

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON MARCH 3, 2011**

PRESENT: Stephen Estopinal, Chair
Timothy Doody, Committee Member

The Finance Committee met on March 3, 2011, 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 8:30 a.m.

Opening Comments: None

Adoption of Agenda: The agenda was adopted as presented.

Approval of Minutes: The minutes of the February 3, 2011 Finance Committee meeting were approved.

Public Comments: None.

New Business:

A. Discussion of renewal of Orleans Levee District Property Hazard (Wind/Fire) Insurance coverage.

Gerry Gillen, Orleans Levee District (O.L.D.) Executive Director, advised that there is an increase in the premium cost of \$3,100 for Property Hazard Insurance coverage due to the addition of the safe house build-out. The current limits are \$5 million for primary coverage and \$10 for excess coverage. Mr. Gillen recommended renewal of coverage with the same limits as last year.

The Committee approved forwarding the O.L.D. Executive Director's recommendation for renewal of coverage to the Board for approval.

B. Review of the proposed Budgets for the Fiscal Year ending June 30, 2012.

East Jefferson Levee District (EJLD):

Fran Campbell, EJLD Executive Director, reviewed the revised FY 2011 Budget and the proposed FY 2012 Budget. General Fund Revenues were reviewed. She pointed out the decrease in interest income and increase in permits income. Adjustments to revenues in the FY 2011 Budget were noted. Expenses were reviewed for both the revised FY 2011 and proposed FY 2010 Budgets. Reimbursements to the SLFPA-E were increased because the original estimate was low. Adjustments to the FY 2011 Budget were made for the purchase of new computers, software, server and installation.

Ms. Campbell noted that EJLD has hired an engineer. Adjustments were also made to the FY 2011 Budget due to the Civil Service suspension of employee merit increases, outstanding insurance claims and fees associated with FEMA Project Worksheets. The purchase of new radios to replace the current radios that have become obsolete was included in the Budget. Increases were made to the budget for the following items: Civil Services fees, State Retirement contributions, uniform expenses and fuel. The FY 2011 Revised Budget has an excess of revenues over expenditures of about one-half million dollars. The proposed FY 2012 Budget includes expenditures for land and the proposed new building, which includes a safe house.

Preparations for hurricane season were discussed. Robert Turner, SLFPA-E Regional Director, advised that he contacted several companies relative to supplies, debris removal and other services. He recommended the issuance of Request for Proposals and the award of contracts for these types of services on a stand-by basis in accordance with FEMA requirements in order to be reimbursable. Mr. Doody recommended that the capabilities of each of the levee districts be inventoried and that a meeting be set up to coordinate these hurricane preparation efforts.

Lake Borgne Basin Levee District (LBBLD):

Stuart Williamson, LBBLD Executive Director, reviewed the proposed FY 2012 Budget. He pointed out that no funding has been included in the Budget for the Hurricane and Storm Damage Risk Reduction System (HSDRRS) projects currently under construction by the U.S. Army Corps of Engineers (USACE). The “red zone” process has begun and the LBBLD has started taking over some of the completed USACE projects. AECOM was tasked by the SLFPA-E to do a detailed study of the HSDRRS projects to estimate the Operations and Maintenance (O&M) costs for the levee districts.

Mr. Williamson explained that the increase in revenues includes \$3 million of Capital Improvements to the LBBLD’s pump stations for which the LBBLD is anticipating reimbursement by FEMA. These improvements are related to the seepage at Pump Stations 2 and 3 and repairs to the pumps at Pump Station 6. He informed the Committee that he discovered several days ago that this FEMA reimbursement may be in jeopardy.

Mr. Williamson noted that the amounts budgeted for the following items were increased: Personnel Services (in order to hire additional pump station personnel to supplement the current skeleton crew), Professional Services (due to increase in legal and engineering consulting services), and Other Charges, which includes utilities and repairs.

Mr. Williamson pointed out that the maintenance of pumping capacity is a priority for the LBBLD. The biggest expense is the upgrading of the pump stations. The LBBLD has also budgeted for remote control “telemetry” of Pump Stations 2 and 3 in order to ensure the safety of the pump station operators. The replacement of the engine at Pump Stations 1 and 4 is a carryover from the FY 2011 Budget since the project may not be completed by the end of the current fiscal year.

Mr. Williamson advised that the LBBLD is currently forecasting a budget shortfall of \$3,450,000. This deficit is being made up from the accumulated excesses from prior years. The estimated excess accumulated fund at the beginning of the fiscal year will amount to \$5,400,000 and will decrease to \$1,950,000 by the end of June 30, 2012.

Mr. Estopinal commented that the fund balance projected for the end of FY 2012 is less than \$2 million. However, if FEMA does not reimburse the LBBLD for the \$3 million of Capital Improvements to the pump stations, this amount would have to be taken from the fund balance and additional adjustments would be required to the Budget. Mr. Turner pointed out that \$1.5 million (six months' operating expense) is required for cash flow due to the timing of the receipt of tax revenues.

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

Gerry Gillen, O.L.D. Executive Director, reviewed the FY 2012 General Fund Budget. Revenues are projected to increase by \$900,000. A four percent merit increase has been included for employees; however, Civil Service may extend the suspension of merit increases another year. The Budget includes the pay-off of the \$4.3 million Community Disaster Loan and the first of four \$2.6 million payments to the State under the Go Zone Program. Additional personnel positions have been included in the Budget; however, Mr. Gillen pointed out the difficulty in hiring personnel due to the current Civil Service merit increase suspension. In the event new personnel are not hired, \$360,000 has been included in Contractual Services for outsourcing a portion of the grass cutting.

Mr. Gillen reviewed the Special Levee Improvement Projects (SLIP) Fund. The Budget includes the payment to the State of \$4.7 million under the Go Zone Program and \$500,000 due on the 1996 Levee Improvements Bonds.

Mr. Gillen explained that an amendment has been executed to the contract with Design Engineering, Inc. covering the terms of the existing contract and to narrow the scope of the contract. The engineering fees for the Seawall project are currently being negotiated. The Seawall project could potentially be placed out for bid in thirty to sixty days.

Mr. Gillen noted that the local cost share has been placed in the projection for Fiscal Years 2013 and 2014. Mr. Doody advised that he attended a committee meeting of the Coastal Protection and Advisory Authority (CPRA) and heard for the first time that at this time the State will pick up the local cost share for the HSDRRS.

Mr. Gillen reviewed the Equipment Budget and pointed out the purchase of five new interstate tractors to handle the anticipated increase in grass cutting. He pointed out that the Budget does not include the additional O&M costs of the completed HSDRRS. An extension or renewal of the SLIP Fund tax will be needed in the near future.

Southeast Louisiana Flood Protection Authority-East (SLFPA-E):

Mr. Turner reviewed the SLFPA-E FY 2012 Budget. Revenues are projected to be \$972,000. A worksheet showing the breakdown of the allocations to the levee districts was included in the Budget package. He explained the formula used for the cost allocation to the levee districts. The percentages arrived at based on the formula, which are applied to one-half of the Authority's salary costs, are: Orleans Levee District – 53 percent, East Jefferson Levee District – 34 percent, and Lake Borgne Basin Levee District – 12 percent.

Mr. Turner noted that there is an increase in Wages and Benefits due to the SLFPA-E's hiring of an additional employee. There is a slight increase in Travel. He pointed out that there had been an inconsistency in the method in which some of the invoices for ID-IQ task orders were paid which affected Other Professional Services. In the future invoices will be sent directly to the levee districts for payment in lieu of the SLFPA-E paying the invoice and billing the levee district for reimbursement. Total expenses are projected to be \$965,000. The net income is projected to be \$6,730. The Ending Fund Balance for FY 2012 is projected to be approximately \$420,000.

Mr. Doody offered a motion that the Committee adopt the Budgets as presented and recommend that the Board approve the FY 2012 Budgets. The motion was adopted by the Committee.

There was no further business; therefore, the meeting at adjourned at 9:38 a.m.