

*A Place To Call Home*

# **KEEPING HENDERSON PREMIER**

**BRIDGING THE BUDGET GAP:  
RECOMMENDATIONS FROM THE  
SPECIAL BUDGET AD HOC COMMITTEE**

# FINANCIAL FOUNDATION



# HENDERSON FACTS



- Population of more than 279,000
- Second largest city in Nevada
- 105 square miles
- Full-service city/services provided:
  - Water
  - Wastewater
  - Police
  - Fire
  - Emergency medical services
- Premier parks, trails, public safety, infrastructure, master planned communities and economic opportunities
- 95% resident satisfaction rate; strong sense of community

# STRENGTHS

**Strong Financial Management Policies**

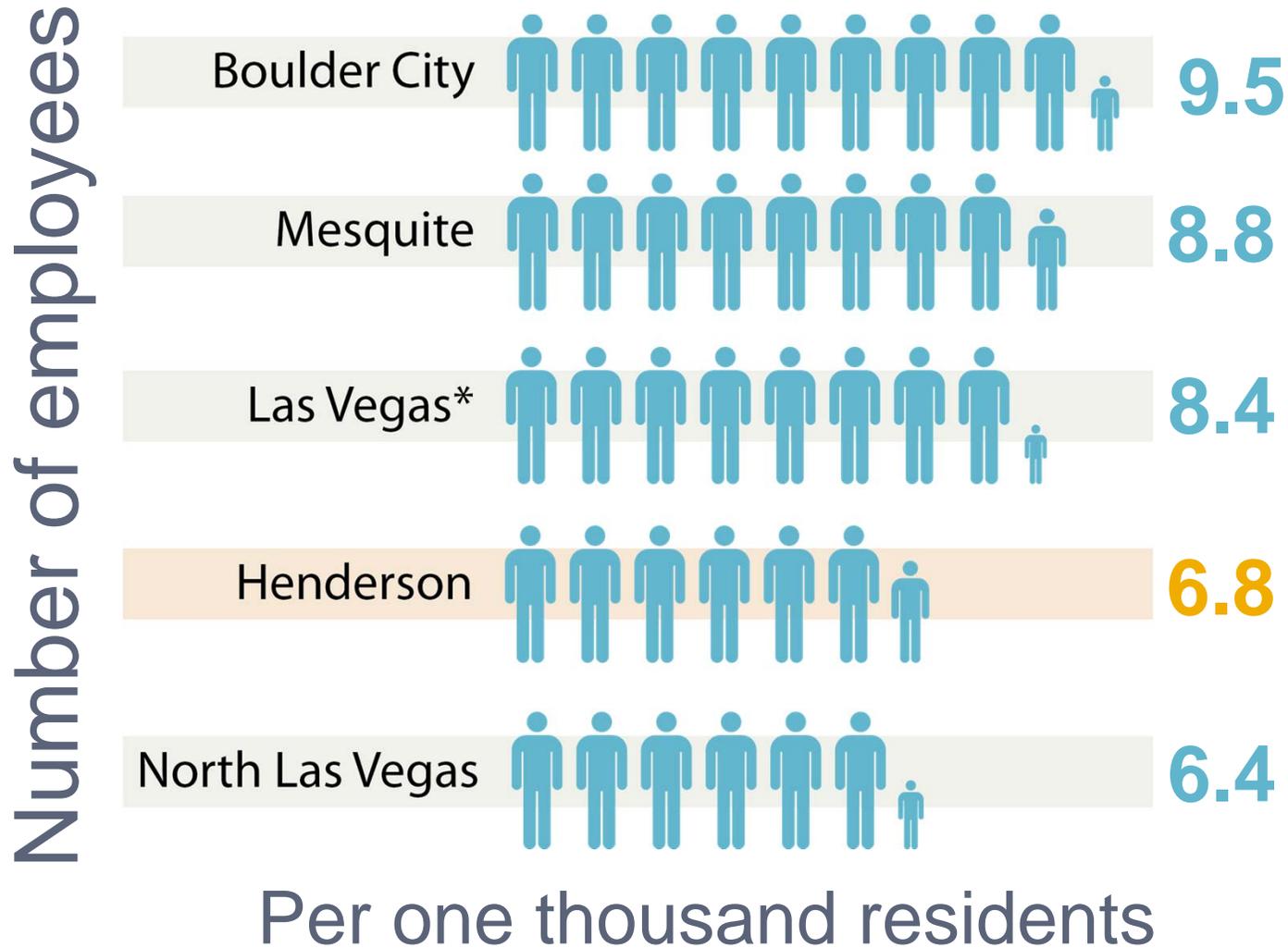
**Financial Reserves**

**Strong Relations With Employee Groups**

**Addressed The Economic Downturn Early**

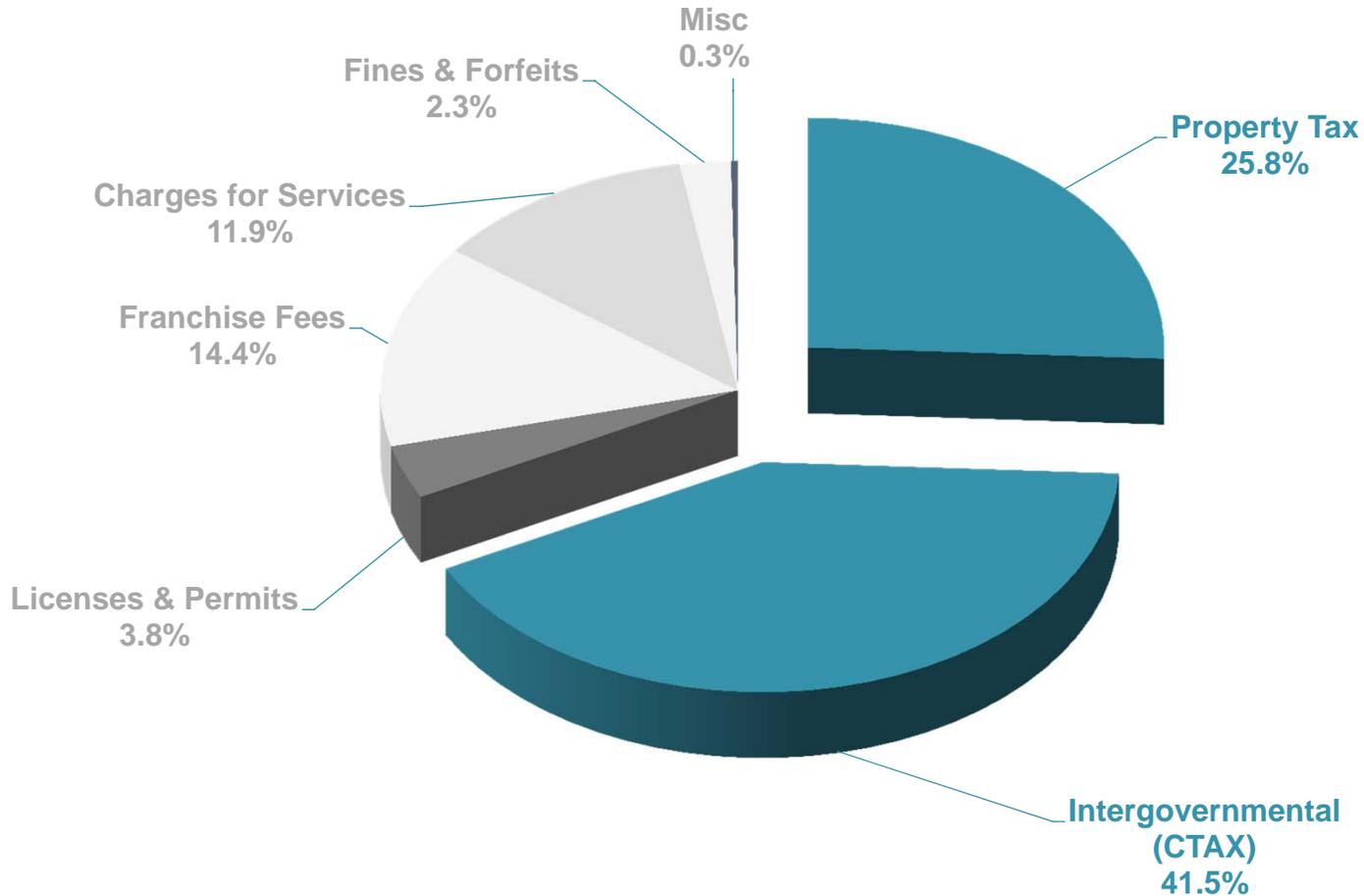


# MAINTAIN LOW EMPLOYEE TO CITIZEN RATIO



\*City of Las Vegas includes portions of the Metropolitan Police Department and Las Vegas Valley Water District. Information compiled by City of Henderson Community Development Department May, 2013.

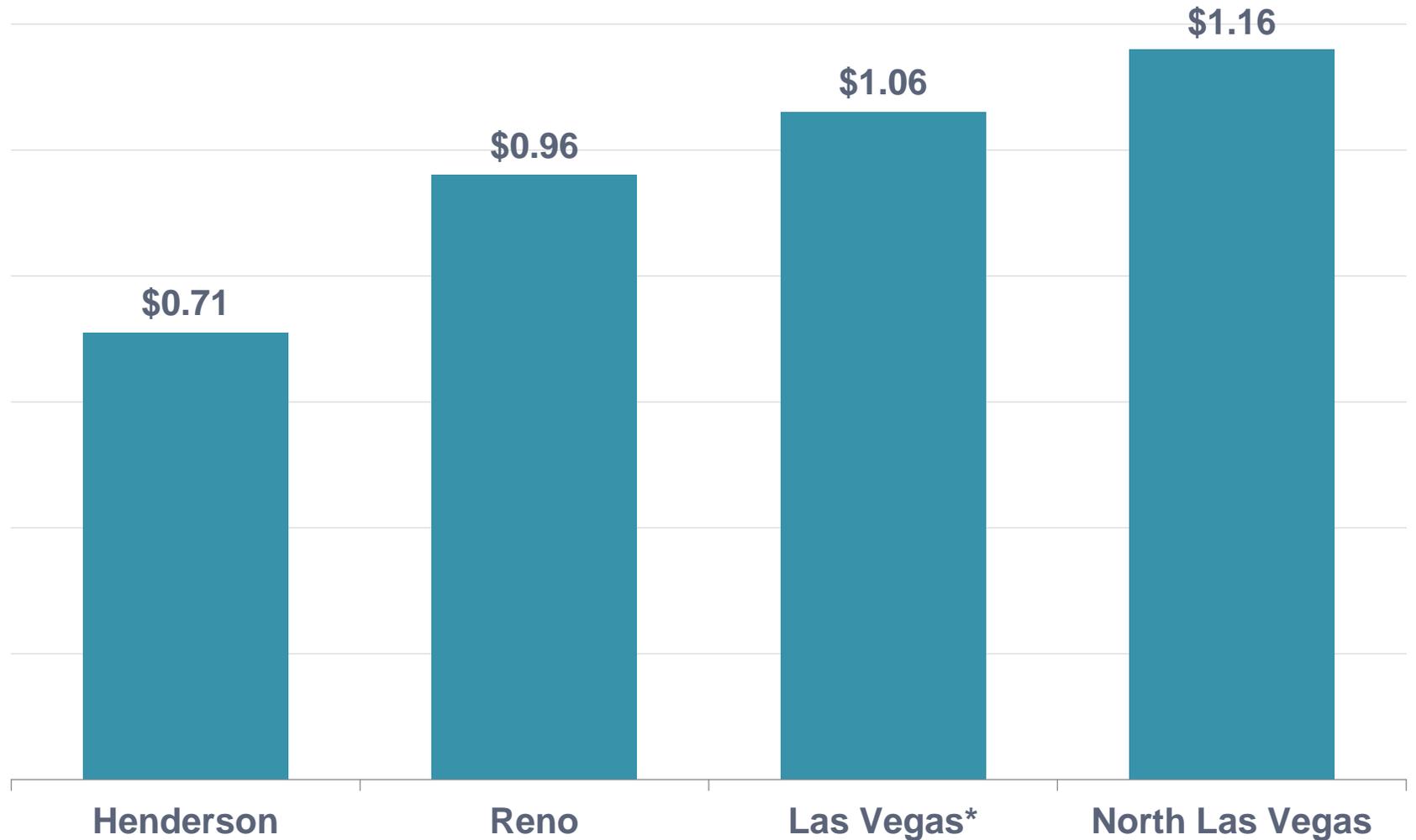
# WHERE GENERAL FUND REVENUES COME FROM FY 2014 BUDGET\*



Nearly 70% of the General Fund Revenue is Tax Based

\* Excludes other sources

# HENDERSON PROPERTY TAX RATES ARE THE **LOWEST** OF ANY MAJOR CITY IN NV



\*Includes Las Vegas portion of Metro

# CITY PROPERTY TAX FOR A \$175,000 HOME

**Henderson**  
**\$435**

**Reno**  
**\$590**  
**(+\$155)**

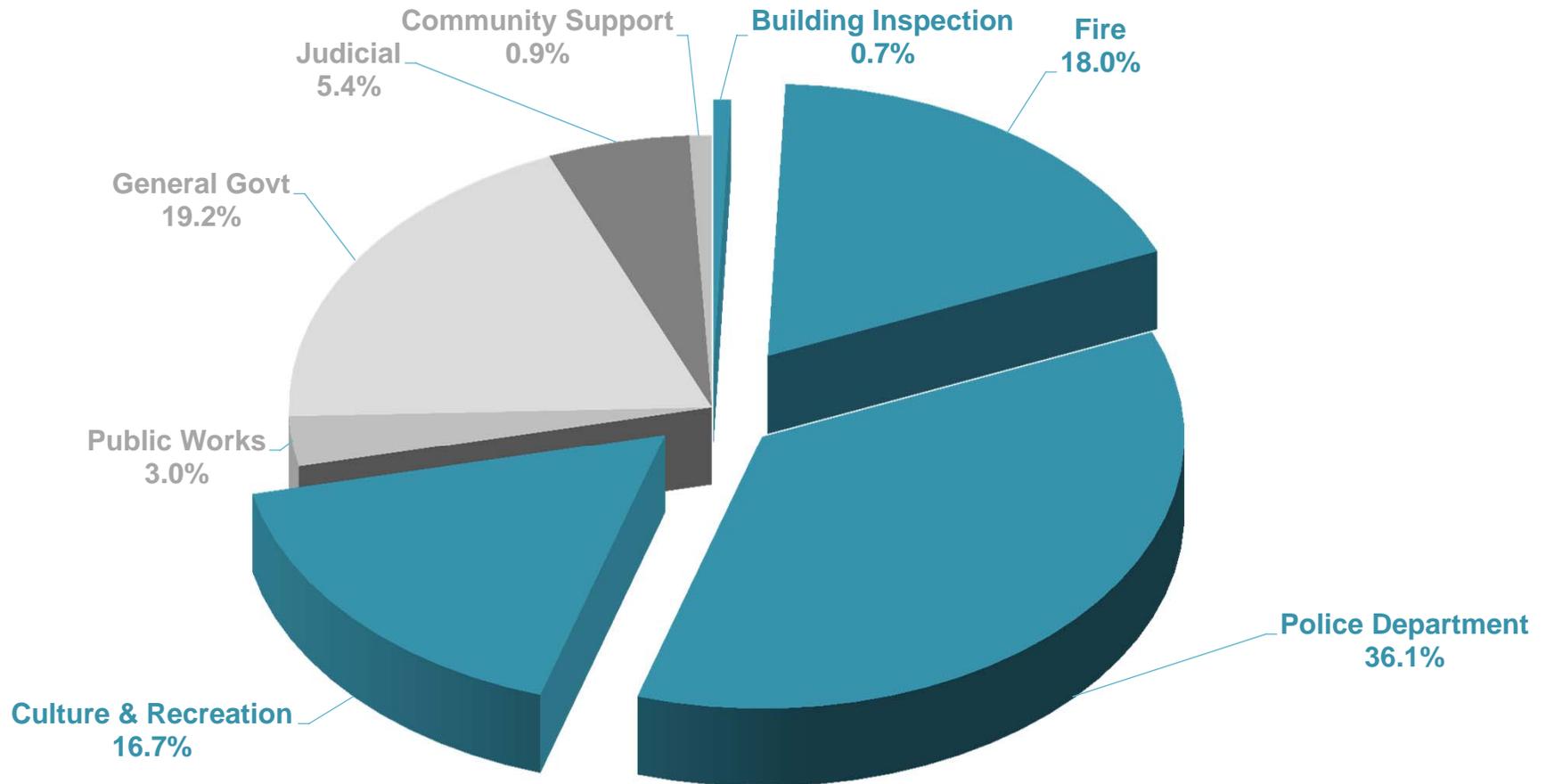
**Las Vegas\***  
**\$650**  
**(+\$215)**

**North Las Vegas**  
**\$710**  
**(+\$275)**

\*Includes Las Vegas portion of the  
Las Vegas Metropolitan Police Department.



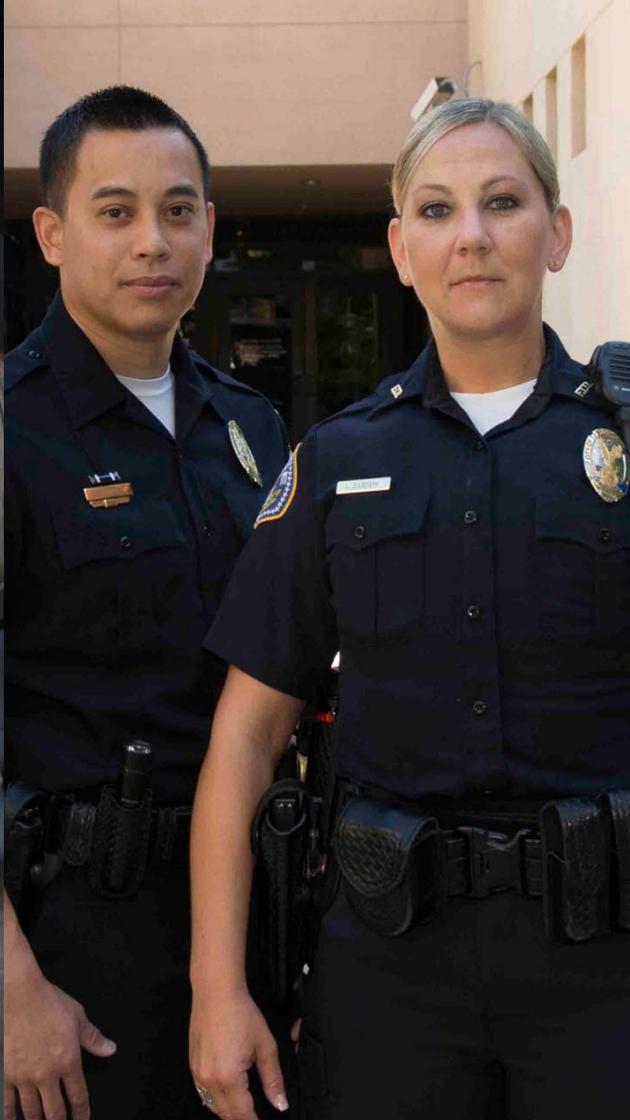
# BUDGETED EXPENDITURES BY FUNCTION PARKS & RECREATION AND PUBLIC SAFETY



More than 70% of the General Fund Budget

\* Adopted Final Budget, Excludes Transfers Out

# 70% OF THE GENERAL FUND BUDGET



# HENDERSON: THE BEST VALUE FOR YOUR DOLLAR

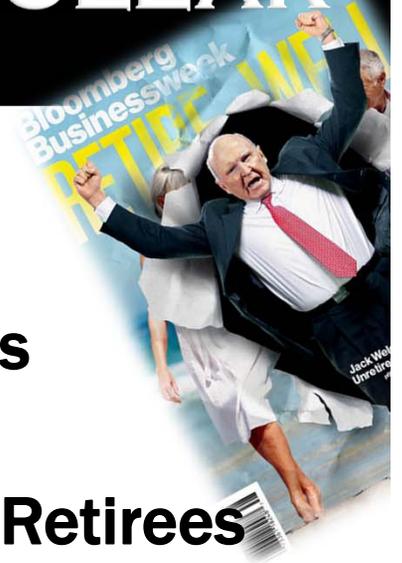


**#2 | America's Safest City**

Forbes

**America's 50 Best Cities**

Bloomberg BusinessWeek



**#2 | Best Cities for Snowbirds and Retirees**

Apartment.com

Top 25 Suburbs for Retirement | Forbes.com

**#6 | Best walking city in America.**  
Prevention Magazine



**Top 20 Best Cities to Live in America.**

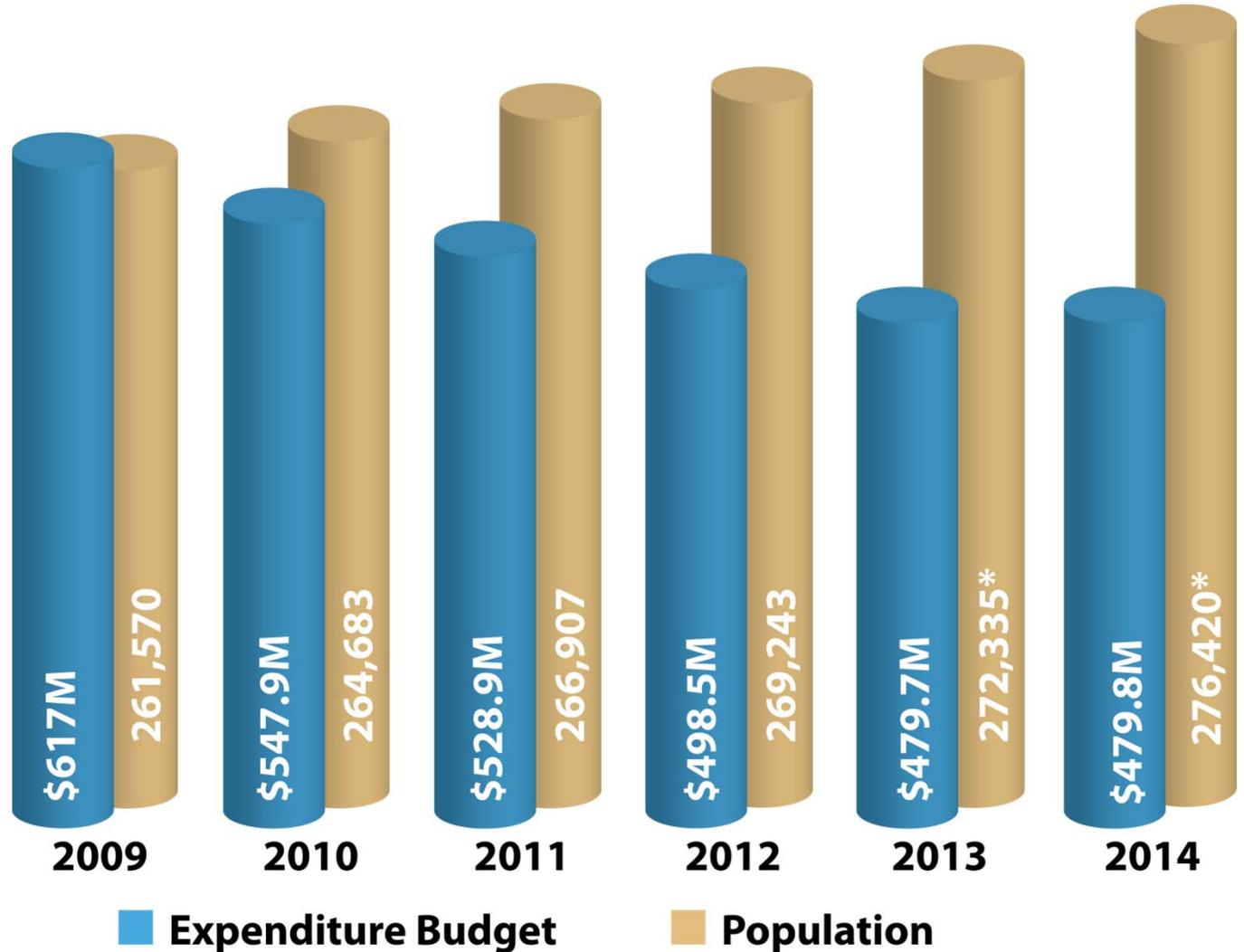
MONEY Magazine



# IMPACTS OF DOWNTURN

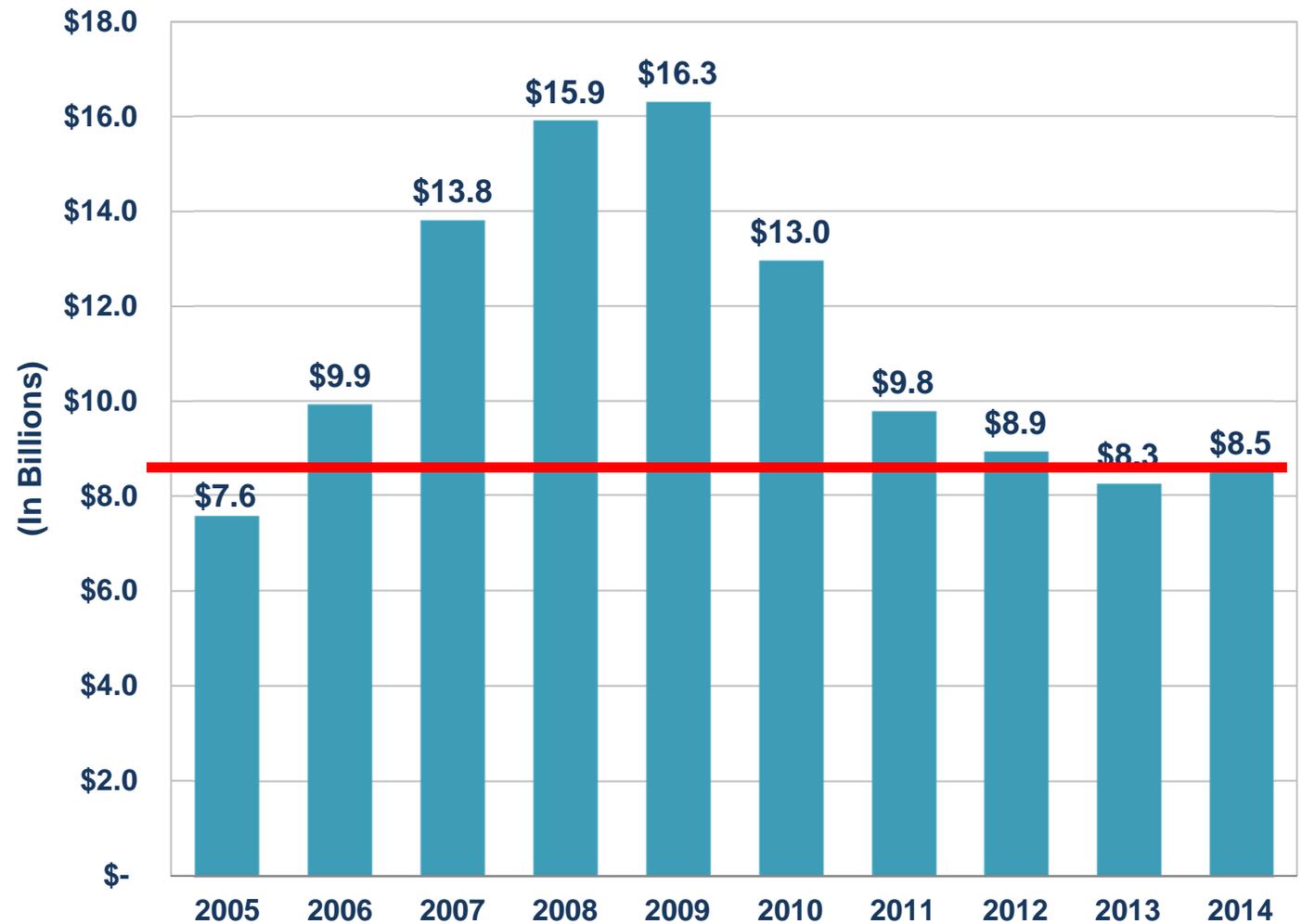


# CITYWIDE EXPENDITURE BUDGET AND POPULATION



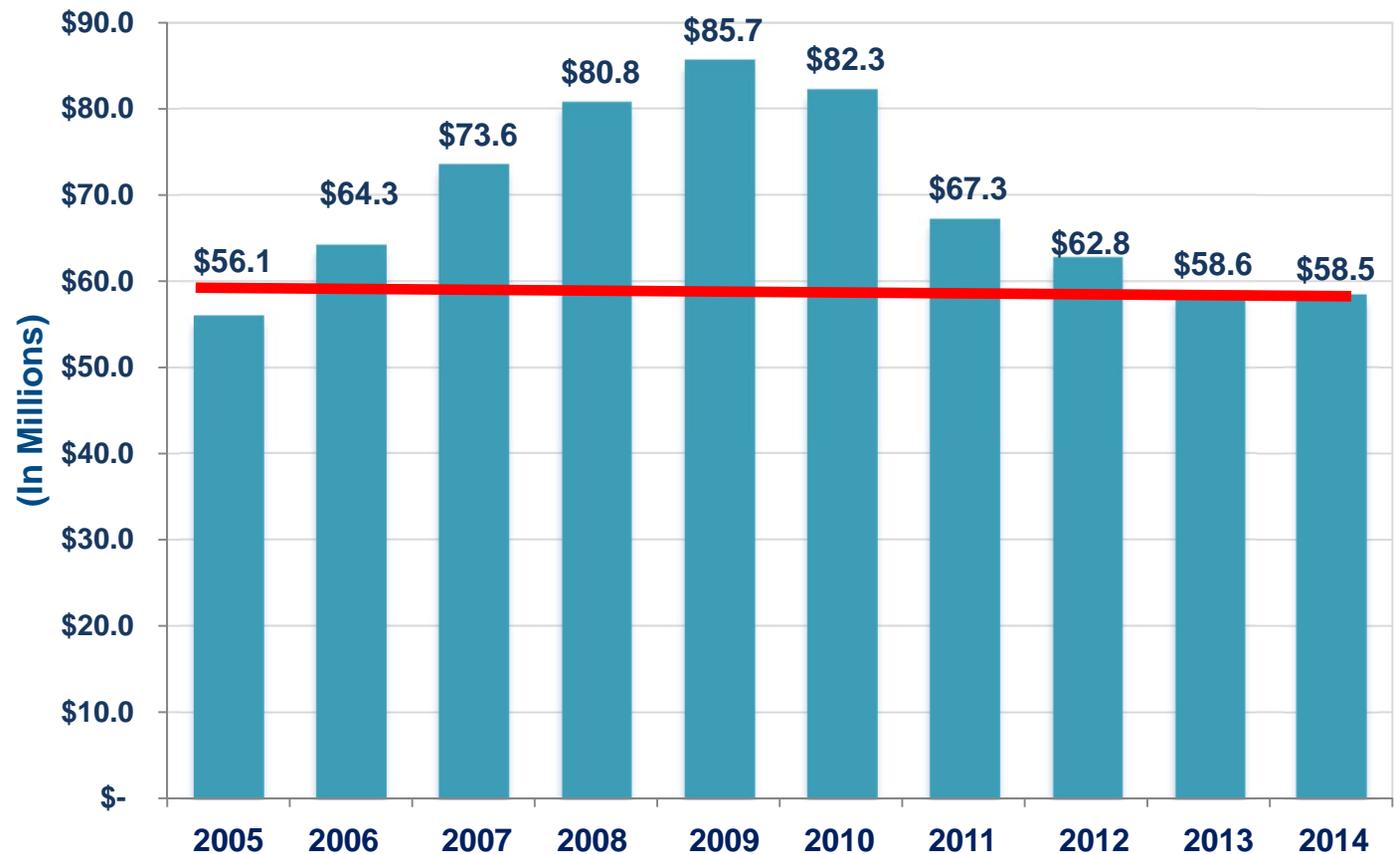
\*Estimated

# ASSESSED VALUATION (IN BILLIONS)



FY 2014 is 48% below the peak of FY 2009 and still below the levels of FY 2006

# PROPERTY TAX REVENUE ALL FUNDS



FY 2014 is 32% below the peak of FY 2009 and below the levels of FY 2006

# HENDERSON PROPERTY TAX REVENUE

## North Green Valley

↓ 28%  
11 years to  
recover

P \$470  
C \$338  
R <\$132>

P \$1,499  
C \$718  
R <\$781>

## Lake Las Vegas

↓ 52%  
25 years to  
recover

P \$554  
C \$306  
R <\$248>

## Paradise Hills

↓ 45%  
20 years to  
recover

## Anthem

↓ 17%  
7 years to  
recover

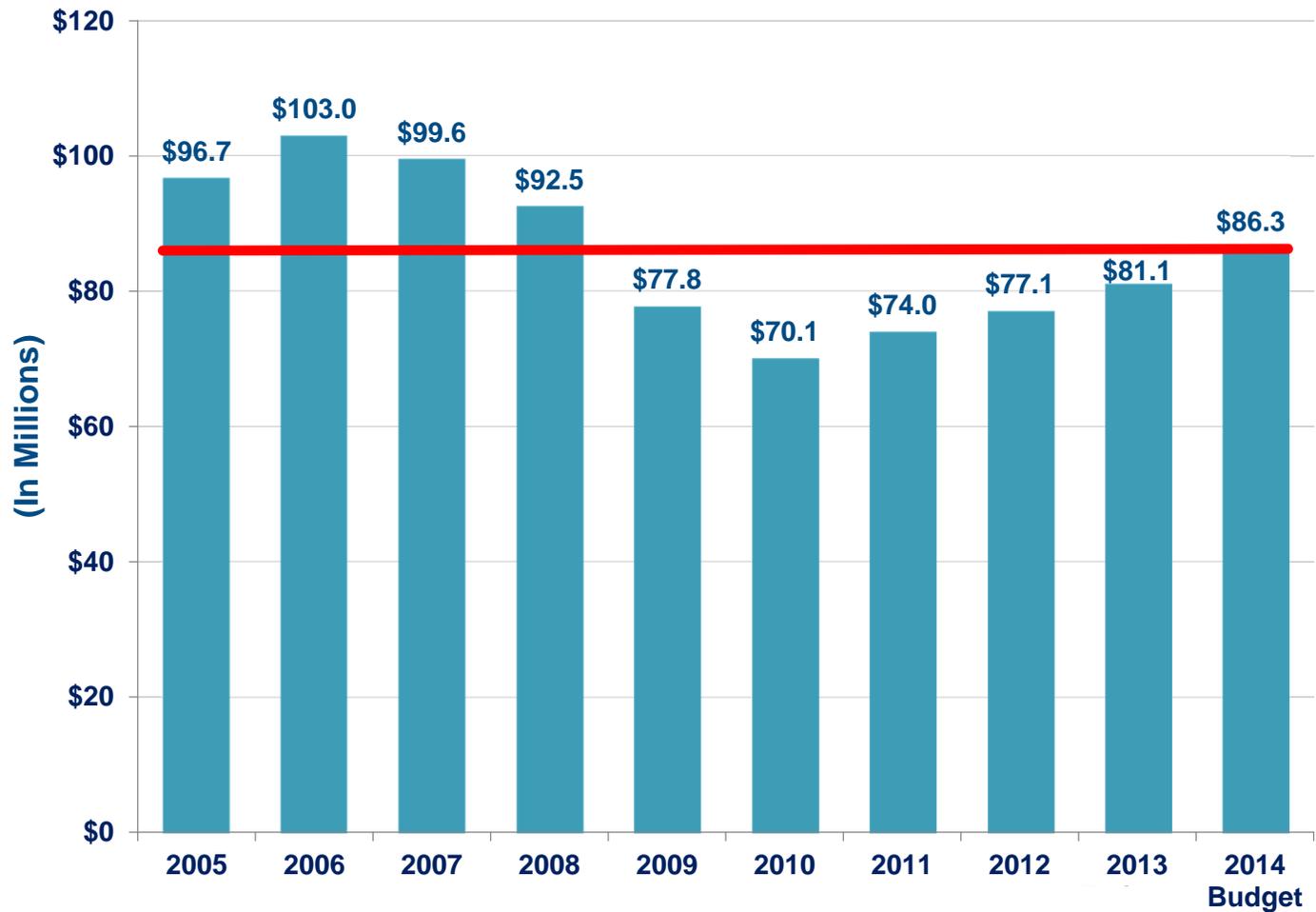
P \$802  
C \$662  
R <\$140>

P = Peak

C = Current

R = Reduction

# CONSOLIDATED TAX (IN MILLIONS)



FY 2014 is 16% below the peak of FY 2006

# WHAT WE HAVE DONE



# CUTTING COSTS



- More than \$127 million in cuts citywide
- **Reduced Staff by 16%** in Non-Public Safety
- Postponed Capital Improvement Projects
- Extended life of city vehicles
- Base Budget cuts
- Implemented 4 day work week

# CUT PAY AND BENEFITS TO CITY EMPLOYEES



- **Reduced compensation** 6%-11% for all non-represented employees
- **Eliminated COLAs** for all employees for last 5 years
- **Obtained concessions** from all employees equal to 2% of pay for last two years
- **Eliminated many benefits**
- **Implemented hiring freeze**
- **Implemented overtime restrictions**
- **Increased employee costs** for healthcare and retirement



**CHALLENGES  
AHEAD**

# THE ICEBERG

**\$2 Million  
Operating Shortfall  
(could be up to  
\$5 million)**

**\$17 Million  
Infrastructure  
Reinvestment  
Needed Annually**



# INFRASTRUCTURE IS BEGINNING TO FAIL



# SUMMARY OF ANNUAL COH INFRASTRUCTURE DEFICITS

<b>Asset class</b>	<b>Annual deficit</b>
Roadways	\$3.4 million
Traffic Control	\$0.7 million
Stormwater	\$1.3 million
Fleet	\$5.9 million
Facilities*	\$2.1 million
Parks and Trails	\$0.7 million
Information Technology	\$3.0 million
<b>Total Annual deficit</b>	<b>\$17.1 million</b>

\*Includes select new capital proposals in addition to annual maintenance shortfalls.

*Shortfalls vary from year to year, depending on asset conditions, replacement schedules and changing community needs.*

# SPECIAL BUDGET AD HOC COMMITTEE



# RATE INCREASES



- Increase parks and recreation department pricing and rentals
- Implement a Parks and Recreation Department comprehensive pricing study

# SERVICE CUTS



Various Parks and Recreation services and programs including:

- Swim & Trim passes
- Bread pickup program
- Changes to the senior transportation program

# EXPLORE SERVICE DELIVERY ALTERNATIVES



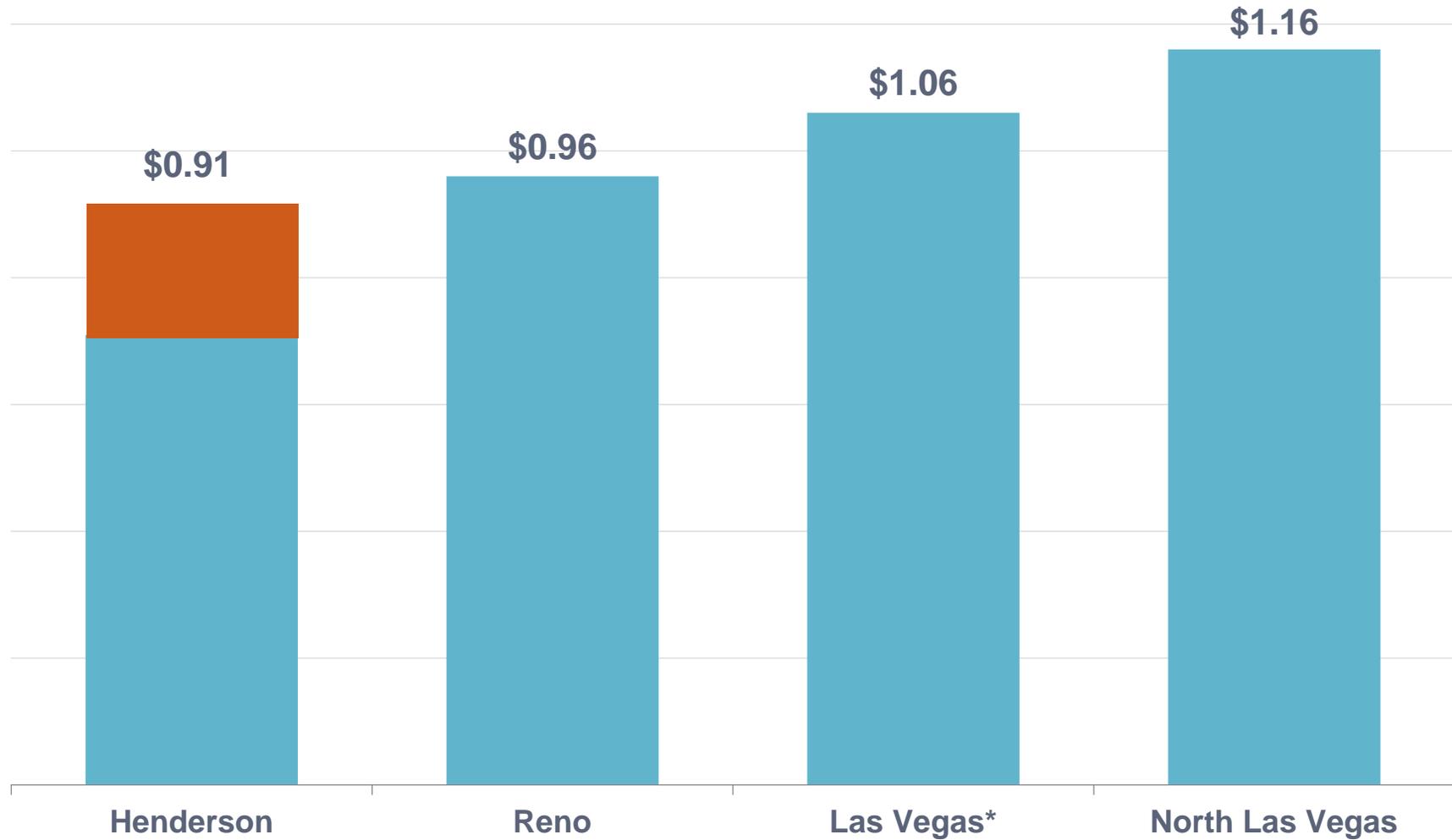
- Combine new police and fire facilities
- Regionalize emergency services where appropriate
- Explore public/private partnerships
- When looking at non-core city services, use a cost-neutral budgeting philosophy
- Close or limit recreation center hours on low-use days
- Look at areas to blend in-house staff and outside contractors

# PROPERTY TAX



- Fully address the city's infrastructure and capital deficit and deferred maintenance needs that increases the property tax rate in the short-term and long-term
- Encourage the City Council to use its statutory authority to immediately increase the property tax rate to the allowable limit per the state Department of Taxation
- Include the use of a ballot question as early as the 2015 municipal election up to a maximum of 20 cents but not to exceed a total city rate of 91 cents

**EVEN WITH A 20 CENT INCREASE,  
HENDERSON PROPERTY TAX RATES WOULD STILL BE  
THE **LOWEST** OF ANY MAJOR CITY IN NV**



\*Includes Las Vegas portion of Metro

# TAX INCREASE COMPARISON ON SAME HOME

**2009: \$746**

**2014: \$435**

With a 20 Cent Increase  
**\$558**



Even with the SBAHC recommended ballot initiative, the property tax would still be lower than what it was in 2009, and is still the lowest in the valley.

# ADDITIONAL RECOMMENDATIONS



- Explore legislative proposals that address depreciation of assessed value, property tax structure, and Residential Construction Tax
- Create an inventory of all property owned by the city and its use for the purpose of determining if there are excess properties that could be sold

**VIDEO**



# QUESTIONS?

