

**MINUTES OF  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST  
FINANCE COMMITTEE MEETING  
HELD ON FEBRUARY 20, 2020**

PRESENT: Quentin D. Dastugue, Chair  
Lambert J. Hassinger, Jr., Committee Member  
Mark L. Morgan, Committee Member

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The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (FPA or Authority) met on February 20, 2020, in the Franklin Avenue Administrative Complex, Meeting Room 201, 6920 Franklin Avenue, New Orleans, Louisiana. In the absence of Mr. Dastugue, who arrived later in the meeting, Mr. Morgan called the meeting to order at 8:30 a.m.

**Opening Comments:** None.

**Adoption of Agenda:** The Committee adopted the agenda as presented.

**Approval of Minutes:** The Committee approved the minutes of the Finance Committee meeting held on November 21, 2019.

**Public Comments:** None

**Regional Finance Director's Report:**

Kelli Chandler, Regional Finance Director, reviewed the highlights of her report:

- Finance is continuing its focus on distribution codes (e.g., deactivating old codes and correcting codes).
- Finance is continuing the cleanup of the storeroom, discarding obsolete items of no value and identifying no longer needed items to be auctioned.
- A strategy meeting was held with the Accounting Software Consultants to identify projects to be included in the Fiscal Year (FY) 2021 Budget (e.g., payment of vendors via ACH and creation of an on-line process for submitting travel reimbursement forms).
- FEMA has agreed to recognize the FPA and levee districts as a single agency. The decision was a result of the consolidated effort during Hurricane Barry and the closure of all of the floodgates in the system. FEMA will recognize the FPA as a regional authority relative to Hurricane Barry and going-forward.
- Finance is considering financial software options in conjunction with the comprehensive across-the-Authority review of all software systems (Asset Management process). The database used for inventory and purchasing is being redesigned and will be reinstalled because of bad data, incorrect workflows and other issues. The redesign and reinstallation will be quicker and less expensive than attempting to correct the old database. Staff will try to ensure that the

Inventory-Purchasing Software can be exported or transferred to any potential new system.

**New Business:**

**A. Presentation of Second Quarter Budget to Actuals.**

Ms. Chandler reviewed the FY 2020 Second Quarter Budget to Actuals as of December 31<sup>st</sup> for the combined Authority [FPA, East Jefferson Levee District (EJLD), Lake Borgne Basin Levee District (LBBLD) and Orleans Levee District (O.L.D.)]:

- The FPA, including capital projects, is under budget \$16.1 million (45%). Excluding capital projects, the FPA is under budget \$4.8 million.
- Capital Projects:
  - O.L.D. is under budget \$10.9 million partly due to the following: \$3.5 million budgeted for the ARM-09 Levee Armoring/Lift Project that was expended in the prior year, and \$1.9 million and \$1 million budgeted, respectively, for the Seawall Erosion Control Phase 4 and 17<sup>th</sup> Street Canal Erosion Control Projects, which were delayed.
  - EJLD is under budget \$1.7 million due to the delay of the Lakefront Protected Side Drainage (landside runoff) Project, which is being designed.
  - LBBLD capital projects are in line with the budget. Funding for the majority of the projects will be reimbursed by FEMA. The Committee briefly discussed securing the Coastal Protection and Restoration Authority (CPRA) funding, which will benefit citizens living within the LBBLD.
  - FPA is under budget. Projects include the software analysis, long term operations and maintenance cost analysis, Primavera and web based permitting software.
- Maintenance is under budget (excludes Capital Projects):
  - Maintenance is under budget \$3.3 million (36%) due to 50+ unfilled positions, the majority of which relate to the formation of the heavy equipment and herbicide teams as a result of the regionalization. Internal transfer to the teams were delayed due to LBBLD uncertainties. After the internal transfers are effected, the vacancies will be filled.
  - Professional Services was slightly under budget (\$11,000) due to lower than anticipated engineering expenses.
  - Contractual Services was under budget \$423,000 due to contractual grass maintenance services not yet being advertised for bid and Workers Comp (WC) expenses that had not yet been allocated to the department.
  - Materials and Supplies is over budget due to sandbags and supplies for Hurricane Barry.
  - Due to timing of purchases and delivery of equipment, Machinery and Equipment will be in line by year's end.

- Operations (i.e., Complex Structures, LBBLD Pump Stations and PCCP) is under budget \$315,000 (13%) due to uncertainties when estimating PCCP costs.
  - Personnel Services is under budget due to open LBBLD positions related to the anticipated turnover of the pump stations and open Complex Structures positions.
  - Professional Services is under budget \$50,000 in total. PCCP is under budget \$94,000 due to the uncertainty when estimating professional services that would be needed. LBBLD pump stations are over budget \$50,131 due to a fuel spill cleanup.
  - Contractual Services is under budget \$100,000 since the PCCP has not needed the amount of outside support anticipated.
  - Materials and Supplies is under budget \$108,000 due to lower than expected PCCP fuel costs.
  - Machinery and Equipment is under budget due to the purchase of a new truck that had not been received.
- Police is under budget \$123,000 (3%).
  - Training and Travel is under budget \$16,000 due to timing.
  - Professional Services is slightly under budget due to lower than expected costs for the contracted grant consulting work, which is being moved under the Authority due to the expanded scope of work.
  - Contractual Services is over budget due to higher than expected voice and data services, utility and property insurance costs related to the new or remodeled EJLD/O.L.D. facilities.
  - Machinery and Equipment will be over budget when entries are made for two recently received vehicles.
- Administration is under budget \$335,000 (5%).
  - Personnel Services is under budget \$310,000 due to vacant Finance and Human Resources (HR) positions. The line item is offset by higher than expected overtime due to Hurricane Barry.
  - Professional Services is over budget due to higher than expected legal fees, Everbridge software implementation services, and the final payment to the HR consultant for assistance with the maintenance regionalization.
  - Contractual Services is over budget \$378,000 primarily due to WC costs that were budgeted under the various departments and higher than expected voice and data services and software maintenance costs.
  - Parts and Supplies is over budget due to the purchase of AV equipment as part of the remodeling of the Administration Building (e.g., new ID tags for security, new vehicle tags for gates, and tablets and other IT supplies).
  - Machinery and Equipment is over budget \$70,000 due to the video conferencing upgrade by the IT Department.

Ms. Chandler commented that the budget process has come a long way due to the regionalization and consolidation of the Authority, along with efficiencies that have been put in place. She also noted that staff's estimation of costs is becoming more accurate.

Mr. Hassinger stated that in the budget he sees an Authority that is laser focused on flood protection and that its spending of taxpayer money is deliberate, responsible, efficient and smart.

Mr. Boese noted that there have been added costs during the past two to three years as a result of the upgrade and modernization efforts (e.g., purchase of new, more efficient equipment that replaced old equipment requiring frequent repair).

Mr. Morgan pointed out that the two big issues he noted over the past two years are the over budgeting of personnel costs due to the number of vacant positions and turnover and capital projects due to timing. Mr. Boese commented on the improvements anticipated in managing capital projects due to the acquisition of Primavera and in filling vacancies since the FPA now has a solid HR team in place.

**B. Discussion of first draft Fiscal Year 2021 Budgets for the FPA, East Jefferson Levee District, Lake Borgne Basin Levee District and Orleans Levee District.**

Ms. Chandler reviewed the FY 2021 Budget for the combined Authority (FPA, EJLD, LBBLD and O.L.D.):

- Estimated revenues are \$64.4 million and expenses are \$82.5 million, resulting in a projected deficit of about \$18 million. About \$10 million of the \$82.5 million estimate are duplicated costs due to expense allocations. The remainder of the deficit is due to the Seawall Erosion Control (\$10 million), Outfall Canal Erosion Mitigation (\$4 million) and EJLD Foreshore Protection (\$2.5 million) Projects. By excluding the duplicated costs and stated projects, the budget balances.
- The budget for Personnel Services will be reassessed due to the number of vacant positions and turnover prior to preparation of the final budget.
- Capital Projects include, in addition to the above stated projects, additional O.L.D. facilities, security and work on the HVAC system. LBBLD projects total \$3.3 million, which includes \$2.4 million for CPRA-related projects, the Violet Canal North Alignment Phase I Project (\$370,000) and small facility upgrades.
- Administration (Executive staff, HR, Finance and IT) is projected to increase \$500,000 (5%).
  - Personnel Services will decrease due to vacant Finance positions that are not anticipated to be filled.
  - Training and Travel increased significantly due to the development of a comprehensive training program.
  - Professional Services is estimated to decrease \$96,000 due to anticipated lower legal fees.

- Contractual Services increased \$553,000; however, \$300,000 is for WC, which will be budgeted in Administration in lieu of the departments. The remainder relates to higher software maintenance costs (e.g., anti-virus protection, Primavera and Everbridge Emergency Contact software).
  - Materials and Supplies increased due to better estimation and management of IT related supplies (e.g., tablets and backup batteries).
- Maintenance is projected to have a one percent increase; however, Personnel Services will be reassessed prior to the finalization of the budget.
  - Training will increase \$16,000 for department-specific training.
  - No funding was budgeted in Professional Services since the cost will be captured in the Engineering or SLIP Fund budgets.
  - Contractual Services decreased \$654,000 due to the relocation of WC costs to Administration, the reduced number of cuts and/or acreage for contractual levee maintenance, and reduced equipment maintenance costs as a result of new equipment purchases.
  - Materials and Supplies decreased \$86,000 due to lower than expected fuel costs.
  - Machinery and Equipment increased \$450,000 due to the proactive cycling of fleet equipment.
- Operations increased \$400,000 due to additional new positions.
  - Training and Travel increased \$22,000 for department-specific training.
  - Professional Services and Contractual Services decreased due to better estimation of costs.
  - Materials and Supplies decreased \$59,000 since the acquisition of supplies stabilized.
- Police increased \$1.9 million; however, \$460,000 of the increase is a result of underestimated Personnel Services in the FY 2020 budget, leaving an actual increase of \$1.5 million (22%). Personnel Services also increased due to the addition of three new positions for investigators, inclusion of supplemental pay and increase in overtime. Mr. Hassinger commented on the value of the Levee District Police, especially during hurricanes, storms and various situations and events when police protection is needed. He pointed out that the O.L.D. Police Department is still rebuilding since the decimation that occurred post-Katrina. In addition, there was a long period when very little was invested in the Police in terms of people and equipment; however, this situation has been turned around.
  - Training decreased \$16,000 due to the increase in locally held classes and classes offered at no cost.
  - Professional Services decreased to zero since the previously budgeted grant services were moved to Administration.

- Materials and Supplies increased \$145,000 due to the purchase of new radios, additional ballistic vests, ammunition and Tasers.
- WC for Police will continue to be budgeted in the Department.
- Machinery and Equipment increased \$169,000 for the purchase of 15 replacement vehicles and two additional motorcycles.

**C. Discussion of Lakefront Management Authority finances.**

Mr. Dastugue advised that he placed this item on the agenda to obtain input from the Committee members relative to the FPA'S role in the Lakefront Management Authority's (LMA) management of the non-flood protection assets.

Mr. Morgan explained that the vote of the people in 2006 was for the FPA to focus on flood protection and focus less on the non-flood protection assets; therefore, the less time spent by the FPA on the non-flood protection assets, the better. The non-flood protection assets are owned by the Orleans Levee District.

Mr. Hassinger stated that he did not think that the statute provides authority for the FPA to instruct the LMA concerning how money from the non-flood protection assets should be spent. The FPA has had been closely engaged with the LMA on an on-going basis. The dedicated funding source authorized by the Legislature several years ago became the turning point for the LMA. The LMA has faced many challenges since most of the non-flood protection assets do not produce revenues and there is an FAA restriction on how Airport revenues can be spent. The LMA made huge strides over the past several years. He added that the LMA's spending of money is similar to how he described the FPA's spending and that it is deliberate, smart, efficient, and focused on the LMA's mission. The LMA has listened to community input about what is important and priorities. The LMA has tried to get a handle on how to best manage the non-flood protection assets in a way that will produce as much revenue as possible and has spent money wisely in order to eventually produce revenue for the flood protection assets.

Ms. Chandler advised that the Memorandum of Understanding between the FPA and LMA included a plan for the LMA to repay its debt to the O.L.D. and provisions for the distribution of excess revenues when they occur to the O.L.D.

Mr. Morgan commented that the FPA is responsible for the assets; however, the LMA has a Board of Commissioners that manages their operation and maintenance. He suggested that quarterly reports could be provided in order to give the FPA confidence that the assets are being managed in the public's best interest. If this confidence is provided, then the FPA should stay out of the LMA's business. He added that the FPA's Director of Governmental Affairs, Wilma Heaton, is the FPA's representative on the LMA Board, and that if an issue arises that needs to be brought to the attention of the FPA's Board, she would do so, and the FPA Board can take appropriate measures.

There was no further business; therefore, the meeting was adjourned at 9:40 a.m.