

City of Monroe
City Hall, Monroe, Louisiana
March 6, 2023
5:00 p.m.

There was a legal special session of the City Council of the City of Monroe, Louisiana held this date at the Council's regular meeting place, the Council Chamber, City Hall Building, Monroe, Louisiana.

The Honorable Kema Dawson, Chairman, called the meeting to order. She then asked the Clerk to call the roll.

There were present: Council members Harvey, Ezernack, Woods, Marshall and Dawson

There was absent: None.

The Honorable Kema Dawson, presiding officer, declared a quorum was present and the invocation and pledge was led by Jimmy Bryant, Chief Operating Officer.

The Honorable Kema Dawson, presiding officer, then stated the object of the meeting; that being to consider:
(1) The 2023/24 fiscal year budget submitted by the Administration for review by the Council in Budget Hearing #1.

The Chairman opened up the floor to the Budget Office for the Overview:

(1) Budget overview presentation by Mr. Dan Richard, Budget Officer

Mr. Dan Richard, Budget Officer, presented a PowerPoint presentation overview of the proposed budget for the fiscal year 2023/2024. He is basically going to be talking about appropriations for all funds, mainly General Fund and then close it out with looking at the personnel. In slide one he showed appropriations for all fund types with a modest increase of 0.6% in expenditure of about 6 tenths of a percent in General Funds, and the 35 funds in the Special Revenue Fund is the same as last year, but with a different Grant. He noted Brownfields Grant is inactive and the new grant for lead hazard control will expand over three fiscal years, and the budget will include the twelve months that will occur in the fiscal year 2024. He said the increase is probably about 1.3 million and the other increase is coming from the Capital Infrastructure Fund related to capital projects. The Enterprise Funds increase of 12.7 million is coming from the Water Fund Capital Project mainly the Water Treatment Plant and the Airport. The two Internal Service funds Central Shop and the Employees' Benefit which maintain the premiums that are paid from the City and the Employees portions of the premium from their group health insurance, and they pay out of claims.

In slide two is just the General Fund so the estimated revenues of about 64.7 million and the estimated expenditures of 61.9 million for Departments, so you are looking at Council, Legal Department and your Administration. The excess of revenue over expenditures is 2.8 million, then with transfers, we look at transfers in of about 1.2 million coming from the Capital Infrastructure funds and then a transfer out of 3.9 million to subsidize other funds. If you do the math there revenues minus expenditures plus transfer ins minus transfer out you get a positive number, so he noted that he is budgeting for a surplus. He further noted that last year they budgeted for a deficit. So the estimated Budgeted Surplus is about \$166,835 with an estimated beginning fund balance of \$17,219,444 and ending fund balance of \$17,386,279.

He noted in slide 3 of the fiscal year 2019 – 2020 the fund balance was roughly 14.2 million. There was a large surplus going into 2021 around the time of the pandemic and revenue was anticipated to drop, they did 1-hour furloughs, cut out discretionary spending and as a result revenue didn't drop as anticipated and generated a very large surplus of 4.5 million. Going into the fiscal year 2022 the City had about \$720,000 surplus plus which was mainly driven by excess sales taxes, so the City went from 18.7 million to 19.4 million. The estimated fiscal year 2023 dropping 2.2 million, so he said he is estimating a deficit for the current year which he computed these numbers about the beginning of January, so that number could change and at that point he was estimating 17.2 million deficit. So, since the City is budgeting a surplus of \$166,000 the ending fund balance for fiscal year 2024 is estimated to be 17.4 million and even at that it is still 26% over total expenditures. Our best practices at 26% is just a little above 3 months of reserves as a fund balance.

In slide four, the General Fund Revenues are listed by classification, the increase is about 2.2% and the largest dollar increase is from sales tax. The Ad Valorem Tax increased about 2%, but it's roughly what the City collected in fiscal year 2022. The Licenses and Permits is the largest account in that 110 classification is Occupational License which is showing an increase of about 1.4%. Other State Grants listed under classification 124 is State Supplemental Pay, it's not an actual revenue each eligible firefighter and law enforcement officer gets a supplemental pay directly from the State that's paid directly to them and included on their pay stub, so it generates an expenditure which is an offsetting entry. Classification 130 listed as fees,

charges, and commissions are the highest dollar items in that category, your sales tax commission fees, sanitation fees, and energy service income and he is estimating at about 3.6 % increase. Classification 160 use of money is mostly interest and we know interest rates are up, so we kind of reap some of the benefits of that although it is also a negative when it cost more for things. Classification 180, transfers from other funds again that is the transfer from Capital Infrastructure into General Funds and it funds the Street Division in Public Works.

In slide five, this is Sales Tax Revenue and these are referencing the numbers on the bottom and they are just General Funds. From the height of that bar in fiscal year 2022 is where it jump up to 43.2 million that generated the surplus of 720,000 going into fiscal year 2022. Right now, Sales Tax Revenue is kind of trending above budget but below previous years actual, so as you see budgeted for 2023, he noted that he budgeted about 2 million less. So, the projection is going to be somewhere between what was budgeted and what the actual was for last year. So, going into 2024 that 41.9 million is basically a decrease of about 3% over what was actually collected in 2022, but about a 1.6% increase over what was originally budgeted fiscal year 2023. In the pie chart 64% of all the General Fund Revenue is coming from the Sales Tax, it is a little more volatile compared to the other sources of revenue, so it tends to affect the finances a little bit more.

In slide six, he mentioned in the beginning a 0.6% increase in the overall expenditures bringing healthcare costs down 21%. He noted there was an increase in department request but were offset by a reduction in healthcare related cost. Looking at City Expense, where they record retirees group insurance so there were other increases in that department that was offset by that reduction in retirees healthcare related costs. Again, the same thing, in the Police Department, so there were increases in the Police Department but offset by the reduction in healthcare related cost as well. The fire department was not a million dollar decrease when he budgeted for 2023 the State supplemental mentioned earlier that is not an actual expense was inadvertently rolled into the salary wages for each of the division, but it is also a separate line item, so in fact it got budgeted twice during the same time they were renegotiating the Union Contract. At the time there were a number of scenarios on salary increases and different funding ratios, so it was overlooked at that point but was discovered several months into the current fiscal year. So, when you say a decrease of a 1.10 million you take out that 1.8 million budgeting error it is really only a decrease of \$2,000. He said the increase in the fire department was for fuel, utilities, repairs, maintenance, and supplies again an offset by the reduction in their healthcare related cost. The biggest dollar increase was in Public Works but if you look at what they actually spent in fiscal year 2022 it is more of a realistic budget compared to what was budgeted last year with an increase of about 1.2 million. Again, increases in utilities, fuel cost, repairs and maintenance are up and landfill charges. In Other Financing Sources you can see those 4 funds that get subsidized about 3.9 million which are Transit, Civic Center, Zoo, and Shop.

He stated slide seven is also expenditures but by classification so you can see under Fringe Benefits that group insurance cost are components of fringe benefits the decrease of 1.4 million. He noted that you are probably wondering why salaries and wages are down, again, that's State Supplemental, so once they corrected for that error, since the State Supplemental is a component of salary and wages then it appears to be a reduction of salary and wages classification. The Purchasing Professional and Technical is mainly repairs and maintenance increased about 575,000 and of your supplies you can see almost half of that is related to utilities and \$200,000 are contracted services that's mainly lease/rentals and that's when you roll out that Fleet Management Program. He noted in the past purchasing a vehicle was a Capital purchase and most cases it came from a different fund but now the lease payments are seen as an operating expense that's hitting those accounts. Your other expenditures increased about \$525,000 and over half of that is coming from one source and that's property insurance of \$345,000. In that note healthcare cost is City wide related so it is going down from about 10 million down to 8 million or a 21% decrease.

In slide eight, this is General Fund Personnel so half the personnel is in public safety fire and police the overall total 730.60 FTEs only an increase of 0.74, which is an increase of only one part-time position.

In the final slide, this is City-wide personnel, and you are taking all those position from the General Fund and now you are adding in all your Enterprise Funds which is Airport personnel, Water personnel, Transit personnel, Engineering Project Management personnel, personnels funded by Grant Programs-CDBG and the totals 1,046.90 FTEs which is an increase of over 13FTEs or 9 full-time positions. The note on Public Works out of those 9 full-times positions 7 are coming from Transit. Last year when they renegotiated that Transit Contract it included 3 additional extra Board Operator Positions, so this is picking up those and they requested 2 additional operator and some service personnel to offer a night service. Mr. Richard noted that he has concluded his overview.

There being no questions concerning the overview the Chairman move on to the items on the agenda.

The Budgets discussed were as follows:

HEARING SCHEDULE:

The Council went through each item on the Agenda and the department heads were available and answered the questions they had. The City Court and the Marshall's Office were requesting extra funding etc., that they did not include in their budget during preparations and will be getting with the Budget Officer on those matters. All other departments reported minimal to no changes in their budgets as presented in this Budget Hearing.

- 1) Revenues
- 2) City Council
- 3) City Court
- 4) City Marshal
- 5) Mayor
- 6) Legal
 - a. All other funds under the direction of the Legal Dept.
- 7) Public Works
 - a. General Fund
 - b. 6000 Airport
 - c. 6001 Transit
 - d. 6006 Water
 - e. 6008 Sewer
 - f. 7002 Central Shop
- 8) Community Affairs
 - a. General Fund
 - b. 6002 Civic Center
 - c. 6003 Purchase Garden & Zoo
- 9) Engineering
 - a. General Fund
 - b. 2021 Capital Infrastructure
- 10) Police
 - a. All other funds under the direction of the Police Dept.
- 11) Fire
 - a. All other funds under the direction of the Fire Dept.
- 12) Planning & Urban Development (PUD)
 - a. General Fund
 - b. Community Development Block Grant (CDBG)
 - c. All other funds under the direction of the PUD Dept.
- 13) Administration
 - a. All other funds under the direction of the Admin Dept.
- 14) City Expense

The Chairman noted:

A Public Hearing & final adoption of the budget must occur no later than the April 11, 2023 Council Meeting. (City Charter, Article V, Sec. 5-01)

There being no further business to come before the Council, the meeting was adjourned at 6:56 p.m. upon motion of Ms. Woods and seconded by Mr. Harvey.

Kema Dawson
Chairman

Carolus S. Riley
Council Clerk

For extended details on the council meeting please call the Council Clerk Monday-Friday at 318-329-2252 to schedule an appointment to listen to the minutes.