

**BUDGET MINUTES
FOR THE CITY COUNCIL MEETING OF AUGUST 9, 2023**

The regular 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, Jill McGuire, Rick Danielson, Skelly Kreller, Rebecca Bush

Also present: Keith LaGrange, PW Director, Joanna Anderson, Human Resource Director, Kathleen Sides, Finance Director, Mayor Madden, Cara Bartholomew, Planning Director

Mr. Zuckerman announced the passing of Councilwoman Carla Bucholz who served on the Council from 2008 – 2016. Services will be this Friday 2pm at St. Timothy's. The Council asked for a moment of silence in her honor,

BUDGET

Ordinance No. 23-27; AN ORDINANCE TO APPROPRIATE FUNDS RELATIVE TO AND FOR ADOPTION OF THE OPERATING BUDGET FOR THE CITY OF MANDEVILLE FOR FISCAL YEAR 2023-2024; AND TO ESTABLISH THE ADMINISTRATION OF EXPENDITURES THEREOF AND TO PROVIDE FOR RELATED MATTERS.

Mr. Zuckerman explained the plan tonight is to go for about 2 hours and we can carryover any further discussion at the next budget meeting on Monday, August 14th. After Council discussion, public comment will be available with the usual 3-minute limit.

Mr. Zuckerman wanted to confirm the budget summary sheets that we are all working on, to make sure we are on all the same page, should be summary listed revised 7/23/2023. He stated at the follow up Civil Service meeting, the board confirmed their recommendation of 5.8% COLA. In addition, the council has received from the administration, budget cuts to offset the 5.8% COLA increase. Mr. Zuckerman stated right now we have only received proposed changes from the administration. We will keep a running list of these changes along with any council changes. We will compile a list and vote upon them when we vote on the ordinance (August 24th).

Mrs. Sides started to review the proposed changes from the administration:

| | FY24 | Adjustment | Decrease |
|------------------------------|-----------|------------|----------|
| DMV | 87,000 | 82,871 | 4,129 |
| LEGAL FEES | 422,650 | 362,000 | 60,650 |
| COMP LAND USE PLAN REVISION | 125,000 | 100,000 | 25,000 |
| COMPUTER SUPPLIES & PROGRAMS | 1,070,374 | 822,382 | 247,992 |
| COMPUTER SUPPLIES & PROGRAMS | 159,032 | 77,731 | 81,301 |
| PRINTING | 9,037 | 7,300 | 1,737 |
| UTILITIES | 230,061 | 192,242 | 37,819 |
| UTILITIES | 79,819 | 70,935 | 8,884 |
| UTILITIES | 28,065 | 25,438 | 2,627 |
| TELEPHONE | 27,522 | 24,960 | 2,562 |
| TELEPHONE | 35,774 | 34,200 | 1,574 |
| JANITORIAL | 21,322 | 18,564 | 2,758 |
| BUILDING MAINTENANCE | 74,274 | 45,000 | 29,274 |

| | | | |
|---------------------------|---------|---------|--------|
| MAINTENANCE CEMETERY | 100,000 | 40,000 | 60,000 |
| TRAILHEAD | 160,207 | 155,000 | 5,207 |
| CANALS & DRAINAGE | 10,000 | 8,000 | 2,000 |
| KEEP MANDEVILLE BEAUTIFUL | 70,488 | 67,000 | 3,488 |
| TRAVEL CONVS. & CONFS. | 48,896 | 38,896 | 10,000 |
| TRAVEL CONVS. & CONFS. | 19,705 | 9,705 | 10,000 |
| SOCIAL SERVICES | 52,000 | 47,000 | 5,000 |
| FUEL | 147,027 | 129,728 | 17,299 |
| FUEL | 24,520 | 21,635 | 2,885 |
| CONTRACTED SERVICES | 185,000 | 90,000 | 95,000 |
| CONTRACTED SERVICES | 10,000 | 5,000 | 5,000 |
| SMALL TOOLS & SUPPLIES | 20,017 | 18,000 | 2,017 |
| GENERAL LIABILITY CLAIMS | 75,000 | 50,000 | 25,000 |

DMV: We get a fee based upon every driver's license. Cut based upon history.

Legal Fees: At the Civil Service meeting there was some discussion about having an in-house attorney. One city attorney with a salary of \$150K with benefits would be \$250K per year. A second would be about \$220K, a clerk would be about \$94K that does not include other expenses. After her research she determined that it is not feasible. The line item for attorney fees is not just the city attorney, but includes an additional attorney, prosecutor, magistrate, paralegal, outside counsel and expected settlements. Mr. Danielson stated this number does not include any legal fees that would come out of the Ravine Aux Coquille study. The mayor stated this is based upon volume. Mr. Danielson would like to see a 4-5 yr. historical trend for this line item.

Comp Land Use Plan: this is a carry forward of \$100K. This is not expected to be done this year. An RFQ will be sent out, and the process will take about 2 ½ years. Mr. Danielson asked how this number was derived. Ms. Bartholomew spoke with the Parish and Covington and established an estimate.

Computer Supplies – Police and Streets: This includes rolling renewals, Spillman, tasers, community cameras, data storage. About \$110K is for communication, \$170K for hardware, \$500K for software support.

Printing: The Farmer's prices has gone up, and we have larger signs.

Cemetery: historically this has been between \$30-40K. Mr. Danielson explained the ordinance that was passed in 2013 where the city would identify a tomb which needs to be repaired. The city would then try and contact the owner and if unsuccessful, the city would repair the tomb and put an informal lien on the plot for reimbursement. Mr. Zuckerman wants to make sure we do not cut this too much. If we need to do repairs, we can do a budget adjustment. Mr. Danielson asked how many do we repair and what is the average cost per year? The mayor stated the average repair is around \$2K, depends upon the size and the damage.

Utilities and Fuel: these are based upon actuals.

Contracted Services: this is a carry forward from 2022 and they added \$85-95K for ELOS land fill and this wound up being a budget adjustment so they brought this number back down. This also includes temporary employees.

Mr. Zuckerman explained this \$750K adjustment in the operating budget is to offset the 5.8% COLA if it was implemented. Mr. Danielson recommended incorporating these changes into the budget document, so it is current since this is proposed by the administration. The original budget includes a 2.7% and now we have this adjustment to offset the 5.8% COLA. Mr. Zuckerman wants to see if this can be done procedurally and if so, he would like to see the changes implemented. Then if the council needs to make amendments, it is cleaner. Mrs. Sides will contact LLA for an answer.

Mr. Danielson had emailed a few questions to Mrs. Sides: What is the current interest rate that our cash in the bank is earning? How has that interest rate changed over the last two years? In the budget, you are showing Interest Income in the General Fund of \$259,649. If we have a balance of \$20,000,000 or so in the bank, a 3.5% interest rate would earn around \$700,000 and I am hoping that 3.5% is low. Mr. Danielson also asked how is our money invested – meaning, from a % standpoint, how much do we hold in LAMP vs. the banks? When was the last time that the city compared different bank rates with LAMP rates, etc. My point is that I am just hoping that we are maximizing the interest income that we are receiving. Are we required to hold a certain % with LAMP, or can the city manage the assets to make sure we are getting the best rates? He feels we are potentially missing a lot of income. Mrs. Sides stated the money is not in all the same place, so they have different rates. She will have more info from the investment advisor tomorrow. She and the mayor will also look at getting some RFPs from various investors.

Mr. Danielson wanted to know if the updated Sales Tax Revenue & Personnel Cost 5 Year Forecast that we talked about on Monday use the proposed 5.8% COLA raise or was that still at 2.70%? If it is just using the original 2.70%, can you please update that slide and comparison showing maybe a few items that will make that gap very clear – for this coming year, a 2.70%, a 5% and a 5.80%? I know that it would just be for this year but for the outgoing years, would an annualized 3% COLA increase be appropriate to use since? Just wondering how that gap changes depending on the decisions that are made now. Mrs. Sides wanted to discuss with the forecaster if she can change the numbers or if the city invests in having them now layout the new 5yr. with the new numbers? Mr. Danielson is not convinced they got all the information they needed from the financial forecast. He would like to see changes because anything the council does has an impact on the next 5-10 years. Mr. Zuckerman explained over the last three years everyone has seen a rise in cost of benefits, salaries and just to do business. We need to establish a fiscally responsible budget and continue to work on this throughout the year. We need to continue the quarterly budget meetings and forecasting even after the budget is approved. Mr. Zuckerman wants to focus more on where we are year end with regards to revenues and expenditures, not so much the dollars we have spent to date.

Mr. Danielson explained based on some of the projections that we have received so far and that expanding gap, he would recommend that the Administration develop a 3 – 5-year strategic plan to balance the recurring revenue with the recurring expenses. This would help with budget planning and possibly take the Administration and the Council out of having to make major cuts on an annual basis and hopefully avoid ever having to make significant cuts.

Mr. Danielson still has issues and questions with the Financial Forecast Report. His biggest concerns are being able to show some sort of sustainability with our spending over the next 5 years and beyond. We talked about the Sales Tax Revenue vs. Personnel Costs over the next 5 years and your chart certainly shows that gap expanding, which is not good, but can we see a chart that shows the Revenue Sources vs. Expenditures for the General Fund over the next 5 years

that would include Personnel Costs (salaries & benefits), those Uncontrollable / Mandatory Expenditures, etc. I just wonder based on planning and forecasting what that gap would look like over the next 5 years because it just seems like we will have to use funds from the fund balance in order to meet our expenditures based on what we are hearing and seeing. Mr. Danielson would like to see information on the Sales Tax District 3 forecast for revenue so we can use that to help us plan for some capital projects. Mr. Danielson explained we have looked at personnel pay and benefits, but from a budgeting standpoint we need to look at the total picture. How does our total compensation package compare to other agencies. It all goes back to sustainability. It's the recurring revenues and expenditures that are concerning to him.

Mr. Zuckerman said we have to focus on establish in the budget for 2024 that is reasonable and responsible. We cannot stop working on it. The long-term issues everyone is facing with finding and retaining employees are important. We need to figure it all out. To recap the FY24 fund summary, projects a balance of \$21,750,879. This does not include the cuts of \$750K but does assume a 5.8% COLA.

Mrs. Bush feels this is a good time to address a long-term plan going forward. Mrs. sides announced the sales tax numbers for July. So far, we are at 101% of budget (\$19,900,00), we are averaging about \$1.8 million per month. Mr. Zuckerman asked if we could get a good feel of the projection with one month to go – is that more money we will get that we were not expecting? This would be an estimated \$11 million to the general fund and the budget was \$9.8. Mr. Zuckerman stated our expected contribution to the general fund would be \$10.3 million total and the budget was \$9.8 so its an excess of \$1.2 million. With our forecasted increase in sales tax revenue in the future are we being too conservative, he wants it to be realistic.

With no further questions at this time about the operating budget. Mr. Zuckerman asked Mr. LeGrange to start the overview of the capital budget. Mr. LeGrange reviewed the new projects for FY24:

General Government: no additional new projects, just added funding.

| | |
|---------------------------------------|-----------|
| City Parks & Playgrounds Improvements | 200,000 |
| Seawall Repair | 2,000,000 |
| Land Acquisition | 500,000 |
| Harbor Gazebo Improvements | 40,000 |

Police: adding funding

| | |
|----------------------------|-----------|
| Police Department Building | 2,267,000 |
| Vehicle Replacement | 225,000 |
| Vehicle Outfitting | 100,000 |

Mr. Danielson asked if the police building money includes the grant money? Mrs. Sides stated the city cost is the \$2.2 million plus the \$400K.

Streets: new project

| | |
|---------------------|--------|
| Surveying Equipment | 20,000 |
| | |

Capital Streets: adding funding.

| | |
|--|-----------|
| Highway 22 Drainage | 4,190,000 |
| East Mandeville By-Pass Road | 500,000 |
| Highway 190 Median Project | 75,000 |
| Asphalt Maintenance | 1,500,000 |
| Striping | 150,000 |
| Roadway & Drainage Maintenance | 1,000,000 |
| Sidewalk Repairs | 150,000 |
| Highway 190/22 Interchange Improvements Construction | 200,000 |

| | |
|--|---------|
| Old Golden Shores Neighborhood Drainage Improvements | 750,000 |
|--|---------|

Capital Streets: new projects.

| | |
|---------------------------------------|---------|
| City Wide Roadway Safety Improvements | 400,000 |
| Jackson Avenue Traffic Calming | 400,000 |
| Fontainebleau Drainage Improvements | 400,000 |
| Beau Rivage Drainage Improvements | 250,000 |
| Sanitary Storm Sewer Lining | 250,000 |

Water Department: new projects

| | |
|--------------------------------|---------|
| Tapping Machine | 2,200 |
| Automated Flushing Valves (25) | 50,000 |
| Chlorinator for Wells | 9,000 |
| New Flow Meter at Wells | 25,000 |
| Digital Meering Pumps (2) | 2,000 |
| F150 Truck | 30,000 |
| Barricades with Lights | 5,000 |
| Valve Cycling Wrench | 12,000 |
| Water Meter Replacement | 100,000 |

Sewer Department: new projects

| | |
|---|---------|
| Lift Stations 37, 13 and 18 Construction | 900,000 |
| Lift Stations A and 27 Construction | 900,000 |
| Excavator with Hydraulic Hammer and Accessories | 80,000 |
| 10,000 lb. Hammer and New Hydraulics for Existing Backhoe | 25,000 |
| F250 Truck | 40,000 |
| Sanitary Sewer Lining | 500,000 |

Dr. Kreller asked how many lift stations have been upgraded so far? Mr. LeGrange believes more than half and we have about 45-50 actual stations.

Mr. Zuckerman stated we have another budget meeting on August 14th, 21st, 23rd and possible adoption on August 24th.


PUBLIC COMMENT:

Mr. Glen Runyon stated there was a new state law which was passed on August 1st. His understanding is anything sent to the Council and Clerk gets added to the minutes without having to read it into the record. It also includes ADA stuff and other regulations for electronic meetings. The administration went through the effort to reduce the budget by \$749K and all of that came out of the operating expenditures which is only 34% of the operating budget. You took at 10% hit on the other operating expenditures and left all of the employee related expenses untouched (66%). This makes the employee expenses 70% of your operating budget, before the decrease it was 66%. These costs are escalating faster than the increase in revenues. The forecast documents clearly show based off of their 2.5% increase of total revenue, expenses are still out pacing revenue growth. The forecast document shows a starting balance of \$25 million, and we are only showing \$20million – where is the discrepancy? They proved that by the end of the year 2026, we will have depleted the general fund balance and have to start tapping into our reserve. Do not wait until 2025 because you will not be able to cut enough. Think about what to do with the 70% expenditures- it has to be reduced. This is the administrations job, not the council. The Council just has to approve what they want to spend.

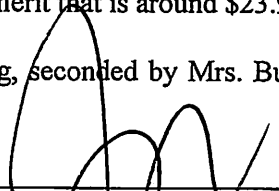
Mr. Mike Powers, business owner, wanted to express his support for the police department. He hopes the city will find the money. You get what you pay for, and we need to maintain the high level of security in the city.

Ofc. Terry Guillory explained the Covington police department just established a 5% COLA along with the Sherriff's office. He explained the starting pay for Slidell is \$25.99/hour. Mandeville starts at \$22.20/hour so if you add the COLA and possible merit that is around \$23.96/hour.

Mrs. McGuire made a motion to adjourn the meeting, seconded by Mrs. Bush. Mr. Zuckerman adjourned the meeting at 7:55 p.m.



Kristine Scherer
Council Clerk



Jason Zuckerman
Council Chairman