

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON FEBRUARY 14, 2012**

PRESENT: Stephen Estopinal, Chair
Timothy Doody, Committee Member

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (SLFPA-E or Authority) met on February 14, 2012, in Meeting Room 221, Orleans Levee District Franklin Administrative Complex, 6920 Franklin Avenue, New Orleans, Louisiana. Mr. Estopinal called the meeting to order at 8:00 a.m.

Opening Comments: None

Adoption of Agenda: The agenda was approved by the Committee.

Public Comments: None.

New Business:

A. Discussion of exercise of two-year renewal option and amendment of ID-IQ Contract with GCR & Associates for services associated with Lands, Easements, Rights-of-ways, Relocations and Disposal Sites (LERRDs).

Robert Turner, SLFPA-E Regional Director, explained that the Indefinite Delivery-Indefinite Quantity (ID-IQ) Contract with GCR & Associates was initiated in 2009 to provide assistance in determining rights-of-entries for the U.S. Army Corps of Engineers (USACE) and for other land issues. The initial contract term expired on December 31, 2011. The SLFPA-E wishes to exercise the option to extend the contract for two-years and to utilize GCR's services to begin documenting existing rights-of-ways, which will require a modification to the current scope of work. The SLFPA-E's typical ID-IQ contracts have a three percent escalation per year clause. The original GCR contract was a static contract; therefore, there is a slight increase in some of the fees of five percent over the course of the past three years or less than 1-1/2 percent per year. The electronic data on rights-of-ways will be imported into the SLFPA-E's GIS database.

The Committee recommended that the request to exercise the two-year renewal option and to amend the GCR contract as discussed be forwarded to the Board for approval.

B. Presentation on SLFPA-E, East Jefferson Levee District, Lake Borgne Basin Levee District and Orleans Levee District Fiscal Year 2013 Budgets.

East Jefferson Levee District (EJLD):

Lindsay Calub reviewed the highlights of the EJLD Budget. The revised revenues for FY 2012 total \$17.8 million, which takes into account the receipt of FEMA monies

totaling approximately \$9.1 million. The proposed revenues for FY 2013 total about \$8.5 million. The currently projected figures for land and a safehouse are \$2 million for FY 2012 and \$16 million for FY 2013. The beginning fund balance is about \$25 million and the projected fund balance for the end of FY 2013 is about \$12 million. The estimated tax revenues for FY 2013 were discussed and will be revised to more closely reflect the actual monies anticipated. The EJLD's budget is broken into two funds: the General Fund and the Levee Improvement Fund. Detailed information on the two funds and a breakdown of equipment requested for purchase in FY 2013 were provided.

Lake Borgne Basin Levee District (LBBLD):

Stuart Williamson, LBBLD Executive Director, reviewed the highlights of the LBBLD budget. A deficit of \$439,075 is projected for FY 2012, which will be funded from the fund balance. The proposed budget for FY 2013 has a projected deficit of \$3.634 million. The FY 2013 Budget includes \$1.5 million for the replacement of one pump station engine and \$400,000 for telemetry. A request was made for FEMA Hazard Mitigation Grant Program (HMGP) funding for the replacement of two engines and telemetry; however, this funding is not guaranteed. Charles Doize added that direction is being sought from the Committee about whether or not to include the replacement of two of the aged pump station engines in the FY 2013 Budget. Mr. Doody suggested that the replacement of one engine be included in the FY 2013 Budget with funding from the LBBLD's fund balance. The budget can be amended should funding be received from FEMA for the replacement of a second or third engine.

Mr. Doody explained that St. Bernard Parish was supposed to receive \$52 million in HMGP funding. The LBBLD had planned to replace one pump station engine. The Parish was approached for HMGP funding for the replacement of an additional engine and the construction of a safe room. The St. Bernard Parish Council adopted a resolution supporting the SLFPA-E's request. It was then determined that some of the Parish's projects did not meet the FEMA criteria. Therefore, the St. Bernard Parish government was required to provide support that the projects to be funded through the HMGP would meet the FEMA criteria. Another meeting was held with Parish officials and the LBBLD requested HMGP funding for the replacement of an additional engine and telemetry and an additional safe room. Mr. Turner advised that parts are no longer available for the aged engines and must be machined. The intention is to replace one of the engines and use that engine to scavenge for parts for the other engines until those engines can be replaced.

Mr. Doize pointed out the need to have a cash reserve available for cash flow to operate the LBBLD in the event there is a delay in issuing tax bills, such as occurred after Hurricane Katrina. He also suggested that a plan be developed for a line of credit for the payment of contractors while reimbursement is being sought and received from FEMA.

Mr. Doize explained that the FY 2013 Budget includes five additional pump station employees in order to bring the LBBLD's pump station work force to a pre-Katrina level. Personnel Services accounted for 65 percent of the FY 2012 Budget expenses and will account for 85 percent of the FY 2013 Budget expenses. The LBBLD is currently

receiving about 11 mills in ad valorem taxes. The projected tax revenues for FY 2013 total \$3.4 million.

Mr. Doize pointed out that at this time the future total estimated cost to operate and maintain the district including the newly constructed elements of the Hurricane and Storm Damage Risk Reduction System (HSDRRS) is projected to be \$6.6 million per year. Mr. Turner advised that AECOM, the consultant retained by the SLFPA-E to assist in determining future operations and maintenance (O&M) costs, has completed the draft report for the LBBLD and is working on draft reports for the other two levee districts. A meeting will be held with SLFPA-E staff and representatives from the Rand Corp. for comparison purposes prior to the draft report being released. Mr. Doody pointed out that the State is the non-federal sponsor; therefore, discussions will be needed with the State on the O&M issue.

Mr. Turner requested the opportunity to examine and refine the LBBLD Budget and to consider contingency plans. He noted that the budget will be brought back to the Finance Committee for discussion at its meeting next month.

Orleans Levee District (O.L.D.):

Gerry Gillen, O.L.D. Executive Director, explained that the O.L.D. Budget is broken into two funds: the General Fund and the Special Levee Improvement (SLIP) Fund. He reviewed the highlights of the General Fund Budget. The revenue streams for FY 2012 and FY 2013 are almost the same. The FY 2013 Budget includes an additional \$1.5 million under Personal Services for additional personnel in anticipation of the USACE's turnover of the levee reaches currently under construction, a four percent merit increase for employees, and an additional \$3.5 million under Contractual Services for surge barrier O&M personnel. Therefore, there is a \$3.2 million additional deficit for FY 2013 over FY 2012 in the General Fund Budget, which will be funded through a transfer from the SLIP Fund Budget. He pointed out that the total projected increase for O&M when all of the elements of the HSDRRS are turned over by the USACE is approximately \$6 million. He noted that the information presented needed to be refined relative to the Go Zone Bonds and the equipment request. The FY 2012 Budget included 120 employees (actual FY 2012 number 109) and the projected FY 2013 Budget includes 135 employees.

Mr. Gillen reviewed the highlights of the SLIP Fund Budget. Budget projections were provided through 2015 at which time the SLIP tax will expire. The projection includes the \$10 million per year repayment over a thirty year period by the local sponsor for the HSDRRS starting in 2013. New and on-going projects are listed in the budget. The four year repayment of the Go Zone Bonds under the SLIP Fund is included starting in FY 2012. Additional refinement of the budget information is needed relative to the settlement agreement with the Algiers Levee District. It was pointed out that the transfer to the General Fund will reduce the SLIP Fund balance.

SLFPA-E:

Mr. Turner reviewed the highlights of the SLFPA-E Budget. The anticipated revenues for FY 2013 total \$1.5 million and include \$500,000 of funding from the State, \$500,000 of funding from Community Development Block Grants (CDBG) and \$500,000 of anticipated reimbursements from the levee districts. The CDBG funding will be used to offset the expenses associated with the grants. A four percent merit increase is included for employees. The projected deficit of \$60,000 would be taken from the fund balance. The FY 2013 Budget includes \$30,000 for the purchase of a new vehicle, which can be removed from the budget to reduce the deficit. Future purchases of information technology equipment can also be reconsidered.

C. Discussion of award of contract for Florida Avenue Floodwall and inspection and testing services by Burk-Kleinpeter. (Orleans Levee District)

Mr. Gillen advised that two resolutions will be presented to the Board at its next meeting relative to the Florida Avenue Floodwall Sheetpile Refurbishment Project. The first resolution is for the award of the construction contract and the second resolution is to authorize the issuance of a task order to Burk-Kleinpeter, Inc. (BKI) for inspection and testing services for the project. Ten bids were received for the project. The engineer's estimate for the project is \$2.2 million. The lowest bid was received from Cycle Construction in the amount of \$1.65 million. The construction of the project will take six months. The rates to be charged by BKI for inspection services will be in accordance with the rates established in the ID-IQ contract. Approximately \$30,000 is included for testing.

The Committee recommended that the two resolutions discussed be forwarded to the Board for approval.

D. Distribution of levee districts' healthcare benefits package comparison spreadsheet.

Mr. Turner explained that a tremendous amount of information is provided in the packets presented to the Committee. He recommended that the Committee members review the information provided on the comparisons between the levee districts, as well as the actions taken by the districts to attempt to contain costs, and that this matter be brought up at a future Committee meeting for further discussion.

The Committee accepted the information presented under advisement.

There was no further business; therefore, the meeting was adjourned.