

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE INFORMATIONAL MEETING
PROPOSED FY 2017 BUDGETS
MARCH 10, 2016**

PRESENT: Jefferson M. Angers, Finance Committee Chair

Due to a lack of a quorum, an Informational Meeting was held on March 10, 2016, in the Orleans Levee District Franklin Avenue Administrative Complex - Meeting Room #201, 6920 Franklin Avenue, New Orleans, Louisiana, to review the SLFPA-E and levee districts' proposed FY 2017 Budgets.

Robert Turner, SLFPA-E Regional Director, advised that the budgets are presented in two formats: 1) cost categories as used in the year-end audited financial statements, and 2) costs by department for management purposes.

East Jefferson Levee District (EJLD): Derek Boese, EJLD Executive Director, reviewed the highlights of the proposed EJLD FY 2017 Budget.

- Revenues – A roll forward of the millage rate is anticipated in 2016; therefore, a slight increase in revenues is projected. Monies received from the State are expected to decrease due to the State's budget issues. Investment income will decrease as funding is expended for capital projects, such as levee lifts and construction of the EJLD safehouse and consolidated facilities.
- Expenditures – Legal fees are projected to decrease. The proposed Maintenance Equipment Budget (\$661,386) was reviewed. The EJLD had not purchased major equipment for several years. The new equipment will enhance efficiencies and decrease maintenance costs. EJLD plans to downsize the amount of equipment and auction older models, e.g.:

<u>Equipment:</u>	<u>Purchase</u>	<u>Auction</u>
Cutting Tractors	2	4
Boom Cutter	1	1
Bobcat Track Loader	1	Dozer
Tandem Trash Truck	1	1 (transfer to LBBLD)
Zero Turn Cutting Mower	1	2
Cutting Mowers (17-ft.)	2	1 (15 ft.) & 1 (17-ft.)

A transition is being made in the methodology for grass maintenance. Equipment will be stored nightly at the pump stations as grass cutting progresses along the levee, which will reduce fuel costs and save on wear and tear of equipment.

The EJLD Police Department Equipment List was reviewed (\$234,500). Four vehicles will be swapped out. New units will be assigned to active duty officers and older units transitioned to reserve officers. The oldest units will be auctioned. The current radios that are no longer supported by Motorola are being phased out. Five radios will be purchased each year until the turnover is completed. Six mobile laptops and one desktop will be purchased to replace older models. The budget

includes a Taser System and training. Tasers will not be purchased until the appropriate procedures are put in place.

Flood Protection expenditures significantly increased due to the anticipated levee lifts (10-1/2 miles), work along the 17th Street Canal, foreshore protection maintenance, safehouse and consolidated facilities construction, mapping and GIS database services, and surveying along the Mississippi River Levee.

Lake Borgne Basin Levee District (LBBLD): Nick Cali, LBBLD Executive Director, reviewed the highlights of the proposed LBBLD FY 2017 Budget. Budget assumptions were outlined in a memo. No changes are anticipated in revenues. Merit increases for employees (estimated at \$100,000 to \$150,000) are not budgeted for a second consecutive year. The Violet Canal Realignment Project is not included in the budget since the construction is predicted on receipt of grant funding. The current funding estimated to be available on July 1st is \$2,850,000. This funding must last until the end of the calendar year (December 31st) since ad valorem tax revenues are collected beginning in January. The LBBLD's current burn rate is estimated at \$325,000 per month. Therefore, the LBBLD must strictly adhere to the proposed budget. Unforeseen circumstances during the six month period (July 1 – Dec. 31), such as unanticipated major pump station repairs or a hurricane event, could potentially impact payroll. The potential for a loan through the Bond Commission is being investigated in the event one is required. The proposed budget includes \$1.6 million of anticipated Intergovernmental Revenues (CPRA) for services (a major portion of the real estate acquisitions) associated with the Violet Canal Realignment Project. A CEA was executed with the State to allow the funding to be drawn in two parts over two fiscal years. The proposed budget will be significantly impacted if this funding is cut by the State.

Mr. Angers requested that the Board be made aware as soon as possible of any unanticipated budget expenditures. He stressed the importance of public discussion of this type of issue.

Mr. Cali advised that the FY 2016 Budget included significant cuts and that very little change has been made for the FY 2017 Budget. The retirement incentives and layoff avoidance measures implemented during FY 2016 significantly reduced the budget. The SLFPA-E allocation of expenses will increase due to additional personnel.

Mr. Turner advised that the estimated cost for additional SLFPA-E personnel (Finance Director, Operations Director, Human Resources Director, IT person and an Engineer) is \$350,000. Mr. Angers noted that the LBBLD's portion of this expense is recognized.

Mr. Cali pointed out that the proposed budget does not include funding for equipment purchases and that maintenance costs will increase with prolonged use.

Mr. Angers commented that a full Board effort, together with help from the people of St. Bernard Parish, is needed to make the LBBLD solvent. He asked Mr. Turner to address his plan for the LBBLD. Mr. Turner stated that it is largely up to the Board and the State Legislature. LBBLD is limited due to the funding stream and legal constraints. An increase in millage revenues could be requested through a referendum, but only with

strong support from local government and other entities. Two bills have been filed in the Legislature that would provide some assistance. Staff has been working with St. Bernard Parish government to attempt to combine forces on various efforts; e.g., canal maintenance and closure of floodgates. He commented on the effects of Hurricane Katrina on population and property values in St. Bernard Parish. He pointed out that a significant portion of the Hurricane and Storm Damage Risk Reduction System (HSDRRS) is located in St. Bernard Parish. Wilma Heaton, SLFPA-E Director of Governmental Affairs, advised that two bills have been filed in the Legislature that effect the SLFPA-E/LBBLD. The first bill would provide a method whereby the SLFPA-E would receive its own funding; therefore, it would no longer have to charge back its expenses to the levee districts. The second bill would phase out the LBBLD's responsibility for drainage. Mr. Turner commented that the concept of having the SLFPA-E act as the agency responsible for the HSDRRS was brought up by a Commissioner. The total assessed value of all property behind the flood protection system would be used as a basis to assess a cost percentage across the levee districts.

Southeast Louisiana Flood Protection Authority-East: Mr. Turner reviewed the highlights of the proposed SLFPA-E FY 2017 Budget. Revenues and Expenditures increased primarily due to additional personnel at the Authority level. SLFPA-E expenses are allocated to the three levee districts in accordance with the current formula. The Equipment Budget includes the purchase of a truck for the SLFPA-E Regional Director to replace the 2005 model currently being used.

Mr. Angers inquired about the grants that are being pursued. Mr. Turner advised that grant funding is not budgeted until a commitment is formally documented.

Orleans Levee District (O.L.D.): Gerry Gillen, O.L.D. Executive Director, reviewed the highlights of the proposed O.L.D. FY 2017 SLIP Fund and General Fund Budgets.

- **Special Levee Improvement (SLIP) Fund Budget:** A portion of the SLIP tax is dedicated to the non-flood protection assets beginning in calendar year 2016 and is payable to the Non-Flood Protection Asset Management Authority. The proposed projects listed in the SLIP Fund Budget were reviewed, including levee lifts (LPV 111), drainage improvements along the Citrus Lakefront Levee, outfall canal bank erosion repairs, repair and repainting of remaining MRL floodgates, a portion of the Seawall Erosion Control Project, mapping and GIS database services, and West End Roadway raising near the lakefront levee toe to prevent flooding. The construction of the new police facility is pending participation (\$2 million local and \$1 million State) under the Louisiana Capital Outlay Program. Two million dollars of funding is being escrowed each year to fund the future dewatering of the IHNC Sector Gate.
- **General Fund – Revenues:** Revenues increased due to the roll forward of millage rates beginning in calendar year 2016.
- **General Fund – Expenditures:** Fees for ad valorem tax collection (Assessor's Office and City of New Orleans) are included in the FY 2017 Budget. Personal Services have increased due to the addition of ten positions (six police and four various positions) and a four percent merit increase for personnel. Interviews have

been conducted to fill a number of vacant positions. Currently, the O.L.D. has approximately 115 employees. One hundred forty-eight positions were budgeted for FY 2016. The U.S. Army Corps of Engineers is currently armoring the Lakefront Levee. Additional personnel will be needed when the levee is returned to the O.L.D. The Equipment Budget (\$906,000) was reviewed and includes four vehicles for four new police positions, a bucket truck to reach lighting along the Lakefront, a backhoe (replaces model purchased in 1993), a new frontend loader (replaces model purchased in 1993), a tractor with boom mower to cut encroaching tree branches, a 7-ton trailer, a dump trailer, and various other pieces of equipment.

Mr. Angers asked Mr. Gillen if he had any budget concerns. Mr. Gillen responded, no; except for the continued turnover of personnel. Mr. Angers asked Mr. Gillen, if available, how would he spend additional monies? Mr. Gillen responded that the O.L.D. would probably begin replacing some of the Kubota tractors that are currently having problems. Mr. Angers asked Mr. Turner how long can the LBBLD operate with its aging equipment? Mr. Turner responded that there could potentially be a reduction in efficiencies beginning next year because tractors may be out of service. He commented that the Authority has been successful with obtaining equipment from levee districts outside of its jurisdiction. He suggested recycling equipment that is designated for auction to the LBBLD if the equipment is in better condition than the equipment that is currently being.

Mr. Angers asked for comments about the O.L.D.'s preparation of its budget. Maria Chedid, O.L.D. Comptroller, explained that at this time only the final budget is automated in the financial system, and that it would be helpful to have the preliminary budget automated. Mr. Turner commented on the complexity of the O.L.D. accounting system (e.g., O.L.D.'s 35 page chart of accounts). He suggested that strides can be achieved by reducing the complexity. He anticipated that meetings will be held to streamline the accounting process while retaining necessary functions. Mr. Angers commented on the need to simplify the system and suggested that an external auditor be retained to investigate a full restructuring of the system.

Mr. Angers commented that the presentations were very good and thanked staff. He asked that the preliminary budgets be forwarded to the Board members. Mr. Turner advised that the presentations to the Board will be at a higher level and that any substantive changes to the budgets will be emphasized.

Mr. Angers requested a status report on IT issues. Nyka Scott, SLFPA-E Executive Counsel, reported that a contract was executed with Waypoint for an IT Network Assessment. Waypoint installed the SLFPA-E's IT infrastructure at the Lakefront Airport Terminal. An initial meeting was held this week with Waypoint representatives. The consultant will meet with each of the levee district executive directors and IT persons. Mr. Angers commented on the importance of this project for security and intercommunications purposes. Mr. Turner noted that the SLFPA-E's IT consultant, Mark Clark, is the project manager, and that the levee districts are currently providing information on their IT systems to Waypoint.

There were no further discussions.