

**MANDEVILLE CITY COUNCIL MINUTES
FOR THE MEETING OF JANUARY 23, 2014**

The regular meeting of the Mandeville City Council was called to order by Mayor Pro Tem Madden. Following the call to order, a moment of silence was observed and the Pledge of Allegiance was recited.

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

ABSENT:

ALSO PRESENT: Mayor Villere; Chief Richard; Frank Oliveri, Finance Director; Louissette, Kidd, Planning Director; David deGeneres, Director of Public Works; Lori Pennison, Assistant City Attorney; Gretchen McKinney, Personnel Director; Faimon Roberts, The Advocate; Polly Greene, St. Tammany Farmer, Kim Chatelain, Times Picayune

MINUTES:

1. Adoption of the January 9, 2014 Regular Meeting Minutes

A motion was made by Mr. Danielson and seconded by Mr. Ellis for the adoption of the January 9, 2014 regular meeting minutes. The motion to adopt the minutes passed 5-0.

REPORTS AND ANNOUNCEMENTS:

NEW BUSINESS:

1. Approval of Special Event Application for the Have a Heart Thru Art's Mardi Paws Parade on March 9, 2014, rain date March 16, 2014, with a waiver of \$3,160 of City Departmental Costs (\$960 Police, \$2,200 Public Works) and the waiver of eating and drinking on the lakefront from 12:30 p.m. to 4:30 p.m.

A motion was made by Mrs. Buchholz and seconded by Mr. Burguières for the approval of the Special Event Application for the Have a Heart Thru Art's Mardi Paws Parade on March 9, 2014, rain date March 16, 2014, with a waiver of \$3,160 of City Departmental Costs (\$960 Police, \$2,200 Public Works) and the waiver of eating and drinking on the lakefront from 12:30 p.m. to 4:30 p.m. The motion passed 5-0.

2. Approval of the Certificate of Substantial Completion, 2013 Manhole Rehabilitation Project, Project No. MH13, Contractor: Gulf Coast Underground, as of December 21, 2013

A motion was made by Mr. Ellis and seconded by Mrs. Buchholz for the approval of the Certificate of Substantial Completion, 2013 Manhole Rehabilitation Project, Project No. MH13, Contractor: Gulf Coast Underground, as of December 21, 2013. The motion passed 5-0.

3. Approval of the Certificate of Substantial Completion, 500 Casey Drive Culvert Repair Project, Project No. 110513, Contractor: Creek Construction, as of December 30, 2013

A motion was made by Mr. Danielson and seconded by Mrs. Buchholz for the approval of the Certificate of Substantial Completion, 500 Casey Drive Culvert Repair Project, Project No. 110513, Contractor: Creek Construction, as of December 30, 2013. The motion passed 5-0.

4. Approval of the Certificate of Substantial Completion, East Causeway at Monroe Street Traffic Signal Improvements Project, Project No. 1006A29, Contractor: Jack B. Harper Electrical, LLC, as of December 18, 2013

A motion was made by Mrs. Buchholz and seconded by Mr. Ellis for the approval of the Certificate of Substantial Completion, East Causeway at Monroe Street Traffic Signal Improvements Project, Project No. 1006A29, Contractor: Jack B. Harper Electrical, LLC, as of December 18, 2013. The motion passed 5-0.

5. Adoption of Resolution No. 14-03, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANDEVILLE ENCOURAGING WALKERS, JOGGERS AND CYCLISTS TO WEAR REFLECTIVE MATERIALS AND BRIGHT CLOTHING IN AN EFFORT TO HEIGHTEN PUBLIC AWARENESS OF PEDESTRIAN SAFETY

A motion was made by Mr. Danielson and seconded by Mr. Ellis for the adoption of Resolution No. 14-03. The motion to adopt Resolution No. 14-03 passed 5-0.

6. Adoption of Resolution No. 14-04, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANDEVILLE IN SUPPORT OF KWAAC "KIDS WORKING AGAINST ANIMAL CRUELTY" IN THEIR EFFORTS AND DEDICATION TO ADVOCATE FOR COMPANION ANIMALS AND REDUCE ANIMAL CRUELTY AND SUFFERING THROUGH STRONG LEGISLATION AND EDUCATION

A motion was made by Mr. Danielson and seconded by Mr. Ellis for the adoption of Resolution No. 14-04. Gabriel Rhinehart, 7th grader from Holy Cross, gave a presentation on the efforts of the KWAAC organization. Gabriel was presented with a certificate of recognition from Mr. Madden. The motion to adopt Resolution No. 14-04 passed 5-0.

7. Introduction of Ordinance No. 14-02, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF

MANDEVILLE TO EFFECT THE ANNEXATION OF A PORTION OF GROUND ON LOVERS LANE CONTAINING 1.708 ACRES OF LAND, MORE OR LESS, SITUATED IN SECTION 38, TOWNSHIP 7 SOUTH, RANGE 11 EAST, GREENSBURG LAND DISTRICT, ST. TAMMANY PARISH, INTO THE CORPORATE LIMITS OF THE CITY OF MANDEVILLE DESIGNATING AND ASSIGNING THE PROPERTY FOR PURPOSES OF ZONING AS B-2, HIGHWAY BUSINESS DISTRICT AND PROVIDING FOR OTHER MATTERS IN CONNECTION THEREWITH

Ordinance No. 14-02 was read by title by Mr. Madden. A motion was made by Mr. Ellis and seconded by Mr. Danielson for its introduction. The ordinance was referred to the Planning and Zoning Commission.

OLD BUSINESS:

1. Adoption of Ordinance No. 14-01, AN ORDINANCE OF THE CITY OF MANDEVILLE ADOPTING BUDGET ADJUSTMENT NO. 14-02, FISCAL YEAR 2013-2014 BUDGET

A motion was made by Mrs. Buchholz and seconded by Mr. Danielson for the adoption of Ordinance No. 14-01. Mayor Villere stated that this year United Healthcare provided the City with a 34% increase in healthcare cost which was considerably higher than last year's increase of 12%. HUB, our broker, did receive other bids from Aetna (38% increase) and BCBS (41% increase). HUB negotiated a 32.5% increase. Last year we offered the employees two plan options. This year we (HUB and City) felt that a single option plan would provide the best opportunity to help manage that rate. Mayor Villere stated that last year he recommended that the employee absorb 4% of the contribution, which did not happen. He provided data to show the rising cost of healthcare over the past ten years and the change of benefits recommended for this year's plan option. He added that next year employees who use tobacco or do not participate in the City's wellness program can expect an increase in premium. Mayor Villere presented three premium options to the Council: (1) plan without budget adjustment, (2) plan with budget adjustment, (3) plan with amended budget adjustment. He recommended premium plan option #3 to help the employees migrate to a different attitude regarding healthcare and adjust their finances. Mr. Oliveri stated that the budget adjustment amounts are (1) \$0 (2) \$148,270, and (3) \$212,000. These are September 1st six month figures. A motion was made by Mr. Burguiere and seconded by Mr. Danielson to defer the vote on Ordinance No. 14-01 for seven days for further analysis of different plan options. Mayor Villere stated that a deferral would not work; we need to notify the employees thirty days in advanced of the policy change. He asked the Council for their decision. The motion to defer failed 2-3, with Mrs. Buchholz, Mr. Danielson and Mr. Ellis voting against. Mr. Danielson asked if the workers comp savings of \$50,000 could be backed out of the \$212,000 premium option (option #3). Mr. Oliveri stated yes. Mr. Danielson recommended flexible spending cards for each employee to go towards their deductible and delaying the increased employee contribution to June 1st. He stated that it was not fair to give the employees just a couple of weeks to process and absorb these changes and increases. Mr. Danielson asked the Administration for improved policies/procedures and communication going forward to assist the Council in determining a budget figure in July. Mrs. Buchholz concurred. Mr. Madden opened the floor for public comment. Ms. Sara Wood, 210 Shaunell, stated that her main concern was long term sustainability and going into the red if we continue on this path. She expressed that while she does not know the answer, she hopes that the solution reflects what happens in our (constituents) private lives when we are faced with a significant increase in cost. Mr. Glen Runyon, 408 Venus Drive, read the following statement into the record "There have been several discussions and debates over the past several years about establishing a "process" for determining how Mandeville will provide medical insurance for employees. There is a hierarchy of structure that must be in place before the development of a "process". The industry accepted structure is: Policy, Procedure, and Process. Establishing policy is the key step that must be completed before issuing direction embodied in procedures and processes. Determining policy for providing medical insurance for employees then becomes the objective. Let's examine the current de-facto policy for employee medical insurance (the City's past behavior relative to paying for employee medical insurance establishes the de-facto policy). Currently, the City pays 100% for employee insurance premiums and the employee pays \$46.84 per month employee contribution for all dependent groups (e.g. spouse only, children only, family). This de-facto policy has resulted in the Mandeville's medical expenditures to increase from \$1,233,535 to \$1,973,958 over the last six years of actual expenses (from 2008 through 2013). That is a 60% increase or a compound 10% annual increase. The City Council passed a budget ordinance for FY 2014 that included \$2,176,000 for medical expenditures which was a 10.2% increase over 2013 actual expenditures. The Council also indicated that the future medical expenditures beyond 2014 would be "capped" at the 2014 level. The City Council therefore provided a 2014 budget for medical expenditures that was slightly greater than the actual compound annual increase of 10% over the past six years. The Council also established a new budget guideline for future medical insurance expenditures. A prudent management action would be to seek to understand the impact of the new budget guideline on the current and future buying decisions for medical insurance. There are a few universal principles in any buying decision. Individuals have to make many significant purchases in their lifetimes like buying a house or buying a car. The recommended steps in making these major buying decisions are as follows: (1) Decide on your budget, (2) Determine what monthly payments you can afford, (3) Research your alternatives, (4) Negotiate to get the best alternative that meets your budget and monthly payments, and (5) Make the purchase. Now let's compare these buying steps to Mandeville medical insurance decision that is proposed for 2014: (1) Mandeville City Council established the budget for medical expenditures of \$2,176,000 for FY 2014, (2) Monthly payments are capped at the annual budget divided by 12 months, (3) Executive management did not acknowledge the new budget guideline and has presented no alternatives that follow buying decision steps, (4) The recommended alternative exceeded the 2014 budget, and (5) Stop the process and go back to step 3. What should have been the appropriate response to buying medical insurance for 2014? (1) Acknowledge the new City Council budget guideline, (2) Accept the maximum monthly premium payments that the City will pay for medical insurance, (3) Through the insurance broker, determine the variables that control the monthly premium payments: a) selection of coverage type (employee, employee + spouse, employee + children, employee + family), b) selection of annual deductible amount (no

deductible, \$250, \$500, \$1000, etc.), c) selection of co-insurance (100%, 90%, 80%, etc.), d) research trends in insurance coverage by other local public bodies, (4) Negotiate the best mix of variables that will provide the best alternative that does not exceed the 2014 budget for medical insurance, and (5) Execute agreement with selected insurance carrier. The obvious breakdown between the buying decision steps that the Administration followed compared to what should have been the appropriate buying decision steps is the lack of acknowledgement of the 2014 budget guideline. In fact, one could argue that the Administration willfully ignored the 2014 budget for medical expenditures since there was never a coverage alternative presented that complied within the budgeted amount. The City insurance broker apparently did research trends in insurance coverage by other public bodies. The Administration also apparently willfully ignored these obvious trends in managing medical costs that balance coverage type, annual deductibles and co-insurance to minimize annual increases in medical insurance costs. And finally, the Administration has chosen to create an environment of confrontation between the employees and the City Council by promoting continuation of "Cadillac" medical coverage without providing any reasonable rationale why the original 2014 budget for medical expenditures was insufficient." Mrs. Buchholz asked why she did not receive a copy of this email. Mr. Runyon stated that he did not have her email address. He added that the Council's options tonight are false. They do not include different variables such as high deductibles or coinsurance. Mr. Jack McGuire, 129 Lamarque, stated that the solution should happen over a period of years and not a drastic change in one evening. The Mayor had originally budgeted the amount needed to cover this option (\$2.5million) but it was reduced by this Council during the budget process (\$2.1million). The reason we can hold on to good employees, for an average of 13 years, is because we provide better benefits than other public agencies. He encouraged the Council to adopt premium option #3 because it provided a realistic cost increase to employees. Mr. Jerry Coogan, 525 Kimberly Ann Drive, stated that over the last 13-15 years, the City's sales tax revenue increased significantly. As in private industry, our City employees did not share in this windfall of revenue. Their raises have been capped and sometimes they received no raise at all. He pointed out that twenty employees were below the poverty level. He urged the Council to be fair with the employees and consider them as a resource. Mr. Demetrius Johnson, 1733 Madison, stated that he has been working for the City for 27 years. He reminded the Council that salaries are lower for civil servants, doing the same type of work, than those in the private sector. Civil servants have income that is a made up of salary plus benefits. The Council also has a responsibility to provide the citizens with the best public servants. Mr. Vince Talazac, 235 Garden Ave., emphasized that a deductible only occurs if you have to use it. He stated that the process and timing of electing a plan needs to be addressed. It appears too often, that the Council has to make very difficult decisions with limited information in a compressed timeframe. He added that he did not think it was appropriate for the Council to have the option to elect the City's healthcare benefits for themselves and their families. Ms. Debbie Sachs, 2320 Jefferson, stated that her main concern was the timing and effectiveness of the Council's decision making process. It appears that the Council has little time to study the issue prior to the vote. Mr. Derrick Dondeville, MPD, stated that the proposed plans will take 22.5% of his salary or one weeks' worth of income. He stated that many employees will not be able to afford the proposed healthcare plan. Ms. Jane Mitchell, Sales Tax Administrator at City Hall, pointed out that employees only get a 2.5% pay raise. She stated that City Hall employees work 35 hours per week and requested a 40 hour week, similar to other City employees, before additional money was taken for healthcare. Mr. Burguières asked the brokers with HUB why the plan options, dated January 6th, were not shared with the Council and why didn't we consider other (cheaper) options. He added that this is my complaint to the Mayor. This was not our only option; there were other great options. If the employees were aware of them they might choose something different. He added that the Mayor is going in the right direction but there are other options that provide a better bang for the buck. If the Mayor were to enlist our help, we might be able to come up with other solutions that are better for everyone. Mayor Villere responded that time was compressed and we cannot necessarily make a decision by committee on which plan to choose. The Council funds government and the Mayor and Administration make implementation decisions. To pick another option beyond increased deductibles and coinsurance would put an excessive burden on the employees. The plan that the Administration chose provides the first step in this new healthcare arena. Mr. Coogan questioned why Mr. Burguières did not call the Administration for more information or with his questions. Mrs. McKinney asked if the Council members were invited to the January 6th employee meeting. Mr. Madden stated yes. Mrs. Buchholz stated that she, Mr. Danielson and Mr. Ellis were able to attend. A motion was made by Mr. Danielson and seconded by Mrs. Buchholz to amend Ordinance No 14-01 to increase the budget adjustment amount by \$50,000. Mr. Danielson stated that his motion includes flexible spending cards and delaying the employee contribution until June 1st. This budget adjustment would increase healthcare to a total of \$2,375,000. He emphasized that the process needs improvement. The HUB representative stated that she would need to check with her compliance department to see if the employee contribution can be delayed three months because the premiums are paid with pre-tax dollars through the flexible spending program. Mr. Danielson stated that it would not affect the total budgeted amount if employee contributions started on March 1st. After additional public comments, the motion to amend the budget adjustment by \$50,000 failed 2-3, with Mr. Ellis, Mr. Burguières and Mr. Madden voting against. Mr. Ellis asked if the allocation of cost could be adjusted over the four tiers (types of coverage, i.e employee only, employee/spouse). Mayor Villere stated no; most of our coverage is family coverage. A motion was made by Mr. Danielson and seconded by Mrs. Buchholz to amend Ordinance No. 14-01 by increasing the budget adjustment by \$29,000 to pay for flexible spending cards for the employees to cover deductibles or co-pays. Mr. Coogan clarified that sales tax revenues were \$500,000 over budget and the Council denied an amendment of \$50,000. The motion to amend the budget adjustment failed 2-3, with Mr. Burguières, Mr. Ellis, and Mr. Madden voting against. Ms. Kristen Scherer, City Clerk of Court, stated that the City employees do realize they have to start paying more for healthcare. Most employees took these civil service jobs for the benefits. After five years of employment, she stated she makes \$13.05 per hour and after this last vote failed, her hourly wage dropped to \$9.06. Mrs. Buchholz stated that we all know we have come to a cross roads. She added that option three, recommended by the Mayor, was fair. She thanked the employees for their service and expressed her appreciation. There being no further questions or discussion, the motion to adopt Ordinance No. 14-01 failed 2-3, with Mr. Burguières, Mr. Ellis and Mr. Madden voting against.

MONTHLY FINANCIAL REPORT:

During the first three months of the fiscal year total revenues were \$4.1 million and expenditures were \$3.4 million. We have spent \$552,000 towards capital outlay. Our revenues are lower because the City does not collect property taxes until the end of January. The current balance in the general fund is \$9.3 million of which \$2 million is committed to capital projects. Sales tax revenue has come in above budget due to the holiday shopping season. The excess of revenues over expenditures in the enterprise fund was approximately \$152,000.

PUBLIC COMMENT:

Mayor Villere – The Mayor expressed his disappointment with the Council’s final decision on the budget adjustment to fund healthcare.

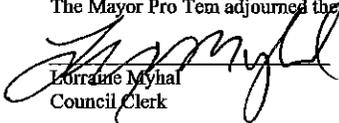
Glen Runyon – Mr. Runyon reiterated that the Mayor should have looked for a healthcare plan that we can afford.

PROJECTS IN PROGRESS (STATUS REPORT):

1. Capital Roadway Maintenance Project – The contractor will begin next week and start on the east side of Old Mandeville.
2. Girod Street Landscaping & Lighting Project, Phase III – No change.
3. East Causeway Signalization – The final change order will be presented at the next Council meeting.
4. Monroe Street Sewer Lift Station – The pipeline is currently being pressure tested and the pump station wet well is in fabrication.
5. Tyler Thomas Park Restrooms – The contractor has applied for a variance and will be before the Planning & Zoning Commission at their next meeting.
6. Hurricane Isaac Water Meter Replacement – The notice to proceed has been issued for February 3, 2014. The project should take 60 days to complete.
7. Community Center Rehabilitation – The pre-construction meeting was held on January 21, 2014. The contractor is preparing the building permits and coordinating with the center’s planned events.

ADJOURNMENT:

The Mayor Pro Tem adjourned the meeting at 9:05 pm.


Lorraine Myhal
Council Clerk


Clay Madden
Mayor Pro Tem