



CITY COUNCIL AGENDA
SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006

ALL ITEMS ON THIS AGENDA ARE SCHEDULED FOR ACTION UNLESS SPECIFICALLY NOTED OTHERWISE.

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DUPLICATE AUDIO TAPES MAY BE AVAILABLE AT A COST OF \$3.00 PER TAPE AND DUPLICATE VIDEO TAPES MAY BE AVAILABLE AT A COST OF \$5.00 PER TAPE THROUGH THE CITY CLERK'S OFFICE.

- CALL TO ORDER

MINUTES:

PRESENT: MAYOR GOODMAN and COUNCILMEMBERS REESE, BROWN (Arrived at 11:02 a.m.), WEEKLY, WOLFSON, TARKANIAN and ROSS

Also Present: CITY MANAGER DOUG SELBY, DEPUTY CITY MANAGER STEVE HOUCHENS, DEPUTY CITY MANAGER BETSY FRETWELL, CITY ATTORNEY BRAD JERBIC, CITY CLERK BARBARA JO RONEMUS

(10:04)

1-1

- ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW

MINUTES:

ANNOUNCEMENT MADE - Meeting noticed and posted at the following locations:

Lieburn Senior Center, 6230 Garwood Avenue

City Clerk's Bulletin Board, City Hall Plaza, 2nd Floor Skybridge

Court Clerk's Office Bulletin Board, City Hall Plaza

Las Vegas Library, 833 Las Vegas Boulevard North

Clark County Government Center, 500 S. Grand Central Parkway

Grant Sawyer Building, 555 E. Washington Avenue

(10:04 - 10:05)

1-1

- PLEDGE OF ALLEGIANCE

MINUTES:

MAYOR GOODMAN led the audience in the Pledge.

(10:05)

1-20

**AGENDA SUMMARY PAGE
SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

CONSENT DISCUSSION

SUBJECT:

Discussion and review of Strategic Plan key performance indicators, value-based program reviews, performance-based budgeting, and the Fiscal Year 2007 City of Las Vegas operating and capital project budget requests

Fiscal Impact:

No Impact **Amount:**
 Budget Funds Available **Dept./Division:**
 Augmentation Required **Funding Source:**

PURPOSE/BACKGROUND:

The budget workshop is a public meeting focused on review of projected revenues and City Council guidance relative to planned expenditures including base level appropriations, new position requests, and requests for expanded and/or enhanced programs. This year the workshop will include discussion of three strategic and management tools currently in use and/or under development, the City of Las Vegas strategic Plan key performance indicators, valued-based program reviews, and performance-based budgeting.

RECOMMENDATION:

BACKUP DOCUMENTATION:

1. Submitted at meeting: Copy of Powerpoint Presentation
2. Submitted at meeting: Position Request Spreadsheet and Positions to be Eliminated
3. Submitted at meeting: Five Year Capital Improvement Worksheet
4. Submitted at meeting: FY2006 Program Review

MINUTES:

MAYOR GOODMAN announced that COUNCILMAN BROWN was on his way and would arrive shortly.

CITY MANAGER DOUG SELBY indicated that the budget workshop is an opportunity for staff to present the preliminary budget, to discuss various issues with the City Council and receive feedback and guidance. For the 2007 budget, he proposed to break away from the traditional budget by volume and organization approach. Preparing a Municipal budget is more complex; it requires compliance with State and Federal laws and statutes, bond covenants and City Budget Policies. For decades the approach has been to look at the past, what was spent and then forecast for the future. However, staff will introduce new terminology designed to start shifting away from that approach and to an approach where the budget is designed to help the Council focus on the dollars to make some powerful, positive influences on citizens and customers.

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

CITY MANAGER SELBY outlined some of the items that would be discussed during the budget presentation: Key Performance Indicators (KPIs) are a critical link between the Council's eight priorities and staff's ability to inform the Council how those priorities are being met. Value assessment and citizens' value propositions will review programs to see if they are providing value to stakeholders, the citizens and the Council. Performance based budgeting is designed to focus on the expenditure on the efficient use of resources to achieve high value and high performance services. Through Performance Based Budgeting, money is tied to outcomes rather than on measures of activities. These outcomes will rarely be a function of just one department.

CITY MANAGER SELBY thanked MARK VINCENT, Director of Finance and Business Services and CHRIS KNIGHT, Director of Administrative Services, who led the effort on the value assessments and on Performance Based Budgeting. He also acknowledged MIKE SHELDON, Director of Detention and Enforcement, JIM CARMANY, Court Administrator, and DAVE WASHINGTON, Chief, Fire and Rescue, for volunteering their departments to undertake Performance Based Budgeting. Their efforts will help fine tune what will be done in the future with this type of budgeting. If this approach works, it will then be rolled out to other departments throughout the City.

CITY MANAGER SELBY indicated that the purpose of KPIs is to establish the connection between the Strategic Plan and the performance of the eight City Council priorities, give departments direction on areas they should be measuring, allow for data-driven decision making and move towards performance based budgeting. He introduced DEPUTY CITY MANAGERS BETSY FRETWELL and STEVE HOUCHENS, who gave an overview of the KPIs.

DEPUTY CITY MANAGER FRETWELL outlined the first priority connected with the KPI: Create, integrate, and manage orderly and sustainable development and growth of the community. Staff was directed by the City Council to ensure that adequate infrastructure is in place to support the growth and balance the homeowner and business owner's ability to contribute to the on-going maintenance. There will be a continued look at how much of the maintenance budget is offset by revenues from maintenance district, such as landscaping and Special Improvement Districts (SID); ensure that there is a balance of land use distribution; percentage of overall budget of projects approved but not included in the Mater Plan; and how many Green Buildings are being constructed per year.

DEPUTY CITY MANAGER HOUCHENS explained that the second priority deals with managing cost and revenue resources to achieve efficient operations. One of the key measures in this area is the cost per capita of City programs, not only the City as a whole, but per capita for some of basic functions performed, such as Public Safety, Public Works, Parks and Recreation. Another key is to look at the percentage of cost recovery for charges for services. There are various areas where the public is charged a fee, and how much of the cost for that service is being recovered through the fee. The third performance indicator is how much is saved on materials and services that the City purchases. This is done through piggybacking on State contracts, through aggressive purchasing and procurement practices and through aggressive negotiations with vendors.

DEPUTY CITY MANAGER FRETWELL outlined the focus on neighborhoods; how many people participate in neighborhood activities and programs, the percentage of volunteerism, percentage of

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

neighborhoods that shift from targeted areas to stable areas, and focus on new affordable housing units.

Regarding the priority to aggressively attract and retain diverse businesses, DEPUTY CITY MANAGER HOUCHEMS explained that this priority has four categories: the number and type of business licenses issued by the City of Las Vegas on an annual basis; the success of the Redevelopment Agency based on the ability to increase values and to generate larger tax increments that can be reinvested in the community; how successful the City is at retaining businesses in the City and to look for new businesses; see if the quality of life is increasing over time based on the efforts of the City, and the amount of residential versus non-residential land within the City of Las Vegas.

Another priority is related to promoting lifestyles in all segments of the community. DEPUTY CITY MANAGER FRETWELL stated the focus is to find out who and the age of the individuals participating in City programs. Create focus on getting a wellness message internally and externally through publications and communications. Gage how many kids are planning and continuing on to post-high school education programs. Obtain the percentage of improvement in national healthiest city factors. Percentage of employees participating in City sponsored wellness programs.

DEPUTY CITY MANAGER HOUCHEMS indicated that five KPIs will measure the success of providing open government. Focus on the percentage of KCLV local market and/or viewer satisfaction; percentage of city services that provide access across cultural, ethnic and language barriers; percent of customers using online services; the success of Customer Relationship Management (CRM) program in resolving issues that citizens might have; and City services awareness index through surveys.

DEPUTY CITY MANAGER FRETWELL stated that the KPI for public safety is to look at the number of fire and life losses. This is not only life losses due to fires, but also through Metro and the City Marshall enforcement efforts. Part of this priority would be to focus on violent crimes and collect crime statistics significant in the City. This would include how often people participate in Neighborhood Watch programs, monitor the number of incidents of domestic violence and how much of the City services are moving to Level 5, which is the highest level of interoperability for communications through the course of the investments.

DEPUTY CITY MANAGER HOUCHEMS addressed the last priority dealing with revitalize and invigorate mature areas and the urban core. Four key indicators have been identified in this area: public and private investment in the redevelopment area; change in value of redevelopment areas; and the change in value of investment in City acquired land. An example would be the 61 acres, which originally cost about \$500,000 an acre to acquire and today is worth much more. Finally, obtain the percentage of population in redevelopment areas. People coming and those who live downtown will generate many of the businesses the City hopes to see in this particular area.

MAYOR GOODMAN verified with DEPUTY CITY MANAGER FRETWELL that this data will be brought back to the City Council. The data source used for these measures is already available, but it needs to be prepared in a way that can be communicated to the Mayor, the City Council and the citizens. A progress report on the Strategic Plan will be provided to the Mayor and Council every four months and it will include an update of the KPIs. The indicators should trend over many, many months to really

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

see the impacts. DEPUTY CITY MANAGER HOUCHEMS added that teams have been developed where each of these indicators transcend beyond just one department.

CITY MANAGER DOUG SELBY addressed twelve areas of City programs. The typical approach of how much was spent was not taken, but rather at the value based assessment. He asked MR. VINCENT to explain how this was approached and the difference from what is normally done.

MR. VINCENT explained that they did not want to evaluate programs solely on the basis of cost and revenue. Therefore, they came up with an approach that measures cost versus value using four components: Facts, Value Scan, Value Fit, and Value Creation. The program owners were asked to provide background and factual financial information and usage of the program.

Through a collaborative team comprised of City staff, citizens who volunteer for community groups, as well as volunteers from the Citizens Academy and experts, focused on what would happen if a program was discontinued. Regarding the Value Fit process, 175 citizens who were not involved in the collaborative team, were chosen as representatives of the Wards. There were three groups per Ward to make sure adequate coverage was provided for all the Wards. The focus was to find out how the Value Fit supports the Citizens Value Proposition and Council's Strategic Priorities. Through a consultant, the citizens were asked two questions: what attracted them to move to the City of Las Vegas and what makes them stay. After that, categories were developed. The biggest category was lifestyle, including recreation opportunities and entertainment. Comments included that, while the City is growing to be a big town, government is still accessible. Under the Value Creation, the program owners would recommend any modifications or any changes. The City Manager then reviewed those recommendations and produced an Executive Report, which was submitted for the record.

Regarding Value Creation, COUNCILMAN WOLFSON asked if that component allows for the consideration of an increase in the budget for a program. MR. VINCENT replied that modifications could be expanded, decreased or changed, and it would be tied into the performance based budgeting.

CITY MANAGER SELBY stated that the process included looking at accreditation. In fact, departments, such as Leisure Services and the Fire Department already have obtained accreditation and the Building Department is going through an accreditation process. The recommendation through the Value Assessment is that the accreditation efforts be suspended until more specific performance measures are implemented. However, in the area of public safety, accreditation does have value and he recommended supporting that accreditation.

He stated that Architectural Services started in the City in 1970 and it was a function in the Planning Department. About two million dollars per year is spent to support this area. The recommendation made was that the current staffing levels be maintained with renewed focus on organizational structure, pursue internal service fund approach, shift focus to support of managing cost and revenues to help to contain the escalating costs of the many projects that come from Architectural Services, and develop a definitive process to limit cost duplication, in-house vs. Professional Service Agreements, to ensure the best value by using the City's own resources where possible and outside resources where they are necessary. In addition, develop a process control over design, scope of work and cost, develop specific

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

performance measurements to demonstrate budgeted design and construction with cost restraints, and possibly put Architectural Service on for Fiscal Year 2008 Performance Based Budgeting.

Three and a half million dollars a year is spent on the Community Schools between track break and safe-key with a one hundred percent cost recovery. The other aspect of Community Schools are the programs and 3.2 million dollars a year is spent with a cost recovery of 63 percent. The Value Based recommendation is to take a look at Community Schools to determine whether performance measures should be tied to their future budget.

The Cultural Division is operated on a budget of 5.4 million dollars and the cost recovery is 10 percent. The Value Based recommendation is to pursue a higher cost recovery, look at ways to minimize expenditures through the use of the private sector, and collect more data on all classes and events. The Cultural Division will also be a candidate for FY08 Performance Based Budgeting.

Graphic Services has evolved and much of what was once produced in graphics production area is not produced in an office environment. They have desk-top publishing, color copiers, and the ability to bind small documents. The Value Based recommendation is to look at possible outsourcing over the next five years, but that a centralized control is maintained within the City. This is the only area recommended for outsourcing this function.

Regarding Open Schools and Open Doors, CITY MANAGER SELBY stated that an agreement exists between the Clark County School District and the City of Las Vegas that allows the City and the school district to use each other's facilities. Definitely this is a value to the community, but the Value recommendation is to look at the agreement and determine whether it is equitable and fair for both parties. COUNCILMAN REESE verified that the Open Schools and Open Doors is a citywide program. COUNCILMAN WEEKLY asked that a list of all participating schools be provided to see if this program is citywide.

About 1.3 million dollars is spent on this program. It was recommended that the Outreach Program be continued, but to improve the coordination to make citizens aware on what government is providing. In addition, set specific standards for outreach programs.

To keep playfields green, it costs \$400,000 a year. During the Value process, it was discovered that overseeding actually protects the dormant Bermuda grass. Therefore, the recommendation is to continue this while evaluating replacement with artificial turf.

Rapid Response is a high value service and data still needs to be gathered that may support an expansion of the program based upon performance metrics. This program is also a candidate for FY08 Performance Based Budgeting.

The Senior Citizen Law Project was established in the 1970s providing service for seniors in the community. The recommendation is to look if similar services are being offered and seek alliances with the private sector. Review its organization and determine if best left in Leisure Services or perhaps create a Special Senior Services Division under the City Attorney's Office. Look at a "needs test" and

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

this program will be reviewed in the FY08 budget.

Special Events is a growing area and one in which the City does an exceptional job in setting up everything from a small neighborhood meeting to a big opening of a new community center. Leisure Services has a budget of about \$900,000 this last year for special events that does not include the support from other departments such as Field Operations, Parking Enforcement and the Marshals. CITY MANAGER SELBY recommended that events associated with groundbreaking and dedications become a city-wide events budget and allocate special events budgets to each Ward in the City, including the Mayor's Office, and allow the Council's discretion on how to spend that money. In addition, standardize service packages based on the type of event. Additionally, CITY MANAGER SELBY recommended that this be memorialized in a form of an Ordinance to make it more binding.

Regarding Transportation Services, the City operates a fleet of approximately eight buses, a program that serves the seniors as well as move people around from their residences to the shopping areas in downtown. This is a valuable service and one where much of the costs are recovered. The operation costs are about \$1.6 million a year. The recommendation is to maintain the program while working collaboratively with the Regional Transportation Commission (RTC) to add future demands.

COUNCILMAN ROSS verified with CITY MANAGER SELBY that currently there are approximately 12 staff members in Architectural Services. He asked if there is a specific dollar amount for projects that the City does that can be kept in-house and not out source to save taxpayers money. CITY MANAGER SELBY replied that he has been speaking with CHARLIE KAJKOWSKI, Director of Public Works, about possible projects under a million dollars that can actually be done in-house, saving not only money, but time as well. COUNCILMAN ROSS replied that time is money and it would be great to save the taxpayers money.

COUNCILMAN ROSS commented that the Safe Key and community school programs are valuable services for parents in the community. He asked if a satisfaction survey was ever conducted to find out how well parents like these programs. DEPUTY CITY MANAGER FRETWELL replied that regular surveys of participants are conducted, and indicated that DR. BARBARA JACKSON, Director of Leisure Services, might have more information regarding this issue. COUNCILMAN WEEKLY stated that he has received great response from parents who participate in Safe Key in his Ward because of the convenience for parents who may leave for work early and return late.

DR. JACKSON explained the Safe Key program is reviewed quarterly and comments and complaints from parents are monitored. COUNCILMAN ROSS commented that it is important for the community to recognize the importance of this program. Valuable assets are provided to parents.

Regarding playfields overseeding, COUNCILMAN ROSS asked if the City is in the process of converting to artificial turf. CITY MANAGER SELBY replied that the City is moving in that direction. Two budget sessions ago, the City Council directed to set aside some money every year for field conversion. The first two conversions will be ready for award in April: Rivera and Mike Morgan Park. COUNCILMAN ROSS thanked the special event staff for doing a wonderful job. He discussed with CITY MANAGER SELBY that the City recovers about 65 percent through Fair Bucks Revenue and

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

contributions from the RTC for the eight buses the City operates.

COUNCILMAN WOLFSON asked SHERI "SUGAR" VOGEL, Administrator for the Senior Citizen Law Project to comment on this program. MS. VOGEL stated she has been involved with the Senior Citizen Law Project for 20 years. The first administrator was RICHARD DONALDSON when the program was created in 1978 with a grant from the State of Nevada Division of Aging Services. It required a local sponsor and the City of Las Vegas agreed to be that sponsor. MS. VOGEL indicated that she had an opportunity to review the report sent to her by MR. VINCENT, whom she commended for the long and tedious process. However, she was disappointed with the recommendation because the amount of scrutiny and time that went into the process did not adequately reflect what the needs of the senior constituents are and the need for expansion. She indicated that there are a total of four attorneys in the Senior Law Project. Over the years the caseload has increased, especially with the number of seniors who have moved into the community. In 1978 it was a small grant of \$100,000 from the State of Nevada. Over the years they have recovered the cost from other members of the legal community. The budget is larger, the staff has expanded and the caseload has expanded dramatically.

COUNCILMAN WOLFSON asked MS. VOGEL if she feels there is a need for additional attorneys. MS. VOGEL replied that they have recently moved to the new senior center in COUNCILMAN WEEKLY'S Ward. The center has confidential rooms for attorneys and clients and a conference room. They are looking to increase the number of attorneys and legal secretaries. COUNCILMAN WOLFSON referred to a letter he received from ROBERT CERCEO, who is a member of the Senior Citizen Law Project. His letter stated that more budgeting is needed to keep the team motivated. He also received a letter dated November 2004 from JUDGE VALERIE ADAIR, District Court Judge, also a member of the Senior Citizen Law Project, stating that a minimum of two attorney positions are needed in order to begin to address the heavy caseload and enable it to continue to serve the senior citizen population. COUNCILMAN WOLFSON asked if under the current budgeting situation, the program is adequately servicing the clientele they are set up to serve. MS. VOGEL replied in the negative and stated the program needs to expand in order to provide more services for the seniors within Las Vegas.

MAYOR GOODMAN asked if the program receives any volunteer support from the Bar Association. MS. VOGEL replied that they receive small grants from the State Bar, the Clark County Bar Association and from the Pro Bono Nevada Law Foundation. In addition, they use Boyd Law students. The problem is that they now represent wards and guardianship proceedings, but they are inundated by court orders that they cannot violate. In reply to MAYOR GOODMAN'S query of whether they are compensated by the court, MS. VOGEL replied that there is some money in the estate of the ward, which she would like to explore the possibilities of receiving the fees. MAYOR GOODMAN opined that he does not see any distinction between the court order and the public defender to represent somebody and that money should come from the court. MS. VOGEL stated they received a small grant of \$75,000 from the Division of Aging to start this pilot program, which has been very successful and one she would like to see continue.

COUNCILMAN REESE stated that special events has expanded and feels it should be continued. Code Enforcement's Rapid Response has made a difference in his Ward and it needs to be expanded as well

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

because more work needs to be done.

COUNCILMAN WEEKLY pointed out the reason he asked for the list of the schools that participate in Safe Key because he is concerned about which schools are on the list, the type of use obtained from the schools, and the type of relationship the City has with those schools. He agreed that special events do a great job, as well as the cultural division. If this program is discontinued, it will be a big loss because it would affect the lives of youths and seniors. The performing and visual arts camp held every year has a waiting list of young people wanting to get involved. He asked if any measures will be put in place to assist in funding these different programs. He is concerned that committees looking at these programs look at everything across the board, but what works well in Ward 5 may not work well in other areas. DEPUTY CITY MANAGER SELBY stated that one of the benefits to this approach is that it recognizes that these things do not have to pay for themselves to be valuable to the community. He acknowledged DEPUTY CITY MANAGER FRETWELL'S initiative to find a way to legally solicit support and sponsorship for these programs.

DEPUTY CITY MANAGER FRETWELL explained they are exploring a similar setup for the City, as the Centennial Committee, to focus on the downtown special events. In addition, they are exploring the different options on reinvigorating the downtown area through Downtown Arts initiative to try to create some focus on some of the areas that are different, but need a little boost. She is hopeful that they will be able to continue to use the 501C3 Foundation approach that was used for the Centennial. It is easier for a 501C3 to get a grant than a government agency. COUNCILMAN WEEKLY stated that every year the funding continues to dwindle and there is very little to disseminate to these various programs. He hopes that some creativity can help these areas and explore different options. The Ward 5 Outreach Program created by Leisure Services is very important because it reaches young people in those neighborhoods that do not have a nearby community center or do not have transportation to get there. Programs like this in certain areas of town are extremely important and make a huge difference. He reiterated that it is important on how these programs are reviewed.

Regarding Rapid Response, COUNCILMAN WEEKLY stated that as the City continues to grow, cleanups grow as well, and they are being held in almost every Ward. Additional help is definitely needed in this area. He thanked DEPUTY CITY MANAGER FRETWELL, ORLANDO SANCHEZ, Director of Neighborhood Services, and his staff, especially SUE PRESCOTT and RODNEY LISTER, for working hard to get the new senior center open.

COUNCILWOMAN TARKANIAN thanked staff for all the programs that have been implemented and for the hard work based on performance indicators. She reemphasized that it is important to maintain efficient, effective standards and evaluations, but at the same time have the flexibility to meet the unique needs of different Wards.

MAYOR GOODMAN agreed that government is not the private sector. The Mayor and City Council have a responsibility to provide services which sometimes do not pay for themselves because it is for the public good and the public welfare. The City needs to adjust to the time and have to look elsewhere for funding so as to not reduce the services that make the City a special place. The private sector can be asked and should respond to assist. The Centennial Celebration was a success with little taxpayers'

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

money.

CITY MANAGER SELBY introduced MR. KNIGHT, who outlined the outcome of the value assessments. Citizens involved in government think the City does a good job. Specific programs need to be examined, not groups of programs at how they relate to the value fit from the citizens. As an example, accreditation for the Fire Department is excellent, but accreditation overall in all departments may not provide the value or fit the value that the citizens have expressed.

Budgets should be based at program level, not the organizational level. Many times budgets are department wide and a value fit cannot be done versus costs expenditures. Performance measures should be developed for all programs to give the value fit and value return for the cost. The most important thing learned is that value based requires a different way of thinking. Creative thinking generates new ideas about how a program is looked at. It is not just about money and the delivery of service, but about the values that the citizens have, the values that the Council has, values that the program delivers and how that thinking from a holistic viewpoint generates a new thought pattern.

MR. KNIGHT stated that the next step is to define and refine the Citizen's Value Proposition, prioritize and give better feedback to the City Council as to what the citizens really value. In addition, there needs to be more training on the thinking and change the way of thinking from a debate to a generation of ideas.

CITY MANAGER SELBY pointed out that this process has helped staff to think more like the Council thinks. The ultimate value of government is not in how much is spent or recovering what is being spent but on what the citizen is getting from government.

MR. VINCENT explained that staff has been experimenting and growing with activity based costs, which has been implemented for the past two fiscal years. The use of Performance Based Budgeting is to facilitate decisions about where to align resources and their results. He explained that the traditional approach controls where and how money is spent, which does not reveal the value of the service provided. The traditional approach tends to be not transparent to the relationship between resources consumed and results achieved. Its focus is on incremental increases over the prior year, not on the program performance or merit.

The Performance Based Budgeting should link day-to-day activities to long-term goals, align budget with programs, performance budgets should flow through the organization in a series of interconnected performance budgets, and show full cost of these activities. There are four standards of measurements: demand placed on resources, such as calls for service; output is a measurement of something produced, such as how many copies of records produced; efficiency is a measurement of cost per unit, such as how much it costs per call per service. An example of result is what is being done to prevent a crime, such as having Marshals in City parks to make people safe, to prevent vandalism or graffiti. If more resources are applied for Marshals in City parks, what impact does it have on graffiti, on vandalism, on crime?

MR. VINCENT stated that Fire and Rescue, Detention and Enforcement and Municipal Court are three departments participating in the Performance Based Budgeting. He thanked CHIEF WASHINGTON,

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

MR. SHELDON and MR. CARMANY for their help. With respect to demand, the fire department is measuring fire investigations calls. Output for Municipal Court would be how many court case files are imaged. Efficiency could be the cost for Animal Control cost per service call. Result could be how many deaths per 1,000 residents. MR. VINCENT indicated that three departments have submitted a plan for their Performance Based Budgeting. It has not been reviewed by the City Manager's Office or adjusted for any changes and recommended for budget and staffing for FY07. He hopes to have those packages for the City Council at the Final Budget Hearing.

COUNCILMAN REESE pointed out that it is important for constituents to understand that this approach will be a huge change and commended staff for their approach. The Mayor and City Council needs to look at this as the step in the right direction. For many years the focus was on how much money the City had and how much was spent and not look at the result of where the money was spent. He used the new community center as an example that if the costs were limited it would not have been possible. However, the results will be tremendous. Another example is the community school programs, which is valuable for parents who have to work and not worry about their children. He commended everyone for taking the Key Performance approach, which was long overdue. This innovative approach will send a positive message to all citizens.

MAYOR GOODMAN thanked the City Manager's Office for the philosophy they have developed which would benefit the City Council. This appears to be the same philosophy the Internal Auditor uses to review the various departments and then makes recommendations with exchange of ideas to see whether or not an issue has been modified or rectified according to his suggestions. The new approach seems similar where reasons are examined as to why things are taking place and not just moving money around. He believes this is a giant step forward for the City.

MR. VINCENT commented that the City is having difficulty keeping pace with the needs of the residents. In the Performance Based Budgeting, departments are being asked to provide information from Fiscal Year 04 through Fiscal Year 07, and he outlined some of the statistics. During that three-year period, the population in the City will have grown about 3.7 percent per year. For that same period, the fire department's staff would have increased by 2.5 percent per year. One of the metrics the fire department is looking at is the number of service calls per thousand residents, which was 11 service calls per thousand residents in 2004. The calls for service are growing faster than the population. Fire inspections during the same period grew at 5.6 percent per year. Animal Control has not added any staff since 2004, even though the number of calls for service has increased at an annual rate of 5.9 percent over the last three years. Daily inmate population is growing under nine percent per year. Leisure Services staffing has grown only at .9 percent per year for the last three years.

This year's operating budget has 187 parks coming on line. The forecasting operation, maintenance and programming will cost \$3.9 million. The focus on this budget will be primarily to catch up with staffing and operational needs.

COUNCILMAN WOLFSON commented that calls for service are unique to the City of Las Vegas residents, but parks are not limited to City of Las Vegas residents. It is important to note that these services are not only provided to City residents, but to anybody who wants to take advantage of City

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

services. As an example, program such as the Senior Citizens Law Project is open to non-City residents as well.

MAYOR GOODMAN raised the issue why the City should service non-City residents and why those non-residents should not pay for the services they receive. CITY MANAGER SELBY responded that other entities also serve City residents. No proof of residency is required. MAYOR GOODMAN suggested that it might be beneficial for the City to be reimbursed. MS. VOGEL pointed out that the Senior Law Project is funded by way of grants by the Nevada Department for the Aged and there is a reimbursement for every lawsuit filed, recovering over \$400,000 for the City. However, she confirmed that it does not cover attorney time. There is discussion with the County for time reimbursement as well.

COUNCILMAN ROSS added comments regarding fire services to County island residents. MAYOR GOODMAN and COUNCILMAN ROSS encouraged discussion regarding the situation as well as possible reimbursement.

MR. VINCENT explained that none of the City Directors feel that they need all the resources necessary to do the best job. MS. FALDER advised that the proposed tentative budget estimates an 11 percent revenue increase over the 2006 budget. The \$55,000,000 increase is 60 percent consolidated tax. The extended expenditure level is \$543,000,000. Included in that figure are 68 new positions and \$4.6 million for labor. With that labor comes an additional \$1.8 million for related supplies, services and, where appropriate, a vehicle. Positions vacant over six months have been evaluated and seven positions have been identified that can be eliminated. Of the 68 positions, 47 percent represent public safety positions. That breaks down as 18 to Fire Services, 13 to Detention and 1 to the City Attorney's office. Fire Services has been authorized positions to staff Rescue 47 and Fire Station D in the Northwest with the rescue unit.

MR. VINCENT summarized the existing property tax rate, that staff is not proposing any increase and the impact of Assembly Bill (AB) 49 on the City's property tax revenues. Using a chart, he demonstrated the collection and allocation of property taxes. The property tax caps established at three percent for residential properties and eight percent for commercial properties increases over the past year are identified by an abatement reflected on the tax bill. The majority of 2006 and projected 2007 valuation growth will be abated. In 2006 the abatement represents approximately \$17 million and in 2007 that jumps to \$47 million. This means that AB 49 is working to retard growth and controlling the tax growth as well. MAYOR GOODMAN clarified that it does not slow growth, but results in less services to support growth. COUNCILMAN ROSS confirmed with MR. VINCENT that there is no detriment to the ability to provide City services as a result of AB 49.

MR. VINCENT demonstrated the statutory limit for the operating tax rate that plateaued and maintained since 2002. In 1997, the City Council reduced its operating tax rate by approximately nine percent during a period of unprecedented growth. In addition, there was a tax inequity with residents within the unincorporated townships and County. The City set policy to maintain an 11.2 cent cushion between the maximum statutory levy and what the City actually levies. Unfortunately, AB 49 means that even in the event of a tax increase, the increase would simply be abated. COUNCILMAN BROWN discussed with

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

MR. VINCENT that the intent of the cushion was to create a better position for bonding. It also allows for generating funds in an emergency situation. The only other way to raise revenue would be to increase fees for services. The control of sales, liquor, use and other taxes belongs to the State. AB 49 only allows for increases greater than the cap on new properties.

COUNCILMAN BROWN explained that the City has educated the public whenever possible and despite increases in their tax bills, the City has not increased its piece of property taxes since 1995 or 1996. It is the piece going to other entities that have resulted in an ever increasing tax bill. Because of the approach taken with AB 49, the City was placed in a difficult position. The Council's discretion was taken away by the State legislature. MR. VINCENT agreed that AB 49 has harmed the City's ability to react. COUNCILMAN ROSS verified that the City lowered taxes in 1997, prior to AB 49; the Council was proactive and the City's balance between taxes and services was hindered by the legislation. He commended the Council for being proactive in the past and expressed a hope that the trend would continue.

MR. VINCENT advised that the suggestion that each entity roll back their own tax rate was not viable because many rates are set in statute and require statutory intervention. The legislature was trying to find a way to deal with both types. As to overlapping rates, the City comprises approximately 23 percent of the tax rate applied to the residents of Las Vegas. The majority goes to the School District for new school construction and school operation. Clark County represents 20 percent.

MS. FALDER reviewed a slide comparing staff growth with other entities in the Valley. Las Vegas has an overall growth of 16 percent from 2001 to 2007, including the 68 positions this year. The other entities have had between 19 percent and 48 percent growth. The population has grown on average 3.7 percent per year since 2004 through 2007. Fire Services staff has grown by only 2.5 percent annually and Field Operations only 4.1 percent annually despite the increase in population and acreage. For 2006, the City has 4.82 public safety positions and 3.42 non-public safety positions per 1,000. The comparison will be updated to reflect the approved positions as part of the final budget hearing.

In 2006, the vacancy factor was at 5.2 percent with a spike in 2005 to 7.3 percent representing the voluntary separation program. The goal was to keep those positions vacant for a minimum of one year to pay for the program. The 181 vacancies have been examined and there is a need to fill those positions. Only 45 positions in the budget have been vacant six months or more, half in the public safety arena.

MR. VINCENT turned the focus to the capital improvement plan. Staff is attempting to identify a five-year plan, including projected revenue sources, in order to create a more useful planning tool. Projects not funded in a given budget were simply anticipated to be funded the following year. The limited planning had greater than anticipated impacts. A five-year realistic plan would better address the funding requests. The entire five-year plan is approximately \$1.5 billion and includes \$60 million of work already in process. The plan does not include large General Fund transfers or large debts with the related debt service. Resources would have to be cut, as well as staffing for non labor related items. There were 42 million dollars of operating requests but staff was only able to fund 14 million dollars of requests.

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

Staff is looking to add additional 47 acres of new parks, refurbishing 71 acres of existing parks and 148,000 square feet of new facilities, in which funding will amount to approximately 6.1 million dollars.

MS. FALDER added with this budget, the estimated ending fund balance for Fiscal Year June '06 is 78.7 million dollars. Regarding Capital Projects, 10 million dollars is needed to fund seven million dollars towards Big League Dreams and three million dollars for the architectural and engineering costs for the close custody unit for the Detention and Enforcement expansion. The estimated fund balance in the General Fund at 6007 would be 65.5 million dollars. That represents 12.1 percent of the revenue, which is well within the established budget policies at this time.

The sources for the Capital Project revenues in this budget are general fund transfers of 30 million dollars, the closure of capital project funds, those projects currently in process that will close out and leave money available, 7.2 million, the sale of public safety bonds for 10 million dollars to cover two fire stations, CDBG pledged bonds of 12.5 million for the Stupak Center, CDBG contributions of 3 million dollars for the Doolittle Center, 2.3 million dollars for the Southern Nevada Public Lands Management Act, three million dollars for residential construction tax for various park improvements throughout the city, and the sanitation enterprise interest that is transferred into the parks CIP totaling 69 million dollars.

MR. VINCENT stated there is no plan to make any significant transfers out of the General Fund in '07 for any capital projects. The 30 million dollars represents 16 million dollars in revenues for this current fiscal year, as well as four million dollars left over from the closing of Fiscal Year '05 that is available.

The list of proposed projects where the 69 million dollars would be spent includes community centers and fire stations. The decision was made to reduce the fund balance to within the 12 percent policy limit allowing staff to take the initiative and go out and reissue 10 million dollars worth of bonds that are set to retire in February '07 for public safety. These will be used to construct C and D fire stations. Staffing is already in place for station C; staffing for station D will have to be dealt with in Fiscal Year '08.

He referenced a slide that identifies all of the capital projects, including Regional Transportation Commission and Regional Flood projects. He pointed out that when City Council funds a project, it takes approximately two to three fiscal years for completion. The monies travel and do not expire; they go with the project until completion.

MAYOR PRO TEM REESE pointed out that there is 164 million dollars in Fields, Parks and Trails. He felt it was important that we all speak to elected officials to address the situation relative to keeping these revenues within our local state; otherwise, many dollars would be lost for the parks projects before commencing.

MR. VINCENT stated staff is in the final stages of finalizing their tentative budget, which should be filed with the State approximately on April 15th. Between April 15th and May 16th, which is the scheduled final public budget hearing, there will be an opportunity to make any revisions or redirections. It will then be presented for final approval and adoption.

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

It was COUNCILMAN ROSS' understanding that Performance Based Budgeting dealt with specified departments not performing satisfactorily. MR. VINCENT corrected him by explaining the intent is not a punitive measure; it is a piece of information, data. He used an example of Marshals who are sent out to collect bail, whereby the revenue per Marshal is tracked. There was a significant decrease in revenue generated per Marshal. With an additional Marshal being sent out to collect bails, the revenue per Marshal was going down per unit; the total bail revenue went up which accounted for the additional Marshals. The whole point of the matrix is to understand why is this happening, is it a good or bad thing and what corrective action, if any, should be taken.

MR. VINCENT concluded by stating data, in itself, is useless. It has to be analyzed and understood to make intelligent decisions as to why things are done. The intent is to make us think about what do we do with our resources, why do we allocate and where we allocate, and what kind of performance do we expect and/or what outcome we would like to see.

COUNCILMAN ROSS felt the community would see that the employees of this City take ownership. He confirmed with CITY MANAGER SELBY that every penny received in taxes goes directly back to the citizens of this community.

MR. VINCENT confirmed for MAYOR PRO TEM REESE that Metro's request was inclusive of this budget cycle. A discussion took place with GEORGE STEVENS, County representative, and a request was made to have the County assist with financing the large capital portions of Metro's budget, which is a hanger for Search and Rescue and Swat, which is approximately a 10 million dollar capital item, and staff's share of the remaining portion of the new enterprise area command. He has asked MR. STEVENS to present a resolution before the County Commission that would allow payment on time, as the County does not intend to sell bonds for these two items.

MR. VINCENT also confirmed for MAYOR PRO TEM REESE that the Las Vegas City Employees Association's (LVCEA) contract and the firefighters' contract was inclusive as well.

COUNCILMAN WOLFSON requested additional funding for the Senior Citizens Law Project. He referenced a statement made by MS. VOGEL indicating that there were not adequate services being provided to our seniors. The recommendation is to not provide any additional staffing or attorneys. He quoted the mission and the services of the Senior Citizens Law Project, as he felt there were some incorrect accusations made about Nevada being one of the meanest cities in the country. He felt this was a valuable service to our senior citizens and requested the Council consider directing staff to accommodate one or two attorney positions and the possibility of a legal assistant. They have recently moved into a new building and have room for expansion.

COUNCILMAN BROWN inquired about what has been done with the Senior Citizens Law Project for the past 30 years versus present efforts. The program as it reads is phenomenal but should be a traditional county service and government that takes care of the entire county. The continued initiative and leadership of the City of Las Vegas for over the past 30 years allows the community to become more reliant on the City of Las Vegas. In all fairness and priority, he questioned if the City taxpayers

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

should be paying for the City of Las Vegas functions that go out and service the entire Clark County. He felt this was a problem and would be difficult to draw back at the appropriate time. He reaffirmed that debates would take place as to what takes priority and/or what's more important and the need to take a look at the big picture, considering all the work that has gone into the budget attempting to prioritize based on the Council's policies and strategic plan objectives. He offered the suggestion of having this project as a regional program and have everyone pay their fair share. If not, then many of these programs will be pulled and it will come down to the City's ability to service strictly the citizens of Las Vegas. There is still a tremendous growth market in the City, and some of the traditional funding sources that provide these services will be contracted, and the burden will fall back on the General Fund budget or other revenue sources. We cannot be all things to all people in all of Clark County.

COUNCILMAN BROWN respectfully agreed with previous comments made relative to the importance of some of the programs in Ward 5, especially when dealing with changing the lives of children. However, he felt that the programs with lesser value needed to be pulled and evaluated. In addition, efforts need to be made in finding more creative ways to offer these services.

COUNCILMAN WOLFSON agreed with COUNCILMAN BROWN'S comments and confirmed with MS. VOGEL that a significant portion of funding comes from County filing fees, such as a filed lawsuit in Clark County District Court. Approximately 40-50 percent of their annual operating budget comes from a portion of this filing fee.

COUNCILMAN BROWN questioned why the senior services were being offered to seniors who reside in Laughlin, Nevada. MS. VOGEL responded that when the program began in 1978, the City took the leadership role in sponsoring it. It began with a federal grant of \$100,000 from the State of Nevada's Division of Aging Service. At that time, the request was to serve all of Clark and Nye County senior citizens. A few years later, Nye County was eliminated. The filing fees, which are based on the number of law suits, have increased over the years from \$100,000 up to \$400,000 and will continue to increase. Based on the number of lawsuits filed, the City gets a certain percentage and all of Clark County is served. The Councilman also questioned if a million dollars is spent annually on the project, is 60 percent recovered through fees and grant, and can it be broken down further to represent City of Las Vegas citizens versus Clark County citizens. MR. VINCENT was unsure but mentioned that that is a point of discussion and the collected data needs to be defined. COUNCILMAN BROWN stressed the importance of making decisions over the next few years to pass the baton over to the next group of policy makers so that they can, likewise, be in a position to have this discretion and not be forced to cut programs and/or staffing.

MS. VOGEL appreciated the Council's comments and looked forward to working with staff.

MAYOR GOODMAN added that at one time, the City was the only entity that was providing services to the homeless. There were certain things that the City would not do unless other entities became involved, as it is a regional and not a local problem. The Mayor felt there should be consolidation.

COUNCILMAN BROWN questioned with labor costs, what the increase would be for the budget the following year. MR. VINCENT responded 6.7 million dollars is labor, benefits and relative equipment.

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

An analysis would have to be done on the Metro increase, but 40 percent of the Metro labor is being paid. The additional officers in Metro would not really change the ratio. COUNCILMAN BROWN requested a breakdown to identify the non-labor percentage. MR. VINCENT also estimated for COUNCILMAN BROWN that the projected total budget for next year would be approximately 1.3 billion dollars; out of that budget, approximately 14 million is discretionary dollars for the General Fund.

The Mayor thanked MR. VINCENT, MS. VOGEL, the City Manager's office, MS. FALDER, MR. KNIGHT and everyone else who participated in the budget process.



AGENDA SUMMARY PAGE

SPECIAL CITY COUNCIL BUDGET AND STRATEGIC PLANNING WORKSHOP OF MARCH 27, 2006

PUBLIC COMMENT DURING THIS PORTION OF THE AGENDA MUST BE LIMITED TO MATTERS WITHIN THE JURISDICTION OF THE CITY COUNCIL. NO SUBJECT MAY BE ACTED UPON BY THE CITY COUNCIL UNLESS THAT SUBJECT IS ON THE AGENDA AND IS SCHEDULED FOR ACTION. IF YOU WISH TO BE HEARD, COME TO THE PODIUM AND GIVE YOUR NAME FOR THE RECORD. THE AMOUNT OF DISCUSSION ON ANY SINGLE SUBJECT, AS WELL AS THE AMOUNT OF TIME ANY SINGLE SPEAKER IS ALLOWED, MAY BE LIMITED

BACKUP DOCUMENTATION:

Submitted at meeting: Written Comments from Tom McGowan

MINUTES:

UNIDENTIFIED MALE SPEAKER questioned some of the dollar amounts needed for funding some of the projects. The important factor is what determines priority. So many people from the County are using the City's facilities, yet there is an overburden with many of these people using these services. He believes the parks are paid for and maintained by the tax payers. He referenced a regulation that has been mandated since 2005, which dealt with child care and preschool facilities having shades/canopies on the playground equipment. He questioned how there can be a different set of rules for the private sector, which in essence, is a double standard. He urged everyone to put their monies where their mouths are and protect our children.

TOM McGOWAN, Las Vegas resident, made comments regarding his proposal for "The Sony King Memorial, Las Vegas Entertainment Walk of Fame and the Historical Las Vegas Entertainers' Gallery and the Post Modern Museum". He believed his proposal would be a substantial benefit to the redevelopment and revitalization of downtown and to the families of these honorary entertainers. He then submitted his proposal and respectfully requested an agenda item for discussion to take place regarding his proposal. He also requested that April 1st be proclaimed as Sony King Day and Las Vegas Entertainers Day pursuant to the ceremonial unveiling and implacement of the first 30 honorary names on the City of Las Vegas Entertainment Walk of Fame on Saturday in conjunction with the Eldorado Days Parade and Festivities and prior to the end of the Centennial Year. He asked that copies of his proposal be submitted to all members of the City Council, the Redevelopment Agency and MS. BETSY FRETWELL. MAYOR GOODMAN responded that MR. VAN GORP should be in touch with the individual relative to this project.

LANCE MORAN, Chair, Senior Citizens Advisory Committee, commented that their main goal is to seek housing in the downtown area. The Committee would like to see monies appropriated for studying the downtown area to determine whether they can use their new Leisure Services building in this area as a beginning for a housing program, which will benefit not only seniors but others. In addition, the Committee would like to examine the possibility of expanding into the redevelopment area or surrounding areas. He respectfully requested that the Council and staff look into funding from this year's budget.

MAYOR GOODMAN thanked everyone for their attendance and participation.

City of Las Vegas

**SPECIAL CITY COUNCIL
BUDGET AND STRATEGIC PLANNING WORKSHOP OF
MARCH 27, 2006**

MINUTES - Continued:

MEETING ADJOURNED AT 1:08 P.M.