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## Budget Message

May 18, 2004

### Honorable Mayor and Members of the City Council

There is a clear, singular vision for the City of North Las Vegas and if realized, will create a balanced community for residents - a community that offers improved housing, quality neighborhood shopping, a regional shopping mall as well as a wide variety of parks and recreational facilities. This is an exciting time in the history of North Las Vegas. We are a community of unprecedented growth and development, anchored by a robust future and community pride. It is with our commitment to the future and pride in our past accomplishments that we bring to you the fiscal 2005 proposed budget.

The fiscal 2005 budget is a financial plan that will move our City toward its achievement of goals, within the constraints of available resources. This budget document is the means for allocating the resources of the City to a variety of programs necessary to protect the community's physical security, enhance the community's quality of life, increase economic development efforts, and maintain and develop the City's facilities and infrastructure.

This document is a first for the City of North Las Vegas. The budget conforms to the Government Finance Officers Association (GFOA) requirements for the Budget Award Program and will be submitted to the GFOA for consideration of a Distinguished Budget Presentation Award. The Budget Awards Program is designed to encourage governments to prepare budget documents of the highest quality to meet the needs of decision-makers and citizens. We hope that you, the staff and citizens of North Las Vegas find this budget document to be a useful and informative tool.

### The City of North Las Vegas... A Place with Room to Grow

Part of the Las Vegas Valley, North Las Vegas is a City surrounded by majestic mountains, desert valleys and an underlying current of dynamic growth. Sunshine is enjoyed 86% of the year with an average daily temperature of 78 degrees. On May 1, 1946, the City of North Las Vegas incorporated as a unique and separate entity. The population at the date of incorporation was 2,875 and the total land area was 2.5 square miles.

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Today, the City has a population of 162,508 and comprises more than 78 square miles. North Las Vegas continues to grow at a rapid pace with its population increasing by approximately 1,500 residents each month. Since 1990, the City's population increased by over 200%, making our community the second fastest growing large city in the United States. North Las Vegas is approximately 30% built-out, with a majority of land remaining undeveloped. Growth is a double-edged sword: Without a growing population to fuel and maintain a healthy local economy, the City would not have the financial resources it needs to continue improving and expanding the services its residents enjoy. If not managed, however, growth can strain available resources.

### Organization of the Proposed Budget

This budget message is intended to provide the City Council with a broad overview of the proposed budget and key changes and issues. The All Funds Summary and General Fund Summary provide a detail analysis of revenues, expenditures and changes in fund balances, with a focus mainly on the General Fund. The General Fund warrants the most attention during the budget review process as it provides the core services to the citizenry and is the largest fund with the greatest potential for revenue fluctuations.

Following the General Fund are other fund summaries, individual departmental budgets and the capital improvement program. The departmental budgets provide the staff, City Council and citizens an overview of the costs of each City service or function and the funding source for each program. Each departmental budget includes a description, services provided, fiscal 2004 accomplishments, a multi-year summary of budget and staffing, fiscal 2005 goals, objectives and performance measures.

### Budget Summary and Highlights

With the help of a healthy economy and fiscal and budgetary guidance from the Mayor and City Council, the City's fiscal strength in the fiscal 2005 budget is significantly improved. The City's short-term financial outlook is good and because we do long-term financial planning, we are well positioned to identify trends that will affect us in the future. Currently, there is no evidence that the present economic cycle is slowing significantly, and the City is experiencing strong, stable economic conditions overall.

The fiscal 2005 operating budget amounts to \$265.8 million and is supplemented with \$123.2 million in capital improvements to produce a total financial program of \$389.1 million. This represents an increase of \$31.7 million or 13.5% over the 2004 operating budget and a \$24.1 million, or 24.3% increase over the 2004 capital plan.

	2004 Amended	2005 Budget	Amount	Variance 2005 vs. 2004 Percent
Operating Budget	234,105,500	265,808,000	31,702,500	13.5
Capital Improvement Projects	99,142,799	123,255,800	24,113,001	24.3
<b>Total Budget</b>	<b>333,248,299</b>	<b>389,063,800</b>	<b>55,815,501</b>	<b>16.7</b>

## All Funds Summary

The following highlights are proposed in the fiscal 2005 budget:

- The City's tax rate of \$1.2037 remains unchanged.
- The City's assessed valuation of property increased by 21.3%.
- Overall, 70.9 new positions at a cost of \$4.4 million have been recommended.
- A new self-insurance internal service charge assessed on 2.5% of gross salaries will generate \$2.2 million to fund liability claims, judgments, and legal costs.
- A transfer of \$1.0 million from the General Fund to a new Municipal Facilities Fund to be used for land purchase, improvement or replacement of general government facilities.
- Appropriations for nearly \$123.3 million in projects identified in the fiscal 2005 Capital Improvement Program.
- Over \$5.5 million in supplemental requests in support of the Police Department including 49.7 full-time equivalents and 54 new and replacement vehicles.
- Over \$2.2 million is appropriated for enhancements to information technologies.
- A balanced General Fund budget of \$139.1 million.
- General Fund reserves are projected to be 18% of total expenditures.
- Provision for \$3.2 million in new and replacement vehicles including a \$400,000 fire apparatus for the Fire Department and \$1.8 million in vehicles for the Police Department.
- Annualized increases in salaries and benefits of \$9.0 million attributed to existing negotiated salary contract agreements, merit increases, and fringe benefit adjustments.
- Utility rate adjustments averaging 8.0% in the Water Fund and 28.7% in the Wastewater Fund. Utility costs are expected to increase by \$5.8 million.
- Over \$4.4 million appropriated to manage, staff and maintain Fire Station 56, the new Justice Facility, the Northwest Area Command, and the Simmons/Gowan Park.
- Over \$12.5 million in supplemental requests in support of the Parks and Recreation Department including \$9.4 million for developing new parks and improving existing facilities.

### Where the Money Comes From

The City expects to receive \$365.2 million in revenue in fiscal 2005, an increase of \$62.5 million over the amended 2004 budget. This revenue, supplemented with net available fund balances of \$23.9 million provides the resources to fund the 2005 financial program.

The beginning fund balance and unrestricted net assets available for appropriation is estimated at \$120.3 million as of June 30, 2004. The City will use over \$30.0 million in bond proceeds and available fund balances to complete the Justice and Northwest Area Command Facilities and to construct several park facilities.

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Major revenue sources include property taxes, intergovernmental revenue, consolidated tax distribution, charges for services (including water and sewer) and licenses and permits. Intergovernmental revenue is the City's largest revenue source, with \$38.5 million in Consolidated Tax Distribution and \$117.3 million in other state, federal and local revenue. The Clark County Flood Control District and the Regional Transportation Commission will provide \$71.2 million in funding for transportation and flood control projects earmarked in the 2005 Capital Improvement Plan. The Community Oriented Policing Services (COPS) Grant will fund 15 of the new police positions in fiscal 2005.

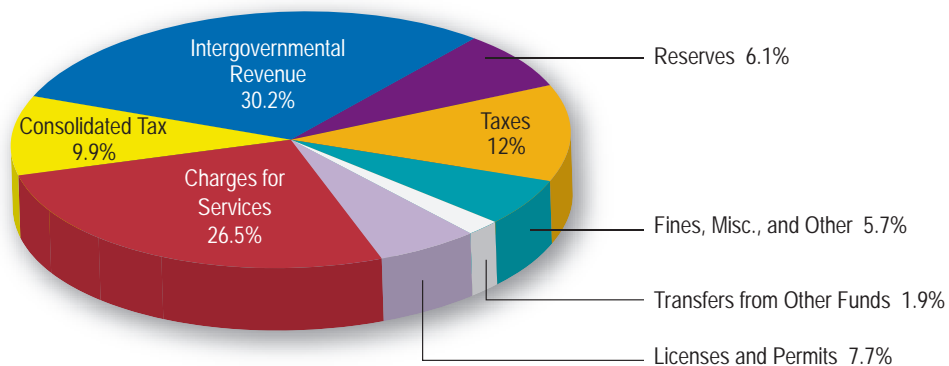
Charges for Services is the second largest revenue source with \$103.0 million in revenue forecasted for the 2005 fiscal year. Water and wastewater rate revenue and connection fees account for \$71.2 million of this revenue source. Other charges for services consist of a variety of revenue generated by City departments. The \$8.6 million increase in this revenue source is largely attributed to the utility rate increases.

Taxes include \$44.2 million in property taxes and \$2.6 million in park construction taxes. Tax revenue increased by \$7.1 million and is mainly the result of a 21.3% increase in assessed valuation.

Fines, miscellaneous and other revenue amount to \$22.1 million and include fines, interest earnings and assessment revenue from the City's special improvement districts.

Revenue by Source	2004 Amended	2005 Budget	Variance 2005 vs. 2004	
			Amount	Percent
Taxes	39,624,950	46,729,500	7,104,550	17.9
Licenses and Permits	28,858,000	29,994,000	1,136,000	3.9
Intergovernmental Revenue	80,483,700	117,302,100	36,818,400	45.7
Consolidated Tax Distribution	35,500,000	38,500,000	3,000,000	8.5
Charges for Services	94,454,000	103,016,200	8,562,200	9.1
Fines and Other Revenue	15,224,900	22,185,000	6,960,100	45.7
Transfers From Other Funds	8,495,500	7,438,400	(1,057,100)	(12.4)
Reserves	30,607,249	23,898,600	(6,708,649)	(21.9)
<b>Total Revenues and Other Sources</b>	<b>333,248,299</b>	<b>389,063,800</b>	<b>55,815,501</b>	<b>16.7</b>

### Revenues and Other Sources \$389,063,800



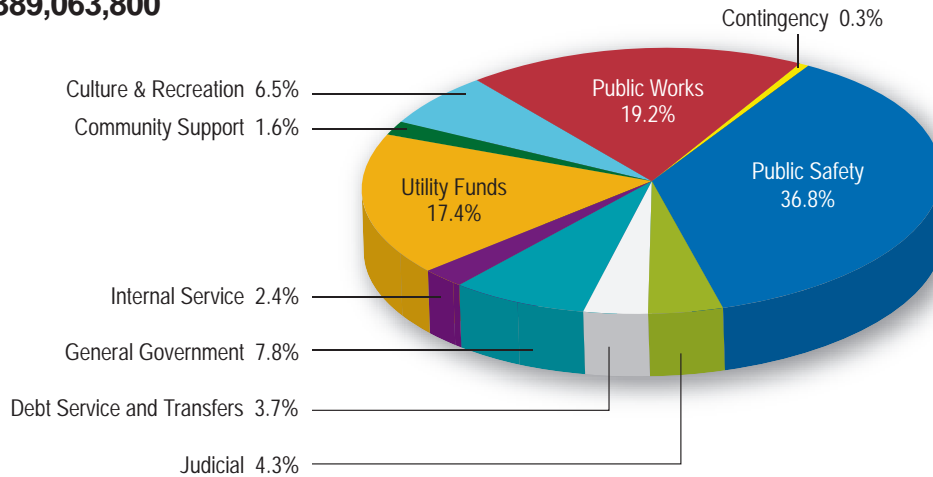
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### Where the Money Goes

The fiscal 2005 operating budget amounts to \$265.8 million and is supplemented with \$123.2 million in capital projects to produce a total financial program of \$389.1 million. Operations increased by \$31.7 million or 13.5% and the capital improvement plan increased by \$24.1 million, or 24.3% over the 2004 amended budget.

Expenditures by Function	2004 Amended	2005 Budget	Variance 2005 vs. 2004	
			Amount	Percent
General Government	26,402,900	31,480,100	5,077,200	19.2
Judicial	21,414,400	16,574,000	(4,840,400)	(22.6)
Public Safety	126,639,870	143,097,500	16,457,630	13.0
Public Works	52,484,308	74,619,400	22,135,092	42.2
Culture & Recreation	15,367,471	25,267,300	9,899,829	64.4
Community Support	5,232,650	6,274,300	1,041,650	19.9
Utility Enterprises	59,053,200	67,882,500	8,829,300	15.0
Internal Services	8,726,200	9,453,600	727,400	8.3
Debt Service	9,431,800	6,976,700	(2,455,100)	(26.0)
Transfers to Other Funds	8,495,500	7,438,400	(1,057,100)	(12.4)
<b>Total Expenditures by Function</b>	<b>333,248,299</b>	<b>389,063,800</b>	<b>55,815,501</b>	<b>16.7</b>

### Expenditures by Function \$389,063,800



### Linking the Budget with City Priorities

The key characteristic of a budget is to provide linkage with City goals or priorities. The City Council adopted eight broad priorities based on the assessment of current and future conditions and opportunities and challenges facing the community. These eight priorities provided overall direction and served as a basis for decisions during the budget process.

#### Priority: Planned and Quality Growth

We believe in quality development and the rapid rate of growth has made efficient planning an important task for North Las Vegas. Funds have been allocated for two additional city planners and an update of the City's comprehensive plan. The updated comprehensive plan will ensure a better quality of life for North Las Vegas residents by developing a well-balanced mix of

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commercial, residential, industrial and public uses for land within the city limits. In addition, two building inspectors and a building support specialist will be added to accommodate the growth in residential and commercial construction.

Included in the 2005 capital plan is \$11.5 million in local improvement district (LID) funding for Aliante, a 1,905-acre master planned community. Under construction, Aliante is defining the City's growth and providing a new definition for its quality of life. Containing 428 acres of parks and open space, this development is expected to provide homes for 20,000 people.

### **Priority: Redevelopment and Revitalization**

The City is committed to revitalizing the mature parts of our city and reinvesting in the central redevelopment area. Since the inception of the North Las Vegas Redevelopment Agency more than \$100 million in market-driven private investment has been generated in the downtown area. The City furthers its commitment to revitalizing the redevelopment areas by appropriating over \$1.6 million for land acquisition, neighborhood beautification, commercial rehabilitation and city entryway projects.

### **Priority: Parks and Recreation**

As a growing City, one of our most important quality of life initiatives is to provide a variety of open spaces, parks, and leisure opportunities for our citizens. We strived to meet this objective and included over \$12.5 million in capital programming and supplemental requests in the 2005 budget. The proposed budget allocates \$200,000 to perform a study and begin the design for a senior center and a teen center.

Over \$9.4 million is committed in the 2005 budget for new parks and refurbishing of existing parks. Appropriations include \$2.8 million for the Simmons/Gowan Park; \$2.9 million for the Lower Las Vegas Wash Detention Basin Park; \$2.5 million for the Las Vegas Wash Trails Phase II; and \$700,000 for improvements to the Neighborhood Recreation Center, Eldorado Park, Seastrand Park and other park facilities.

Construction began in April 2004 on the Las Vegas Wash Trails Phase I project and will be completed in the fall of 2004. Construction on the Simmons/Gowan Park and the Lower Las Vegas Wash Detention Basin Park will begin no later than the fall of 2004.

### **Priority: Community Improvement Projects**

The fiscal 2005 capital improvement plan contains over \$88.0 million in projects designed to construct and maintain roads, bridges and flood control facilities. A majority of the funding for these projects will come from the Regional Transportation Commission and the Clark County Flood Control District. Approximately \$4.2 million in street maintenance and rehabilitation projects will be funded by the tax override fund. More information on these projects can be found in the Capital Improvements chapter of this document.

In addition, \$1.0 million is budgeted to convert the Civic Center landscape to xeriscape, a drought tolerant desert landscape. More governments and businesses are converting to xeriscape in support of the Southern Nevada Water Authority's Drought Plan. The cost of the conversion will be offset by decreased maintenance and water costs in the years to come.

### **Priority: Public Safety Facilities**

We recently celebrated the opening of Fire Station No. 56, located in the Aliante master planned community and two new public safety facilities are currently under construction.

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The \$29.7 million Justice Facility (the largest capital improvement project in the City's history) is scheduled for completion in the spring of 2005 and the \$5.1 million Northwest Area Command Center is targeted for completion in the fall of 2004. The Northwest Area Command Center will be the City's first community policing facility. Over \$10 million is appropriated in the budget to complete these projects.

The budget includes approximately \$4.0 million in costs associated with managing, operating and maintaining these three new facilities. In addition, the City will incur \$2.8 million a year in debt service on the general obligation bonds issued to finance the Justice Facility and the Washburn Command Center.

### **Priority: Economic Development**

North Las Vegas has traditionally been noted as a major industrial center with emphasis on light manufacturing and regional distribution. Over the past several years, the economic base has become significantly more diversified as hundreds of new businesses have chosen to operate in our strategically positioned location. The City is further diversifying by marketing to data processing, digital communications, medical, aerospace, automotive and other leading edge technology industries as well as major shopping center tenants.

One of the City's goals in fiscal 2005 is to lead the task force for the next Bureau of Land Management Auction (BLM), scheduled for November 2004. Located along the northern fringe of the City's boundary, Aliante's acreage is part of a much larger 7,500-acre Bureau of Land Management holding that is being sold off in phases. The acreage, which amounts to slightly less than 12 square miles, holds the promise to a continued bright North Las Vegas future.

### **Priority: Demand for Services**

The Police Department is committed to having a positive impact in the City of North Las Vegas by reducing crime, reducing the fear of crime and enhancing the quality of life in the community. In an effort to develop and implement community oriented policing strategies, 49.7 officers and civilians will be added to the Police Department in fiscal 2005. Approximately 22 positions will support the new Northwest Area Command Center. In addition, fifty-four (54) new and replacement vehicles will enable the Police Department to provide better service to our citizens.

In conjunction with the opening of the new Justice Facility, the Municipal Court will add six positions and the City Attorney's Office will add four positions. These resources will enable the City Attorney to continue to properly evaluate police reports submitted for prosecution and to prepare cases for trial or other disposition.

In addition to adding public safety and court staff, the proposed budget allocates in excess of \$3.0 million to major street repair. Craig Road, Martin Luther King Boulevard and North Fifth Street will receive improvements estimated to total \$19.4 million. This budget allocates in excess of \$22.0 million to street improvements.

Technology is an increasing proportion of the City budget. For the most part, it delivers no direct public services but rather it supports the delivery of high-quality services. As a result, it is important that technology investments are focused on areas having a significant return on investment. Effective use of technology can simplify work procedures, improve efficiencies, and enhance customer service. Over \$2.2 million is appropriated to enhance information technologies and include upgrades to the Oracle applications, hardware replacements, funds to replace the Detention jail management system and two additional positions.

### Other Issues Affecting the Budget

There are a number of issues in the City's current environment and in the short-term, foreseeable future which could impact our fiscal security: While the City's short-term financial outlook remains solid, there are other economic, social, demographic and technological trends that threaten to erode our tax revenues over the long term. These trends include: the nation's shift from a manufacturing based economy to a service economy, the changing nature of work, the shift to electronic commerce, the increasing mobility of people and organizations, and the deregulation of telecommunications and electric utility industries.

Most of the City's physical infrastructure is aging at the same rate and a majority of our buildings are over 40 years old. Every infrastructure element reaches the point where maintenance is no longer a cost-effective strategy, and significant renovation and replacement is required. Planning for infrastructure requirements is no small undertaking, however a global assessment of City facilities and space needs will continue to be an issue that competes with investment in new infrastructure.

### Acknowledgements

We would like to thank the Mayor and City Council members for their guidance and support in planning and conducting the financial operations of the City in a responsible and progressive manner. North Las Vegas is fast-becoming a major metropolitan city of the millennium and Council seems committed to making the community a great place to live, work and play. It is through this financial plan that we address our opportunities for improvement and success.

We must express our personal appreciation to members of the management staff for their diligent efforts in developing a budget that reflects the needs of their departments. Through this process we believe that the departments have strengthened their understanding and relationships as to the needs and contributions that each provides to the City.

A special note of thanks and appreciation should go to the Finance Department for its excellent performance in gathering, analyzing and presenting information clearly and accurately. This document will be submitted to the GFOA for consideration of a Distinguished Budget Presentation Award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operation guide, as a financial plan, and as a communications device. An instrumental component of the award process is the feedback provided to the City by other governmental officers from across the nation. This input will assist us with improving future budget documents. We look forward to receiving this feedback and hope that you, staff, and the citizens of North Las Vegas find this document to be an easy to follow and useful informational tool.

Respectfully submitted,



Gregory Rose  
City Manager



Philip F. Stoeckinger  
Finance Director