

**MINUTES OF
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY-EAST
FINANCE COMMITTEE MEETING
HELD ON MAY 14, 2015**

PRESENT: Paul Tilly, Chair
Tyrone Ben, Committee Member
Stephen Estopinal, Committee Member

The Finance Committee of the Southeast Louisiana Flood Protection Authority-East (SLFPA-E or Authority) met on May 14, 2015, in Meeting Room 201, Orleans Levee District Franklin Administrative Complex, 6920 Franklin Avenue, New Orleans, Louisiana. Mr. Tilly called the meeting to order at 9:30 a.m.

Opening Comments:

Mr. Tilly expressed his disappointment concerning the failed Lake Borgne Basin Levee District (LBBLD) ad valorem tax referendum on May 2nd. He noted that one of the items on the agenda is the discussion of strategies for the LBBLD's path forward.

Randy Maddox with Morrison Insurance Agency presented a dividend check from Louisiana Workers Compensation Corporation to the Orleans Levee District in the amount of \$105,333, which is 58 percent of the District's premium. The dividend is based on LWCC's longevity and experience as a whole.

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

Approval of Minutes: The Committee approved the minutes of the Finance Committee meeting held on March 5, 2015.

Public Comments:

Craig Berthold thanked the members of the Board for their efforts to resolve past issues and for their support of House Bill 65, which concerns the placement of obstructions near a levee.

New Business:

A. Discussion of revisions to FY 2015 O.L.D. and SLFPA-E Budgets.

The Committee was advised that the revisions have not yet been finalized; therefore, the recommendations for revisions to the Orleans Levee District (O.L.D.) and SLFPA-E Fiscal Year (FY) 2015 Budgets will be presented to the Finance Committee at its June meeting.

B. Discussion of annual set aside of \$2 million for significant, periodic maintenance of the complex structures. (O.L.D.)

The SLFPA-E previously approved the creation of an account for the O.L.D. to escrow funds for the significant, periodic maintenance of the complex structures. The O.L.D. is requesting that the \$2 million annual set aside for FY 2015 be approved and that the funds be escrowed and committed for this maintenance effort.

The Committee recommended that the requested annual set aside for FY 2015 be forwarded to the Board for approval.

C. Discussion of escrow of funding for post-employment health insurance costs. (O.L.D.)

Tuyet Nguyen, O.L.D. Accountant 3, explained that the O.L.D. is requesting approval to open a bank account and deposit the first initial investment of \$2.5 million towards the levee district's post-employment health insurance liability. It was noted that the \$2.5 million includes one-fifth of the O.L.D.'s past accumulated liability plus the current fiscal year's liability.

The Committee recommended that the O.L.D.'s request to escrow funding for post-employment health insurance costs be forwarded to the Board for approval.

D. Discussion of sale of surplus metals by public bid. (O.L.D.)

Gerry Gillen, O.L.D. Executive Director, explained that the O.L.D. would like to advertise the sale of surplus scrap metals. The materials consist of items such as damaged aluminum poles and the estimated value is approximately \$5,000. Robert Turner, SLFPA-E Regional Director, recommended that the East Jefferson Levee District (EJLD) and Lake Borgne Basin Levee District (LBBLD) be provide the opportunity to include any surplus metals that they may have in the sale. Mr. Gillen noted that the metals sold on behalf of each levee district can be measured so that the monies received can be appropriately distributed.

The Committee recommended that the request to advertise and sell surplus metals with the participation of all three levee districts be forwarded to the Board for approval.

E. Discussion of authorization of SLFPA-E Regional Director to execute deeds for the purchase of streets and Food Bank property in connection with the construction of the proposed East Jefferson Levee District Safehouse and Consolidated Facilities.

Nyka Scott, SLFPA-E Executive Counsel, advised that Board approval is required in order for the SLFPA-E Regional Director to execute the documents required for the purchase of portions of three streets and the Flood Bank property.

The Committee recommended that the request to authorize the SLFPA-E Regional Director to execute the aforementioned documents be forwarded to the Board for approval.

F. Discussion of Lake Borgne Basin Levee District post-election path forward.

Ms. Scott advised that that a layoff avoidance plan will be submitted to Civil Service for approval. The plan includes a pay freeze and offer of early retirement for eligible employees. Nick Cali, LBBLD Executive Director, further advised that overtime will be curtailed across the board. Overtime will only be authorized in the case of a declared emergency. LBBLD employees will not receive a merit increase this year. Several options are being explored with Civil Service on the restructuring of staff and the reprioritizing of work. He pointed out that operating costs are fixed; therefore, even though the LBBLD is currently understaffed, the only area in which funds can be cut is salaries. He anticipated that between six to eight positions will be affected. The LBBLD's current payroll is about \$2 million per year. The LBBLD needs approximately \$2.5 million of additional revenue per year in order to operate the system as it should be operated. Mr. Estopinal pointed out that personnel are needed to operate the system; therefore, there must be a balance. Mr. Turner explained that he and Mr. Cali have discussed this situation and that some major restructuring will need to take place. He pointed out that the area that will suffer most is internal drainage, particularly with regards to the pumping stations. A priority must be placed on the Federal flood protection system since it addresses the largest risks and protects lives and property. The LBBLD will continue doing the best job possible with the available resources. He added that even if the day-to-day operational cost of the system is funded, the LBBLD does not have the funding to deal with the significant periodic maintenance that must be performed on a ten-year cycle on the Bayou Dupre and Caernarvon complex structures. The LBBLD will continue to seek additional funding sources for the significant periodic maintenance costs.

Mr. Estopinal inquired about the process for a State agency to declare bankruptcy. Ms. Scott advised that this issue is being researched. Mr. Estopinal noted that legislative changes may be required because the Federal system is vital to the region. In addition, the SLFPA-E/LBBLD has a contractual obligation to operate and maintain the Federal system. Mr. Turner anticipated that the LBBLD would have a detailed plan in place by the end of the month on a path forward over the next year. Mr. Cali added that employees will be cross trained and will perform various duties as required.

Mr. Tilly recommended that the LBBLD investigate the rehiring of retired employees and use of volunteer labor. Mr. Estopinal stressed the importance of having trained individuals to operate reliable pumps when needed. Mr. Cali pointed out that the pump stations are maintenance intensive due to the age of some of the stations and that mechanical issues can be expected if the continuous day-to-day maintenance is not performed because efforts must be shifted to maintain the Federal system.

G. Discussion of the proposed construction of the Violet Canal floodwall/levee and the expenditure of funding for project.

Mr. Cali advised that the design of the project is moving forward. Staff is currently working on the acquisition of the required real estate, which will include four residential relocations across eight lots. The appropriate governmental guidelines must be followed for the relocations.

H. Discussion of revisions to FY 2015 East Jefferson Levee District budget.

Derek Boese, EJLD Interim Executive Director, explained that the most significant revision to the FY 2015 budget is the removal of \$21 million that was designated for the construction of the consolidated safehouse/administration facilities from expenditures and the adjustment of revenues to account for actual receipts. Funding was retained in the FY 2015 budget for the purchase of the portion of streets required for the consolidated facilities project and the payment of design fees to the architect.

Mr. Boese informed the Committee that he understood that the EJLD's priority is the construction of the levee lifts. Mr. Turner advised that the SLFPA-E should have some fidelity on the proposed levee lifts soon. The SLFPA-E provided a letter to the U.S. Army Corps of Engineers (USACE) listing the reaches that it would like to raise. The SLFPA-E is awaiting a response from the USACE concerning how it should proceed with regards to funding the effort and the receipt of credit. Revised cost estimates of between nine and seventeen million dollars in Jefferson Parish and eighteen million dollars in Orleans Parish were received based upon not having to raise some of the berm areas. Indications are that the USACE will accept the Coastal Protection and Restoration Authority's (CPRA) recommended method for the geotechnical analysis. Surveyors will be on the levee in the next two weeks doing cross sections and profiles in preparation for the actual design of the project.

There was no further business; therefore, the meeting was adjourned at 10:15 a.m.