

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON FEBRUARY 6, 2014**

PRESENT: Paul Tilly, Chair
Kelly McHugh, Committee Member

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (SLFPA-E or Authority) met on February 6, 2014, in Meeting Room 201, Orleans Levee District Franklin Administrative Complex, 6920 Franklin Avenue, New Orleans, Louisiana. Mr. Tilly called the meeting to order at 8:40 a.m.

Opening Comments: None

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

Approval of Minutes: The Committee approved the minutes of the Finance Committee meeting held on December 12, 2013.

Public Comments: None.

New Business:

A. Distribution of preliminary Fiscal Year 2014-2015 Budgets for the SLFPA-E, EJLD, LBBLD and O.L.D.

The proposed draft budgets for the SLFPA-E, East Jefferson Levee District (EJLD), Lake Borgne Basin Levee District (LBBLD) and Orleans Levee District (O.L.D.) were distributed to Committee members. Robert Turner, SLFPA-E Regional Director, advised that the budgets are being introduced at this time in order to allow time for the Committee members to review the budgets and develop questions. The budgets will be fully discussed and questions will be addressed at the March Committee meeting. Recommendations offered by the Committee at its March meeting will be incorporated and the revised proposed budgets for FY 2015 will be presented at the March Board meeting for approval. The approved budgets must be submitted to State by April 1st. The Committee requested that the proposed draft budgets be submitted to all Board members with a brief explanation of the review process.

The Committee briefly discussed the LBBLD's financial situation. The LBBLD is operating at a deficit and drawing down its fund balance (approximately one-half million dollars per year for FY 2014 and FY 2015). Unless a change occurs, the draw down will probably accelerate. If revenues are not increased, services will have to be decreased. Approximately 2/3's of the LBBLD's expenditures are personnel salaries. The LBBLD is the only levee district under the SLFPA-E's jurisdiction responsible for pumping operations. Nick Cali, LBBLD Executive Director, explained that overtime for the district has been curtailed as much as possible; however, overtime is used at times in lieu of

hiring additional personnel since it is more cost effective. He pointed out that 10 of the LBBLD's 18 pump station operators are eligible for retirement. Overall 46 percent of the LBBLD's organization is retirement eligible in some fashion. Training for pump station operators takes from six months to one year and the training must take place in St. Bernard Parish in order for the operators to be fully knowledgeable about the hydraulics of the area and the operation and maintenance of the equipment. Therefore, pump station operator positions must be double encumbered in order to allow for training of new personnel. The difficulty in recruiting and retaining personnel for pump station operations was discussed. The personnel situation is not at a critical stage at this time; however, a proactive approach is needed.

It was pointed out that the LBBLD has not yet experienced all of the new costs associated with the additional Hurricane and Storm Damage Risk Reduction System (HSDRRS) features. The LBBLD's current total millage rate is 11.3 mils. Mr. Turner pointed out that one mil in Orleans or Jefferson Parish may generate approximately three million dollars of revenue; however, one mil in St. Bernard Parish may only generate approximately \$300,000 of revenue.

B. Discussion of establishment of a budget for the construction of the EJLD Consolidated Safehouse/Administration/Maintenance Facility.

Fran Campbell, EJLD Executive Director, explained that the architect has made as many changes as could be made and remain within the original plans for the facility. She recommended that the budget for construction of the facility be established at \$20 million. Additional changes to the plan will not result in significant savings. She recommended that the procurement of furniture be removed from the architect's contract and handled by EJLD staff. The building must be sound insulated due to its location adjacent to the south side of the airport. Mr. Turner advised that funds must be encumbered for budget purposes and the architect must be provided with a target figure for construction in order to move forward with the design of the facility. The contract allows for the architect's fee to be based on the figure established for construction or a firm fixed price could be used for the architectural services. The architect's most recent estimate of the construction cost is \$18 million; however, under the terms of the contract an outside independent estimator will be retained to estimate the cost. The cost of purchasing land from the City of New Orleans (Louis Armstrong New Orleans International Airport), the Kenner Streets Department and other private owners is an additional several million dollars. Methodologies for encumbering the funds were discussed.

The Committee instructed Mr. Turner to contact the architect for additional information. If the required information can be obtained prior to the next Board meeting, a resolution will be presented to the Board in February recommending approval of a target figure for the construction of the EJLD safehouse/administration/maintenance facility. If the information cannot be obtained in time, the resolution will be presented to the Board at its March meeting.

There were no further discussions; therefore, the meeting was adjourned at 9:25 a.m.