**BUDGET MINUTES**

**FOR THE CITY COUNCIL MEETING OF APRIL 12, 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, Cara Bartholomew, Planning Director, Kathleen Sides, Finance Director, Mayor Madden,

**QUARTERLY BUDGET REVIEW**:

Mr. Danielson explained this is the review of the first 6 months of the fiscal year. This will give us an idea of where we stand and should help us prepare for the next budget cycle. There will be no votes at tonight’s meeting.

The mayor feels this will help with the preparation of the upcoming budget.

Mr. LaGrange went over items that have not been spent to date. Public Works – Streets sweeper waiting on lead time. Pressure washer, bobcat, will come with state contract (30% lower) but should be bid if not available in the next 30 days. Water- did not purchase trucks, similar issue on state contract but probably another issue of PO this year and pay for it next year. Equipment is trending 30% less on state contract, but it is when it will go on state contract. Sewer- air boat received. WWTP – fence, go out to bid because contract is too large ($100-125K range) Skid mounted jetter – drastically increased $60K now so we can either do budget adjustment or move to next fiscal year.

Mr. LeBreton went over General Gvt: Harbor Field we will bid end of the month and start before the end of the fiscal year. Parks & Playgrounds- have quotes for Golden Glen pickle ball courts. Neighborwoods deck was bid out and will go under construction soon. Ravine au Coquille- working to get contract together. Rec Master Plan is just starting. Safety study kick off was last week and will be back to the team in another month. Dr. Kreller would like Barbara St to be included. The mayor sent letters of interest for property purchases regarding the rec master plan. Hwy 22 drainage – Kyle & Associates have begun design and working with DOTD soon. Four Corners – request for information from contractor to design engineer. They hope to mobilize by May 1st. Hwy 190 – Neal Schaffer is halfway through and will bring alternatives int eh next few months. Maintenance Contracts are in good shape and will work through task orders. Striping contract will continue and has been well received throughout the city. Any extra monies will be used towards the area by Saki Garden even though it is DOTD. Roadway Drainage/Sidewalk Repairs – same contractor and going as usual. Mobile use study – in for a match and will have final version in a few weeks. Sidewalk – South side Approach – survey and engineering costs and in the works with causeway commission. Old Golden Shores – starting to see improvements and is ongoing. Montgomery St – engineering side done and NRCS is working with city for the drainage project. Water: system repairs – ok. Golden Glen – waiting on water sector program funding and city is working on CEA agreements and working on rate study. NRCS project -out to bid and will be on next agenda for contract approval. Mr. Danielson asked if there was anything on the capital budget, they thought would not happen this year or have concerns? Mr. LaGrange stated in his part will revolve around arrival times for equipment/vehicles. The project they will do another comb through with Kathleen and determine if something needs to move to next fiscal year. The mayor stated we are halfway through the fiscal year. The end of February numbers doesn’t come in until March. A lot of big-ticket things hit at this time so if there are any budget adjustments needed, they will take the project out or adjust as needed. Mrs. Sides stated there will be a lot of items that will need to be adjusted and addressed. Last Friday they were still paying invoices for the second quarter, so this is the last minute getting this together. They are still processing things. In capital streets, Hwy 190 design where it shows an overage, some invoices should have been moved to construction. The Monroe st intersection we need to reduce to $50K. She also stated total revenue vs total expenditures, there are so many capital projects that the entire project is in the budget in order to bid, but the money will not be spent in this fiscal year.

Police vehicles: David Greenwood said there are 7 coming this year from state contract. Prices

Have gone up $7K, they will be ordered but the delay will be until next year. There will be 5 new vehicles and 2 Ida replacements.

Mrs. Sides discussed operating funds. Revenues things are good. FEMA revenue has $5 million budget for this year after audit $6.12 million was obligated in last fiscal year so the auditor put this in FY22 so that number will be $2 million more so that will be a reduction. SRO income is high because OLL contracted for one after budget. We do 80/20 of salary and benefits just like the public schools. Grants- we have more elevation than we expected. Miscellaneous income we are at 24% but dividend will be $125K so that puts the number at 70 or so. Overall, we are at 50% of general fund revenue. Sales tax is at 56%. Income after the last 2 years there was nothing put in for interest income and we are at over $400K for interest income so that will be an adjustment. Mr. Danielson asked what is the percent to be maintained from our banks and LAMP? Have we made sure we are getting the best rate out there? Mrs. Sides does not know but will follow up.

Expenditures in the general fund – overall 49%. General gvt operating expenditures we are at $3.5 million we have over $1 million in emergency expenses. Pg 3- 1010049900 emergency expense this is $1.1 million, there was a CES invoice of $425K that was not Ida related that has since been reversed. There is another $428K that they did not intend on doing and working with FEMA to get it reimbursed. If FEMA does not reimburse that will go to capital roadway maintenance. With those things out operating expense is 55% instead of 81%. There is a correction and then there is a wait and see. We did not budget any FEMA expenditures so $235K we have spent on fence repair this year.

Other general government: expenditures that are high: audit and accounting fees 1010041000. With FY 21 audit being late we did not get the bill until FY 22, so we have 2 audits in this budget. Engineering fees 1010041500 is 75% - we have bills that were to go to natural waterways that were posted to general and now has been posted to capital. We also had an increase based on not knowing engineering time for the resiliency plan. Bank charges are high. The fees charged are netted to interest income and the auditor said it needs to be separate. General liability 1010050000 we have had more claims (6). Insurance – our property insurance bill is 90% higher than normal. Vehicle and Equipment Maintenance have gone beyond what we predicted. Capital Outlay is a lot budgeted so we can bid, and general fund is at 25%. Overtime is at 67%. Police hits high in the beginning due to Mardi gras and the holidays.

The overview report is at 50% of operating. Enterprise fund is showing 34%. Impact and tap fees relate to volume of construction therefore expenses for enterprise are low. On the revenue side, there will have to be adjustments for interest.

Non major funds, the biggest hit is revenues at 250% and operating expenditures are ad valorum taxes and are a one-time fee. The sales tax fund is 55%, revenue has to do an interest adjustment and expenditures are on track. Special Sales tax need to look at interest and District 3 and street construction fund have changed there is a $1.5 million transfer today, so they are better. There will be a proposed budget adjustment on the next agenda to address these changes. Those are all of her highlights.

Mr. Danielson asked, D3 the grant money is from the state for Hwy 22? Is the revenue supposed to be around $2.9? Mrs. Sides replied yes, it is $2.5-3.

Dr. Kreller asked with the enterprise fund we seem to not break even. Mrs. Sides explained with the water sector grant the state has assigned us an auditor and the city will be required to set the appropriate rates to receive the $2.3 million. Our rates have not been increased in at least 7 years. The mayor has met with several municipalities and there have been different procedures to make it a gradual adjustment. They will have to make an adjustment and hope there will not be a large impact at once. Mr. LaGrange stated we are at the mercy of the state in order to get this grant money. By nature, the enterprise fund is supposed to pay for itself.

Mr. Runyon said the summary looks balanced, but operating if you exclude one time capital, before taking out the $800K we were $1.5 million over, so we are now $700K over. Breakdown is insurance expenses ($287K over), workman’s comp, garbage fees, that a large adjustment. We are underbudget in police fund. Mrs. Sides explained we don’t have to if the fund does not exceed 5% of the total. We could go line item but that is not what is required. Mr. Danielson said we have to see where we are at the end of the third quarter to determine if we need to make cuts. Mrs. Sides stated everything here is not equal monthly, they are variables. Mr. Runyon stated expenses and revenues look like they are 50/50 but that is because of the capital budget. If you remove that, we are short. Mrs. Sides stated capital is part of operating. Mr. Runyon said any deficits are coming out of the general fund balance. Mr. Danielson asked if we had a summary minus capital, would that give us a better projection? Mrs. Sides explained we are within where we need to be right now. Mr. Runyon has a different opinion. If you take out capital as he suggested expenditures are still less. Mrs. Sides explained there are big ticket items and line items that are under budget. Mr. Danielson asked if we just look at operating income and operating expenses. Mrs. Sides said $13.2 and $10.6 if you exclude capital, its not expenditures greater than revenues. Dr. Kreller explained if we see a trend, we will then need to address it. The mayor asked what the definition of a trend is. Dr. Kreller explained over the past two years. The mayor stated the definition of a trend is 5 years. Mrs. Sides stated some things like insurance will be more annually. Overtime, we have hit the bulk of police overtime, other things will just be divided by twelve. Ms. Avery said if you take out capital outlay (1.1 million) we are at 52%. There is the potential for $2 million coming from FEMA. Mrs. Sides clarified, the budget here is $5 million so that is not an additional, it will actually be a minus because it was obligated last year. Mr. Danielson said some of these numbers could actually get better. Ms. Janet Smith stated there were inconsistencies with commercial pricing and she would like to see if the city can research the past. Mrs. Sides said everyone has the same per gallon rate, commercial and residential have different base rates. The mayor said some municipalities have looked at those with higher uses, which would be commercial, he is researching.

Mr. Danielson stated there will be additional funding discussions at the next council meetings. Mrs. Sides will compile things together for an introduction at the next meeting. The mayor said $2.2 and another $700 for sewer will be a gain. They have decided on a firm to do the forecast, and they will have a 4-6 turnaround (late May) which will help plug in numbers for the budget.

Mr. Danielson stated the next budget review meeting is July 17th and tomorrow is the regular council meeting.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Kristine Scherer Rick Danielson

Council Clerk Council Chairman