

**MANDEVILLE FINANCIAL OVERSIGHT COMMITTEE
SUBCOMMITTEE OF THE MANDEVILLE CITY COUNCIL
MINUTES FOR THE MEETING OF MARCH 19, 2014**

The meeting of the Financial Oversight Committee was called to order by Councilman Rick Danielson at 6:00 p.m.

PRESENT: Rick Danielson, David Ellis, Leonard Rohrbough, Marilyn Osborne, Vince Talazac, Jerry Coogan,

ABSENT: Glen Runyon

ALSO: Clay Madden, David deGeneres

1. Adoption of the February 19, 2014 Minutes

Mr. Talazac stated that the February minutes should reflect the results of the long term forecast of the special sales tax fund balance provided by Glen Runyon. Mr. Danielson stated that the forecasts would be attached as exhibits for the record. Mr. Coogan stated that the Administration was not in agreement with Mr. Runyon's forecast. He added that the assumptions in Mr. Runyon's forecast concludes that the Administration and Council would not respond to a decline in revenue by decreasing spending accordingly, but would continue spending at the same rate. Mr. Talazac stated that analysis was provided and whether we agree with it or not, the results should be reflected in the minutes. Mr. Ellis concurred.

A motion was made by Mr. Danielson and seconded by Mr. Talazac to suspend the adoption of the February 19, 2013 meeting minutes. The motion passed 5-0.

2. Rededication of Special Sales Tax

Mr. Danielson stated the City Council charged the Financial Oversight Committee with providing a recommendation to the Council on the proposal of rededicating the special 1% sales tax. The committee completed that task last month and provided a recommendation to the Council. The Council then discussed and voted on the recommendation at their meeting of March 13, 2014. There were amendments made to the recommendation. The amended resolution was adopted by the Council with a 4-1 vote. Since there is no further charge, no vote will be taken tonight. This meeting serves to provide this committee with an update. At the next regular Council meeting, the proposition language and the call for the special election will be up for adoption. The final recommendation, after the amendments, resulted in the following: (1) 50% shall be rededicated to use in the General Fund, (2) 50% shall be rededicated for the continued restricted purpose, (3) restricted purposes shall include salaries, (4) restricted purposes shall include flood protection, (5) restricted purposes shall include equipment, repairs and maintenance, (6) the rededication shall continue in perpetuity. Mr. Danielson explained that the Council amended the resolution to include salaries, within the restricted purposes, based upon a recommendation from Mr. Oliveri, Mr. Deano and Mr. deGeneres. As a result of the debate during the meeting, the Administration made the point that the elimination of salaries would make bidding public works projects extremely difficult. For example, would the City pay for cement or pay for the cement and someone to pour the cement. Mr. Danielson read a draft of the Council minutes from March 13, 2014, for the committee, to reiterate the amendments discussed as part of the adoption of Resolution No. 14-09. Mr. Talazac stated that he was under the impression that salaries were specifically salaries of City workers. Mr. Danielson stated that it depends on the type of project. Mr. deGeneres stated that sewer and water employees get paid out of the general fund which is then reimbursed by the enterprise fund. Mr. Talazac stated that this was a longer term issue; we need to put salaries where salaries belong and not in special buckets. Mr. Coogan stated that some projects are bid out and require contract labor and some are completed in-house. Mr. Danielson stated that the argument was that those City employees should get paid from the revenue source that is dedicated to those projects. And work orders can track employee labor for those projects. Mrs. Osborne asked if the KMB Communications position (salary) proposed for the Public Works Department could be paid from the restricted sales tax dollars. Mr. Danielson stated no, it would only be for capital projects (sewer, drainage, streets) that fall under that restricted fund. Mr. Talazac stated that he thought the timing of the sales tax rededication should correspond with the proposed millage reimbursement to citizens (June 2015). He stated that voter apathy was another concern. The Mayoral race only brought out 25% of the voters; plus a majority of the people are uninformed and unengaged. Mr. Danielson stated that the best chance for high voter turnout (40-50%) will be this November and we are on track for adding this call to that election. He concluded with the final amendment and stated that the City's Bond Attorney recommended that the tax be rededicated in perpetuity. We have the bonding authority to do it when it is in perpetuity. Also, since the ½ cent sales tax will expire in seven or eight years, there will be another opportunity to renew or not.

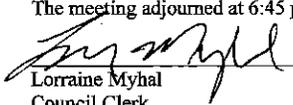
3. Mr. Talazac asked about the status of the City's annual audit and if the MFOC will be able to review a draft. Mr. Danielson stated that at any point we can obtain updates from the auditors. He reported that the final audit was submitted to the State Legislative Auditor's office timely. As soon as the Legislative Auditor approves the audit it is posted on their website and presented to the Council. Mr. Talazac stated that the last discussion was on whether we (MFOC) could review a draft. Mr. Danielson stated that at this point it is done. The Council cannot change any of the numbers, it is what the auditors have reviewed and found. Mr. Madden reported that he emailed the Finance Director and confirmed that the audit had been finalized and submitted to the Legislative Auditor. Last year it went through a Legislative Audit Committee, which caused some delay. Mr. Danielson stated that this year it is going through the normal process and should not be delayed.

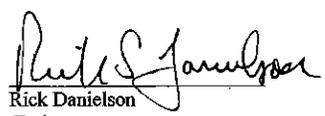
4. Next Meeting: April 17, 2014, 6:00 pm

Mr. Danielson stated that if there were no regular business items to discuss (audit or budget), this meeting might be cancelled.

ADJOURNMENT:

The meeting adjourned at 6:45 p.m.


Lorraine Myhal
Council Clerk


Rick Danielson
Chairman