**MINUTES**

**FOR THE CITY COUNCIL BUDGET WORKSHOP OF AUGUST 11, 2021**

The budget work session of the Mandeville City Council was called to order by the Council Chairman at 6:00 p.m.

**ROLL CALL - present:** Jason Zuckerman, Rick Danielson, Rebecca Bush, Skelly Kreller, Jill McGuire

**Also present:** Mayor Madden, Keith LaGrange, Director Public Works, Cara Bartholomew, Dir. of Planning, Kathleen Sides, Finance Director, Elizabeth Sconzert, City Attorney

Mr. Zuckerman explained this is our third budget work session during which time no votes will be taken. Mr. Zuckerman stated he wanted to recap the council action items to date and then continue with council questions asked via email.

1. **Police Equipment: ADD -bullet proof film for vehicles**: This is for the Kevlar doors for police vehicles. This amount is included for new vehicles. The older vehicles will be around $3K each however, the city should not resell these vehicles due to the bullet proof film. We have 24 marked cars so 24x3 is $72K for Kevlar. Mr. Danielson would like these lines itemized: vehicle replacement, outfit for 7 vehicles, and bullet proofing.
2. **Police: ADD – gates and fence**. Mr. LeGrange will have an estimate tomorrow, but this will provide security for the back portions and perimeter of the police yard along with some type of electronic gate.
3. **Ravine Coquille – ADD money for sheet piling**. Mr. LeGrange estimates this at $300K
4. **East Shoreline Protection: Decrease project from $1.2 million to $250K**
5. **Exhibit B: HR Director – reduce salary to reflect a 2.5% increase**.
6. **Exhibit B: Remove EE retirement from student workers**
7. **Remove the salary of the Clerk I for Planning**. Mrs. Sides stated they will be looking at a new job description and that would have to go before civil service

Mr. Danielson asked where we are with fixing the bottom of the income scale for those positions. We are cutting some positions, but the work does not go away, but there is no pay increase. People are being paid less than $15/hr., how are we going to get to. We have 120 positions on the books, the mayor is asking for 5 more positions. We are never going to have 125 employees working for in the city, we have not had over 102 in years. What are we doing to bump up those people, recruit new, retain what we have and do more, at a right and fair price? He knows the salary survey will help but that is in the future.

The mayor said the answers are the salary survey, but we probably have a better benefit package. He wants a salary survey every 4-5 years and thinks this will be a big help. They will look at private market and surrounding area. We have trouble in maintenance department. The survey should be received before the end of August, and this will be analyzed by a committee and present recommendations. The HR director stated she will fill all 125 the positions in this fiscal year. Mrs. Sides wouldn’t agree that certain positions will never be filled.  The positions that are unfilled are continuously changing.  Onboarding and Offboarding is constantly in progress.  This fiscal year we have hired 18 employees and terminated 15.  From 2018 through today, those numbers are 60 hired and 57 terminated. Mr. Danielson reiterated we need to do something to recruit and retain.

The proposed raise for the HR Director is 11.50%.  Is that within the boundaries of the step schedule?  Seems like a very significant raise and I don’t remember you mentioning such a significant raise to us before we received the proposed budget.  – The mayor stated that will go back to the proposed 2.5%.

The Exec Asst and all other directors will get their 2.5% on their anniversary date, which is a little different than the way it was done in the past. We will budget for them now, but Keith will get his in Feb 2022, Cara in March 2022, Kathleen in October of 2021, and Trilby in June of 2022. The mayor is proposing raises for Joanna and Alia, which would go into effect Sept 1, 2021. Chief Schliem will be brought on at $90K. I am asking for $95K in the budget to do a 6-month assessment. Because he is being brough on right during budget time, he would not be eligible for the 2.5% raise until the start of next budget year (2022-2023). Mr. Danielson stated how do we put this in writing. The mayor thinks the city attorney will see where it needs or should be written, this was an internal policy he established. Dr. Kreller does not understand why every employee gets a 2.5% increase, this should be merit based. The mayor stated they must go through an evaluation with the supervisor to get the raise. They must get over a certain number of points to receive the increase. Mr. Danielson stated everyone is budgeted for a 2.5%. The mayor explained years ago employees if they scored above a 36 were eligible for a 5% increase in pay. This was discontinued by the prior administration, and he would like to bring that back. Mrs. McGuire asked with 100 employees how many had not gotten a 2.5% raise. The mayor stated its very rare. So, Mrs. McGuire asked directors are not civil service so the 2.5% is not written for the directors. The charter states the mayor sets the director’s salary and gets approved by the council. Mr. Zuckerman asked since the salary survey would apply for all employees, we may have to adjust the civil service scale. Mrs. McGuire asked how the 2.5% can be earned if an employee is just satisfactory while an outstanding employee will get the same 2.5%; that does not seem fair. Mrs. Sides explained that is the rules established by the civil service board. Mr. Danielson asked if the civil service board has had any input on the 2.5% increase across the board. The mayor has spoken to one board member who wants to give police a pay raises now and then review the scale. He told them the salary survey will be here soon and they can do a budget adjustment in late September early October. Mr. Zuckerman stated what the council is being asked to do is pass the 2.5% increase under the current HR process and civil service looks at revisions later. Mr. Zuckerman asked what it somehow the survey came back with an employee being paid too much. Dr. Kreller suggested freezing the salaries until we get the survey back. The survey is coming in a few weeks and the council could then do one budget adjustment based upon the recommendations. Mr. Zuckerman agrees that is a possibility because if a position is overpaid how can we then not apply the 2.5%. The mayor stated the council could take away future increases. Mr. Zuckerman stated so we could go to the line item for certain positions and say those do not get an increase. Mrs. McGuire wanted to recap her understanding of the increase. According to the mayor, currently everyone gets a 2.5% raise if you are satisfactory or above. Prior years if you scored a 36 or above you received a 5% raise. This past year, only 5-6 employees would qualify for the 5% if it was in effect based upon their score. Her concern is what about the above average but did not score 36, what happens to them. You are basically average or superior. Mr. Danielson asked if the council could just give a cash amount to all employees. Mrs. Sides stated that is not in line with civil service rules. Mrs. Sides also stated the salary survey company received job descriptions for each position and each employee was asked to provide what they believed their actual duties entail. Both will be part of the whole study.

Mr. Goodwin stated merit is forever and that increase goes towards retirement. He recommends you should not get a bonus if you get an “A” or a “C” – that’s not merit. You should give an employee a one-time bonus per year and that would not increase their pay forever. Mrs. Sconzert stated you need to be careful with giving bonus because its discretionary and you run the risk of inequity.

I did not see a line item for Emergency Preparedness Planning – based on the Professional Services Contract that we approved in July for our new emergency plan. Mrs. Sides explained in Exhibit D, General Government Emergency Income (should say Expense) is on pages 6, Water Department Hurricane Expense (should say Emergency) is on page 14 and Sewer Department Hurricane Expense (should say Emergency) is on page 15. Mr. Danielson asked if this could be one line item for tracking purposes. Mrs. Sides can create a project for the EPP tracking.

In the Operating Budget, under General Fund, I would recommend changing the line item “Council Meeting Fees” to “City Council Pay.” Mrs. Sides replied she can do this.

Regarding the Mayor’s Compensation. The proposed Mayor’s pay & benefits package would be an increase of over 9% over last year.  Your proposal includes the city providing the mayor’s portion of the Retirement Plan although you voted for Ordinance 19-33 that stated that the mayor would pay that portion if the mayor were going to participate in the retirement plan?  That alone is an increase of $9700.  How is that justified?  To approve that, the Council would have to amend Ordinance 19-33.  Mrs. Sides explained last year, the mayor did not receive the EE Retirement but is slated to against the proposed budget ($9,686).  The mayor is proposing the changes noted and that would require an amendment to the ordinance.  Also, it’s important to note that Ordinance 19-33 incorrectly states ‘Mayor may participate in the Municipal Employee Retirement System (MERS)’.  However, participation is not optional.  Every full time, non-police employee must participate in MERS. The mayor stated this is fixing an error. He does not believe the council was aware this would reduce the mayor’s salary. He believes the intent of the council was to have the mayor’s salary at $94,500. Mr. Danielson asked if the council should be increasing the mayor’s salary and benefits

During his term or should the mayor’s compensation package be locked in for a full term by ordinance – just as the Council cannot give themselves a pay raise during a term cycle, he would think that the mayor’s position should follow suit. Mrs. McGuire stated the prior council voted upon this ordinance for a future term. The mayor stated the vote was for the next term but when he was a council member the mayor often receive a 2.5%. The retirement he discovered after he took office, it was not understood that the mayor had to participate in the program, and he does not think. The mayor is a full-time employee of the city so he should be treated the same. Mrs. Sides stated it is not really a 10% raise because he really gets $85,050. Dr. Kreller stated that may be correct, but the mayor voted for that ordinance when he was a councilman. Now he is the mayor and wants that changed. The mayor stated the council did not know you had to participate in the program. The mayor thinks this is fixing an error. Mrs., Bush stated the intent of the prior council was the salary of $94,500 so if they did not know about the mandatory retirement what does this do. Mrs. Sides explained his pay is $94,500 -9450 is deducted to go into retirement. Every other employee must participate in the retirement per MERS and the city pays all their retirement cost.

During his term or should the mayor’s compensation package be locked in for a full term by ordinance – just as the Council cannot give themselves a pay raise during a term cycle, he would think that the mayor’s position should follow suit. Mr. Danielson stated this would have to be part of this budget ordinance and then amend the prior ordinance.

Dr. Kreller asked if we could go over the budget line by line. He feels we are skipping around, and he does not want to miss any areas. Mr. Danielson stated we will go line by line to track our changes. Mrs. Bush stated last year we did go line by line and had at the end a running plus and minus summary.

Enterprise Fund:

1. Why did Sewer & Water projected revenues go down approximately $450K from last year while total projected operating expenditures went up $323K resulting in an increase of the shortfall between revenue and expenses from $1.02M to $1.8M, and increased shortfall of $780K.​ What are the reasons for the projected reduced revenues and for the increased expenses?
2. Is the loss of revenue somehow due to COVID (not sure how it could be seems like it would be the other way around) or some other outside influence such as the previous year had large developments with significant impact fees that we are not projecting this year, etc.
3. What is driving the projected increase in expenses?  Are these some one-time expenses or are costs just going up and if so, what specific ones that are having this big of an impact?
4. What has been the trend on this ratio of revenue/expense over the past 5-7 years?
5. Does the administration have any recommendations regarding this shortfall (increasing revenue, reducing cost, etc.)?
6. What is driving the projected increase in expenses?  Are these some one-time expenses or are costs just going up and if so, what specific ones that are having this big of an impact?

Mrs. Sides will need to get back with the council on these answers. She explained impact fees are projected less due to the decrease in building permits. There was also a revenue reduction due to covid because the city waives late fees and cut offs. She also would like to examine several rates that have not been adjusted since 2016. Mrs. Sides has spoken with the state, and we should receive part of our $4.6 million this month. She wants to propose adding this to grant income and grant dispense and they can discuss how to allocate these funds. The council wants Mrs. Sconzert to review the grant and make sure the city does not have any stipulations with the acceptance of the grant. Mr. Zuckerman wants to get back to the enterprise questions, he is trying to understand this fund. Is this due to capital expenditures, depreciation…that would be increasing expenses. Mr. Zuckerman wants to see if the shortfall is real, do we need to address this. Mrs. Sides thinks that might be part of this and thought she could apply some of this money to this account. There are significant one-time expenses such as computer equipment, low fees, and we are down last year with COVID. There are four categories you can use this money for: emergency pay, sewer and water infrastructure, broad band, and loss of revenue. She would suggest taking out some computer or capital expenditures- those are putting us over on our expenditures.

Mr. Zuckerman and Mrs. McGuire want to make sure there are not any requirements attached to the acceptance of the grant money. Mrs. Sconzert will research for the council.

Engineering Fees: FY 2019 $61,833 -FY 2020 $64,000 -FY 2021 revised $119,150 -FY 2022 $126,00.

What is the reason for engineering fees to almost double from 2020 to FY 2022? Mr. LeBreton explained this is a change in structure for the fees. This is monthly fee at max x12 at a 30% rate whether for budget meetings, council meetings, etc.. This is the actual engineering project management fees.

Bank Charges - 2019 $974- 2020 $977- 2021 revised $2,939-2022 $10549

Why the jump from a little under a $1000 to almost $3000 in 2021 and up to $10,549 for 2022?

In the revenue section there is a convenience fee, and it was negative income. This is the charge to use credit cards, so she moved this to bank charges because it is an expense.

Planning & Development: increase of $997K. They have moved planning’s contract services to this line item instead of under contract labor.

Banquets: This is for local functions (chamber, leadership luncheons) for the council and administration. Mr. Danielson asked if this could be titled something else, it leads to hosting a banquet.

Travel: 2019-$27,966 -2020-$7,792 -2021 revised $56,000 -2022-$94,425

What travel was done in 2021? It is almost double 2019.What travel is happening in 2022 that would cost almost $100,000? This is for all out of state travel for employees and commissions. Ms. Bartholomew stated she has budgeted for all conferences because you never know who will go and if something will get canceled. She will send a copy of her estimate.

Mr. Danielson would like to review Parks and Parkways tomorrow. Mr. Zuckerman explained we will also continue with more questions at the next meeting which will be tomorrow night 5-5:50pm.

**ADJOURNMENT:**

Mrs. Bush made a motion to adjourn the meeting, seconded by Mrs. McGuire. Mr. Zuckerman adjourned the meeting at 8:05p.m.

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Kristine Scherer Jason Zuckerman

Council Clerk Council Chairman