**MINUTES OF**
**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST**
**FINANCE COMMITTEE MEETING**
**HELD ON AUGUST 15, 2024**

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

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The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (FPA or Authority) met on August 15, 2024, in the Joseph Yenni Building, Second Floor Council Chambers, 1221 Elmwood Park Blvd., Jefferson, La. Mr. Settoon called the meeting to order at 9:00 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 July 18, 2024.

**Public Comments:** None.

**Regional Finance Director's Report:**

Denise Williams, Regional Finance Director, provided her report:

- The Louisiana Asset Management Pool (LAMP) interest rate was holding steady at 5.29 percent. LAMP investments in Fiscal Year (FY) 2024 earned $6.2 million in interest. Edward Jones investments in FY 2024 earned almost $800,000 in interest.
- The FY 2024 Financial Audit is on-going. The auditors will complete their field work next week. The Annual Financial Audit Report is due by August 31.
- All districts ended FY 2024 with net revenues exceeding expenses. Each district collected additional revenue from the auction of surplus equipment.
- A spreadsheet was sent to the Commissioners listing estimated revenues for the East Jefferson Levee District (EJLD) using the adjusted millage rate, as well as rates up to the maximum millage rate.

Mr. Settoon advised that virtually all projects, with the exception of equipment purchases, are long term (multi-month and multi-year). Various issues and factors, such as permitting, can delay a project and push it into the next fiscal year. While a surplus may appear on paper, the FPA has plans to spend all of the money for the benefit of citizens of the three parishes.

**<u>New Business</u>:**

**A. Discussion of roll back/roll forward of East Jefferson Levee District ad valorem tax millage rate for calendar year 2024 and recommendation to the <u>Board.</u>**

Ms. Williams advised that the EJLD collected about $11.9 million of revenues in FY 2024. If the Board rolls forward the millage rate to 4.01 mills, the EJLD can expect to collect about $12.6 million. The $660,000 of additional revenue per year would total $2.6 million over a four-year period. When property values increase due to a reassessment, the millage rate is decreased to provide the same revenue collected in the prior calendar year. The adjusted rate of 3.82 mills will produce the same revenue collected in calendar year 2023. Rolling the millage rate forward to any rate between the adjusted rate (3.82 mills) and the maximum rate (4.01 mills) will increase revenues.

Kelli Chandler, Regional Director, clarified that the Board is required by law to roll back to the adjusted millage rate. The Board has the opportunity, if it chooses, to roll the millage rate forward (increase revenues).

Mr. Arrigo distributed his spreadsheet which listed millage rates for the Orleans Levee District (O.L.D.), EJLD and Lake Borgne Basin Levee District (LBBLD) and compared what taxpayers in each parish paid. He stated that taxpayers who own properties with an equal assessed value of $300,00 would pay the following taxes: $1,203 in Jefferson Parish, $3,684 in Orleans Parish and $2,136 in St. Bernard Parish. Jefferson Parish taxpayers pay about one-third of what Orleans Parish taxpayers pay in flood protection taxes and 56.3 percent of what St. Bernard Parish taxpayers pay. He stated that the Board is limited on what it can do to equalize this situation. He recommended that the Board approve rolling the EJLD millage rate forward.

Mr. Settoon advised that the Committee would recommend, in accordance with the law, that the Board roll back the EJLD millage rate to 3.82 mills.

Mr. Arrigo offered a motion to recommend that after the mandatory roll back that the Board roll forward the EJLD millage rate. There was no second on the motion.

Mr. Settoon commented that he saw a news item relative to the public hearing that advised that the FPA could raise taxes with no voter involvement or approval. He stated that this is false. The maximum tax rate was previously approved by the voters.

Mr. Noel arrived at the meeting.

Mr. Arrigo reiterated the disparity between levee district taxes in the three parishes. He then reoffered a motion to recommend that the Board roll forward the EJLD millage rate in an effort to equalize, within the FPA’s limits, the disparity.

Mr. Noel asked in which parish does the FPA spend the most money. Ms. Williams replied probably Orleans Parish. Mr. Noel asked about LBBLD and EJLD expenses versus revenues. Ms. Williams responded that expenses were within revenues for both LBBLD and EJLD.

Ms. Williams advised that she was in favor of additional revenues because of the large future projects that are approaching. If the Board rolls forward the LBBLD millage rates to the maximum rates, $70,000 of additional revenue would be collected. If the Board rolls the EJLD millage forward to the maximum rate, an additional $500,000 to $600,000 would be collected per year.

Ms. Chandler pointed out that although the LBBLD was net positive, this situation is not sustainable for the future. If the LBBLD experiences any major breakdown or there is a need for a large project, it will not have the cash flow needed.

Mr. Noel pointed out that it had been understood that while Jefferson Parish taxpayers pay less than the other parishes, a lot less money is spent in Jefferson Parish. Ms. Chandler agreed, adding that the EJLD did not have complex structures.

Mr. Settoon asked about the cost share for the East Jefferson Lakefront Foreshore Protection Erosion Mitigation Project. Chris Humphreys, Director of Engineering, advised that the project is 100 Federally funded.

Mr. Arrigo stated that the FPA has a unified, single flood protection system. Payroll, accounting, engineering and other functions are also a unified system. He said that he was trying to get this as close to being equal as possible and reiterated the disparity between the parishes.

Mr. Noel asked about revenues in each parish. Ms. Chandler estimated revenues as follows: O.L.D. $45+ million, EJLD $11 million, and LBBLD $2.7 million. She agreed that the FPA has one comprehensive flood protection system for which everyone should pay the same. Mr. Arrigo stated that rolling forward millage rates is a way to come as close as possible, within the FPA authorities, to equalization. Mr. Noel commented that costs are increasing.

Ms. Williams advised that 2024 is the first year after the reassessment. The Board can roll forward millage rates in 2024, 2025, 2026 or 2027. Mr. Arrigo pointed out that his spreadsheet was calculated using the 4.01 millage rate for EJLD.

Mr. Noel seconded Mr. Arrigo's motion to recommend that the Board roll forward the EJLD millage rate to the maximum rate (4.01 mills). The motion was adopted with Mr. Arrigo and Mr. Noel voting yea and Mr. Settoon voting nay.

**B. <u>Review of 4th Quarter Budget to Actuals for Fiscal Year 2024.</u>**

The 4th Quarter Budget to Actuals for FY 2024 was distributed. Ms. Williams advised that when expenses were compared to revenues, the three districts ended the fiscal year with a net surplus. However, the surplus was basically due to project delays. Some projects did not start in FY 2024 and others were not completed. The O.L.D. collected 16.7 percent more tax revenues than budgeted. Some FEMA reimbursements were collected. Over $6 million of interest was collected across the levee districts. Personnel costs across the districts were about three to four percent under budget. Not all vacancies were budgeted because historically 100 percent of the positions are not filled at any given time. The Police Departments experienced higher uniform costs because of uniform changes. Training was in line with the budget. Human Resources (HR) is working on additional training across the districts.

Mr. Noel pointed out that actual O.L.D. General Fund training and registration fees were $114,154 versus the budget of $25,000. Ms. Chandler advised that a majority of this expense was due to training provided by VFD to FPA employees (a one-time cost). VFD had worked on the Permanent Canal Closures and Pumps (PCCP) switchgear.

Mr. Noel noted that the only other expense that stuck out was the deductibles. Ms. Chandler advised that the deductibles were for two things: (1) the majority was for vehicle accidents (mainly Police) and (2) representation at Civil Service hearings. All of the hearings and HR actions involved Police with the exception of one case. The FPA reviews the deductibles each year. Many long-time on-going cases are being settled. Kirk Ordoyne, Executive Counsel, advised that the FPA currently has 36 cases. Five cases are uninsured. Several cases were supposed to be covered by insurance and were denied by the insurer.

Mr. Settoon commented that the vast majority of items were under budget. A number of items that were over budget were smaller projects. The item with the biggest overrun was the warehouse renovation project. Ms. Williams explained that some of the overrun was due to project timing. She noted that the FPA's budgeting for the past fiscal year was better than prior years.

**C. <u>Update on Police pay.</u>**

Joshua Rondeno, Superintendent of Police, advised that a dialogue was opened several weeks ago regarding pay initiatives for Orleans Levee District Police Department (OLDPD) and East Jefferson Levee District Police Department (EJLDPD) Officers and civilian employees for the purpose of bettering recruitment and employee retention. A study conducted through the Finance Department concluded that the overall impact of the initiatives would not adversely affect the budget.

Supt. Rondeno explained that the first initiative allowed Communication Officers to receive a livable wage and was accomplished at a cost of less than $14,000. Communication Officers were placed in a Career Progressive Group that enables them to move up with a seven percent raise over a course of several years.

Supt. Rondeno provided an update on the next initiative, Special Pay for Police Officers. Special Pay is an incentive that Officers earn only for hours actually worked. It is not provided for sick or annual leave or for holidays. Officers with less than two years of service will earn $1.00 per hour and Officers with two or more years of service will earn $2.00 per hour. Special Pay will allow recruitment of higher quality officers who will remain with the agency and will reduce turnover.

Supt. Rondeno advised that the maximum annual cost for all of the initiatives is $294,000; however, only about 70 percent of this cost will be realized. Relative to Special Pay, if every Officer takes five days of a combination of sick and annual leave in a year, the maximum cost will be reduced by $46,000. Therefore, the estimated actual cost is $240,000. Moving forward with the initiatives will not adversely affect the financial status of the agency.

Mr. Arrigo asked was action needed by the Board. Supt. Rondeno responded that the information was presented for information only. Dialogue on the initiatives began several weeks ago with President Clay Cosse, Legal Committee Chair Derek Rabb and Regional Director Kelli Chandler. The study was conducted in order to be fiscally responsible. He advised that the initiatives were staying within the provided guidelines.

Supt. Rondeno explained that some time ago an FPA internal decision was made to withhold Police Supplemental Pay for one year for Officers who transfer from other agencies. This internal decision has held back the OLDPD and EJLDPD from recruiting the best qualified Officers. Other agencies accept lateral transfers that meet the minimum requirement of the law and provide Supplemental Pay on day one. State Supplemental Pay is additional pay offered to commissioned, POST certified law enforcement officers. It is the industry standard for police officers in Louisiana. It is also one of the components that heavily weighs on a candidate's decision to seek employment with an agency. The FPA's self-initiated decision to delay Supplemental Pay for a year after employment significantly restricts the ability of the OLDPD and EJLDPD to recruit higher quality officers. If the agency invests in the Officers, they will invest in the agency and ultimately reduce the financial liability footprint. The cost of this initiative was included in the $294,000 total maximum cost. The maximum cost in theory will be reduced moving forward since the departments are not fully staffed every day.

Mr. Noel asked did the $294,000 total maximum cost include full employment. Supt. Rondeno replied, yes. Mr. Noel asked about the number of current vacancies. Supt. Rondeno responded that he could safely say nine vacancies. Interviews were being conducted. In the upcoming weeks, the OLDPD and EJLDPD will aggressively start filling vacant positions. He pointed out that since the estimate of $294,000 was for a full fiscal year, it will not be 100 percent realized in the current fiscal year.

Ms. Chandler advised that State Supplemental Pay is paid from day one by the State for all other police and fire departments in Louisiana. Legislation passed in 2018 allowed the FPA to self-fund and provide Supplemental Pay to OLDPD and EJLDPD Officers. Supt. Rondeno explained that the original law specifically listed the Orleans Levee District as not being eligible for funding directly from the State. The intent is to legislatively address this issue in the future. Payment of Supplemental Pay from the State budget would allow FPA funds to address other needs.

Mr. Noel asked how did Supplemental Pay effect Civil Service rates. Ms. Chandler responded that Civil Service was aware of the FPA's ability to pay Supplemental Pay. Mr. Noel asked would implementing this initiative present an issue with Civil Service. Ms. Chandler replied, no.

Mr. Settoon asked what was the total cost of all of the Police pay initiatives. Supt. Rondeno explained that $294,000 is the umbrella that covers all initiatives: the Communication Officers Career Progression Group, Special Pay, and Supplemental Pay for the two Officers who met the legal requirements, but were not collecting it. Going forward Supplemental Pay will be provided at hire for Officers who meet the legal requirements.

Supt. Rondeno explained that Special Pay and Supplemental Pay have been on the books at other State agencies for more than 20 years. The OLDPD and EJLDPD are significantly behind the eight ball. The OLDPD and EJLDPD want to recruit better quality officers and retain the current Officers that the agency invested in so that they can advance the FPA's mission. The initiatives level the playing field moving forward.

Mr. Arrigo stated that including Supplemental Pay for OLDPD and EJLDPD Officers in the State budget seemed to be achievable. Supt. Rondeno explained that he previously had success with his last State employer in soliciting and obtaining State Supplement Pay for the agency. The FPA has a strong footing with the legislature. Supt. Rondeno stated that he looked forward to achieving the goal of including Supplemental Pay for OLDPD and EJLDPD Officers in the State budget so that the FPA funds can be used in other areas that could be better served. Mr. Arrigo offered to assist Supt. Rondeno with this effort.

Mr. Settoon asked if any further actions were needed to implement the Police pay initiatives. Supt. Rondeno advised that his understanding was that the initiatives did not require Board consideration. He explained that from the onset he wanted to be financially responsible and update the Finance Committee.

Mr. Noel asked about the impact to the budget. Ms. Williams explained that the distributed spreadsheet listed costs for the full fiscal year and assumed all Police initiatives are implemented within the fiscal year. The maximum cost decreases as time goes on. There is some cushion in the budget. The initiatives could possibly result in the Police departmental budgets being over budget; however, the Police initiatives would not increase the overall agency budget. If all of the Police initiatives are implemented within the next three months, an adjustment is not anticipated to be needed to the FY 2025 Budget. The cost will be incorporated in the FY 2026 budget when it is prepared.

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