

**BUDGET MINUTES  
FOR THE CITY COUNCIL MEETING OF AUGUST 14, 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, Elizabeth Sconzert, City Attorney, Kathleen Sides, Finance Director, Mayor Madden, Cara Bartholomew, Planning Director

**BUDGET**

Ordinance No. 23-26 AN ORDINANCE TO APPROPRIATE FUNDS RELATIVE TO AND FOR ADOPTION OF THE CAPITAL IMPROVEMENT 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.

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 14<sup>th</sup>. After Council discussion, public comment will be available with the usual 3-minute limit.

Mr. Zuckerman asked if there were any questions regarding the operating budget.

Mr. Danielson had some general questions. His issues are where is the money? What's coming in vs. what is coming out? Is this a balanced budget? How do we know that? His concern is we have a financial forecast that presents some concerns, of which Ms. Sides has mentioned she has concerns. So, if we have these concerns, what are we doing as an administration to address this? He does not want to micromanage, but is this budget balanced and if not, what are we doing to get there so we have an understanding of the impact of the decisions we are making today. If this is balanced, and you show it, then if we want to add a project for say \$100K then we need to know where to remove the \$100K to remain balanced. He has specific issues with fund summaries.

Mrs. Bush stated there is some definition of balanced, and she shares his concerns. We need to take account of the future. Dr. Kreller feels looking at the 5 yr. forecast, we are in dire straits. We need correction by the administration this year and in the next 3 years. Mrs. Sides mentioned the spending is dangerous and the 5 yr. forecast shows we are going down the wrong path. He wants to get this straight, but this is not the Council's job, it is the administrations.

Mr. Zuckerman stated the 2023 budget projected sales tax is \$19,623,000. What are we expected to receive because he wants to make sure we are forecasting revenues properly so we can make accurate decisions. We do not want to under project. In 2022, sales tax was \$20 million, 2023, we are projecting \$19.6 million, but what are we really thinking it will be? Mrs. Sides feels sales tax now is \$19.9 million so she projects \$21.7 million due to back-to-school sales. Mr. Zuckerman explained the forecast shows for 2024 a projection of \$20.8 so that is a negative growth. Mrs. Sides explained she took last years and since we had been pretty flat. Mr. Zuckerman explained in

2021-2022 we had a 10-15% growth. If we are not forecasting revenue actually, then are we really in dire straits? We are projecting negative growth in sales tax. Mrs. Sides thinks she can probably adjust the numbers to a 5 ½% increase. Mr. Zuckerman stated in 2021 we had a 15% increase. If we adjust the forecast to what we really think the sales tax picture will look like, the budget may be a little different. Mr. Zuckerman said so if we make that adjustment, we could be \$2 million in surplus? Mrs. Sides was trying to be conservative; she can add \$600-700K. Mrs. Sides stated that is accurate in the general fund sales tax. Mr. Danielson explained the council needs to be comfortable with the budget and when the forecast and the Finance director both say “concerned” – he is concerned. Mr. Danielson would like to see a breakdown. Mrs. Sides agrees with the concern because in the past 2 years they have done substantial salary increases, and they have neglected to increase any revenues they have control over. Mr. Zuckerman stated there is cost to do business and services are going up we are projecting less sales tax revenues – we need to project revenues accurately. Mrs. Sides explained the fund summary in general fund includes: \$2 million for police capital outlay and \$6.5 million Ida revenue (non-recurring). Mrs. Sides explained you cannot add the entire \$2 million adjustment to the general fund column – only about \$600-700K because a portion of this goes to the special sales tax and the streets fund. Mrs. Sides stated if we keep having 6% increase in salaries, we have to cut other things. Going forward if we look at say 2.7% increase in salaries, we think we can manage. Mr. Danielson would like Mrs. Sides to provide a revised fund summary.

Mr. Danielson has a question about the Planning & Zoning budget. They are showing revenues of \$247K and expenses of \$800K – that is a difference of \$600K, do our fees need to be looked at? Ms. Bartholomew explained this includes landscape maintenance projects and they did increase fees in January of this year. Mrs. Sides stated all fees have been changed except garbage, sewer, and water. She said garbage fees have not been changed in 10 years. There are things they can do, but they have not been addressed.

Mr. Danielson asked about interest income. Argent provided a report, but his question is- they are showing a difference of 3% between yield and yield of cost. The Rec District currently has a yield of 5.6%. All of their funds are in cash and the bank is giving them T-bill rates. It is a variable fund, but the funds are liquid. We are leaving interest income on the table, and he would like to compare rates to make sure we are maximizing the rate and he is not convinced we are and therefore we are leaving money on the table. Mrs. Sides stated she is working on a draft RFP for a fiscal agent and an investment advisor. Mr. Danielson wonders if we have to have an outside agent hired/paid to if all the money is in a market fund. Do we need to pay someone else to keep the money in the bank?

Mr. Danielson stated the \$750K that was cut, are there other areas that should be addressed that could offset? The mayor said they looked at things that could be cut. Mr. Danielson stated 70% of all expenses are coming from personnel, so that’s a lot. Mrs. Sides explained she has moved \$20K from the Planning & Development line to the general liability claims. This is new to them because with the increased personnel costs they have never had to examine these costs so closely. Looking at history and moving forward this is her best estimate.

Mr. Zuckerman explained the revised forecast was based upon revenues of \$19.6 million (2023) and now moving forward to 2025-2028, the forecast is projected to still be less than or the same as the sales tax we received in 2023. In 2024 we are showing \$20.1 million that is a decrease of \$700K. In the year 2026, we are projecting not much higher than as did this year. Mrs. Sides stated this was off of the 2.7% increase, we can adjust this moving forward. This was a requirement from the company so she can alter the spreadsheet. Mr. Zuckerman stated we need to

project revenue accurately. We need to not project negative revenue moving forward. Mr. Danielson and Mr. Zuckerman would like to project at least 5% of the sales tax revenue. Mrs. Sides stated the changes so far include prior operating cuts, 5.8% COLA, \$20K out of P&D and moving to general liability. Mr. Zuckerman would like an updated project summary budget along with an updated fund summary budget. Also, these need to be uploaded onto the city website.

Dr. Kreller has a few questions about the salary table. He would like to know what is included in the benefits and additional pay column. Mrs. Sides explained the benefits column includes insurance, retirement, payroll taxes. The additional pay column includes incentive pay (police department), off scale pay, supplemental pay, vehicle allowance, and overtime. Overtime for the police department this includes pay for special events. A city event is considered overtime; a "special event" is additional pay. Dr. Kreller would like a breakdown listed. Mrs. Sides will produce a breakdown of additional pay by department.

Mr. Zuckerman stated there are no more proposed changes other than the 5% addition in the sales tax on the operating budget to date. With no further operating discussion, Mr. Zuckerman proceeded to the capital budget.

Mr. Danielson asked why there is a huge increase in bank charges – what are we paying for? What is the \$2,916,781 in Grants & Elevation Revenue for the Special Sales Tax Fund and where is that money coming from? Mrs. Sides explained income:

\$2,220,000	Water Sector, Golden Glen, 50% Construction – state fund
\$618,051	Water Sector, LS 4 & Fontainbleau, 50% Construction
\$37,230	Lake Pontchartrain Restoration, LS 42 & 43, 50% Design
\$41,500	Lake Pontchartrain Restoration, LS 3 & 39, 50% Design

Mr. Danielson stated the \$2.2 million for Golden Glen is from the state and the remaining \$2 million the city will pay. Mrs. Sides stated this is also the company that is doing the analysis on the fees to make sure our enterprise fund pays for itself. Mr. Danielson asked about the D3 income which then goes into the streets fund. This significantly inflates the money that goes into streets and not all of that money can be used for just streets. The money comes in and yet, it feels that a Starting and Ending Fund Balances would be helpful, to know where we are starting, what we are planning to spend and then what that would leave the ending balance of if we did each of those projects. There was a chart that used to be included in the previous budgets. I would like to see this included again – I think it would be helpful to keep these things separated out because this inflates the funds going into streets. We should show money going in and money going out, so we have a running balance.

Mrs. McGuire asked about adding a piece of property in the land acquisition line item. This piece is on Florida St in between two parcels owned by the city. The mayor does not want to earmark a certain parcel for purchase. He wants to wait and see the results of the resiliency plan. He would like to buy a piece of property for the 1<sup>st</sup> storm water park. He wants to wait, assess and leave the land purchase dollars undedicated. Dr. Kreller also mentioned there are some in-fill properties in District 2 and District 3 along with parcels on West Causeway that should be looked at. The mayor said he will come back to the council with recommendations for purchase.

Mr. Zuckerman wanted to summarize the changes requested to date:  
Update the projected income for sales tax.  
Revise the fund summary budget.  
Fix the percent difference between EOY 23 estimate vs FY24 budget.

Sales tax at 5%  
Revise the capital budget spreadsheet.  
Add the additional pay by department breakdown.

Mr. Danielson wants a clear picture, then if additional changes need to be made, he wants to reserve that option. The council can pass the budget and slow down the spending if they need to, in order to feel comfortable.

Mr. Zuckerman stated we can review this at next Monday's budget meeting and then also on the August 24<sup>th</sup> meeting. Mrs. Sides will be out of the office until next Monday.

Dr. Kreller has a question about spending money on beautification. He knows we have irrigation contracts but would like to get money to purchase an irrigation water truck. Mr. LaGrange estimates \$60K would be for a 1,000-gallon tank, however, we still need an extra body. Ms. Bartholomew explained there is a lot more in the irrigation contracts than just water. If there is an area that needs to be addressed, she will add it to the "continued" maintenance contracts.

**PUBLIC COMMENT:**

Ms. Rhonda Alleman is concerned about the trees which were planted by the city along Lovers Lane. They are dying and need either attention or replacement.

Mr. Glen Runyon stated in the past the fund summaries had end of the year numbers. Taking the four major funds, special sales tax and the D3 numbers are allocating more money than the fund balance before prior yr. appropriations. There are math issues. Fund summary for capital outlays for streets is \$10 million – what is the source? Mrs. Sides explained -FY24 request from capital street department, not the allocations. Mr. Runyon said interfund transfers out and ins don't match. Mr. Zuckerman asked Mr. Runyon to provide questions to the administration and if they want, they will answer. Mr. Runyon stated the financial firm gave a response based upon the information given by the administration and they recommended a 2 1/2 % increase in the forecast and now the council is asking for a 5% - they are the experts.

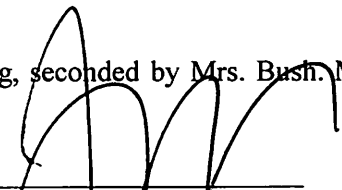
Mr. Scott Discon is asking the city to be more progressive with our natural investments. The oak trees and crepe myrtle trees along the causeways need attention. The city should be able to have a water truck and someone to handle this.

Mrs. Becky Rohrbough discussed her concerns with the joint Council and Civil Service Board meeting. She feels employees have gotten a large increase and have good benefits yet still feels they are getting the short end of the stick. She recommends every employee getting a sheet at their performance review which shows their total compensation. Mrs. Sides stated there is an employee portal on the website for employees to see their package.

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

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

  
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Kristine Scherer  
Council Clerk

  
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Jason Zuckerman  
Council Chairman