

**THE FOLLOWING MINUTES WERE ADOPTED AT THE JULY 23, 2015 MEETING OF
THE MANDEVILLE CITY COUNCIL. MANDEVILLE CITY COUNCIL
MINUTES FOR THE MEETING OF JULY 7, 2015
BUDGET WORK SESSION**

The budget work session was called to order by Council Chairman Madden at 6:00 p.m.

PRESENT: Rick Danielson, Clay Madden, David Ellis, Carla Buchholz, Ernest Burguieres

ABSENT:

ALSO PRESENT: Mayor Villere, Assistant Police Chief Ron Ruple; Frank Oliveri, Finance Director; Gretchen McKinney, Director of Personnel; Louissette Scott, Director of Planning and Zoning

OPERATING BUDGET:

The Mayor presented the option to look at revenues and employee salaries. The City lost several employees, mainly in the Public Works Department, due to higher salaries elsewhere. The City will do without 5 of the 13 available positions, and those savings will go towards increased salaries. Employees are continuing to exceed beyond public and their supervisor's expectations at a higher level. The City wants to attract good employees and retain them. The Civil Service Board has requested an increase in pay of 15% with costs plus 2.5%. The administration requested 48 cents per hour plus a 2.5% increase on sale to get the minimum salary starting rate to \$10 per hour. Mr. Oliveri will review revenue numbers and distribute a five year projection which will also include expense projections.

Mr. Oliveri predicts the five year projections of the sales tax will increase. The major change from 2014-2015 was the ad valorem tax which took \$830,000 from the unrestrictive revenue to restrictive. This money was divided between the general funds and restricted funds. In 2018-2019, we will go back and look at the ad valorem tax to reassess and make any necessary changes to protect our max of 7.34. The operating expenses were divided into payroll, retirement, and fica. They were the largest in that group, consisting of 55-60% of the operating budget in payroll and benefits.

The budget forecast showed spike positive cash flow. The years 2016-2017 will represent the potential City Hall expansion cost. In 2018-2019, the ad valorem tax was re-entered into the budget. The remaining years will stand for the current pay plan for the next few years. Mr. Oliveri provided summary sheets of the comparison of the two budgets. These sheets showed a surplus of \$2M of capital outlay planned, but it would end up with \$226,000 in excess funding based on the current plan. If you look at the Civil Service plan, the funding and revenue remain the same, but negative \$500,000 were taken from the general fund.

Mr. Madden asked for questions on revenue. Mr. Madden said it was often asked how much was from each tax. Mr. Oliveri stated, showing the similarity on page 94 — under the proposed budget, 15,228,580 is the sales tax collected. There is a breakdown between four different sales taxes on page 108 and also behind the Mayor's message on page 7. There is a \$15M negative

figure, \$8M to the general fund, \$2.6M to special, \$1.6M to district 3, and \$2.6 to street. Mr. Oliveri said you have to take out \$171,000 for expenses to be collected.

Mrs. Buchholz asked about the transfer of funds from district 3. How many years did it consist of, based on what was currently in the capital budget in this fiscal year? Mr. Oliveri stated there is a lending policy between funds to be authorized by the Council to loan to other funds and pay it back over time. Mr. Madden said this was discussed in the budget message, and on page 19, it describes the loan policy, which is a new thing. Mr. Oliveri said this is only for the streets and drainage. District 3 is not able to fund all projects in the budget seeing as they are the most restricted fund. We always use the most restricted fund first, do all projects, and then pay it back to the street fund. Mr. Madden asked for this process. Mr. Oliveri said as projects slowdown in district 3, it creates an excess of funding and we can then push back to anticipated future construction projects. Mr. Madden asked what is the highest number of years to be amortized. Mr. Oliveri said that is up to the Council based on funding capabilities in district 3. Mr. Burguières asked if there was a legal opinion on how this is supposed to work. Mr. Oliveri, the City Attorney, and CPA's have all looked into this issue. Mr. Burguières asked if there was an opinion, but Mr. Oliveri did not have it in writing. The biggest restriction was Council approval. Mr. Burguières wanted to see the attorney notes and Mr. Oliveri would request it in writing. He wants to see the rules as stated in the budget because this is something new. Mr. Oliveri said if the loan is less than a year, there would not be a loan policy or Council approval. Most of the transfers are within the year. Mr. Madden was in agreement with the opinion in writing. Mr. Oliveri said Mr. Danielson brought it up about a temporary deficit and repayment because of the ad valorem taxes. Mr. Ellis asked what was the cause for the change of process. Mr. Oliveri said the amount of projects scheduled in district 3 and in order to move forward, we needed a funding mechanism available for bidding. We cannot bid without a funding source. Mr. Ellis further asked if we have more projects projected, and Mr. Oliveri answered yes.

GENERAL OPERATING BUDGET:

Mr. Madden moved onto the general operating budget. Mr. Burguières would like to discuss salaries and pay raises. Mr. Burguières had a conversation with the Mayor and discussed the 2013 salary study done by Waters Consulting Group. In most instances, compared to other parishes, we paid benefits 60% higher. While this is in the larger, not the private sector, this did not always attract or maintain our City employees. It did identify a dozen of low paying positions. Mr. Burguières does not recall the City doing anything to address targeting those employees and having them brought up to a higher scale. He recommends sending this back to Civil Service and have them look at the target areas. The City looks at the money side of pay and not the market of appropriate pay for a certain position in the City. The proposed pay raise did not address the problem of acquiring and retaining in Public Works. Mr. Burguières recommends sending this to Civil Service and in 2-4 weeks look at the Waters Study from 2013 as a guideline to identify those positions and make an adjustment. Mr. Ellis said they could give a ballpark figure, and he seconded the motion. His concern is not the 48 cents, but to insure an appropriate pay scale. We may need more than 48 cents for some and zero for others. Mayor Villere said some areas do need to be looked at more than others. This is not just a Civil Service review; it's an individual salary scale - job description to other ares. The job and salary evaluation necessary

would take longer than two weeks and longer than two months. The Mayor said we could target that throughout the years. We have many classifications throughout the City and all need a raise.

Mr. Burguières stated the Waters Study has identified 13 positions all below pay. Mayor said in hiring those people, he will return to the Council with increase in wages. Over the last few years, the Mayor has increased the scale for bottom level and all employees, but he has also narrowed the differences between promotable employees. Mr. Burguières would want asst. superintendent put in the 23% increase before hiring as stated in the report. Mayor Villere said this report was two years ago, and this is the first question and now coming up at the meeting. Take a look at all the employees and deal with the 13 positions separately and at an appropriate time. Mr. Burguières stated that in 2013, the Mayor should have asked for the increase at that time. Mayor Villere said we needed time to evaluate and we have increased everyone. David DeGeneres is looking at the pay currently for the asst. superintendent. The 13 classifications would not be done in the next two months; they will be done in the next 12 months. Mr. Ellis asked Mr. McGuire's opinion. Mr. Madden wanted to first ask about the wages listed on page 55 in the budget, were they the current wages or the adjusted? Mr. Oliveri stated the wages are the wages recommended by the Mayor; the 48 cent increase. There is also a summary sheet for the Civil Service recommendation.

Mr. McGuire, chairman of both the Police and Civil Service Board, said he is speaking on behalf of both boards and their unanimous vote. Mandeville has the highest income in the area. They are aware these increases will be costly, but they are necessary to attract and maintain quality employees. Yes, there are other areas that pay more in salary, but not as much in health benefits. What really counts are the salaries and the employees. We have employees that are below the poverty level and those that are eligible for food stamps. His goal is to have the best police and non-police employees in the state. The paper said we are cash rich and we are giving monies back to the citizens, others say we have low crime rates and cash is piling up. His opinion is that we have a cash cow and this is a good time to give it to the employees, our greatest asset.

Mr. Ellis thanked Mr. McGuire for his insight. He respected his expertise, but said he did not think the Mayor and his job should go from \$109K to \$122K. What we are talking about is if we have 13 positions underfunded, they need to be funded to a level to be competitive. Secondly, those at the bottom need to be bumped up to be competitive. He is not saying no one deserves a raise. The Mandeville Police Department has disrespected him.

Michael Ocman, Vice President of the Fraternal Order of Police, said if someone did something to Mr. Ellis, he wants to know and they would handle it. Mr. Madden requested to handle the issue after the meeting. Mr. Ocman said we are looking at a 15% increase, but it's really not a pay increase. Over the last five years, adjustments for a raise were reduced to 2.5% instead of a potential 5%, and we received a higher rate when we changed insurance plans. When you put together the numbers, it amounts to about 20% lost wages over the last five years. He left Jefferson Parish because of the benefit plan, and now with the reduction in wages, he has actually lost money. If there are questions about police work and police budget he could answer that. He also feels Public Works deserves raises. Looking at starting salaries, we are at the bottom. Mr. Burguières stated most of his comments are about non-police, Council did not get much information. The Council would stand behind being best paid in the parish, but felt some

people were overpaid. Mr. Ocman said upper management may be paid too much and he welcomed information on net loss which was compelling to him. Every spare minute of his time is doing research and 15% may not even be fair. Going back to Civil Service may be higher and then get turned down. Mr. Burguières asked for a list of questions and he would try to provide him with the research. We need real numbers so people who need it get it. We had officers asking about going to other agencies and that would be embarrassing. This is about taking care of the whole city. Mr. Burguières said the Waters Study did not include directors so he thought it was incomplete and the employees did not see the study.

Mr. Madden said everyone here works or is associated with the City. He is going to implement the three minute rule, and if they need more it will need to be approved.

Mayor Villere wanted to clarify the interpretation of his salary. Eighteen months ago with the MERS system, you could not pay the employee portion of the benefit, so we had to convert it to a pick up contribution. It did not show up on the police side. Take 9.5% out of that figure and that is the real salary. Increases for scale adjustment did not include directors or himself, and he does not plan to do that this year; they would only get 2.5%. The scale adjustment does not go to the directors or the Mayor. The figures in the budget are cumulative numbers. If they are in the MERS system, they are inflated by 9.5%. The City went to representative Tim Burns to show everything and have consistent accounting. It was approved in the legislature, but no documentation has been received yet. It could have an effect before the end of this budget year. Mr. Madden said they must justify the Mayor salary to the constituents. Mr. Danielson said base wage plus supplement (this year 119, 122 next year) was 2.5%. The Mayor said it is not a time to look at individual positions, we need to look at all and can address individuals later in the year.

Mrs. McKinney said after the Water Study in the next fiscal year, the Council approved 24 cents per hour increase across the board. The insurance change was turned down by the budget, so the change in total compensation was not planned at all. They have done strategic changes and adjusted several positions. The Mayor tried to increase her position and she told him she could only do 1/2 because she is 1/2 Civil Service and 1/2 police, so he did increase by 1/2 that amount. She is now 100% Civil Service. Mrs. McKinney said she has had to adjust her years of service; we are down 106 employees out of 120. Recruitment is hard, she tells someone they will make \$9.50 in sewer and give them the total compensation package and they are still not interested. Police have asked for information and was provided to Civil Service Board. They want to be in the top 3 for similar size of industry, we are off in that scale, a 15% increase would barely bring them in line. To continue to recruit, police need to be in line with other agencies. She believes they have moved 6 out of the 13 positions addressed in the Waters Study. Typically she asks every 3-5 years for a scale adjustment and this would be the third year. Mr. Burguières said he would have liked to receive the information that Mr. McGuire spoke about prior to this meeting. Mr. Madden said the Council should be provided the information as quickly as possible. Mrs. McKinney asked the Council to let her know what was wanted.

Mr. Madden asked on page 55 were there any new positions. Mr. Oliveri changed mechanic/electrician by the City Council, it was a title change not a new position; there is nothing new. On page 56, it shows 128 employees, at budget we are at 111, and right now 106. Mr. Madden discussed last year that it was a big gap. Last year we budgeted 132 and it was 116

last year, and will be down to 104 by adoption. That is 24 employees. The Mayor said we budgeted what we feel would be the proper head count. Mr. Danielson understood manned for but what we are budgeting is nowhere close to the manning. Would it not be appropriate to budget for 120 for what was reasonable versus not getting there? Mr. Oliveri said take into account interns, we had 122 with 6 students. Mr. Madden said if we go back a year or two and filled within the year, we shouldn't be a sliding scale. Mr. Oliveri said it went down 6 positions. Mrs. McKinney asked how to determine what positions not to fund. Mr. Madden said if historically it is not filled in that budget year, is it worth to continue to budget for them. Mr. Burguieres said we should not consider temp employees or student interns intros part of the budget. Second contract employees should be broken out. Contract workers are not in this number. The City is restructuring Public Works to fill positions. He has workers on call every weekend and needs relief for those people. Mr. Burguieres just wants to know what the numbers really were. Mr. Oliveri said the big hole was Public Works, and Mr. DeGeneres should be asked these questions as how many people he needs in his department. Mrs. McKinney stated positions are not cut out of Civil Service, but people are hiring and quitting. Mr. Burguieres suggested a summary statement of departments of empty positions might be helpful. It seemed like a moving target. Mr. Madden said justifying to constituents a raise of 15% on empty numbers is difficult. Mr. Danielson asked if 48 cents was for all 128 positions, he answered all employees not directors. His point position dollar figured based on all positions. Actual would be different than budget, generated off needs to operate efficiently. When Mr. Oliveri came it was close to 120, lately there has been more of a downward trend. How to fill the positions with attractive pay or look for other sources. Mrs. McKinney said 128 minus 5 students for 123 has 104 by the end of July with 19 openings for full time positions. To compare with Slidell, they have 17 openings and they have twice as many employees as Mandeville. In the last recruitment campaign we spent \$16K and may only hire 4. Maintenance 1 for sewer salary was the main problem. Mr. Burguieres asked how does this compare to other areas, she replied same problems and no employees for them either, for this position they must be certified. Mr. Burguieres said to prepare a proposal of other salaries and can't hire a recommended "x" percent as a persuasive argument. She thought that was what we were doing with the work session. Mr. Madden agreed and asked for the next meeting, at least on the Friday before, to tell what the 19 openings were and the salaries they should be making. Mrs. McKinney listed openings. Mr. Danielson asked her to mark them as vacant on the charts.

Sgt. Fred Fath, Mandeville resident, said recruitment is one thing and retainment is another. Crime travels everywhere. We need to keep young guys; we have a great Police Department with a quick response time, things will change in the sheriff's office and with state police. Many officers take a hit in salary, but there were good benefits and a good quality of life, but officers with more experience will go the places for a higher rate of pay. He implores the Council to look at the salary and benefits.

Mr. Danielson asked Assistant Chief Ruple how many new officers did they hire in the last year. Mr. Ruple said 5 officers and they were tremendous officers. Mr. Danielson said there are people in Public Works such as Demetrius, 29 years and he will retire in 11 months, and if he doesn't receive an increase in salary he will have to leave, but he lives here and wants to stay. Mr. Danielson said we want long term employees. We have numerous senior employees and a batch of new ones. These newer employees need to take over what the senior employees have done. He

wants to see these new employees here for 25 years, so we need to take care of them and give them a reason to stay. The decisions made that affect employees will take some time to figure it out; we have gotten into a deeper discussion than the past three years. We have the best employees, they need the best salaries but it also needs to be feasible and sustainable. Some questions to Mrs. McKinney deal with what have employees given up, not gotten, and are now paying. Mr. Burguieres said luckily we are doing operating first because we might have to take some money out of capital to fund some things and put capital on a longer tract.

Mayor Villere said Thursday will be a presentation by HUB about Cadillac Tax in 2018 along with other Obamacare measures that will strain employee's pocketbooks. Mr. Burguieres asked the Mayor to explain the Cadillac Tax. The Cadillac Tax Part will effect overall compensation. This is imposed on the employer. Many say don't pay the tax, but do something different. FSA accounts would be included in employer cost. Mr. Burguieres invited employees to attend the presentation and have input to keep high benefits or lower for small taxes.

Sgt. Frank Francois, with regards to retention, said he is not going anywhere. It was the best decision to move to Mandeville. The things that made this special were the benefits and those have been declining; 5% raises cut to 2.5%, which is 12.5% lost in salary, insurance was \$42 and is now \$140. This 15% comparison to Covington, you can't do that, we don't work in Covington. The last police test was 100 applicants with only 30 showing up. It was the first in history for a low turnout, why is that. Police would promote Mandeville, now they can't anymore. State Police salaries have gone up this year to around 40%; the same rank, the same amount of time. They are making \$60,000 more a year and write tickets and DWI, and our guys do so much more than the State Police officers. These officers have made themselves an asset — they are Mandeville PD — stop comparing them to other cities. Mr. Ellis thanked Sgt. Francois. He said in the past 2-3 years the only thing the City gets hit about was low end employees; the City has a budget and a surplus. Sgt. Francois said 48 cents was an embarrassment. Mr. Ellis said we do have a tax rededication fund that moved from the restricted fund to the general fund, that is the responsibility of the Council. Frank understands the position, but if we can't get water out of this rock, then the rest of the state is in trouble. We are the richest city in the state how can the state pay the police \$60K more for the same position, we have to do something.

Sgt. Fath said when you look at other local departments, they can work details but our details are falling off quickly. This was an income supplement. You lose the guys with experience, who will train the new guys, the older officers know how to fine tune them. Mrs. McKinney said Sgt. Francois brought up one step. Those people just showing up and those working hard get the same amount; only a one step. The second step is not getting budgeted. Several employees fell into this because they would have received a positive evaluation. The Mayor scores and comments match, but there is nothing for those who perform above others.

Asst. Chief Ruple said he came in 1990 with smaller than 30+ employees and he made \$14,400. Take into consideration inflation and nothing has changed. Mandeville has changed a lot in 25 years, different in law enforcement. He came from military and was handling armed robberies and attempted murders by himself, you can't do that today. We average 20 years experience, Covington 1 year experience, Slidell and the state can't compete with out experience. He has the equivalent of two shifts looking for jobs; it's not just about the benefits anymore. We don't have

the details; businesses don't see the need to hire them. If we don't compensate, we will lose experience and it will take 15 years to get it back. Mr. Madden asked what was part time policing — dare officer. Rule can't speak for DPW. With our police rank structure, non-police and police, rank has pay structure. We need to equate all the way to the top to equate the bottom.

Lt. Kal Miazza said in the last 5 years, police officers that were not promoted wore off financially. Out of pocket and copays being much higher, besides monthly costs, offset the little raise we received.

Mr. Oliveri commented that he knows health care is an issue. The Cadillac Tax in 2018, some by our utilization rate and some by the Affordable Care Act, we have no control over. Affordable care would not be affordable for everyone. The federal government was looking at plans and forcing a single payer vendor as a managed care system. We can do what we can in pay structure or benefit structure. On a different note, distribution of sales tax, see pages 110-111 the graph from 2001 will show how much was collected.

Contract labor — listed at \$142,055, on page 101, line 111. Mr. Madden requested what is the breakdown. Mr. Oliveri said its electrical, plumbing, and hvac inspectors for permitting. Arborist was a contractor. They are not paid day by day, but by number of inspection. At times it works well and sometimes not. Mrs. Scott requires them to be certified for inspections. Mr. Burguieres said good safety valve for budgeting. Mr. Madden was proposing code enforcement as contract labor to help Chris Brown.

Mr. Danielson said our landscape inspector was Ms. Gleason and it would be filled. Mrs. Scott said yes. The Mayor said the job description may change some. Mr. Danielson asked if Dr. Guidry would be the inspector. Mrs. Scott stated he assists with inspections as needed. Mayor said Ms. Gleason did plan reviews for commercial projects also. Mr. Danielson said Council Meeting fees increase for 2016-2017 since nothing would change for this term. Mr. Oliveri said some would fall in the same fiscal year of two months for the next term. Mr. Danielson said increase to \$1,400 per month. Mr. McGuire stated that is more than 15%. Mr. Danielson said where Council members were eligible for health benefits and that was taken away, so should their pay increase at some level. Mr. Ellis said good for discussion, he voted in favor of removing benefits because they were part time. He thought 40% was substantial for the next Council. Mr. Madden asked what was actually being proposed. Mr. Oliveri said he was looking at \$1,400 a month and could be adjusted. Need to declare 90 days before the election on pay scale. Mr. Danielson said if the Council determined for next budget increase to \$2,000 a month for two months.

Mona Lisa said \$1,000 month for now \$400 increase per month. The Council works part time, but people that work every day, maintenance 1, workers and the Council would make more part time than they made in a month. That was not right. They are working full time. She said three people were working at the July 4th celebration because no one wanted to work. McDonald's was paying more than working for the City. People are getting penalized for being overweight and smoke. Mr. Danielson said no one on the Council proposed \$1,400 a month. Chris Burke, DPW, loves people and Mandeville. This is about people. The suicide rate in the parish was the highest in the state. If leadership does not lead by example. He was told that he was not

appreciated and was told by upper management that he should leave. He wanted the Council to change how he was treated or the Council leave. He did not have all the answers, but if we do not lead by example, basically it's all about money. Why give back \$830,000? Mr. Ellis said it was the citizen's money. Mr. Burke said we need to keep focused on how to keep the employees. A reason was the attitude around the city and employees do not feel appreciated. Mr. Ellis said if not money what would help for appreciation — attitude. Mr. Burke asked who proposed the Council's raise? Mrs. McKinney proposed the raise. Mr. Burke asked if Mrs. McKinney proposed other raises and answered yes. The City is losing employees and they are not working hard enough to keep the employees. So much going on, 4th of July was wonderful and there were two people the next morning to clean up the lakefront. One was a supervisor because people don't want to work. The employees want more respect.

Mr. Madden said next budget session they will address any remaining questions on operating budget on Monday July 27th. We can possibly start the capital budget at that meeting as well. He would like position information requested. Mayor Villere asked the Council to get questions in before next meeting.

Mr. Burguieres requested motion to adjourn, seconded by Mr. Danielson.

ADJOURNMENT:

The meeting adjourned at 8:00 p.m.

/S/

Kristine Scherer
Council Clerk

/S/

Clay Madden
Council Chairman