

Item # 29B

**City of Carson City
Request for Board Action**

Date Submitted: 4/28/09

Agenda Date Requested: 5/07/09

Time Requested: 10 minutes

To: Mayor and Supervisors

From: Nick Providenti, Director of Finance
Lawrence A Werner P.E., P.L.S., City Manager

Subject Title: Action to direct staff to begin the process of implementing the fee increases as outlined in the FY 2010 Budget memo - specifically:

General Fund:

1. To increase the business license (franchise) fee charged to NV Energy from 3.5% to 4.5%
2. To increase the business license (franchise) fee charged to Southwest Gas from 4.5% to 5%.
3. To increase the Right of Way toll charged to Carson City Water and Sewer Utility customers from 1% of the bill to 3% of the bill.

Enterprise Funds:

1. To increase the rates charged to Carson City Sewer Utility customers by 5%.
2. To increase the rates charged to Carson City Water Utility customers by 5%.
3. To increase the rates charged to Carson City Storm Drainage customers by 10%.

Staff Summary:

Type of Action Requested: (check one)

☐ Resolution

☐ Ordinance

☒ Formal Action/Motion

☐ Other (Specify)

Does this action require a Business Impact Statement: () Yes (X) No

Recommended Board Action: I move to direct staff to begin the process of implementing the fee increases as outlined in the FY 2010 Budget memo - specifically:

General Fund:

1. To increase the franchise fee charged to NV Energy from 3.5% to 4.5%
2. To increase the franchise fee charged to Southwest Gas from 4.5% to 5%.
3. To increase the Right of Way toll charged to Carson City Water and Sewer Utility customers from 1% of the bill to 3% of the bill.

Enterprise Funds:

1. To increase the rates charged to Carson City Sewer Utility customers by 5%.
2. To increase the rates charged to Carson City Water Utility customers by 5%.
3. To increase the rates charged to Carson City Storm Drainage customers by 10%.

Explanation for Recommended Board Action: See memorandum from Finance Director and City Manager.

Applicable Statute, Code, Policy Rule or Regulation: NRS 237.080, CC Municipal Code

Fiscal Impact: Revenue increase to the general fund of approximately \$1,158,000, revenue increases to the Sewer Fund of \$303,148, Water Fund of \$476,254 and Storm Drainage Fund of \$106,881.

Explanation of Impact: n/a

Funding Source: n/a

Supporting Material: FY 2010 Budget Memo.

Alternatives: To give staff different direction.

Prepared By: Nick Providenti

Reviewed By: _____ **Date:** _____

(Department Head)

: _____ **Date:** _____

(City Manager)

: _____ **Date:** 4/28/09

(District Attorney)

: _____ **Date:** 4/28/09

(Finance Director)

: _____ **Date:** 4-28-09

Melanie Boukett
D.A.

Board Action Taken:

Motion: _____ 1) _____ **Aye/Nay**
2) _____

(Vote Recorded By)



CARSON CITY, NEVADA
CONSOLIDATED MUNICIPALITY AND STATE CAPITAL

MEMO TO: Board of Supervisors
Larry Werner, City Manager

FROM: Nick Providenti, Finance Director

DATE: April 16, 2009

RE: FY 2010 Budget Analysis

MP

GENERAL FUND REVENUE ASSUMPTIONS

Property Taxes – Budgeted Property Tax Revenues are expected to increase about \$968,000 for FY 2010.

Consolidated Taxes - We followed our model we have been using the past 2 years. We input Consolidated Taxes (CTX) for FY 2009 through January, 2009. The projection is indicating CTX revenues will be about 12% lower than prior year (FY 2008) or a decrease in FY 2009 revenues of \$2.8 million. For FY 2010, we left the projection flat. It is interesting to note that since the peak in FY 2006, our CTX numbers are down \$6.2 million or 23%.

Franchise Fees - We are projecting an additional \$822,000 in franchise fees charged to NV Energy and Southwest Gas which will be accomplished by an increase in fees to NV Energy from 3.5% to 4.5% and Southwest Gas from 4.5% to 5%. We are also proposing an increase to the Right of Way Toll charged to Water and Sewer customers from 1% of the bill to 3% of the bill which we expect will generate an additional \$336,000 in revenues.

Landfill Revenues - Although we increased the rates charged at the Landfill, we are expecting the revenues for FY 2009 to be below budgeted levels by about \$800,000. This is due to economic conditions and the general lack of commercial dumping we are experiencing at the landfill. We are projecting revenues from the Landfill in FY 2010 to be flat when compared to FY 2009.

DEPARTMENT OF FINANCE

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GENERAL FUND EXPENDITURES

Budget Basis;

We built the FY 2010 budget as follows:

1. Salaries – see attached COLA and Merit schedule. The COLA amounts were built into the budget based on the bargaining unit. For unclassified employees, a 3% COLA was used. We assumed the midpoint for merit increases i.e. we increased all CCEA employees that were not at the top of their ranges by a 3.5% merit in FY2010.
2. Benefits:
 - PERS - Regular Members ER paid – from 20.5% to 21.5%, ER/EE paid – from 10.5% to 11.25. Police Fire Members ER paid – from 33.5% to 37%, ER/EE paid – from 17.25% to 19%.
 - Group Health Insurance – while the rate from St. Mary's increased a total of 9%, we were able to keep the increases to the funds to 5% - we will use fund balance in the Group Medical Insurance fund for the remainder of the increase.
 - We are anticipating all other benefit amounts will remain the same in FY 2010.
3. We kept services and supplies numbers flat from FY 2009. The exception to this is for contract amounts that we knew were increasing i.e. Public Defender contracts.
4. We have appropriated \$278,800 in Community Support funds. These amounts will be allocated by the Board of Supervisors at the May 21, 2009 meeting.

Recap of Measures taken in FY 2009

Reductions as a result of Board of Supervisors direction - In preparing the FY 2009 general fund budget, we used the direction the Board of Supervisors gave us at the February 7, 2008 Board Meeting. The main items addressed at that meeting were:

1. Specific line item reductions of \$556,260 – we reduced the specific line items that were identified by department heads and were implemented in the FY 2008/09 Tentative Budget.

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2. Charge 100% of the Office of Business Development to the Redevelopment Agency using tax increment from both redevelopment areas - \$200,000. This was implemented in the FY 2008/09 Budget.
3. Salary savings through suspending, eliminating and restructuring of positions. Staff has identified 28.7 positions that have been temporarily suspended by departments, or will not be refilled pending retirement of the incumbent. This has provided approximately \$2 million in general fund savings and was implemented in the FY 2008/09 Budget.

The above reductions resulted in approximately \$2.75 million in general fund savings that were implemented in the FY 2009 Budget and carried forward to the FY 2010 Budget.

FY 2010 Expenditures

In FY 2010, we kept the measures taken in FY 2009 in place – i.e. we have not restored any of the specific line item reductions, we are still charging 100% of the Office of Business Development to the Redevelopment Agency and we are keeping the 28.7 positions suspended. In fact, if you compare budgeted general fund FTE's from FY 2007 to FY 2010, we have 57.92 fewer FTE's.

Other specific reductions for FY 2010:

1. We have combined the Development Services Department back with the Public Works Department which resulted in a reduction of 3 FTE's. We are estimating this will save the general fund about \$425,000 in FY 2010.
2. We have reduced the staff at the Landfill and reduced the hours of operation by closing on Sunday's. This has resulted in a savings of approximately \$100,000.
3. We have restructured the Purchasing and Contracts division which included reducing FTE's by .5 and replaced the Purchasing and Contracts Manager with a Purchasing and Contracts Coordinator. This has resulted in a savings of approximately \$50,000.

GENERAL FUND ENDING FUND BALANCE

The General Fund's Ending Fund Balance at June 30, 2010 is projected to be \$5,022,420 which is approximately 8.33% of estimated expenditures. We did not budget any transfers to the capital funds in FY 2010, but instead had to transfer money in from the Capital Facilities Fund of \$1,150,000 in FY 2009 and are projecting a transfer in from the Stabilization Fund of \$2,402,692 in order to maintain fund balance at the 8.33% level.

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OTHER FUNDS

1. Sewer Fund – we have included the following for FY 2010:

- The Tentative Budget includes the 5% rate increase effective July 1, 2009.
- We included capital outlay and bond proceeds of approximately \$1,600,000, which is mainly for freeway related capital.
- We have postponed as much of the remaining capital improvement programs as possible until the economy begins to recover.

2. Water Fund – we have included the following for FY 2010:

- The Tentative Budget includes the 5% rate increase effective July 1, 2009.
- We included capital outlay and bond proceeds of approximately \$3,700,000, which is mainly to replace the Prison Hill Tank, which is at risk of failure.
- We have postponed as much of the remaining capital improvement programs as possible until the economy begins to recover.

3. Storm Drainage Fund – we have included the following for FY 2010:

- The Tentative Budget includes the 10% rate increase effective July 1, 2009.
- We included capital outlay and bond proceeds of approximately \$2,197,000, which is mainly to finish the Curry Street Project.
- We have postponed as much of the remaining capital improvement programs as possible until the economy begins to recover.

4. Building Permits Fund – we have included the following for FY 2010:

- Reassigned 3 positions to other areas of the government
- Retain the budget cuts that were implemented in the FY 2007/08 and FY 2008/09 budgets which have been mainly staff reductions. The FTE count in the fund has gone from 11.7 FTE's at the beginning of FY 2008 to a budgeted amount in FY 2010 of 6 FTE's.

DEPARTMENT OF FINANCE

	Carson City Employee Association (CCEA)	Sheriff's Protective Association (SPA)	Sheriff's Supervisory Association-Sergeants (SSA)	Sheriff's Supervisory Association - Lieutenants (SSA)	Fire Fighter's Association (FFA)	Fire Department Chief Officer's Association	Unclassified (all FLSA non-exempt employees)
Number of covered employees	293	75	13	4	61	4	121
Dates of current contract	7/1/2008 through 6/30/2012	7/1/2008 through 6/30/2011	7/1/2007 through 6/30/2012	7/1/2007 through 6/30/2012	7/1/2006 through 6/30/2010	7/1/2008 through 6/30/2010	Board resolution 7/1/2008 through 6/30/2009
Future COLA schedule	7/1/2009 - 3% 7/1/2010 - 2% 7/1/2011 - 2%	7/1/2009 - 4% 7/1/2010 - 4% 7/1/2011 - 3%	7/1/2009 - 3% 7/1/2010 - 3% 7/1/2011 - based on sales tax revenue	7/1/2009 - 4% 7/1/2010 - 3% 7/1/2011 - based on sales tax revenue	7/1/2009 - 6%	7/1/2009 - 6%	To be determined
Annual merit schedule	2%, 3.5% or 5% based on individual performance reviews	No merits for duration of current agreement	No merits for duration of current agreement	No merits for duration of current agreement	2.5%, 5% or 7.5% based on individual performance reviews	2.5%, 5% or 7.5% based on individual performance reviews	3.5% or 5% based on individual performance reviews (no increase for meeting expectations)
Association Leadership	Cindy Gower	Don Gibson	Jim Primka	Bob White	Bob Schreihans	Vincent Pirozzi	n/a