

**THE FOLLOWING MINUTES WERE ADOPTED AT THE AUGUST 11, 2016 MEETING OF
THE MANDEVILLE CITY COUNCIL. MANDEVILLE CITY COUNCIL
MINUTES FOR THE MEETING OF JULY 25, 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, Cpt. Ron Ruple, Frank Oliveri, Finance Director; David deGeneres, Director of Public Works, Edward Deano, City Attorney; Henry DiFranco, City Engineer

Mr. Madden announced this is our second budget work session. We are still discussing the operating budget and if that is resolved we will then begin the capital budget. If necessary, a third meeting will be scheduled. Mr. Madden opened the floor with any questions from the council.

GENERAL BUDGET QUESTIONS:

Mr. Pulaski had some questions about the 2% and 5% and after discussing the topic with Mr. Deano, he feels comfortable with the understanding. He wanted to make a few suggestions to the budget. First, he wants to have the Police department use some seizure funds. When the police seizure money from drugs or robberies, once the case has been resolved the money goes to the agency. The police department has accumulated \$67K and would like to take \$51K for equipment. Cpt. Ruple stated he would like to use the money for tasers, lights on the long guns, upgrade the side arms with lights and to add one watch guard camera system to finish the fleet. Mr. Oliveri stated they will move the money into revenue and then add the cost to the expenditures in the police equipment line. Mr. Ellis asked if this was an ongoing process or a one-time situation. Cpt. Ruple replied there are always ongoing cases but they have not used any money from this fund since the purchase of a new vehicle two years ago. Mr. Madden inquired as the normal process. Mr. Oliveri commented he will make an amendment in the budget before it is adopted. Mr. Madden would like to make a running list of all amendments and put it in a legislative format, because last year something was taken out of the budget that was not voted on.

Mr. Pulaski wanted a council budget and he drafted one with Mr. Oliveri. It covers meeting fees, phone allowance, computer costs, salaries and supplements, printing. This will be a supplemental sheet. Mr. Madden asked if the email can be sent to all and Mr. Deano will review.

Mr. Pulaski also was trying to do something with a line item for salaries to be broken down instead of one line item under general fund. (pg. 97 general fund, salaries). He met with Mr. Oliveri and was told it was a computer nightmare to do this and came up with a supplement and refer this back to the budget. Mr. Madden asked if we can adopt with an appendix and incorporate by reference. Mr. Oliveri said this would insure the monies are set for each position budgeted for; they would be limited by the final reference page. Mr. Ellis would like to see how it is broken down before he agrees with this. He wants to make sure we do not have a similar occurrence as what happened last year. Everything was in one line item. Mr. Oliveri said by doing this by reference it would prevent this. Mr. Pulaski said in the budget they cannot be increased without council approval. Mrs. Sica commented there was this statement in last year's budget and the increases were done anyway. The mayor said the wording was the directors would be handled separately. Mr. Madden asked Mr. Deano for some clarification. The council would like the directors' salaries to be broken down one by one and Mr. Oliveri says it will be a coding nightmare, so do you incorporate by reference with an attached appendix. Mr. Deano stated yes, the language is important as to you want to limit and say that included in the appropriation is this amount for each office which is attached and you might want to exempt it from the portion of the budget that would include a 2.5% increase for employees. Mr. Pulaski is assuming the council wants to exempt the directors from the employee increase, Mr. Madden agreed. Mr. Ellis wants to make sure the money they assign for the directors and mayor does not change like it did last year. Mr. Oliveri wanted to make sure he understood

the compensation line items identified for the director positions and mayor's salaries would be exempt from any movement of funds or any appropriation of funds that are not already in the budget.

Mr. Burguieres asked if the software the city uses is Munis. Mr. Oliveri said yes but all of the reports he provides to the council are in excel and a data base management program. Mr. Burguieres presented copies of the current budget from Covington which uses the same software and can itemize out the different positions by line items with the benefits and salaries. If Covington can produce this, why can't Mandeville. Mr. Oliveri stated he never said he could not produce these reports; his reports for the council are driven by flat based line items. Mr. Burguieres thought we should be able to do this for the next budget cycle. Mr. Madden and Mr. Pulaski agreed.

Mr. Pulaski has had concerns with the 2% and 5% in the budget message. He has researched and found the rs: 39:13:10 and 39:13:11. He thought there was a problem with the 2% but after reading these acts it deals with revenues in the fund, not transferring money around. What is the change in operations, the LA auditors stated and AG opinion the transfer of budget funds or funds designated for a specific department it has to be brought before the council. In Rs39:1305 the adoption of the budget gives the admin to make the changes. Mr. Deano discussed this with Mr. Pulaski and in 1999 the change was made to give the administration the approval, but the council has the authority to set the restrictions in the budget. Mr. Deano stated you can do a % or a \$ amount or both. Mr. Pulaski is looking more towards the 2% or \$15K whichever is less, the 5% is just too high. The mayor stated this is by line item or category? Mr. Pulaski would like the line item. The mayor said a line item for some is very small. Mr. Oliveri will present the council will variances for both 10K and 15K for the council to review. Mr. Keller wants to see the reports before they make a decision.

Mr. Burguieres wanted to remind the council that the pay raises that was given to the directors fell under the 15K a piece. If you want to cap salary be specific and reference the line item. Mr. Pulaski commented he wants the directors and mayor to be exempt from the 2-5%. What you are trying to control are things that you don't know happened; you need to look at the line item it will affect. Mr. Ellis would like to see the variance analysis.

Mrs. Sica commented at the last meeting there was a discussion about how to control the expenses for Principal Engineering. Not that she is not happy with them, but where is the line item for Principal and their costs? How can you control them if there is no line item. Mr. Oliveri stated not all projects are done by Principal but they scope out the work for every project so their costs are included in the engineering fees for each project. She should discuss this with the mayor before the budget and contract is approved not manage by the line item. Mr. Keller commented he received an analysis from Mr. Oliveri and found the average cost to the city is 13% where the study average was 16%. Mr. Ellis would like a copy of the analysis. Mr. DeFranco commented their fees are relatively low because of the maintenance programs they obtain for the city.

Mr. Keller met with Mr. Oliveri and they discovered in the Parks & Parkways line item a \$202,500 duplication. This needs to be removed from the line item. There are several large projects they are doing this year which is why their budget is high. Mrs. Sica asked if Parks & Parkways has spent more than \$250K in the past 3 years. Mr. Oliveri replied he did not think so. Mrs. Sica asked if we set a lower amount (\$300K) based upon history, they can request from the council additional monies for approval. Mr. Oliveri stated this would tie them down because they have hard contracts of \$202K already in place.

Mrs. Sica is going to meet with Mr. Deano to discuss the engineering contracts. She thought she understood there was a way to control costs, but after hearing the discussion tonight, she does not see how that is possible. Mr. Burguieres inquired if the analysis is to compare apples to apples. They can check the parish engineer costs which should be similar to Principal. From this you can determine if it is better to contract with Principal or in house.

Mr. Pulaski asked what the amount under the general liability claims is, is this our deductible? Mr. Oliveri stated yes, the amount is based upon prior 4 years. We have a \$25K per claim deductible with no aggregate. Mr. Pulaski asked if the city has ever thought about getting a policy where the city is self-insured. Mr. Oliveri has not looked into this, they will discuss with RMI, and not many people want to insure governments. At this time we only have about 6 claims.

Mr. Keller would like to have an executive session to discuss pending claims and give some guidance since there are 3 attorneys on the council. We need to get the list from Mr. Deano's office to include on the agenda for the first August meeting.

Mr. Pulaski inquired if we put money aside for unfunded pension for retirees. The mayor commented no, we fund by the active payroll and send that money to the trust fund unless you get out of the plan. They have asked the legislature to pass act 285. The mayor is recommending passing along the 1% increase this year to every employee. Mr. Keller asked if there was a scenario that at one point the city paid the employee portion and then the employees had a deduction. Mr. Oliveri confirmed that this was a supplement for the municipal employees only, the police kept their same benefits. Last year the mayor discussed with Tim Burns act 285. This would allow the city to pay for the employee's contribution so they would be in the same situation as the police. It costs the city about \$30K a year and other expenses. It would be easier if the council would approve this because it does not change their expenses, it puts all employees on the same level.

Mr. Pulaski asked Mr. Oliveri why we do not break even in the enterprise fund, we lose money. Mr. Madden thought we were mandated by the charter to break even. The mayor commented we have been working on this the past few years and have raised the fees little by little every year. Mr. Keller asked if we have a comparison to show the fees in case we decide to raise the fees. Mr. Oliveri said they do not want to raise fees in a rapid pace. He would like to change the ordinance for sewer rates to change the fees after 3-4 months of move in date instead of almost 18 months later.

Mrs. Sica asked the administration if we have an animal control contract. The mayor replied no, the citizens pay a millage for animal control. Mrs. Sica stated we do not need the line item for animal control (\$23K). The mayor replied we need to keep money in case we want to build in an enhancement. The mayor commented right now the money is not being used. Mr. Ellis asked what the \$22K was listed in the 2015 actuals. Mr. Oliveri stated this was for bills we had before they stopped the contract. The police would sometimes have to house animals because they would not respond and pick them up. They were supposed to give the city 8 hours a day of coverage that we were not getting so we stopped paying them. Mr. Oliveri said we need the money in case we need to call a specialist and that is around \$300 a call.

Mr. Madden has been working on a legal fee analysis and has heard different arguments. He sees with \$102K in salaries and \$14K in health and benefits + retirement and others is \$187K. He is comparing the last 4 years with a contract attorney and the last 4 years with Mr. Cressy. Mr. Pulaski said it all depends upon who you want to hire and if they need benefits, he thinks the \$187 is not out of line. Mr. Madden commented the 2014 invoices total around \$272K and the budgeted actual was \$150K, where is the difference? Mr. Oliveri stated the city attorney is mostly in the general fund, civil service attorneys are in another area. The mayor stated you need to compare an in-house vs Deano with Bourne (prosecuting atty), Laurie Pennison and Bobbie. We get more legal work with the contract city attorney. Line 46500 is for legal fees for each department. Mr. Pulaski asked if we can have a person on call. Mr. Deano stated there is always someone in his office. You can control legal costs more with a contract. His fees are going down because he is using his paralegal to do some of the work he did in prior years. Mr. Keller feels looking at the memo Mr. Deano presented, the costs are reasonable.

Mrs. Sica inquired about the line for contract labor in each department, what does that consist of. Mr. Oliveri stated they are general contracts for the department or consultants for the department. Mrs. Sica stated you can get rid of the line item for animal services and if services were needed, it would be under contract labor. Mr. Oliveri stated that line item uses contractors who file a 1099.

Mr. Madden inquired if the city attorney handled civil service issues. The mayor replied, no, that is handled by Phelps Dunbar because they specialize in HR issues. Mr. Madden asked if we ever had a year where we did not have outside legal fees. Mr. Oliveri replied no.

CAPITAL BUDGET:

The mayor gave a brief overview of the capital budget. The budget is organized by projects and funding mechanisms. The general fund is for land acquisitions, enhancements and vehicles. The special sales tax fund consists of road work and sidewalks. The ½ cent sales tax is for sewer and water. District 3 is used for purchases that go towards roads and drainage that have a benefit in district 3. This also includes Fountainbleau, Shadows, Beau West and Old Mandeville Woods because they were annexed from the parish.

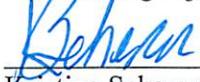
Mr. Keller inquired if anyone from the parish has ever questioned our use of the district 3 money. The mayor replied no.

Mr. Pulaski commented the original proposed budget for the police included 5 vehicles and now the budget has 4 vehicles. He wants to ask Cpt. Ruple if he is ok with that especially with national issues that have arisen. Cpt. Ruple stated they have recently put 2 vehicles out of service and this would replace the oldest 2008 Crown Victoria's. The mayor stated they will receive 4 vehicles next year. The council feels the police should have everything they need under the national situation. Mr. Pulaski asked Cpt Ruple what is the status with bulletproof vests. Cpt. Ruple stated they are all required to wear bulletproof vests. Mr. Pulaski wants to add the 5th car back into the budget, the mayor replied no, they will get 4. Mrs. Sica said we can approve the money in the budget. There was an AG opinion that says the mayor must agree to the appropriations the council assigns. Mr. Deano agreed unless there are extenuating circumstances, the mayor must comply. Mr. Madden inquired about the fence on the back side of the police building. Cpt. Ruple said their biggest issue is the physical barrier. He is researching an 8' cedar fence and has received an estimate of \$15K. Mr. Ellis commented these are different times and we need to give the police all the assistance they need to protect themselves and the citizens. Mr. Keller inquired if there was anything they could do about the private road which everyone uses. Cpt. Ruple does not think there is a solution except to put up additional signs. Mr. Madden recommended adding \$20K in the budget for a police fence.

Mr. Madden scheduled an 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 8:00 p.m.



Kristine Scherer
Council Clerk



Clay Madden
Council Chairman