

**MANDEVILLE CITY COUNCIL MINUTES
FOR THE MEETING OF APRIL 10, 2014**

The regular meeting of the Mandeville City Council was called to order by the Mayor Pro Tem at 7:00 p.m. 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, Ernest Burguières

ABSENT: Carla Buchholz

ALSO PRESENT: Mayor Villere, Chief Richard; Frank Oliveri, Finance Director; Louissette, Kidd, Planning Director; David deGeneres, Director of Public Works; Edward Deano, City Attorney; Tim Dunn, St. Tammany farmer; Kim Chatelain, Times Picayune; Faimon Roberts, The Advocate; David Folse, Tammany West

MINUTES:

1. Adoption of the March 27, 2014 Regular Meeting Minutes

A motion was made by Mr. Ellis and seconded by Mr. Burguières for the adoption of the March 27, 2014 regular meeting minutes. The motion to adopt the minutes passed 4-0.

REPORTS AND ANNOUNCEMENTS:

1. Mr. Danielson announced that The Frank Shows Legislative Internship Program was accepting applications for 2014-2015 school year. Applications are due Friday, May 9, 2014 for any Mandeville High School student in good standing.

PRESENTATION:

1. Susan Russell, Director of Keep Mandeville Beautiful, presented the KMB Anti-Litter Art Contest Awards.
2. Dianne Baham, Executive Director of STARC, gave the Council a short video presentation with a report of their accomplishments over the past year.

NEW BUSINESS:

1. Approval of the waiver of eating and drinking on the lakefront for the City of Mandeville Family Reunion Picnic to be held on May 25, 2014 from 9:00 am to 7:00 pm, with a rain date of May 26, 2014.

A motion was made by Mr. Danielson and seconded by Mr. Burguières for the approval of the waiver of eating and drinking on the lakefront for the City of Mandeville Family Reunion Picnic to be held on May 25, 2014 from 9:00 am to 7:00 pm, with a rain date of May 26, 2014. The motion passed 4-0

PRESENTATION:

3. Presentation by Todd Tournillon with Postlethwaite & Netterville – 2013 City of Mandeville Financial Audit

Mr. Tournillon, audit partner with Postlethwaite & Netterville, gave a report on the results of the annual financial statement audit for the year ending August 31, 2013. In connection with the audit procedures and the audit process, Postlethwaite & Netterville issued a series of reports and letters:

- (1) The Independent Auditors Report on the City's Financial Statements.

The opinion does indicate that the financial statements are materially correct and that the dollar amounts reported within the statements and footnotes are materially correct and reported in accordance with U.S. generally accepted accounting principles. A clean audit opinion was issued.

- (2) The Report on Internal Control in accordance with Government Auditing Standards.

This report communicates material weaknesses, significant deficiencies or items of non-compliance to the administration and the council.

- (3) The single audit of Federal Programs in accordance with OMB A-133.

The two federal programs were audited: Hazard Mitigation and FEMA Disaster Recovery as a result of repairs due to Hurricane Isaac. Postlethwaite & Netterville had a clean, unmodified opinion.

- (4) SAS 114 letter of required communications.

There were two new GASB (62 & 63) accounting standards that had a fairly limited impact on the City's audit. The only significant estimate within the financial statement is the post-employment obligation which the City records for post-employment benefits. There is a third party actuary which prepares that analysis. Postlethwaite & Netterville tests the significant inputs into that analysis and looks at the assumptions used in calculating that ultimate liability. There were no difficulties encountered in performing the audit or disagreements with management. There were audit adjustments identified during the course of the audit. Management reviewed the adjustments and concurred. Postlethwaite & Netterville is not aware of any consultations with other accountants on technical issues. Also, there were no major issues discussed with management prior to the retention of Postlethwaite & Netterville as the City's independent auditor.

- (5) Management Letter

In the course of conducting the audit, Postlethwaite & Netterville identifies opportunities for improvement within their management letter.

- (6) State and Federal Data Collection Forms

These forms are submitted to the Legislative Auditor and the Federal Audit Clearing House.

Mr. Tournillon outlined Postlethwaite & Netterville and City management responsibilities during the audit process. Postlethwaite & Netterville conducted an audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Management's responsibility includes the preparation and compilation of the financial statements and schedules.

The City continues to have a very healthy financial position as well as fund balance. At the fund level, the City had an increase in net assets of \$5.2 million during the year and has total net assets, at the fund level, of almost \$40 million.

Mr. Danielson asked if there was progress on outstanding items since the last audit; specifically what is being done to make these unresolved issues go away. Mr. Tournillon reported that there were three recurring items. One measure of progress of the Finance Department was the decrease in the number of adjustments as part of the audit process. In the prior two years there were thirty adjustments (journal entries) and this year there were less than fifteen. Many of the items involving the segregation of duties were remediated August 31st and if the Administration keeps the policies and procedures that were put into place at the end of 2013, then that finding could be eliminated in the next year's audit. Mr. Ellis asked for a summary of each finding and the auditor's recommendation.

(1) The escheatment of un-negotiated items: The City's policy and procedures do not provide for routine review of items for escheatment to the State. The City should work in conjunction with the City Attorney to implement processes so that outstanding un-negotiated checks are remitted to the State on a timely basis. One part of the process might be to re-issue checks to City employees or vendors (who are known). Mr. Tournillon stated that for the most part the amounts of the stale checks are very small, (less than \$100). Mr. Oliveri stated that everything has to be identified by June 30th.

(2) Capital Assets: The City did not maintain updated capital asset sub-ledgers for the government-wide and enterprise fund capital assets throughout the year. In the past, it was done as the year end close out process. The City should ensure that assets are appropriately valued on the capital asset schedules and that the schedule is reconciled throughout the year. Mr. Oliveri stated that the Munis System (accounting software) requires additional modules and training on those modules which will allow for the proper classification of expenditures between capital outlay expense and repairs and maintenance expense.

(3) Bank Reconciliations: The bank reconciliation provided by the City for one account did not reconcile to the general ledger by \$6,451. The City should perform the back reconciliation process utilizing available software options to reduce the risk of error due to interpretation and mathematical accuracy. Mr. Oliveri stated that the \$6,451 was found but could not be identified where it belonged.

Mr. Tournillon reported that two prior year items, backdating checks and grant administration, were resolved. Mayor Villere stated that the City had a three year agreement with Postlethwaite & Netterville and he recommended that the Council extend the agreement for another two years.

Mr. Bill Haacke, 831 Magnolia Ridge Drive, stated that these P&N financial statements are really financial statements of the City and audited by Postlethwaite & Netterville. Mr. Tournillon concurred. The only part of the financial statement that is P&N is the signed opinion letter. Mr. Haacke asked, with regards to adjustments, what was P&N's materiality limit before making an entry. Mr. Tournillon stated that it varies by fund; the City has 6-8 funds and it varies from \$40,000 to \$150,000. However, management wants to clear up the books, so smaller items like the \$6,451 bank reconciliation finding are noted. Actually, a majority of the fifteen journal entries were below the materiality limit. Mr. Haacke asked about the accrued post-employment liability of \$1.6 million and GASB 67. Mr. Tournillon explained that they are reported on the government-wide financial statements which are recorded on a full accrual basis. It is a true liability because you do owe these people, who retire, their benefits; they earned their benefits while they were working for the City. You used to be able to defer these items over a thirty year period. And now it is limited to the service lives of the people who are working. So that is a shorter period and the expenses may go up. The only thing that changed was the allocation method. Mr. Haacke asked if the City, during their budgeting process, decided to fund some of this, could they do that. Mr. Joey Richard, Audit Director with Postlethwaite & Netterville, stated yes. He added that he did not know of any municipality that funded this health care liability, because who knows what health care will look like in the future. Mr. Burguières asked if it would be prudent to fund this liability, in such a way that is flexible (vs. a trust). Mr. Richard stated yes, it is something the City should think about.

OLD BUSINESS:

1. Adoption of Ordinance No. 14-07, AN ORDINANCE TO AMEND THE CODE OF ORDINANCES OF THE CITY OF MANDEVILLE TO ESTABLISH SECTION 2.4 THERETO; TO REQUIRE DISCLOSURE OF CERTAIN POLITICAL CONTRIBUTIONS MADE BY THOSE ENTITIES RESPONDING TO REQUESTS FOR SUBMITTALS TO CONTRACT ON A NON-BID BASIS AND TO PROVIDE FOR RELATED MATTERS

A motion was made by Mr. Ellis and seconded by Mr. Burguières for the adoption of Ordinance No. 14-07. Mr. Ellis stated that this Ordinance does not put extra work on the City but puts the burden of disclosure on the bidder. Disclosures of contributions are available on the State Ethics website, but not as detailed as what this Ordinance requires. Additionally, it will provide information to bidders on how their competitors might be influencing the process. This Ordinance is not about the current Administration or the Council; it is about making Mandeville government as transparent as possible. Mr. Danielson asked how does this Ordinance improve a process that is already in place. Mr. Ellis stated that it will simplify the process for the citizens or others who may have placed a bid and lost. Mr. Danielson asked if there were any repercussions if the requirements were not followed. Mr. Ellis stated that it was his intent to make it a requirement in order to do business with the City. Mr. Deano stated that this Ordinance sets up a requirement; there are no penalties on it. A motion was made by Mr. Burguières and seconded by Mr. Danielson to offer subsection (f), after line 34, to include "No such submittal to contract shall not be

considered without the required disclosure contained in this section". The motion to amend passed 4-0. Mr. Danielson asked why the difference between \$200 contributions and \$500 contributions where the Mayor's was concerned; should it be a single amount for both parties. Mr. Deano stated that the initial thought was that a Mayor's campaign expenses would be higher than a District Councilmember. Mr. Ellis stated that he was open to keeping the amounts the same. A motion was made by Mr. Burguières and seconded by Mr. Danielson to amend line 21 to read "an amount of \$200 or more over the past four (4) years" and strike the language "or Mayor in an amount in excess of \$500". Mr. Vince Talazac stated that he was in favor of this Ordinance and if the Council moves forward, they should consider the flow down requirements. It would be prudent to consider sub-contractors under the same requirements. The motion to amend passed 4-0. A motion was made by Mr. Burguières and seconded by Mr. Danielson to amend line 32 to read "The provision of this section shall apply to any sub-contractors of any contract governed by this section". Mr. Danielson stated that the thought was, regardless if you are the contractor or sub-contractor, if you donated to the campaign of any City official; you claim it as part of your affidavit. Mr. Burguières stated that his experience in working with the Regional Planning Commission, before a contract is let, all the sub-contractors are identified before the main contract is signed. That is standard procedure, and I do not think it is that much more onerous to require, as a condition of the contract (a no bid contract) that the contractor identify who he intends to sub-contract with if he gets the main contract. It is simpler to implement. Mayor Villere gave an example that for a \$100,000 job the subcontractor might receive only \$10,000 or 10%. Some could be as small as \$5,000. Asking a contractor to build this tree of giving is very cumbersome. Some contractors might not even know they are going to need a sub-contractor until after the contract has been executed. This is a lot of trouble. Plus all of these things (up to date campaign finance reports) are listed on the State ethics website. Mr. Burguières stated that one thing you would not find on the ethics website would be who participated as a sub-contractor. Mayor Villere stated that if it is a legal contribution amount, it does not make a difference. He added that this was very onerous. Who is responsible? Is the sub-contractor or contractor responsible? Mr. Burguières stated that this was done all the time. Mayor Villere asked if this was done at the RPC. Mr. Burguières stated yes. Mr. Bill Haacke spoke in favor of the amendment. The motion to amend passed 4-0. Mr. Danielson asked why \$200; what amount is a significant contribution? Mr. Ellis stated that it was arbitrary and he was open to an amendment. Mr. Burguières stated that the Council could try it and see how it works. After further discussion, the contribution amount, indicated on line 21 remained at \$200. Mr. Danielson asked - Are we passing the extra work onto contractors vs. elected officials? Should the elected official assume responsibility of notifying the public of contributions when the contract is awarded? Mr. Burguières stated that it was just a slight adjustment for contractors; once introduced it will become routine. He added that this step restores more confidence to the public to show that there is no connection between a lucrative professional services contract and a contributor who contributes legally to an elected official. Mayor Villere stated that he thought the whole Ordinance was onerous and confusing. Specifically the contribution amount on the affidavit over the last four years will not necessarily match up to the campaign finance reports on the ethics website. If the contractor reports one number and the elected official reports another number, you create suspicion unnecessarily. He suggested looking at an election period. Mr. Ellis stated that the four year time period, as indicated in the Ordinance, makes it easier for the contractor. Mayor Villere stated that it was too complicated to administer. Who is responsible for reporting contributions, the contractor or the sub-contractor? The only accurate information lies with the State Ethics Commission. The whole legislation overlaps with State ethics laws already in place and has some confusing aspects to it. Mayor Villere asked the Council to defer the adoption and give the legislation much more consideration. Mr. David Broughton, Board Member of Concerned Citizens of St. Tammany, spoke in favor of the Ordinance because it supports the Concerned Citizens' mission of providing transparency in government. Mayor Villere irritated that he thought this was confusing legislation because it will not match up with the legal records at the ethics commission. There being no further questions, the motion to adopt Ordinance No. 14-07 passed, as amended, 4-0.

NEW BUSINESS:

2. Adoption of Resolution No. 14-13, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANDEVILLE ACCEPTING THE BIDS FOR THE WEST BEACH PARK PLAYGROUND PROJECT AND AUTHORIZING THE MAYOR TO EXECUTE A CONTRACT WITH THE RECOMMENDED PROPOSER; AND PROVIDING FOR OTHER MATTERS IN CONNECTION THEREWITH

A motion was made by Mr. Ellis and seconded by Mr. Burguières for the adoption of Resolution No. 14-13. Mr. Danielson stated this was deferred last month in order to give Parks & Parkways an opportunity to participate in the discussion process. Mrs. Kidd stated that The Parks and Parkways Commission held a special meeting to discuss the proposed improvements. Their significant recommendation was to remove the four swings proposed for the West Beach Parkway plan and relocate them to the Harbor Playground due to their large fall zone. The Commission recommended that the Council consider two swings for that area at a later date. The second recommendation was to remove the fake tree post topper on the playground equipment and replace it with something more suitable. Mr. deGeneres stated that since the City was placing concrete benches in that area, the proposed benches were removed from the plan. He reported that there would be no dollar change to the contract for the relocation of the swings and removal of benches. There being no further discussion or questions, the motion to adopt Resolution No. 14-13 passed 4-0. Mr. Madden stated that Mrs. Buchholz, who is absent tonight, was in favor of this Ordinance.

3. Adoption of Resolution No. 14-17, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANDEVILLE ACCEPTING THE BIDS FOR THE ISAAC RECOVERY - SEWER LIFT STATION ELECTRICAL REHABILITATION PROJECT, PW-CMA006F AND AUTHORIZING THE MAYOR TO EXECUTE A CONTRACT WITH THE LOWEST RESPONSIVE AND RESPONSIBLE BIDDER; AND PROVIDING FOR OTHER MATTERS IN CONNECTION THEREWITH

A motion was made by Mr. Danielson and seconded by Mr. Ellis for the adoption of Resolution No. 14-17. Mr.

Danielson stated that this was for the replacement of electrical panels for eleven sewer lift stations that were damaged as the result of Hurricane Isaac. The total cost is \$224,000. Mr. deGeneres stated that the City will be reimbursed for 75% of costs by FEMA. Mr. Danielson added that the City did receive six bids for this project. There being no further discussion or questions, the motion to adopt Resolution No. 14-17 passed 4-0.

4. Introduction of Ordinance No. 14-10, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MANDEVILLE TO AMEND THE CODE OF ORDINANCES OF THE CITY OF MANDEVILLE TO REORDAIN SECTION 11-87, RELATIVE TO SOUNDS EMANATING FROM A VEHICLE, AND TO PROVIDE FOR OTHER MATTERS IN CONNECTION THERWITH

Ordinance No. 14-10 was read by title by Mr. Madden. A motion was made by Mr. Burguieres and seconded by Mr. Danielson for its introduction.

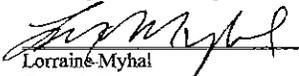
PUBLIC COMMENT:

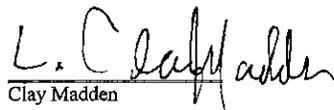
PROJECTS IN PROGRESS (STATUS REPORT):

1. Capital Roadway Maintenance Project – The contractor is completing drainage repairs on Marigny Ave. Task Order No. 2 will be sent out to the Council for preview next week and adoption on April 24th.
2. Girod Street Landscaping & Lighting Project, Phase III – The plan is moving forward with DOTD.
3. Monroe Street Sewer Lift Station – The lift station construction is nearly complete. The control panel installation will follow after CLECO installs a service pole.
4. Tyler Thomas Park Restrooms - The contractor has installed a temporary construction fence. CLECO service has been installed.
5. Hurricane Isaac Water Meter Replacement Project – The project is 75% complete. Non-standard size water meters are on order. Work will commence upon their delivery.
6. Community Center Rehabilitation – The covered drive through is complete. The contractor is in the process of putting up sheetrock in the new room. Plumbing and structural work is complete for the restroom upgrade.
7. Hurricane Isaac Pile Cap Replacement Project - Fabrication of reinforcing steel is in progress offsite.
8. Lotus Drive/Village Lane Drainage Project – The pre-construction meeting was held on April 1st and the notice to proceed was issued for April 14, 2014. Mr. Talazac asked when would driveway cuts begin and how much warning would the homeowners receive. Mr. deGeneres stated that the contractor was responsible for notifying home owners before they start their work for the day. Most projects can be started and finished within the same day.
9. Isaac Recovery Bridge Replacement – The pre-construction meeting was held on April 10, 2014.

ADJOURNMENT:

The Mayor Pro Tem adjourned the meeting at 9:20 p.m.


Lorraine Myhal
Council Clerk


Clay Madden
Mayor Pro Tem