

**MANDEVILLE CITY COUNCIL
MINUTES FOR THE MEETING OF AUGUST 27, 2014
BUDGET WORK SESSION**

The budget work session was called to order by Mayor Pro Tem Danielson at 6:00 p.m.

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

ABSENT:

ALSO: Mayor Villere, Frank Oliveri, Louisette Kidd; David deGeneres, Chief Richard, Gretchen McKinney, Andre Monnot

CAPITAL BUDGET

Shoreline Protection Study

Mayor Villere distributed a WHAFIS map of the Mandeville lakefront that depicted flood zones with corresponding elevations and announced that he had plans to execute a contract with a hydrologist/professor from UNO to provide an update to FEMA and a request for consideration in reference to the "V" zone. He highlighted the difference in elevations from Lakeshore Drive (2' to 4') to the Pre Stress property and Mariner's Village (6' to 12'). He stated that we are possibly considering a 7.3' level of protection for Lakeshore Drive, so it would not be wise to do a study across an area that has a higher elevation. In the line across Monroe Street from Massena to Barbara, you will see elevations of 10'. That area holds water because it is somewhat obstructed in flowing to the lake. Our proposed drainage project would help move water off Monroe Street and create drainage to either Galvez or Massena or a combination of both. Mr. Jeff Roberson, with GEC, stated that the WHAFIS map reinforces the GEC study of Old Mandeville. Neel Schaffer has designed improvements for the City for the shoreline between Galvez and Massena. He stated a shoreline study from Massena to Mariner's Village would be difficult and not recommended. There would be no utility in a shoreline protection study for that area. Mayor Villere stated that GEC arranged a meeting with the Corp of Engineers to discuss conducting an economic feasibility study. He added that the cost of the study would not exceed \$100,000. If the Corp found it was economically feasible, they would cost share and participate in the construction of the shoreline project at 65%. Mrs. Buchholz clarified that GEC did not recommend the additional shoreline study from Galvez to the Causeway and that the additional study was completely different than the proposed drainage project. Mr. Roberson stated yes, that was his understanding. They are independent of each other. Mr. Burguières stated that he would prefer to look at the big picture and combine drainage and flood protection into one study. There was further discussion and debate over the usefulness of an additional GEC shoreline protection study. Mr. Roberson stated that there was more utility in conducting the Corp economic feasibility study.

OPERATIONS BUDGET

Grant Revenue

Mr. Danielson asked if grant revenue was reoccurring. Mr. Oliveri stated that grant revenue was directly related to a lot of City expenditures; so grant revenue needs to be included in the operating budget. The grant funding is reimbursed after the expenditure. Grant revenue is an item separate from all other revenue sources; it is included as intergovernmental funds each year. Mayor Villere stated that this follows accounting principles set by the Legislative Auditor. Mr. Danielson stated that, for forecasting reasons, the Council wanted to understand what should be included and not included as revenue. Grant revenue cannot be projected each year. Mr. Oliveri stated that larger grants are tied directly to capital projects. Of the \$924,000 of grant revenue, \$600,000 is dedicated to capital projects. Mr. Glen Runyon stated that the last budget published referenced \$114,000 of budgeted grant revenue. He added that he was under the impression that it would be offset with a line item for elevation expense. However, line item #115 in the general government section was blank. Mr. Runyon made a point that those two should match. Mr. Oliveri stated that they may be spending it in 2014 and then receiving the grant funding in 2015. He will not know the total figure until 60 days after the fiscal year ends. Mr. Runyon stated that it would be prudent to budget some money in 2015. Mr. Oliveri agreed. Mr. Runyon asked for a breakdown of the remaining \$210,000 of grant revenue and what it is budgeted for to determine if the operating budget was in balance. Mr. Oliveri agreed and Mayor Villere stated that it may be in the form of a budget adjustment.

Contract Labor

Mr. Danielson asked if personnel expense was "double budgeted" since we budget for contract labor and employee labor. Are we putting funding for one position in both pots? Mr. Oliver stated that we budget for both because we do not know how long it will take to fill the position. Mr. Danielson asked if the funding could remain on one line item and then be moved accordingly as needed. Mayor Villere stated that it was complicated, there are many line items involved: salary, retirement, health care, worker's comp, and FICA. Plus, we are realigning the Public Works Department and those positions may change or be eliminated. He added that there was some overlap but it was not doubled. There was further debate on the issue. Mr. Burguières pointed out that if we budget for 126 employees and only have 115, there would be extra funding available for contract labor, if needed. Mr. deGeneres stated that if contract labor funding is not spent, it rolls back into the general fund. There was additional discussion on the organizational chart, the eleven openings in the Public Works Department and the potential benefit of paying overtime vs. hiring an employee. Mr. deGeneres stated that we also need to take into account, the need to have these employees on call for emergencies. Mr. Danielson stated that their intent was not to cut positions or salary but to be involved in the discussions of staffing so the Council knows how to budget appropriately. Mr. Runyon asked the Council to establish accountability by creating milestones and deadlines for the analysis to occur during the year.

Unrestricted Funds

Mr. Oliveri stated that the City has \$9.9 million of unrestricted funds. Mr. Runyon stated that he thought it should be \$5 million if we take into account the MFOC's recommendation of holding three months in reserve. Mr. Oliveri agreed and

added that we started at \$10.5. Mr. Runyon stated that there used to be a line item for contingencies, under the old financial policy, which reduced the reserve but that line item has been removed. Mr. Oliveri stated that it was identified in the audit. He added that it was still available to be spent. Mr. Runyon stated that this was unassigned and unallocated funds. He stated that the real issue was that the 2015 budget was at a deficit unless you include grant revenue. He added that user fees do not cover all operating expenses, excluding depreciation, in the Enterprise Fund. Mr. Oliveri stated that they expect to increase user fees in the next year because they have remained the same the last seven years. The new rates will go into effect November 1st.

Economic Development

Mr. Madden asked how the \$5,000 budgeted amount would be spent. Mayor Villere stated that Ed Bee would be conducting workshops with the Council and Administration. He added that he plans to conduct a survey for all residents to ask what they expect from Mandeville and what they feel is lacking. Mr. Madden stated that he read a proposal offered by Ed Bee that quoted \$2,000 for the survey. Mayor Villere stated that the \$5,000 includes the cost of the survey. He anticipated that the survey would be done online and advertised through the water bills.

Litigation Summary

Mr. Burguières stated that he has not received a summary of litigation that was requested in July. Mayor Villere referred Mr. Burguières to the City Attorney. He stated that he would not disclose to the public what our exposure was on each case. He added that this was an area where the Council tries to micromanage the budget. Mr. Burguières stated that it would be beneficial to see a list of all cases so if we had questions about three or four of them, we could go into executive session to learn about our exposure and plan accordingly.

Amendments to Ordinance No 14-31 and No 14-32

Mr. Danielson stated that these items, previously introduced and discussed, amend the capital and operating budget ordinances by including additional policies and rules. Amendments for Ordinance No 14-31, items 1-6 and new items 7-10, will be up for approval tomorrow evening.

Girod Street

Mr. Danielson asked for clarification on the bidding process for the Girod Street improvements project. Mr. deGeneres stated that the project was ready to be bid. The base bid will take care of the drainage work. There are two alternate bids. One includes pavers at the intersections and the other includes pavers only at the corners. We only need to accept the base bid, but if we choose, we may accept alternate bids depending on the costs. It would all come back to the Council for final approval. Mr. Danielson stated that based on this information, item #10 with reference to Girod Street Improvements, of the amendment to Ordinance 14-31 is not needed.

Amendment to Ordinance No 14-31

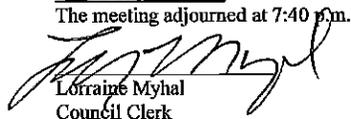
Mr. Danielson recommended changing the notification period to the Council for the execution of contracts from two weeks to one week in order to coordinate with the Council agenda. Mayor Villere stated that he was opposed to item #7 "The administration shall notify the City Council, by placing the notification on a regular council agenda, prior to the execution of any contract for the service or architects, attorneys, certified public accountants, engineers, physicians, or other persons retained to manage or direct activities on city owned or controlled property, or city sponsored events shall be submitted to the Council by the Mayor for Council review and recommendation as to the party to whom the contract is awarded." because it conflicts with the City Charter. Mr. Burguières stated that the rule would become a part of the budget process. Mr. Madden added that the City Attorney advised, during the Charter review public hearings, that this policy should be considered as a separate Ordinances rather than a Charter amendment. Mayor Villere disagreed and stated that it takes away the authority of the Mayor. Mrs. Buchholz stated that the words "review and recommendation are confusing. Mr. Danielson agreed and added that this was for notification purposes and not for Council approval; the intent was notification only. Mayor Villere stated that he did not have a problem with notification. After a brief discussion, there was consensus to notify the Council one week prior to the execution of the contract by placing the item on the Council agenda.

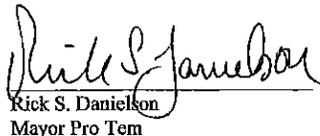
Parks and Parkways

Mr. Danielson stated that item #9 "Final approval for the \$100,000 requested in the Parks and Parkways budget for the Hwy 190 / Florida St. Landscaping Project is contingent upon the final execution of an expense sharing agreement between St. Tammany Parish and the City of Mandeville whereas the overall \$500,000 project costs would be shared between St. Tammany Parish and the City of Mandeville since each party shares the landscaping and maintenance of Hwy 190 / Florida St. between Carondelet St. and Jackson Ave" was added to ensure that the City of Mandeville was not responsible for maintenance of the entire project on both sides of Highway 190.

ADJOURNMENT:

The meeting adjourned at 7:40 p.m.


Lorraine Myhal
Council Clerk


Rick S. Danielson
Mayor Pro Tem