

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON OCTOBER 20, 2022**

PRESENT: Jason P. Latiolais, Chair
Roy M. Arrigo, Committee Member
Richard G. Duplantier, Jr., Commissioner

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (FPA or Authority) met on October 20, 2022, in the Franklin Avenue Administrative Complex, Meeting Room 201, 6920 Franklin Avenue, New Orleans, LA. Mr. Latiolais called the meeting to order at 10:30 a.m.

Opening Comments: None.

Adoption of Agenda: The Committee adopted the agenda.

Approval of Minutes: The Committee approved the minutes of the Finance Committee meeting held on August 18, 2022.

Public Comments: None.

Regional Finance Director's Report:

Denise Businelle, Regional Finance Director, advised that a draft of the Fiscal Year (FY) 2022 Financial Audit Report was received. The auditors requested additional information. The final report is anticipated to be presented at the November meeting. The audit report includes the FPA, three levee districts and the Lakefront Management Authority. There were no findings and the FPA received a clean audit report.

New Business:

A. Discussion of the proposed roll forward and certification of ad valorem tax millage rates for the Orleans Levee District for Calendar Year 2023.

Ms. Businelle advised that the Board would be voting on the ad valorem tax millage rates for the Orleans Levee District (O.L.D.) at today's Board meeting. This is the last opportunity for the Board to roll forward (increase) the O.L.D.'s millage rates to the maximum limits. She suggested that the Board roll forward the millage rates, because not doing so would result in the O.L.D. remaining at the rolled back rates. Although inflation rates are stable, they are expected to remain high and supply chain issues are expected to continue for some time. The roll forward (increase) would result in an additional \$4.4 million in revenues.

Mr. Latiolais asked was it was correct that after this year (calendar year 2023) the O.L.D.'s millage rates could not be rolled forward. Ms. Businelle explained that 2024 is a reassessment year and should the O.L.D. millages remain at the rolled back rates, they would become the new maximum rates. Kelli Chandler, Regional Director, further explained that once the rates are locked in just prior to a reassessment, they become the maximum rates that can be assessed. Should the Board wish additional tax millage increases, it would have to go to the voters for a new tax.

Ms. Chandler advised that the entire process must be followed: the millage rates must first be rolled back to collect the same dollars at the lower rates, and then the Board can choose to roll forward to the maximum allowable rates, which would increase revenues. Ms. Businelle reiterated that today would be the Board's last opportunity to roll the O.L.D.'s millage rates forward because they had remained at the same (rolled back) rates for the last three years.

Mr. Noel clarified that should the Board roll forward the millage rates, revenues would increase because of the increase in property values. If the Board elects not to roll forward the millage rates, then the same revenues would be collected. If the Board does not roll forward the millage rates at this time (for calendar year 2023), it would lose the opportunity to do so because 2024 is a reassessment year. He added that if the reassessment has higher assessments overall, the O.L.D. would collect more money. Ms. Chandler responded that Mr. Noel was correct; however, it would not be as much as would be collected with the millage rates rolled forward and assessments go up.

Mr. Noel asked were the present rates approved by the voters. Ms. Chandler explained that initially the rates were approved by the voters; however, through the roll back/roll forward process, the rates have been rolled back and rolled forward over the years. Mr. Noel commented that essentially the Board has been lowering the rates for three years that the voters approved for flood protection. Ms. Chandler responded, yes; the O.L.D. has been collecting less.

Mr. Noel expressed concern about the FPA having to spend more money to maintain the Hurricane and Storm Damage Risk Reduction System (HSDRRS) since it has now take over the entire system. He asked, therefore, did the Board really want to lower millage rates. Ms. Businelle commented that the FPA is spending more money on everything. Ms. Chandler added that this is the first time that the FPA has had the entire HSDRRS under its operational control. Mr. Latiolais noted that the action today just concerned O.L.D. millage rates. Ms. Chandler explained that millage rates for Orleans Parish are certified in advance of the calendar year. Millage rates for St. Bernard and Jefferson Parishes are certified in the middle of the calendar year.

Mr. Noel expressed concern about costs increases since the FPA has been putting off projects because of those cost increases. Locking in the lower O.L.D. rates would give the FPA less money to maintain the HSDRRS that it has just taken over; therefore, the Board needed to give this issue serious thought.

Mr. Fierke asked for a clarification regarding the accounting for the levee districts. Ms. Chandler explained that a Legislative bill was passed last year that provided a mechanism for the FPA to combine funding on projects. The FPA has some projects that are systemwide (e.g., surveying) for which the costs are allocated. However, the FPA still keeps everything by district and there is a separate fund for each levee district. The O.L.D. has two funds: the Special Levee Improvement Project (SLIP) Fund and the General Fund. Ms. Businelle pointed out that the final Audit Report includes just one set of financial statements. Ms. Chandler added that there will be one consolidated statement and another statement broken down by fund, which includes the Lakefront Management Authority funds. Mr. Noel asked could the SLIP Fund be used for maintenance costs. Mr. Chandler replied, yes. Mr. Noel noted that the O.L.D. has a bigger sum of money than the other two jurisdictions because of the SLIP Fund. Ms. Chandler noted that the O.L.D. receives about \$40 million per year, the Lake Borgne Basin Levee District receives about \$1.6 million per year, and the East Jefferson Levee District receives about \$10 million to \$11 million per year.

Mr. Noel asked how much revenue would the O.L.D. be giving up if the Board does not roll forward millage rates. Ms. Chandler responded, \$4.4 million. Mr. Noel noted that this would be in perpetuity.

Mr. Latiolais stated that he agreed with the recommendation of Ms. Chandler and Ms. Businelle to roll forward (increase) the millage rates to the maximum rates. The millage rates are as follows:

	<u>Rolled Back Rates</u>	<u>Rolled Forward Rates</u>
General Tax	4.97 mills	5.46 mills
Maintenance Tax	.68 mills	.75 mills
Special Levee Improvement Tax	5.53 mills	6.07 mills

Mr. Noel pointed out that a Public Hearing regarding the O.L.D. millage rates was scheduled to be held just prior to the Board Meeting. He pointed out that the rolled forward rates would be putting the rates back to those approved by the voters.

Ms. Businelle pointed out as an example the significant cost increase for vehicles. Due to inflation the FPA had to pay an extra ten to twelve thousand dollars for vehicles that had been ordered and waited a number of months to receive.

Mr. Duplantier clarified that the proposed increase would be about one mill (from a total of 11.18 to 12.28 mills). Mr. Noel stressed that the FPA's primary function is flood protection and that it takes money to maintain levees.

Ms. Chandler clarified that for the past three years the Board adopted the rolled back O.L.D. millage rates and chose not to roll the rates forward. The Board did not roll the millage rates forward due to the pandemic and because the FPA was unsure about the economy. Mr. Duplantier asked whether an additional reason was because of the assessments. Ms. Chandler replied, no; the assessments were done in 2019 and the millages were kept at the lower rates for the last three years for different reasons (i.e.,

the pandemic and the FPA had not yet received the entire HSDRRS system). The FPA took a wait and see approach on the roll forward because there was time; however, this is the last opportunity to roll the millage rates forward. She added that circumstances are different this year (e.g., the FPA has the entire HSDRRS and inflation) and, basically, the FPA is reacting to the economic environment.

Mr. Noel asked if the Board approved the rolled up rates totaling 12.28 mills for 2023, could they be rolled back in 2024. Ms. Chandler advised that the reassessment would take place and the Board would roll back the millage rates and have the opportunity to roll the rates forward again. If assessments are increased after the reassessment, the most the Board could roll forward the rates would be a total of 12.28 mills.

Mr. Arrigo offered a motion, which was seconded, to recommend that the Board adopt the proposed resolutions to both roll back and roll forward the O.L.D. ad valorem tax millage rates. The motion was adopted by Committee.

There was no further discussion; therefore, the meeting was adjourned at 10:50 a.m.