

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Eightieth Session
February 11, 2019**

The Committee on Government Affairs was called to order by Chair Edgar Flores at 9:01 a.m. on Monday, February 11, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblyman Edgar Flores, Chair
Assemblyman William McCurdy II, Vice Chair
Assemblyman Alex Assefa
Assemblywoman Shannon Bilbray-Axelrod
Assemblyman Richard Carrillo
Assemblywoman Bea Duran
Assemblyman John Ellison
Assemblywoman Michelle Gorelow
Assemblyman Gregory T. Hafen II
Assemblywoman Melissa Hardy
Assemblyman Glen Leavitt
Assemblywoman Susie Martinez
Assemblywoman Connie Munk

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Asher Killian, Committee Counsel
Kirsten Oleson, Committee Secretary
Trinity Thom, Committee Assistant

OTHERS PRESENT:

Robert L. Crowell, Mayor, City of Carson City
Debra March, Mayor, City of Henderson
Ken Tedford, Mayor, City of Fallon
Daniel J. Corona, Mayor, City of West Wendover
Reece Keener, Mayor, City of Elko
Linda Slater, Chairman, Gardnerville Town Board
Richard Stone, Mayor, City of Winnemucca
Roy Edgington Jr., Mayor, City of Fernley
Dana Holbrook, Mayor, City of Carlin
George Dini, Mayor, City of Yerington
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities
Scott D. Adams, City Manager, City of Las Vegas

Chair Flores:

[Roll was taken. Committee rules and procedures were explained.]

We have two items on the agenda. We will begin with the first item—Mayor's Day. We will have our mayors come up.

Robert L. Crowell, Mayor, City of Carson City:

I am the Mayor of what I like to consider the greatest city in Nevada. This morning I was supposed to be joined by Mike Giles, the Mayor of Lovelock, but I do not see him. If it is all right with you, I would like to have all the mayors that are here stand up. I am just taking over the helm of the Nevada League of Cities and Municipalities. I also serve on the Nevada Association of Counties. I would like to tell you that all of the mayors here today represent about half of the people in the state. I know that the Committee here represents the same constituents in different localities. We want to welcome you and thank you for your service on behalf of the state of Nevada. If there is anything that the League of Cities and Municipalities can do, please let us know and we will do our best to comply. We have a few bills we are looking at that Wes Henderson, the executive director of the League of Cities and Municipalities, will talk about when the time comes. Before that, I just want to let you know that we are here as a resource. If you have any questions, let Mr. Henderson know and we will be happy to help. Finally, try and be careful what things come down to us that we do not have any funding for.

Chair Flores:

We have some questions.

Assemblyman Ellison:

Good to see all of our mayors out here and my mayor from Elko here. I do have a question for the League of Cities and Municipalities. If you go back several years, we froze the consolidated tax to the 15 counties—primarily because of what happened in Las Vegas with the housing market. If you look back at Las Vegas, they went from \$221.1 million to \$314 million collected. At what point in time will we go back and look at unfreezing the consolidated tax for other counties? I think it is important, and you guys need to take a look at this and bring some kind of resolution or bill that would put that back to where it was. Right now you can see other counties who are suffering because of it. It would help to get that consolidated tax unfrozen.

Robert Crowell:

I do not know very much about that issue, but I guarantee you that we will be looking at it. If there is something we can do, we will do it. Let us take a look at it.

Assemblyman Ellison:

If you look back you will see that Marilyn Kirkpatrick put that bill in. We all understood that it would create a problem in the future. Now you can see that it is crunching the numbers down. If we could, I would really appreciate if we could lift the freeze off of the tax.

Chair Flores:

I am going to break with what we usually do in this Committee. If we could have all the mayors come up and introduce yourselves. For a lot of us it might be the first time we are meeting many of you.

Debra March, Mayor, City of Henderson:

Henderson is the second-largest city in Nevada with a population of 314,000 people.

Ken Tedford, Mayor, City of Fallon:

We are not nearly as big as Henderson. We have a population of 10,000 people. We are a city that is governed under *Nevada Revised Statutes* (NRS) Chapter 266. We were founded in 1908.

Daniel J. Corona, Mayor, City of West Wendover:

I do not have my map with me, but for those of you who do not know where West Wendover is, we are in the northeast corner of the state near Utah. We are 120 miles from Salt Lake City. We are closer to Salt Lake City than we are to Las Vegas or Reno. We have about 5,000 residents, but we are growing.

Reece Keener, Mayor, City of Elko:

I have been Mayor about 40 days now. Prior to that, I was on the city council for about five years. Elko financially is in very good shape. We have a population of about 22,000 people

within the incorporated area. It is an honor to be here joining you this morning. This is my first visit to the Legislature when it has been in session.

Linda Slater, Chairman, Gardnerville Town Board:

I am not a mayor. I represent the Town of Gardnerville, which is about 15 miles south of here. In addition to representing the Town of Gardnerville, I represent the general improvement districts. Our population is 5,750. We are a growing community. We welcome you to visit anytime.

Richard Stone, Mayor, City of Winnemucca:

We are in Humboldt County, in the north-center of Nevada. We have about 8,800 people. Our economy is pretty strong. We rely heavily on agriculture and mining.

Roy Edgington Jr., Mayor, City of Fernley:

We are about 30 minutes due east on Highway 80 from Reno and Sparks. We have about 19,500 people. We are starting to see some growth again—which is a good thing for us.

Dana Holbrook, Mayor, City of Carlin:

We have about 2,800 people, but really good people. Carlin is in the middle of Carlin Trend, which is one of the largest mining districts in the world. I am proud to be the Mayor.

George Dini, Mayor, City of Yerington:

The population of Yerington is 3,000 people. Our current economy is based on agriculture. We are one of the largest leafy lettuce producers and onion producers on the West Coast. We are also known for our copper district, which is the "Cattle Kingdom in the Copper Hills." We are currently experiencing a rapid growth from a copper mine development called Anaconda. They are advancing at a rapid rate and will be in production by December of this year.

Wes Henderson, Executive Director, Nevada League of Cities and Municipalities:

I am not a mayor. There are so many new faces that I have not had the chance to meet yet. I would like to introduce myself. Feel free to use us as a resource when you are dealing with municipal issues.

Chair Flores:

He really does mean that. Mr. Henderson is always available. We are going to close out the presentation of "Mayor's Day", I say that in quotations.

Scott D. Adams, City Manager, City of Las Vegas:

Thank you for giving us the opportunity to present some of the challenges and issues we are facing in the City of Las Vegas. I hope to be able to answer any questions as they arise. If I cannot answer the question, I have my chief financial officer and some of our other team members standing by at the Grant Sawyer Building in Las Vegas.

I am going to start at a very high level. As you know, the City of Las Vegas has a seven-member city council. One of the members is our Mayor elected at large [Carolyn G. Goodman]. The other six members are elected by ward:

- Mayor Pro-Tem, Lois Tarkanian, Ward 1
- Steve Seroka, Councilman, Ward 2
- Bob Coffin, Councilman, Ward 3
- Stavros Anthony, Councilman, Ward 4
- Cedric Crear, Councilman, Ward 5
- Michele Fiore, Councilwoman, Ward 6

By geographic reference, this page is pretty important to the thrust of the presentation [page 3, ([Exhibit C](#))]. The city is sort of hemmed in, so to speak, to the northwestern part of the southern Nevada region. This page vividly shows how we are bumping up into the mountain regions on the west side of this city where Summerlin meets the mountain ranges. As you will notice, the only real area for growth in this city is in the northwest corridor along U.S. 95. We have a little bit more room to grow in Summerlin. We will see a little bit more build-out. Our growth opportunities for new construction are focused on U.S. 95 corridor. The rest of the city is hemmed in by already existing urbanized development. When you zoom into our city, you start to see the layout of our wards [page 4]. The pink is the City of North Las Vegas. The other colors are the respective wards of the councilpersons that I introduced. It vividly shows the geographic nature that has created a natural constraint—especially in the western boundary of the city.

I have a manager's team and a couple of them are standing by. I am very proud of my team. We collectively have about 180 years of experience in local government. It is a great team and we are rising to the challenges of this city—which are numerous.

Some fast facts, I will not go over this page entirely [page 6], it is for your perusal later. Each of our councilmembers serves a ward of over 100,000 residents. It is busy being a councilmember, given the number of constituents and issues facing each of our wards. As a city, we are the state's largest city. We think we are definitely a matter for state concern. We have an incredible number of facilities, sites, parks, services, and offerings that we manage and operate on a daily basis in the City of Las Vegas. They are too numerous to go over, but it gives you a sense of what the scale of our operations is as a city.

We are by charter [page 7]—that charter was granted by the State Legislature in Chapter 517 of the 1983 *Statutes of Nevada*. We have a council-manager form of government. The charter stipulates and authorizes us to do many things. The charter determines our wards, ward boundaries, elected offices, qualifications for serving as mayor in the council, and meetings. At the bottom half of the page you can see a wide range of functions that the charter authorizes the City of Las Vegas to engage in as a major city. Most of these things are very typical of a city of our size. They are things you would see anywhere in the United States.

Let us now talk about our budget [page 8]. In the fiscal year 2019 budget that we are currently in, we have a general fund budget just shy of \$574 million. When you look across all of our funds, including the restricted funds—like sewer, internal service, capital project funds—we manage a total of about \$1.5 billion in resources. We currently have about 2,600 full-time employees. At any given time we have about 1,000 part-time employees—depending on the ebb and flow of our Parks and Recreation Department and some of our other departments that use a lot of part-time employees. We develop our budget every year and, first and foremost, the budget is responsive to the priorities set by our city council representing our constituents. We are very careful that we calculate a budget that meets the needs of the council and its priorities. We also look at a citizen survey. Every two years we do a survey of our citizens and give them a chance to tell us what they think is important—in terms of the types of services they see themselves needing and wanting from the City of Las Vegas. When it comes to matters of our employees, we do an internal engagement of our employees where we poll employees to see what their needs are. We put together these surveys and polls and use them to formulate our budget so that the budget is as responsive to our citizens and constituents as possible. We expanded our budget, but as you will see later in the presentation, we have a very fixed set of revenue streams. We do budget expansions in certain priority areas in the council—we do so at the expense of other areas. We do not have a rapidly growing revenue base. You will see throughout the presentation that we have been very responsive to the council's No. 1 priority—which is public safety. The expansions have come at the expense of other parts of the operating budget. You will see that we are now heading into what we have projected to be an ongoing structural deficit. It is not where we want to be but it is something that we have recognized very early on. As you will see, we have taken steps to address it financially.

Moving into revenues, this pie chart [page 9] shows both how our revenue picture is derived as well as the sources of the revenue. Our No. 1 revenue stream is the consolidated tax (CTX)—it is just under 55 percent of the budget. The next largest is the property tax at 18.4 percent. We have other sources such as license and franchise fees and the "other" section of revenue. The important takeaway of this picture is that as a city we only control about 25 percent of our revenue stream. The CTX, as you know, is distributed by formula. A concern we have about that, especially given the situation we are in now, is that it is probably the most sensitive revenue stream to downturn in the economy. The property tax has stayed stubbornly low. We have not fully realized the recovery of property tax coming out of the recession that we would have liked to have seen—I will be showing that in just a minute.

Tracking CTX, this is a graph [page 10] that shows the level of CTX that has come into the City of Las Vegas over the last decade. It dramatically shows the impact of the Great Recession on the CTX revenue stream. It shows that we were at a peak in 2007, and then it dropped dramatically. We have lost \$60 million of CTX during a three-year period during the depth of the recession. We have gradually been climbing out to the point that we are now above prerecession levels. Again, this is a double-edged sword: While it is helping us on the one side financially, it could be the one most sensitive when we hit a flat spot in the economy.

Property tax is a similar picture [page 11]. I want to be careful. When you look at this page, look at the yellow portion of these bar graphs showing that same portion of time going forward. It shows the peak prior to the recession as well as the dramatic drop during the recession. If you look at the yellow, it is the actual taxes collected by the City of Las Vegas. The green portion of the graph shows the portion abated—which is subject to caps. There is a significant portion of the actual assessed valuation that we are not capturing directly because of the abatement. This shows a very stubborn recovery since the recession. It shows a very gradual increase; whereas if you look at the abated portion, it has recovered fairly well but we are not collecting that portion.

When you look at our expenditure streams by function, it shows that salary and benefits make up about 54 percent of our budget [page 12]. Our contribution to the Las Vegas Metropolitan Police Department (LVMPD) is about 26 percent in our current fiscal year, which is about \$150 million of our budget that is allocated to police protection. When you look at both of those together—understanding that we are a public service organization derived mostly of people, wages, and benefits—about 75 percent of our budget is in wages and benefits. Only about 20 percent or so is in nonwage and benefit expenses. Looking at that same expenditure rate by function [page 13], it clearly shows that our council's No. 1 priority is public safety. Sixty-seven percent of our budget goes toward public safety. That represents a combination of our contribution to LVMPD, our own public safety department—which includes our own marshals, corrections function, animal control, municipal court system, and our fire department—it leaves about one-third of the budget for nonpublic safety endeavors. I would say, over time, our public safety portion of the budget is growing while the nonpublic safety section is shrinking slightly.

Looking at our full-time employment, I think we mentioned in a prior slide that we are currently at about 2,600 employees [page 14]. We were at a peak of about 2,800 in 2008—just a little over ten years ago. The importance of this slide shows that over that period, our nonpublic safety employment still remains 16 percent below 2008 levels while our public safety employment is 11 percent higher than it was in 2008. This has put a lot of pressure on the City of Las Vegas to be productive in our nonpublic safety pursuits—the maintenance of parks, streets, and all the things we have to do. Over that time period the city did not shrink; in fact, the scope of what we have to do has grown, but the number of persons that we have to deal with is less than what it was prior to the recession. It is a challenge for our management team to continue to maintain service levels and be as productive as a city as possible. We spend a great deal of time as a city focusing on productivity and performance measurement and improvement to make sure that we continue to provide comparable services to what we did ten years ago.

This is our budget forecast [page 15]. This is a look at our current budget. The center column looks at the budget we are currently in. It shows a one-year look back to fiscal year 2018—where we ended the year. Look at the bottom floor lines of this page. We ended up in a surplus last year. We are projecting a year-end surplus this year.

As we go forward into fiscal year 2020, we are projecting a deficit [page 15]. I would point out that wages and benefits have grown from 302 to 310 to 334.8. We are ending some collective bargaining agreements. Ninety percent of our employees are covered by collective bargaining agreements. There are only 10 percent of our employees who are not covered by collective bargaining agreements. Those have automatic increases built into those agreements. As we carry those forward, it builds the wages and benefits line item. One of the things that we have had to do as we look forward into fiscal year 2020 is that we are facing the potential of a deficit, which we think will be structural going forward. I have actually started a freeze process on positions. We have frozen just shy of 60 positions so far. Our goal is to hit \$10 million worth of freezes by the end of the current fiscal year—July 1. It will give us the \$10 million worth of frozen positions so that going into 2020, with a benefit of frozen positions, we will balance our budget. We have had to pull our horns in a little bit. We are prioritizing public safety, thus we are not freezing public safety positions; instead, we are freezing nonpublic safety positions.

The next series of graphs are going to show the structural deficit. Again, this page shows the \$5.7 million deficit we are predicting for 2020 [page 16]—which gets erased with our position freezes [page 17]. As you start to see the cumulative effects of an imbalance between revenue and expenses, it would continue to grow. When you look at that with our position freeze, it flattens out dramatically. It shows that next year we will balance the budget, but the work is not over. We have more work to do for the interim years. One of the things that I have done is instituted what I am calling "Team 2020." Team 2020 is an internal team that involves all of our employees. We are looking hard at going forward with our budget in the out years to see where we can realize cost savings, be more productive, trim expenses, and recognize reoccurring hard savings going forward into what we think is a structural deficit.

Here are some of the key takeaways [page 18]. You might ask yourself: How are we at a point where we are in a structural deficit? It is pretty simple. Our average revenue growth rate over those years is projected to be 3.5 percent. At the same time, our expenditure growth rate is expected to be 4.3 percent. We have our work cut out for us this year negotiating our collective bargaining agreements as we roll forward into new agreements. As I mentioned, all of our agreements are up for renewal this year—one is coming up for renewal next year. It presents us with an opportunity to constrain our wage and benefit costs and hopefully get those numbers right-sized. As I said, only 25 percent of our revenues are under our control so our revenue situation is fairly locked in—there is not a whole lot we can do with the 3.5 percent revenue number. We have to always go to work, and we did during the recession. As we look forward, we are going to have to do it on the expenditures side.

Let me go back because I failed to mention something. As we project forward, we have projected hitting a soft spot in the economy in 2021. I believe, as the city manager, it is prudent to look realistically at our economy going forward. We are in a period of ten consecutive years of economic growth coming out of the recession. All of the economists that we have read about and researched are projecting a soft spot both nationally and regionally somewhere in the latter half of 2021. We have built the soft spot into our

projections. What happens there is that you get an immediate CTX. In our projections going forward, we projected a 5 percent CTX growth. We are looking at 1.5 percent CTX the year we hit the soft patch. We did some research looking backwards at how southern Nevada has fared in prior recessions. We think that 1.5 percent CTX growth is probably an appropriate number as a realistic projection looking forward. It takes a little while for that impact to hit property tax, and it typically does not occur until a year later. It hits us in the next year after 2021—those are built into our projections going forward. Now we may be ultraconservative, but at the end of the day I would rather be ultraconservative in my economic projections and our budget than being ultra-aggressive and finding out that we did not hit our numbers and that I am stuck in a situation where we have to reduce force-through layoffs.

One of the things we have an advantage with—I would say that everyone nationally and locally has this advantage—we are seeing unprecedented retirement from our employment ranks. We project that 30 percent of our workforce will leave the city within the next five years—that actually works to our advantage as we look forward in our projections. One of the things we can do if it looks like we are going to start hitting those soft patches is, as people retire out, we can hold those positions open pending the outcome of the economy—that is why we started the freeze process now. By holding those positions we can accomplish our financial objectives without hurting anyone and without having to lay anyone off like we did back during the recession. Our drop back then was so severe that we had no choice but to lay people off. This time around we are going to be in a much better position. We have done some expansion inside the budget regarding public safety. Mobile integrated health care is helping us flatten call response for our fire emergency medical service calls and neighborhood support. We have ratcheted up our effort in neighborhood development. As I have mentioned, we have efforts underway to address our ongoing structural deficit. We have gotten ahead of this way early. I am very comfortable with that. We think that is the prudent way to manage the city.

Let me shift gears. We have one great bright spot in the city—that is our redevelopment agency [page 19]. As a side note, I came to work for the city 15 years ago as the redevelopment agency director, so I am very familiar with this area. This is an area that we have done a lot of great work in. We have built a great downtown area, which has been a major economic development generator not just for the city but also for the entire region. We have been focusing on the Las Vegas Medical District—making it a major job generator in the region. The health care industry was the only job sector that did not decline during the recession. We think the health care industry is one that we should be focusing on going forward. We continue to work on Symphony Park. We now have a number of deals underway for large-scale development. One that we just announced and did a groundbreaking on is the new Expo Center—a 315,000-square-foot convention center as part of the World Market Center. That project, we believe, contributed to three casino and hotel expansions on Fremont Street as well as a nongaming hotel at Symphony Park. We are looking at somewhere between 2,000 and 2,500 rooms announced coming into the downtown area over the next two years.

We continue to focus on new market tax credits and opportunity zones. The federal legislation provides a focus on distressed parts of the community. We will become a national leader. We are one of the few cities nationally that has created an investment corporation for new market tax credits. We have entered into a partnership among the Fremont Street Experience and the convention authority for the reconstruction of the canopy and mall on Fremont Street. That will allow the canopy to run all day long. The light show is too dim to run during the day. With the new light array, we will be able to have the show go all day long. The redevelopment agency has judiciously contributed \$1.7 million to the city budget for key strategic maintenance items that relate to and could be a hindrance to redevelopment. We have been focusing on maintenance in key areas of the downtown area as well as homelessness. Homelessness is growing, as I will touch on in a moment, and has become a matter of great concern for us. The agency has made some contributions to the city's general fund for those items.

This page [page 20] is a map of the redevelopment areas as they are focused on the downtown area—the greater downtown area. The yellow is the original boundary of the agency when it was first established. As you see in the key in the upper left corner of the map, we have gradually brought areas online. The last areas to be brought online were the dark red areas—that includes a large part of Historic West Las Vegas. We have included a number of corridors out near West Charleston Boulevard and Sahara Avenue. Those were areas that were really hit hard during the recession. We saw a lot of vacancies. Overall, there was a tremendous negative impact on those corridors from the recession. We have engaged a redevelopment agency in those areas to hopefully use tools to create a commercial development turnaround in those areas.

The city council has, in the past year, drafted and approved a new comprehensive and strategic plan with six themes or priority areas [page 21]: iconic Las Vegas, workforce development, being a smart city, focusing on at-risk populations, neighborhood preservation, and public safety. Though public safety is listed last, it is the council's No. 1 priority. These are the areas that we focus on as a city and make sure our budget is responsive to. We are very cognizant that our administrative team puts a lot of energy and time into these areas.

That leaves us with a number of challenges as a city [page 22]. Right at the top of the list is homelessness—this is the subject of one of our bill draft requests this year. Our homeless population is rising. Our shelter population grew 15 percent in 2017. We are seeing an increasing street population of unsheltered homeless persons. I scratch my head every day trying to figure out why this is happening and why the City of Las Vegas and the overall region is one of the most disproportionately homeless cities in America. We rank fifth nationally for homelessness and the only cities that rank ahead of us are really large cities like New York and Los Angeles. Public safety needs continue to grow and create a challenge for us given our budget.

As I showed you on the map of the city, we are experiencing a little bit of growth in the west and northwest. We are going to see the need for new fire stations in the west and northwest. We continue to need to build our marshal team to respond to the homeless population in

parks and other public areas of this city. Public safety is something we are going to continue to have to invest in. As I said, this city is landlocked, which causes us to focus on infill development and redevelopment as a strategy for moving this city forward. We do not have the greenfields, so to speak, that some of our neighboring cities and the county have—which helps their revenue engine as a jurisdiction. We do not have the new construction growth revenue engine like Henderson or North Las Vegas or unincorporated Clark County has.

We are an older community. The City of Las Vegas represents the urban core of the region—a growing region. We are the oldest part of the region; therefore, our infrastructure is aging. We are now starting to see our underground and aboveground infrastructure aging, which causes an increase in investment needs for deferred maintenance. We are very aware of our needs for our sewer systems, streets, sidewalks, and all those things that age over time.

While we have been successful in the downtown area, we still have blight. It is not over with. We still have areas within the redevelopment area that need a lot of work, such as directly downtown and adjacent to downtown. We need to continue to invest strategically in those areas. We still have remaining fiscal issues from the wake of the recession. Our CTX collections dropped 24 percent, or \$63 million, during the recession. It has taken us ten years to return to fiscal year 2006 levels. Our property tax collections dropped 35 percent, or \$47 million, during the recession. Property tax collection remains 21 percent, or \$29 million, below the fiscal year 2009 levels. Again, I would like to reiterate that the property tax is stubborn. Property tax growth is legislatively restricted due to the caps. As I pointed out in the last bar chart for the current fiscal year, we are looking at about \$34 million of our property tax basis that is currently subjected to abatement. Our nonpublic safety staffing levels are still 16 percent below prerecession levels, which really puts a lot of pressure on our whole city team to maintain service levels despite a declining staffing level. We are using technology extensively to improve our productivity. We focus on productivity, but there are times that it is very difficult.

I will close with the fact that we have identified three bills [page 23]. I will simply mention them. Assembly Bill 5 revises provisions governing the amendment of the land use plan by the master plan by local government planning commissions. Assembly Bill 73 revises provisions relating to supporting services and facilities for persons who are homeless. Senate Bill 11 revises provisions governing adoption of fire and building codes by cities. We have a robust city team up here to help answer questions that you may have during session. Shani Coleman on my left is the chief governmental affairs officer. She will be here full time. I will always be here when you need me.

Chair Flores:

We have a host of questions. We will try and give everyone the opportunity to get at least one question in.

Assemblyman Leavitt:

I would be remiss if I did not thank my tied-for-first favorite Mayor March. I am grateful that she made the trip up.

You showed the map of the City of Las Vegas. Obviously, there is a large portion of unincorporated Clark County that is mixed in there between the City of Las Vegas and Henderson. Are there any plans to incorporate any of that area in the near future?

Scott Adams:

The issue of annexation has been a bit of a sore spot for southern Nevada. At this point, we do not have any plans for any further annexation. We made an effort to annex some of the smaller islands in the city a year and a half ago. We have recently entered into a memorandum of understanding with the county. We have agreed not to annex any of those islands for another ten years as part of a deal we worked out with them to exit the Clark County Regional Justice Center so they could take over the space there. At this point we are very comfortable with the southern boundary. Quite frankly, annexing does not improve our financial condition. For a community to annex another urbanized area, it leaves an area with a great deal of need for services and facilities and an existing tax base that probably just makes it. I think that our real need is more in the area of undeveloped property where we can experience some growth. We do have some of that in the northwest part of our city. When the Tule Springs Fossil Beds National Monument went through Congress, we were granted a 648-acre tract that is dedicated for business development in the northwest. We are going to be focusing heavily on trying to get that online.

Assemblyman Leavitt:

As a follow-up to your presentation, you said you are currently looking at a structural deficit in the near future and that reduction in workforce is probably the main solution. You mentioned some other things that you might be doing. I was wondering if you could go into more detail about what you are doing to prepare for the structural deficit besides reduction in workforce—especially since a lot of economists are predicting another recession coming in 2020 or 2021.

Scott Adams:

I went back to the key budget highlights page and what I want to underscore is the disparity between the revenue growth rate and our expenditure growth rate—it is about eight-tenths of a percent. We are not dealing with anything like what we were dealing with in the Great Recession where we saw a \$100 million drop in revenue—which is like having the bottom fall out of your building. This is a simple imbalance between the rate of growth of expenditures and the rate of growth of revenue. I believe if we can tweak both sides of the ledger and do everything we can on the revenue side and a little bit of work on the expenditure side, then we can bring those numbers into balance and we will be in good shape. The problem you have when you are imbalanced for just one year is that it carries forward and accumulates—that is what you see in the red in the prior graphs. The 1 percent starts to accumulate if not addressed, which is why we got on it early through freezing positions. We are going to work really hard with collective bargaining negotiations to bring our expenditure and wage and benefit growth rates down a bit. Our hope is that we can do some things on the revenue side but, again, we only have about 25 percent of the revenue side that we actually control. We actually have a little bit of room to grow on property tax

rate but with the caps, even if the council is brave enough to make that increase, it is not productive because of the caps.

Assemblywoman Bilbray-Axelrod:

Early on in your presentation you mentioned a relatively high number of part-time employees employed by the City of Las Vegas. I was wondering if you could share that rate of pay—if it is a sliding scale or something else.

Scott Adams:

I am not sure that there is any pattern. Pay ranges from as low as \$8 to \$10 per hour up to a high of \$20 per hour—depending on what the person is doing. We have some very skilled positions that warrant something at the higher end and we have some less skilled positions at the lower end. We generally employ part-time employees in a number of areas of the city such as in Parks and Recreation, our Office of Cultural Affairs unit, our Safekey program, and programs where we do not require someone full time. We generally try and use full-time employees wherever we possibly can, but there are a lot of situations where it is not feasible to carry a full-time person on the payroll in a situation where there is really only work for 20 hours a week.

Assemblywoman Bilbray-Axelrod:

I understand, especially with the Safekey program, when you are employing folks in the early morning and afternoon. Would you say that the majority of your part-time employees are at the 20-hour mark? Hopefully we are not seeing a situation where they are at 35 hours but not considered full time.

Scott Adams:

No, in fact, that has been an issue of concern as of late. We have instituted stronger controls internally to make sure our part-time employees are at 19 hours or less. We are not using employees. When you start to cross over and start kicking in the Public Employee Retirement System of Nevada and other benefit requirements, at that point you start approaching the cost of a full-time employee and you might as well have a full-time employee on your staff. Lately, we are really scrutinizing that because of our financial situation. We want to be sure that we are not abusing the status of the employee and also making sure we use part-timers where we really need part-timers.

Assemblyman McCurdy:

I wanted to touch a little bit on the redevelopment agency and its work and its areas. I will begin by asking: How do you make a determination where the redevelopment areas will be? Secondly, are there any opportunities for expanding further to the west or east of Las Vegas, like in the Nellis area?

Scott Adams:

This is an area that I am very comfortable with because I spent my career in the field of redevelopment around the United States. I will speak about the time that I have been with this city—especially regarding the work relating to the Legislature and the statutes that

govern redevelopment. The Legislature, over the last 15 years, has considerably tightened down on how you can expand a redevelopment area—predominantly for the elimination of slums and blight. There is a very meticulous blight test that a city has to go through to establish a redevelopment area. You have to very carefully determine that the properties within the area you want to expand meet the test that is set forth in the legislation. With that being said, there have been some areas in the city where the residents have been reluctant to expand the powers of the agency. I will hit one right on the head, which is Historic West Las Vegas. There has been a fear through the years of the use of eminent domain in applying the redevelopment agency in residential areas. It was not until the last five to eight years that the residents in some of those areas now feel comfortable enough to, in essence, invite the redevelopment agency into those areas. They have kind of overcome that fear. We have been very clear that we would never use the powers of eminent domain to acquire the residential property that is occupied by the agency. We really focus on the use of tax increment financing as the primary tool that is in the legislation in those areas.

Let me find the map that shows the areas that we operate in. We have been expanding through the years. Each of those different colors [page 20] represents an expansion or evolution of the agency. We might be able to expand a little in west Las Vegas, but I would have concern about some of those areas meeting the blight test and whether the folks in those areas want it to happen. There are two other issues. Firstly, there is a limit in the statute on how much of the city can be in the redevelopment agency—I think it is an evaluation test. Secondly, there is the impact that the agency has on other jurisdictions. As you know, tax increment financing preempts taxes that would normally go to other jurisdictions and it sends them to the agency and it is plowed back into the redevelopment agency for reinvestment in areas that eliminate slums and blight. One of those agencies that is preempted is the City of Las Vegas. There is a balance you have to achieve between how much you put into the redevelopment area and how much you want to maintain as a city coming normally into your tax coffers. I hope I answered your question. I am not trying to be evasive. It is somewhat complicated. I think there is the opportunity to expand a little bit more but as you start to get out, I think some of these areas would have difficulty meeting the blight test. It is so strict now. This last set of areas that we included in the agency were just making it in.

Assemblyman McCurdy:

I am of the opinion that there has been a long history of black and brown communities being victims of eminent domain, which is very unfortunate. I am very encouraged to see some of the development happening in the Historic West Las Vegas area. Speaking about the Historic West Las Vegas area—where I have been my entire life—many African Americans, when they first arrived to Nevada, were limited only to living in Historic West Las Vegas. What I am trying to get to is: How are we going to have more economic development in the Historic West Las Vegas area? That area, compared to other areas across the city, has essentially been red-lined. There has not been any economic development there. I would like to know your thoughts on why that is. We know that that is a redevelopment area and has been looked at many times. I want to get your thoughts on why that is and where we are going and how we can start to improve the quality of life for everyone in the City of Las Vegas.

Scott Adams:

I was very encouraged when the residents of Historic West Las Vegas were open to bringing in redevelopment. If you look at this map in the middle of the bright red area, there was a big hole that was in the middle of the heart of Historic West Las Vegas that was not in the area. I know when I first arrived here I was amazed that we did not engage as an agency in residential areas. We had focused predominantly on commercial areas. Throughout my work in various places in the United States, most agencies get very engaged in residential areas. That middle area is probably the most ravaged by teardowns, code enforcement, and vacant land. It is the most ripe for the application of a redevelopment agency and redevelopment area. We have been very active in the area as of late. I know Councilman Cedric Crear has been very active in really bringing that area to our attention. We have recently strategically acquired some real estate in that area. The Westside School redevelopment has been a focus and catalyst that will lay the groundwork for more investment in that area. I believe that we will do a much better job than we have ever done in the past. Westside was never in the redevelopment area to begin with. This last addition, I think it was in 2015, put it in. I think we are going to be much better positioned to engage than we ever have in the past.

Assemblyman McCurdy:

If possible, I would like to have a document submitted to the entire Committee on the dollars spent in the redevelopment areas. I will follow up later.

Assemblywoman Munk:

I am wondering about the homeless population and the unsheltered. I am wondering if the City of Las Vegas has anything going or any talks about affordable housing, since a lot of the rents have gone so high. Part of the homelessness problem is because affordable housing is not there.

Scott Adams:

You are absolutely correct. There is a continuum of services that is required to deal fully with the homeless population, including intervention on the street, getting them into services, then temporary and permanent housing. The concern I have had about our strategy, as a city moving forward, is we have used the block grant program which is federally funded. We have used our redevelopment agency housing heavily to focus on our current homeless strategy. Our strategy includes intervention and building a day center with an array of services to focus on intercepting and getting folks off the street and into services. The strategy leaves very little in the way of resources to build temporary and permanent housing; that is something I even mentioned when we took our courtyard plan to council—you may be aware of our plan to build a day center for the homeless. It leaves very little resources for temporary and permanent housing, which really underscores the reason why we introduced the bill draft request (BDR). We believe that the BDR front-end service part—which is the street intervention and courtyard—will leave us resources to build temporary and permanent housing or the other way around. The bottom line is that there is a gap in funding for temporary and permanent housing right now.

I think that one of the things that may be happening in Las Vegas and the region, which we have seen with our counterparts in Southern California, is rents have risen so dramatically in the last couple of years. If you were at the low end of the rent ladder in the region—just hanging on to a \$400 to \$500 a month apartment—and you experienced a rent increase of \$200 to \$300 a month, you have now fallen off the bottom rung of that ladder. Housing is very important. The federal strategy is housing first. Our problem, as a city, is that there are not enough resources to go around. We have too many ends of a problem but not enough money to address all the ends.

Assemblywoman Duran:

You basically said that you currently froze 60 positions. A follow-up to that is: What effect on the public is that going to have and what type of positions are these?

Scott Adams:

We have created a pretty complex strategy for our position freeze process. We have a position justification committee—which is our senior management team. Whereas in departments as a position becomes vacant, they apply to fill that position. We have two priority levels. The priority level one is to just get approved the things that relate to our council's highest priorities such as public safety, homelessness, and things that the council has in the last few years tagged as its highest priorities. The only ones that we are freezing are the ones at a little bit lower priority categories. They made cuts across all the different departments—we have 20 different departments in the city and operations in the city. At this point when you look at 60 positions out of 2,600 it is not materially impacting our ability to maintain service levels in the city. It is a struggle, but we are maintaining service levels. There is no impact on our citizens. Should we hit a soft patch and have to freeze more to get through a deeper deficit than what we have experienced, there may be some impact on service levels. We saw impact on service levels during the recession. We had to reduce 20 percent of our workforce through layoffs and attrition. We are not looking at anything like that right now because the imbalance is very minor. The level of impact on our budget is manageable and we do not believe that we are going to impact service levels yet. The thing that keeps me up at night, as the manager of the largest city in Nevada, is the CTX number and the fact that it represents discretionary spending in Las Vegas by tourists. Just a small soft spot in the economy could cause that to tip downward and the effects felt would be a little bit more profound. At this point, it is not impacting us but going down the road, it might.

Chair Flores:

I have two quick questions. I really appreciate the redevelopment agency and all the work it is doing. I am curious to know what we are doing now, outside of redevelopment areas, to encourage new construction, investment, and businesses? Is there anything that the city is doing to help and encourage that?

Scott Adams:

Absolutely. As I referenced a little bit earlier, we dedicated land up in the northwest for a business park. We are all over that. Actually, we are looking at two large tracts of property up in the northwest that we would like to dedicate to business park development. It is a little frustrating, as the state's largest city, when there is a major business project. When they want to move to Las Vegas, they generally call us first because we have the name Las Vegas. The problem is, for example, a 200,000-square-foot manufacturing or logistics operation wants to move into the city, we have nowhere for it to go. There just is not an inventory of space to accommodate that. Nevertheless, we do have an economic development office within our Economic and Urban Development Department. We have a team whose job it is to do bird-dogging and attracting investment into the community. We do it a little bit differently. We focus on filling the remaining vacant land in the urbanized part of the city as well as filling empty buildings. We then focus on bringing businesses into places where we have inventory of space—which tends to be in the downtown area. Again, that gets back to downtown but the point being that we do have a function whose sole purpose is to attract investment and businesses into the community.

Chair Flores:

Does the City of Las Vegas work with regional centers in any way? Let me preface that. There is a lot of investment that comes into the United States through foreign investors. There are programs like the employment-based immigration fifth preference federal program (EB-5). I am curious to know if you have anybody in your office to really try. There is a specific clause that allows them to invest less when an area is identified as high poverty or high unemployment. Obviously, there are areas in the City of Las Vegas that would meet that criteria. They are constantly trying to bring more investment, but I do not know if our state is doing enough to really capture some of the investors that are interested.

Scott Adams:

We have, historically, worked with a number of regional centers. We are very familiar with EB-5 financing. We really look at it like a financing tool and as part of all the different things that we can bring to bear on a project with an investor or business that wants to locate in the community. As I previously referenced, we are one of maybe three or four cities in the country that have established a community development enterprise—which is an investment corporation solely for the purpose of attracting new market tax credit investments in the city. We have actually directly applied for our own allocation. We have received it on several occasions from the federal government. There are only three or four cities in the entire country that have received it. Employment-based immigration fifth preference federal preference program and regional centers become part of the equation of putting together financing in that arena. When you are working to finance difficult projects—which we end up doing with new markets and now opportunity zones—EB-5 becomes part of the equation. It is not the sole source, but it is something we are very familiar with and we do have a network.

Assemblywoman Hardy:

I wanted to take a moment to thank and recognize my mayor, Debra March, for being here today.

Chair Flores:

I am going to close out the presentation and open it up for public comment. Seeing no public comment, the meeting is adjourned [at 10:18 a.m.].

RESPECTFULLY SUBMITTED:

Kirsten Oleson
Committee Secretary

APPROVED BY:

Assemblyman Edgar Flores, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a PowerPoint presentation titled "City of Las Vegas, Assembly Committee on Government Affairs," dated February 11, 2019, presented by Scott D. Adams, City Manager, City of Las Vegas.