

MINUTES OF A REGULAR MEETING OF THE MAYOR AND COUNCILMEN OF THE CITY OF GONZALES, STATE OF LOUISIANA, TAKEN ON APRIL 28, 2014, 5:30 P.M. AT CITY HALL.

MEMBERS PRESENT:

Mayor Barney D. Arceneaux
Councilman Terance Irvin
Councilman Gary Lacombe

Councilman Kenneth Matassa
Councilman Timothy Vessel Sr.
Councilman Kirk Boudreaux

MEMBERS ABSENT: NONE

ALSO PRESENT:

Lisa Babin, Administrative Clerk
Clay Stafford, City Clerk

Ryland Percy, City Attorney
Sherman Jackson, Police Chief

Motion by Councilman Kirk Boudreaux, seconded by Councilman Gary Lacombe to approve the minutes from the meeting held on April 14, 2014. UNANIMOUS

Motion by Councilman Kenneth Matassa, seconded by Councilman Terance Irvin to approve a Special Event Permit request of St. Paul Baptist Church to have an outdoor Mid-Week Church Service Event at Jambalaya Park Amphitheater on April 30, 2014 from 7-8PM. UNANIMOUS

Motion by Councilman Gary Lacombe, seconded by Councilman Timothy Vessel Sr. to approve a Cooperative Endeavor Agreement between the City of Gonzales and the Parish of Ascension to share the use of one 2000 Vermeer Chipper VIN No. 1VRN1517X10003084. UNANIMOUS

Final vote on Ordinance # 3032:

**CITY OF GONZALES
BUDGET ADDRESS
2014-2015**

These budgets reflect a projection of the requirements necessary to ensure that the City of Gonzales continues to provide the level of services it currently provides. There are some assumptions that must be set forth that are relative to the overall operation of the city. Those assumptions are detailed below.

SALES TAX BUDGET

Sales taxes account for 73% of the revenues in the General Fund and virtually all of the revenues in the Capital Outlay Fund. The administration watches sales tax revenue as an important indicator of the city's ability to provide services in the future. We project that the city will collect \$13,615,000 in sales taxes in the current fiscal year compared to \$12,812,509 in the previous year. This represents a 6.2% increase in sales tax revenue. Sales tax revenue is 19.43% above the \$11,400,000 the city budgeted for the current fiscal year.

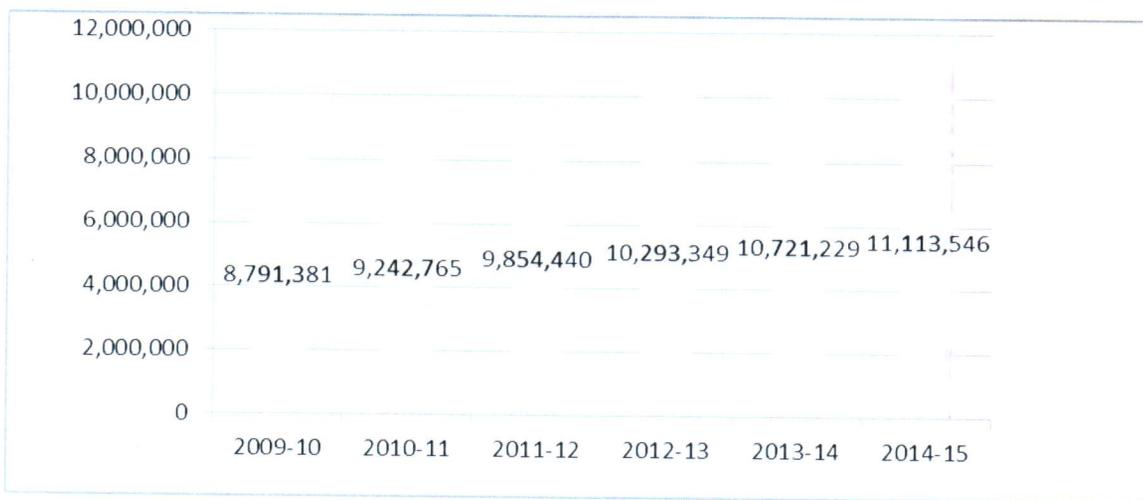
We believe sales taxes will continue the steady incline and continue in a slow growth pattern of 3%-6% per year. The administration has decided to set projected sales tax revenues for the upcoming fiscal year at \$13,615,000. This represents a standstill budget that we think is the appropriate conservative approach.

PERSONNEL EXPENSE

This budget projects a cost of living increase for city employees of 2%. This increase, along with health insurance increases, retirement system increases and merit increases will increase salaries expense by \$379,333. Total personnel cost for the City of Gonzales in the proposed budget is \$11,113,546. The city's total General Fund and Utility Fund Budget is \$17,710,757.

The Municipal Employees Retirement System (MERS) is increasing the required employer portion of the retirement premium. MERS is increasing its rate from 18.75% to 19.75%. The employer portion of the Municipal Police Employees Retirement System (MPERS) will increase to 31.5%.

GONZALES PERSONNEL RELATED COST



Personnel Requests

We are requesting authorization to convert the trainee position within the Wastewater Department from a trainee position to a permanent position. As a result of this move the overall budget in the Wastewater Department will only increase by 1.29%.

In addition, we have eliminated the part-time position within the water department that was staffed for purposes of regulatory compliance with the water system. We have rectified those issues and no longer need this position. This creates a net savings of \$40,000. This creates a net decrease of 9% in the salaries of the Water and Gas Departments.

INSURANCE

General Insurance

The city's general insurance accounts, which include liability, property, and worker's compensation insurance, total \$796,008 on a budget of \$906,800. The recommended budget for all general insurance accounts is \$876,900, which represents a decrease of 3.3%.

Health Insurance

Health Insurance costs to the city will total \$1,483,900 on a budget of \$1,437,400 in the current year, representing a 3% budget overrun. This was caused by a 16% increase imposed by the city's health care carrier effective January 1, 2014. The city administration, with the help of the Insurance Review Subcommittee and an employee health care committee reviewed options for the city's health care and negotiated a new benefit package with the city's carrier to severely reduce the 16% increase. City employees and retirees now generate roughly \$446,500 towards health insurance costs. The city will budget \$1,473,911 for its portion of health insurance costs this year, which represents a 2.54% increase over last year.

Vehicle Self Insurance

The Vehicle Self-Insurance Fund paid out \$36,839 in vehicle repair expenses out of a \$40,000 annual allocation. After the allocation for the current year's \$40,000 premium is made, the balance in the self-insurance fund will be \$152,320.

UTILITY FUND BUDGET

Natural Gas

We are projecting that the city will spend approximately \$800,000 on natural gas on a budget of \$655,000. This represents a 22% increase. The unseasonably cold winter has resulted in both a high consumption rate for the city's customers and a higher than normal price of gas charged by the city's supplier. The city's gas sales are expected to exceed \$1,645,000.

The natural gas rate charged by the city is a function of the price paid by the city for gas and the cost of operating the city's gas department broken down by MCF. As the city sells more gas, its costs do not increase proportionately. Therefore, this budget will reflect a decrease in the cost charged per MCF by the city from \$6.36 to \$5.79.

Utility Rates

Water and sewer rates will increase 3%. Fees collected within the Utility Fund this year are expected to exceed operational cost by \$621,327. This surplus will be transferred to the Debt Service Fund to make debt payments on the outstanding sewer bonds. Additionally, the Utility Fund has \$2,293,089 stored away in different sinking funds and savings accounts.

DEBT SERVICE FUND BUDGET

In this budget we have re-established the Debt Service Fund. The city has been pre-approved by La. DEQ for \$15 million in State Revolving Loan Funds to make improvements to the city's wastewater system. This has been undertaken to implement the city's five year wastewater improvement plan passed in last year's budget

address. Surpluses from the Utility Fund will be transferred into this fund and used to repay the debt as it is incurred over the next five years.

There is currently a remaining balance of \$1,214,064 on the existing SRF Revolving Loan, which has a scheduled principal payment next year of \$460,000.

CAPITAL OUTLAY BUDGET

The city is proposing a Capital Outlay Budget of \$5,874,361. The proposed Capital Outlay Budget is highlighted by \$2,000,000 in proposed road projects and \$600,000 in proposed wastewater projects.

FUND BALANCE

The General Fund began the year with a fund balance of \$11,367,733. During the year, the General Fund ran an operational surplus of \$2,458,407. Of this surplus, \$2,000,000 was transferred out of the General Fund to the Capital Outlay Fund, and \$458,000 was added back into the fund balance, resulting in an ending fund balance of \$11,826,140.

The Capital Outlay Fund began the year with a fund balance of \$1,296,209. It generated its own revenue of \$2,115,236 during the year and an additional \$2,000,000 was transferred in from the General Fund. We project that the city will spend \$4,702,373 in the Capital Outlay Fund this year, resulting in an ending fund balance of \$709,072.

SUMMARY

Mayor Barney Arceneaux and City Clerk Clay Stafford have prepared this presentation to the best of our ability with the knowledge of the financial circumstances of the city at this time. We feel that we have herein fairly represented revenues and expenditures and the overall positive impact they will have on present and future endeavors of this administration.

It is the intent of this presentation to hereby grant the Mayor the power to administer these budgets within a margin of plus or minus 5%, this being presented in the interest of expediency, legality, and/or unforeseen and unplanned emergencies.

YEAS: Councilman Terance Irvin, Councilman Gary Lacombe, Councilman Kenneth Matassa, Councilman Timothy Vessel Sr., Councilman Kirk Boudreaux

NAYS: NONE

ABSENT: NONE

Final vote on Ordinance # 3033:

AN ORDINANCE ADOPTING THE SALES TAX BUDGET FOR THE FISCAL YEAR BEGINNING JUNE 1, 2014, AND ENDING MAY 31, 2015.

BE IT ORDAINED BY Mayor and Councilman of the City of Gonzales, Louisiana:

That the Sales Tax Budget for Fiscal Year beginning June 1, 2014, and ending May 31, 2015

be hereby adopted as follows:

**CITY OF GONZALES
SALES TAX REVENUE BUDGET
FY 2014-2015**

	2014-2015 Budget
REVENUES:	
Sales Tax Collections	10,211,250.00
Series 2001 Sales Tax	3,403,750.00
TOTAL:	13,615,000.00
EXPENDITURES:	
Appr. To General Fund	8,200,000.00
Appr. To Capital Imp.	2,115,000.00
Ser-2001 Appr. Fire, Police & Sanitation	3,300,000.00

TOTAL:

13,615,000.00

YEAS: Councilman Terance Irvin, Councilman Gary Lacombe, Councilman Kenneth Matassa, Councilman Timothy Vessel Sr., Councilman Kirk Boudreaux

NAYS: NONE

ABSENT: NONE

Motion by Councilman Terance Irvin, seconded by Councilman Timothy Vessel Sr. to Amend the General Fund Budget as follows:

General Fund		2014-2015 Introduced Budget	Amendment Amount	2014-2015 AMENDED BUDGET	Explanation
General Govt	Asc Economic Development Stipend	100,000.00	(75,000.00)	25,000.00	Reduce AEDC allotment by 75,000
General Govt	Ascension Community Theatre	0.00	5,000.00	5,000.00	Add 5,000 for ACT with provision that city residents get discount at theatre
General Govt	Ascension Balloon Festival	0.00	10,000.00	10,000.00	Add 10,000 for Balloon Festival with provision that city residents get discount at festival.
Net General Fund Reductions		100,000.00	(60,000.00)	40,000.00	

YEAS: Councilman Terance Irvin, Councilman Gary Lacombe, Councilman Timothy Vessel Sr.,

NAYS: Councilman Kirk Boudreaux, Councilman Kenneth Matassa

ABSENT: NONE

Final vote on the amended General Fund Budget to be taken at the next City Council Meeting scheduled for May 12, 2014.

Final vote on Ordinance # 3035:

AN ORDINANCE ADOPTING THE UTILITY FUND BUDGET FOR THE FISCAL YEAR BEGINNING JUNE 1, 2014, AND ENDING MAY 31, 2015.

BE IT ORDAINED BY Mayor and Councilman of the City of Gonzales, Louisiana:

That the Utility Fund Budget for Fiscal Year beginning June 1, 2014 and ending May 31, 2015 be hereby adopted as follows:

**CITY OF GONZALES
UTILITY FUND BUDGET
FISCAL YEAR 2013-14**

REVENUES:

Budget

GAS SALES	1,580,000.00
SEWER SERVICE CHARGES	1,060,000.00
WATER SALES	1,195,000.00
MISCELLANEOUS	145,000.00

TOTAL REVENUES: 3,980,000.00

EXPENDITURES:

GAS DEPARTMENT	1,228,050.00
WATER DEPARTMENT	821,650.00
WASTEWATER TREATMENT	740,814.06
UTILITY GENERAL GOVERNMENT	355,450.00
UTILITY ADMINISTRATION	193,200.00
METER READERS	194,600.00
DEQ LOAN EXPENDITURES	42,000.00

TOTAL EXPENDITURES: 3,575,764.06

TRANSFER TO DEBT SERVICE 404,235.94

YEAS: Councilman Terance Irvin, Councilman Gary Lacombe, Councilman Kenneth Matassa,
Councilman Timothy Vessel Sr., Councilman Kirk Boudreaux

NAYS: NONE

ABSENT: NONE

Motion by Councilman Gary Lacombe, seconded by Councilman Timothy Vessel Sr. to amend the Capital Outlay Budget as follows:

Capital Outlay Fund		2014-2015 Introduced Budget	Amendment Amount	2014-2015 AMENDED BUDGET	Explanation
Streets & Drainage	Streets Equipment	189,000.00	(51,000.00)	138,000.00	Remove the Tractor with boom mower and buy two Tractors with slope mowers instead
Cap. Road Improvements	I-10 Service Road	-	800,000.00	800,000.00	Add 800,000 to be spent toward the I-10 Service Road
Administration	General Capital Outlay	30,000.00	(30,000.00)	-	Move Hardware and Software line item to the General Fund
Recreation	City Dog Park	170,000.00	(170,000.00)	-	Remove the City Dog Park from the budget
Fire Department	Fire Dept. Cap Outlay	447,500.00	(124,500.00)	323,000.00	Reduce SCBA equipment from 240,000 to 128,000; Reduce kitchen equipment from 20,000 to 10,000; Reduce Lawnmower from 7,500 to 5,000.
Police Department	Police Dept. Cap Outlay	437,261.00	(168,429.00)	268,832.00	Remove five police units from this budget.
Water Department	Water Rehabilitation	540,000.00	(60,000.00)	480,000.00	Remove two trucks (60,000); Add Fairwood Subdivision pressure upgrade 50,000; Add Scada system monitors 8,000
Capital Outlay Net Additions			196,071.00		

YEAS: Councilman Terance Irvin, Councilman Gary Lacombe, Councilman Timothy Vessel Sr.,

NAYS: Councilman Kirk Boudreaux, Councilman Kenneth Matassa

ABSENT: NONE

Final vote on the amended Capital Outlay Budget to be taken at the next City Council Meeting scheduled for May 12, 2014.

Final vote on Ordinance # 3037:

AN ORDINANCE ADOPTING THE DEBT SERVICE BUDGET FOR THE FISCAL YEAR BEGINNING JUNE 1, 2014, AND ENDING MAY 31, 2015.

BE IT ORDAINED BY Mayor and Councilman of the City of Gonzales, Louisiana:

That the Debt Service Budget for Fiscal Year beginning June 1, 2014 and ending May 31, 2015 be hereby adopted as follows:

**CITY OF GONZALES
DEBT SERVICE FUND BUDGET
FY 2014-2015**

Motion by Councilman Gary Lacombe, seconded by Councilman Timothy Vessel Sr. to direct the Mayor and City Clerk to pay the outstanding legal fees of Quality Design & Construction, Inc. in the case of Quality Design & Construction, Inc. vs the City of Gonzales through April 25, 2014, upon the submittal of legal bills by the plaintiff and verification by the City Clerk, total not to exceed \$41,000.

YEAS: Councilman Gary Lacombe, Councilman Timothy Vessel Sr.

NAYS: Councilman Kenneth Matassa, Councilman Kirk Boudreaux

ABSTAIN: Councilman Terance Irvin

There was further discussion concerning Councilman Irvin's conflict of interest at which time Councilman Irvin stated that he believes he does not have a conflict of interest and does not wish to abstain from the vote. Councilman Lacombe rescinded his first motion and offered the following motion:

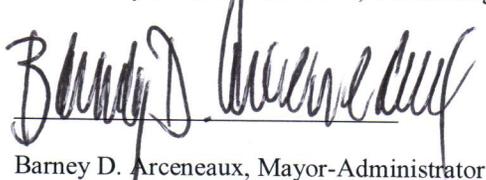
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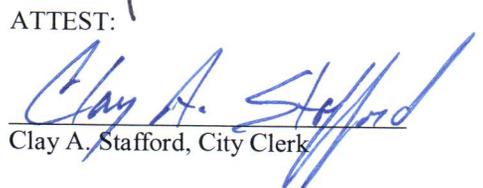
YEAS: Councilman Gary Lacombe, Councilman Timothy Vessel Sr., Councilman Terance Irvin

NAYS: Councilman Kenneth Matassa, Councilman Kirk Boudreaux

ABSENT: NONE

There being no further business to come before the Mayor and Councilmen of the City of Gonzales and upon a motion duly made and seconded, the meeting was adjourned.


Barney D. Arceneaux, Mayor-Administrator

ATTEST:

Clay A. Stafford, City Clerk