

City of Reno



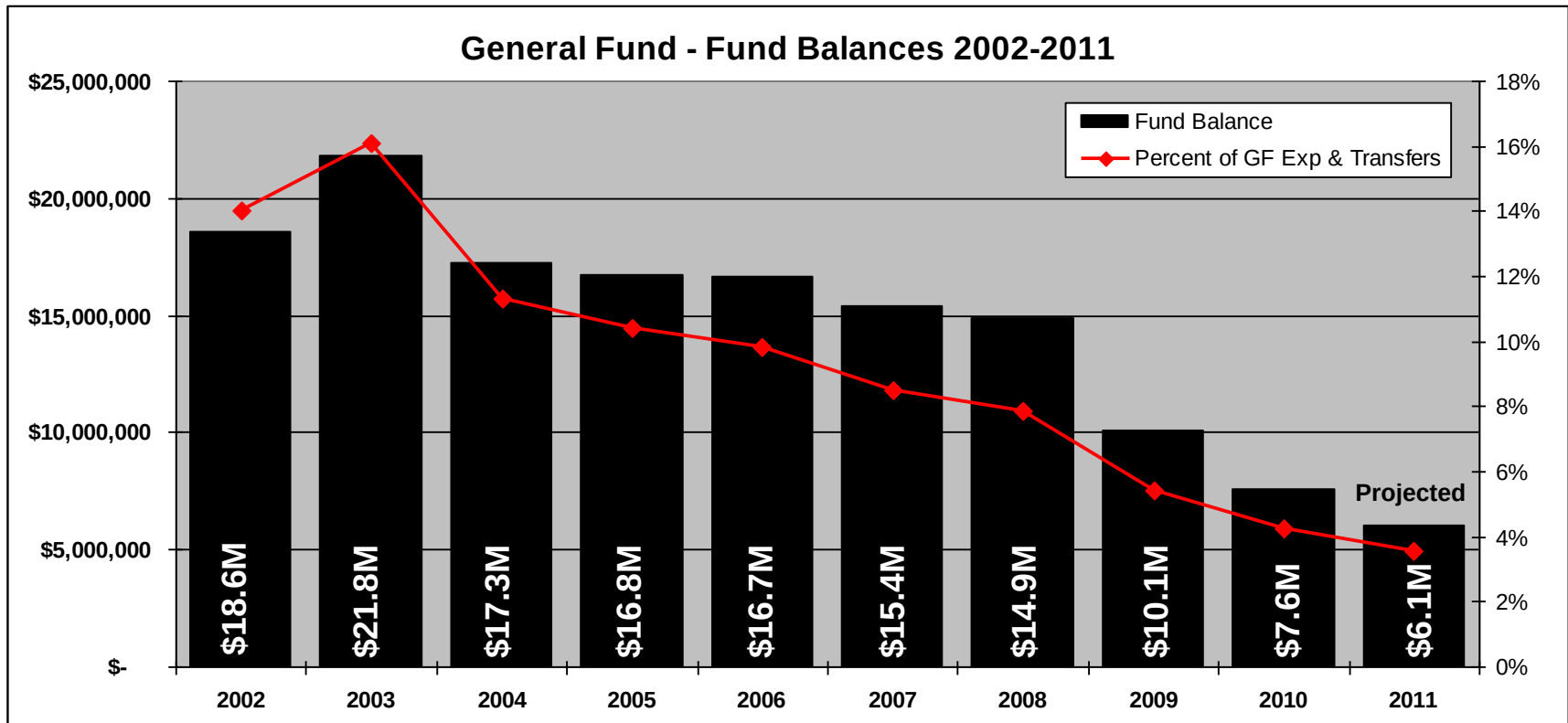
Budget Overview
March 11, 2011

The Challenge

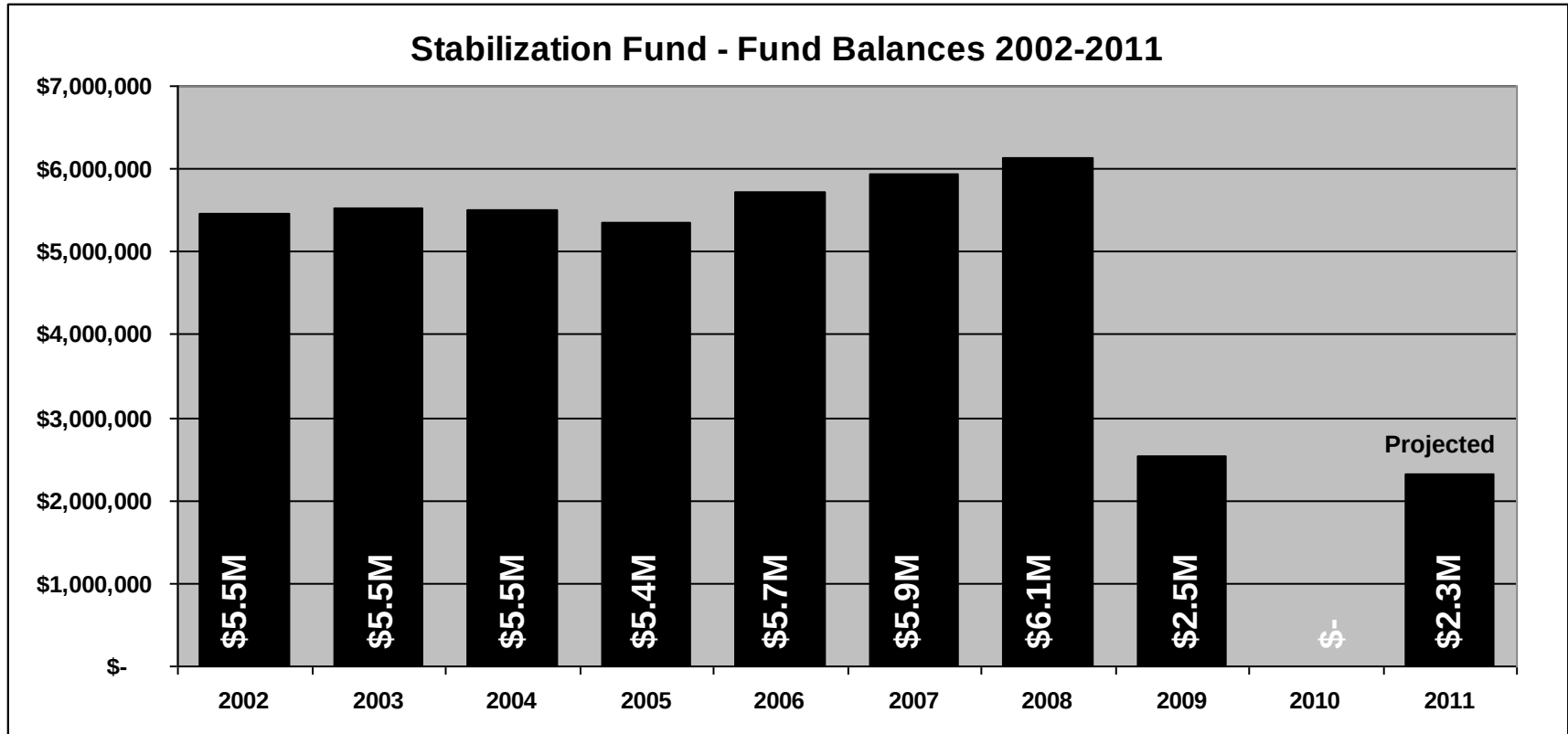
- Structural deficits
- Falling revenues
- Minimal reserves
- Pledged revenues insufficient for debt coverage
- Aging infrastructure and deferred maintenance

Note: All figures in this presentation for fiscal years 2011 and after are estimates and are subject to change.

Reserves

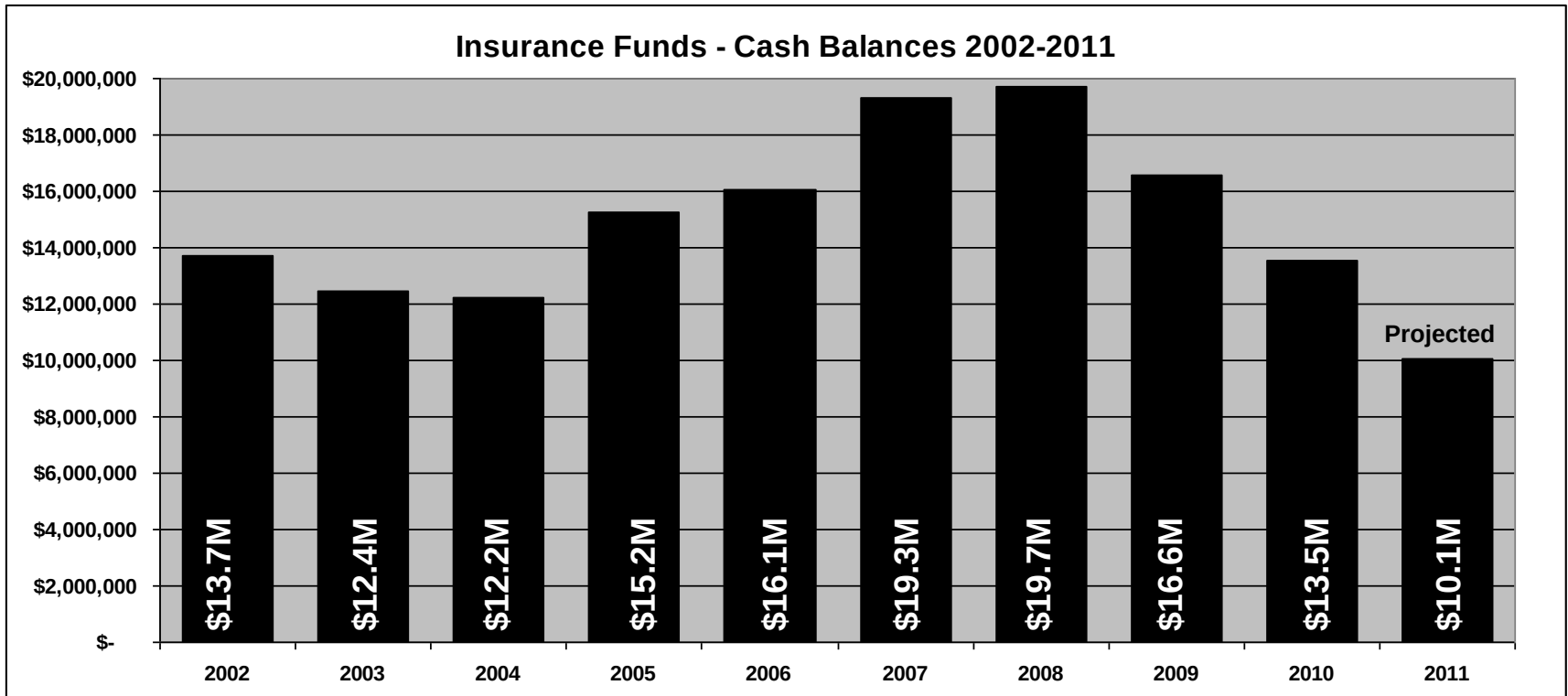


Reserves



2010–2011 Budget Revision Workshop
February 10, 2011

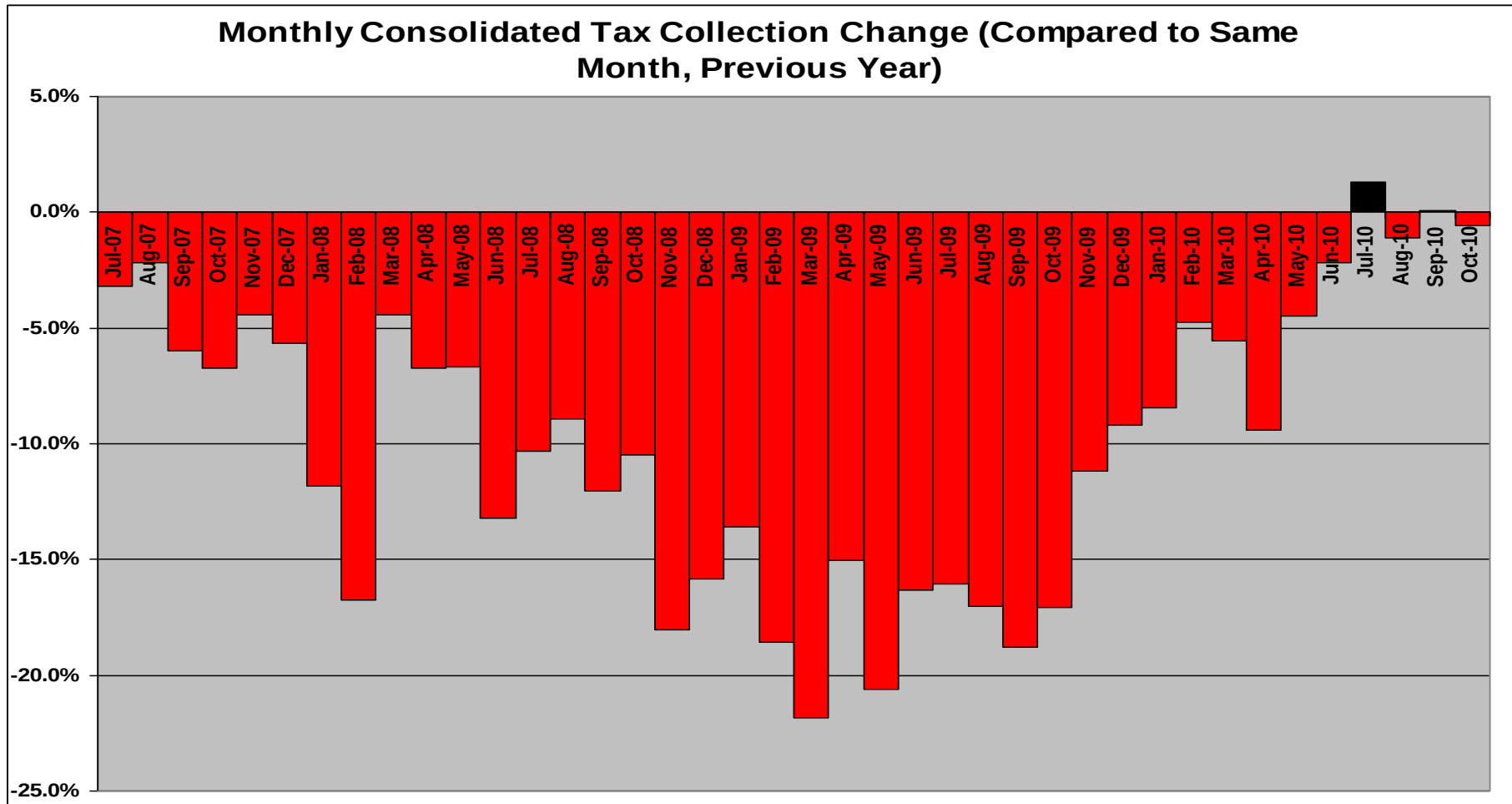
Reserves



Reserves

- The City has previously addressed revenue declines through a combination of expenditure reduction and reserve utilization.
- The City has reached minimum reserve levels in the general and internal service funds. In order to maintain or increase these reserves, further expenditure reduction is necessary.

Revenues

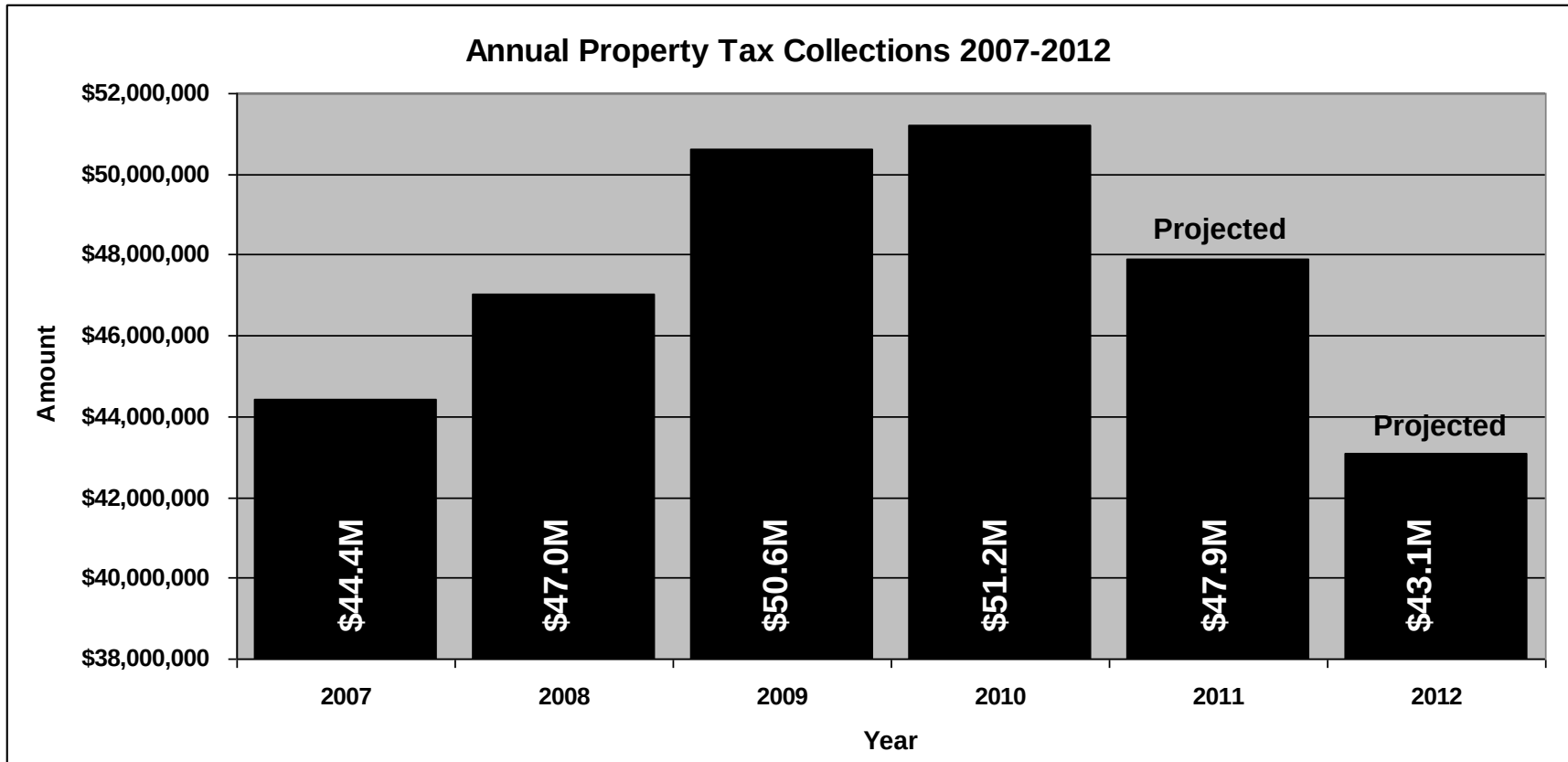


Revenues

- Consolidated tax fell over 30% from fiscal year 2007 through fiscal year 2010.
- Current monthly consolidated tax collections are below 2002 collection levels.
- At a 3% real* annual growth rate, it will take until 2023 to return to 2007 consolidated tax collection levels.

* A real growth rate is growth in excess of inflation allowing comparable purchasing power to be measured.

Revenues



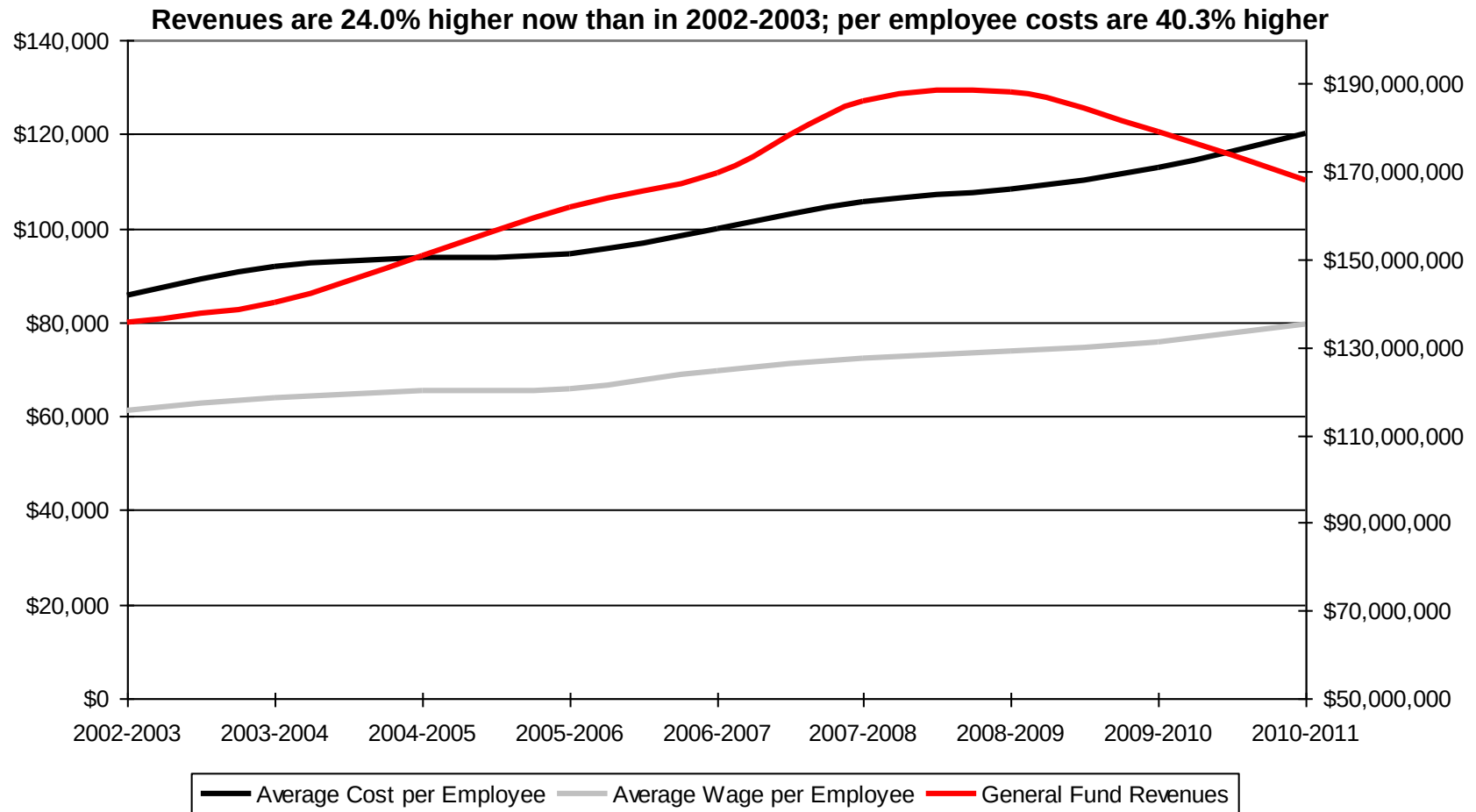
Revenues

- At a 2% real* annual growth rate, it will take until 2021 to return to 2010 property tax collection levels.
- Reno has had low annual General Fund growth:

	State	Henderson	Las Vegas	North Las Vegas	Reno	Sparks
Revenues FY06 – FY10	19.0%	-6.6%	-7.6%	-14.3%	0.5%	-4.2%
Expenses FY06 – FY10	29.9%	16.3%	9.1%	25.4%	7.4%	-4.9%
Revenues FY01 – FY10	96.2%	50.8%	33.4%	52.1%	26.4%	30.9%

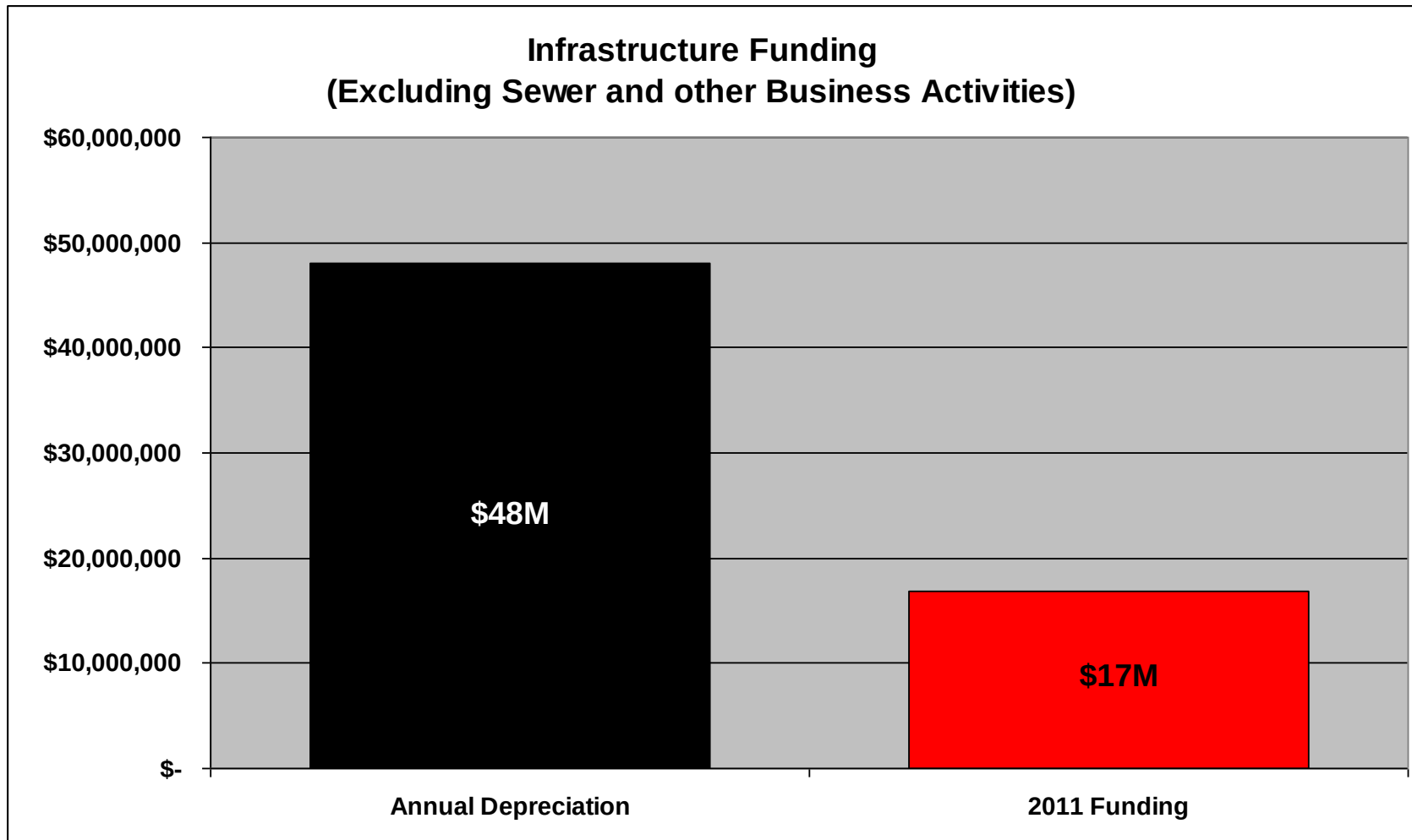
* A real growth rate is growth in excess of inflation allowing comparable purchasing power to be measured.

Per Employee Costs/Revenues

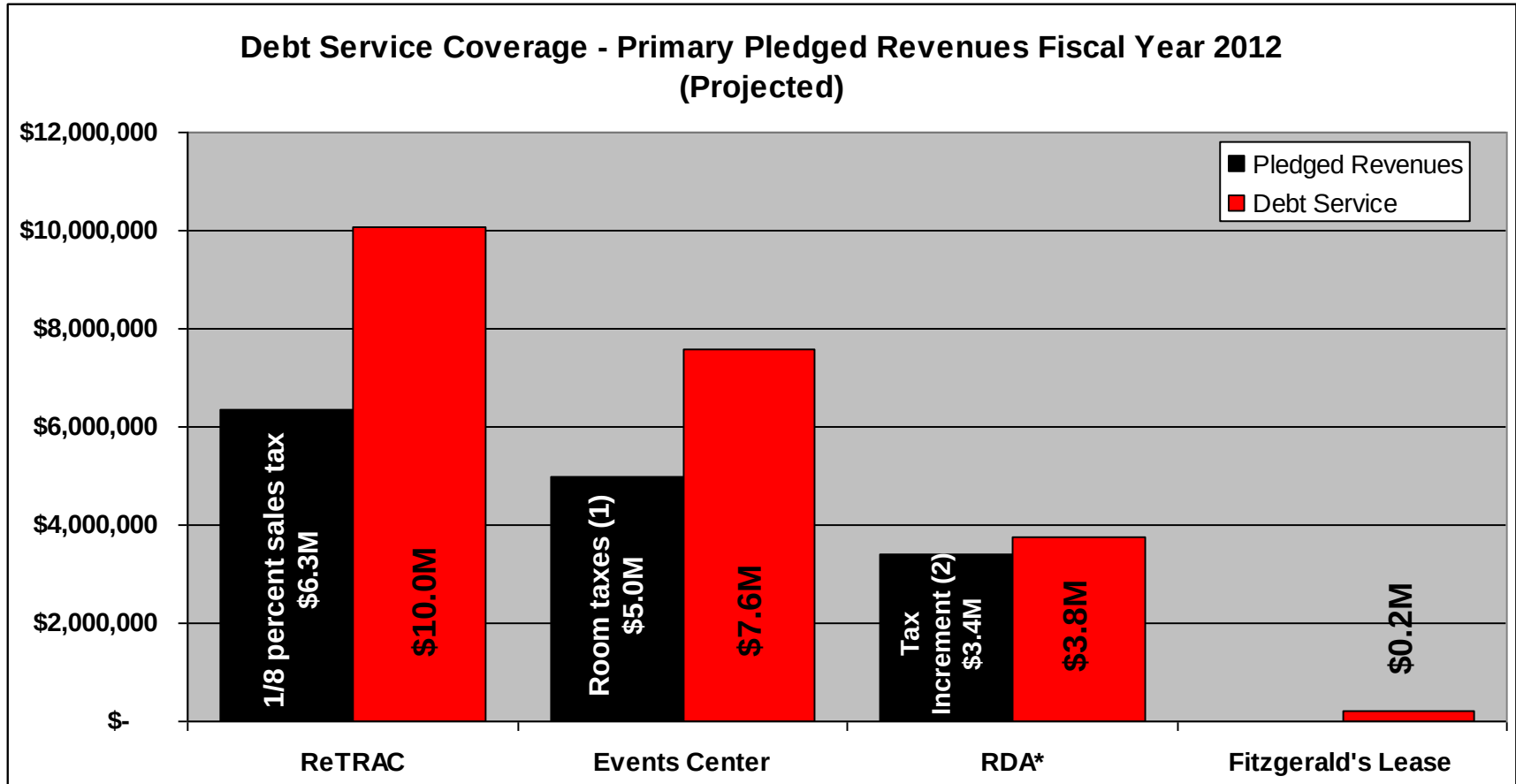


Average Cost per Employee includes all benefits and employee related costs, such as health insurance, pension contributions, etc.

Infrastructure

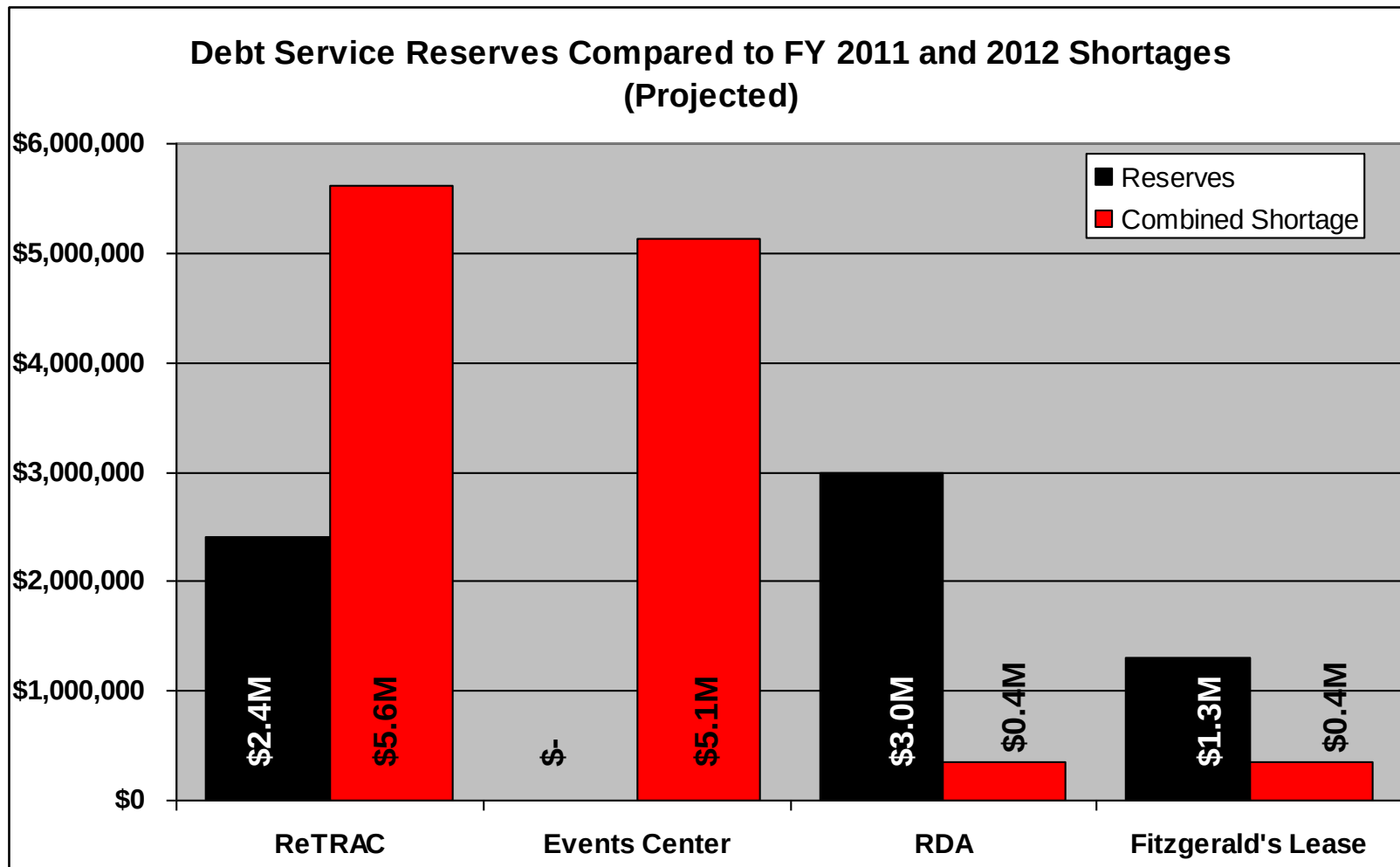


Debt

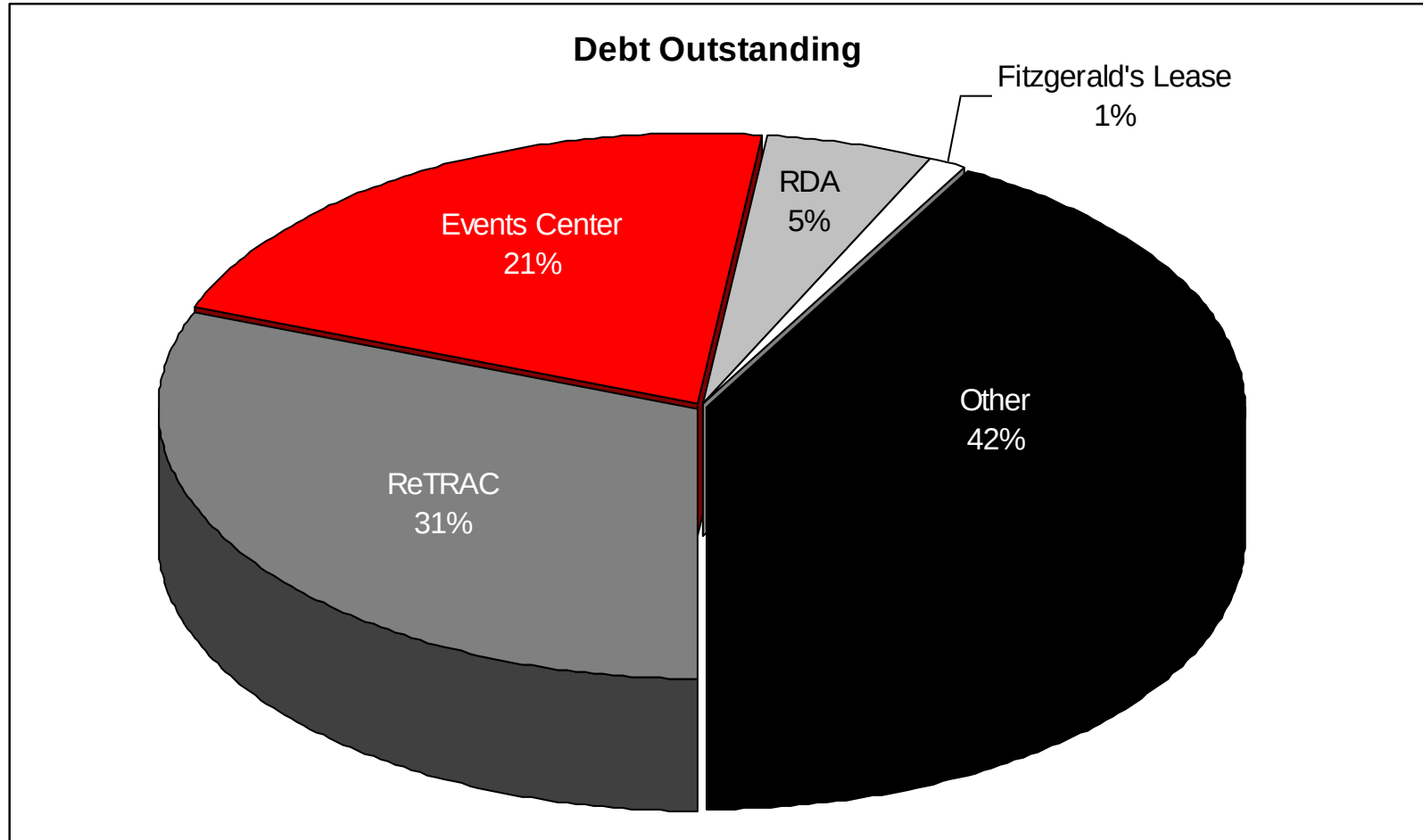


(1) – Consolidated tax is also pledged as the secondary revenue source. (2) - The RDA tax increment estimate is very difficult to make at this point, and may be significantly different than this estimate. Parking garage revenue is also pledged.

Debt



Debt



Fiscal Year 2012 Concerns

- Changes to FY 2010-2011 RIF plan may require additional RIF in FY 2011-2012
- Declining property taxes and other revenues
- Debt service needs
- Reserve levels
- Resolution of interfund loans
- Infrastructure maintenance and replacement
- Increased pension costs
- Increased health care costs
- State budget concerns

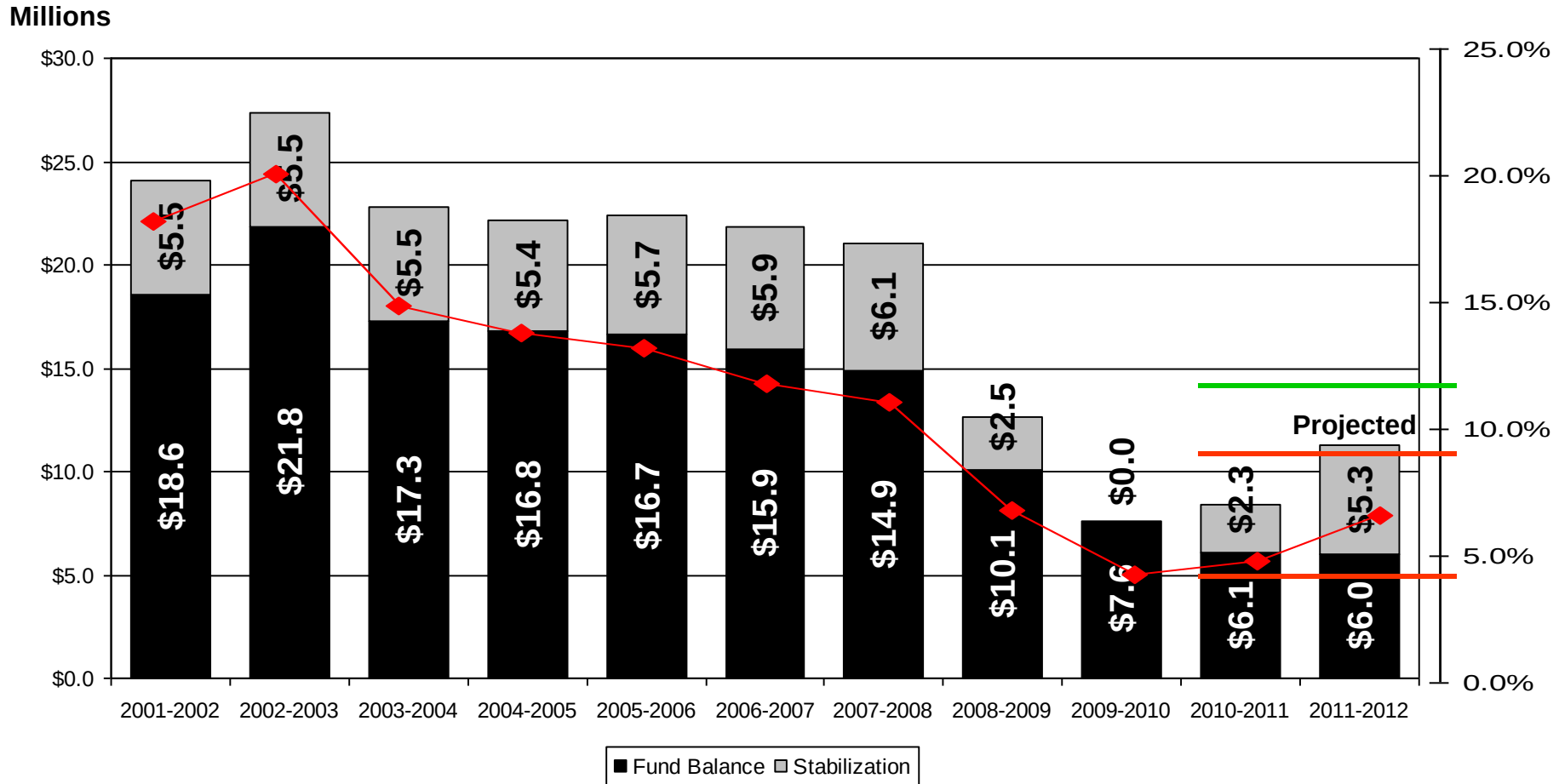
Planning for 2011-2012

- Savings from this year's reductions
- Revenue forecasting
- Identification of additional expenditure reductions and restructuring of collective bargaining agreements
- Implementation of managed competition
- Debt restructuring
- Begin rebuilding reserves, fund liabilities and make infrastructure investments

Fiscal Year 2011-2012 Projections

- **\$-7.7 million** in revenue shortfalls (property tax, one-time sources not available, charges for services and other revenues)
- **\$-4.6 million** in additional expenditures (PERS, retiree insurance, unemployment, etc.)
- **\$-6.5 million** in infrastructure and facilities maintenance, equipment replacement, and other capital expenditures
- **\$-4.5 million** in correcting negative fund balances
- **\$-3.0 million** added to stabilization
- **\$5.0 million** in additional revenues (slight recovery in CTAX and increases in Franchise Fees)
- **\$21.3 million** net projected deficit (not including any State Legislative actions)

General Fund Reserves



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February 10, 2011

Balancing Next Year's Budget

- **\$9.3 million** in savings from March 1st RIF
- **\$4.0 million** savings from retirements and frozen positions
- **\$3.7 million** in operating cuts carried forward
- **~\$4.3 million** in ongoing wage and benefit concessions

What We're Asking

- The equivalent of 7.5% in permanent wage and benefit reductions since FY 2009-2010; projected to save \$4.3 million
- Create a second tier of benefits for new hires after July 1, 2011
- Specific CBA items unique to each unit

Department of Taxation

- Finance Department reported issues in CAFR and to DoT
- Finance and OMB developed corrective action plan, partially implemented
- Review by outside auditor
- Review by DoT
- Present to Committee on Local Government Finance (last week of March)
- Adopt and implement approved plan



Additional Slides

Actions Taken to Avoid Layoffs

- Use of reserves and stabilization funds (~\$10 million over the past three years)
- Reduced transfers to insurance and other funds (~\$8 million)
- Increases to franchise fees and charges for service (~\$4.9 million last year and ~\$3.5 million next year)
- Operational cuts (~\$35 million over the past three years)
- Change in Fire deployment (~\$3 million per year)
- Premium holiday for self-funded medical plans (~\$700,000)
- Reduced Council contingency (~\$120,000)

2008-2009 Concessions

Unit	Concession	Estimated One-time Savings	Estimated Ongoing Savings
Elected	Payback equal to 3.5% of salary	\$7,800	n/a
Management	Furlough/payback equal to 3.5% of salary	\$85,500	\$0
Mid-Management	Furlough/payback equal to 2.1% of salary	\$67,600	\$0
Confidential	Furlough/payback equal to 2.1% of salary	\$23,700	\$0
RAPG Admin	Furlough/payback equal to 2.1% of salary	\$17,700	\$0
RAPG Pro	Furlough/payback equal to 2.1% of salary	\$54,000	\$0
Local 39 Sup	Furlough/payback equal to 2.1% of salary	\$39,700	\$0
Local 39 Non	Furlough/payback equal to 2.1% of salary	\$237,000	\$0
RFDA	Furlough/payback equal to 2.1% of salary	\$14,200	\$0
IAFF	Gave up uniform allowance June and December 3 holidays at straight time rather than 1.5x	\$477,400	\$0
RPSAE	Waived \$1,550 Uniform Allowance	\$91,400	\$0
RPSAE DCs	—	\$0	\$0
RPPA	Gave up uniform allowance June and December 3 holidays at straight time rather than 1.5x (in exchange, City extended contract one year and had to eliminate Reserve Officer Program)	\$334,400	\$0

2009-2010 Concessions

Unit	Concession	Estimated One-time Savings	Estimated Ongoing Savings
Elected	Payback equal to 3.5% of salary	\$7,800	n/a
Management	Gave up 3.5% PFP	\$0	\$85,500
Mid-Management	Furlough/payback equal to COLA or 3.5% PFP	\$268,200	\$0
Confidential	Furlough/payback equal to COLA or 3.5% PFP	\$111,300	\$0
RAPG Admin	Furlough/payback equal to COLA or 3.5% PFP	\$65,300	\$0
RAPG Pro	Furlough/payback equal to 2.1%/2.1% COLA	\$182,900	\$0
Local 39 Sup	Furlough/payback equal to 2.1%/2.1% COLA	\$128,100	\$0
Local 39 Non	Furlough/payback equal to 2.1%/2.1% COLA	\$821,500	\$0
RFDA	Payback equal to 2.1%/2.1% COLA	\$67,100	\$0
IAFF	Permanently gave up 2.1%/2.1% COLAs	\$0	\$1,592,500
RPSAE	— (Unit offered equivalent to COLAs with an extension in their contract, but was refused)	\$0	\$0
RPSAE DCs	—	\$0	\$0
RPPA	—	\$0	\$0

2010-2011 Concessions

Unit	Concession	Estimated One-time Savings	Estimated Ongoing Savings
Elected	COLA and other givebacks	\$24,700	n/a
Management	—	\$0	\$0
Mid-Management	—	\$0	\$0
Confidential	—	\$0	\$0
RAPG Admin	—	\$0	\$0
RAPG Pro	—	\$0	\$0
Local 39 Sup	—	\$0	\$0
Local 39 Non	—	\$0	\$0
RFDA	In negotiations	\$0	\$0
IAFF	In negotiations	\$0	\$0
RPSAE	—	\$0	\$0
RPSAE DCs	—	\$0	\$0
RPPA	—	\$0	\$0

Cumulative Concessions

Unit	Estimated One-time Savings	Estimated Ongoing Savings	Estimated One-time Savings per FTE*	Estimated Ongoing Savings per FTE*
Elected	\$36,400	n/a	\$5,200	n/a
Management	\$85,500	\$171,000	\$4,700	\$19,000
Mid-Management	\$335,800	\$0	\$7,900	\$0
Confidential	\$135,000	\$0	\$4,900	\$0
RAPG Admin	\$83,000	\$0	\$4,800	\$0
RAPG Pro	\$236,900	\$0	\$5,000	\$0
Local 39 Sup	\$167,800	\$0	\$6,200	\$0
Local 39 Non	\$1,058,500	\$0	\$3,300	\$0
RFDA	\$81,300	\$0	\$6,200	\$0
IAFF	\$477,400	\$3,185,000	\$1,900	\$6,500
RPSAE	\$91,400	\$0	\$2,700	\$0
RPSAE DCs	\$0	\$0	\$0	\$0
RPPA	\$286,400	\$0	\$1,300	\$0

* Per FTE rates are slightly higher than actual because post-reduction membership was used. All numbers are rounded down to nearest \$100.

2010-2011 Increases

Unit	Increases	Estimated One-time Cost	Estimated Ongoing Cost
Elected	—	\$0	\$0
Management	—	\$0	\$0
Mid-Management	—	\$0	\$0
Confidential	—	\$0	\$0
RAPG Admin	—	\$0	\$0
RAPG Pro	Merit/COLA increases	\$0	\$269,200
Local 39 Sup	Merit/COLA increases	\$0	\$132,200
Local 39 Non	Merit/COLA increases	\$0	\$1,006,100
RFDA	In negotiations	\$0	\$0
IAFF	In negotiations	\$0	\$0
RPSAE	Merit/COLA increases	\$0	\$378,000
RPSAE DCs	—	\$0	\$0
RPPA	—	\$0	\$0

Public Safety Investments

	FY 2008-2009 Actual	FY 2009-2010 Actual	FY 2010-2011 Amended Budget	FY 2010-2011 Proposed
Police	\$60,100,486	\$61,559,704	\$56,768,035	\$54,945,175
Fire	\$51,472,394	\$51,590,090	\$44,462,670	\$42,914,279
Dispatch	\$5,793,190	\$6,300,758	\$6,371,367	\$6,147,034
Total	\$120,255,332	\$119,450,552	\$107,602,072	\$104,006,488
Percent of General Fund Expenditures*	63.7%	65.8%	62.9%	63.0%

In Fiscal Year 2007-2008 public safety was 63.9% of the General Fund actual expenditures.

Impact by Department

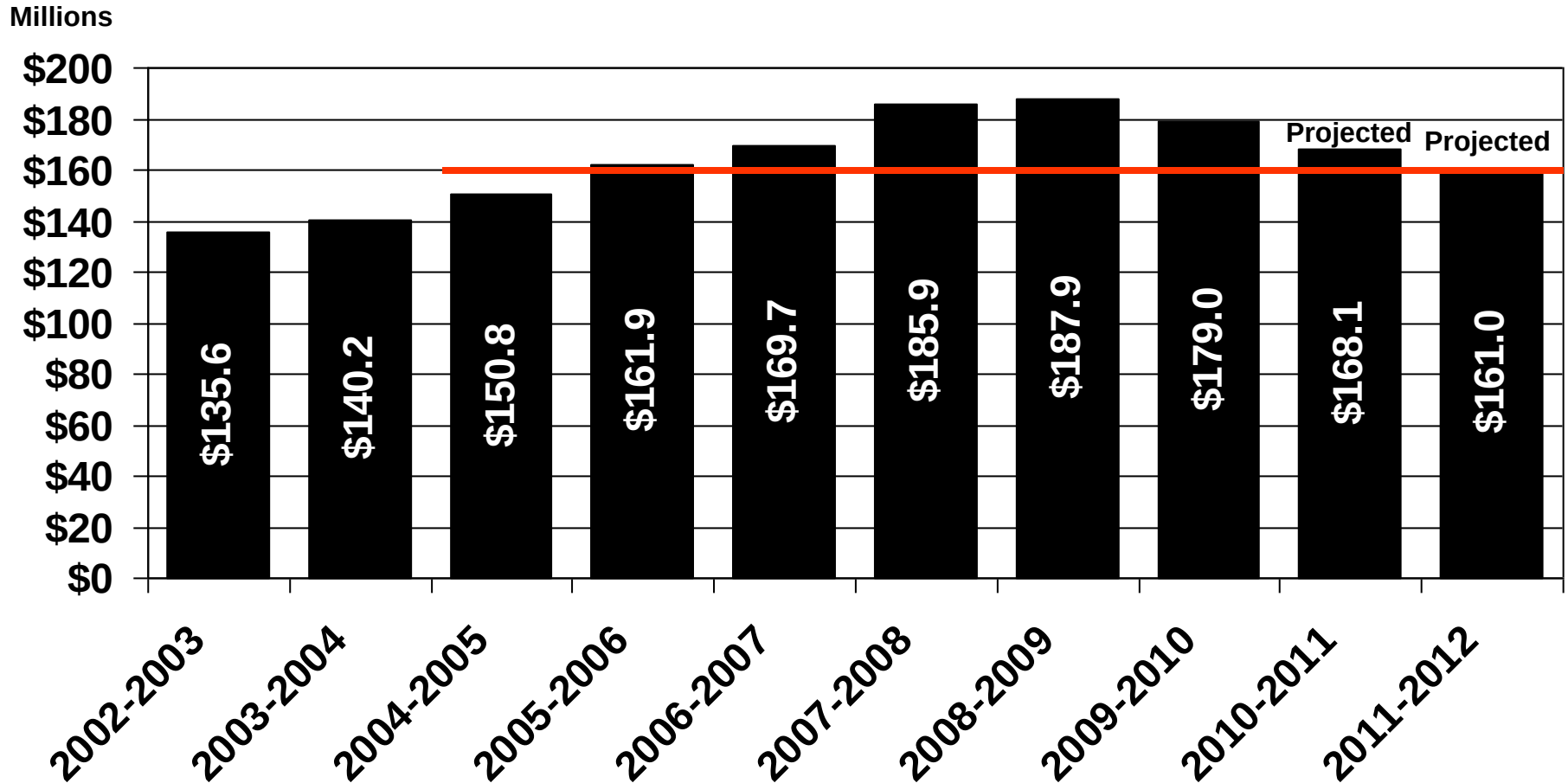
(less RDA, Civil Service and Community Resources)

	FY 07-08	FY 10-11 Budget	FY 10-11 Proposed	% Change Budget to Proposed	% Change Since FY 07-08
City Attorney's Office	34	26	25	(4.0%)	(26.5%)
City Clerk's Office	12	9	8	(12.5%)	(33.3%)
City Manager's Office	50	25	21	(19.0%)	(58.0%)
City Council	7	7	7	—	—
Communications & Technology	99.75	82	75	(9.3%)	(24.8%)
Community Development	104.8	41	37	(10.8%)	(64.7%)
Finance	29.5	20	19	(5.3%)	(35.6%)
Fire	382.7	296	252	(17.5%)	(34.2%)
Human Resources	17.5	9	7.5	(20.0%)	(57.1%)
Municipal Court	50.5	55.5	53.5	(3.7%)	(5.9%)
Parks, Recreation & Community Services	97.75	69	55.5	(24.3%)	(43.2%)
Police	476.85	398	346	(15.0%)	(27.4%)
Public Works	248.75	188.75	173	(9.1%)	(30.5%)

Impact by Classification

	FY 07-08	FY 10-11 Budget	FY 10-11 Proposed	% Change Budget to Proposed	% Change Since FY 07-08
Elected	12	12	12	0.0%	0.0%
Management	31	21	18	(16.7%)	(41.9%)
Mid-Management	108	97	83	(16.9%)	(23.2%)
Professional	165.3	85	79	(7.6%)	(52.2%)
Support	1,316.8	1,023.25	901.5	(13.5%)	(31.5%)
Total	1,633.1	1,238.25	1,093.5	(13.2%)	(33.0%)
Span of Control	1:10.7	1:9.4	1:9.7		

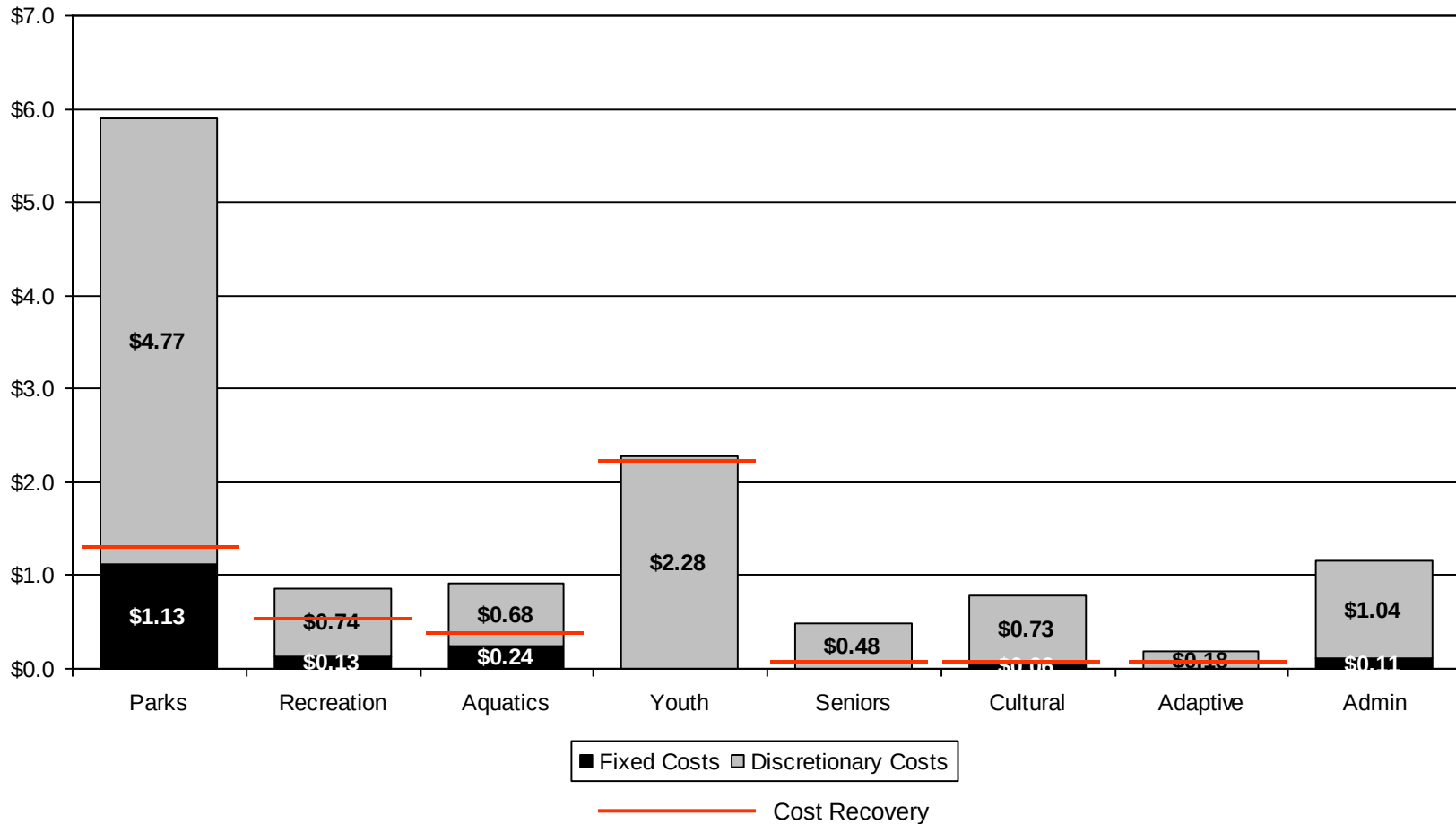
General Fund Revenues



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PRCS Services

Millions



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