

**THE FOLLOWING MINUTES WERE ADOPTED AT THE AUGUST 27, 2015
MEETING OF THE MANDEVILLE CITY COUNCIL. MANDEVILLE CITY
COUNCIL
MINUTES FOR THE MEETING OF AUGUST 4, 2015
BUDGET WORK SESSION**

The budget work session was called to order by Council Chairman Madden at 6:05 p.m.

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

ABSENT:

ALSO PRESENT: Mayor Villere, Chief Rick Richard; Frank Oliver, Finance Director; David DeGeneres, Director of Public Works

OPERATING BUDGET:

Mr. Madden thanked the administration for the information they received. He started with a review of where the Council left off last week, which was to allocate an additional \$839K from the general fund for salaries (around an 11% increase).

Mr. Danielson reviewed the recommendation: \$839K added toward salaries, this would be a flat 11% across the board plus a 2.5% merit increase. Directors and department heads would not be included, they would be handled on a case by case basis.

Mr. Ellis stated a few years ago he thought the merit was up to 5% and he recommended to increase the merit from 2.5 to 5%

Mr. Danielson stated they can come back later with any changes if they are needed, but the prior budget meeting the 2.5 was where the Council wanted to be. He shared the proposed budget amendments he has drawn up so far with the administration:

1. The Administration shall maintain no less than 80% of the beginning fund balances for the 2015-2016 fiscal year.
2. The definition of a professional service contract as it pertains to funds appropriated by this budget and as governed by Section 5-08 of the Mandeville City Charter shall be those contracts in which the primary service is performed by those holding a designation or certification as a medical doctor, attorney, architect, or engineer.
3. The Administration shall notify the City Council, by placing the notification on a regular Council agenda, prior to the execution of any contract in excess of \$10,000 with the exclusion of an emergency contract, for the service of architects, attorney, certified public accountants, engineers, physicians, or the other persons, retained to manage or direct activities on city owner or controlled property, or city sponsored events as the party to whom the contract is awarded.
4. The final approved budget amount for employee pay and salaries will be planned as a 2.5% merit pay raise as well as an 11% across the board cost of living adjustment for all employees, not including the directors or department heads.
5. Any increase to the base pay for directors and department heads will be handled on an individual, case by case basis.

The first three items were listed in the past year's budget ordinance.

Mr. Madden said they will gather all the amendments they are working on and put it into budget form when it is time for a vote.

Mr. Oliveri stated that this is 11% total cost and he has another plan that he wants the Council to consider, both are redistributing the \$839K.

Mr. Burguieres stated he wanted to know what the 11% meant for the different areas, also what the 2.5% effect would be for the directors (answer \$27K), what the 35 to 40 hours a week would cost (answer \$110K), total salary cost for the present number employees (answer \$5M), what is the cost difference from budgeted to actual. Mr. Madden said many of these were addressed in the past few days. Mr. Danielson stated you have to budget for positions that may not be filled. Mr. Oliveri said at the end of this week the employee total should be 109. Mr. Danielson said the bottom line is we have to resolve the salaries for the employees tonight; the right size of employees for the City is another discussion. From his understanding the possible increase from 35 – 40 hours is not to be included in the \$839K, it is a separate issue.

Mr. Burguieres and Mrs. Buchholz agreed the Council has reached a decision on the 11% and 2.5% merit and Mrs. Buchholz whole heartily supports this decision.

The Mayor says he objects to the third item amendment, he does not feel he is required to do that and he objected to it last year, and he would like the City Attorney to take a look at it before a vote. Mr. Madden stated this was in last year's budget and he would like the City Attorney to review all amendments presented. The Mayor stated he did include a 2.5% merit pay raise, but the distribution of 11% across the board is difficult to do. The reason is if someone at the bottom of the scale who works every two weeks they would get \$1.57/hr increase which amounts to : 84 hrs = \$3428; 40rs = \$3265; 35hrs= \$2857. This is the bottom end of the scale. If you spread that money out top end 84= \$6002; 40 = \$5900; 35= \$5100. What the City has done in the past, which he is against, is paying people above step 25. He increase the steps from 20 – 25 a few years back. The Mayor stated there is no provision in Civil Service to pay someone over Step 25. There are about 30 people that are at step 25 in the City. He said they would not be able to receive that percent. He read Section 4.04 Pay Plan Adjustments: Whenever the pay plan is amended to set a higher pay range for any class or classes of work, with the express approval of the Council, additional "across the board" pay increases may be granted to employees occupying positions in the class or classes affected to such extend as the Council may think desirable in order to maintain an equitable balance between employees, provided, however, that under no condition may an employee's salary be advanced beyond the maximum rate of pay fixed for his /her class of work. He wants to give the employees the same pay as step 25 for those maxed out at step 25. The low end of the pay grade is where we have a problem and this would get them closer. The best way is to raise everyone and provide the bottom end and the top end with equitable pay.

Mr. Ellis asked what is equitable pay. Mayor said you design pay scale based upon the value of that work for the City. He knows some scales need attention and the pay scales need to be adjusted with the cost of living.

Mr. Danielson says he agrees the pay plan needs to be adjusted but it is too late to do this before the budget. He wants clarification from the Mayor: if the Council wants 11% and 2.5% merit, and the Civil Service Board has recommended 15% across the board. Why are you saying we cannot do it this way, why have we and the Police Civil Service Board, not been made aware of this until tonight? The Mayor does not have the answer to that

questions he recommends asking Mr. Deano – Mr. Burguières stated he has asked Ms. McKinney. Mr. Danielson agreed that Mrs. McKinney told him that a flat across the board is the easiest to do. Mrs. Buchholz stated “So Mrs. McKinney stated the 11% can be done”. – Yes. The Mayor said you need to add it to step one and go all the way to step 25 then add a 2.5% increase at the anniversary date.

Mr. McGuire spoke and stated three points: first, you cannot test for a position if it is not funded; secondly, concerning the top of scale, both boards can increase steps if there is an across the board raise; lastly, the Police Civil Service board has adopted a 15% across the board salary increase, that is the only board that can adopt a pay change, the municipal civil service board does not have the authority to adopt a change, it can only recommend. Therefore, the municipal civil service board recommends the same for their employees.

Mr. McGuire added the Police Civil Service Boards’ recommendation is for 11% for salary, not FICA, benefits, etc. this 11% across the board plus 2.5 % meritis substantially less money. A merit raise is not for everyone, it must be earned. A cost of living is a percentage of salary and does not include benefits. The Police Civil Service Board’s legislative act says the PCSB shall develop a compensation plan, after public hearing, and then sent to approval of the governing authority. He said the board expects a vote of “yes” or “no” on this 15% plan and then, and only then, may the Council in its budget process adopt such other pay raise measures as it deems appropriate. This act was only amended in 2009 and otherwise has not been changed. He will ask Ms. Allesandra to give an opinion on this matter for the Council.

Mr. Burguières stated he simply asked is it still a valid law? If so then Mr. McGuire is correct.

Mr. Oliveri stated the \$839K includes retirement, FICA.

Mr. Danielson said we want to treat all employees equally so if we need to change across the board to read cost of living salary adjustments that’s fine, as long as everyone is treated equally. If we get to the right number then we can figure out percentages.

Mr. Madden said he wrote down three amendments from last meeting: \$839K addition from general fund for salaries, code enforcement, tract retiree health cost with a separate line item and take healthcare costs to baseline of \$2.176 million.

Mrs. Buchholz stated the graph clearly says FICA, retirement; pay gets you \$839K which is 11%.

Mr. Danielson stated if we need to adjust for salaries then we need to adjust for salaries.

Mrs. Buchholz and Mr. Burguières agreed. They just make sure to specify that the \$839K is for salaries. The Mayor said if the Council wants to raise this to only cover salaries, they need to come up with about another 30% on top of the \$839K to take care of retirement, FICA, etc.

Mr. Danielson asked Mr. Oliveri, to verify: merit 2.5% plus 11% = 13.5%. Back out FICA, MERs, etc. that is about 20% so you have a net of a 10.8% pay raise and that is at the \$839K dollar figure- correct.

Mr. Oliveri said he told them what real dollars were. For example take someone at step 25 they will get about \$5977 annual raise, no merit raise. Most officers will fall between be \$3265 and \$6000 on a regular 40 hr week.

Several Mandeville Police Officers spoke in favor of the 11.5% with salaries across the board, it’s very easy. Anyone at the step 25 will not get the 11.5%; they may get a little

lower. They put their life on the line and if you only change parts of the scale, everything is messed up.

Mr. Danielson stated it is time for the City to invest in the employees. This is not only for retention but for recruitment as well. We will have additional increases to come in the future but right now this is affordable and sustainable for the City. Which is a net significant pay raise for all of the employees.

Mr. Burguieres and Mrs. Buchholz are in agreement that they want to give the 11.5% across the board.

Mr. Madden stated with regard to this 'Act' we just need the legal opinion to say "yes" this is correct or not. Can the Council do this or can we get this from him by Friday at noon so we know how to proceed?

Mr. Madden asked to proceed to item #5, directors and department heads. What is the difference between a director and a department head? Mr. Danielson stated a director is all the department heads plus Marlaine and Kristine. Mr. Oliveri said he put in 8% for Marlaine, Alia, and Kristine; 5% for Chief and Assistant Chief.

The Mayor asked that that Mrs. McKinney would be a part of the 5%. The rest of the directors, Frank, David, Louissette, and myself, would be 2.5%.

Mr. Madden has questions about the HR classification for the director and where does she wind up, civil service or director? The Mayor requested that answer from Mr. Deano's office. Mrs. McKinney received a large increase the year before so he feels she is in line.

Mr. Danielson stated his recommendations again: Alia, Marlaine, Kristine – merit plus 11%; Chief and Asst. Chief- 5%; the rest of the directors a freeze until we receive results from a salary survey and can look at on a case by case basis in January. Also, to get from Mr. Deano a clarification of the HR classification.

Mr. Madden stated they are finished with the salary portion of the budget with the exception of hearing from Mr. Deano's office.

Mr. Danielson wanted to add some money into the transportation plan for the changes with Coast and Start. Based upon the parish plan \$8K for the first year to provide for a van and transportation, and \$5K after for transportation. This will help with transportation for our citizens. The mayor does not feel we should contribute, it is a double taxation. The citizens pay taxes to the Parish and the money should come from that fund. Slidell, Abita and Covington have not agreed to this and he would like more information from Pat Brister. Mr. Danielson said we can take a look at it to make sure there is no double taxation and do a budget adjustment later if needed. Mr. Madden said we give money to Coast and he feels it would be a goodwill gesture. The Mayor said he is reviewing Coast's dynamic right now.

Mr. Burguieres asked if we need to put in the budget adjustment about the salary study. Mr. Danielson thought it was not necessary; they can just work with the administration to get that done.

The Mayor asked one final question about salaries, 11% increase plus 2.5% on scale in addition to the FICA, retirement, and MERS.

Mr. Danielson replied no, merit plus 11% total package, which is the \$839K dollar figure we received from Mr. Oliveri. When you back out the FICA, retirement and MERS that

basically wipes out the 2.5% merit so you net around 11%. Gross increase is 13.5% when you back out costs, the net is around 11% based upon this chart.

Mr. Madden said he will give a summary of amendments to the Mayor in the next few days, once they are completed.

CAPITAL BUDGET:

Mr. Oliveri said we will change out the phone system. Mr. Simoneaux informed the Council that the City is going to change from copper to an internet based phone system, voice over IP; it should be 25-30% savings in the long run taking into consideration the initial startup. The security camera issue has been resolved; they are waiting on 1 piece of equipment and should be completed in 3-4 weeks.

Mr. Burguieres asked where is the BP money? Mr. Olivieri said once it is received it will go into the fund balance. Mr. Danielson talked about using some of the BP money for other capital project, but the Galvez project will stay in the street fund.

Mr. Oliveri also included some video improvements in the Capital budget such as new camera and microphones. Multiple cameras were discussed but bring up the questions or how it will be presented to the public. Mr. Madden just wanted to make sure the equipment can be moved to another room in the future.

Mr. DeGeneres stated the only item not in the capital budget is to replace the Gazebo swings. The Council agreed to start replacing them now.

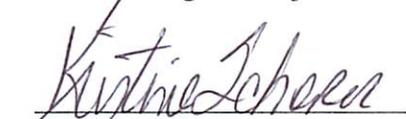
Mr. Madden stated in the next budget session will be Monday, should be very short and hopefully vote on the budget at the next meeting.

Mr. Ellis wanted to thank the MFOC committee for pushing the operating budget process.

Mr. Burguieres requested a motion to adjourn, seconded by Mr. Ellis.

ADJOURNMENT:

The meeting was adjourned at 8:05 p.m.



Kristine Scherer
Council Clerk



Clay Madden
Council Chairman