

**MINUTES OF  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST  
FINANCE COMMITTEE MEETING  
HELD ON FEBRUARY 22, 2024**

PRESENT: William A. Settoon, Jr., Chair  
Roy M. Arrigo, Committee Member  
K. Randall Noel, Committee Member  
Deborah M. Settoon, Committee Member

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The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (FPA or Authority) met on February 22, 2024, in the Franklin Avenue Administrative Complex, Meeting Room 201, 6920 Franklin Avenue, New Orleans, La. Mr. Settoon called the meeting to order at 8:33 a.m.

**Opening Comments:** Mr. Settoon advised that the Finance Committee will review the proposed Fiscal Year (FY) 2025 Budget.

**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 December 21, 2023.

**Public Comments:** None.

**Regional Finance Director's Report:**

Denise Williams, Regional Finance Director, provided the following report:

- As of February 20<sup>th</sup> the Louisiana Asset Management Pool (LAMP) interest rate was 5.3 percent. Investments total \$151 million (\$87 million with LAMP and \$64 million with Edward Jones). Some money from recently expired bonds was reinvested. The remaining cash will be transferred from Edward Jones to LAMP.
- The quadrennial reassessment of property values will result in adjusted ad valorem tax millage rates for calendar year 2024. Millage rates for Orleans Parish were adopted in December, 2023. The calculations to determine the adjusted rates for St. Bernard and Jefferson Parishes have not been completed; therefore, the meetings at which the rates are adopted will take place later in the year than normally scheduled.
- Interviews will be conducted in the next several weeks to fill the remaining Finance vacancy. After the vacancy is filled, a global email will be issued listing the duties of each of the 18 Finance and Purchasing employees.
- PSA Air went live. Internal classes are being held with department heads for approving invoices.

**New Business:**

**A. Update on investments by Richard Kernion with Edward Jones.**

Richard Kernion, Investment Advisor with Edward Jones, provided Committee members with folders containing confirmations for the bond purchases authorized by the Board at its December 2023 meeting and an updated portfolio of assets invested through Edward Jones. These were the first bond purchases in almost three years. The investments were in US Treasuries with maturity dates ranging from May 2024 through 2026. Due to the size of the purchases and additional discounting, the actual cost was less than .085 percent.

Mr. Kernion explained that due to the current inverted interest rate curve, shorter bond terms are paying higher interest rates. The majority of the FPA's investments are at LAMP since it currently has the highest interest rate. Greater transparency regarding interest rates may happen as the year progresses. At the end of 2023, the Federal Reserve was expected to possibly lower interest rates seven times in 2024; however, that has dropped to three or four times. If Edward Jones see trends that would allow slightly longer terms, the Finance Committee will be advised.

**B. Presentation and discussion of draft Fiscal Year 2025 Budget for the Flood Protection Authority and East Jefferson, Lake Borgne Basin and Orleans Levee Districts.**

Ms. Williams advised that Committee members received copies of the 91-page draft FY 2025 Budget, as well as summaries for Project Budgets and Operations and Maintenance. She reviewed highlights of the proposed FY 2025 Budget:

**OPERATIONS AND MAINTENANCE (O&M):**

**Revenues: Estimated revenues total \$51 million.**

Estimates are based on reports and estimates from the assessors' offices. Additional revenue could result from a roll forward of ad valorem tax millage rates in St. Bernard and Jefferson Parishes.

No Bohemia royalties were budgeted since the royalties are now being sent to the Lakefront Management Authority (LMA).

**Interest income** is anticipated to increase.

**Other Revenue**, which primarily consists of the 50 percent reimbursement from the Sewerage and Water Board of New Orleans (SWBNO) for PCCP costs, increased due to the increase in the budget for PCCP costs.

**Expenses: Estimated expenses total \$50.5 million.**

**Personnel Services** increased 17 percent due to increased costs for health insurance, a possible increase in the LASERS (Louisiana State Employee

Retirement System) contribution rate, the annual employee pay increase (three to four percent), and the increase in salary scales for certain positions. The Budget includes 214 filled positions, 40 vacancies and one new position. Persons with exceptional qualifications are hired at mid-range on the salary scale. Vacancies are budgeted at mid-range and the line item is typically over budgeted.

**Training** increased by 29 percent mainly due to an initiative between Human Resources (HR) and Delgado Community College. The initiative allows employees to become certified in their trade or skill set, leads to promotional opportunities and aids in employee retention. Travel costs decreased by 22 percent.

**Professional Services** decreased over the past two fiscal years mainly because engineering services are now being captured under Projects. Legal fees and Information Technology (IT) services increased.

**Contractuals** decreased by two percent. Outsourced levee maintenance costs for grass cutting increased by 34 percent due to higher market rates and inclusion of additional territories. Insurance premiums were over-budgeted for FY 2024; therefore, the FY 2025 budget cost decreased. Insurance deductibles (claims) increased. Software maintenance increased 57 percent mainly due to increased network security monitoring and mitigation and implementation of districtwide Office 365. Several additional IT costs must be added to the FY 2025 budget. Janitorial expenses increased due to the Franklin Facility warehouse office buildout.

**Materials and Supplies** increased nine percent due to expected increases for movable equipment (mainly new armor, emergency kits and rugged laptops for Police).

**Machinery and Equipment** decreased six percent. Equipment schedules, which list the reason for the proposed purchases, are included in the budget for each levee district and the FPA. The equipment schedules include:

Orleans Levee District: New vehicles, IHNC Surge Barrier Sensor and Modem Upgrade (\$50,000), and a long reach all terrain manlift (\$500,000).

There was a brief discussion on the proposed purchase versus rental of a long reach all terrain manlift. The equipment is currently rented when needed for PCCP maintenance to reach areas that cannot be reached by other equipment owned by the O.L.D. The issue of equipment availability, especially after a major storm, was noted. If purchased, the long reach manlift was anticipated to be used throughout the Authority and could be trucked (trailer) by the O.L.D., as needed, to other facilities. When renting the manlift, consideration must be given to lead time and coordination of delivery, relocation (mobilization and demobilization each time it is moved to another facility) and removal.

East Jefferson Levee District: A freightliner (\$208,000) and lowboy trailer (\$95,000).

Lake Borgne Basin Levee District: A freightliner (\$208,000) and lowboy trailer (\$95,000).

FPA: A core network switch for the Franklin Facility (\$80,000), a Skydio X10 drone (\$25,000), and an underwater sonar scanner (\$280,000).

The Skydio X10 drone will be used for aerial inspection of the flood protection system and have a thermal camera for detecting levee seepage, PCCP roof leaks and conduit leaks at the complex structures. The drone will also be used for the digital twinning initiative.

The underwater sonar scanner will be used to conduct underwater inspections and for bathymetric surveys. A demonstration was conducted at various locations for the FPA. The scanner produced detailed, high resolution sonar imagery. The limited number of professional divers with the ability to do the level of work needed by the FPA was discussed.

**Other Charges** increased by 17 percent and includes ad valorem tax collection fees (about 2 percent of revenue received).

## **PROJECT BUDGETS:**

### **FLOOD PROTECTION AUTHORITY:**

**Projects total \$385,000 – 75 percent increase:**

- **Earthen Levee and Floodwall Surveys \$350,000** (new) – Surveys must be done every three years under the O&M requirements. RTK (real-time kinematic) surveys are used to determine elevations, which are plotted and provided to the FPA. The FPA does a year-to-year evaluation of the results.
- **Vinformatix Upgrades \$30,000** (rebudgeted)– Software for online permit applications.
- **Levee Street View Program \$5,000** (rebudgeted) – The in-house project will save \$135,000.

### **O.L.D. SPECIAL LEVEE IMPROVEMENT PROJECTS (SLIP) FUND**

**Projects total \$37.8 million – 11 percent increase.** Highlighted projects:

- **Outfall Canal Slope Paving Construction \$200,000** (rebudgeted) – Project delayed in FY 2024 and carries into FY 2025.
- **London Avenue Canal Erosion Repairs \$10 million** (rebudgeted) – Ongoing project carrying into FY 2025.
- **17<sup>th</sup> Street Canal East Side Veterans Boulevard to Old Hammond Highway \$6 million** (rebudgeted) – Project was delayed. The budget will be corrected to provide a total of \$14 million for the project (approximately \$2 million for FY 2024 and \$12 million for FY 2025).
- **Seawall Step Repair Construction Project \$2 million** (rebudgeted) – The six mile pilot project for the 90+ year old seawall steps is ongoing and carries into FY 2025. Various solutions will be tested. The six-miles of seawall steps serve a vital part in flood protection and need rehabilitation both above and below the water level. The rehabilitation project will be multi-year.

- **Sod and TRM (Turf Reinforcement Matting) Repair \$300,000** - Recurring project budgeted annually for as needed repairs along the levee system.
- **Lakeshore Drive Bayou St. John Bridge Approaches \$250,000** (rebudgeted) – On-going project carrying into FY 2025.
- **Lakeshore Drive Canal Boulevard Reconfiguration \$1.5 million** (rebudgeted) – Project includes milling and overlaying the roadway, due to its condition; reconfiguring lanes from four traffic lanes (two in each direction) to two traffic lanes (one in each direction), a protected two-way bike lane and a center turning lane; and restriping from the Elysian Fields traffic circle to Franklin Avenue to improve vehicular safety.

Kelli Chandler, Regional Director, advised that internal discussions were taking place regarding the best way to engage the impacted neighborhoods and communities. Concerns were expressed on prior projects regarding community inclusion. Assistance will be requested from Commissioners for navigating this issue.

Ryan Foster, Engineering Manager, explained that the project is a continuation of the 2021 Lakeshore Drive Reconfiguration Project. The project's primary purpose is to mill and overlay the roadway due to its condition. The proposed reconfiguration would allow a smoother transition for vehicular traffic to narrow to one lane in each direction. The project starts at Canal Boulevard and Lakeshore Drive and extends east to the Orleans Avenue Canal. Traffic surveys and a traffic study were conducted in 2017. A determination was made that two traffic lanes in each direction on Lakeshore Drive was overkill for the amount of traffic experienced. Mr. Settoon pointed out that Lakeshore Drive is heavily used. He stated that he, Mr. Fierke and Mr. Arrigo were on the LMA Board when Lakeshore Drive reverted back to two-way traffic and that it was a major issue.

Mr. Foster explained that the initial (2021) project addressed the numerous accidents and pedestrian safety issues especially in the vicinity of the restaurants. All parameters were considered in the traffic study, including how the roadway was used by vehicles, pedestrians and cyclists. It was found that Lakeshore Drive was being used as a bypass roadway. The intention, especially in the vicinity of restaurants, was for Lakeshore Drive to be more of a residential-community roadway where pedestrians, cyclists and vehicles share the road safely. The 2021 project was presented to the Board mainly as a pedestrian safety project.

Mr. Foster advised that several Commissioners noticed the hard stop where traffic merged leaving cyclists without a protected way to cross to the bike lane. Another consultant was engaged to review this issue. The consultant also found that pedestrians had to cross four lanes of traffic at the crosswalk by the Mardi Gras Fountain. The consultant recommended and the FPA concurred that the two traffic lanes should start at Orleans Avenue instead of Canal Boulevard. This would allow an additional length of the pedestrian/bike lane and additional pedestrian crosswalks. Crosswalk safety islands would allow pedestrians to safely cross from parking bays on the south side of Lakeshore Drive to the Mardi Gras Fountain plaza.

Wilma Heaton, Director of Governmental Affairs, pointed out that Lakeshore Drive is also a hurricane evacuation route and that the FPA must be sensitive to all stakeholders. There is a significant amount of traffic on Lakeshore Drive during the summer months and emergency response vehicles must be accommodated. Mr. Settoon noted that Lakeshore Drive is used as a major thoroughfare by many citizens east of Bayou St. John. He anticipated significant public interest in the project. Concerns were expressed by several Committee members regarding the reconfiguration.

Mr. Foster advised that the FPA engaged with the Regional Planning Commission (RPC) and the City of New Orleans for their opinions and buy-in during the design of both the 2021 and the current projects.

Mr. Fierke recommended that a presentation on the project be provided at the next Operations Committee meeting. He commented that citizens in one neighborhood were upset with the reconfiguration at Canal Boulevard because they were not consulted. Traffic at that location went from four lanes to two causing even more congestion on Lakeshore Drive. He expressed concern that Engineering may be locked into a design before consulting with the neighborhoods.

Mr. Foster reiterated that the project was intended to increase safety, not congestion. Lakeshore Drive has been used incorrectly for the past 20 to 30 years as evidenced by vehicle speeds. Narrowing the roadway from two to one lane in each direction was intended to change the behavior of the general public; that is, to make drivers slow down and not use it as a speedway.

Ms. Williams advised that the \$1.5 million was a carryover from FY 2024 to the FY 2025 Budget. Mr. Foster added that if a decision is made not to reconfigure Lakeshore Drive, about \$1 million would still be needed for milling and overlaying the roadway.

- **Seawall Plaza Erosion Mitigation \$1 million** (rebudgeted) – Project carries into FY 2025. Costs increased to extend pile support and pave behind problem areas.
- **Miscellaneous projects at the Franklin Facility \$250,000** – As needed.
- **Drainage Improvements Franklin Facility \$1.3 million** (rebudgeted) – Project is in the design phase and includes reconfiguration and remediation of the existing parking lot and delivery receiving area, addition of controlled access gates to restrict visitor access to premises, upgrading signage and addressing drainage issues associated with the stockpile area.
- **Franklin Avenue Employee and Visitor Access Control Improvements \$1.85 million** (rebudgeted) – On hold until completion of the warehouse buildout. All entry gates will be automated access and the parking lot will be reconfigured with a section dedicated to visitors.
- **Vault #4 Generator Backup Configuration \$400,000** (rebudgeted) – Ties vault to the backup generators.

- **Miscellaneous projects at Franklin Facility \$155,000 total** – Small necessary projects.
- **Security at Complex Structures \$50,000** – Ongoing budget to cover security at PCCP; e.g., IT related costs, security gates and modernization.
- **Risk Reduction Implementation Complex Structures \$125,000** – Ongoing budget to cover small projects for alternate and backup closures as needed.
- **PCCP Training Video and Miscellaneous Projects \$75,000** – Ongoing budget for training and small projects as needed.
- **GIWW Digital Twin Modeling \$150,000 (new)** – Project to digitally twin the Surge Barrier. Drone pictures will be used to create a 3D replica of the area.
- **17<sup>th</sup> Street and London Generator PLC Upgrades \$3 million (new)** – Generator parts are in need of upgrade.
- **PCCP Port Security Grant \$370,000 (new)** – Grant funded project to implement card access at the PCCP pump stations.
- **CPRA Mitigation Site Management \$475,000 (new)** – Recurring cost required over the 50-year project life for five mitigation sites.
- **Security Cameras Perimeter of Franklin Facility \$350,000 (new).**

Mr. Settoon asked did the referendum that authorized the SLIP tax restrict the use of the revenues. Ms. Chandler advised that the initial referendum restricted use of the revenues; however, the referendum for the tax renewal made the usage more general.

#### **EAST JEFFERSON LEVEE DISTRICT PROJECTS:**

**Projects total \$8.6 million – 3 percent decrease.** Project highlights:

- **Orpheum Avenue Slope Paving Construction \$3.8 million** – (rebudgeted) Joint project with Jefferson Parish. Jefferson Parish will reimburse the FPA for the cost of widening the levee crown (30 percent of project or \$1.1 million). Cost share was determined based on actual work to be performed.
- **Lakefront Levee Foreshore Protection (potential USACE betterment contribution) \$3 million** – To widen the rock berm and splash pad. Under PLA 84-99 the U.S. Army Corps of Engineers (USACE) will pay 100 percent (\$24.5 million) of the cost for the foreshore protection repairs. Any optional change in design (betterment), such as widening the crown to make it more robust would be at the EJLD's cost. The east end of the foreshore protection from about Severn Avenue to Bucktown is performing significantly better largely because the rock is higher and wider. The USACE's Bathymetric surveys for the project were delayed due to inclement weather. The project may start at the end of Spring and extend into 2025.

## **LAKE BORGNE BASIN LEVEE DISTRICT (LBBLD):**

**Projects total \$8 Million – a 168 percent increase.** Project highlight:

- **40 Arpent Sheet Pile Paint/Repairs \$7.5 million** (rebudgeted) – Phase I costs will be significantly higher than previously budgeted. Phase II is a new budget for FY 2025. Project is expected to begin by the end of February with completion going into FY 2025. The sheet piles have been in place about 50 years and are in need of rehabilitation. The project is about three miles in length.

Ms. Chandler explained that the LBBLD currently receives just enough revenue to cover daily operating and maintenance costs. Revenues are insufficient to cover the cost of new equipment and projects (e.g., dewatering the Bayou Dupre and Caernarvon structures and other long term maintenance). The current situation is not sustainable. The FPA is monitoring LBBLD's cash flow. Finance and Engineering work together to determine timing of projects and when cash will be needed. The O.L.D. or EJLD may need to contribute to some project costs because the LBBLD does not have sufficient funds. Kirk Ordoyne, Executive Counsel, advised that he and Ms. Chandler discussed the statutes that allow funding to be taken from another levee district as long as the project is a betterment that effects the whole system. For example, if O.L.D. or EJLD funds are used in the LBBLD, there must be a benefit to the O.L.D. or EJLD.

Mr. Arrigo suggested that the Board meeting to be held in St. Bernard in which the LBBLD ad valorem tax millage rates would be adopted would provide an opportunity to discuss this issue. Ms. Chandler pointed out that property values in St. Bernard Parish decreased in the last two reassessments. Therefore, millage rates were adjusted to retain the same revenue. The decreased property values hindered the FPA from collecting additional revenue. Mr. Arrigo pointed out that the legislation that created the FPA strongly emphasized that the revenues from a parish would be spent and used within that parish. Ms. Chandler advised that several years ago legislation was passed that allowed for some comingling of funds in order to operate more regionally. She explained the accounting difficulties involved in dealing with separate funds. The LBBLD has never had the financial ability to operate and maintain the system on its own. The FPA operates regionally and everything done in one levee district impacts the other levee districts. Mr. Arrigo suggested a single tax, not an additional tax, that would allow property owners in all three parishes with the same property values to pay the same tax for the system.

Mr. Fierke commented that a discussion is needed sometime soon to determine what the Commissioners would like to see done to increase the FPA's efficiency regionally. The discussion can take place at an Operations Committee meeting or a Board meeting. Ms. Chandler agreed and offered to outline the various areas in which the FPA is not regionalized (e.g., Civil Service and Finance). Mr. Fierke suggested that the next step would be for Wilma Heaton, Director of Governmental Affairs, to recommend some potential solutions. Ms. Chandler pointed out that there are some things that can be done, such as with Civil Service, that do not require legislation. However, certain nuances would need to be worked out; e.g., the loss of unclassified positions allocated



to the levee districts should the levee districts and the FPA be combined into a single entity. Ms. Settoon requested that Ms. Chandler work with Ms. Heaton on this issue.

Ms. Williams addressed anticipated future costs that are not budgeted:

- \$9 million - Payment to the USACE by the O.L.D. for pre-Katrina levee work.
- \$1.5 million - 50 percent cost share for the 200-Year Level Risk Reduction Study.
- \$1.6 million – Estimated potential cost share payment in FY 2026 to the USACE for future levee lifts.

Ms. Williams suggested that the next Finance Committee meeting be held on March 21<sup>st</sup> (prior to the Board meeting). Final reports will be submitted to Commissioners a week prior to the meeting. The final FY 2025 Budget must be approved at the March 21<sup>st</sup> Board meeting so that it can be submitted to the State on April 1<sup>st</sup>. Mr. Settoon concurred with holding the Finance Committee meeting on March 21<sup>st</sup>. He added that he would solicit comments on potential scheduling changes at the Board meeting.

Mr. Settoon commented that Ms. Williams did a great job on the budget. He inquired about the change in the fund balance. Ms. Williams explained that a revised summary was sent out due to a formula error. The revised summary shows that the fund balance would be reduced by \$26 million; however, every project budgeted in FY 2025 would have to be completed in order for this to happen. Realistically, this will not occur; however, the projects should be budgeted. Funding for projects budgeted, but not completed, in FY 2025 will be carried over to FY 2026. She explained that variables, such as project completion dates and number of filled and vacant positions, are difficult to estimate. Ms. Chandler added that, historically, the FPA's budgets have been cyclical with several years of excess revenue followed by years with large capital projects. Mr. Settoon requested that a spreadsheet be provided with a prioritized list of capital projects.

Mr. Settoon commented that the public sector for years has had more generous employee benefits than the private sector. He said that he was not proposing that employee benefits be changed at this time. However, he pointed out that this cannot go on forever. Health insurance premiums are 24 percent of salaries, which is very high. Ms. Williams pointed out that the FPA must go through the Louisiana Office of Group Benefits for health insurance coverage.

There was no further business; therefore, the meeting was adjourned at 10:00 a.m.