

**MINUTES OF  
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST  
FINANCE COMMITTEE MEETING  
HELD ON DECEMBER 7, 2010**

PRESENT: Stephen Estopinal, Chair  
Timothy Doody, Committee Member

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The Finance Committee met on December 7, 2010, in the Second Floor Hall of the Lake Vista Community Center, 6500 Spanish Fort Blvd., New Orleans, Louisiana. Chairman Stephen Estopinal called the meeting to order at 8:35 a.m.

**Opening Comments:** None

**Adoption of Agenda:** The agenda was adopted as presented.

**Approval of Minutes:** The minutes of the November 4, 2010 Finance Committee meeting were approved.

**Public Comments:** None.

**Old Business:**

**A. Discussion of renewal of Orleans Levee District Health, Vision and Dental Insurance coverages.**

Wayne Francingues with the Besselman Little Agency advised that an offer was received from United HealthCare to renew the current plan at a one percent decrease in cost or to renew the current plan with the addition of the new health care law preventative health care benefits at no increase in cost. The Finance Committee requested last month that additional quotes be obtained. Aetna, Blue Cross, Cigna and Coventry were approached and all declined to quote for different reasons. At this time the Flood and Non-Flood Divisions are covered under one plan. The concept of splitting coverage into two plans was investigated and determined not to be feasible for two reasons. First, only one Federal ID number currently exists, which cannot be utilized for two plans. The Non-Flood Division is looking into securing a Federal ID number. Second, the Non-Flood Division has about 65 employees and one retiree over the age of 65. Coverage for less than 100 employees would fall into United's Small Group Market Place, which does not accept retirees over the age of 65. This information was provided to the Non-Flood Asset Board, which deferred to the decision of the Authority. The accounting will be split between the Flood and Non-Flood Divisions.

Mr. Francingues reviewed the quotes received for dental coverage. Crescent Dental offered to renew the current coverage with a 14 percent rate increase due to the past year's claims experience. Delta Dental offered to provide coverage with comparable benefits at a higher rate than Crescent Dental. Dearborn National offered to provide

coverage at a slightly lower rate. Mr. Francingues recommended that dental coverage be renewed with Crescent Dental due to Dearborn's restrictions on participating dentists and the waiting period for new hires. Crescent Dental is agreeable to setting up two separate plans for the Flood and Non-Flood Divisions which will be rated as one plan.

Mr. Francingues explained that United HealthCare initially offered to renew the vision program at no increase in cost. A proposal was received from Crescent Dental for a vision program, which prompted United HealthCare to reduce its initial offer by 15 percent. While the Crescent Dental plan is slightly lower in cost, it is limited in terms of the current benefits that are provided. He recommended that the United HealthCare vision program offering a better package of benefits be renewed.

Mr. Francingues advised that the rules applying to grandfather status have changed. An insurance carrier can be changed without affecting grandfather status. However, a number of rules relating to changes in benefits could affect this status.

The Committee members concurred that a recommendation be forwarded to the Board to approve the renewal of health care and vision coverages with United HealthCare and dental coverage with Crescent Dental.

#### **New Business:**

#### **A. Discussion of renewal/procurement of Lake Borgne Basin Levee District Workers' Compensation and Pollution Insurance Coverages.**

Hardy Edgecombe with Arthur J. Gallagher Risk Management Services, Inc. recommended that Workers' Compensation coverage for the Lake Borgne Basin Levee District (LBBLD) be renewed with LWCC at a 17 percent rate decrease. He advised that Ironshore offered to provide pollution coverage for the eight pump stations and office building. The premium for a one year policy is \$18,375 and for a two year policy is \$26,643; however, the \$1 million limit applies to both the one and two year policy periods. Several carriers were approached for quotes but declined due to the age of the fuel tanks. The potential for exposure was briefly discussed.

The Committee members concurred that a recommendation be forwarded to the Board to renew Workers' Compensation coverage with LWCC and to procure Pollution Insurance coverage from Ironshore for a one year policy period.

#### **B. Discussion of renewal/procurement of East Jefferson Levee District Worker's Comp, Law Enforcement Liability, Property, Inland Marine and Pollution Insurance coverages.**

Mr. Edgecombe recommended the renewal/procurement of the following coverages for the East Jefferson Levee District (EJLD):

- Property Insurance coverage from Allianz at a 15 percent rate decrease. The renewal premium is the same as the expiring premium due to several items being moved from the equipment floater to the Property Policy.

- Inland Marine Insurance coverage from Allianz at a no increase in rate. The premium is reduced due to the moving of equipment to the Property Policy.
- Law Enforcement Liability Coverage from the Darwin Group with a \$50,000 deductible and \$1 million limit. The renewal premium of \$35,223.30 is a reduction of about \$10,000 from last year's premium. The quote from Indian Harbor, the current carrier, was \$38,695.65.
- Workers' Compensation Insurance from LWCC. A primary reason for staying with LWCC is that it covers police officers. The premium rate has decreased 17% this year. The premium of \$86,749 is a slight increase over last year because of the substantial increase in payroll.
- Accident Policy from ACE at no increase in premium (\$1,000 per year). This life insurance policy covers reserve police officers.
- Pollution Insurance coverage for the three EJLD facilities and two underground storage tanks from Ironshore. One and two year policies were offered with a \$1 million limit.

Committee members concurred that the recommendations for the insurance coverages as offered by Mr. Edgecombe be presented to the Board for approval and specified that the Pollution Coverage be procured for a one year policy period.

**C. Discussion of financing the East Jefferson Levee District administration/police and maintenance complex.**

Fran Campbell, EJLD Executive Director, advised that the architectural firm of Waggonner and Ball provided an estimated cost of \$20 million for the proposed EJLD complex. She stated that she would be comfortable with taking \$10 million from the District's cash reserves for the proposed project, leaving the District about \$10 million of cash reserves. The current EJLD facilities could be sold after the new facilities are constructed. The question of how the remaining funding for this project should be financed remains. She requested and received the Committee's approval to discuss this matter with Bond Counsel Jarrell Godfrey.

Robert Lacour, SLFPA-E Counsel, advised that a public entity cannot mortgage its property. The law does, however, provide for the pledge of future tax revenues. He discussed the issuance of short term bonds and noted that the EJLD has never had a bond debt. He suggested that the complex could be built in phases.

Ms. Campbell advised that she would report back to the Committee at a future date after further investigation into this matter.

**D. Discussion of allocation of SLFPA-E personnel cost to levee districts.**

Robert Turner, SLFPA-E Regional Director, explained that there is a need for additional SLFPA-E staffing, particularly in regards to the Levee Information Management System GIS work and grant administration. The Authority's operations cannot be expanded to provide these necessary services with the current funding of \$500,000 provided by the State. He requested that the Committee and Board consider the Authority's expenses

as overhead for the levee districts and determine a method to charge these salaries back to each of the districts. He suggested that the easiest method would be to charge back one-third of the costs to each levee district, since much of the work is on behalf of all of the levee districts. Mr. Doody recommended that the charge back be based upon the tax revenues of the levee districts.

Ms. Campbell commented that she did not know what kind of services would be provided by the new employees mentioned, but that consideration should be given to what each levee district would be getting. The EJLD has the fewest miles of levees, gates and structures. She stated that time spent is the best way to do it.

Mr. Estopinal suggested that the Authority attempt to obtain new money from the State to fund the additional staffing that would benefit all of the levee districts. Mr. Doody concurred that an attempt should be made to obtain additional funding from the State; however, he noted that this attempt had been made in the past and was unsuccessful.

Mr. Doody stressed the importance of operating regionally and sharing expenses, otherwise the levee districts will never get beyond where they were in the past. Mr. Estopinal noted that the flood protection provided by the Lake Borgne Levee District benefits Orleans Parish and to some degree Jefferson Parish. Mr. Turner pointed out that the lesson learned from Hurricane Katrina is that flood protection must be looked at in terms of a system and not in terms of political boundaries. The Authority is the governing body over the levee districts and receives annual funding of \$500,000 from the State, which is not guaranteed. At this time the Authority is locked into a \$500,000 revenue stream to take care of everything that needs to be done from an organizational level. He commented that work could continue on a jurisdictional level; however, the management of the system from a regional level and centralized perspective, as intended by the Legislation that created the Authority, requires a staff.

Mr. Doody offered a motion that one-half of the overhead of the Authority, including salaries and rent, be apportioned between the levee districts based upon tax revenues. Mr. Estopinal concurred with the motion and advised that this recommendation would be forwarded to the Board.

#### **E. Discussion of agreement with OCPR & NOAA for the Lake Borgne Basin Levee District to operate and maintain the Hopedale Hydrologic Restoration Project.**

Stuart Williamson, LBBLD Executive Director, advised that the Office of Coastal Protection and Restoration (OCPR) requested that the LBBLD perform the minor operation and maintenance (O&M) of the subject structure. The LBBLD estimated the O&M cost at \$7,900 per year, which will be reimbursed by OCPR. OCPR would be responsible for any changes or major capital improvements. The State is still working out some of the contracting details, which will not be available until after January 1<sup>st</sup>. The Committee authorized Mr. Williamson to pursue the agreement with the State.

**F. Discussion of amendment of LBBLD cafeteria plan.**

Peggy Sembera advised that an amendment is needed to the LBBLD's current cafeteria plan to incorporate the new definition for dependents under the new health care law and to allow coverage for dependents under the age of 26. The Committee recommended that a resolution be presented to the Board for the requested amendment. Mr. Doody noted that the Orleans Levee District will also need to amend its cafeteria plan.

**G. Repair of three pumps at Pump Station No. 6.**

Mr. Williamson explained that FEMA Project Worksheets Nos. 19196F, 19199F and 19200F were completed for the repair of three pumps at Pump Station No. 6. PBS&J submitted an estimate of \$62,000 for the professional services required for this work. PBS&J has been on loan by the State to work with the LBBLD and has been intimately involved with this project. Therefore, the LBBLD would like to use PBS&J to do the work required to prepare the contract documents. Mr. Turner advised that the State has agreed to issue a task order to PBS&J for this work under its ID-IQ contract with the firm. The State will bill the LBBLD for reimbursement and the LBBLD will then be reimbursed by FEMA. The repair of the pumps must be accomplished before the next hurricane season. The pumps must be repaired one at a time and each will take an estimated 90 days.

The Committee agreed to submit a recommendation to the Board to authorize the LBBLD to utilize the State's contractor for the services required to repair the three pumps at Pump Station No. 6 and reimburse the State for an amount up to \$62,000 with the expectation of reimbursement by FEMA.

**H. Discussion of notice to proceed for East Jefferson Levee District FEMA PW 13866 (Lakeshore Linear Park Erosion Protection Project).**

Ms. Campbell explained that the Board provided authority to execute a contract for the shoreline protection project when the FEMA funding is in place. Bids were received for the project about two months ago and the lowest bid was \$1.4 million dollars over the estimated cost of \$11 million contained in the FEMA Project Worksheet (PW). The EJLD would prefer not to re-bid the project, since the new bids may be higher. The U.S. Army Corps of Engineers is doing shoreline protection on three of EJLD's five levee reaches. The EJLD project will provide shoreline protection for the other two reaches. Since the bids were over one million dollars above the FEMA PW estimate, the approval of a new estimated cost must come from Washington, D.C. This approval has not yet been received.

Ms. Campbell stated that she would like to have the shoreline protection in place before the next hurricane season and to keep the low bid that was received. She asked for the ability to award the contract and allow the contractor to proceed. The Committee agreed to recommend to the Board that the EJLD Executive Director be allowed to proceed as requested to award the contract and allow the contractor to proceed.

**I. Task Order for New Orleans East Land Bridge (Chef to Rigolets) Study.**

Mr. Turner explained that the Authority received a \$900,000 Community Development Block Grant for studies pertaining to coastal restoration or compartmentalization. One of the projects included in the grant is the New Orleans East Land Bridge (Chef to Rigolets) Study. In November the Board approved the negotiation of a task order with Ben C. Gerwick, Inc. for this study. A scope of work was prepared and reviewed by staff and the Coastal Advisory Committee. He requested authority to submit the task order to the Board for review and approval to execute the task order. The Committee agreed to forward the request for approval of the task order to the Board.

**Executive Session:**

**A. Discussion of land acquisition for the East Jefferson Levee District Administration Complex.**

The Finance Committee convened in Executive Session at 9:35 a.m.

The Finance Committee reconvened in regular session at 9:56 a.m.

Mr. Doody recommended that the action discussed in the Executive Session be taken. Mr. Estopinal concurred and stated that this will be the recommendation of the Finance Committee.

There was no further business; therefore, the meeting was adjourned at 9:58 a.m.