

Great by Choice and the City of Las Vegas

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City Manager, City of Las Vegas



UNCERTAINTY, CHAOS, AND LUCK—
WHY SOME THRIVE DESPITE THEM ALL

GREAT BY
CHOICE

Jim Collins

AUTHOR OF *GOOD TO GREAT*

4 MILLION COPIES SOLD

Morten T. Hansen

ICMA

Fire Bullets, Then Cannonballs

Takeaway #1

Once an organization meets the threshold of innovation necessary for survival, it needs relentless discipline to amplify the creativity.

Fire Bullets, Then Cannonballs

Takeaway #2

An org figures out what works by firing bullets first. Once there is evidence to prove which bullets work, it's time to fire a cannonball.

CLV Bullets Related to a New City Hall

Discussions began in 2004.

1. First we considered acquiring the parcel across from City Hall
2. Then we looked at building in Symphony Park
3. Then we looked at land near the railroad tracks
4. Finally, we decided on a parcel on Main Street in exchange for a parcel in Symphony Park.

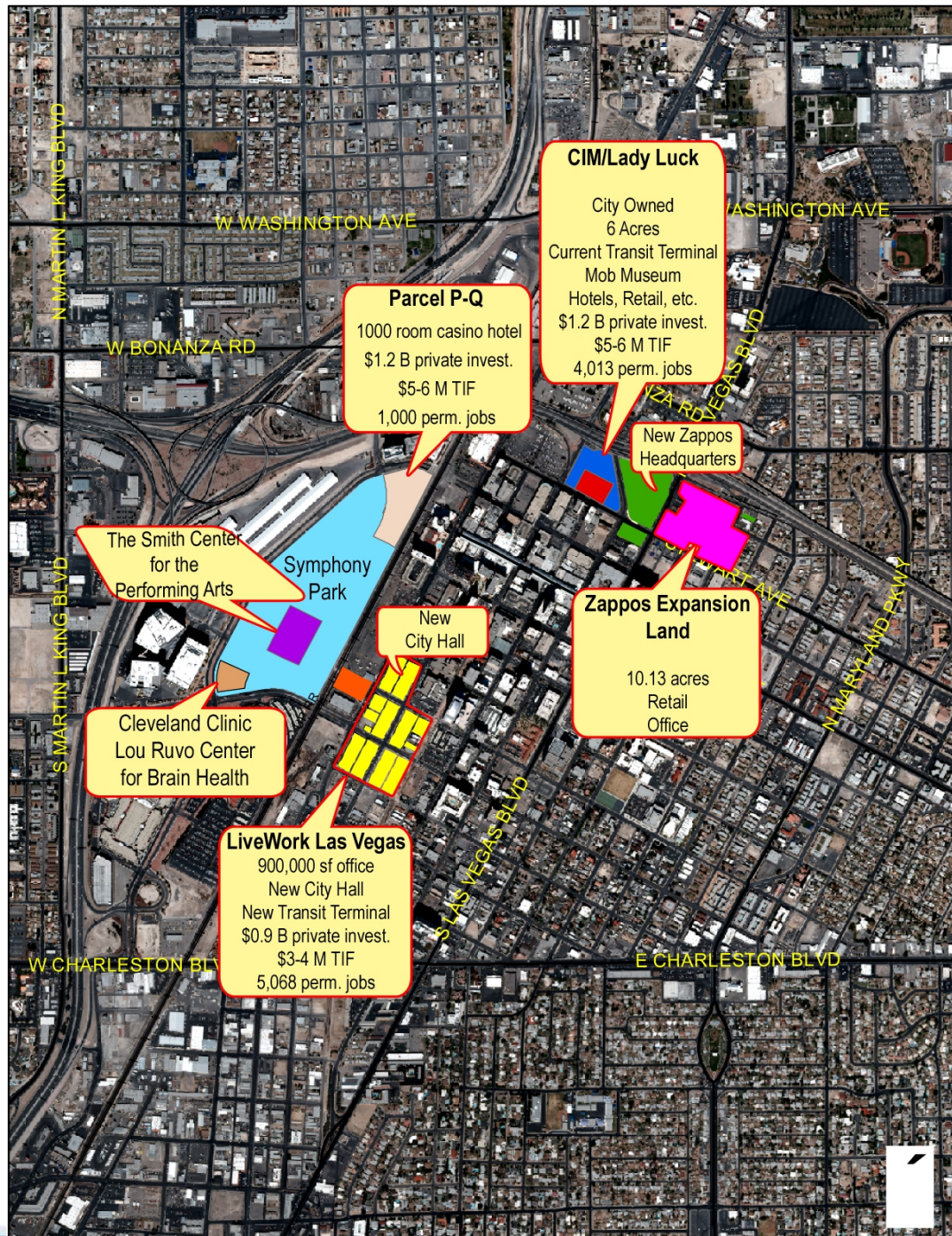
We keep recalibrating until we had the perfect deal.

New City Hall Cannonball

The new City Hall became the linchpin for downtown redevelopment and created spinoffs.

- Zappos moved into the old City Hall, bringing 2,000 employees downtown as well as new businesses through their Downtown Project
- The new City Hall is the anchor of a future 5-block development of office and retail
- Development of parcel PQ in Symphony Park
- 6 city owned acres surrounding the historic post office will be developed

The city was creative and disciplined during this process.



CIM/Lady Luck
 City Owned
 6 Acres
 Current Transit Terminal
 Mob Museum
 Hotels, Retail, etc.
 \$1.2 B private invest.
 \$5-6 M TIF
 4,013 perm. jobs

Parcel P-Q
 1000 room casino hotel
 \$1.2 B private invest.
 \$5-6 M TIF
 1,000 perm. jobs

**The Smith Center
 for the
 Performing Arts**

**Symphony
 Park**

**Cleveland Clinic
 Lou Ruvo Center
 for Brain Health**

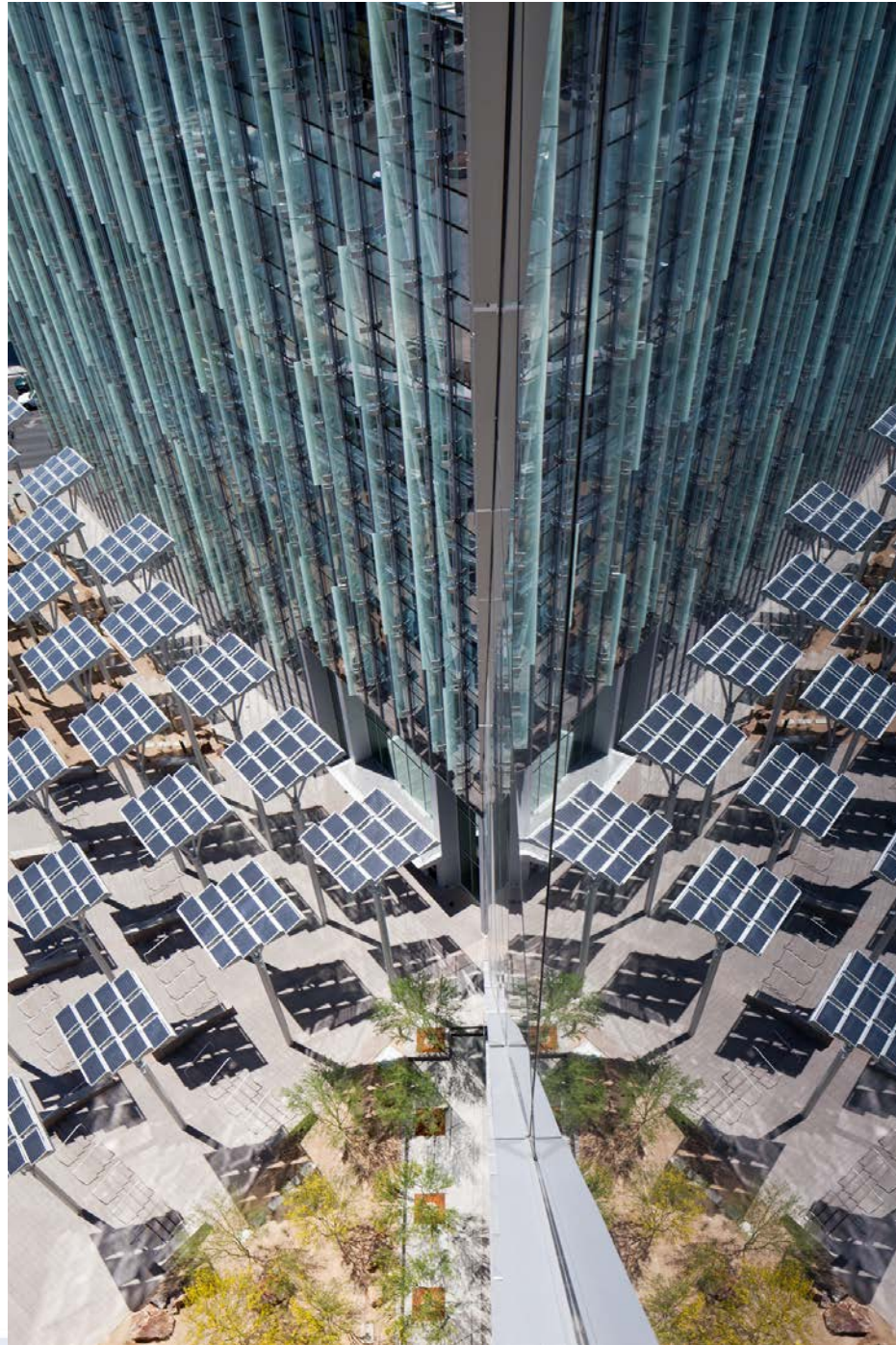
LiveWork Las Vegas
 900,000 sf office
 New City Hall
 New Transit Terminal
 \$0.9 B private invest.
 \$3-4 M TIF
 5,068 perm. jobs

**New
 City Hall**

**New Zappos
 Headquarters**

**Zappos Expansion
 Land**
 10.13 acres
 Retail
 Office





Bullets Related to Sustainability

- Grassroots employee committee changed employee behaviors and operations
- Initial renewable energy project proposals literally laughed out of the CIP committee
- Office of Sustainability was created
- A comprehensive sustainable energy strategy was adopted

Bullets Related to Sustainability (cont.)

- Recycling programs were implemented at limited city facilities
- Green building policy was adopted for city buildings, requiring LEED standards
- Changed out 500 streetlights to LEDs
- Installed 1 MW of solar at 7 city facilities

Cannonballs Related to Sustainability

- Completely overhauled the city's waste management program, increasing recycling rates to over 50% and saving \$300K annually
- Built 3 fire stations, a city hall, Mob Museum and The Smith Center for the Performing Arts to LEED standards with great success
- Changed 6,000 streetlights to LEDs
- Installed 5 MW of solar at 7 city facilities
- Over 1 million sq ft have received comprehensive energy retrofit
- Over \$65m invested to date, saving over \$4m annually, covering all debt payments and no money expended from the General Fund

Leading Above the Death Line

Main Takeaway

10Xers lead their companies with productive paranoia. They always assume conditions can unexpectedly change and continually ask “what if?”

Build Cash Reserves and Buffers to Prepare for Unexpected Events

Before the recession hit, the city of Las Vegas had:

- 40% in reserves
- AA bond rating
- A strong economic & redevelopment function focusing on diversification downtown
- A position control system
- Comp/class study for all employee types

Build Cash Reserves and Buffers to Prepare for Unexpected Events (cont.)

Before the recession hit, the city of Las Vegas had:

- Sufficiently funded capital & internal service funds that allowed for flexibility
- Robust performance management system
- Strong relationships with the business community (Chamber, construction, taxpayers assoc.)
- Strong budget policies (reserve policy prohibited all cash from going to existing expenses)

Bound Risk and Manage Time-Based Risk

Death line risk – 8% reserves, high debt, unsustainable compensation levels and a rich benefit structure

Asymmetric risk – huge debt expansion

Uncontrollable risk – the housing bubble burst, home prices declined 60% and construction jobs cratered

Time-based risk – fundamental service review began in the fall of 2008, well before the FY09 budget was filed; recognized there was time available to make a decisions

Zoom Out, Zoom In

Zoom Out

- We understood our revenues were decreasing and recognized we would have to take action
- We researched steps other cities had taken to cut their budgets and how they were organized
- We reviewed industry statistics

Zoom Out, Zoom In

Zoom In

- We conducted a fundamental service review
- We paid attention to performance data
- We negotiated concessions with our bargaining units
- We created a stabilization fund and OPEB liability account

Final Thought

“Greatness is not primarily a matter of circumstance; greatness is first and foremost a matter of conscious choice and discipline.”

Questions/Comments?



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