

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
THURSDAY, MAY 3, 2012 – 4:30 P.M.

The regular monthly meeting of the Finance Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, May 3, 2012 at 4:30 P.M., in the Lake Vista Community Center, 2nd Floor, 6500 Spanish Fort Blvd., New Orleans, Louisiana after due legal notice of the meeting was sent to each Board member, the news media, and a copy of the call was posted.

Chairman Hoffman called the meeting to order at 4:41 p.m. and led in the Pledge of Allegiance.

The roll was called which constituted a quorum.

PRESENT:

Chairman William Hoffman
Commissioner Carlton Dufrechou
Commissioner Michael Stack

ABSENT:

Commissioner Stanley Brien

STAFF:

Louis Capo, Executive Director
Dawn Wagener, Non-Flood
Sharon Martiny, Non-Flood

ALSO PRESENT:

Gerard Metzger – Legal Counsel
Al Pappalardo – Real Estate Consultant
Steve Nelson – Stuart Consulting
David Bacci – Stuart Consulting
Ray Landeche

APPROVAL OF AGENDA

Commissioner Stack offered a motion to adopt the agenda, seconded by Commissioner Dufrechou and unanimously adopted.

APPROVAL OF PRIOR MINUTES

Commissioner Stack offered a motion to approve the minutes of the March 8, 2012 Finance Committee meeting, seconded by Commissioner Dufrechou and unanimously adopted.

REPORT BY EXECUTIVE DIRECTOR

Mr. Capo advised the Committee that a new sink hole is developing at the Airport between the Director's office and Landmark Aviation. This road was re-asphalted in February in preparation for the NBAA. David Bacci, Stuart Consulting, advised this was put out to bid and the low bid was \$14,800 to saw cut and remove the asphalt, remove and replace approximately 15 feet of clay pipe and replace the asphalt.

Mr. Capo advised that in 2010 Odyssey Aviation owed the Authority \$33,500. In lieu of Odyssey paying cash, the Authority drew down \$1,764 each month on the amount owed for use of office space for the Acting Airport Director. The credit is now exhausted and the Authority will forward a monthly payment to Landmark Aviation in the amount of \$1,764 until the Terminal is complete and the Director's office can be moved. The written lease with Landmark for this space expired and is now on a month to month basis.

Mr. Capo addressed the RFP for grass cutting and informed that DEI is currently working up the acreage between the levee and seawall along with several parks to establish a firm number of the actual square feet of grass that is cut for the Authority. The cost is approximately \$8,000 to establish this number on the 5.2 mile area, including the New Basin Canal property. This will also assist the Authority in the future for square footage areas and types of layouts used for projects or festivals held on Lakeshore Drive. A site plan including acreage will be provided that includes sections broken down by subdivisions and areas on Lakeshore between the toe of the levee and the seawall.

The issue regarding the clogged drain inlets on Lakeshore Drive was addressed at the Recreation/Subdivision meeting. Approximately 8 inches of mud and large pools of water accumulate behind Shelter #1 after a rainfall. Staff is requesting to contract with BLD Services, Inc. to dewater the location, clean and scrape the mud, vacuum, flush and video the drains at a cost of \$19,950. Reports from the Flood side indicate that some drains may have collapsed. There have been several complaints regarding an increase in mosquitoes due to the standing water.

Commissioner Stack commented that if the drains are against the toe of the levee this would be the Flood side's responsibility. If the drains are against the toe, that would be the Flood side's levee section. A drain located at the toe of the levee will not meet the Corps' criteria for a levee. Mr. Bacci informed that the levee toe looks to be on the top of the curve. A drain line at the toe of the levee is not visible, but there are three drains. There is one drain in each corner curve and one drain in the middle of the shelter where the sidewalk comes in. That levee comes right on top of the curve. Commissioner Hoffman requested that this matter be reviewed.

Mr. Capo noted that historically the events that bring water over the seawall on Lakeshore Drive typically happen during the months of October through May. During the summer there are no north cold fronts coming through so there will be a reprieve. There will be a concrete cap placed from the seawall to the street to prevent the water from washing over the seawall, but that will not be put into place for another two years. Installation of the cap is a Flood side contract.

Chairman Hoffman suggested having the area dewatered and request the Flood side assist in clearing the area after the mud dries. Commissioner Stack informed if there are drains or catch basins along the toe of the levee they either come across or run along the levee which does not meet the new Corps criteria for a levee.

Chairman Hoffman suggested engaging the Flood side to assist in a solution to this matter because part of the problem is the water that comes back down off the levee. If the area is dewatered the Flood side can then scrape the mud up and clear the area. Mr. Capo stated that the cost to dewater the area is approximately \$700. The dewatering should be done according to the weather forecast as the mud will take 10 days to dry before a crew can begin scraping the mud away. Commissioner Dufrechou suggested dewatering the area so it can dry and request the Flood side's assistance to scrape the mud up afterwards.

Commissioner Stack advised that the condition that the levee is currently in it will not pass a Corps inspection because of the sand sitting at the edge of the toe. Mr. Capo stated that the levees are clearly a Flood issue. Chairman Hoffman recommended requesting assistance from the Flood side and moving forward on this issue.

OLD BUSINESS

1) Discussion on project management and direct administration costs on FEMA projects under contract with Stuart Consulting Group, Inc.

Steve Nelson, Stuart Consulting Group, informed that this relates to the contract with the Authority for the Airport Terminal and several other small projects that required investigation relating to FEMA reimbursement.

The original contract for the Terminal Building was based on a \$4 million estimate for construction, which now stands at \$7.7 million following the bid and subsequent change orders. Mr. Nelson is requesting to increase the contract amount by \$196,000 to provide project management and direct administration through completion of the project. This is an increase in the capped not to exceed amount of the contract. This is a capped project and not directly reimbursable.

Chairman Hoffman noted that the numbers and all of the projects were reviewed. This situation arises as the Authority does not have staff on hand and Stuart Consulting assists the Authority with various projects. There are projects that will not be implemented and that funding will be used cover this cost. From a cash standpoint this will come out of pocket, but it is for work that has been completed and monitored. Chairman Hoffman recommended that this be approved.

Commissioner Dufrechou offered a motion to recommend to the Board approval of an increase in the cap of Stuart Consulting Group, Inc.'s. not to exceed amount, seconded by Commissioner Stack and unanimously adopted.

2) Discussion and review of Stuart Consulting Group, Inc.'s. ID/IQ contract for Professional Engineering Services

Mr. Capo advised the Authority has requested Stuart Consulting Group's assistance with several tasks. Stuart's contract has a not to exceed amount of \$95,000 and the current balance is \$87,415. There are issues with the marina slips by the Peninsula Condominiums which reverted back to the Authority and Stuart Consulting will assist in getting those slips repaired to Orleans Marina standard. The \$8,700 left on the contract may not last through June which will result in a request to increase the ID/IQ contract. This is an informational item to advise the Committee on what is coming in the future.

Mr. Metzger informed that money spent to repair the slips cannot be charged back to the former tenant. Prior to the Authority taking back the property, Mr. Nelson assessed the condition of the slips and advised the slips had ordinary wear and tear. A settlement agreement was recently signed with Pelias, rent rolls were turned over and the property was released.

Mr. Nelson advised that estimates were made for the cost of repairing the slips. David Bacci, Stuart Consulting, informed that the plan is to rebuild from the gate to the deck, the electrical system needs to be completely rewired, metered and installed for all of the slips as well as rerouting the water line. Mr. Capo added that the repairs can be funded by the rents that will be collected from the tenants at those slips. Rents have been set for 30, 40 and 45 foot slips at slightly above what the tenants were previously being charged. If all 45 slips were rented at the new rates the Authority would receive approximately \$60,000, which would not cover the cost of the repairs which are estimated to be approximately \$500,000. Mr. Dixon suggested doing the repairs in phases with Phase one being the New Basin Canal side and Phase 2 being on the west side. Chairman Hoffman suggested implementing a plan for the repairs to be done in phases and how those repairs would be funded. As there will be no rent collected while the slips are being repaired, the Authority needs to find someplace to put these vessels.

Commissioner Dufrechou addressed the steps and the stairway and questioned if this was a safety issue. Mr. Nelson advised that he did not foresee a major problem. Mr. Metzger informed the Committee that all tenants will sign a lease and will assume responsibility for the condition of the premises. The property is covered by the Authority's insurance which has been verified by Eagan Insurance. Chairman Hoffman requested that the steps be repaired to eliminate any safety concerns.

3) Budget to Actual Fiscal Year 2012

Ms. Wagener informed that approximately 83% of the budget has been spent with \$4.2 million has been collected for operating revenues as opposed to \$4.4 million. There is \$200,000 left to collect which will consist of Airport rent, fuel flowage that needs to be recorded, boathouse rents and Lake Vista revenues. To date \$318,000 has been transferred from the Bally's account. There are two months left to the fiscal year, but there are several major maintenance items coming up that may require some of that money. Also, insurances will be due on July 1 which will require approximately \$750,000 in funds to be transferred from the Bally's account.

Chairman Hoffman noted the first Insurance Committee meeting will be held on May 8 at which time property insurance, health insurance and any other insurance issues will be discussed. Mr. Capo added that all agents dealing with general liability, auto, property and health insurance will be in attendance.

Of the \$700,000 transferred from the Flood side for Lakeshore Drive, we have spent \$575,000 leaving a balance of \$125,000 which will help to pay for the grass cutting between now and June 30. All expense categories are hovering between 75-80% and are all within the budget. The insurance is paid and utilities are running behind the budget.

There is an issue with the grass cutting budget. Of the \$750,000 budgeted, \$641,000 has been expended with another \$250,000 in future expenses through June 30. The budget line account for grass cutting will be exceeded so the budget may have to be realigned to cover that expense. Mr. Capo informed that the number of cycles for grass cutting was increased due to the unusually warm winter. The areas between Franklin and Shelter #4 and Lake Terrace Parkway were also added to the grass cutting inventory. The frequency of cuts and an expansion of the area to be cut have increased the grass cutting budget. Commissioner Stack noted that grass cutting is a big ticket item that should be reviewed for a long term strategy to address the issue. Chairman Hoffman added that when the lights on Lakeshore Drive come on line it will also be an additional expense. The Authority has been incurring very little expense for normal wear and tear of the roadway but that, eventually, is going to come along also. The 5½ miles of Lakeshore Drive needs to find a permanent funding source which will take much more than \$700,000 to maintain.

Commissioner Stack advised of an e-mail regarding the repair of the parking lot at Lakefront Airport. It looks like the Authority is approved for the funds to overlay the parking and details from DOTD's Aviation Section will be forwarded regarding this issue.

PUBLIC COMMENTS

Ray Landeche questioned the status of Senate Bill 699 regarding Lakefront Airport. Chairman Hoffman informed Mr. Landeche that the section regarding consolidation has been crossed out at the request of Senator Murray who originally sponsored the Bill. It is a dead issue as far as the legislation is concerned. A working committee between this Authority and New Orleans Aviation Board will be assembled to assess the pros and cons of working

together and how to get better synergy and cooperation between the two entities in a more structured open format to receive input from constituencies of both airports. Mr. Landeche addressed the issue regarding funds loaned to the Airport and questioned if the Authority will be reimbursed any of that money to fund this entity for a longer term. Chairman Hoffman advised when the Airport starts generating cash it will be able to pay back that loan. This will not happen overnight. The consolidation of the Airport would not have impacted that at all. Mr. Capo added that the Bill did not have any funding coming back to this Authority, it was an outright transfer of Lakefront Airport to NOAB. If the Bill would have passed in that form, the Authority would have lost the \$9 million loaned to the Airport by the Authority.

ANNOUNCEMENT OF NEXT MEETING

Chairman Hoffman announced the next meeting is scheduled for June 7, 2012 at 4:30 p.m.

ADJOURNMENT

Commissioner Dufrechou offered a motion to adjourn, seconded by Commissioner Stack and unanimously adopted.

The meeting adjourned at 5:12 p.m.