

**BUDGET MINUTES
FOR THE CITY COUNCIL MEETING OF AUGUST 21, 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

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, we will not be voting on the budget tonight. After council discussion he will open the floor to public comment, only 3 minutes, so please have your questions/comments prepared.

With a motion by Mrs. McGuire and seconded by Mrs. Bush, Mr. Zuckerman asked if there were any questions regarding the capital budget.

Mr. Danielson had sent the council an email late this afternoon and he has not had a chance to review. He asked if Mrs. Sides could touch on the fund summary to see if it answers some of his questions. Mrs. Sides explained she cannot match those numbers to anything so she cannot comment on his email. She wanted to start with the capital budget and the fund summary and explain where her numbers came from. The first column of the FY24 budget request column: general gvt., police, street dept (2,740,000 + 2,592,00 + 20,000) tie into the capital outlay expenditures general fund number on the fund summary report \$5,352,000. FY24 Capital streets budget request total of \$10,215,000 ties to the capital outlay street construction sales tax fund report. And finally, FY24 water and sewer budget request total of \$4,453,930 ties to the capital outlay expenditures in the enterprise fund. The total request for capital outlay is \$20,020,930 and that is the same as the total capital outlay expenditures on the fund summary report. One of the issues was in the past we never had a separate column for enterprise fund and here she has divided this out for clarity. The last five columns on the capital budget report is listing the funding sources. The sales tax transfers in, matches the interfund transfers out. Mrs. Sides feels the bulk of the questions were about the special sales tax because she had not separated them out. The main thing she realized was special sales tax did not have enough money. She wants to spend restricted money as much as we can, and leave the other fund balances to do whatever they choose. Mr. Danielson will review and compare the reports. If special sales tax is balanced, instead of a negative, he is fine. Mrs. Sides also said she increased the sales tax revenue and made a few adjustments. The goal is to use restricted fund money towards as many general fund and enterprise projects.

Mr. Zuckerman explained on the income side we have adjusted the sales revenue to reflect an actual projection of 2023 plus an increase (5%). So, that results in a total revenue in the sales tax fund of \$22,807 as opposed to \$20,805 – about a \$2 million difference on the income side.

Expense side – other operating expenditures is down in the general fund to \$6303

Total expected revenues vs total projected expenses. Mrs. Sides explained for general fund:

Total expected rev is \$16.388

Minus \$6.5 (Ida)

Minus \$2 (police)

Subtotal: \$7.855

Add in sales tax and transfers in that are not capital related – and excluding one time revenues

Total \$21,230

Expend. subtotal is \$ 20,813

Puts us net fund increase of \$416,985

Mr. Zuckerman stated looking at the projected fund balances, the 2024 projected end of year fund balance compared to the audited fiscal year it is growing because we are recouping Ida expenses. An increase of around \$3.8 million. Mrs. Sides stated you cannot take one snapshot because this budget projects we will get all of our money from FEMA. We have spent over \$1.3 million this year on Ida.

Mr. Danielson asked about sales tax revenue of 5% vs others. Why did the group that did our forecast use the 2 ½% ? He is concerned that we should use the 2 ½ because that is what was recommended from the firm we paid the money to. Others are using the 2 ½%. Mrs. Sides feels that this is our reality. Over the past few years we were 10-15%. Last year we did 5% to be conservative. Mr. Danielson asked then why did they tell us to use 2 ½%? Mrs. Sides stated they are taking the national average. Mr. Danielson asked if it would be better to be more conservative. Mrs. Sides is comfortable with the 5%; this year we will be about 10% over what we budgeted. Mr. Danielson is concerned that it is not sustainable. Mr. Zuckerman explained if you forecast out actuals over 5 years, we end up with about \$2.4 million with a 2 ½% increase. After 5 years, using the 5%, we are projecting overconservatively, that picture is \$5.5 million different. At 7 ½% it is around \$ 9 million if the trend was to be the same. We cannot take one number and say it is gospel – this report was to be used as a tool. Dr. Kreller is concerned we paid an outside firm and they came up with 2 ½%. Mrs. Sides said this is our trend. The company did not start with our history, they started with last year's actuals. Dr. Kreller would rather be conservative. Mrs. Sides stated 5% is our conservative. Mrs. Bush stated going back in history were we ever at that 2.5%. Mrs. Sides stated no, we were at 10-15%. Mr. Zuckerman explained this is tied to inflation so if we accept 8.7% based off of inflation, why not project this evenly on the revenue side if it is based on the same thing. Dr. Kreller asked if we don't listen to the study, why did we do this. Mrs. Sides stated it brings a lot to the table and we did not go with their 2.5% on salaries- we modified it with what works for us. This is not our trend. Mr. Zuckerman stated we can question the report and make any adjustments – it's a great tool. Mrs. Bush asked if we know what municipalities were used? Mrs. Sides does not know, they have a data base from here and out of state. The mayor stated they had at least 30-40 cities from this state on their resume along with Texas, Oklahoma, Florida. Mrs. Bush explained it is a valuable tool, but the question is as a group if we feel that is the bible or not. Mr. Zuckerman stated if you take the \$19 million, the projected revenue is \$22,251 at 2 ½ % for 2024- he thinks it overly conservative. Mr. Danielson is not concerned with this year, it is the upcoming years. Where do expenses fall based

upon the current projections. Mr. Zuckerman did not have an issue with the expenses forecasted out. Mrs. Sides stated every year we have to look at actuals, COLA, we have to make adjustments every year.

Mr. Zuckerman asked if there were any more question for capital? With no further capital questions, Mr. Zuckerman proceeded to the operating budget.

With a motion by Mrs. McGuire and seconded by Mrs. Bush, Mr. Zuckerman asked if there were any questions regarding the operating budget. With no comments, Mr. Zuckerman asked for public comment.

PUBLIC COMMENT:


Ms. Rhonda Alleman does not understand with all the tax revenue increase talks, why are we cutting the budget to balance it, if we have all this tax money? Mrs. Sides explained we did numerous increase this year: salary survey increases, 5.9% COLA last year and now 5.8% COLA this year. Our expenses are outpacing our revenues.

Mrs. Becky Rohrbough is concerned with the figures for the Police building. It is showing this year a \$2.267 million and carryover of \$398 for a total or around \$2.6 million, however, in the estimation listed on the resolution to accept state funds, it lists the project at \$6 million. That figure is no where in the budget? Mr. LaGrange explained it is a \$6 million project and they will keep asking for more state money every year. Once they have the dollars, they will then have a cost and go to CMAR.

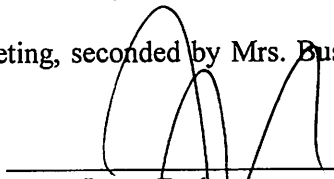
Mr. Discon asked where we are right now with regards to funds. Mrs. Sides stated we are looking at a \$400,00 surplus.

Mr. Zuckerman stated we have the budget on this Thursday's Council agenda. We can have more questions, amendments and possible adoption if we are ready.

Mrs. McGuire made a motion to adjourn the meeting, seconded by Mrs. Bush. Mr. Zuckerman adjourned the meeting at 7:00 p.m.



Kristine Scherer
Council Clerk



Jason Zuckerman
Council Chairman