

**MANDEVILLE CITY COUNCIL
MINUTES FOR THE MEETING OF AUGUST 4, 2016
BUDGET WORK SESSION**

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

PRESENT: Mike Pulaski, John Keller, Laure Sica, Clay Madden, David Ellis

ABSENT:

ALSO PRESENT: Mayor Villere, Chief Sticker, Frank Oliveri, Finance Director; David deGeneres, Director of Public Works, Henry DiFranco, City Engineer, Louissette Scott, Planning Director

Mr. Madden announced this is our third budget work session. We have finished the overview of the operating budget and briefly started discussing capital at our last meeting. Mr. Madden opened the floor with any questions from the council.

GENERAL BUDGET QUESTIONS:

Mr. Madden asked for clarification of a comment the mayor made at a prior budget meeting. The mayor stated the council is approving the "book", what exactly he is referring to. Mr. Oliveri stated once the council has their amendments he will change them in the budget book. The budget ordinance includes the information in the "book". Mr. Madden inquired if they are still allowed to make amendments the night of the budget adoption and those would be included in the "book". The mayor hoped the council would not have any changes at that time. Mr. Pulaski asked once the budget is adopted can the council make any amendments. The mayor replied that would be a legal question for Mr. Deano. Mr. Oliveri stated there will be a budget amendment at the next council meeting for overtime, reallocation of sewer water money which will go towards next year (\$9mill), water tower (\$1 mill). For the next fiscal year, there will be adjustments for several elevation grants. Mr. Burguieres suggested the administration do exactly what Mrs. Scott did for the CLURO changes, have a working copy with red lined items. This way the council can see that their changes have been made and you are not searching through the entire budget again. Mr. Keller asked if we have to include the mission statement in the budget, or can it just be the numbers. How do most cities do this? The mayor does not see any harm in including the messages. Mrs. Sica commented there are some items that do not match in the budget; she is worried she will approve something she does not want. The mayor requested a list of those discrepancies. Mr. Oliveri will send the council a red lined copy with the noted changes.

Mr. Madden stated he is keeping a running list of amendments discussed and they will be voted on at the last budget adoption meeting.

CAPITAL BUDGET:

Mr. Pulaski discussed the proposed line item variance amendment. The council had not come to a decision if it should be a percentage or a dollar amount or both. Mr. Ellis prefers a combination because it all depends upon the line item. Some dollar amounts are fairly large so a dollar amount would be better, while a smaller line item would use the percentage changed. Mr. Oliveri asked to just let him know, the state has a 5% variance overall that requires council approval. Mr. Ellis stated this is the minimum and Mr. Madden suggested \$5K variance.

Mrs. Sica has some questions about the 1% employees would pay for retirement. Can we discuss that topic? Mr. Madden would like to finish the capital budget then he will go back to the operating.

Mr. Keller has a question about the land purchases trailhead. He has been hearing a lot of comments that the city is not developing the property as fast as expected. This is capital money from the state to purchase land at the Trailhead. The mayor has been trying to get the landowner to sell the property at appraised value and has not been successful. Mr. Keller asked if there was anything the council could do to move this along. The issue is there are two different appraisals, three years old, and the owner will not sell. Mr. Keller asked what was the appraised value. The mayor commented \$620K. Ms. Sica stated the grant is only \$400K so the city would have to pay for the rest. Mr. deGeneres said if the city and owner reached an agreement for more than the \$400K

they would come back with a budget adjustment. Mrs. Sica inquired about adding lights at the Trailhead. Mr. deGeneres will look at how many more lights will be needed; he thinks they have money in the budget for this. Mr. Burguières commented he does not think the city can pay more than the appraised value for a piece of property. He encouraged the city to continue to promote private investments, such as Mr. Waller, to provide a greater attraction to the Trailhead. Mrs. Scott has a timeline showing the development of the Trailhead which she will provide to the council.

Mr. Madden wanted to discuss the lakefront wetland restoration bike path at Sunset Point. He wondered since the Deano family owns this property (Green Fund) and Mr. Deano is the director according to the secretary of state, is a conflict of interest. The mayor stated the Deano family is part of the Green Fund and there was an opinion from the ethics board and it was resolved. Mr. Madden asked for a copy of this opinion so the issue can be resolved. Mr. Keller thinks the Green fund, which is nonprofit, would have restrictions prohibiting any type of benefit. Mrs. Sica asked what is the \$2.5 million for. The mayor replied it would be for the construction of a berm for a bike path, wetland restoration and it would provide hurricane protection to Hermitage and lower their premiums. Mr. deGeneres stated the project has started and is ready to be permitted. The mayor has a summary of the plan. This would provide connectivity from the east side to the west side of the city. Mr. Burguières commented the issue is not that the property is owned by Deano but it is controlled by Deano. The city would be improving land that is private property. This money can be used for shoreline protection and could be added to the BP money (\$1.6 mill) the city received last year. This would benefit everyone not just the Green Fund. The mayor said this is not a benefit to the Deano family and there was a special attorney that handled this for the city not Mr. Deano. They are restoring wetlands and providing hurricane protection and he was in Baton Rouge this week to try and secure some outside funding. Mr. DeFranco has \$150K budgeted for shoreline protection and flood control. There are several alternatives for Bayou Castine, the Ravine and Harbor he will present to the council. The mayor stated shoreline protection is 2 folds. The Corp has shifted to the elevation of homes and the city is wanting to make sure our level of protection is sufficient. The Galvez improvements have brought the level of protection to 5.3 with a cap of 7 and the city is looking at solutions for Bayou Castine, Ravine, Harbor and piling repairs to make sure we are at the 5.3 minimum level of protection. The city is also looking in to bladder bags as a temporary measure. These bags measure 24x12 ad can be used to block the amount of wave action in the lake. Mr. Keller said these two projects need to be looked separately and he is in favor of both of these projects. He does not feel anyone is profiting from this and this benefits the city. Mrs. Scott stated this is part of the city's long term plan.

Mr. Burguières stated you can profit from the sale of wetlands. The solution is to have the property donated to the city and then there is not conflict of interest.

Mr. Keller inquired about the grants for the Lang House and Jackson St. bathrooms. If the council approves the price, does the council see the plans then approve as well. The mayor replied this is a carryover and once the money is approved it does not go back to the council unless they need additional funds. Mr. deGeneres stated he architect comes in to do the design then the final plans go out for public bid. St this time the prices come back to the council for approval. It is state law that all projects over \$150K must go to public bid. Mrs. Sica asked where the bathrooms would be place on Jackson St. They mayor stated the location has not been determined yet but he is looking at the parking lot by the ball field. The bathrooms cannot be in a "V" zone. Mr. Madden asked what happened to the idea of portable bathroom trailers? Mr. Keller asked if the council can see the drawings when they are completed. Mr. Ellis asked what part of this is grant money? Mr. Oliveri said we pay 20% of the total cost the rest is paid by the grant.

Mr. Ellis inquired about the money for the beach area at Jackson playground. The mayor commented this would be an extension of the area in front of the swings where there is not a lot of wave action. Mrs. Sica asked what maintenance will be required and would this be an annual request for funds? The mayor stated there is silting from the bayou and he does not anticipate a yearly request. Mr. deFranco stated the city already has Corp approval. Mr. Keller is concerned about the algae and seaweed. How would you maintain the area? The mayor said it is easy to maintain.

Mr. Ellis would like to allocate \$350K in funds for the Hwy 22 project. The mayor does not see the direct benefit the funds will bring. The project has been engineered multiple times and has since been pushed off. There is no guarantee when construction will start and we do not have a commitment on what we will get or our money. Mr. deGeneres stated the project has been pulled off the table and he does not agree with some of the scopes proposed. Mr. Keller asked if we have already committed any funds. Mr. Pulaski wanted to know if there is a time limit and if we do not contribute will it hurt the D3 money in the future. The mayor commented this will not affect the D3 funds. Mr. Ellis stated this is a big project for his district, just as Port Marigny is for the east side of town, he feels we should allocate some funds for this project. It is more important to the residents at least his, than spend money for a new city hall. Mr. Pulaski asked if there was the possibility of a contingency on the money. In reality this is dealing with the DOTD and the parish and a contingency is not realistic. The mayor said we can always do an amendment to the budget if the parish has a more realistic view of the project.

Mrs. Sica would like to discuss the proposed 1% retirement cost that will be passed to the employees. The mayor discussed the reason for this change. Currently we pay 9 ¼ % for non-police and 10% for police, this is their contribution towards the plan and we pay 23% and 31% as the employer cost. The employer portion of the fund is increasing yearly and there is no way the city will see a rate of return to cover the cost of the payouts and unfunded liability. He sees the city asking the employees to pay the 1% increase this year and add an additional 1% every year for the next 5 years. Slidell is making their employees pay 5% this year and 5% next year. Covington is making the employees pay 10%. A few years ago new employees did pay the 7 ½% cost and the AG determined the city can no longer pay the employee portion. The city did pick up last year but this still puts the city in a position where they are not getting a return on the investment to pay the unfunded liabilities. The mayor stated the 1% will hit him more than anyone else as far as dollar wise. He has asked the human resource department to conduct compensation and benefit survey and would like the results by January 2017. He has asked to make this change effective for January 1st instead of September 1st. Mrs. Sica asked if this was approved could health insurance not go into effect until January when they see the survey and have some information about the health increase. The mayor stated the health insurance renewal is March 1st and he will not know what the change will be until the end of November. Mrs. Sica confirmed the employees will pay a portion of the change in March. Mr. Oliveri stated he has a 4% change in the budget, anything more than a 4% change the employees will pay. Mr. Pulaski commented if the health premiums go up more than 4% to say 6%, then employees will lose money, is there any way to wait and see what both costs would be. The mayor commented the 1% is in the payroll. Mr. Oliveri said the increase for family coverage would be about \$19 per month or \$53K to the city. This is not that large of an increase. The wellness group has done a lot to help and utilization is looking good. With the preliminary discussions with HUB it looks good. Mr. Madden commented he had discussed with Mr. Haacke that this money is in some sort of state pool. Mr. Oliveri said this is the defined benefit line.

Mrs. Sica understands the argument but her concern is the employees work here for the benefits. Mr. Keller was asking if this amount included social security benefits. Mr. Oliveri stated no this is just the retired benefit plan.

Ms. Jane Mitchell, sales tax administrator for the city, wanted to remind the council that city hall employees only work 35 hours a week, not 40 like police and public works. The payout for city hall employees is more percentage wise. People wanted to work for the city because of the benefits but they are now having to get second and third jobs to make a living. The city is down 12 people and the workload has been passed to others with no increase. The city has a lot of money to do these huge projects but the employees always seem to suffer. She thinks the health care should go on the fiscal or calendar year so the council is not guessing on the changes. Two years ago there was discussion of how this city has a surplus of funds and now some employees are going to take a cut in pay.

Ms. Kathy Reeves, permit clerk for the city, stated she makes \$20K a year or about \$65 a day. She takes pride in her job which she feels is a full time job even though city hall works only 35 hours a week. She is tired of hearing the city is on a gravy train. The employees are the wheels of that train and they keep it going. She is

embarrassed that they have to fight for this when everyone says they are on the gravy train. She is proud of her job and works more jobs than just a permit clerk. She feels they are treated like second class employees.

Ms. Donna Cockburn has been with the city for 25 years and she is one of the employees who is maxed out and cannot get a raise. This will force her to have a cut in pay because she cannot get a raise. HR told her if she gets an excellent review she can get a raise, they blame the mayor, the mayor blames HR. She is the one stuck in the middle. The employees feels disrespected, the mayor and council always took care of the employees. The difference in 40-35 hours a week is a big difference. 1% is not a lot of money but with everything taken away from them it is frustrating. Yet the city can spend \$200K on a bathroom or \$2.5 million on a new city hall. When they don't make much to begin with it is a big deal. The city does well because of the customer service the employees provide to the citizens. She was taught by Milton Steibing to be fiscally responsible and provide customer service. She hopes the council can pull the money to help them.

Mr. Pulaski if the 1% is passed and delay to January, the salary survey might be back. Then can be decide to rescind the 1%. Ms. Sica thought then we should just wait until January. Mr. Oliveri requested any employee changes should be told to the employees as early as possible. The mayor has agreed to push this off until January. The mayor said if the council wants the 1% taken out, he will, but he does not want to hear about putting it back in for the next four years. If it does not happen, it does not hurt the employee, but if it does happen then it hurts the city. He is only proposing if there is an increase, he thinks this is the right thing to do for the city. Mr. Pulaski stated the unfunded liability is \$11 million, will there ever be a time to pay. The mayor stated this is just a book entry. Mr. Oliveri said the only way it decreases would be by: higher contribution by employees or a more than a 7 ½% return. If a city goes bankrupt then there would be no payout to retirees. The mayor is not saying this would happen to us but he just needs to make everyone aware. Mr. Ellis inquired when we should be getting the salary survey because he feels we should pay higher salaries than other areas. He does understand the huge liability and also the reason many people work for the city, there needs to be a reasonable solution, maybe the salary survey will help. Mrs. Sica asked what the raises were last year. The mayor stated he got a 2.5% raise, directors an 8% and employees 11.5%. Mr. Keller asked if these were based upon the studies from the HR director. The mayor commented replied yes that is what they looked at. Mr. Madden added there has not been a salary study since 2013, they had asked for a new one last year. The mayor said this year they are looking at 2.5% increase on scale for those eligible. Mr. deGeneres commented when you do surveys they are not always looking at apples to apples.

With no further comments, Mr. Madden returned to the capital projects list. Mr. Ellis is ok with things in the streets department but would like to make an amendment to add \$350K to the Hwy 22 project and he is not sure about the city hall project. Mr. Madden has been keeping a running list of items up for an amendment; they will need a motion and a second and then a vote on that particular item. Each amendment will be voted on individually.

Mrs. Sica does not want to rush the budget, it is the most important job the council has. She does have questions about the \$2 million for roadway maintenance. Mr. deGeneres stated it will follow the roadway list attached which has been a 5yr list in the making unless a project is listed specifically elsewhere. Mrs. Sica asked about the dollar amount for the lift stations. Mr. deGeneres commented this is a lot of carryover from prior years and this year he is only asking for \$500K for 2 stations to be removed.

Mr. Keller inquired about the \$250K for Monroe East Approach, was this for a roundabout? Mr. deGeneres stated he is waiting for the completed RPC traffic study. He does not want to do something that would conflict with the RPC proposed design. Mr. deGeneres said a roundabout of that size could cost about \$3.5 million. Mr. Madden commented sometimes the city will budget items and they are waiting on things from a study or the parish. You can always add a contingency clause for an item. Mr. Ellis feels with Port Marigny on the table, we need to look at improving the area not just a fix for a new development. Port Marigny development would give the \$300K towards the roundabout and the city would have to seek funds for the remainder. Mr. Madden asked if the causeway commission would help pay because it is their road. Mr. deGeneres hopes they would

contribute but there is not guarantee, it will take about one year to develop. Mr. Ellis agrees with Mr. Keller that we don't want to spend the money if it will be wasted. Mr. deGeneres said it takes him a year to get things together so that is why the money is there.

Mr. Ellis inquired about the N. Causeway Frontage Rd, project, can they do the whole street. Mr. deGeneres commented it starts at the apartments and goes to the end of Benedicts, the rest of the street is owned by the state. The mayor added they will expand the turning lane on Brookside and Lovers Lane. Mr. Ellis asked them to look at the exit of the subdivision as well.

Mrs. Sica asked Mr. Oliveri about the assigned fund balance that is not appearing on the budget. Mr. Oliveri stated it is more of an audit designation than a budget designation. She stated the city council is the only body to assign to make changes to that fund. She asked why the city council is the only one to approve and it is not in the budget. Mrs. Sica states in the audit report it says we have five funds and in the budget we only have four. Mr. Oliveri is not sure, he said she is confusing the audit report with the budget report, and assigned and unassigned, he will get with her to discuss.

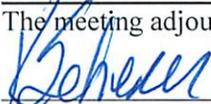
Mr. Madden wants to make the motion to move the \$2.7 million for City Hall to next year and he has discussed this with the mayor. He has heard from constituents inquiring about other projects and he thinks many other projects should be done before city hall. The mayor at least wants to do at least the design this year. If the council wants to revisit the plan with Kieran the mayor can organize this. Mr. Keller asked if we have an estimate of cost of the design. Mr. deGeneres thought it was around \$150 -180K. Mr. Oliveri stated we have \$300K carried over from last year with the \$2.3 million labeled for construction. Mr. Pulaski commented city hall does not reflect Mandeville. Mr. Madden does not refute that but there are needs and wants, he feels there are better projects to benefit the citizens more. The mayor would like a list of those projects. Mr. Madden feels the trailhead needs to move forward. The mayor said if they will agree on appraised value he will proceed, but the owner does not want to sell it for the appraised amount. Mr. Pulaski would like to have the city and property owner get together and pick an appraiser. The mayor said he proposed to get the two appraisals and meet in the middle and offer that price to the owner and it was rejected by the owner.

Mr. Pulaski wanted to discuss if we include the \$2.5 million for city hall, it cannot be done in one year. The mayor said you cannot bid the project out unless you have the money budgeted. You can bid it out within the year. If the council puts the \$300K in the budget then when they are ready, come back to the council for the rest. The mayor said you can get the architect done and establish a construction budget, then they can come back to include in the budget. The mayor would select Kiernon Weldon as the architect. Mr. Pulaski asked who chooses the design. The mayor said the council will have input but it will go through design review. The council will not have a vote on the design, once the project is approved, that is the only vote the council will have. Mr. deGeneres stated the council will vote for the money in the budget, vote to approve the contractor and that is it.

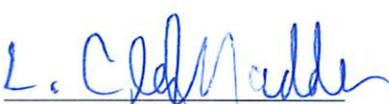
Mr. Madden reminded everyone Monday is the Port Marigny meeting to discuss traffic and density and Council meeting additional budget meeting of August 4th at 6pm to finish capital discussions. Mr. Keller requested motion to adjourn, seconded by Mr. Ellis.

ADJOURNMENT:

The meeting adjourned at 9:10 p.m.



Kristine Scherer
Council Clerk



Clay Madden
Council Chairman