

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

April 24, 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
Councilwoman Stephanie S. Smith
Councilman Shari Buck

EXCUSED:

Councilman John K. Rhodes

STAFF PRESENT:

City Manager Kurt Fritsch
Assistant City Manager Gregory Rose
City Attorney Sean McGowan
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 Ellington
Public Information Officer Brenda Johnson
Deputy City Attorney Jim Lewis
Assistant City Clerk Karen L. Storms

VERIFICATION: Eileen M. Sevigny, CMC, City Clerk

BUSINESS:

1. **APPROVAL OF AGREEMENTS WITH LAS VEGAS COGENERATION II, LLC FOR EXPANSION OF PLANT:**
 1. **SEWER MAIN CONNECTION FEE**
 2. **GAS LINE**
 3. **RIGHT OF WAY**
 4. **SNWA REPAYMENT OF FEE**

Public Works Director Jim Bell explained the expansion of the cogeneration plant generated many costs; one of which was the sewer main connection fee. The plant was on Alexander Road, west of Losee Road. The sizeable increase in the plant incurred additional charges. A five year plan was in place for the repayment of the sewer connection fees. The applicant had requested a letter submitted for approval to the City that the City would not block any refunds by the Southern Nevada Water Authority to the Cogeneration plant if the project were not to go forward.

Public Works Director Bell further explained there was an agreement for Council approval for a gas line to service the plant. A right of way agreement was also before Council for approval for payment of approximately \$21,000 for the right to construct, maintain and operate a natural gas pipeline within the jurisdiction of North Las Vegas. If, and when the gas line was assigned to Southwest Gas Company, the agreement would be superceded by the Southwest Gas Franchise License Agreement.

ACTION: APPROVED

MOTION: Mayor Pro Tempore Robinson

SECOND: Mayor Montandon

AYES: Mayor Montandon, Mayor Pro Tempore Robinson, Councilmen Rhodes, Smith and Buck

NAYS: None

ABSTAIN: None

2. AMENDMENT TO AUGUST 2, 2000 DEVELOPMENT AGREEMENT BETWEEN THE CNLV AND ANN ALLEN, LLC REGARDING CONSTRUCTION OF A FIRE STATION SHELL.

George Garcia, 2501 Green Valley Parkway, Suite 108, Henderson, representing Ann Allen LLC, explained the Amendment to the Development Agreement would provide primarily, a \$400,000 escrow and construction control account and a \$350,000 payment bond to assure completion of the fire station shell. The Amendment also dictated completion of the fire station shell earlier than originally agreed upon.

ACTION: APPROVED

MOTION: Mayor Pro Tempore Robinson

SECOND: Mayor Montandon

AYES: Mayor Montandon, Mayor Pro Tempore Robinson, Councilmen Rhodes, Smith and Buck

NAYS: None

ABSTAIN: None

3. BUDGET WORKSHOP

City Manager Kurt Fritsch stated he was pleased to present the Fiscal Year 2001-2002 Tentative Budget. He believed the City was in a much better financial position than the other jurisdictions in the valley. He stated there was more than \$5 million in supplemental funds that would be added to the budget for next year. He felt those funds were due to the fiscally conservative practices in place during the current year. There were several positions being proposed for next year, however, City Manager Fritsch explained they would be filled for six months during the current year.

Finance Director Vytas Vaitkus explained this was the third City budget workshop. The Public Hearing on the City's budget was scheduled for May 15, 2001. The tentative budget was filed

April 15, 2001. The total budget for all funds was \$215 million.

Finance Director Vaitkus explained all employees that were currently on the City's payroll were included in the Tentative Budget. No new employees were included in the budget. The Tentative Budget also included the operating increases for union agreements in effect and no other increases in salaries. The budget also included those operating expenses that were vital, such as increases in electricity costs and increased rent.

Finance Director Vaitkus explained that without adding any employees the City currently employed 1,209 full time equivalent employees. The assessed value for the next fiscal year was estimated by the Clark County Assessor to be \$2,054,529,700; which was an increase of 7% over the current year. The property tax rate for next year would be \$1.2037. This increased rate was due to the decrease in sales tax revenue.

Mayor Montandon questioned, of the 1,209 full time equivalent positions budgeted, how many were vacant. Finance Director Vaitkus stated at any given time there were approximately 200 vacant positions. He added the amount of vacancies fluctuated seasonally. In the summer, for example, more lifeguards were hired but the crossing guard positions were vacant.

Mayor Montandon then questioned why the City's projected population was lower next year than the actual figures for last year. Finance Director Vaitkus responded those figures were received by the Development Services Department and he would research the discrepancy in the numbers before filing the Final Budget.

Mayor Montandon then explained the reason for the increase in the property tax rate to 2.25 cents was a direct result of the loss of sales tax revenue. Through AB653, the cities in the valley were attempting to correct the formula to receive a more equitable share of the sales tax revenue. Finance Director Vaitkus commented the reference here was not related to AB653; rather, it was a general decline in sales tax throughout the State. A provision in NRS 354.59813 stated when the sales tax projection decreased, local governments could make up that difference in property tax. Mayor Montandon pointed out, in general, the sales tax was decreasing but also because of an adjustment made in 1997, the City's percentage of the total was decreasing as well. Finance Director Vaitkus pointed out the decline in sales tax revenue specifically dealt with the SCCRT portion of the sales tax.

Finance Director Vaitkus stated the total projected tax to be levied was approximately \$1.20.

Reviewing the General Fund revenues, Finance Director Vaitkus pointed out the consolidated tax distribution constituted 38% of the General Fund budget, which was the biggest portion of the budget. Finance Director Vaitkus pointed out the property tax portion of the budget was

approximately 11% of the General Fund budget.

Councilman Buck then asked why the Motor Vehicle Fuel Tax was projected to decrease. Finance Director Vaitkus explained the tax was distributed on a four-way formula. One portion of the formula dealt with the number of paved road miles. Another portion of the formula dealt with population. The revised population from the Census Bureau took into account the 115,000 population figure. The previous year's money was based on a higher population figure. Councilman Buck then asked if the decrease was due to the overestimate of the population for the last fiscal year. Finance Director Vaitkus explained it was because there was a slightly greater projection for the population last year and the year before. Finance Director Vaitkus pointed out the differences in the calculations between the Department of Taxation and the Census Bureau. The Census Bureau counted one person as a resident of one household. That affected areas that were populated with summer and winter homes that were not populated at all times during the year. The State Demographer and the Department of Taxation used a formula that took the number of dwelling units and applied a factor by number of persons per household.

Finance Director Vaitkus reviewed the total expenditures by function. He stated the tentative budget amount of \$79,809,800 did not include any supplemental requests and was calculated at current staffing levels. The Police Department represented 25% of the General Fund Budget, the Detention Center 22%, Fire Department 14%. The General Government portion of the budget related to operating functions of the various departments within the government including City Council, City Manager, City Clerk and Finance.

Finance Director Vaitkus explained the City Manager had previously allocated \$5 million to allocate to supplemental requests.

Councilman Buck asked why there was less money budgeted for culture and recreation than was spent last year. Finance Director Vaitkus explained the supplemental requests associated with the new recreation center and related staff had not been added to that item. With regard to General Government, Finance Director Vaitkus explained the difference in the amounts was caused by the purchase of an 8.8 acre parcel for \$3.25 million this fiscal year. That type of expense would not be repeated in the next fiscal year.

Finance Director Vaitkus then reviewed the water and sewer fund and explained that in fiscal year 2000, the revenues were well above expenses, by approximately \$500,000. Fiscal year 2001 showed while revenues were still above expenses the difference was not as great. Fiscal year 2002 indicated revenues and expenses to be almost equal. Finance Director Vaitkus stated a request to enter into a contract to perform a rate study would be coming before Council in the near future. Many factors affected the revenues and expenses in

connection with water and sewer rates. Primarily, the cost of water from the Southern Nevada Water Authority was heavily influenced by their cost of electricity to pump the water.

Mayor Pro Tempore Robinson asked when the last rate increase took place. Finance Director Vaitkus responded it was in 1996 but the increases took effect over a three-year period.

Mayor Montandon then asked where the reimbursement of funds from the Pardee lawsuit were recorded. Finance Director Vaitkus stated the payments made to the Southern Nevada Water Authority for Pardee were never shown as an expense. Those funds were shown as accounts receivable from Pardee, never affecting the expenses or revenues. It was anticipated the City would be successful in their case against Pardee and thus was recorded as a receivable. Councilwoman Smith asked where the money came from to pay the Southern Nevada Water Authority. Finance Director Vaitkus responded the money came from the cash balance with the expectation the money would in turn be received from Pardee.

Finance Director Vaitkus pointed out the cash balance in the Water/Sewer Fund had decreased from the previous year. The decrease in cash equivalents, which included investments went from approximately \$31.7 million in 2000, to a projected \$20.1 million in 2001, to a projected \$14.1 million in 2002. It was necessary to review the rates to maintain a healthy balance so when the City issued bonds in that area a good interest rate could be obtained.

Finance Director Vaitkus explained the meaning of Self-Balancing Special Revenue Funds by saying they were funds such as the North Las Vegas Library District, and Redevelopment District as well as programs such as SafeKey and other school programs. All funds received from the programs would be used in support of those programs.

Finance Director Vaitkus explained the residual balance of \$155,000 from the Capital Project Fund would be reallocated to the General Fund. There was approximately a \$1 million balance in the Motor Equipment Fund. Approximately \$274,000 of those funds would be transferred to the General Fund as well. In addition, Finance Director Vaitkus was projecting certain salary savings from the current fiscal year. The total savings of \$721,000 was due to vacant positions in all departments in the City that would not be filled this fiscal year. All of those actions would increase the ending balance of the General Fund for the current fiscal year and make those funds available to be spent in the next fiscal year.

Finance Director Vaitkus reviewed the supplemental budget requests by explaining originally, requests totaling \$17 million were received. They were reviewed and discussed with the Department Directors and a list of requests were compiled indicating reasonable uses for the

money. The Department Directors were reviewing the list and it would be possible to substitute other items of similar value for those on the list.

City Manager Fritsch stated in the proposed budget, there were 61 additional permanent positions to be added to the General Fund and 10 permanent positions to be added to other funds.

Councilman Buck asked how many positions would be added to the Parks and Recreation budget. City Manager Fritsch responded there would be eight permanent positions. Parks and Recreation Director Ken Albright stated the eight new positions would adequately staff the new recreation center.

Mayor Montandon asked if the requested eighteen replacement Police vehicles and four replacement motorcycles in the Vehicle Replacement Fund were in addition to the regular replacement fund or were those all of the vehicles that would be replaced next year. Finance Director Vaitkus responded that was the extent of the vehicle replacement fund.

City Manager Fritsch stated the Fire Department was proposing to add fifteen firefighter positions to the budget. One engine was taken off the streets when they added rescue units with a commitment to come back at a later date and reactivate the engine. Those fifteen additional firefighters were to support that engine.

City Manager Fritsch pointed out seventeen additional personnel were requested for the Police Department. The fifteen officers requested would attend the second training class run by the City. The first class was scheduled to begin in August or September. Whether a second class would be conducted in-house would depend upon how many personnel passed the test and how many lateral entries would apply for the Police Officer positions. City Manager Fritsch pointed out the City had been very fortunate to obtain nine lateral hires including former highway patrol officers. Councilman Buck then asked of the funded positions, how many remained unfilled. City Manager Fritsch responded there were approximately 25 total positions. There were approximately nine officer positions remaining vacant. Councilman Buck then asked if it could be assumed that in addition to filling the fifteen Police Officer positions requested, would the remaining nine positions be filled as well. City Manager Fritsch stated that was the goal and there maybe more than nine positions that were required to be filled due to retirements and other resignations. Mayor Pro Tempore Robinson questioned how many positions would become vacant due to retirement. City Manager Fritsch responded approximately five.

Councilwoman Smith questioned whether the revenue generated by the Municipal Court went into the General Fund. City Manager Fritsch explained it did. Finance Director Vaitkus further

explained there were two types of revenue generated in the Court. One type was fines and forfeitures, which generated approximately \$3.2 million in revenue which went into the General Fund. In addition, the Court had the authority to have special assessments on revenue from tickets. Those funds could only be used for Court enhancements. There was an additional fund to be used only for Court capital improvements. Councilwoman Smith questioned why the Life of Crime program expenses came out of the General Fund. City Manager Fritsch stated there were costs related to the program such as supplies and equipment that were funded out of the specific Court funds. City Manager Fritsch stated a portion of those specific funds would be earmarked to partially fund the construction of the new judicial complex. Councilwoman Smith asked where the funding came from for the staff who ran the Life of Crime Program. Court Administrator Linda Stiles responded it was volunteer work. Detention Center Chief Ken Ellingson added work schedules were adjusted as well.

City Manager Fritsch stated because the City was not getting its fair share of the consolidated tax, it had lagged behind in some areas in the past year. The City was attempting to catch up to the level of service provided by the other entities in the valley. The situation would not be rectified in one year, but City Manager Fritsch assured Council strides were being made in the right direction to bring up the service level in the community.

Finance Director Vaitkus summed up by stating the Public Hearing for the budget was scheduled for May 15, 2001. At that meeting, all changes would be incorporated into both next year's budget as well as the current year. Once the amended budget was approved, the final budget would be filed with the State by June 1. Finance Director Vaitkus pointed out the consolidated tax distribution was the biggest issue facing the City. Not only would the proposed bill change the formula for distribution, 10% of the consolidated tax distribution, or the motor vehicle privilege portion, could be taken away from the City and could cost millions of dollars in future revenue. Staff would be closely monitoring the developments of these issues at the Legislature.

PUBLIC FORUM

There were no participants.

ADJOURNMENT

ACTION: THE MEETING ADJOURNED AT 4:50 P.M.

MOTION: Mayor Pro Tempore Robinson

SECOND: Councilwoman Smith

AYES: Mayor Montandon, Mayor Pro Tempore Robinson, Council Members Smith and
Buck

NAYS: None

ABSTAIN: None

APPROVED: May 16, 2001

/s/ Michael L. Montandon
MAYOR MICHAEL L. MONTANDON

Attest:

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