service delivery, efficiencies, and cost reductions. Any recommendations for changes in departmental organization will be presented to the Mayor and City Council for approval.

Two additional areas in the General Fund which merit further examination with a goal of reducing costs are the vehicle fleet and facility operating costs.

Department	FTEs	FY09 Budget	Comments
Charter Offices			
City Attorney	58.00	$6,538,000	Budget reduced by $1,079,000 including the unfunding of 5.0 positions, which includes one attorney position. CIP monies originally budgeted for CAO improvements, including law library construction, compact file storage, and additional attorney offices will be transferred to the operating budget and construction of these improvements deferred to a later date.
City Clerk	13.00	$1,509,000	Reduced by $114,100, including the unfunding of 1.0 FTE Deputy City Clerk and 16 days of work furlough in FY09 for all remaining 12 employees. Impact: up to 15-21 days delay in service delivery to process and distribute agreements, contracts, resolutions, ordinances and research requests.
City Manager	24.00	$3,528,000	Includes Office of Public Safety Accountability, City Auditor, PIO, Customer Service, Legislative Affairs, Office of Youth Development, eGovernment. Budget reduced by $634,400, including the unfunding of 2.0 FTE positions and the reassignment of two positions. Impact: Reduced ability to monitor and respond to legislative issues and reduction in City advocacy at the federal level.
City Treasurer	18.00	$1,896,000	The Office of the City Treasurer will reduce its budget by approximately $416,000, including the unfunding of 4.0 FTE positions.
Mayor/Council	29.00	$3,417,000	Net cost reduced by $394,805 due to the unfunding of one position, reduction of $90,000 from discretionary funds for council members, a $51,100 reduction in operations support expenditures, and $125,000 in additional revenue.
Operating Departments			
Code	106.50	$10,706,000	The Code Enforcement Department will be reduced by $1,243,800,

Enforcement			including the unfunding of 12.0 FTE positions. Impacts: Response times for Neighborhood Code Compliance will increase from 3-5 days to 10-14 days. Response times for Housing and Dangerous Buildings will increase from 3-5 days to 1-2 weeks. For Business Compliance, reduction of 3.0 FTE will eliminate proactive enforcement for business activities including somatic practitioners, arcades, billiards, and illegal outdoor vending. Response will occur on a complaint basis.
Convention, Culture & Leisure	213.57	$27,887,000	Budget reduced by approximately $823,000, including the unfunding of 4.0 FTE positions.
Development Services	221.50	$20,842,000	Service areas within the department include citywide planning functions, building functions including structural, mechanical, and fire/life safety, and public counter operations for planning and building applications. The DSD budget will be reduced by $1.6 million. This reduction includes the right size of department revenues and reimbursements, including the unfunding of 56 FTE positions. Development Engineering services, along with funding and 24 FTE positions, will be transferred to the Department of Transportation. Impacts: customer waiting times will increase to 20-30 minutes at peak hours, customer helpline hold time will increase by 10%, commercial plan review will increase from 20 to 25 days, residential plan review will increase from 14 to 18 days, building inspectors will no longer respond within 24 hours, staff participation at public meetings will be reduced by 40%.
Economic Development	27.00	$5,328,000	Two divisions: Citywide Development is focused on development outside the Downtown Sacramento core; Downtown Development focuses on redevelopment and revitalization of the Downtown Sacramento core. The department will be reduced by $324,000, including the unfunding of 2.0 FTE Senior Project Manager positions and a reduction in consulting services. Impact: Discontinued/reduced levels of partnership with non-profit regional partners that provide business retention and attraction services.
Finance	101.50	$8,349,000	Provides accounting, budgeting, billing, collection, parking citation, and fee collection services. Transferred 19.0 FTE positions to the Department of General Services and 3.0 FTE to the Department of Economic Development, in conjunction with the reorganization of the Procurement Division. Finance Department budget reduced by $1.9 million. Impacts: Eliminate ongoing funding for consultants for various collections system development/replacement which will delay replacement of Cashiering, Business Operations Tax, Rental Tax, Transfer Tax, Weed Abatement and Utility Users Tax Rebate systems which are critical for collecting revenue for the City; reassign Revenue division staff to focus on increasing delinquent collections, which may negatively impact coordination of business permits.
Fire	655.00	$95,165,000	The Fire Department will be reduced by $ $5,831,040, including the unfunding of 46 positions. Impact of Unfunding 3 Fire Companies: increase emergency average response time from 5 ½ minutes to over 6 ½ minutes, Fire Company in each neighborhood will be closed approximately one time every 10 days; increase in emergency medical services and fire casualty rates; individual company call volume will increase, resulting in the neighborhood company not being available for response in immediate response district; increased demand on neighboring Fire Agencies for response in the City. Impact of Unfunding Public Education Officer: loss of proactive formalized fire prevention and safety program; no fire-related public education at schools, health fairs and neighborhood events; elimination of participation in the Juvenile Fire Setters program.
General Services	306.50	$59,075,000	Services include: 311 Call Center, Animal Care Services, Facilities and Real Property Management, Fleet Services, and Procurement Services (new division in FY09). Budget reduced by $2,867,800,

			including the unfunding of 15.0 positions. Impacts: increased response time to animal control calls; reduced levels of security, janitorial, and window washing services at City facilities; Mandatory thermostat adjustment in City buildings (two degrees hotter in summer, two degrees colder in winter); reduced level of graffiti abatement (service level to be capped at the budgeted reimbursement level); city facilities to be maintained in order of: 1) life safety/security; 2) structural/building integrity; 3) emergencies; deferred maintenance backlog likely to increase; potential for delay in the delivery of capital projects (from property acquisition/property management to contract processing and procurement support to construction management); reduced ability to continue department organizational improvements, C2C = WOW! initiatives, etc.
Human Resources	74.00	$30,779,000	The Human Resources Department will be reduced by $644,000, including the unfunding of 4.0 FTE. Impacts to Organizational Development: elimination of the OD Specialist position will result in a reduction in Inclusion training to City employees and the loss of the Inclusion Council coordinator; reduction in retaining out-sourced instructors will result in fewer City University courses provided to City employees; reduction in the computer hardware/software/consultant budget will preclude the ability to replace or upgrade existing computers in the City University Labs and will result in longer waiting lists for training; elimination of the C2C conference will slow the momentum of integrating the customer service initiative throughout the City's culture.
Information Technology	38.00	$10,414,000	The Information Technology Department budget will be reduced by $1,812,600, including the unfunding of 6.0 FTE. Impacts: reduce citywide IT Training Program; discretionary IT consulting and computer equipment service and supply budgets will be reduced, minimizing the department's flexibility to provide technical support and hardware purchased for IT initiatives; legacy telephone services will be supported by the departments using the service; GIS - production of specialized maps will no longer be provided; elimination of central Web site support will result in less frequent updates, limited upgrades and redesign and no added functionality; reduce contract and consulting services budget to zero - response to software failures and issues will be "best effort" with internal staff.
Labor Relations	9.00	$1,084,000	Budget reduced by $165,960, primarily through reductions in labor costs using voluntary furloughs. Impact: processing timelines for the negotiation of labor agreements and the resolution of discipline issues and grievances will be increased as a result of reduced staffing.
Neighborhood Services	16.00	$1,335,000	Budget reduced by $300,400, including the unfunding of 2.0 FTE positions and a significant reduction in the services and supplies budget. Impact: unable to provide financial support to community-based groups, which will in turn impact their ability to provide needed services. Analyst workloads will increase as they participate in a voluntary furlough and the program specialist position is vacated. This will reduce the department's ability to respond to requests, conduct research and to initiate and maintain programs.
Parks & Recreation	929.97	$44,339,000	The Department of Parks and Recreation will be reduced by $5,539,000, including the unfunding of 48.16 positions. Impacts: For turf and sports fields, lengthening mowing cycles, reducing weed abatement, modifying the watering schedule; reduction in general park repairs; small reduction in garbage pick up and restroom cleaning schedule; eliminate sports field reseeding and rehabilitation (unless through volunteer efforts) and pond algae treatments. Reduce or cancel agreements with non-profit organizations and other governmental agencies used to provide park and bikeway maintenance. Establish a citywide field use fee for youth sports, and

			increase fees for core sports, enrichment and dance programs. Eliminate sports programs at Centers and schools serving 120 youth; reduce sports and enrichment activities citywide. Eliminate free youth summer camps serving 85 youth; reduce expenses related to transportation services, instructions and supplies. Eliminate core ceramic classes for 30 seniors. Increase fees for swimming pool entry, swim teams and swim lessons, community center room rentals and use of computer labs. Eliminate "Cool in the Pool" after-hours program for days over 100 degrees; reduce swim season by 3 – 7 days; close Clunie and Pannell Meadowview pools at 5:00 p.m. Close Kennedy, Johnson, and Grant High School Pools. Natomas Pool to remain open (higher attendance, no other facility in the area). Close each pool one weekday each week. Reduce program and custodial services at Community Centers. Delete 1.0 FTE Special Program Leader for a pilot Skateboard Park Program that was to be supported from fee revenue that, upon further analysis, was not implemented.
Planning	38.00	$2,984,000	The Planning Department's budget will be reduced by $608,644, including the unfunding of 2.0 FTE positions. Impacts: Reductions to the consultant services budget could result in program delays if specialized planning services are required.
Police	1264.66	$132,277,000	Funding decreased by $10.1 million, including the unfunding of 67 sworn and 56 civilian support and customer service positions. In addition, 56 positions that are currently authorized but unfunded in the Department's budget will be shown as unfunded in the Proposed Budget. Impacts: Increased response times to emergency calls for service - current emergency response time averages 8 minutes, and is projected to increase to approximately 9 minutes. Reduced ability to investigate property crimes. Reduced capacity within the Forensics Division to collect and process evidence critical to the successful identification and prosecution of criminals. Time required to complete customer requests for reports or other information will increase. Business hours at Police facility public counters will be reduced.
Transportation	349.75	$47,168,000	Organizational Changes: Transfer of the Urban Forest Division from the Parks and Recreation Department to enhance coordination for improved efficiencies and customer service of tree maintenance within the city's rights-of-way and public spaces. Transferred the Development Engineering work unit from the Development Services Department to enhance coordination and expedite the processing of transportation project review and approval. The Traffic Engineering section of the Engineering Division became a separate division within DOT due to the nature of their work, the extensive citizen/community involvement and unique responsibilities placed on the City Traffic Engineer per City Code.The Department is deleting one FTE Traffic Engineer position and adding one FTE Program Manager position, resulting in a net savings of $28,726.
Utilities	732.00	$143,477,000	Reimbursement from the General Fund for inspecting, testing, and replacing backflow prevention devices at City facilities will be reduced by $16,800.
GRAND TOTAL	5213.45	$969,907,000	Includes other funds like debt service, fund reserves, non-departmental and inter-departmental.

City of Vallejo

Population: 117,000

Even though the FY08 budget included large reductions in staff and services provided to the public, the city of Vallejo was forced to file for bankruptcy protection in May 2008. The city did not foresee the extreme negative impacts on the revenues from the sub-prime mortgage crisis. On the

expenditure side, the savings from the planned reduction in the number of fire companies staffed were lost in arbitration. Large numbers of the city's most experienced employees either retired or left the city's employ. The cost of their contractually required final payouts was in the millions. The combined impact of these three things – loss of revenues, increase in staffing costs and the payout amounts – were more than the General Fund could sustain. After months of difficult negotiations with various employee groups, Vallejo was unable to reach an agreement that could resolve the structural budget imbalance.[6]

The FY09 citywide budget is $223.1 million of which the General Fund comprises $78.6 million. As of June 30, 2008, the reserves were exhausted and the projected deficit before service reductions or employee salary freezes was $16 million. Recommended expenditures for FY09 have been reduced by almost $7.8 million (almost 9%) from FY08. The impact on service levels is enormous. Two fire stations have closed. Fire staffing is at 1970 levels, and aging equipment is not being replaced. Budgeted positions in the Police Department have been reduced to 124, dozens less than it was four years ago. Community Services, Youth Services, Neighborhood Services and the Narcotics Team have been eliminated. Most property crimes are simply not investigated. Both police and fire administrative staff have been significantly reduced.

The proposed FY09 General Fund staffing of 379 employees is 23 percent less than the 494 positions authorized five years ago in FY04. These reductions have created service reductions to the community in all programs.

Employee salaries have been frozen at current levels, and Vallejo cannot honor the terms of the negotiated labor contracts. The budget proposes no change to the benefit structure at this time.

Department heads have had their salaries rolled back to the rate effective on July 1, 2005. This rate is expected to continue until the next fiscal year or until agreement is reach to exit bankruptcy. Confidential, administrative and management and professional management (CAMP) personnel will continue their current salaries. All employees in the International Brotherhood of Electrical Workers will continue with their current FY08 salaries. All employees in the Vallejo Police Officers Association and the International Association of Firefighters will continue with their current salaries per the interim agreement negotiated through June 30, 2008, which is a 2 percent increase from FY07.

With regard to retiring and separating employees, the City will pay 50 percent of their leave balances at the time of separation and deferring payments of the remaining 50 percent until January 2010.

Vehicle replacement has been reduced to $200,000, which is less than the minimum needed for police vehicles.

The City has contributed $1.5 to $1.7 million annually during the past five years to various community organizations and other governmental agencies to provide "quality of life" services to residents. Beneficiaries have included the public library, parks district, Convention & Visitors Bureau, Florence Douglas Senior Center, Police Athletic League, Vallejo Symphony, Community Arts Foundation, Youth and Family Services, and the Naval & Historical Museum as well as Solano County and the Humane Society for animal control and sheltering services. All of this funding, except animal control and sheltering services and Meals on Wheels (the local match for a federal CDBG grant) is proposed for elimination in the FY09 budget. This reduction in funding will impact a wide variety of Vallejo residents.

[6] City of Vallejo. *FY09 Proposed Budget*. http://www.ci.vallejo.ca.us/uploads/48/FY%2008-09%20Proposed%20Budget.pdf. Accessed: July 11, 2008.

FUNDAMENTAL SERVICE REVIEW

Comparison Study Synopsis

City Comparison of Organizational Structures

(August 25/26, 2008: Council Briefing Sessions)

Background

This companion study is a review of other city's organizational structures to determine if there are commonalities or differences with the existing structure of the City of Las Vegas.

Results

A detailed summary of 24 city organizations were reviewed for cities ranging in population from 3.8 million to 454,000. Cultural Affairs and Neighborhood Services units/departments are now more commonplace within a city's organizational structure.

Conclusions

Report validates the fact that the City of Las Vegas is in line with many of the prominent cities outlined in the report in terms of organizational structure. While each city is unique, there is no data to support a need for wholesale changes in the entire operation barring efficiency measures that should occur to ensure long term fiscal health of the organization.

Fundamental Service Review Companion Study
City Comparison of Organizational Structures

Author: Maggie Plaster

Date Completed: August 2008

Executive Summary

Purpose

Review other city organizational structures to determine if commonalities exist that are contrary to the City of Las Vegas organizational structure.

Organizational Structure Review

A total of 24 city organizations were reviewed for cities ranging in population from 3.8 million to 454,000. Cities can be structured in a variety of ways, and one of the goals of the Fundamental Service Review (FSR) is to examine how the City of Las Vegas is currently structured and assess if there is a more efficient way to provide the same services to city customers. Approximately 15 FSR recommendations relate to organizational restructuring, and it is important to know if other cities are structured as the recommendations suggest that Las Vegas be structured. Following is a description of the departments that exist in other cities that the City of Las Vegas may consider imitating. In the case of Cultural Affairs and Neighborhood Services, the presence of these departments validate that other cities are structured similarly to the City of Las Vegas. Following the descriptions is a table that summarizes the findings for 24 cities.

- Budget – A department or office that provides fiscal planning, analysis and management services by preparing financial forecasts, annual operating and capital budgets.
- Code Compliance – A department that enforces all city ordinances related to housing, zoning, signs, litter, illegal dumping, weeds, premise parking and animal control violations.
- Controller – In addition to the department of Finance who provides revenue collection services to the city, the Controller, who is often an elected official, is the auditor and chief accounting officer for the city. The Controller records and audits all receipts and disbursements; audits and approves all payments to employees, contractors or vendors before payment; protects appropriations against overdraft or expenditure for unauthorized purposes; centrally prepares payrolls and maintains records of payroll deductions; and prepares the official financial reports for the city.

- Cultural Affairs – A department or office that ensures access to high quality arts and cultural experiences through programming, public art programs, marketing and development, grant making, communication and arts education, assistance to artists and cultural organizations, and building relationships with community partners.
- Development Services – A department that includes some or all of the following: building inspections, current planning, engineering, long range planning, and real estate services.
- Engineering & Capital Projects – A department that is responsible for all engineering and architectural work for the city, including the design and construction of the city's capital improvement projects.
- General Services – A department that includes some or all of the following: purchasing; materials management and warehousing; mail and messenger services; maintenance and repair of the city's fleet; printing and duplication services; construction and maintenance of city-owned buildings; property leasing and management; electricity and natural gas procurement; appropriations and expenditures management of the city's CIP; custodial, recycling and moving services; security and parking services for city facilities; technology and telephone services; procurement and contract administration services; and coordination of and logistical support for special events.
- Labor Relations – A department or office separate from Human Resources that provides advice and policy direction on labor and employment issues such as meet and confer with labor unions, grievance resolution, disciplinary actions and appeals, leave provisions, federal and state labor laws, and rewards and recognition programs.
- Neighborhood Services – A department that focuses on preserving and improving the physical, social and economic health of neighborhoods through a variety of programs including graffiti abatement, neighborhood cleanups, code enforcement, Community Development Block Grant funding, neighborhood and housing development, housing rehabilitation, and housing lending.
- Parks & Recreation – A department that both operates and maintains parks, recreation facilities, and senior centers.
- Treasurer - The Treasurer receives and is the custodian of all funds of the city and affiliated entities; disburses such funds pursuant to the City Charter and other statutory provisions; develops the city's investment policy for Council approval; causes interest to be earned on funds that are not immediately needed; receives and is the custodian of all securities of the city and affiliated entities; issues district and improvement bonds; pays the principal and interest of revenue, general and judgment obligation bonds, and tax and revenue anticipation notes; collects payments of principal and interest on district and street improvement bonds, and disburses these amounts to bondholders. The Treasurer negotiates, executes and implements agreements for financial services, including general banking, merchant card, purchasing card, custody, and securities lending.

City	2006 Population	Budget	Code Com-pliance	Con-troller	Cultural Affairs	Develop-ment Services	Engineering & Capital Projects	General Services	Labor Relations	Neigh-borhood Services	Parks & Recreation	Treasurer
Los Angeles	3,849,000			X	X			X			X	X
Houston	2,144,000			X			X	X			X	
Phoenix	1,513,000				X	X				X	X	
San Antonio	1,297,000	X			X					X	X	
San Diego	1,257,000		X	X		X	X	X	X	X[1]	X	X
Dallas	1,233,000		X		X			X[2]			X	
San Jose	930,000	X			X	X[3]			X		X[4]	
Detroit	871,000	X										
Jacksonville	795,000					X		X[5]		X		
San Francisco	744,000			X				X[6]			X	
Columbus	733,000					X[7]					X	X
Austin	710,000					X					X	
Baltimore	631,000			X						X[8]	X	
Charlotte	630,000	X								X[9]	X	
El Paso	609,000	X			X	X		X			X	
Boston	591,000	X			X				X	X[10]	X	X
Seattle	582,000				X						X	
Denver	567,000				X	X		X			X	
Louisville	554,000					X				X[11]	X	
Las Vegas	553,000				X					X		
Oklahoma City	538,000							X[12]		X	X	
Portland	537,000					X				X	X	
Tucson	519,000	X						X		X	X	
Fresno	467,000	X				X[13]		X			X	
Sacramento	454,000		X		X	X		X	X	X	X	X

[1] San Diego's Community Services department includes child care, CDBG grants, youth programs, disability services and senior services.
[2] Dallas's department is called Equipment and Building Services.
[3] In San Jose, planning, building and code enforcement are all combined in one department.
[4] San Jose's Parks & Recreation department includes Neighborhood Services.
[5] Jacksonville's Central Operations department includes procurement, human resources, administrative services, fleet management, public information, and equal business opportunity/contract compliance.
[6] In addition to the other services listed above, San Francisco's General Services Agency provides citywide risk management, citywide capital planning and administration of the city's debt.
[7] Columbus's Department of Development includes building services, economic development, housing, neighborhood services, planning, downtown development and land management.
[8] Baltimore's Housing and Community Development department's Code Enforcement division enforces housing, zoning, building and related codes; zoning administration ensures that construction activity and land use complies with the city's zoning code.
[9] Charlotte's Neighborhood Development department does not include homeless services and project safe neighborhoods, both of which are part of the Community Support Services department.
[10] Boston's Neighborhood Development does not include social services but does include the Office of Business Development.
[11] Louisville's Housing and Family Services department is separate from the Neighborhoods department.
[12] Oklahoma City's General Services department provides two primary services – maintenance of all city-owned buildings and mobile equipment.
[13] Fresno's Planning & Development department provides building and safety services, code enforcement, housing and community development and planning services.

In addition to the above, some cities were structured in a way that was unique to most other cities.

Phoenix:

- The Public Works Department provides mechanical and electrical maintenance and energy conservation services for city facilities; procures, manages and maintains the city's fleet; and provides for the collection and disposal of residential garbage and recyclables.

San Antonio

- The Capital Improvements Management Services department was created in September 2007 to manage the $550 million Bond Program (the city's Capital Improvement Program) through all phases of design, construction and inspection.
- The Community Initiatives Department provides youth development activities, recreation, language and financial literacy services, higher education scholarships, adult education, demand occupation job training, resources to house homeless individuals and families, and comprehensive support including childcare and intensive case management.

San Diego

- The City Planning and Community Investment Department includes economic development, redevelopment and planning divisions.
- The Facilities Maintenance Department ensures that city facilities are maintained in a safe and operable condition. Staff includes plumbers, painters, electricians, carpenters, locksmiths, and other skilled trades people.
- The Independent Budget Analyst provides objective and unbiased analysis and advice to the City Council regarding all legislative items bearing financial and policy impacts to the City of San Diego.

Dallas

- Court and Detention Services are combined into one department.
- The Street Services Department is dedicated to large and small scale street and alley repair, street sweeping, storm sewer cleaning and repair, cleaning and repair of city owned creeks and channels, cleaning and mowing of ROW, medians and surplus lots, and setup and cleanup for parades and other special events.

Jacksonville

- The Public Works Department provides engineering and construction management services, right of way and grounds maintenance, real estate services, public building services, and solid waste services.

San Francisco

- The Budget Analyst’s Office provides independent fiscal analyses, special studies and management audit reports on city departments and programs to the San Francisco Board of Supervisors.
- The Department of Children, Youth and Their Families is focused exclusively on ensuring that young people ages 0 through 17 become healthy, productive and valued community members.

Columbus

- The Public Service Department provides trash collection, parking management and enforcement, snow removal, and pothole patching. The department also maintains roadways, supervises design of street improvements and street resurfacing, oversees construction of wheelchair ramps that meet the standards of the American with Disabilities Act, guides installation of sidewalks near elementary schools in Columbus, and inspects public and private construction projects. Installation of street signs and signals, selection of traffic-calming measures, and implementation of other traffic engineering projects also fall to the department.

Austin

- Austin and Travis County formed an EMS Department in 1975 that operates under a third service public safety model separate from Fire and Police.
- The Financial and Administrative Services Office monitors the financial performance of all city departments (budget); develops the CAFR (city controller); manages the city's financial accounting and reporting activities; makes recommendations for allocating the city's financial resources; manages the procurement of goods and services for the entire city; administers the city's franchise agreements; manages the city's cash resources, investments, and debt (treasurer); provides support to all city departments through fleet management; improves the city's infrastructure through managed building maintenance; and manages the city's radio and wireless communication.

Baltimore

- In addition to financial services, the Department of Finance provides custom printing and graphics activity.
- The Public Works Department is divided into three bureaus: general services maintains the city’s fleet and coordinates new construction and renovation of city buildings; the remaining two bureaus are solid waste and water and wastewater treatment.

Charlotte

- Engineering & Property Management provides maintenance and landscaping services for city buildings, engineering and land development service, real estate services and storm water services.

Boston

- The Graphic Arts Department supplies state-of-the-art prepress, printing and binding services to city departments.
- The Inspectional Services Department is comprised of five regulatory divisions that administers and enforces building, housing, health, sanitation and safety regulations mandated by city and state governments.
- Property & Construction Management is responsible for facility layout and space planning analysis for city departments, building security, events management, coordination of capital improvement projects for properties within its jurisdiction, and administration of the Animal Control unit.

Seattle

- The Department of Executive Administration is responsible for accounting, payroll, licensing, revenue collection and processing, animal services, weights and measures, treasury activities, purchasing, construction and consultant contracting, risk management, and the City's financial management and personnel data systems.
- The Office of Policy and Management develops and analyzes City policy and assists the Mayor and City Council in formulating policy on major issues facing the city. OPM also coordinates and leads citywide initiatives and projects that cut across multiple city departments.

Denver

- The Office of Economic Development provides services through four divisions: business development, small business opportunity, housing and neighborhood development, and workforce development.

Louisville

- The Emergency Medical Services Department is separate from the Fire department.
- Public Works and Assets was recently reorganized to include fleet services, facilities management, property and leasing, project management, and solid waste. The department continues to maintain public streets and public rights-of-way, administer road construction projects, and provide professional engineering and planning services.

Portland

- The Bureau of Housing and Community Development focuses on three areas: economic opportunity, ending homelessness and affordable housing.

FUNDAMENTAL SERVICE REVIEW

Companion Study Synopsis

Consolidation

(September 8, 2008: Council Briefing Sessions)

Background

This companion study documents the historical and local trends, issues and concerns relative to the consolidation of local municipal governments and/or functions within those governments.

Results

Two scenarios that have been rigorously researched in past years include the partial or total consolidation of the City of Las Vegas with Clark County and/or the City of North Las Vegas. Efforts have stalled due to lack of direction from all decision makers.

Successful consolidations of functions within the southern Nevada region include but are not limited to the following:

- Metropolitan Police Department
- Clark County School District
- Southern Nevada Regional Planning Coalition
- Interlocal agreements
  - Fire Dispatch
- Other formal/informal cooperative efforts

Conclusion

Consolidation is not a common occurrence and results in more failed attempts than successful efforts. Costs associated with implementation of reorganizations often create financial burdens that were not anticipated. Entrenched bureaucracies also cause a hindrance to the consolidation process. Political and executive management are often constrained by the contractual or moral obligations of concessions for pay and benefits to existing employees. This negates the overall goal of financial efficiencies.

Time and energy is best spent implementing less intensive and more easily achievable forms of local government and collaboration

through formal and less formal agreements. A survey of all city services and functions, accompanied by a like study of neighboring governments to determine areas for the realization of economies of scale, is suggested. Direction from the Mayor/Council and other municipal elected officials must be concurrent so that the appropriate research is done to allow the respective elected boards to make informed decisions.

Fundamental Service Review
Companion Study
Consolidation

Office of Administrative Services
Author: Brian Knudsen

Executive Summary

At the request of the Mayor and City Council to review consolidation, in whole or in part, of the City of Las Vegas with other local governmental agencies, staff researched historical trends of consolidation across the country and in Nevada. Staff also reviewed academic studies on consolidation efforts as well as suggestions for alternatives to consolidation. The majority of academic and non-academic research indicated that consolidation of units of government is complicated and does not typically yield the desired results. Other attempts at consolidating like services or transferring responsibilities for services via interlocal agreements, special districts, or informal cooperative efforts proved to be more efficient with less political and operational complications.

Many public and private sector leaders believe that consolidation of governments is an efficient way for improving service delivery, while reducing the cost of services. In theory, when two governments become one organization, executive leadership is consolidated, duplicated services are eliminated, and social equity is achieved. Unfortunately, there is no roadmap for a successful merger of public organizations.

Every organization is unique and faces different challenges to success, making it difficult to evaluate and demonstrate best practices for other communities. There is no guidebook outlining appropriate steps for consolidation, which leads to unforeseen obstacles. Consolidating large organizations can create a series of complications that lead to financial burdens.

The most likely scenarios for the City of Las Vegas would be to consolidate, in whole or in part, with Clark County and/or the City of North Las Vegas. These two scenarios have been researched several times throughout the history of the organization and after each attempt to bring forward possibilities for consolidation, decision makers have not provided the direction to move forward. There have been several consolidation efforts in the Southern Nevada region, which have been approved and are seemingly successful such as the Las Vegas

Metropolitan Police Department, the Clark County School District, the Southern Nevada Regional Planning Coalition, the Interlocal agreements between the Cities of Las Vegas and North Las Vegas and Clark County for Fire Dispatch Services, and other formal and/or informal cooperative efforts.

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What is Consolidation?

"A consolidation effort, or merger, involves a variety of approaches that result in a new government organization, reallocation of government powers and functions, and changes in the political and institutional status quo[1]." As the political and cultural climate continue to morph and evolve to meet increasing demands with decreasing funds, government leaders find themselves taking accountability for regional efforts, such as the environment, economic development, and community growth. Government leaders are recognizing the impossibility of being all things to all people and are coming to reasonably conclude that merging with another local government organization such as a county or a neighboring city will provide economies of scale and more efficient and effective services to the public whom they serve. Proponents of consolidated governments see it as an avenue to a new form of regionalism that will emphasize effectiveness, equity, and accountability for the entire community.

> *"Recent work within progressive reform tradition elaborates these arguments by asserting that consolidation of local governments modifies the configuration of local governance in a manner that creates low power incentives that allow for a greater emphasis on citywide issues and constituencies, and enhances the role of professional expertise in informing public decisions. Consolidated government is presumed to allow for greater consideration of regional interests, rather than more narrow territorial interests. This again suggests that consolidation of city and county governments should translate into more efficient and professional local government (Carr and Feiock, Pg. 5)."*[2]

The Effects of Consolidation

Documenting the effects of consolidation and comparing those effects to proposed consolidation efforts is difficult because every community offers different perspectives. Political powers, operational inefficiencies, and inadequate or biased reporting confuse the information presented. In essence, there is not enough valid information to make a justified argument favoring or opposing the consolidation of Southern Nevada governments.

The research on the subject of consolidation shows a significant amount of work documenting the negative effects of consolidations. The following advantages and disadvantages of consolidation are pulled from several sources of information. Some of the examples contradict one another because of the reasons identified above. The contradiction in outcomes speaks to the

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[1] Parr, John, Riehm, Joan, McFarland, Christiana (October, 2006) Guide to Successful Local Government Collaboration in America's Regions: A report from the National League of Cities, City Futures Program.

[2] Carr, Jered B. Feiock, Richard (2004). City-County Consolidation and Its Alternatives: Reshaping the Local Government Landscape. M.E. Sharpe, Armonk, NY.

importance of conducting a significant amount of research prior to moving forward on any consolidation effort.

This next section is a compilation of "positives" and "negatives" of consolidation. The data is representative of opinion and is subject to change depending on the jurisdiction to which the consolidation is applied.

Summary of Positions For and Against Full City-County Consolidation[3]

Statements For Consolidation	Statements Against Consolidation
1. Government costs will be decreased by eliminating duplication, overhead, and other inefficiencies.	1. Costs will not decrease because: • Salaries and benefits will be increased to the highest pre-merger levels. • More layers of administrators and managers will be added.
2. Responsibility and accountability is easier to affix because they are not divided between two large jurisdictions.	2. More elected people on one board means that each has less individual power. Also increased layers of bureaucracy will obscure administrative responsibility and accountability.
3. There will be uniformity in local government practice, thereby increasing equity, fairness, and understanding among citizens in the two jurisdictions.	3. Communities will lose their identity and ability to obtain unique service requirements in the new "megalopolis."
4. There will be better coordination of available resources and greater service delivery capabilities.	4. Larger organizations with increased specialization are more difficult to coordinate; smaller organizations react more promptly to, and identify more readily with citizens' problems.
5. Consolidation will eliminate divisive competition between jurisdictions.	5. Same as points noted previously: • There may be concerns of minorities or other special voting blocs (if any) that their political power will be diluted in the larger city-county jurisdiction.
6. Different property tax rates can be established for areas with different service level requirements within the new consolidated entity.	6. Property tax rates of county unincorporated areas residents will go up while the tax rates of current city residents will go down.

[3] Ernst & Young study completed for the City of Las Vegas and Clark County (1993). Citizens Government Efficiency Committee, Feasibility Study of Local Government Reorganization Alternatives Summary Report.

Why Consolidation is Considered

"Clearly, there is potential for great efficiency and effectiveness in having fewer governments (or just one) delivering and accountable for services. Consolidated governments cite an array of benefits stemming from united leadership to a more focused community agenda. These benefits include improved success in economic development and increased collaboration and partnerships throughout the region." (Parr, Riehm, McFarland, 2006).

Past staff reports have indicated, "specific case studies over the past 20 years have found that certain consolidated communities have experienced positive results, such as:"

- Increased job growth
- Reduced suburban and rural exploitation of urban services
- Decreased costs of services leading to lower taxes
- Enhanced ability for small, stressed cities to provided services
- Increased professionalism among local officials
- Increased economies of scale for services such as water, sewer, transportation, police, fire, solid waste, and municipal administration

Other benefits cited in past staff reports include:

- Increased population leading to greater revenue sharing and political influence
- An expanded governmental resource base
- Less confusion regarding the identity of the first responder in the event of a natural or man-made disaster
- Less general fund expenditures for overlap and duplicated services
- Better bond ratings
- Lower taxes due to lower costs to provide services
- Uniform ordinances, fees, fines, services, and policies
- Collaborative hiring
- Better customer services

- Enhanced planning capacities
- Enhanced economic development due to decreased competition
- Greater bargaining power with the Collective Bargaining Units

Consolidation Challenges

Research on consolidation challenges is more prevalent than research on the benefits of consolidation. This may be due to the fact that challenges and failures in government are often times documented more so than successes.

In the Parr report, research and opinion indicated that the challenges to initiating and implementing a consolidation effort include:

- Mergers/Consolidations are primarily political. Obtaining the necessary authorization from the state, overcoming resistance from local elected officials, and addressing concerns about equal representation in the new government all can pose problems. In Indianapolis and Louisville, for example, African-American leaders felt that merger would dilute the political and economic interests of minority residents
- As a result of these difficulties, many merger referenda have failed at the polls – including in communities that eventually approved consolidation – and many more initiatives have never even made it to the ballot
- Some communities have concluded that the time and energy spent dealing with the political challenges of a merger/consolidation could better be used implementing less intensive and more easily achievable forms of local government cooperation and collaboration

Specific case studies over the past 20 years have found that certain consolidated communities have experienced negative results, such as:

- Urban conditions deteriorating
- Service costs rising over the long term
- Benefits or cost savings less than anticipated and more than offset by the overall costs of the consolidation itself
- Electoral turnout declining
- Citizen access to elected officials becoming more difficult
- Responsiveness and fairness from elected and appointed officials decreasing

- Public employee morale deteriorating

A study completed in 1994 by Stephen Condrey[4] concluded that although the rationale for consolidation is to reduce the amount of personnel costs, the protection of entrenched bureaucracies become a hindrance to the consolidation process. Political and executive management, either constrained by contractual obligations to labor organizations or obligated by a moral code, are reluctant to allow any concessions for pay and benefits to their employees. Therefore, the consolidating organization with the lowest wages and benefits will raise pay for equality. Any reductions in pay or benefits only happen after through attrition.

The Athens-Clark County, Georgia consolidation effort proves as an example for how commitment to pay and benefits during a consolidation leads to budget concerns that negate any benefits of the consolidation. "The new government's budget was required not to exceed the combined budgets of the two former governments; therefore the cost of equalizing the benefit and classification plans in conjunction with the provision that no employees would lose their jobs "due to unification" put early pressure on the government to seek avenues for cost savings." (Condrey, 1994). Constructing a new pay system cost the consolidated organization $2,250,000 or about six percent of the payroll cost for the former governments.

Past staff reports have concluded:

- Personnel costs may increase when pay scales and benefits are equalized for all employees. Many consolidations in the past have instituted the most generous provisions of each entity.

- Consolidation may impact how the rating agencies react to outstanding General Obligation bonds that are not secured by property tax.

- There may be ordinances or resolutions that exist that will either create revenue gaps or conflict

Factors for Successful Consolidation

In 1974, Rosenbaum and Kammerer (Carr, Feiock, 2004) developed a framework to explain the elements that are present in a successful consolidation attempt. As their point of reference and study, the researchers chose the consolidation attempts of two Florida communities: Jacksonville/Duval County where the consolidation attempt was successful and Tampa/Hillsborough County where the consolidation attempt was unsuccessful. Their research showed that

[4] Condrey, Stephen. (1994). Organizational and Personnel Impacts on Local Government Consolidation: Athens-Clarke County, Georgia. Journal of Urban Affairs, Volume 16, Number 4, pages 371-383. JAI Press Inc.

in order for a successful consolidation attempt to occur, a series of events must take place.

The series of events, as outlined below, contain a Stage I “Crisis Climate” in which the community is calling for a change in the government; Stage II “Power Deflation” in which the political leadership accepts the change and proactively moves toward efforts to improve efficiencies; and Stage III “Accelerator” in which an event in the community moves the effort forward.

Rosenbaum and Kammerer (1974) Consolidation Stages

Stage		Event/Attributes/Description		
I Crisis Climate	Phase 1 Environment Changing Events	Population increase		
		Community composition change		
		Deteriorating physical appearance		
		Declining quality of services		
		Declining economic base		
	Phase 2 Demands from Citizens	Annexation, better transportation, or increased taxing of fringe		
		Reapportionment, increases in services or school quality		
		Urban renewal, renovation, or revival		
		Shift budget spending or increase funding for needed services		
		Economic development or lure people back into the central city		
	Phase 3 Government Response	***Successful attempts path***	***Inappropriate response***	Intransigence
				Conservatism
				Impotence
		Unsuccessful attempts path	***Appropriate response***	Conservative response
				Policy innovations
II Power Deflation		***Ad hoc groups***	Sponsor candidates who promise reform	
		Formal investigations	Civic elites demand investigation of officials or agencies	
		Media editorials	Increased criticism of the government	
		Adjudication	Lawsuits or grand jury investigations	
		Commissions formation	Creation of local government study group to explore government reorganization	
III Accelerator		***Scandal***—Involves the government officials and/or agencies		
		Emergency—Exposes the inadequacies of the present government		
		Criticism—An outside well-known or national group denounces the current government		
		Loss of leader—A community leader associated with the current government dies or leaves		

Source: W.A. Rosenbaum and G.M. Kammerer, *Against Long Odds: The Theory and Practice of Successful Governmental Consolidation* (Beverly Hills, CA: Sage, 1974).

Specific strategies for successful consolidation attempts include:

- Specificity is important. Consolidation agreements should explicitly indicate the jurisdictions where changes are expected. Salaries, benefits, services, government structure and all other aspects of the consolidation need to be clearly spelled out and understood by all parties.

- Consolidation generally takes up to five years to fully implement and may only be successful after several failed attempts. Patience is important in the process.

- Citizen acceptance of the proposal is critical. After the proposed merger of City and County government in Sacramento, California, was rejected by voters, the Deputy Executive Director of the charter commission explained: "We were asking them to change something they knew for something they didn't know. All the opponents had to do was raise doubts."

Typically, consolidation supporters focus their arguments on building a sense of crisis, which has proven to be difficult to convey to voters. Suzanne Leland and Kurt Thurmaier, nationally recognized consolidation experts, concluded that this approach is rarely successful. Instead, they determined that the future of a region's economy provide the most compelling argument for merging local governments. Thurmaier explained: "The successful consolidations are guided by civic elites, including leaders in the Chamber of Commerce, mass media, and key political actors. They get together and they look at the economic future of the entire community, not the city or the county."

Following are key issues identified by Leland and Thurmaier's 2004 book[5], *Case Studies of City-County Consolidation: Reshaping the Local Government Landscape:*

- Proposed mergers often do not succeed because local government officials fail to provide details for the affected residents about the exact accomplishments that are intended by consolidation and the specific measurements of success that will be used.

- Legislative involvement in a local government merger significantly complicates the process and should be avoided, if possible.

- The establishment of a smaller elected governing body that consists of both district and at-large seats is more likely to be supported than other structures.

- Minority populations must be heeded. If they perceive that their

[5] Leland, Suzanne M. and Thurmaier, Kurt, ed. Case Studies of City-County Consolidation: Reshaping the Local Government Landscape. New York: M.S. Sharpe, Inc., 2004

representation will be diminished under the new structure, opposition will increase.

- Opposition from public employees can doom a consolidation effort. Successful mergers do not include layoffs or reduce salaries of local government employees.

- Residents of one local governmental entity are not asked to take on the debt of the other.

- Support or opposition of a sheriff can significantly tilt the balance.

Past Staff Reports have concluded:

Legal and Legislative Tasks Regarding Consolidation:

1. Identify and locate documentation for all existing multi-jurisdictional arrangements, cooperative agreements, and interlocal agreements or contracts that might be impacted. In doing this, staff should distinguish among the various arrangements, agreements, and contracts that might survive consolidation as independent entities.

2. Analyze the constitutionality of a potential legislative act combining entities or creating a new entity in terms of: 1) "Special" or "local" legislation; 2) Voter representation; and 3) Taxation. The legal questions that would arise would include: 1) Would the legislation violate the constitutional prohibition against special or local laws; 2) Will some voters have significantly less "power" than others with respect to "urban" or "rural" issues; and 3) Will the resulting tax burdens to be borne by "urban" and "rural" voters be consistent with state and federal constitutional requirements.

3. Draft legislation that would dissolve existing entities and create a new organization. The document would establish a new governing body, along with its powers and means of conducting business. The language would include: 1) Express (or by reference) powers and procedures that are available to "normal" cities and counties; and 2) Any other powers and procedures that are in addition to or in modification of those available to "normal" cities and counties. The draft legislation would provide a scheme of representation that would satisfy constitutional principles of "one-man, one-vote." It should also address any constitutional amendments necessary to implement consolidation and address any taxation differentials.

Alternatives to Consolidation

Consolidating the City of Las Vegas with any other local government organization will be challenging, and the costs associated with consolidating may hinder the

positive "return on investment." The necessary tasks that must be completed prior to any formal consolidation effort will be costly and time intensive and judging by other local government reorganization attempts, the chance for a successful consolidation attempt is minimal, although not impossible. In the *Guide to Successful Local Government Collaboration In America's Regions*, (Parr, Riehm, McFarland, 2006) several alternatives are addressed, they include:

1. **Informal Cooperation** – This approach typically involves two local – usually neighboring government jurisdictions that offer reciprocal actions to each other.

2. **Interlocal Service Contracts** – These are widely used to handle servicing responsibilities, particularly between and among metropolitan communities.

3. **Joint Powers Agreements** – These agreements between two or more local governments provide shared planning, financing, and service delivery to residents of all involved jurisdictions with all jurisdictions receiving the same services from the same provider.

4. **Councils of Governments** – These organizations are formed by counties and cities to serve local governments and residents in a region through government cooperation. They usually are voluntary and involve no transfer of authority.

5. **Federally Encouraged Single Purpose Regional Bodies** – These originally were created in the mid-1980s to administer some federal aid programs around poverty, aging, health systems planning, and criminal justice planning. Today, single purpose regional bodies are primarily formed for transportation planning and funding.

6. **State Planning and Development Districts** – These were established by states during the late 1960s and 1970s to bring order to the numerous federal regional programs affecting local communities. Most state planning and development districts are similar in councils of governments.

7. **Contracting** – Local governments struggling to provide services with less revenue increasingly are turning to contracting with other governments and/or with the private and nonprofit sectors.

8. **Regional Purchasing Agreements** – These agreements help local governments achieve cost savings while fostering more cross jurisdiction collaboration. The purpose can be straightforward, such as bulk purchasing or more complex, such as coordinating bidding and contracting for members.

Selected Additional Functional Mergers

A study completed in 1993 by Ernst & Young indicated that the City and County should remain intact while a cost savings may be possible by functionally merging services. Services recommended in the study for further evaluation, include:

- Fire Services
- Municipal and Justice Courts
- Corrections/Jail Services
- Sanitation
- Business Licensing.

"Functional mergers of this type should be encouraged, with one major proviso, i.e., additional independent management or political structures should be discouraged. In the past, when the City and County merged a function, they created a separate special district (Library) or quasi-special district (Metro). We do not believe the proliferation of these organizations will benefit the area as they complicate coordination and control, overall priority-setting, and the ability to achieve genuine efficiencies."

More recently, as a result of the Fundamental Service Review, department directors recommended additional potential opportunities for consolidation. Recommendations included:

- Consolidate Fleet Services for all local government organizations, including: Clark County, North Las Vegas, Henderson, Clark County School District, Metropolitan Police Department, and the Regional Transportation Commission. This recommendation also includes consolidating the purchase of fuel, maintenance of vehicles, and management of an independent fund of which all entities involved would support
- Consolidate the operations of Parks and Recreation
- Consolidate/regionalize the Emergency Management function with Clark County and the City of North Las Vegas
- Consolidate waste water treatment with the Clark County Water Reclamation District
- Consolidate Purchasing and Contracts
- Consolidate Regional and/or Internal Application Services for Building &

Safety, Planning, Business Licensing, and Code Enforcement

- Consolidate shared applications, such as SAP and Oracle
- Consolidate GIS/Mapping Services
- Transfer the Senior Citizens Law Project to the County
- Consolidate Detention & Enforcement services with the Metropolitan Police Department
- Consolidate the Clark County and Las Vegas Fire Departments
- Consolidate special courts in the Municipal and Regional Courts

When determining if specific functions or services of government can be consolidated with another government or other local organization, some general guidelines to consider include:

Service Delivery – rules of Thumb for Regionalism and Localism[6]

Regionalism makes sense when a service:	Localism makes sense when a service:
• Can achieve economies of scale; • Affects areas outside the service territory; • Requires cross-border coordination; • Has a narrow range of preferences, that is, consumer desires very little; and • Warrants a standardized level on equity grounds.	• Can achieve few economies of scale or might experience regional diseconomies; • Has small "spillovers," that is, affects areas within the service territory only; • Requires little cross-border coordination; • Has a wide range of preferences, that is, consumer desires vary widely; and • Does not warrant a standardized level on equity grounds.

Examples of Functional Mergers in Southern Nevada

Southern Nevada has several examples of actions that have yielded successful attempts at consolidation or merging services and/or functions of government. The list, which is not meant to be inclusive, includes the following:

- The **Las Vegas Metropolitan Police Department** was created on July 1, 1973 by combining two separate police agencies: the Clark County

[6] Foster, Kathryn, 2001. Regionalism on Purpose. Cambridge, MA: Lincoln Institute of Land Policy, p. 20.

Sheriffs Office, and the Las Vegas Police Department.

- Because of regional trends in education, health care, the natural environment, public safety, recreation and culture, and transportation, the Cities of Las Vegas, Boulder, Henderson, North Las Vegas, and the County of Clark and the Clark County School District formed the **Southern Nevada Regional Planning Coalition** to carry forward regional planning and collaboration efforts.

- In 1955, the State Legislature mandated consolidation of state school districts into 17 county school districts. This change meant 14 separate school districts in Clark County were restructured to become part of the newly formed **Clark County School District.**

- The **Las Vegas-Clark County Library District** supports more than 850,000 area residents with 24 branches and a comprehensive resource of informational materials.

- The **Las Vegas Valley Water District** is a not-for-profit agency that began providing water to the Las Vegas Valley in 1954. The district helped build the city's water delivery system and now provides water to more than one million people in Southern Nevada. The Clark County Commissioners serve as the Water District's Board of Directors. The Board appoints the general manager who carries out day-to-day activities. District water rates are regulated by law and can cover only the costs of water delivery and the maintenance and building of facilities. Rates also are structured to encourage conservation—the more water you use, the more you pay.

- The **Clark County Water Reclamation District** is responsible for treating more than 170 million gallons of used water and swage from thousands of local homes, hotels, schools, churches, and businesses in three treatment facilities located in Clark County, Henderson, and Las Vegas. The “Clean Water Team” treats, disinfects, and reclaims nearly 96 million gallons per day and make it clean again to return to the environment.

- The **Southern Nevada Health District** is one of the largest local public health organizations in the United States. The Health District serves over 1.7 million residents, which is 70 percent of Nevada’s total population. Also, the District is responsible with safeguarding the public health of more than 37 million visitors to Las Vegas each year.

- The **Clark County Regional Flood Control District** was created in 1985 to develop a coordinated and comprehensive Master Plan to solve flooding problems, to regulate land use in flood hazard areas, to fund and coordinate the construction of flood control facilities, and to develop and contribute to the funding of a maintenance program for Master Plan flood control facilities.

In addition to regional collaborative efforts, the City of Las Vegas has created working relationships with most surrounding organizations, which have resulted in over 270 Interlocal agreements. A few examples of the collaborative efforts between organizations are:

- Agreements with the Department of Transportation for maintenance of trails
- Agreements for space at the 5th Street School for the University of Nevada Las Vegas
- Agreements with the State of Nevada for funds to display communications about Yucca Mountain
- Agreements with Clark County, North Las Vegas, and the Regional Transportation Commissions for funding for bus shelters
- Agreement with Clark County to jointly fund a feasibility study for a special events center
- Agreement with the Las Vegas Valley Water District to transfer interoperable radio equipment
- Agreement with Clark County to receive funds to provide emergency management services

As previously mentioned, there have been over 270 Interlocal Agreements that have been approved by the City Council. Collaborative efforts are represented in nearly every Council meeting. Southern Nevada organizations are interdependent, and staff relies upon expertise, funding, land, and other unique assets that are represented in Southern Nevada organizations. *For a complete list of Interlocal Agreements from 2006 - 2008, please see Attachment Four.*

Options to Consider

Given the referenced information and examples of successes and challenges in other areas of the County, the City Council should consider the reasons for and the impacts of consolidation. Reasons for consolidation the City Council could consider include:

1. There is the belief there will be a cost savings associated with consolidating large organizations.
    - There is no evidence suggesting that other organizations that successfully consolidated were able to realize a cost savings. In most cases, the costs of consolidation exceeded the anticipated savings.

2. There is a belief that consolidating organizations will provide for a more representative governing board.

    - There was no researched data that identified the appropriate number of governing board members for a given population. In several examples of past consolidation attempts, research indicated that minority groups have significantly hindered consolidation efforts because they did not believe they were adequately represented.

3. There is a belief that consolidating organizations may lead to improved service and enhanced efficiencies for the constituency.

    - Consolidation may achieve efficiencies in common areas. Areas such as zoning and land use and business licensing were recognized in the research because of the impact on the development community and their positive reactions to streamlined processes and the lack of multiple systems within which they may be required to work.

If the City Council chooses to move forward with the consolidation of the City of Las Vegas with another local government organization, the City Council should be prepared to take the following actions:

- Assign a charismatic and committed leader to develop strong public support

- Develop a clear message on why consolidation is needed

- Direct staff to conduct a baseline public opinion survey

- Establish a Charter Commission of citizens, business people, elected officials, employees from both governments, and others to study previous successful consolidations and design a long-term strategy to inform the public about consolidation

- Direct staff to create a financial plan to administer a one-year public education campaign

- Establish a second committee of attorneys to provide legal opinions on the constitutional issues involved as they relate to a draft charter, the impact of minority voting, obtaining pre-clearance from the Justice Department, and developing procedures to place consolidation on the ballot

- Develop a professional political campaign with a disciplined campaign message

- Solicit the support of the elected officials at other local government organizations

If the City Council chooses to direct staff to move forward with the consolidation of select services or programs, the City Council should be prepared to take the following actions:

- Direct staff to research the potential outcomes of consolidating select services or programs and report back to Council with recommendations

- Solicit the support of the elected officials at other local government organizations

Conclusion

As part of the Fundamental Service Review, city staff is developing recommendations to bring before Council that will result in cost savings to the city through strategic service changes, the elimination of services, organizational changes, and efficiency measures. The City Council also directed staff to report on the prospect of consolidation with other Southern Nevada government organizations in order to realize a greater savings potential in light of the current economic downturn. This report details the history of consolidation attempts and the potential impact of a consolidation effort.

Despite its prevalence in discussions around the country, consolidation is not common. Failed consolidation attempts are more common than successful consolidation attempts. The costs associated with implementing a reorganization of two distinct municipalities into one larger organization may create a financial burden that ultimately may impact the overall goal of financial efficiencies.

- Although the rationale for consolidation is to reduce the amount of personnel costs, the protection of entrenched bureaucracies becomes a hindrance to the consolidation process. Political and executive management, either constrained by contractual obligations to labor organizations or obligated by a moral code, are reluctant to allow any concessions for pay and benefits to their employees. Therefore, the consolidating organization with the lowest wages and benefits will raise pay for equality. Any reductions in pay or benefits only happen through attrition.

Southern Nevada organizations, including the City of Las Vegas, like many other municipalities around the country, benefit from shared interests with neighboring governments. Southern Nevada has several examples of efforts that cross jurisdictional boundaries, and there may be room for more efforts.

Any city services or functions that are similar to services or functions provided by

other jurisdictions or serve a similar population can be a candidate for further research. The Ernst & Young study examined several services that are potential candidates for combining with Clark County, and the Fundamental Review process has provided an opportunity for directors to indicate where there may be a cost savings associated with consolidating.

- Some communities have concluded that the time and energy spent dealing with the political challenges of a merger/consolidation could better be used implementing less intensive and more easily achievable forms of local government cooperation and collaboration.

Recommended next steps could include a survey of all city services and functions and a like study of other neighboring governments to determine where economies of scale can be realized. Additionally, if the Mayor and Council direct staff to pursue any consolidation of organizations and/or services and functions, the direction from other municipal elected officials must be concurrent so that staff from all included organizations can provide the appropriate research to present to the elected boards to make final decisions.

Attachment One

Consolidation – A Historical Perspective

The idea of consolidation is not new. The proposals have been moving forward since the nineteenth century. The first wave of mergers included New York, Philadelphia, New Orleans, and Boston. Since then, there have been hundreds of attempts at consolidating either cities and/or cities and counties. Today, there are 33 city-county consolidations and of the hundreds of consolidation attempts, only fifteen percent are approved on the first attempt. The most recent consolidations were in Louisville and Jefferson County, Kentucky, in 2000 and the town of Hartsville and Trousdale County, Tennessee, in 2002 (U.S. Bureau of the Census 2002).

Research completed by a Research Assistant in 1998[7] provides the following data for perspective:

Approved City/County Mergers within the United States

City/County Consolidated Governments	Merger Date
New Orleans-Orleans Parish, Louisiana	1805
Nantucket Town-Nantucket County, Massachusetts	1821
Boston-Sutfolk, Massachusetts	1821
Philadelphia-Philadelphia, Pennsylvania	1864
San Francisco-San Francisco County, California	1856
New York (Five Boroughs), New York	1890's
Denver-Denver County, Colorado	1902
Honolulu-Honolulu County, Hawaii	1907
Baton Rouge-East Baton Rouge Parish, Louisiana	1947
Hampton-Elizabeth City County, Virginia	1952
Newport News-Warwick County, Virginia	1957
Chesapeake South Norfolk-Norfolk County, Virginia	1862
Virginia Beach-Princess Anne County, Virginia	1962

[7] Unknown Author, (July 1998). The Florida Local Government Formation Manual.

Nashville-Davidson County, Tennessee	1962
Jacksonville-Duval County, Florida	1967
Juneau-Greater Juneau County, Alaska	1969
Carson City-Ormsby County, Nevada	1969
Indianapolis-Marion County, Indiana	1969
Columbus-Muscogee County, Georgia	1970
Sitka-Greater Sitka County, Alaska	1971
Lexington-Fayette County, Kentucky	1972
Sutfolk-Nansemond County, Virginia	1972
Anchorage-Greater Anchorage County, Alaska	1975
Anaconda-Deer Lodge County, Montana	1976
Butte-Silver Bow County, Montana	1975
Houma-Terrebonne Parish, Louisiana	1984
Lynchburg City-Moore County, Tennessee	1988
Athens-Clarke County, Georgia	1990
Lafayette-Lafayette Parish, Louisiana	1992
Augusta-Richmond County, Georgia	1996
Kansas City-Wyandatte County, Kansas	1997
Louisville-Jefferson County, Kentucky	2000
Hartsville-Trousdale County, Tennessee	2002

In the United States, there are regional trends in consolidation referenda; consolidation attempts have been more frequent in the south. The west has the next highest frequency of consolidation attempts.[8]

[8] Johnson, Linda, Felock, Richard. (Date unknown). City-County Consolidation: A Qualitative Comparative Analysis Approach

The successes listed above represent only a fraction of the attempts to consolidate. Between 1921 and 1996, there were 132 formal consolidation attempts and only 22 successes. This represents a success rate of 16 percent. Of those attempts, 77 percent have been in the Southeastern United States.[9]

Among the 42 states that specifically authorize the consolidation of cities, 34 require approval by the residents of the affected cities. Three states allow cities to merge with approval by only one city, and six states allow consolidations to occur without any voter approval.[10] "The prevalence of such laws would seem to indicate that mergers of distinct cities are common occurrences throughout the country. In fact, they rarely take place, indicating that state laws governing consolidation may be more of a hindrance than a help."

[9] Harday, Pat (2005). The Consolidation of City and County Governments: A look at the History and Outcome Based Research on These Efforts. Obtained from website on July 25, 2008 (http://www.mtas.tennessee.edu/KnowledgeBase.nsf/2efb230af01fb972852569d1007223c2/7095fcf640f20f2185256fe0005c3547/$FILE/Consolidation%20of%20City%20and%20County%20Governments.pdf)

[10] U.S. Advisory Commission on Intergovernmental Relations, State Laws Governing Local Government Structure and Administration, March 1993, 9.

Attachment Two

Consolidation in Southern Nevada – A Historical Perspective

In 1968, a report on the provision of services by local governments in Southern Nevada was released by consultants, Public Administration Service of Chicago. Apparently commissioned by Clark County, the report advocated valley-wide consolidation, which was enthusiastically supported by Bill Briar then-Chairman of the Clark County Commission and eventually Mayor of Las Vegas. Another 1968 report about local government services recommended the amalgamation of the Cities of Las Vegas, North Las Vegas, and Henderson. These consultants rejected the idea of valley-wide consolidation noting that the "…action would cut sharply across some social factors and the development of individual community identities." Interestingly, this concern did not appear to apply to city consolidations.

These reports may have generated Assembly Bill 783, which sought to combine the Cities of Las Vegas and North Las Vegas and the unincorporated portion of Las Vegas Boulevard, commonly known as the Strip, during the 1969 Session of the Nevada Legislature. Other legislation sought to merge the Cities of Reno and Sparks. Both bills morphed into legislation requiring the study of such consolidations. The Clark County relative legislation was controversial and blamed for delaying the conclusion of the 1969 Session. Eventually, Assembly Bill 788 (concerning Clark County) and Senate Bill 342 (concerning Washoe County) passed both houses of the Legislature but both, however, were vetoed by Governor Paul Laxalt for failing to include provisions to allow residents in the affected cities to vote on the consolidations. In fact, such an election has occurred in Washoe County in 1967, and the voters in both Reno and Sparks opposed consolidation.

Although the Nevada Legislature has considered many details about municipal governance over the past several decades, the members have not engaged in much discussion about the consolidation of incorporated cities in a general sense. More common among Nevada legislative debates has been the discussion of county-city mergers. Over the years, several bills concerning consolidations have been introduced; most die quickly, some without a hearing. Of particular interest, within the context of city-city consolidations, are Senate Bill 140 (1993), Assembly Bill 641 (1993), Senate Concurrent Resolution No. 14 (1995), and Assembly Bill 306 (2005).

- During the 1993 debate about Assembly Bill 641, which authorized certain consolidations of local governmental services, the bill's sponsor Assemblywoman Chris Giunchigliani testified that any local government consolidation would require a constitutional amendment. Her interest, however, centered on consolidating Clark County and the City of Las Vegas, so her statement may have been intended to apply only to county-city mergers. Indeed the consolidation of Ormsby County and Carson

City in 1969 required an amendment to the Constitution of the State of Nevada. It appears that Article 8 Section 8, of the Constitution of the State of Nevada may already provide the authority for city-city mergers. The legislative history for this bill, which eventually passed both houses unanimously and was signed by Governor Robert J. Miller, does not include any discussion of consolidating cities in either a general or specific sense.

- Also in 1993, Senator Joe Neal introduced Senate Bill 140, which proposed the creation of a committee to study the consolidation of Clark County and the City of Las Vegas. Keith Ashworth testified that a vote had been held on the question of consolidation and that Las Vegas residents had voted overwhelmingly in favor, Clark County residents, against. The bill did not pass.

- In 1995, Senate Concurrent Resolution No.14 proposed an interim study of various facets of consolidation, including between cities. The measure was heard once in the Senate Committee on Legislative Affairs, but was eventually incorporated into Senate Concurrent Resolution No.40, which ultimately directed the Legislative Commission to conduct an "interim study of laws relating to distribution among local governments of revenue from state and local taxes."

- In 2005, Assemblywoman Kathy McClain introduced a skeleton bill to allow the consolidation of local governments. Neither Assembly Bill 306 nor its hearing named the local governments it would affect, but the specific subject of city-city consolidation was not broached. Opposition to the original bill was expressed by the Nevada League of Cities and the City of North Las Vegas. The bill died in the Assembly Committee on Government Affairs after being amended to require the Legislative Commission to study the "consolidation of local governmental services within urbanized areas of a county."

Cities of Las Vegas and North Las Vegas

The information reviewed about the history of North Las Vegas and its incorporation suggests entrenched and ongoing tension between the Cities of Las Vegas and North Las Vegas. The 1976 booster history of North Las Vegas noted that the City of Las Vegas tried to enforce its police power against bootleggers in North Las Vegas around 1921 and was rebuffed. A 1946 article in the *Las Vegas Evening Review-Journal* reported that the equipment and personnel of the North Las Vegas Volunteer Fire Department responded to house fires in Sunrise Acres even though they had no obligation to do so and there was a City of Las Vegas fire station within close proximity to the fire. Clark County did not have comparable equipment or crews, and the City of Las Vegas, as part of its battle with Clark County over the provision of services, had recently determined that it would not respond to calls outside of the formal city

boundaries.

Opposition to consolidation was definitely a campaign factor within North Las Vegas. A candidate for the Assembly from North Las Vegas felt compelled to comment: “Why can’t these legislators let the citizens of North Las Vegas live in peace. We have come a long way and the city is going to progress further, but the meddling has to stop.” After the results of the 1970 General Election were announced, the *Valley Times* celebrated the re-election of Assemblyman Dave Brunch and Paul May who were expected to serve in leadership capacities during the 1971 Session and stop any legislation that might propose to merge North Las Vegas with any other local government. The newspaper noted, in particular, that Harry Reid, newly elected from the state Senate to Lt. Governor, and Richard Bryan, re-elected to the Assembly, were “friendly” to North Las Vegas. Apparently, the leaders of the 1969 consolidation effort had been Assemblymen Norman Ty Hilbrecht and Hal Smith. The issue of consolidation was not seriously considered during the 1971 Session, which was when all of the city charters were modernized.

Perhaps residual tension from the 1969 consolidation contributed to the opposition of the City of North Las Vegas to the legislation that proposed merging Clark County and the City of Las Vegas in 1975. In fact, it appears that North Las Vegas may be responsible for ultimately scuttling that effort, which originated in Senate Bill 601.

Although Boulder City, Henderson, and North Las Vegas were specifically excluded from the proposed consolidation, the bill was consistently opposed by representatives and legislators from North Las Vegas. According to the minutes for one of the hearings on the bill, it appears that the City of North Las Vegas threatened a referendum against the legislation if it was passed with the borders outlined on that date. Senator Jim Gibson indicated that a referendum could also be used to eliminate the City of North Las Vegas. The inclusion of such statements in the formal minutes for a Nevada legislative committee hearing is unusual and may indicate a high level of tension generated by the legislation. Ultimately, the bill was approved by both houses and signed by Governor Mike O’Callaghan. The voters, however, rejected the consolidation.

The opposition of North Las Vegas to any efforts to merge local governments in Southern Nevada continues. In the 2005 legislative session, the City of North Las Vegas was the most vocal opponent of Assemblywoman McClain’s skeleton bill concerning consolidation as a general concept.

Attachment Three

Examples of Successful Collaborative Efforts (Parr, Riehm, McFarland, 2006)

The Denver Metro-Mayors Caucus was founded in 1993 as a cooperative alliance of the mayors of 31 cities and towns in the Denver metropolitan region. Its purpose is to serve as a voice for collective action on issues that affect the entire region but cannot be addressed effectively by any one jurisdiction acting alone.

The Tri-County Fire Working Group in Montana was formed in 1984 to educate the public about wildfire prevention and to train emergency response personnel in wildfire mitigation. The group includes representatives from disaster and emergency service workers from several local jurisdictions.

The Central Arkansas Transit Authority was created as a public corporation in 1986. The authority is governed by a 13-member board appointed by local elected officials. It serves several local jurisdictions.

Extraterritorial Planning Jurisdiction is exercised by a majority of municipalities in North Carolina. A study conducted in 2006 by the University of North Carolina indicated that of 315 municipalities responding, 62 percent use extraterritorial powers for land development and regulations including: zoning, signage, location of adult entertainment and telecommunication towers, watershed protection, sediment and erosion control, and historic districts.

The Mid-America Regional Council (MARC) serves as the association of city and county governments and the metropolitan planning organization for the bi-state Kansas City region. MARC is governed by a board of directors of 30 elected officials representing the eight counties and 116 cities in the Kansas City region.

The San Diego Association of Governments serves as the forum for regional decision-making for 19 city and county governments in the San Diego region of California. The association deals with issues such as growth management, habitat conservation planning, traffic management, and criminal justice research. It provides regional planning leadership in the areas of transportation, housing, open space, recycling, and hazardous waste management.

The Delaware Valley Regional Planning Commission is the metropolitan planning organization for the Philadelphia metropolitan region. City, county, and state representatives work together to foster regional cooperation in a nine-county, two state area around key issues including transportation, land use, environmental protection, and economic development.

North Delta Panning and Development District serves several local jurisdictions in the Northwest Mississippi area. The district provides a variety of services, including regional planning, local technical assistance and coordination,

and review of applications for federally sponsored programs for the region.

The Coordinating and Development Corporation serves portions of Louisiana, Texas, and Arkansas. The corporation is a private, nonprofit, membership-supported organization. It serves the economic, community, and business development needs of supporting organizations. The State of Louisiana recognizes the corporation as one of the states eight regional planning and development districts.

Contract City is an apt description of Camarillo, California because the city purchases major public services through contracts with other agencies and private companies. Camarillo contracts with the Ventura County Sheriff's Department to provide a police presence, and Building and Safety is provided by a private contractor.

The Strategic Alliance for Volume Expenditures (SAVE) was formed by 22 local jurisdictions in the Mesa, Arizona area – including cities and school districts – to coordinate their purchasing and contracting. Based on a state cooperative purchasing program, SAVE coordinates bidding and contracting for community used items such as water treatment chemicals, recycling containers, buses, bus shelters, and traffic signal equipment.

Northeast Ohio Sourcing Office (NEOSO) is a new cooperative purchasing and services program started with grants from several foundations in Northeast Ohio and targeted at helping 21 municipalities. NEOSO provides purchasing and shared back-office services to government members. NEOSO's most popular offering to date is auto parts and services. Other offerings include: computer maintenance, contract administration, information technology training, network expense management, and shared chief information officers.

Erie, County, NY has increased its service provision through transfer of functions since the 1930s. In an ongoing process of regionalization, services transferred from municipal to county governments have included social welfare, centralized police functions, cultural facilities funding, parks, the Buffalo airport, and libraries.

Attachment Four

Interlocal Agreements approved by the City Council in FY2008

Department	Interlocal Agreement
Administrative Services	Agreement with the Las Vegas Metropolitan Police Department for Medical Document Management services.
Public Works	Agreement between the City of Las Vegas and the State of Nevada Department of Transportation for the design and construction of the Horse Drive and US-95 Interchange project
Public Works	Agreement between the City of Las Vegas and the Regional Transportation Commission (RTC) for the design and construction of the Downtown Connector project located along Grand Central Parkway, Casino Center Boulevard, 3rd Street, Main Street, St. Louis Avenue and Paradise Road
Public Works	Agreement 113374 between the City of Las Vegas and the Las Vegas Valley Water District for water related facilities as part of the Rampart Trail Phase II project generally located north of Alta Drive and west of Rampart Boulevard
Public Works	Agreement between the Clean Water Coalition (CWC), Clark County, the Clark County Regional Flood Control District (CCRFCD), the Clark County Water Reclamation District, the Cities of Henderson, Las Vegas and North Las Vegas, the Las Vegas Valley Water District and the Southern Nevada Water Authority to establish funding allocations and the budget for the Las Vegas Wash Activities in fiscal year
Neighborhood Services	Agreement between the City of Las Vegas and Clark County that allocates $843,000 HOME Investment Partnerships Program Funds to the Clark County Consortium to fund the final construction of Sonoma Palms Senior Apartments located at 3050 South Jones Boulevard
Finance and Business Services	Agreement for the funding of the Southwest Area Command (SAC) for the Las Vegas Metropolitan Police Department to be located in the vicinity of Windmill Lane and Rainbow Boulevard in unincorporated Clark County
Public Works	Contract between the City of Las Vegas and the Clark County Regional Flood Control District (CCRFCD) to increase construction funding and extend the date of completion for local drainage improvements for the Brush Street storm drain
Public Works	Funding Agreement between the Southern Nevada Water Authority and the City for $10,000 to be used towards inventorying the City's urban forest
Public Works	Agreement between the City and the Clark County Regional Flood Control District to decrease construction funding for the Las Vegas Wash – Elkhorn Road, Rainbow Boulevard to Torry Pines drive project

Public Works	Agreement between the City and Clark County for the city to acquire right of way for public use and enhance the safety of the public by providing construction of intersection widening improvements and bus turnouts at the intersection of Charleston Boulevard and Lamb Boulevard
Field Operations	Agreement with the Las Vegas Valley Water District for water service
Public Works	Agreement No. 113133 between the City of Las Vegas and the Las Vegas Valley Water District for water related facilities for City of Las Vegas Special Improvement District Number 1507, generally located in Jones Boulevard between Elkhorn Road and Horse Drive
City Manager's Office	Agreement between the City of Las Vegas and Clark County for future facilities for the Las Vegas Metropolitan Police Department
Public Works	Contract with Clark County for the Department of Social Services to assist in evaluating City-designated Special Improvement District hardship applications
Public Works	Contract between the City of Las Vegas and the Regional Transportation Commission of Southern Nevada (RTC) to revise the scope of project and approve a revised authorization to proceed for construction for Question 10 project 144A - Intelligent Transportation System (ITS) communication infrastructure - Alexander Road from Durango Road to US-95
Public Works	Contract between the City of Las Vegas and the Regional Transportation Commission of Southern Nevada (RTC) to fund the design of bicycle facilities to be located along Tenaya Way - from Cheyenne Avenue to Craig Road and along Gowan Road - from Pioneer Road to Tenaya Way
Public Works	Contract between the City of Las Vegas and the Regional Transportation Commission of Southern Nevada (RTC) to perform a planning study for a future interchange on I-15 at Owens Avenue and for eliminating the current Owens Avenue One-way couplet
Public Works	Contract between the City of Las Vegas and the Clark County Regional Flood Control District (CCRFCD) to provide funding for the construction of the Oakey Drain - Birch Street
Public Works	Contract for the Brent Lane and Tule Springs Detention Basins being constructed within the Floyd Lamb Park (northeast corner of Cimarron Road and Racel Street) along with a collection facility, extending west along Racel Street from Cimarron Road to El Capitan Way
Public Works	Contract for design of the Oakey - Meadows Storm Drain located on the Springs Preserve site from the northwest corner of Alta Drive and Valley View Boulevard to Fulton

	Place, west on Fulton Place from Valley View Boulevard to Hinson Street, south on Hinson Street to Charleston Boulevard, west on Charleston Boulevard to Decatur Boulevard and south on Decatur Boulevard to Sahara Avenue
Planning and Development	Contract between the Regional Transportation Commission of Southern Nevada (RTC), the State of Nevada (State) through the Department of Transportation (NDOT), the County of Clark (County) and the Citites of Boulder City, Henderson, Las Vegas, Mesquite and North Las Vegas for the metropolitan transportation planning process
Finance and Business Services	Agreement Regarding the Distribution of Taxes for a Performing Arts Center, located on Parcel H and Parcel I in Union Park, a portion of 53.6 acres generally located at the northeast corner of Bonneville Avenue and Grand Central Parkway
Field Operations	Agreement among Clark County, the City of Henderson, the City of North Las Vegas and the City of Las Vegas to establish a process for joint selection of Federal lands for disposal as referenced in the Southern Nevada Public Land Management
Public Works	Agreement between the City of Las Vegas and the Las Vegas Valley Water District (LVVWD) for water related facilities as part of the Union Park Phase 2, bounded by Grand Central Parkway, Bonneville Avenue and the Union Pacific Railroad Rail Line
Public Works	Contract between the Cities of Las Vegas, North Las Vegas and Henderson, Clark County and the Regional Transportation Commission of Southern Nevada (RTC) to approve policy which establishes criteria for the reimbursement of costs through Question 10 (Q-10) funds by the RTC for the maintenance of Off-Street Shared Use Path
Public Works	Contract No. 362c between the City of Las Vegas and the Regional Transportation Commission of Southern Nevada (RTC) to extend the date of the completion for PM10 Mitigation Paving Improvement Projects
Public Works	Agreement between the Cities of Las Vegas, North Las Vegas and Henderson and the Clark County Water Reclamation District for attorney services pertaining to proposed Public Utility Commission regulations on sewer laterals
Public Works	Agreement between the City of Las Vegas and the State of Nevada Department of Transportation for the design and construction of the Horse Drive and US-95 Interchange project
Field Operations	Agreement between the Las Vegas Convention and Visitors Authority and the City of Las Vegas for a grant in the amount of $150,000 for the purpose of making capital improvements to the Darling Tennis Center located at the Charlie Kellog and Joe Zaher Sports Complex

Public Works	Contract LAS24D06 between the City of Las Vegas and the Clark County Regional Flood Control District (CCRFCD) to decrease construction funding and extend the date of completion of the Gowan Lone Mountain System Branch 4
Public Works	Contract LAS22G07 between the City of Las Vegas and the Clark County Regional Flood Control District (CCRFCD) to increase funding for design engineering for Elkhorn Spring - Buffalo Storm Drain
Public Works	Contract LAS10Y05 between the City of Las Vegas and the Clark County Regional Flood Control District (CCRFCD) to extend the date of completion to award the bid and complete the Gowan Lone Mountain System – Cliff Shadows Park project
Public Works	Agreement between the City of Las Vegas and the Las Vegas Valley Water District for water related facilities for the Casino Center Boulevard Bus Rapid Transit
Public Works	Approval of Interlocal Agreement 113160 between the City of Las Vegas and the Las Vegas Valley Water District for water related facilities at the Angel Park Trailhead located on the west side of Durango Drive at Westcliff Drive ($14,776 - Southern Nevada Public Land Management Act
Public Works	Agreement 113218 between the City of Las Vegas and the Las Vegas Valley Water District for water related facilities at City of Las Vegas Fire Station 101 located on the southeast corner of Sky Pointe Drive and Ackerman Avenue
Public Works	Contract 562B between the City of Las Vegas and the Regional Transportation Commission (RTC) for offsite improvements adjacent to Regional Flood Control District Detention Basin projects for fiscal year 2007-2008 ($1,300,000 - Regional Transportation Commission
Public Works	Agreement Number R448-07-015 between the City of Las Vegas and the State of Nevada Department of Transportation for transportation improvements linking D and F Streets between Bonanza Road and D Street
Detention & Enforcement	Contract for Inmate Housing between the City of Las Vegas and County of Clark providing alternative housing at the City Detention facility for pretrial detainees and sentenced misdemeanants in the custody of the Clark
Neighborhood Services	Agreement for Shared Funding with Clark County and the cities of North Las Vegas, Henderson and Boulder City to contribute $289,323 (General Fund) for regional homeless coordination and inclement weather shelter
Public Works	Agreement between the Cities of Las Vegas and North Las Vegas for modification of the Craig Road and Decatur Boulevard intersection to add dual left turn lanes northbound/southbound

Public Works	Contract between the City of Las Vegas and the Clark County Regional Flood Control District (CCRFCD) to increase funding for engineering of the Gowan Outfall - Lone Mountain Branch (Rancho Drive to Decatur
Public Works	Agreement between the City of Las Vegas and the Clark County Regional Flood Control District (CCRFCD) for construction and construction management of the Rancho Drive System - El Campo Grande Storm Drain
Administrative Services	Agreement with Clark County for the transfer of homeland security funds from the FY07 U.S. Department of Homeland Security's Urban Area Security Initiative Program (UASI)
Administrative Services	Agreement with Clark County for the transfer of homeland security funds from the FY07 U.S. Department of Homeland Security's State Homeland Security Grant Program (SHSP)
Office of the City Manager	Contract with the City of Henderson to retain a qualified consultant to provide both Cities with governmental taxation and finance services
Public Works	Contract 435h between the City and the Regional Transportation Commission (RTC) to increase project funding for engineering and right-of-way other for the Martin L. King - Palomino Lane to Carey Avenue project
Office of Business Development	Contract for the Lease of Property at Fifth Street School, located at 400 Las Vegas Boulevard South, with the University of Nevada, Las Vegas, College of Fine Arts, to lease office and studio space

Fundamental Service Review
Companion Study
Classification-Compensation Study

Department of Human Resources
Author: Ann Rubertino-Beck

Executive Summary

A common and sound business practice is to periodically review the organization's jobs to determine whether employees are properly classified, and how the salary ranges compare to the applicable market, according to the organization's compensation philosophy.

The city last conducted a comprehensive classification-compensation study approximately fifteen years ago. We have noticed increasing indicators that another is worthwhile, including more requests for individual job studies. The recent budget shortfall makes the market review a timely issue as well.

The city has contracted with The Segal Company to conduct a four-phase study of all classified jobs.

The Study Is Underway

Phase 1 has begun; initial meetings with the two project teams and most stakeholder interviews have already taken place. The remainder of the stakeholder interviews will be completed by September 30, 2008, and following this step the project teams will develop an employee communication plan.

Phase 2 is the LVCEA classification step. Each employee will be asked to complete a job analysis questionnaire (JAQ), to be reviewed by the Segal project manager. The project manager will assign each position to an appropriate job classification based on current responsibilities while meeting the city's desire for somewhat broader, and fewer, classifications. These assignments will be communicated to city staff, and a formal review will be available for individuals who request it, with the final decision being made by the consultant and a representative from the City Manager's Office.

Phase 3 consists of surveying the city's labor market for similar jobs. The labor market is made up of those employers and locations with which the city competes for employees: both where it loses employees to, and where it draws

from. A customized questionnaire will be sent to a representative sample of those public employers, and they will provide salary and benefit data for their jobs that are comparable to a select group of city benchmarks.

Segal will also include information from private industry by pulling data from published salary surveys for jobs that also exist in the private sector. This data is published in aggregate, and no companies are identifiable, a high priority for all private firms and one of several factors that protect companies from violations of the Sherman Antitrust Act.

From this information, Segal will also draft a proposed LVCEA grade structure to correspond to the proposed classification structure. The market data for public safety jobs will incorporate information about the various types of benefits and additional pay to provide an overall picture of total compensation.

In Phase 4, final results will be presented to the city.

Completion Timelines and Implementation

We expect the public safety portion to be completed in December 2008. The timeline for the LVCEA portion should be completed in August 2009. We should have preliminary data in the form of a draft report for LVCEA near the end of fiscal year 2009.

Implementation of the results may require meet and confer sessions as well as collectively bargaining some of the proposed changes where mandatory by statute. The LVPOA and the LVPPA have sent representatives to sit on the project team. It is our expectation that their participation will allow discussion of the results to begin as soon as they are available. However, official negotiation may be delayed until the collective bargaining agreements are opened, in early 2011 for both.

The IAFF has declined and the LVCEA initially declined the city's invitation to participate in the process. However, the LVCEA has now notified the city they will accept the invitation to participate as a project team member for the study. The IAFF collective bargaining agreement will begin negotiations in early 2009, so the timing will correspond to delivery of the study results. LVCEA labor contract negotiations are not scheduled begin until early 2011. However, the data developed as a result of this comprehensive study will immediately provide invaluable information for Mayor and City Council and the City Managers Office and the Executive Team to utilize in meeting and conferring with all of its labor organizations concerning the continued fiscal health and viability of the City of Las Vegas.

FUNDAMENTAL SERVICE REVIEW

Companion Study Synopsis

Human Services

(September 15/16, 2008: Council Briefings)

Background

This companion study was designed to begin a process by which the City of Las Vegas can develop a strategy for the implementation of an effective, efficient and coordinated human services program.

Results

Twenty-three programs were initially identified. These services are currently provided by five different departments: Municipal Court, Detention and Enforcement, Leisure Services, Neighborhood Services and the City Manager's Office (Office of Cultural Affairs). The service recipients are defined as "hard to serve." This population includes but is not limited to citizens who need services for the following: drug and alcohol abuse, medical/mental health problems, limited education and job skills, lack of financial resources and lack of housing. Projected expenditures in FY09 are $5.2M with a cost recovery of 66 percent or $3.46M.

Conclusions

Due to the lack of accurate performance data at this juncture, it is recommended that the City Manager's Office establish a Service Review Task Force to:

- Make certain all services are identified;
- Identify services which may be referred to others;
- Identify the organizations that provide those services;
- Design strategies for development and implementation of services that should continue to be provided by the City of Las Vegas

Fundamental Service Review Companion Study
Name: *Human Services Study*

Departments: Leisure Services, Municipal Court, Detention and Enforcement and Neighborhood Services

Authors: James Carmany & Elizabeth Fretwell

Presentation Dates: September 15 & 16, 2008

Executive Summary: This report was developed in order to identify the amout of general fund dollars that are projected to be spent during FY 2009 on programs and services that are designed to meet the increasingly complex needs of hard to serve populations [1].

Purpose:

The purpose of this study is to begin a process by which the City of Las Vegas will develop a strategy for the implementation of an effective and efficient coordinated human services program.

The first step in this process was to identify all of the human services the City of Las Vegas provides.

As we identified services for those who are defined as "hard to serve," it became clear the majority of these services were implemented as the result of the identification of a specific concern that needed to be addressed. As our population grew, so did the services required, often without attention to the overall impact of the service as it was related to the dollars invested.

An important next step was to identify all human services that are mandated, whether by NRS, Council/Management, or Judicial request and which services should appropriately be continued, discontinued and/or transferred to another entity.

The programs and services reviewed in this study were identified by the department directors and staff from Neighborhood Services, Municipal Court, Detention & Enforcement and Leisure Services.

The 23 programs identified are projected to spend $5,264,327 in FY 09 and to have a cost recovery of 66% or $3,461,855 of which, 60% is projected to be recovered through fees and 6% by grants.

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[1] *Includes, but is not limited to, citizens who need services for the following: Drug/alcohol abuse, Medical/mental health problems, Limited education and job skills, Lack of financial resources, Lack of housing*

The projected program expenditures and dollars recovered by department are as follows:

Leisure Services: $1,366,907 total expenditures
Recovered through fees: $935,750
Senior Law Project: $1,216,360
Senior Service Liaison Program: $150,547

Office of Cultural Affairs: $89,320 total expenditures
Recovered through grant: $18,900
New Directions Youth Arts: $89, 320

Municipal Court: $1,835,861 total expenditures
Recovered through fees: $2,226,261
Recovered through grant: $170,944
Misdemeanor Offender Counseling Services Programs: $1,218,015
- Substance Abuse Program
- DUI Program
- Domestic Violence Program
- Impulse Control Program
- Petit Larceny Program

Community Service & Work Programs: $68,025
Evaluation Center Programs: $364,761
- Evaluation Center
- First Offender Prostitution Program
- Female Prostitution Prevention Program

Traffic School Program: $185,060

Neighborhood Services: $1,972,239 total expenditures
Recovered through grant: $110,000
Westcare Outside Contract- Community Triage Center: $282,372
SNRPC Outside Contract- Regional Collaborative Effort to Prevent Homelessness: $331,382
EVOLVE Workforce Development Center Staff: $1,173,485
Programs for Hard to Serve Populations: $75,000
- Homeless Supportive Services
- Emergency Housing Assistance Program (EHAP)
- Prisoner Reentry
- Emergency Relocation Assistance (ERA)
- EVOLVE Chronic Inebriate

Program Based Rental Assistance & Unemployed and Underemployed Low Income Rental Assistance Program $110,000

The City of Las Vegas is also projected to spend an additional $7,168,932 through the **Department of Detention & Enforcement.**

Inmate Services Programs: $78,652
Inmate Discharge Planning: $76,530
Inmate Services: $7,013,750 (Health Services)

Conclusion:

Based upon the expansion and, in some instances, the unplanned growth of the City of Las Vegas human services programs, there is an opportunity for enhancing their effectiveness.

It is our recommendation that the City Manger's Office establish a *Service Review Task Force* that would be charged with the responsibility of implementing the following:

- Make certain that all services have been identified.
- Identify services which may be referred to others and what organization(s) should most appropriately provide these services.
- Design strategies for the development and implementation of coordinated services that should continue to be provided by the City of Las Vegas.

FUNDAMENTAL SERVICE REVIEW

Companion Study Synopsis

Performance Plus: Cross Departmental Issues

(August 18/19, 2008: Council Briefing Sessions)

Background

City of Las Vegas departments have been engaged in a performance management initiative entitled Performance Plus to improve the transparency and accountability of city government. As a result, strategic business plans from the departments have been aligned to performance-based budgets. By the end of 2008, all city departments will have participated in the methodology and will be tracking data and performance measures in their respective areas.

While conducting the intensive review of department programs, directors and their staffs have used performance data gathered from Performance Plus to indentify underperforming programs and/or services. **A significant amount of this information has been incorporated into the Fundamental Service Review as support for recommendations to Council**. These recommendations are designed to strategically move the enterprise toward a direction more consistent with today's fiscal climate.

Results

The following list reflects a summary of the cross-departmental issues that surfaced during Performance Plus strategic business planning sessions and that subsequently align with departmental cost-cutting suggestions offered during the Fundamental Service Review. **Many of the items have been included in the final recommendations to Council:**

1. Expand CLV on-line customer services
2. Evaluate approval and implementation process of City Improvement Projects
3. Review Code Enforcement activities
4. Explore the centralization of permitting and licensing functions
5. Review the potential of consolidated inspection activities
6. Devise and implement plan to reduce labor costs and benefits going forward
7. Explore cost-effective methods of enhancing organizational development training for employees
8. Evaluate the consolidation of Special Events planning and production
9. Explore feasibility of creating city-wide policy for fee increases
10. Explore centralized public information functions
11. Explore cost containment methods to conduct background checks
12. Evaluate centralized Community Education activities
13. Explore centralized parking administration functions
14. Explore options for reducing or eliminating selective record retention obligations
15. Evaluate centralized dispatch functions
16. Explore possibilities of expanding park maintenance and clean-up with community service/work programs
17. Consider outsourcing field maintenance
18. Evaluate centralization or outsourcing of graffiti abatement efforts

Conclusion

Performance Plus has put a system in place that will regularly identify issues that require or that prompt a reevaluation of the service provided within the City. Through quarterly review of each department's performance and by having annual reviews of all strategic plans, the city will be well positioned into the future to sustain the results of the FSR and to continually monitor trends.

Fundamental Service Review
Companion Study
Performance Plus - Cross – Departmental Issues
Office of Administrative Services
Penney Towers
August, 2008

Executive Summary

At the direction of the City Council and guidance of the City Manager's Office, Las Vegas employees have engaged in a performance management initiative to improve the transparency and accountability of our city government. The advanced management tool, "Performance Plus – Managing for Results," has facilitated an enterprise-wide paradigm shift in the way we do business.

Through the Performance Plus approach, fifteen departments have successfully developed strategic business plans, which align to performance-based budgets. Two remaining departments (Office of Business Development and the Department of Building and Safety) are currently undergoing the facilitated sessions to complete the enterprise-wide performance management process. The City Attorney's Office and City Manager's Office are also scheduled to participate in an abridged training format during the month of September 2008.

To date, more than 650 employees have participated in the Performance Plus methodology and have already begun to implement cost-effective measures to improve customer services. The entire training process, which began in January of 2007 and scheduled to be completed in December of this year, reflects the city's aggressive, 24-month plan to provide a more transparent and accountable method of conducting daily business.

Utilizing the Performance Plus methodology, department management and staff conduct monthly audits of the best available performance data and report the findings on a quarterly basis to an executive team entitled "Performance Plus Executive Team," (PPET). PPET, which is comprised of the city manager, deputy city managers and selected department directors, reviews performance results to:

- Confirm data
- Identify cross-departmental service duplications or gaps
- Identify cost-effective actions to improve customer service

- Discuss trends in performance and identify corrective actions
- Align to Council priorities

More recently, Performance Plus has contributed to the Fundamental Service Review process. While conducting the intensive review of respective department programs, directors and staff have reportedly used performance data to identify underperforming programs and/or services and to support recommendations, which strategically move the enterprise forward in a direction more consistent with today's fiscal climate.

Cross-Departmental Issues Identified through Performance Plus Process

The following list reflects a summary of cross-departmental issues that surfaced during Performance Plus strategic business planning sessions and that subsequently align with cost-cutting recommendations suggested by department staff in the Fundamental Services Review (FSR) documentation.

1. Expand CLV on-line customer services
2. Evaluate approval and implementation process of City Improvement Projects
3. Review Code Enforcement activities
4. Explore the centralization of permitting and licensing functions
5. Review the potential of consolidated inspection activities
6. Devise and implement plan to reduce labor costs and benefits going forward
7. Explore cost-effective methods of enhancing organizational development training for employees
8. Evaluate the consolidation of Special Events planning and production
9. Explore feasibility of creating citywide policy for fee increases
10. Explore centralized public information functions
11. Explore cost containment methods to conduct background checks
12. Evaluate centralized Community Education activities
13. Explore centralized parking administration functions
14. Explore options for reducing or eliminating selective record retention obligations
15. Evaluate centralized dispatch functions
16. Explore possibilities of expanding park maintenance and clean –up with community service/work programs
17. Consider outsourcing field maintenance
18. Evaluate centralization of or outsourcing graffiti abatement efforts

Fundamental Service Review
Stabilization Fund Study

Finance & Business Services
Mark R. Vincent
September 29, 2008

Background

It is common practice for state and local govenments to establish special purpose funds to cover the unexpected cost of natural or man-made disasters, including economic conditions that produce significant and unexpected revenue shortfalls. Often these are termed “rainy day” or “stabilization” funds. Nevada’s Local Government Budget and Finance Act controls this budget process for local governments. Currently, Las Vegas has not adopted a resolution to create a stabilization fund under this Act.

It must be recognized that a stabilization fund is a one-time funding source used to meet unanticipated events. A stabilization fund is not an appropriate tool to mitigate long-term trends in revenues. Trends are recognizable and should be realistically budgeted for in the fiscal planning process. One-time funding can only delay the inevitable impact of a trend.

Summary of findings

Use of stabilization funds is a common practice within many cities and states. Research determined as many varying limits and criteria for accessing the funds as there were number of funds in existence. For example, Arizona’s Budget Stabilization Fund is funded by appropriation in an amount determined by formula comparing real, adjusted Arizona personal income growth to a 7 year trend. Their fund is capped at 5 percent of prior year general fund revenue. Withdrawal amounts are also determined via formula, however, a non-formula-determined withdrawal may be accomplished by a two-thirds vote of the governing body. California funds an Economic Uncertainties Fund through direct appropriation or transfer of year-end surplus without a cap. Utah transfers 25 percent of its general fund surplus up to an 8 percent fund cap. Two states, including Nevada at $100 million, have dollar rather than percentage caps on their stabilization funds balances.

Nevada Revised Statute (NRS) 354.6115 of the Local Government Budget and Finance Act provides for the creation of a stabilization fund by resolution:

1. The purpose of the fund is to stabilize the operation of the local government **and** mitigate the effects of natural disasters.
2. The funds can only be used if
   a. General fund revenues fall short of the budgeted revenues, **or**
   b. To pay expenses related to a natural disaster
3. The fund is limited to 10 percent of the previous year's general fund expenditures
4. Money in the fund may not revert to any other fund or be a surplus for any purpose other than specified in NRS 354.6115

Subsection 1 of NRS 354.6115 states that a fund can be established to "*stabilize the operation of the local government and mitigate the effects of natural disasters*". The choice of conjunctive there is "and", whereas in Subsection 2 the choice of conjunctive between subsections (a) and (b) is "or". If the NRS is interpreted that both conditions must be present to access the funds, then the law is too restrictive and funding should not be placed into a fund created under NRS 354.6115 until this language conflict is resolved.

Subsection 2(a) of NRS 354.6115 provides for access to the funds "*if the total actual revenue of the local government falls short of the total anticipated revenue in the general fund for the fiscal year in which the local government uses that money*". Staff has two concerns with Subsection 2(a). First, it is easy to create this condition (i.e., revenue falling short of budget) by simply overstating revenues to begin with. Staff does not advocate that this fund be used to mitigate long-term revenue trends, but rather for expected downturns that are typically caused by external factors such as recessions or natural and manmade disasters. Second, there is no language limiting how much the fund can be accessed, e.g., is it limited to the amount of the revenue shortfall?

Subsection 2(b) of NRS 354.6115 provides for access to the funds "*to mitigate the effects of a natural disaster*", and Subsection 8(b) defines a natural disaster to include "*any other occurrence*" that results in "*widespread or severe damage to property or injury to or the death of persons within the jurisdiction of the local government*" as determined by the governing body. While 8(b) appears to include "unnatural" disasters like environmental spills and foreign or domestic acts of aggression, Subsection 3 limits the use of the funds to the payment of specific expenses "*incurred by the local government as a result of the natural disaster*". Often times these unnatural disasters have more of an economic impact on revenues than they do on the expenditure of resources to deal with them. Further, even disasters outside the jurisdiction of the local government can unexpectedly and adversely impact the city's revenue sources.

Subsection 4 directs that the "*balance in the fund must not exceed 10 percent of the expenditures from the general fund for the previous fiscal year*". While we agree there should be a limit, we point out that 10 percent represents just 5.2 weeks of operations, and that consideration should be given to increasing this cap to 15 or even 20 percent. Allowing for a higher stabilization fund balance would enable local government to

maintain lower general fund balances, which are currently the main source of stabilization funds for local governments in Nevada.

We concur with the language in 2(b) that restricts its use for any purpose "*other than a purpose specified in this subsection*".

The City has identified approximately $47 million of funding that currently resides in various non-general fund categories but which are fungible. These include monies that were appropriated for construction projects and capital equipment replacement. Although there is an impact to delaying or terminating these appropriations, a portion could be re-appropriated by resolution to create a Revenue Stabilization Fund under NRS 354.6115. For example, $25 million of the $47 million could be set aside for partial funding of the unfunded liabilities for retiree health insurance subsidies and workers compensation claims related to public safety, and the remaining $22 million could then be used as seed money for a stabilization fund. Future funding of the stabilization fund could be acomplished through appropriation of general fund balances that exceed our budget policy of 12 percent until the statutory cap is achieved. Further, once the maximun funding of the stabilization fund is achieved, consideration could be given to reducing the general fund balance budget policy cap from 12 percent to 10 percent. This could have the effect of delaying future capital projects that depend upon general fund appropriations until the stabilization cap is achieved.

Conclusion

The Office of Government Affairs, working in conjunction with Finance and Business Services, is preparing a Bill Draft Request for the 2009 Legislative session requesting (1) a better definition of the events that can trigger access to the stabilization fund, and more specifically changing the conjunction in Subsection 1 from "and" to "or", (2) the dollar amount of that access, and (3) a higher cap on the fund size. Once these issues are resolved the City Council should give consideration to the creation of a Revenue Stabilization Fund under the Local Government Budget and Finance Act, using all or a portion of the current $47 million non-general fund monies already identified.

Attachment: Local Government Budget and Finance Act

Local Government Budget and Finance Act

NRS 354.6115 Fund to stabilize operation of local government and mitigate effects of natural disaster.

1. The governing body of a local government may, by resolution, establish a fund to stabilize the operation of the local government and mitigate the effects of natural disasters.

2. The money in the fund must be used only:

(a) If the total actual revenue of the local government falls short of the total anticipated revenue in the general fund for the fiscal year in which the local government uses that money; or

(b) To pay expenses incurred by the local government to mitigate the effects of a natural disaster.

➥ The money in the fund at the end of the fiscal year may not revert to any other fund or be a surplus for any purpose other than a purpose specified in this subsection.

3. The money in the fund may not be used to pay expenses incurred to mitigate the effects of a natural disaster until the governing body of the local government issues a formal declaration that a natural disaster exists. The governing body shall not make such a declaration unless a natural disaster is occurring or has occurred. Upon the issuance of such a declaration, the money in the fund may be used for the payment of the following expenses incurred by the local government as a result of the natural disaster:

(a) The repair or replacement of roads, streets, bridges, water control facilities, public buildings, public utilities, recreational facilities and parks owned by the local government and damaged by the natural disaster;

(b) Any emergency measures undertaken to save lives, protect public health and safety or protect property within the jurisdiction of the local government;

(c) The removal of debris from publicly or privately owned land and waterways within the jurisdiction of the local government that was undertaken because of the natural disaster;

(d) Expenses incurred by the local government for any overtime worked by an employee of the local government because of the natural disaster or any other extraordinary expenses incurred by the local government because of the natural disaster; and

(e) The payment of any grant match the local government must provide to obtain a grant from a federal disaster assistance agency for an eligible project to repair damage caused by the natural disaster within the jurisdiction of the local government.

4. The balance in the fund must not exceed 10 percent of the expenditures from the general fund for the previous fiscal year, excluding any federal funds expended by the local government.

5. The annual budget and audit report of the local government prepared pursuant to NRS 354.624 must specifically identify the fund.

6. The audit report prepared for the fund must include a statement by the auditor whether the local government has complied with the provisions of this section.

7. Any transfer of money from a fund established pursuant to this section must be completed within 90 days after the end of the fiscal year in which the natural disaster for which the fund was established occurs.

8. As used in this section:

(a) "Grant match" has the meaning ascribed to it in NRS 353.2725.

(b) "Natural disaster" means a fire, flood, earthquake, drought or any other occurrence that:

(1) Results in widespread or severe damage to property or injury to or the death of persons within the jurisdiction of the local government; and

(2) As determined by the governing body of the local government, requires immediate action to protect the health, safety and welfare of persons residing within the jurisdiction of the local government.

(Added to NRS by 1995, 2553; A 1999, 1660; 2001, 1808)

FUNDAMENTAL SERVICE REVIEW

Companion Study Synopsis

Communications Plan

(August 4/5, 2008: Council Briefing Sessions)

Background

The assessment of city programs and positions can obviously create some uncertainty and speculation as to the future of the organization. Without clear communication from senior management on this issue, city employees may be left to rely on rumor and hearsay as to their job status or the status of their work groups. The communication strategy outlined in this companion study was designed to assure that clear communication will take place and that the public is kept abreast of key components of the Fundamental Service Review.

Results

Employee Communications:

- Initial Memo/Announcement
- Regular Newsletters
- Meet the Manager Meetings
- Budget Bulletins
- Additional Employee Communications
- City Manager Video

Communications to the Public:

- Channel 2
- Net News/Web site/e-Newsletters
- Media

Conclusions

Department directors were directed to inform staff of all of the employee communication venues and to continually share non-confidential information as relayed in meetings with the City Manager. Media venues will be handled by the Office of Communications.

Fundamental Service Review Companion Study
FSR Communications Strategy

Author: David Riggleman

The Las Vegas City Council directed staff to undertake a fundamental review of city services during the annual budget workshop in March 2008. The request was prompted in large part by the current economic downturn, a tightening city budget, and a desire to make the organization more efficient. The basic goal is to take a hard look at all city programs and determine which ones should be continued, which could be scaled back, and which ones could possibly be eliminated. Of course, changes along these lines could impact city staff that supports the programs under review.

An assessment of city programs and positions can obviously create some uncertainty and speculation as to the future of the organization. Without clear communication from senior management on this issue, city employees may be left to rely on rumor and hearsay as to their job status or the status of their workgroups. In a broader sense, the public may also be unclear as to the motivation behind the review and what it potentially means to the level of service provided by the city.

The following strategy will help assure that clear communication is taking place and that employees and the public are kept abreast of key components of the review.

Employee Communications:

Initial Memo/Announcement: Departments are required to submit recommendations concerning the fundamental service review on July 11, 2008. During the week prior, a memo will be sent to all employees from City Manager Doug Selby. That announcement will come electronically to those employees with computer access and a hard copy will go to those who do not have a computer. This initial announcement will help clarify exactly what is taking place and lay out some basic timeframe.

Regular Newsletters: The fundamental service review will track along a series of milestones, culminating with an all-day City Council workshop on October 6, 2008. As the process moves along, short updates will be provided to the employees via Doug Selby's monthly newsletter. Communications Director David Riggleman and Director Barbara Jackson will provide the information to be included in those updates. The purpose will be to keep employees informed as to the status of the review, but will avoid trying to list specific ideas from around the organization. The intent is to include

information about the fundamental service review in the editions which will come out in July, August, and September.

On September 15, the next *City Team* employee newsletter will be distributed. An update on the fundamental service review will be included. Once again, the opportunity to keep employees posted on progress and timeframe will be added. Specific ideas in the plan will not be mentioned. Instead, an affirmation that the final call as to future plans will be made by the City Council. Still, employees will be made aware of the progress of the review. Once again David Riggleman and Barbara Jackson can supply the copy for the article.

Meet The Manager: The next round of Meet The Manager meetings is upcoming. Senior leadership can use the opportunity to talk about the fundamental service review and clarify what it is—and is not. This face-to-face discussion about the plan will help separate a great deal of fact from fiction. The recommendation is that the CMO bring up the topic and initiate the discussion.

Budget Bulletins: A short mention of the fundamental service review can be added to the weekly budget bulletins the council members now receive. Again, the goal at the onset is to simply keep the council members posted as to the timeframe of the work, rather than on specific recommendations until staff is ready to submit a comprehensive plan. The budget bulletins will be added to the intranet and available for all employees to see as well.

Additional Employee Communications: The city has the ability to communicate information to the employees very rapidly. If it is determined that additional information should be sent related to the fundamental service review, staff in the Office of Communications can quickly compile a message for distribution.

City Manager Video: A video message from the city manager should be sent to employees once the City Council decides something concrete following the fundamental service review. The message would once again focus on the reality of what's being implemented, not speculation. It could also lay out any basic plans that will impact employees.

Communications to the Public:

Channel 2: Discussions concerning the fundamental review are planned for the "City Scene" and "City Beat" programs. City Manager Selby will discuss the general purpose of the effort and give viewers an overview of its progress. The first of these reports will air in the month of August.

Net News/Web site/e-Newsletters: A story updating the public on the upcoming City Council workshop will appear in the September edition of "Net News," which is sent electronically to subscribers on the 15th. Similar articles can appear in the ward newsletters if desired. These e-publications also appear on the city's Web site.

Media: Notification of the fundamental service review to the news media will take place via a news release prior to the October 6 City Council workshop. Before the workshop, should potential questions be raised by the media, staff will address them in general terms until the City Council takes any firm action. Since most of the work concerning the review will be in draft form, specifics concerning recommendations will not be discussed. Timeframe and overall goals concerning the effort will be addressed with the media. Media inquiries will be directed to the Office of Communications.

City of Las Vegas
Fundamental Service Review
Information Gathering Document

☐ Recommendation explanation:

Estimate the annual savings (both one-time and recurring) resulting from the recommendation(s). See attachment (Fundamental Review Cost Estimating). In case of a multiple department recommendation, please address what is applicable to your area only.

Cost Estimating Sheet

(a)	Salary/Wages				
(b)	Fring Benefits (see rate table)				
(c)	Employment Cost (a+b)				
(d)	Purchased Goods				
(e)	Purchased Services				
	ISF Charges	**Units**	**Rates**	**Cost**	
	Phones			-	
	Computers			-	
	Vehicles			-	
	Facility Space			-	
(f)	Total ISF Cost				-
(g)	General & Administrative (11% on c)				-
	ONLY for Enterprise Funds				
(h)	One-time capital expenditures				
	Grand Total (c+d+e+f+g+h)				-
	Is this a one-time annual savings?		☐		
	Is this a recurring annual savings?		☐		

If this recommendation will result in a workforce reduction, how many positions will be eliminated, and how many of the positions are currently vacant?

Positions Eliminated		**Existing Vacancies**	
	Permanent & full-time		Permanent & full-time
	Part-time		Part-time
	Contract		Contract

If eliminating positions, provide the sequence number for each position, the position classification, and the current status (filled vs. vacant).

Are there any implications with respect to either formal labor association agreements or long standing tradition and/or workplace practices? If so, please explain

☐ Yes ☐ No

Explanation:

Are there any local, state or federal laws that relate to your recommendation? If so, please identify them by reference and describe their relevance to the recommendation.

☐ Yes ☐ No

Explanation:

This recommendation will result in (select as many as appropriate)

- ☐ No change to services
- ☐ Service delivery changes
- ☐ Program elimination
- ☐ Outsourcing or privatization
- ☐ Consolidation with the department(s) of:
- ☐ Assignment to another local government which would most likely be the:
- ☐ Impacts to boards/commissions/outside entities:
- ☐ Other:

If applicable, please identify the performance measures used in your assessment and how long they have been used.

Performance Measure:

Please identify the pros and cons for your recommendation. (Think about the impact your recommendation will have on the community and other departments.)

What is the best decision given the facts and considering your intuition?

On a scale of 1 to 10, with 1 being not at all and 10 being extremely, how confident are you that your recommendation will work?

Fundamental Review
Cost Estimating

The following guidelines should be observed when estimating the cost of activities for the fundamental review:

- Whenever possible consult with your assigned financial analyst to review calculations.
- In estimating labor cost, use your actual base wage rates plus the following factors depending upon the group (ignore time off, time not worked, vacancies, etc):
  - o 65% Public Safety fringe benefit factor
  - o 15% Part-time fringe benefit factor
  - o 45% All other wage fringe benefit factor
- If actual positions are unknown or too many/complicated to sort out use the average labor rate of $35/hour (add appropriate fringe benefits to that).
- Internal Service Fund cost (computers, phones, vehicles, etc) should be priced using the FY09 Budget Guidance Manual schedules.
- Facility maintenance, repair, and utility costs should be estimated based on square footage occupied times the appropriate facility rate (see attached rate schedule).
- Other non-labor cost should be estimated based on the projected incremental cost of purchased goods or services.
- One-time capital needs should also be included in estimates and identified as start-up cost.
- Enterprise funds should also include an additional overhead for general and administrative support, which is 11% of employment (wages plus fringe benefits) costs.

The mathematics should look something like this:

Cost Estimating Sheet

(a)	Salary/Wages				
(b)	Fring Benefits (see rate table)				
(c)	Employment Cost (a+b)				-
(d)	Purchased Goods				
(e)	Purchased Services				
	ISF Charges	**Units**	**Rates**	**Cost**	
	Phones			-	
	Computers			-	
	Vehicles			-	
	Facility Space			-	
(f)	Total ISF Cost				-
(g)	General & Administrative (11% on c)				-
(h)	One-time capital expenditures				
	Grand Total (c+d+e+f+g+h)				-

BUILDING	LOCATION	FACILITY TYPE	Occupant	SF	Annual Cost/SF	FY09 Annual Charge	FY09 Monthly Charge
City Owned Property							
Charleston Heights Arts Center	800 S. Brush St.	Cultural	LS	25,540	4.73	120,911.31	10,075.94
Chuck Minker Sports Complex	275 N. Mojave Rd.	Recreation	LS	36,365	9.14	332,245.60	27,687.13
City Hall Annex	300 Las Vegas Blvd. N.	Warehouse					
Building & Safety Downstairs		Warehouse	B&S	5,660	8.20	46,432.57	3,869.38
Building & Safety Upstairs		Warehouse	B&S	1,064	8.20	8,728.67	727.39
Purchasing		Warehouse	FBS	4,945	8.20	40,566.97	3,380.58
Detention Center		Warehouse	D&E	1,385	8.20	11,362.03	946.84
City Hall Complex	400 Stewart Ave.						
City Clerk	Tower, Floor 1	Admin	CC	9,617	15.99	153,811.71	12,817.64
Inter governmental Affair	Tower, Floor 1	Admin	CMO	1,280	15.99	20,471.97	1,706.00
Neighborhood Svc	Tower, Floor 2	Admin	NS	10,897	15.99	174,283.68	14,523.64
Finance	Tower, Floor 3	Admin	FBS	10,897	15.99	174,283.68	14,523.64
Public Works	Tower, Floor 4	Admin	PW	10,037	15.99	160,529.07	13,377.42
Field Operations	Tower, Floor 4	Admin	PO	860	15.99	13,754.61	1,146.22
IT	Tower, Floor 5	Admin	IT	10,897	15.99	174,283.68	14,523.64
Finance	Tower, Floor 6	Admin	FBS	10,897	15.99	174,283.68	14,523.64
Metro	Tower, Floor 7	Admin	Metro	10,897	15.99	174,283.68	14,523.64
CMO	Tower, Floor 8	Admin	CMO	6,227	15.99	99,592.96	8,299.41
Communications	Tower, Floor 8	Admin	IT	590	15.99	9,436.30	786.36
Metro	Tower, Floor 8	Admin	Metro	4,080	15.99	65,254.42	5,437.87
Attorney	Tower, Floor 9	Admin	CA	10,897	15.99	174,283.68	14,523.64
City Council	Tower, Floor 10	Admin	M&C	9,647	15.99	154,291.52	12,857.63
CMO	Tower, Floor 10	Admin	CMO	1,250	15.99	19,992.16	1,666.01
CMO	Tower, Floor 11	Admin	CMO	3,348	15.99	53,547.01	4,462.25
IT	Tower, Floor BSMT	Admin	IT	14,688	15.99	234,915.91	19,576.33
Metro	Tower, Floor BSMT	Admin	Metro	20,314	15.99	324,896.64	27,074.72
Finance	Tower, Floor BSMT	Admin	FBS	722	15.99	11,547.47	962.29
Human resources	Addition, Floor 2	Admin	HR	11,376	15.99	181,944.68	15,162.06
OBD	Addition, Floor 2	Admin	OBD	6,588	15.99	105,366.70	8,780.56
City Council	Chambers , Floor 1	Admin	M&C	11,463	15.99	183,336.13	15,278.01
Finance	Plaza Level, Floor 1	Admin	FBS	20,530	15.99	328,351.29	27,362.61
Metro	Plaza Level, Floor 2	Admin	Metro	5,557	15.99	88,877.16	7,406.43
Metro	Plaza Level, Floor 3	Admin	Metro	15,538	15.99	248,510.58	20,709.22
Metro	Plaza Level, Floor 1	Admin	Metro	12,937	15.99	206,910.89	17,242.57
Metro	Old jail, Floor 2	Admin	Metro	17,805	15.99	284,768.37	23,730.70
IT	Plaza Level, Floor	Admin	IT	320	15.99	5,117.99	426.50
CHC Equipment Building	400 Stewart Ave.	Other	FO	7,533	20.04	150,941.99	12,578.50
CHC City Engineer's Building	420 N. 4th St.	Admin	PW	10,566	15.99	168,989.76	14,082.48
Pavement Mgt Field Office (Modular)	420 N. 4th St.	Admin	PW	280	15.99	4,478.24	373.19
Community Schools							
Baker Park	1100 E. St. Louis	Recreation	LS	1,440	9.14	13,156.43	1,096.37
Becker	9110 Hillpointe Rd.	Recreation	LS	1,440	9.14	13,156.43	1,096.37
Brinley	6150 W. Smoke Ranch	Recreation	LS	1,440	9.14	13,156.43	1,096.37
Charleston Heights	300 S. Torrey Pines	Recreation	LS	4,480	9.14	40,931.12	3,410.93
Clark	3074 Arville St.	Recreation	LS	4,480	9.14	40,931.12	3,410.93
Gibson	3900 W. Washington Ave.	Recreation	LS	1,440	9.14	13,156.43	1,096.37
Johnson	340 Villa Monterey	Recreation	LS	1,440	9.14	13,156.43	1,096.37
Lied	5340 W. Tropical Pkwy.	Recreation	LS	4,480	9.14	40,931.12	3,410.93
Molasky	7801 Gilmore	Recreation	LS	4,480	9.14	40,931.12	3,410.93
Robison	825 S. Marion Dr.	Recreation	LS	1,440	9.14	13,156.43	1,096.37

BUILDING	LOCATION	FACILITY TYPE	Occupant	SF	Annual Cost/SF	FY09 Annual Charge	FY09 Monthly Charge
Darling Tennis Center	7901 Washington Ave	Recreation	LS	6,685	9.14	61,076.91	5,089.74
Detention Center	3100 & 3300 E. Stewart Ave.	Detention	D&E	148,888	10.34	1,540,090.85	128,340.90
Doolittle Community Center	1950 N. "J" St.	Recreation	LS	58,955	9.14	538,637.14	44,886.43
Doolittle Senior Center	1950 N. "J" St.	Recreation	LS	8,036	9.14	73,420.20	6,118.35
Downtown Beautification Office	7th Street	Admin	FO	1,000	15.99	15,993.73	1,332.81
Downtown Community Center							
Front Bldg	300 S. 9th St.	Admin	Sr Law	10,255	15.99	164,015.71	13,667.98
Hall Bldg	300 S. 9th St.	Admin	Sr Law	14,698	15.99	235,075.85	19,589.65
Two-Story Classroom Bldg	300 S. 9th St.	Admin	Sr Law	6,628	15.99	106,006.45	8,833.87
Residence	300 S. 9th St.	Admin	Sr Law	1,660	15.99	26,549.59	2,212.47
Downtown Post Office	301 Stewart Ave.	Cultural	LS	34,573	4.73	163,675.28	13,639.61
Downtown Transportation Center	400 N. Casino Center	Other	FO	10,066	20.04	201,696.81	16,808.07
Dula Gym & Recreation Center	430 E. Bonanza Rd.	Recreation	LS	18,750	9.14	171,307.72	14,275.64
East City Service Center	3100 E. Bonanza Rd.						
Building Services/TEFO	3104 E. Bonanza Rd.	Admin	PW	8,017	15.99	128,221.74	10,685.14
Building Services/FO	3104 E. Bonanza Rd.	Admin	FO	8,017	15.99	128,221.74	10,685.14
East Yard Transfer Station	3144 E. Bonanza Rd.	Other	FO	12,397	20.04	248,404.07	20,700.34
Fire Equipment Services Center	3140 E. Bonanza Rd.	Warehouse	F&R	12,571	8.20	103,127.89	8,593.99
Fire Equipment Services Center (old)	3116 E. Bonanza Rd.	Warehouse	F&R	3,186	8.20	26,136.78	2,178.06
Carpenter/Paint Shop	3108 E. Bonanza Rd.	Warehouse	FO	10,000	8.20	82,036.35	6,836.36
Maintenance Storage Bldg. (Million $ Shed)	3112 E. Bonanza Rd.	Warehouse	FO	2,400	8.20	19,688.72	1,640.73
Parks & Open Spaces Admin	3124 E. Bonanza Rd.	Admin	FO	2,880	15.99	46,061.94	3,838.50
T/E Supply Building	3160 E. Bonanza Rd.	Warehouse	PW	1,200	8.20	9,844.36	820.36
Vehicle Services - Bldg B	3128 E. Bonanza Rd.	Warehouse	FO	15,946	8.20	130,815.16	10,901.26
East Las Vegas Community Center	250 N. Eastern	Recreation	LS	40,000	9.14	365,456.46	30,454.70
5th Street School	400 Las Vegas Blvd. S.	Admin	OBD	61,753	15.99	987,660.84	82,305.07
Fire Admin. & Station #1	500 N. Casino Center	Admin	F&R	51,333	15.99	821,006.16	68,417.18
Fire Station #2	900 S. Durango	24 Hour	F&R	10,516	16.04	168,706.32	14,058.86
Fire Station #3	2845 W. Washington	24 Hour	F&R	9,201	16.04	147,610.01	12,300.83
Fire Station #4	421 S. 15th St.	24 Hour	F&R	10,672	16.04	171,209.00	14,267.42
Fire Station #5	1020 Hinson	24 Hour	F&R	11,491	16.04	184,348.07	15,362.34
Fire Station #6	190 Upland Blvd.	24 Hour	F&R	6,311	16.04	101,246.25	8,437.19
Fire Station #7	10101 Banberry Cross Dr.	24 Hour	F&R	10,516	16.04	168,706.32	14,058.86
Fire Station #8	633 N. Mojave Rd.	24 Hour	F&R	6,233	16.04	99,994.91	8,332.91
Fire Station # 8 - new	805 N. Mojave Rd.	24 Hour	F&R	11,127	16.04	178,508.48	14,875.71
Fire Station #9	4747 Rainbow	24 Hour	F&R	10,516	16.04	168,706.32	14,058.86
Fire Station #10	1501 S. Martin Luther King Blvd.	24 Hour	F&R	10,732	16.04	172,171.57	14,347.63
Fire Station #41	6989 N. Buffalo Dr.	24 Hour	F&R	10,380	16.04	166,524.49	13,877.04
Fire Station #42	7331 W. Cheyenne	24 Hour	F&R	10,693	16.04	171,545.90	14,295.49
Fire Station #43	6420 Smoke Ranch Rd.	24 Hour	F&R	10,903	16.04	174,914.89	14,576.24
Fire Station #44	7701 W. Washington Ave.	24 Hour	F&R	10,903	16.04	174,914.89	14,576.24
Fire Station #45	3821 N. Fort Apache	24 Hour	F&R	10,903	16.04	174,914.89	14,576.24
Fire Station #47	911 Ridgepine	24 Hour	F&R	10,903	16.04	174,914.89	14,576.24
Fire Station #48 (NEW FY09)		24 Hour	F&R	10,903	16.04	174,914.89	14,576.24
Fire Training Center	633 N. Mojave Rd.	Admin	F&R	11,186	15.99	178,905.87	14,908.82
Judicial Enforcement Unit	413 N. 7th St.	Admin	D&E	1,440	15.99	23,030.97	1,919.25
Las Vegas Enterprise Business Park	1951 Stella Lake St.	Admin	OBD	17,100	15.99	273,492.79	22,791.07
Las Vegas Senior Citizens Center	450 E. Bonanza Rd.	Recreation	LS	17,689	9.14	161,613.98	13,467.83
Leisure Services Administration	749 Veterans Memorial Dr.	Admin	LS	17,517	15.99	280,162.18	23,346.85
Lieburn Senior Center	6230 Garwood	Recreation	LS	7,733	9.14	70,651.87	5,887.66
Lorenzi Park	3333 W. Washington Ave.						
Adaptive Center	3337 W. Washington Ave.	Recreation	LS	2,420	9.14	22,110.12	1,842.51
Concession Stand	3333 W. Washington Ave.	Recreation	LS	960	9.14	8,770.96	730.91

BUILDING	LOCATION	FACILITY TYPE	Occupant	SF	Annual Cost/SF	FY09 Annual Charge	FY09 Monthly Charge
Derfelt Senior Citizens Center	3343 W. Washington Ave.	Recreation	LS	2,105	9.14	19,232.15	1,602.68
Maintenance & Restrooms	3333 W. Washington Ave.	Recreation	FO	1,494	9.14	13,649.80	1,137.48
Outreach Center	3339 W. Washington Ave.	Recreation	LS	2,286	9.14	20,885.84	1,740.49
Pump House	3333 W. Washington Ave.	Recreation	FO	960	9.14	8,770.96	730.91
Sammy Davis Jr. Festival Plaza	720 Twin Lakes Dr.	Cultural	LS	6,346	4.73	30,043.19	2,503.60
Studio Bldg.	3341 W. Washington Ave.	Recreation	LS	4,542	9.14	41,497.58	3,458.13
Twin Lakes Bldg.	3341 W. Washington Ave.	Recreation	LS	2,100	9.14	19,186.46	1,598.87
Racquet club	3341 W. Washington Ave.	Recreation	LS		9.14	-	-
Training Center	861 N. Mojave Rd.	Admin	METRO	12,664	15.99	202,544.60	16,878.72
Mirabelli Community Center	6200 Elton Dr.	Recreation	LS	34,238	9.14	312,812.46	26,067.70
Northwest Community Center	6841 Lone Mtn Rd.	Admin	LS	4,381	15.99	70,068.53	5,839.04
Garage & Storage		Admin	LS	1,044	15.99	16,697.45	1,391.45
Parking Enforcement/ASED (formerly HR)	416 N. 7th St.						
Code Enforcement	416 N. 7th St.	Admin	D&E	12,084	15.99	193,268.24	16,105.69
Detention/Parking Enforcement Trailer	416 N. 7th St.	Admin	D&E	1,440	15.99	23,030.97	1,919.25
Detention/Parking Enforcement Lockers/Gym	417 & 419 N. 7th St.	Admin	D&E	2,957	15.99	47,293.46	3,941.12
Pools							
Baker	1100 E. St. Louis	Recreation	LS	5,583	9.14	51,008.59	4,250.72
Doolittle	1901 N. "J" St.	Recreation	LS	12,590	9.14	115,027.42	9,585.62
Freedom Pool	889 N. Pecos	Recreation	LS	3,898	9.14	35,613.73	2,967.81
Garside	300 S. Torrey Pines	Recreation	LS		9.14	-	-
Municipal Pool	431 E. Bonanza Rd.	Recreation	LS	9,777	9.14	89,326.69	7,443.89
Pavilion Center (Broken out separately FY09)	101 N. Pavilion Center Dr.	Recreation	LS	7,135	9.14	65,188.30	5,432.36
Rafael Rivera Community Center	2900 Stewart Ave.	Recreation	LS	6,966	9.14	63,644.24	5,303.69
Rapid Response	Vegas Dr	Admin	NS	1,200	15.99	19,192.48	1,599.37
Reed Whipple Cultural Center	821 Las Vegas Blvd N.	Cultural	LS	32,510	4.73	153,908.64	12,825.72
Stupak Community Center	300 W. Boston	Recreation	LS	4,800	9.14	43,854.78	3,654.56
Modular & Library		Recreation	LS	3,280	9.14	29,967.43	2,497.29
Track Break Centers							
Becker/Trails	2002 Spring Gate	Recreation	LS	2,940	9.14	26,861.05	2,238.42
Cimarron Rose	5591 N. Cimarron Rd.	Recreation	LS	3,964	9.14	36,216.74	3,018.06
Attached Park Restroom		Recreation	LS	378	9.14	3,453.56	287.80
Traffic Signal Repair	2801 E. Charleston Blvd.	Warehouse	PW	3,343	8.20	27,424.75	2,285.40
Vehicle Services Satellite Garage #1	4357 Vegas Dr.	Warehouse	FO	3,261	8.20	26,752.05	2,229.34
Veterans Memorial Leisure Services Center	101 S. Pavilion Center Dr.	Recreation	LS	41,147	9.14	375,935.92	31,327.99
West City Service Center		Warehouse					
Construction Services	3001 Ronemus Dr.	Admin	PW	12,236	15.99	195,699.29	16,308.27
Field Operations	2875 Ronemus Dr.	Admin	FO	12,690	15.99	202,960.44	16,913.37
Field Operations - Maintenance	2880 Ronemus Dr.	Warehouse	FO	5,565	8.20	45,653.23	3,804.44
Records Storage (City Clerk)	2825 Ronemus	Warehouse	CC	16,384	8.20	134,408.35	11,200.70
Records Storage	2825 Ronemus	Warehouse	PW	10,898	8.20	89,403.21	7,450.27
TEFO Administration (formerly Streets & Sanitation)	2900 Ronemus Dr.	Admin	IT	1,054	15.99	16,857.39	1,404.78
TEFO Administration (formerly Streets & Sanitation)	2900 Ronemus Dr.	Admin	PW	4,286	15.99	68,549.13	5,712.43
Streets Storage	2900 Ronemus Dr.	Warehouse	FO	2,052	8.20	16,833.86	1,402.82
TEFO Maintenance	2985 Ronemus Dr.	Warehouse	PW	4,737	8.20	38,860.62	3,238.38
Transfer Station (Material Handling)	2870 Ronemus Dr.	Other	FO	18,000	20.04	360,673.81	30,056.15
Vehicle Services	2950 Ronemus Dr.	Warehouse	FO	14,605	8.20	119,814.08	9,984.51
West Las Vegas Arts Center	947 Lake Mead Blvd.	Cultural	LS	7,601	4.73	35,984.61	2,998.72
Property Leased by the City							
Development Services Center							
Development Services Center	731 S. 4th St.	Admin	PW	15,544	15.99	248,606.55	20,717.21
Development Services Center	731 S. 4th St.	Admin	P&D	16,172	15.99	258,650.61	21,554.22

BUILDING	LOCATION	FACILITY TYPE	Occupant	SF	Annual Cost/SF	FY09 Annual Charge	FY09 Monthly Charge
Development Services Center (ENT FUND)	731 S. 4th St.	Admin	B&S	7,844	15.99	125,454.82	10,454.57
Development Services Center	731 S. 4th St.	Admin	F&R	460	15.99	7,357.12	613.09
Manpower Bldg. (Real Estate & Asset Mgt.)	314 Las Vegas Blvd. N.	Admin	FO	4,800	15.99	76,769.91	6,397.49
Neighborhood Services Office	914 W. Owens	Admin	NS	2,400	15.99	38,384.95	3,198.75
Neighborhood Services Office	1052 W. Owens	Admin	NS	1,280	15.99	20,471.97	1,706.00
RJC	200 Lewis	Admin	MC	68,660	15.99	1,098,130.47	91,510.87
RJC	200 Lewis	Admin	CA	7,973	15.99	127,517.08	10,626.42
Property Leased from the City							
Buffalo House (All American Football Park) & Guest House	1651 S. Buffalo	Other		8,024	20.04	160,780.37	13,398.36
Firefighter's Lodge	1201 N. Miller	Admin		3,158	15.99	50,508.20	4,209.02
Natural History Museum	900 Las Vegas Blvd. N.	Cultural	LS	38,080	4.73	180,278.09	15,023.17
YMCA (Durango Hills)	3521 N. Durango Rd.	Recreation	LS	41,147	9.14	375,935.92	31,327.99
YMCA (Centennial Hills) NEW FY09	Centennial Hills	Recreation	LS	98,000	9.14	895,368.32	74,614.03
Downtown Senior Ctr	310 S. 9th St.	Admin	LS	20,508	15.99	327,999.42	27,333.29
Andre Agassi Foundation	1201 W. Lake Mead	Admin		1,000	15.99	15,993.73	1,332.81
Boricua Assoc.	2850 Stewart	Admin		6,966	15.99	111,412.33	9,284.36
Reed Whipple - Neon Museum	821 LVBN	Cultural	LS	32,510	4.73	153,908.64	12,825.72
Stupak Ctr - From Dreams to Reality	300 W. Boston	Other		8,080	20.04	161,902.47	13,491.87
Lone Mountain Lift Station	4999 W LONE MOUNTAIN RD PUMP	Other		440	20.04	8,816.47	734.71
Total Indirect Cost Allocation				1,893,463		23,267,370.62	1,938,947.57
Direct Charge:							
Enterprise Fund Facilities:							
Bonanza/Mojave Water Resource Center	650 N. Mojave Rd.	Ent fund		1,925	65.33	125,752.06	10,479.34
CHC Stewart Avenue Garage	231 Las Vegas Blvd. N.	Ent fund	MP-S	31,742	7.86	249,503.80	20,791.98
TV Studio	221 Las Vegas Blvd. N.	Ent fund	COM	7,750	0.47	3,645.27	303.77
Durango Hills Water Resource Center	3271 N. Durango	Ent fund	PW	98,323	11.69	1,148,990.83	95,749.24
Neonopollis Parking Garage	NW Corner - LV Blvd/Fremont	Ent fund	MP-N	225,120	0.32	71,438.15	5,953.18
Water Pollution Control Facility	6005 Vegas Valley Dr.	Ent fund		679,938	9.55	6,490,815.71	540,901.31
West City Service Center							
Building & Safety	7551 Sauer	Ent fund	B&S	4,233	4.33	18,330.04	1,527.50
Property Leased from the City							
Durango Hills Golf Course		Ent fund				83,428.68	6,952.39
Links Golf Course - OBD		Ent fund				601,843.80	50,153.65
LGS - 1		Ent fund				19,264.08	1,605.34
Parks & Sprinklers	Multiple	Parks & Sprinklers	FO			2,748,874.56	229,072.88
Streetlights	Multiple	Streetlights	PW			4,888,551.96	407,379.33
Total Direct Charges:				1,049,031		16,450,438.94	1,370,869.91
Total Allocation/Charges				2,942,494		39,717,809.56	3,309,817.48

City of Las Vegas
FY09 Utility Allocation - FY09 Final Budget

Facility Type	*SF*	*Total Cost*	*Annual Cost per SF*
Cost Pool:			
24 Hour	162,000	2,598,937	16.04
Admin	697,287	11,152,220	15.99
Cultural	177,160	838,710	4.73
Detention	148,888	1,540,091	10.34
Recreation	408,348	3,730,835	9.14
Warehouse	119,202	977,890	8.20
Other	64,540	1,293,216	20.04
Total Cost Pool	**1,777,425**	**22,131,899**	**12.45**

Fundamental Service Review
Organizational Restructuring

Centralize and Right-Size Plans Check Functions

Issue Summary
The City of Las Vegas Plans Check functions are supported by the Departments of Building and Safety, Fire & Rescue, Planning & Development, and Public Works. Each department has a specific role in reviewing plans. The plans, which are submitted by architects, developers, and other individuals, are presented in a paper format and are "checked-out" by department staff on an "as-needed" basis. Fee reviews are currently underway. There is also a study documenting the need of an electronic system whereby plans can be reviewed electronically.

City Manager Recommendation:
City staff will evaluate implementing an electronic Plans Check System and right size the workforce for the current work load. This recommendation will result in a reduction in force.

Cost Assessment of the Recommendation:
The cost of implementing the electronic Plans Check System is approximately $2M over a five-year period. Cost savings will occur after the implementation and review of the resources.

Fundamental Service Review
Organizational Restructuring

Centralize and Right-Size Inspection Functions

Issue Summary
The City of Las Vegas offers several types of inspection services that are grouped into categories of pre-construction and post-construction. The Departments of Building and Safety, Public Works, Fire & Rescue, and Planning & Development provide inspection functions relating to new construction. The Departments of Neighborhood Services, Planning & Development, Finance & Business Services, and Fire & Rescue provide inspection functions relating to maintenance and annual inspections. There are areas that overlap and potential areas for improvement.

City Manager Recommendation:
City staff will evaluate consolidating inspections staff under a central management system and right size the workforce for the current work load.

Cost Assessment of the Recommendation:
To be determined.

Fundamental Service Review
Organizational Restructuring

Consolidate Vehicle Maintenance Functions

Issue Summary
Fleet Operation functions are supported in the Departments of Field Operations and Fire & Rescue. The employees are represented by different union organizations and management structures. Although both units operate well together and provide efficient services, there is room for consolidation. One area discussed for consolidation was the purchase of light-duty vehicles for the Department of Fire & Rescue. The Fleet Service functions are currently supported by a budget of approximately $13M and 48 personnel.

City Manager Recommendation:
City staff will evaluate consolidating the Fleet Service functions of the Departments of Field Operations and Fire & Rescue to include an evaluation of outsourcing opportunities in the study.

Cost Assessment of the Recommendation:
To be determined.

Fundamental Service Review
Organizational Restructuring

Centralize Graphic Arts Functions

Issue Summary
The City of Las Vegas currently utilizes elements of a centralized and decentralized system for providing graphic arts to departments. The Department of Information Technologies provides graphic art services to city departments that do not have immediate access to graphic artists. Additionally, the Departments of Neighborhood Services, Planning & Development, Leisure Services, and Public Works have full-time employees (FTEs) staffed as Graphic Artists or Graphic Illustrators, who provide graphic arts services for their respective departments. There are also examples of staff in departments who outsource graphic art projects.

To date, it is estimated the labor and supply costs for graphic artists/illustrators and their supplies, not including printing, is approximately $1.31M. This figure includes the employee salaries and benefits for 12 FTEs.

City Manager Recommendation:
City staff will evaluate centralizing graphic arts functions under a central management system and right size the workforce for the current workload.

Cost Assessment of the Recommendation:
To be determined.

Fundamental Service Review
Organizational Restructuring

Centralize Public Information Functions

Issue Summary
The City of Las Vegas Public Information functions have evolved from a centralized system to a decentralized system in some departments where the tasks of public information, public education, and marketing are often shared by Public Information Officers (PIO), Public Information Specialists, and Publicity Specialists. The PIO function is supported by a budget of approximately $1.69M and nine (9) personnel.

City Manager Recommendation:
City staff will evaluate centralizing the public information functions under a central management system. Public education and marketing should be evaluated to determine if resources are appropriately aligned.

Cost Assessment of the Recommendation:
To be determined.

Fundamental Service Review
Organizational Restructuring

Consolidate Special Events

Issue Summary
Special Events at the City of Las Vegas takes on many definitions and crosses department lines. The impact of the demands placed on participating departments by the City Council and the constituency are significant. In those cases where the event has 1) impacts to multiple departments; 2) high costs; and 3) high potential for visibility, there is a significant impact to the organization. It appears there is a lack of a central coordination point for the organization leading to inefficiency. Numerous departments receive multiple requests and may cause a duplication of services or an insufficient understanding of what is happening in other departments. Better communication is needed. A consolidated system that has direct access to the City Manager's Office may help to bring a greater control to the Special Events function.

City Manager Recommendation:
City staff will consolidate the resources associated with Special Events under one central management system in the Office of Cultural Affairs. In this regard, Special Events are defined as major citywide events that simultaneously utilize considerable city resources from various departments or events that support the City Council and/or City Manager.

Cost Assessment of the Recommendation:
No immediate cost savings. It is anticipated that there will be increased efficiencies over time that will lead to cost savings.

Fundamental Service Review
Organizational Restructuring

Graffiti Abatement

Issue Summary
Organizational restructuring recommendations are a part of the Fundamental Service Review process. A meeting was held on August 28, 2008 to look at the Graffiti Abatement Services provided by the Departments of Neighborhood Services, Field Operations and Public Works. The original recommendation was to consolidate all graffiti abatement functions. During the August 28 meeting, department directors suggested it might be feasible to transfer all of the Public Works and some of Field Operations graffiti abatement functions to Neighborhood Services.

City Manager Recommendation:
Consolidate all graffiti abatement functions related to drainage channels, trails, light poles, cabinets and traffic control signs to Neighborhood Services. Field Operations will continue to provide graffiti abatement in parks and on city buildings. We should consider allowing Neighborhood Services to fill three positions in Rapid Response that were frozen as part of their FY09 budget decrement. We should also work with the Bureau of Land Management (BLM) to see if Southern Nevada Public Lands Management Act (SNPLMA) funding can be used for security cameras on trails, which have proven to be effective in deterring graffiti.

Cost Assessment of the Recommendation:
Neighborhood Services will need a revenue enhancement to absorb the additional work load so that response times are not impacted.

Regional Transportation Commission (RTC) Question 10 - Trail Off-Street Shared Use Path (Trail) Maintenance Funding (2007-2027) will provide $8,000 per trail mile per year. The city has seven miles of existing equestrian trails, 14 miles of existing publicly maintained trails, and 20 miles of funded trails currently in pre-design, design or construction (10 of which will be built by the end of 2009). All of these trails are available for maintenance funding except for the seven miles of existing equestrian trails. When all of the trails mentioned above are completed, the city will receive $272,000 each year in maintenance funding from the RTC.

Fundamental Service Review
Organizational Restructuring

Staffing Increase for the Rapid Response Team

Issue Summary
The Department of Neighborhood Services' Rapid Response Team is responsible for an array of services to the community that include, but are not limited to, the removal of illegal signs; graffiti abatement; drainage of stagnant pools in vacant and abandoned homes; removal of shopping carts; and cleaning homeless encampments. The services provided are described as "contributing to a larger social issue" that improves the lives of residents by decreasing crime and sanitizing areas prior to becoming public health hazards.

Currently, the Rapid Response Team is working at capacity and any reduction in the amount of staffing will result in a decreased level of service to the community. The consolidation of services with the Department of Field Operations may have additional impacts to the community, including the decreased ability to clean and maintain parks. The staff of the Rapid Response Team is comprised of 11 to 15 full-time employees and has a budget of over $1.5M.

City Manager Recommendation:
Additional emphasis should be placed on the functions provided by the Rapid Response Team as the efforts of this specialized team increases quality of life standards for City of Las Vegas residents. This function may also lead to decreased crime and increased public safety.

Cost Assessment of the Recommendation:
To be determined.

Fundamental Service Review
Organizational Restructuring

Centralize Records Functions in the City Clerk's Office

Issue Summary
The City of Las Vegas currently utilizes a decentralized records management process by which each department is responsible for the maintenance and destruction of records originated in their department. Record retention schedules are governed by statutes and regulations, which fall outside of the purview of the City of Las Vegas. Because of the amount of money, time, and space spent on the records management process in each department, it has been suggested that a centralized record management process in the City Clerk's Office will lead to greater efficiency and a cost savings to the city.

To date, the Departments of Detention & Enforcement, Municipal Court, Information Technologies and the Office of the City Clerk estimate records management costs at approximately $1.5M/annually**.** This estimate is low and does not include records management in those departments not included in this study. This figure includes the employee salaries and benefits for 15 full-time employees**,** within the departments mentioned above.

City Manager Recommendation:
1. Direct the City Clerk to conduct an immediate survey of all city departments to determine:
    - Records management resources
    - Records management needs
    - Records management processes
2. Direct the Enterprise Records Officer to review data collected from the survey and meet with each department director to document resources, needs, and processes.
3. Direct the Enterprise Records Officer to develop an implementation plan to centralize, if warranted, the citywide management of records.

Cost Assessment of the Recommendation:
To be determined.

Fundamental Service Review
Organizational Restructuring

Review Warrant Service Program

Issue Summary
The Departments of Detention & Enforcement and Municipal Court work closely together on several different lines of business. The Warrant Service Program is a particular point of interest since serving active warrants has the potential for bringing additional revenue to the city. Determining what resources are necessary and how those resources should be managed is under consideration.

City Manager Recommendation:
City staff will evaluate the resources needed to manage the warrant service line of business successfully. Because there is potential to bring in additional revenue, there will be an analysis to determine how to strategically place resources so that the Municipal Court can effectively serve and collect on active warrants.

Cost Assessment of the Recommendation:
To be determined.