

**MANDEVILLE CITY COUNCIL  
MINUTES FOR THE MEETING OF JUNE 2, 2016  
BUDGET WORK SESSION**

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

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

**ABSENT:**

**ALSO:** Mayor Villere, Frank Oliveri, Louissette Kidd; David deGeneres, Michael Pulaski, Laure Sica, and John Keller

Mr. Madden announced this meeting is to explain to the incoming council the basic budget procedures and to discuss how the budget is handled.

Mr. Oliveri wanted to first let everyone know that the capital budget sheet handed out is just a draft. He gave a PowerPoint presentation (see attached) where he discussed the process and preparation of the budget. He also reviewed the administrations role dealing with the operating and capital budgets, lapse of appropriations and the project timeline. He stated if someone has a project to present whether it is the mayor, council, director or citizen, it first gets reviewed to see if it will benefit the citizens. From there the scope is defined and that determines when and how it will be budgeted. Mr. Oliveri discussed how each project determines what funds you can use. He gave the example of the water tower project and explained how it was budgeted and how long the project took until completion, which in some cases can be several years.

Mr. Pulaski asked when a project is placed in the budget does it also include a projected estimate of completion date. Mr. Oliveri said sometimes a project is getting funding and that will slow down a project. The money can be budgeted and if there is no funding, a project may not be done. The mayor said they have different categories for projects that range from 1-5 years. Some monies may be given up front and then a project will go into design, so some projects take time if you have to wait for the capital outlay. If you start a project in one year and do not finish it in the year, you can carryover that money into the next budget year. As it goes into the budget, two things happen: it goes into the capital budget and then it goes into the five year capital plan. Those items can be modified in the budget hearing process.

Mr. Oliveri also informed the council that you can budget for a project and if no monies have been spent on that project during the year, the funds are then de-obligated. You can always re-appropriate the money next year or do nothing and it automatically expires. He stated active projects should move over into the next budget unless the council wants to take it out of the budget. Capital projects are based upon wants and needs so there may be some shifting over the years. For example, Road soft is a program Public Works uses to determine which roads need to be repaired.

Mr. Pulaski asked if you have a project budgeted and decide not to do it, what happens with the money? Mr. Oliveri stated it goes back to the fund where the money was appropriated.

Mr. Oliveri stated the last process, once the council has approved the funds, is to start the design process and move forward with the projects for bid. The lowest responsible bidder is selected and then it is presented to the council for approval. Mr. deGeneres then keeps the council informed of the project status at the council meetings and if there is a change order it will be presented to the council. Some projects will need a budget amendment because of discoveries that may occur once the project has started.

Mr. Oliveri reviewed the draft of the capital budget he presented to the council. He explained how some funds have been appropriated and how the projects are listed and if they show a carryover. There are the general fund, special sales tax restricted, ½ cent sales tax street, and district 3 sales tax. Mr. deGeneres will meet with everyone and go over the capital projects and start making their want/need lists. Mr. Oliveri said he is expecting an increase of about 1% from the sales tax revenue, about \$150K this year. Also, the establishment of the mills will be next week and will drive a large amount of money in the budget. The mills will be presented to the council for adoption on June 23<sup>rd</sup>.

Mr. Madden asked if Mr. Oliveri could go over the budget timeline. Mr. Oliveri said at the end of June he will present the budget and from there hearings will be set by the council. He prefers to discuss the capital budget first because it contains the most money and there should not be many questions about revenues. Mr. Burguières and Mr. Madden both agree they like doing the operating budget first. This was a recommendation to the council from the MFOC committee. Mr. Madden stated we usually receive both budgets by the end of June from Mr. Oliveri. We have 2 work sessions scheduled, July 7<sup>th</sup> and July 25<sup>th</sup> and we should approve the budget at the last meeting in August. The fiscal year starts September 1<sup>st</sup>. The idea is at the first meeting to discuss operating budget items and the second meeting would be for capital. If needed, another meeting can be scheduled. Also, he wanted to remind the incoming council they can ask budget questions at council meetings in July because it will be on the agenda.

Mr. Pulaski asked if there is a group that goes over capital projects. Mr. deGeneres stated this is what he will be doing with each council member next week. During those meetings questions can be asked and if he does not have answers to any questions, he will get them. He said the biggest items outside of capital projects are the salaries and benefits.

The mayor commented the items in the general fund are typically vehicles, capital improvements, etc. those items are not normally spend until the spring time because he wants to give fair accounting of what is happening with the revenue coming in the general fund. If the money is running tight, we don't buy so we don't outspend. Mr. Pulaski asked if you budget 5 police cars, does that mean you buy five or do you buy two? The mayor stated you can buy two and see how things are going and then buy the rest or decide not to. Mr. Madden said that would be an amendment to the budget. Mr. deGeneres said that is the same for adding and taking away. The mayor submits the budget and the council reviews the budget and can make changes before approval. Mr. Burguières said you have some unknowns like health insurance. You budget for this in July/August, but do not find out the dollars until beginning of calendar year so you have to make adjustments if needed.

Mr. Oliveri reminded the council that this year they will have to appoint a new auditor. He can do the RFP and would like to ask Mr. Volz and Mr. Haacke to sit on the committee. The committee will do the scoring and submit their recommendation to the council. Mr. Madden said he thought that would be fine. This was something they discovered in the MFOC meetings that it is recommended you change auditors every 4 years. We have had Postelwaite for 5 years and before that it was Laporte so it is time to switch. Mr. Pulaski asked if you are required to switch. Mr. Danielson stated no, the change in auditors is recommended by the inspector general task force that went to the LA auditor. The change was recommended every 3-5 years. It was determined if you change too often it defeats the purpose, but too long, they get way to comfortable. We are happy with their work, but it is time to switch. The RFP is a request for the most qualified. The committee will score and will be sent to the council for approval. Mr. Burguières wanted to explain what is the MFOC. It was established in 2012 and is a group of citizens with financial backgrounds who meet to discuss best practices and they make suggestions to the council. Some are adopted and some are not, they are people involved in business and bring a fresh pair of eyes to the table. Mr. Volz and Mr. Rohrbough who are here are on the committee, and Mr. Runyon was on the prior committee. Mr. Oliveri said Mr. Rohrbough could be on the scoring committee, it is best to have at least 3 people. Mr. Danielson wanted to give an example of what the MFOC has done in the past. They have recommended putting the capital budget before the operating, and to have this meeting to discuss the process, they do not deal with the money, but provide recommendations on how to improve the budget process. Mr. Madden commented the committee looked at switching up the fiscal year so it did not hit a new council at the beginning of their term, but there really was not better option.

Mr. Burguières wanted to tell the incoming council to consider the sales tax inconsistency. Parish has one tax and the city charges another. It poses a problem for some businesses that have to deal with in/out of parish customers.

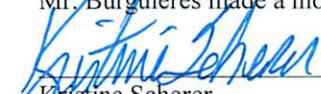
Mr. Madden confirmed the budget will be introduced the first meeting in July. Typically there is not discussion for introductions, but he will allow it for the budget. The mayor commented when they discuss salaries they typically look at a 2.5% increase because of an on-scale matrix and longevity. This year there is about a 1-1.5% increase in retirement cost and typically an average of about 4% increase in healthcare. Mr. Oliveri stated last year they negotiated basically flat healthcare and the health wellness employee program has helped the cost.

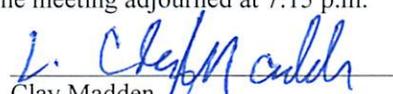
Mr. Pulaski said if you want to ask questions about the budget, can you? Mr. Oliveri commented you can ask questions, just cannot take any action until it has been introduced. Mr. Madden said if the new council members have any questions, they can call the administration. Mr. Danielson recommended to the incoming council, the more pre-work you do the easier the budget becomes, ask questions. This is the council's most important responsibility. The incoming council must be comfortable with the budget before they make final approval; you can do as many work sessions as you need. The budget has a lot of pages, some not necessarily needed, but start with the big picture of the budget and work your way down to the different categories.

Mr. Danielson asked Mr. Oliveri to inform the incoming council, once the budget is approved, what is the council's and administration responsibilities. If there is a change, what has to come back to the council and how does the process work. Mr. Oliveri stated the only way to change anything in the budget as far as capital improvements is to bring it to the council if it is 5% over the budget. The city backs it down to 3%. Mr. Pulaski asked if that was a percent of the line item or the budget? The mayor said that is the percentage of the department budget, the total budget. Mr. Burguieres commented you will see that if the department is one big item instead of line items, it gives the administration more discretion. The mayor said the administration will report to the council at the end of the year those items that were changed. Instead of using the wrong code and they don't have any money left in this budget item, it gives a more accurate budget every year. There are fewer items listed. If an item is specifically listed in the capital then they have to go back to the council if it is not listed specifically they don't have to go back to the council. If a contractor has a change they will include it whether over/short in the final change order. Mr. Burguieres stated one area that is a problem is the budget for employees. The city budgets for 125-130 and they only have 105 employees so they budget for 10+ more than they have. The argument is how many employees to budget for.

**ADJOURNMENT:**

Mr. Burguieres made a motion to adjourn, seconded by Mr. Ellis. The meeting adjourned at 7:15 p.m.

  
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Kristine Scherer  
Council Clerk

  
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Clay Madden  
Council Chairman