

**MINUTES OF  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST  
FINANCE COMMITTEE MEETING  
HELD ON FEBRUARY 18, 2021**

PRESENT: K. Randall Noel, Chair  
Joe Hassinger, Committee Member  
Mark L. Morgan, Committee Member  
Herbert I. Miller, President

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The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (FPA or Authority) met on February 18, 2021, in the Franklin Avenue Administrative Complex, Meeting Room 201, 6920 Franklin Avenue, New Orleans, Louisiana. Mr. Noel called the meeting to order at 9:40 a.m.

**Opening Comments:** Mr. Noel commented on the importance of having a good budget, following the budget and making the appropriate adjustments.

**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 January 21, 2021.

**Public Comments:** None

**Regional Finance Director's Report:**

Kelli Chandler, Regional Finance Director, advised that the Finance Department's theme for 2021 is "the next revolution". She reviewed the accomplishments of the Finance Department that took place over the past four years:

- Participated in agencywide culture change initiative.
- Established a culture team within Finance and held various teambuilding events.
- Standardized the chart of accounts and eliminated over 140 general ledger accounts, 159 work order codes and 811 distribution codes to date.
- Consolidated four different accounting databases and systems into a single system.
- Consolidated all purchasing functions.
- Adopted a standardized agencywide purchasing policy.
- Consolidated and standardized credit cards and credit card policy.
- Consolidated four different banking relationships into one and established a method for transferring funds between the districts as needed.
- Standardized payroll cycles and consolidated four payroll databases.
- Standardized pay codes, memo codes, deduction codes and general ledger mapping.

- Standardized employee benefits offerings and employee benefit costs.
- Established an automated file feed between the payroll system and benefit providers.
- Standardized definition of exempt and non-exempt employees and overtime pay policies.
- Standardized overtime pay related to storms.
- Implemented and standardized an employee timekeeping system.
- Consolidated insurance coverages.
- Standardized systems and processes for tagging and tracking assets.
- Overhauled Franklin facility storeroom, purged old inventory items and replaced shelving.
- Implemented PPE (Personal Protective Equipment) vending machines using employee ID cards.
- Consolidated staff at one location and restructured department organizational chart (includes 17 turnovers in four years in a staff of 17).
- Consolidated accounts with FEMA.
- Consolidated the project numbering system and took over responsibility of tracking contract costs agencywide.
- Standardized budgeting schedules, methods and assumptions.
- Assumed responsibility for billing outside organizations for police details, payments for police details and reconciling the bank accounts.
- Assumed responsibility for accounting and purchasing for the Permanent Canal Closures and Pumps (PCCP).
- Implemented a method for vendors to submit invoices online and route invoices electronically.
- Implemented ACH payments (currently 163 vendors signed up for electronic payment).
- Implemented real time reporting software for departments to monitor budgets to actuals.
- Adopted agencywide investment policy and program.
- Completed 50 year cost forecast.

Ms. Chandler advised that the Finance Department is ready for the next step in the regionalization process, which is the selection of software and a comprehensive solution. The FPA is currently going through the process for procuring Asset Management Software.

Mr. Hassinger commented that Ms. Chandler and the Finance Department have been a key part in the culture change that the organization underwent and that he appreciated her efforts. Mr. Morgan added that many of the changes were not easy and that Ms. Chandler took the initiative to do the research and provided the effort necessary to arrive at solutions that would work for the FPA.

## **A. Review second quarter Fiscal Year 2021 Budgets.**

Ms. Chandler reviewed the highlights of the second quarter budget to actuals for Fiscal Year (FY) 2021:

**Consolidated budget:** Operations and Maintenance (O&M) is \$2 million under budget (9.7%). Project related costs are \$12 million under budget; however, a number of projects have commenced and costs will be incurring soon.

**Orleans Levee District (OLD) Projects:** 22% of the estimated costs was spent. Nine projects were approved in January and work will be commencing soon. The status of projects by group were reviewed. Security related projects for the Complex Structures and PCCP are delayed until FY 2022.

**East Jefferson Levee District (EJLD) Projects:** The East Jefferson Lakefront Foreshore Protection Project will start soon (pilot projects were conducted to determine the most cost effective short term remedy). Construction of the Lakefront Protected Side Drainage Repairs will take place in FY 2022. Facility related projects are delayed until FY 2022.

**Lake Borgne Basin Levee District (LBBLD) Projects:** 15% of the estimated costs was spent. Mississippi River Levee related projects are on scheduled. Facility related projects are delayed until FY 2022. Two pump station repair projects funded by the Coastal Protection and Restoration Authority (CPRA) have commenced.

**Revenues:** About \$500,000 was received in December and \$3 million was received in January for the LBBLD, which is the majority of the revenue for the district. Tax revenues for Orleans will be received in March or April; however, an early estimate indicated a 3% decrease. EJLD tax revenues are generally received in February.

**O.L.D. Budget:** O&M Personnel Services is under budget (89 positions were budgeted and 67 positions are currently filled). The overall projected headcount was reduced in the upcoming budget. Contractual Services is over budget due to higher than expected costs for property insurance for PCCP and flood and property insurance for the non-flood assets. Janitorial services were over budget due to extra cleanings related to COVID-19. Materials and Supplies is under budget due to lower than expected fuel costs for the PCCP. Fill materials will be purchased in the 3<sup>rd</sup> and 4<sup>th</sup> quarters. Machinery and Equipment is \$31,000 over budget; however, \$25,000 of this amount should have been budgeted in Parts and Supplies.

**EJLD Budget:** EJLD is in line with the budget, except for the Assessor's fees which are assessed in the 3<sup>rd</sup> quarter.

**LBBLD Budget:** Personal Services is in line with the budget. Professional Services is under budget due to lower than expected legal fees. Contractual Services is under budget because of fewer breakdowns due to the acquisition of newer equipment. Contractual Surge Barrier Maintenance is a cost shared allocation of the

O.L.D. Complex Structure cost. Miscellaneous Contractual Services is over budget due to work performed at the Carnarvon Floodgate. Machinery and Equipment is over budget due to shipping delays for equipment ordered in FY 2020.

**FPA Budget:** Personnel Services is under budget due to two vacancies in Finance, one vacancy in HR and several Maintenance positions at the district level that are being moved to the Authority level. Professional Services is under budget due to the timing of IT services (penetration and phishing testing scheduled for the 3<sup>rd</sup> quarter) and lower than expected services for HR and Finance. Contractual Services is over budget due to insurance costs. Materials and Supplies is over budget for IT related supplies.

Travel and Training is under budget across the districts due to cancellation of conferences and classes because of COVID-19.

Mr. Miller asked the reason the security items are being delayed until FY 2022. Mr. Boese explained that a great amount of research and follow up discussions were accomplished by Roman Dody, IT Director, and Rusty Kennedy, Deputy CAO, in order to determine the best camera system and service provider. Lessons were learned from the implementation of the camera system in the new EJLD facility. Therefore, FPA staff was very deliberate in determining the proper big picture system to use and the best means for its use. A number of discussions took place with AT&T to refine its estimate and obtain a better plan. The final determination of the best technology was arrived at about two weeks ago and staff will move forward with its implementation.

Mr. Miller asked about the delay in EJLD facility projects. Mr. Boese advised that staff is trying to determine the best solution relative to the Lesan Drive facility. The removal of the underground storage tank should commence soon. In the next several months the Board will be asked to approve the public sale of the Plauche Court office facility, which is no longer needed.

Mr. Morgan inquired about the Personnel Services Budget. Ms. Chandler explained that in addition to the reduction in the projected headcount for O.L.D. maintenance used for next year's budget, a better estimate is needed of how much work will be outsourced and how much work will be performed in house. An appropriate headcount is needed in order to have sufficient staff for storm response. Mr. Boese added that the COVID-19 pandemic delayed the filling of some positions.

## **B. Review first draft of Fiscal Year 2022 Budgets.**

Ms. Chandler explained that the FPA's Investment Consultant was unable to be at today's meeting; therefore, the discussion of the investment policy will be placed on next month's agenda. Interest revenues are reduced due to the transfer of money from the LAMP BP account to the LBBLD budget in order to supplement the district's cash flow as well as record low interest rates. The budget includes amounts for Maintenance Reserves; however, the numbers do not match the amounts approved by the Board in November, 2020. Since FY 2022 budgeting is being done at a deficit, a discussion can take place next month during the discussion of the investment policy about whether the reserves should be funded.

Ms. Chandler advised that FY 2021 revenues were reduced by 4% due to COVID-19 related collectability issues for use in the FY 2022 budgets. LBBLD revenues for FY 2021 were also reduced \$1.6 million due to the expiration last year of one of the district's tax millages. The Grants Budgets across the districts were increased due to anticipated storm reimbursements. Finance is still determining storm and COVID-19 related expenditures, their eligibility for reimbursement and the timing of the reimbursements.

Ms. Chandler reviewed the highlights of the draft FY 2022 Budget:

**Budget assumptions made across the districts:**

- Budgets include a 2% pay increase, 3% increase for health insurance, and 5% decrease for dental and vision coverages.
- Last year's estimates were used for Training for FY 2022.
- Workers Comp insurance increased due to the increased number of claims.
- Janitorial services are expected to go back to the normal level.
- Miscellaneous revenues increased due to the anticipated increase in Workers' Comp dividends.
- Vehicle Maintenance and Equipment Maintenance Other were combined and an average used for the projections.

**O.L.D. Budget:**

- Revenues: The estimate for Bohemia revenues was reduced since revenues have been decreasing over time.
- Personnel Services: The total number of positions was reduced from 152 to 144 (mainly Maintenance positions).
- Professional Services: The estimate was reduced due to lower than expected costs over the past several years.
- Contractual Services: The current year's cost plus one additional cut for the outfall canals and a small amount for herbicide application was used for Contractual Levee Maintenance. An additional 5% increase was included for Insurance premiums.
- Miscellaneous Contractual Services: Includes fabrication of spindles for floodgates, chiller repairs at the Franklin facility and storm related lookout services for the railroad.
- Materials: Estimate is based on the FY 2020 average and expected costs for FY2021. Five radios are included for Police. Averages for the current and prior years were used along with \$50,000 for PCCP to arrive at an estimate for fuel.
- Vehicles and Equipment: The estimate increased due to the need to cycle out some older equipment and manufacturing delays due to COVID-19.

### **EJLD Budget:**

- Revenues: Interest income is reduced due to lower interest rates.
- Personnel Services: The number of positions remain the same.
- Contractual Services: Software maintenance decreased since the district no longer uses an outside IT service or outside email exchange service. The estimate for grass cutting at the Plauche Court facility will be reduced if the facility is sold.
- Materials: Eight radios are budgeted for Police. Fuel is based on an average.
- Vehicles and Equipment: The increase is a result of the shipping delay for vehicles that were ordered.

### **LBBLD Budget:**

- Revenues: Tax revenues are decreased due to the expiration of one of the tax millages. The reimbursement of storm related expenditures has not yet been determined.
- Personnel Services: No changes were made to the number of positions.
- Contractual Levee Maintenance is based on the current contract.
- Materials, Parts and Supplies and Fuel are based on averages.
- Vehicles and Equipment is reduced due to the district's cash flow.

Ms. Chandler pointed out that if the LBBLD continues operating and maintaining the pump stations, a deficit of about \$1.5 million is expected. Since the district just received its ad valorem tax revenues, LBBLD has about \$6.7 million (\$3 million in ad valorem taxes and \$3.6 from the FY 2020 FPA BP transfer). The effect on the overall cash flow depends on the timing of FEMA reimbursements, projects and purchases.

Mr. Boese advised that the St. Bernard Parish Government (SBPG) tax referendum for a new millage for pumping and drainage is scheduled for April. Several years ago, the FPA, on behalf of the LBBLD, tried twice to pass a new tax millage; however, both attempts failed. SBPG's referendum held last August for a new tax millage to replace the expired millage failed; therefore, SBPG is trying again in April. CPRA committed \$4 million of dedicated funding for LBBLD pump station repairs. The FY 2022 budget assumes that LBBLD is still operating and maintaining the pump stations.

### **FPA Budget:**

- Capital Projects: Staff is still determining the cost for the Asset Management Software and licensing fees.
- Interest income dropped significantly because of the transfer from the BP account to LBBLD.

- Personnel Services: The headcount increased due to the transfer of positions from the district to the Authority level.
- Professional Services: Accounting and auditing fees are based on the three-year contract with the Legislative Auditor's Office. Public Relations includes the Waterfront Management Authority contract and other consultants. The Public Relations Department is currently being built out. IT tech services for penetration and phishing testing will be an on-going cybersecurity effort each year.
- Contractual Services: Advertising was increased because Requests for Qualifications are anticipated to be advertised for ID-IQ contracts. Insurance costs increased for Public Officials, Property and Cybersecurity Insurance coverages.
- Materials and Supplies: IT requested 30 new laptops in order to cycle out some of the older laptops.
- Machinery and Equipment: Five vehicles are included due to the increase in Engineering staff and the need to cycle out some of the older vehicles.

Ms. Chandler advised that the Capital Projects are primarily carried over from FY 2021. An overall net deficit is expected in the FY 2022 Budget because of Capital Projects.

Mr. Hassinger explained that hundreds of trees were damaged or removed as a result of various flood protection projects, such as work along the outfall canals and the seawall erosion control work, as well as Hurricane Katrina. He stated that he was approached by several lakefront neighborhood groups asking about the inclusion of funding in the budget for replanting trees to replace those damaged or removed as a result of flood protection projects and storms. Mr. Boese commented that the FPA could also investigate partnering with non-profit groups relative to planting trees.

Mr. Morgan suggested that Ms. Chandler go back to June 30 of last year and review all of the investments and cash in the bank to determine a more accurate number for the cash balance on June 30, 2020. He noted that the fund balances for FY 2021 and 2022 would be only be estimates at this time.

Ms. Chandler advised that the FY 2022 Budget must be adopted by the Board in March; therefore, adjustments can be made prior to the March meeting.

### **C. Asset Management Software search update.**

Rusty Kennedy, Deputy Chief Administrative Officer, provided an update on the search for Asset Management Software. Demonstrations were provided in February by the three software finalists. Various supervisory levels from all FPA departments participated in the demonstrations and provided feedback. The final scores are being evaluated to determine the best software to fit the FPA's needs. Staff participation allowed the FPA to identify its needs to the software vendors. Roughly a dozen operating systems were used in the process, including inspections, inventory controls and fleet management. It is hoped that one of the three software options will allow the

elimination of most of the FPA's current operating systems. He anticipated that the final selection of the best software option and the costs will be available in about a month. Staff's recommendation will be brought to the Finance Committee for review. At that time Ms. Chandler can expand on the different levels of software used by Finance compared to the demonstrated software.

Ms. Chandler commented on the lack of functionality of the FPA's current software, such as the purchasing software's inability to provide information relative to inventory turnover. She pointed out that the implementation of the new software system will take some time due to the need for testing and training.

Mr. Boese advised that staff's goal is to bring a recommendation on the new software to the Board in March and explain the rigorous process that was used for its selection.

There was no further business; therefore, the meeting was adjourned at 9:45 a.m.