

**MINUTES  
FOR THE CITY COUNCIL BUDGET MEETING OF AUGUST 10, 2022**

The budget meeting of the Mandeville City Council was called to order by the Council Chairman at 6:00 p.m. followed by roll call.

**ROLL CALL - present:** Jason Zuckerman, Rick Danielson, Skelly Kreller, Rebecca Bush, Jill McGuire

**Also present:** Elizabeth Sconzert, City Attorney, Mayor Madden, Kathleen Sides, Finance Director, Keith LaGrange, Public Works Director, Cara Bartholomew, Planning Director

Mr. Danielson explained this is our 4th budget meeting. No votes will be taken tonight, we will vote on August 25<sup>th</sup>. We will try and wrap up capital and then move into operating tonight, ending at 8pm.

**CAPITAL:**

The mayor stated he had assigned Digital Engineering a Task Order to do the drainage in Montgomery in Old Mandeville which is complete; Woodstone & Fontainebleau are still not completed yet. He has not allocated any money to this project yet until he sees the need. He knows we have to do drainage in Old Golden Shores and after discussions with Digital Engineering he would like to add \$400K for Old Golden Shores drainage and 75K for Montgomery in Old Mandeville. He is not sure about Fontainebleau and Woodstone currently. Mr. Burguiere distributed information regarding the projected life of vehicles and their annual maintenance cost. Mrs. Sides stated she has been working with Mr. LaGrange and Mr. LeBreton on this program as well and should have more information.

Mr. Clark discussed his concern with several projects not being fully reviewed and the water quality by the beach. He stated we need to follow LA RS33:109. He stated projects need to be reviewed by P&Z to make sure it complies with the comprehensive plan, health, safety, and welfare of the community before they start. Ms. Bartholomew explained the commission does adopt resolutions confirming capital projects are in accordance with the master plan. Mr. Clark stated – not always.

Mr. Runyon has sent several questions with Mrs. Sides regarding the budget. They had met this afternoon to review some of those questions. Mrs. Sides stated there were 4 main topics which were not addressed in their meeting. First, there was a request of a 5y capital and operating as requested by the charter. We have always done the 5 yr. capital, never the operating. She stated GFOA practices has 3 methods for forecasting. She has chosen to use the extrapolation method. She has taken the last 5 yrs. historical data and has done the forecasting; this will be out by Monday. Secondly, is the 5yr capital plan. She is working with Mr. LaGrange and Mr. LeBreton to finish this along with maintenance estimations. This will be posted tomorrow with the maintenance cost on the website. Thirdly, he asked how to approve a budget without an audit. She went back to her statements and in 2010 when the mayor was indicted, and the finance director was fired on ethical issues. The only thing she can say is it is that it is the council's decision. Her only concern putting off the budget is any salary changes that would get pushed back. Mr. Runyon also asked how we really know the fund balances without the audit specifying that. She will offer bank statements if needed to the council. Mrs. Sides will get in touch with Diane Allison, LLA, to get clarification on a few questions from Mr. Runyon. Lastly, is the deficit spending. The city is spending more than is coming in which is not a good trend. This year's budget is a deficit of \$730K. Next year, the city is proposing a nearly \$1 million deficit. Mr. Runyon does not think this is a good trend to set. Mrs. Sides explained there

are several one-time expenditures. This year there is 325K for ongoing litigation; 150K in technology improvements and a big one is upgrading utility building and customer interface service. This was the same situation last year. She does not think this is the trend moving forward. Another concern is sales tax projected at 13% higher than last year. Currently we are at 11% higher and she has added 8% based upon new businesses in the city. The biggest is Target, Altitude, Backpacker, Loft 18, and other stores offering new products to the area. Mr. Runyon's concern is we are heading into a recession. She personally feels this is a good estimate. Mr. Zuckerman – verification of fund balances. With the items incomplete in the audit, could those balances be confirmed even before the audit is done. Can they say the info you are providing is accurate/ She will ask them for that validation letter tomorrow. Can you share with how the rescue plan funds are included. Mrs. Sides stated we received \$2.3 million in ARPA money; we are expecting to receive another \$2.3 million this year. The monies can be used for: broadband infrastructure, water and sewer infrastructure, emergency pay for essential workers and loss revenues. If your revenue has not grown by the rate specified, then you can use the revenue as loss revenue. Our revenue has not grown by that amount- this can be used as general fund money. We have not allocated any of this money yet but the first ½ has been put under grant and elevation revenue.

Mrs. Sides has 5 proposed changes to the budget to propose:

- 1- Change Franchise tax income to \$1,034,324.
- 2- Change Comprehensive land use plan to \$125,000
- 3- Change City Hall design to \$600,776
- 4- Change Police fees to \$390,249
- 5- Adding a school resource officer for OLL so change:
  - (a) police wages add 51,377.95
  - (B) police overtime \$add 7,500.....
  - (C) police insurance add \$26,310.24
  - (D) police retirement add \$21,193.41
  - (E) FICA add 3,930.41
  - (F) SRO income will be \$85,676.68

#### **OPERATING:**

Mrs. Sides explained the salary table includes all employees, including the mayor, with a baseline + COLA (5.9%) + merit (2%) along with an 8% increase in health insurance. Health insurance renews in March and the administration will start receiving figures the end of November. In the past year we had 17 employees that have left and 3 of them had a combined 76 yrs. of service. Mrs. Sides wanted to reiterate that according to the COLA ordinance, the mayor must put this in the budget and it's up to the council to approve. The COLA increase estimate for this coming year is expected to be higher and we are not in a place to do this next year. If it is even 5% then she feels it is not fiscally responsible for the city to add. Adding COLA was about \$500k to the salaries. The COLA ordinance came out of the salary survey plan and the mayor proposed to make it an ordinance to be added every year so, the council will have to un-fund the increase if it is not sustainable.

Mr. Runyon explained the operating costs are about a 10% increase over last year which is roughly \$1 million dollars based upon salaries and benefits. Mrs. Sides explained this is a result of the salary survey and the administration deciding to increase those in the police department and public works even higher than the salary survey recommendations. The city currently is budgeting for 123 employees, and we have 11 unfilled positions to date. Mr. Danielson explained it is reasonable to expect the city to employ around 118-120 per year. Mrs. Sides stated last year she unfunded the

mailroom clerk and that was a big mistake. She has put that position back into the budget as a part time employee with no benefits. Also, the community center clerk has been removed.

Mrs. Sides stated she had added \$36K for police overtime due to training needs. In addition, there is \$215K for the repayment to MPERS of incentive pay that was not paid from 2002 - 2019.

Mr. Pulaski asked if there was a salary survey done for directors. Mrs. Sides explained all raises for only for civil service employees; however, all positions are included in the salary survey.

Mr. Runyon stated this administration inherited a \$23 million general fund balance and annual \$2 million surplus. On Feb 10<sup>th</sup> he sent text to Mrs. Bush; "I am not in town so I will not be able to attend the Council meeting tonight, but I wanted to express my strong disapproval of Ordinance 22-04 salary increases. This is an ill-conceived and reckless massive increase in the annual operating expenses that will have a significant impact by using General Fund balance funds every year in the future beginning next fiscal year without some offsetting budget reductions in the out years. Slidell had to eliminate the city paying the employee portion of the state retirement system when they could no longer cover this additional employee benefit. Are you and your fellow council members ready and willing to cut paying the employee retirement to offset these proposed salary increases?" In February when this was passed it was a \$752K hit. Now the deficit for FY22 is \$785. What is important about the forecast is you can now see the impact of this decision in the general fund. The increases for this upcoming salaries and COLA, will bust the trend in general fund in the future. We are down to a \$21 million fund balance. He is stressing the fact that the budget should be balanced to start. This budget is a work in progress since we do not have the 5 yr. capital and other items so once we get these documents from Mrs. Sides, he will review and have more questions. The format right now has actuals through May. You are required to have expected actuals so you can have a proper comparison. Mrs. Sides stated RS 39:1305 "A statement for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received;(that is the part Mrs. Sides is missing); revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and uses by source and use; and the estimated fund balance at the end of the fiscal. Mrs. Sides stated she is missing that column and will have to have Clear Gov to upload that information. She also will have the forecast done this weekend. Mr. Runyon stated as soon as we get these pieces back, we can have another work session. He always looks at the audit for fund balances and what was expected vs what was spent. When the audit is completed, the audit firm must give a briefing to the council and distributed to the public. There is only one more meeting this fiscal year for this presentation. Mr. Zuckerman asked what timeline we are looking at. Mrs. Sides stated if it is not passed by the end of this fiscal year, we can go into next year's budget working off 50% of the prior year for the next 6 months.

Dr. Kreller asked in Mr. Runyon's experience he feels the budget should not be passed without the audit report. Mr. Runyon personally would not pass the budget. The deficit of \$750K, how many years does he think the city would be sustainable. Mr. Runyon stated that is really in the forecast. We have already chewed up the \$2 million surplus with salaries. The fund balance will not grow from here on out, it will only decrease. Mrs. Sides stated half of this is one time fee and if police mills were put at the set level that would add \$1.4 million to the budget. We do have to balance expenses with income revenue. In the police department alone, we added \$800K in salary and benefits, that's the biggest hit. They went above what the salary said and offered the police more. We must decide what is the most fiscally responsible way to offset this.

The mayor stated the administration is all kind of new. New staff and directors. They do not want to set of a deficit spending. He is confident new businesses will shake out. When he was on the council the budget is a work in progress. Since he has been mayor, he had Hurricane Ida about 1

yr. after he took office. They started the salary survey, and it got placed on hold. He thinks it was the right thing to do to run the city efficiently. We had so many people call about everyday stuff and doing the salary survey is the reason why some positions have been filled. Mr. Zuckerman agrees with the salary survey increases but agrees we must be careful in the future.

Mrs. McGuire asked about the status of updating the fees, water bills, etc. Mrs. Sides explained most fees have not changed in the past 10 years. Many services are costing the city money- they are not paying for themselves. New fees are in the works.

Mrs. Janet Smith stated she is looking forward to seeing the 5 yr. forecast and wants to see the re-occurring amounts.

Mr. Mike Powers is a local business owner and supports the police increases.

Mrs. Trilby Lenfant stated you need to look beyond the line items and realize the long-term impacts of future projects.

Mr. Glen Runyon stated for FY23 there is a \$950K deficit and the city needs to find reductions so they can present a balanced budget.

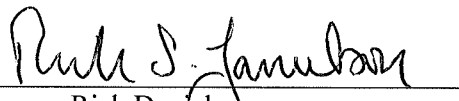
Mr. Danielson reminded everyone of the next budget meeting Wednesday, August 17, 2022.

**ADJOURNMENT:**

Mrs. Bush made a motion to adjourn the meeting, seconded by Mr. Zuckerman. Mr. Danielson adjourned the meeting at 7:45 p.m.

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Kristine Scherer  
Council Clerk



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Rick Danielson  
Council Chairman