

The Board of Mayor and Aldermen of the City of Waveland, Mississippi, met in regular session at the Waveland City Hall 301 Coleman Avenue, Waveland, MS on January 23, 2013 at 6:30 p.m., to discuss the following matters of city business; budget update by Comptroller, Janet Dudding.

**(Tape of meeting for listening available via records request)**

### **ROLL CALL**

Mayor Garcia noted for the record the presence of Aldermen Stahler, Lafontaine, and Kidd along with City Attorney Gary Yarborough and City Clerk Lisa Planchard.

Alderman Geoffrey is absent.

### **BUDGET FY 2013**

#### **Re: Comptroller Janet Dudding Addressed Board Members to answer Budget Questions**

Mayor Garcia turned the floor over to Comptroller Janet Dudding. Ms. Dudding said she was there to answer questions and provided the Board with a quick synopsis of the current fiscal standing of the City at 25% through the current fiscal year. Ms. Dudding said if you look at General Fund revenues without looking at ad valorem, which accounts for about 28% of the budget, you're looking at sales tax which accounts for about 48% of the budget, we're about 24% at this point through the year; so we're not looking too bad in the general fund. Ms. Dudding said if you look at General Fund expenditures, the departmental levels, there are a couple edging over... planning and zoning, streets, animal control, civic center; she said a lot of that has to do with front loading the costs of insurance early in the fiscal year. She said the budget was adopted on the departmental level, the individual line items will fluctuate, but so long as the overall departmental level is good, we're still alright. Ms. Dudding recognized Alderman Lafontaine who said it appeared that there may not have been enough allotted for Office Supplies in some of the Departments, one of whose budget was only \$500.00. Mayor Garcia asked for a specific Department's line item. Ms. Dudding said it may have been Court. Alderman Lafontaine said yes that was one of them, and it is already over budget. Ms. Dudding said there needs to be a check of some of the coding that is being used because all of the police office supplies are getting coded to Court office supplies, i.e. the reason it looks skewed at 54.6%. She said look at police office supplies, though; Police is at 1.4% Ms. Dudding told Board members if you look at overall office supplies throughout the City, they are at 10.7% as opposed to 25% of the year, which we are at. Alderman Lafontaine agreed that we're not in bad shape, but one of the things he mentioned was trying to bring in some people part time for grass cutting. He also said the Hancock County Utility Authority bill has increased, so something there has to be done. Ms. Dudding said, "Let's talk about Utilities." The Mayor said there is a need to review the budget tonight and give Janet (Ms. Dudding) direction on what we want to see. Mayor Garcia said "The Board has to be careful amending because currently the City has a balanced budget; we've come a long way in a short period of time. If we go back and reverse, and we start amending this budget and revenues don't come in, we're going to get the black eyes this time." Ms. Dudding said she did not know of any more revenue streams that will be coming into the General Fund; she said we've taken a little bit of a hit across the street with the loss of lease revenue on the Business Incubator that we were counting on. She said right now we have a balanced budget; we do have a little bit of contingency, but don't count on that contingency. She noted some cash flow outflows that she is concerned about, but said they're all centered around the grants. One grant is HMGP and 100%, but the timing on it is goofy; it's the Citywide Drainage Improvements one with Pickering. She said we have expedited funding on it, but what that means is that they send us 75%; Janet will write the check for 100% of the invoice and then she'll have to wait for the 25%. She said the first payment has taken 6 months. She said she's a little nervous, but it is just a cash flow issue and timing... because we will get 100%. Mayor Garcia said, "We've got to float the money up front." Ms. Dudding said we've got the 592 (Corp of Engineers) money; that's 75% Corp of Engineers money. We have to write

the check for 100% and then wait for 75% to come from the Corp and 25% to come from the County (who will get it from CDBG/MDA). She said, "If it's pristine, that's a month lag time." Mr. Yarborough noted this is a short contract length also because Digital is looking to start about June 2013 and they're only projecting 180 days to complete, as he recalls. Janet added that the construction contract has not been let. Ms. Dudding said that tomorrow we close on the loan (\$1.5 million) so she will ask Mr. Steve Pittman about short term financing. Janet said the other grant she is concerned with is the Tidelands funds. Tidelands has been working with the City because it was in a cash flow dire need, but with all of the legal issues currently going on at DMR she doesn't know what will happen. Alderman Lafontaine said, "So when we get started with the end of Coleman project, that will strap us even more then because that's all Tidelands; \$600,000 in Tidelands." Dudding said she was currently talking with banks about a line of credit on the 592 project monies needed; another area of concern may be pending litigation issues and the possibility of funds to settle. Up to now the City has submitted the Tidelands related invoices to Compton, who submitted them to DMR and we've been advanced the funds to pay the invoices, but now we don't know. The City may have to pay out of pocket and wait to be reimbursed, which is what we've been told. Mayor Garcia also noted that the City will have to come up with 25.0% of the Garfield Ladner Pier repairs (from ISAAC) cost and then wait to be reimbursed 12.5% from the State of MS. at close of the project. 75% of the costs to repair the Pier will be through a PW (FEMA), approximately \$1,030,000. Mr. Anderson told Board member that Compton employees were out looking at the damages to the Pier today. Alderman Lafontaine asked whether there are any funds set aside in the bank; saying we finished last year with \$2.8 million. Ms. Dudding said right now we are balanced throughout the funds, revenues = expenditures. Ms. Dudding said that cash that was left over from last year is not touched. Ms. Dudding said that \$2.8 million is the reserve to make it through this part of the year until the taxes come in. Mrs. Planchard said it is also part of the 6 month reserve as required by the Audit Department. Mayor Garcia said that now the reserve has been increased to 9 months. Ms. Dudding said it (the \$2.8) is sitting aside and (at December 31, 2012) if you look at the general fund, you see that we've dipped into it \$66,598; that's being offset against the reserve. She said in the debt service fund, you can see that we have our debt service payments (P&I) that came due in November and we made the payment without having to do a tax anticipation note. We will get the money in (from ad valorem tax revenue) to even the fund out and leave that cash reserve so that we can make next year's first P&I payment. Janet said she prefers that her P&I payments come due in February and August (easier to make payments because of ad valorem revenue coming in early in the calendar year); she tried to reschedule the new payments from December and June to February & August. They would just not allow it. Alderman Lafontaine asked if a portion of the ad valorem revenue can be set aside for payments. Ms. Dudding said that is what the debt service fund is and that debt service fund is legally restricted to only pay for General Obligation debt. Ms. Dudding said we had not received any real or personal property taxes yet, but with sales tax, were looking okay. She added that the ad valorem taxes should be coming any day, we'll get some in February, March and then a little in August. Alderman Lafontaine asked if the \$66,598 overage in the General Fund was due to Insurance premiums. Ms. Dudding said it was, the insurance premiums are front loaded and come due in October; she's been trying to stretch them out some. Mr. Yarborough reminded the Board that the City did an 18 month policy on this to try and restructure the payments so that they would come due in April 2014. Alderman Kidd asked if Janet thought our biggest concern was the Utility Authority. Janet said yes, she did not budget these increases for the Utility Authority because the increase was not known at the time the budget was adopted. Alderman Stahler said, "That's not the way it was presented to us". City Clerk Planchard also noted that there will be a \$7,000 per month expense starting June or July for the water tie-in project in the annexed area that was just revealed a few meetings ago. Ms. Dudding said the 2004 Bond issue will be paid sometime in the coming months; one possibility is to keep paying them that portion of bond principal and interest to reduce the over and under. She said it would help our budget a little bit. Alderman Stahler said the best we can hope for are increased household numbers in the Kiln and Pearlinton. She said if they have more flow, then their percentage (share) would be higher. Ms. Dudding suggested looking at the way Harrison bills their plants; she said each city is paying a percentage of the flow of the plant where their flow goes. That might be something that you all want to look at.

Alderman Lafontaine said he, Mayor Garcia and Alderman Kidd have all spoken with the representatives of the Utility Authority. Alderman Lafontaine said, "The way the billing is and the way it was, was that they told us whenever these new plants come online, the Kiln and Pearlinton, they were bringing on 1100 customers in the Kiln, 500 customers in Pearlinton; that would bring our % down and our bill would go down. They brought those 2 plants on line and our bill went up; well, the reason being is because the plants cost more than the number of people that they have to operate them." Ms. Dudding said she see 3 parts to the bill; the debt service portion, the wastewater/flow and the water (over/under). If you take away the over/under and the debt service and let's look and just compute the water numbers and see how it runs to see if the flow going into the plants and the cost of the plants; what that looks like, does it even out, is it worth going through the exercise; I don't know. She said they don't keep their books that way, but the accountant quickly said they could do their books that way. Mayor Garcia said their intentions are to deflect some of the flow from current annexed areas of Waveland and Bay St. Louis to the Kiln Plant to make this plant look like it's operating more efficiently (to get the numbers up because they didn't get the numbers where they expected to support that plant). Alderman Kidd said, "But that's going to make ours go up higher because there's less flow going into it, so our price is going to go up." Alderman Lafontaine said, after looking at this extensively, you would just about come out ahead if they (HCUA) would bill per customer; if they would take their total monthly cost and divide it by the total of 8,000 customers, Waveland would see a decrease in billing to about \$23.00 per customer. He said that way you would not have the over/under problem. Mayor Garcia said the City should propose this new billing formula to them. He said he feels maybe we should propose that they (HCUA) take over their own billing. Ms. Dudding said she completely agrees that the City should look at billing alternatives, but doesn't know how far we will get. Ms. Dudding also said she does not understand the composition of the HCUA Board; there were 3 members of the Board (that agrees with the HCUA contract) and now there are more members of that Board. She said I don't understand how it happened, but it is diluting the City's voice; whatever it is our costs are increased. She noted the quick solution would be to raise Utility rates, but we can't raise rates until we see what reading meters would bring in to the Utility Department; it's sort of a circular argument. Alderman Lafontaine said that last year the utility fund finished at \$179,000; this year we started with the administrative transfers to the general fund; how can we justify taking \$13,000 a month from the utility fund to send to the general fund to cover admin costs. Ms. Dudding said, "By law the Utility Fund is self sufficient". This transfer balanced the general fund, so not doing the transfer makes you now have to look around for \$200,000 to balance the general fund budget again. Ms. Dudding said we've known for a long time that we need to do something to raise revenue in the utility fund; the revenues are not what they need to be; we are only billing \$1.00 per thousand over the minimum water usage amount. Alderman Stahler said, "And right now we're not even doing that". (i.e. the City is flat rate billing) Mayor Garcia said the minimum right now is 4,000 gallons; you're your normal household will go over 4,000. Alderman Stahler said until there are a couple of months of reading meters; we can't discuss this intelligently. (During discussion, Mr. Anderson said the Consolidated Pipe Co. representative that is supposed to assess and provide usage instruction on the meter reading machine was due to be there today and did not show up, but should be present tomorrow Thursday, February 24<sup>th</sup>). The Mayor said reading the meters would also increase revenue for the sewer department.

Mayor Garcia said he met with Aaron Wilkenson and asked him to look at whatever information he has on the lift stations to see if there's any way another entity is pumping into our system because our flow rates are so high. Mr. Anderson said he spoke with Coast Electric Company about removing all the single pole street lights going down Hwy 90 which should save the City anywhere from \$200 to \$1,000 per month in electric bills. Anderson said even though the lights have been off, they've been charging us anyway. Alderman Lafontaine asked about costs of smoke testing the city's sewer lines; can this be done in-house? The Mayor and Mr. Anderson said there's really not a way to do small sections, like a block at a time, because sewer systems don't have valves. The City also can't do this on a large scale; DEQ and EPA have to be involved, public notices have to go out because it causes smoke to be pumped back into their homes. Mayor Garcia asked if the line to the Casino had been turned on yet. Mr. Anderson said there was nothing to hook it to. He said the City's last water line stops at Gulfside Assembly; and the Casino

line is at the far west driveway at Buccaneer Park, i.e. ¼ mile from our (City's) farthest water line; the ¼ mile of line that's between the two lines belong to the State of MS. He said the State pays the City to repair the line if something breaks on the line, so the City does not have ownership of that ¼ mile of line. Alderman Stahler recommended that Mr. Anderson tell the State they need to replace the line. Anderson also noted that the City does not want to take possession of that line because it is continually breaking. Mayor Garcia said that is Waveland's certificated area and eventually we'll have to get water out there; Lambert Lane, Pleasure Street and surrounding areas. We will either have to put another well down or some other solution. Mr. Anderson said Buccaneer Park does receive its water from the City of Waveland. He said he felt by the end of the year there will be a push to get Waveland water service to this area. FEMA paid for the line from the Casino to the Park for the post Katrina Trailers. Mr. Yarborough confirmed that this is part of the Waveland certificated area. Alderman Lafontaine asked about the possibility of using part-time employees in the Streets Department, noting that grass cutting preparation should begin now. Mr. Anderson discussed this issue with the Board and told Board members that Bill Johnson cannot provide grass cutting personnel until March, but this is what he'd like to do. The City would pay the county employee's salary and compensate the County for fuel. He said Bill Johnson is willing to help but it won't be until March. Mr. Anderson said his plan for cutting is to dedicate 4 City employees to grass cutting for the summer (2 mowers/tractors, 2 weed eaters), leaving 2 employees to perform other duties (culverts, limbs, potholes) and leaving Mr. Kenny Kientz as a fill-in employee and to act as a mechanic. Alderman Lafontaine asked if it would be feasible to bring in some part-time employees to work from March to October. Mr. Anderson said no, through experience, he is of the opinion that he gets better performance from his full-time employees; i.e. more work out of 1 full time than 2 part-time, that's what he's observed from experience. He said if a guy comes in here only working for the summer, he really doesn't care and therefore doesn't give as much to the job. Alderman Kidd said when things slow down, there are still things for our fulltime employees to do; it's never ending; the City will need new equipment in a few years. Mr. Anderson said Tammy Fayard (Mayor's secretary probably takes 7 to 10 work orders a day, not counting work order requests that are placed directly to the utility department); 60 to 70 work orders a week sometimes aren't going to get done that week. Mr. Anderson said he thought his scenario of 6 employees would work... with the 2 employees floating removing trash in front and weed eating behind the bush hogs. Anderson said he ideally needs 1 more fulltime employee, but that will have to wait until October. Alderman Stahler said she felt that by April (6 months into the fiscal year) the City would be in a better position to get a better understanding of where the City stands financially. Mayor Garcia stated his concerns about housing market growth because of the new NFIP program and increased flood rates. The Board discussed surplus of scrap iron, junk vehicles, old power meters (Mr. Anderson says he does not know how power meters ended up at the yard... not used by City), quansut huts, etc... at the City yard, i.e. selling this material to clean up the yard. Mayor Garcia suggested they get rid of any electronic equipment during the Household Waste Disposal Day. Board members are in agreement to make sure of what has been declared surplus and hold the auction. Mayor Garcia noted that citizens whose back yards border the yard have complained for years to please clean up the city yard because of appearance and rats. Alderman Kidd said there may be a large amount of money in scrap metal at the yard. Alderman Lafontaine asked if the Animal Shelter Trailer had been declared surplus. Mr. Anderson said no, this had not yet been declared surplus. Mr. Yarborough said this discussion had been halted due to the timing of the County Animal Shelter opening and tearing down of the old animal shelter. Alderman Lafontaine asked Chief Smith if a controlled burn can be done at the back of the yard to kill off all of the high grass. Chief Smith said yes. Mayor Garcia said the City would need a DEQ permit. Alderman Lafontaine asked about the JAG Grant for the Police Office. Lieutenant Mac Cowand said that he spoke with the Grant Administrator, James Stewart last Friday about the possibility of using the grant funds for the purchase of software for the Court Department and electronic ticketing equipment. Mr. Cowand said Mr. Stewart spoke with his director directly and the JAG grant would be for over overtime and equipment; still a 75/25 grant. Mr. Cowand still has to find out if the JAG grant would pay for new Court software (that incorporates electronic ticketing issues) because the current software does not supply the data or basic reports that are needed. This could possibly be paid from the Police contents PW. Court Clerk Rhonda

Cummings discussed the bills for the prisoners at the Hancock County Lockup saying that by researching each inmate listed, she was able to cut the invoices in almost half. Ms. Cummings said the jail is charging the City \$20/day/prisoner. The Board directed Ms. Cummings to check with other Municipal Court Departments regarding their software and if she found one she liked to please let them know. With regard to the Parks Department budget, Alderman Lafontaine said it would be nice to have the tennis court, basketball court and pavilion for birthday parties, which were once at the parks. Mr. Moody said currently the baseball leagues are mostly the only people using the park. Mayor Garcia stated his concerns regarding the holding of funds by the State (MDOT) and possibly Federal Funding Agencies due to the late receipt of the audits. Chief Smith of the Fire Department discussed the possibility of receiving grant funds to assist with bringing more Firefighters back at a fulltime capacity.

### **EXECUTIVE SESSION**

Alderman Lafontaine moved, seconded by Alderman Kidd to consider entering Executive Session to discuss pending litigation with Yates Construction.

A vote was called for with the following results:

Yea: Stahler, Lafontaine, and Kidd

Nay: None

Absent: Geoffrey

Alderman Kidd moved, seconded by Alderman Lafontaine to enter Executive Session to discuss pending litigation with Yates Construction.

A vote was called for with the following results:

Yea: Stahler, Lafontaine, and Kidd

Nay: None

Absent: Geoffrey

### **LITIGATION/LEGAL MATTERS**

#### **Re: Pending Litigation, Authority for City Attorney to make Offer to Yates Construction**

Alderman Stahler moved, seconded by Alderman Kidd to grant the City Attorney authority to make an offer to W.G. Yates & Sons Construction Company in the amount of \$200,000 for full & final release of any and all claims.

A vote was called for with the following results:

Yea: Stahler, Lafontaine, and Kidd

Nay: None

Absent: Geoffrey

Alderman Lafontaine moved, seconded by Alderman Kidd to come out of Executive Session with action taken.

A vote was called for with the following results:

Yea: Stahler, Lafontaine, and Kidd

Nay: None

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**Special Meeting: Budget Update of January 23, 2013**  
**6:30 P.M.**

Absent: Geoffrey

**ADJOURN**

**Re: Adjourn meeting at 9:03 p.m.**

Alderman Lafontaine moved, seconded by Alderman Kidd to adjourn the meeting at 9:03 p.m.

A vote was called for with the following results:

Yea: Stahler, Lafontaine, and Kidd

Nay: None

Absent: Geoffrey

The foregoing minutes were presented to Mayor Garcia on February 22, 2013.

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Lisa Planchard  
City Clerk

The Minutes of January 23<sup>rd</sup>, 2013 have been read and approved by me on this day the 22<sup>nd</sup> of February 2013.

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David A. Garcia  
Mayor

