

SPECIAL NORTH LAS VEGAS CITY COUNCIL MEETING MINUTES

January 31, 2001

CALL TO ORDER: 4:00 P.M. City Hall
2200 Civic Center Drive, North Las Vegas, Nevada

ROLL CALL COUNCIL PRESENT:

Mayor Michael L. Montandon
Mayor Pro Tempore William E. Robinson
Councilman John K. Rhodes
Councilwoman Stephanie S. Smith
Councilman Shari Buck

STAFF PRESENT:

City Manager Kurt Fritsch
Assistant City Manager Michele F. Richardson
Deputy City Attorney Leslie Nielsen
City Clerk Eileen M. Sevigny
Finance Director Vytas Vaitkus
Public Works Director Jim Bell
Director of Development Services Tom Bell
Parks & Recreation Director Ken Albright
Community Services Director Jacquelin Risner
Library Director Anita Laruy
Fire Chief Robert Dodge
Chief of Police Joe Tillmon
Chief of Detention Services Ken Ellingson
Public Information Officer Brenda Johnson
Assistant City Clerk Karen L. Storms

VERIFICATION: Eileen M. Sevigny, CMC, City Clerk

BUSINESS:

1. MID-YEAR BUDGET REVIEW. (Presentation handout attached as Exhibit A)

City Manager Kurt Fritsch stated Finance Director Vytas Vaitkus would be reviewing the budget in terms of how the City ended last year, where the City was currently, and what the projections were for the next fiscal year. Last fiscal year, City Manager Fritsch explained, he leaned toward a conservative approach with regard to budgeting. The presentation would show the current budget was very sound and put the City in a fiscally healthy position.

Finance Director Vytas Vaitkus began the presentation by explaining this was the third year the City held a mid-year budget review. The next budget meeting was tentatively scheduled for April 26th.

Mr. Vaitkus explained the review would cover three general areas; General Fund, Water/Sewer Fund, and all other funds.

Reviewing the General Fund, Mr. Vaitkus explained it was contemplated the City would begin the year with a beginning balance with \$7,977,000. There were expected revenues of \$71,393,000 and expected expenses were \$72,644,000; leaving an ending balance of \$6,726,000. The actual revenues were \$72,388,000 which represented 101% of the expected revenues. This increase was primarily due to space rental in the Detention Center and sales tax receipts. The expenses and encumbrances were \$70,049,000, or 97% of the anticipated total. This decrease was primarily due to vacant positions. The actual year end balance was \$9,906,000; or 147% of the anticipated total.

Reviewing the Water/Sewer Fund, Mr. Vaitkus explained, the two funds were combined last year for bond purposes. The beginning balance was \$22,346,000. The expected revenues were \$47,166,000 and the expected expenses were \$49,566,000. The actual revenues were \$46,672,000 and expenses were \$43,210,000. The significant reduction in expenses were due to the price of water purchased from the Southern Nevada Water Authority as well as a decrease in associated pumping expenses. The actual balance in the fund was \$25,808,000.

Mayor Montandon asked, out of the \$43,210,000 in expenses, what percentage was actually water and pumping costs for wells and what portion was capital and other related costs. Mr. Vaitkus estimated that figure to be 30% but stated he would research further and get back to Council with a more accurate figure.

Mr. Vaitkus explained the other funds accounted for all other revenues and expenses that fell outside of the General Fund and the Water/Sewer Fund. There were legal reasons for segregating funds. The Safekey Program, for instance, was required to be accounted for separately. The Recreation Construction Tax was another fund that required separate accounting. The anticipated beginning balance was \$24,163,000 with revenues of \$55,527,000 and expenses of \$58,146,000. The actual beginning balance was \$24,163,000 with revenues of \$48,242,000 and expenses of \$43,987,000.

Mr. Vaitkus pointed out that revenues and expenses were at reasonable levels given that 50% of the fiscal year had elapsed. The General Fund, at 46% of the budget with 50% of the year completed was not alarming. Mr. Vaitkus explained there was a natural lag between the time property taxes were paid and subsequently remitted to the City. There was also a delay in receiving state subventions and franchise fees. Mr. Vaitkus pointed out expenses at 50% of the year, were at 44%.

With regard to the Water/Fund, the revenues were at 47% and expenditures were at 38%.

Mr. Vaitkus commented these figures represented a very good budget position at mid-year.

Mr. Vaitkus explained Council had allocated \$1,500,000 to the contingency fund at the beginning of the fiscal year. The current balance was \$1,002,200. Mr. Vaitkus reviewed a list of uses of the contingency fund (Exhibit A). He pointed out any funds left in the contingency fund at the end of the year would be added to the ending balance to be rebudgeted the subsequent year.

Councilman Rhodes asked if the Professional Fees for the City Attorney's Office were for outside services. Mr. Vaitkus stated it was for contracts for outside attorneys. Councilman Rhodes questioned if those funds were normally taken from the contingency fund. Mr. Vaitkus explained the new City Attorney did not have time to evaluate his anticipated expenses appropriately at the time the budget was prepared. Mr. Vaitkus pointed out the funds had not all been spent, they were simply added to the budget.

Mr. Vaitkus stated the City would receive revenue estimates from the State Department of Taxation in approximately three weeks. The assessed value increased by 8.6% over last year according to the Clark County Assessor. The population increased by a similar amount. Mr. Vaitkus stated it would not be unreasonable to expect the City's revenues to increase by a similar amount as well.

Mr. Vaitkus explained he had received budget requests from departments and was analyzing and summarizing the requests for a future meeting. Next year's budget would reflect a 2.5% increase in services and supplies needed to maintain a constant service level. There would be no increase in staff in the base budget. Each department reviewed the applicable labor contracts and ordinances as related to salaries and benefits and included those figures in the base budget.

Mayor Montandon requested the actual consolidated tax formula. Mr. Vaitkus stated the actual formula was approximately six pages long and how the other entities within the County were affected had to be taken into consideration when applying the formula.

City Manager Fritsch stated he was pleased to have the opportunity to explain to Council just how convoluted the formula was. It was City Manager Fritsch's belief the cities of North Las Vegas and Henderson were not receiving as equal a per capita share of the revenues as the other entities. It cost North Las Vegas just as much to provide services to the residents but the City was receiving a much lower amount on a per capita basis. City Manager Fritsch stated the situation was becoming worse. Mr. Vaitkus pointed out the consolidated tax was the City's biggest revenue source. The City was currently receiving approximately \$27,000,000; it was Mr. Vaitkus' opinion the City should receive approximately \$35,000,000.

Mr. Vaitkus pointed out there were approximately \$13,000,000 in supplemental requests from the General Fund. Those requests were currently being evaluated and would be discussed at the April budget meeting.

Mayor Montandon asked if the April meeting would be the first opportunity to discuss prioritizing the budget. City Manager Fritsch stated it would be the first public forum but he would welcome any and all ideas prior to that time.

PUBLIC FORUM

There were no participants.

ADJOURNMENT

The meeting adjourned at 4:24 p.m.

APPROVED: February 21, 2001

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

Attest:

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