

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY  
FINANCE COMMITTEE MEETING MINUTES  
THURSDAY, FEBRUARY 7, 2013 – 4:30 P.M.

The regular monthly meeting of the Finance Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, February 7, 2013 at 4:30 P.M., in the Lake Vista Community Center, 2<sup>nd</sup> 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 4:30 p.m. and led in the Pledge of Allegiance.

The roll was called which constituted a quorum.

**PRESENT:**

Chairman William Hoffman  
Commissioner Stanley Brien  
Commissioner Patrick DeRouen

**ABSENT:**

Commissioner Carlton Dufrechou  
Commissioner Michael Stack

**STAFF:**

Louis Capo - Executive Director  
Dawn Wagener - Non-Flood  
Chuck Dixon – Marina Manager  
Fred Pruitt – Airport Director

**ALSO PRESENT:**

Gerard Metzger – Legal Counsel  
Al Pappalardo – Real Estate Consultant  
Steve Nelson – Stuart Consulting  
Chris Fenner – Stuart Consulting  
Ray Landeche – Lakeshore Subdivision

**APPROVAL OF AGENDA**

Commissioner DeRouen offered a motion to adopt the Agenda, seconded by Commissioner Brien and unanimously adopted.

**APPROVAL OF PRIOR MINUTES**

Commissioner DeRouen offered a motion to approve the minutes of the November 8 and December 6, 2012 and January 10, 2013 Finance Committee meeting, seconded by Commissioner Brien and unanimously adopted.

**REPORT BY EXECUTIVE DIRECTOR**

Mr. Pruitt reported that fuel totals for January were 374,124 gallons or \$93,531.00. The FBOs dispensed 287,827 gallons. Mr. Capo noted that 300,000 gallons were anticipated in this year's budget. The FAA will provide numbers on the arrivals and departures. The Zurich Classic and the Women's Final Four are coming in the near future. These will not be as big as the Men's Final Four, but it will be pretty close. The Airport had a good year in fuel which was needed due to lagging numbers over the past few months.

**NEW BUSINESS**

1) **Review of budget to actual Fiscal Year 2013**

Ms. Wagener noted that no money was transfer from the Bally's account. There is \$1.3 million currently in the Bally's settlement account, \$400,000 in the Marina Center account and \$402,000 in the Lakeshore Drive account.

Personal Services in the General Fund has a savings due to two unfilled funded positions. There may be a savings of \$100,000 in Grass Cutting from the \$922,000 budgeted. This is for the same acreage, dollar rate and frequency. The RFP for grass cutting is for DEI to issue and evaluate the RFPs. It will cost the Authority \$350,000 from January to June 30, 2013 for 10 cuts. This may be reduced depending on grass growth and the weather. March can possibly be reduced to save an additional \$35,000. Chairman Hoffman requested bringing the grass cutting issue to the Board meeting to recommend one cycle in March, possibly April and May and to determine what the residents say. If the Authority saves three cuts (\$100,000) that is a significant amount of money that can be used for seed money for the Terminal Operation. The recommendation of Commissioner Stack was to have one cycle every three weeks and space the cuts so there is not a gap in grass cutting. Mr. Capo advised he will space the grass cutting out to three weeks. The Authority generated a savings this year as the budget was based on old acreage. There was no new calculation of acreage so the acreage was based on numbers provided by the Flood Authority.

Ms. Wagener reported in the General Fund (Utilities) was budgeted at \$146,000 which included lights on Lakeshore Drive. As the lights have not been on there will be a savings there also. Mr. Holtgreve advised the projected completion date for the utility crossing is 150 calendar days from December or sometime in April or May.

Ms. Wagener reported that actuals for Lake Vista Community Center are in line. Utilities are at 61% expense and should be at 58%, which is close. Mr. Capo informed that when the budget was prepared the insurance was based on the old stated value of the properties without Insurance Committee review. Subsequently, there was an Insurance Committee review and reassessment of the properties' stated values and the numbers increased and the 2013-2014 budget will reflect the higher stated values.

Ms. Wagener reported that Orleans Marina revenues are tracking with 75% of the revenues collected. The expenses are on target. There is money in Marinas & Piers that Mr. Dixon is hoping to spend before the end of the year. The actual is at \$748,000.

Chairman Hoffman noted that there is transfer fee of approximately \$39,000 on the revenue side. Mr. Capo advised that the Authority has taken back two boathouses which would cause the Authority to lose rent money, but the transfer fee is bringing that loss back up. The Authority has two boathouses that were budgeted but are not collecting rent.

Mr. Metzger informed Jack DeWald's former boathouse has property taxes and liens with the City. The City Councilman should be contacted regarding that issue as the District has a Judgment against the City which could possibly offset the property taxes and put the property back in commerce. The Judgment is revived and is a Judgment from when the City collected taxes, but did not remit the tax money to the Levee District. This will have to be approved by the City Council. Staff has not leased that boathouse due to the situation with the property taxes. Chairman Hoffman suggested going to the council person for the District and providing whatever information is needed.

Mr. Capo added that the second hurdle is who will pay for the splitting of the utilities as the two boathouses share common utilities. The boathouse is a double and the Authority owns one side and Hancock Bank has the other side. Mr. Metzger noted the two separate boathouses, W-13 and W-14, were owned by one person and joined together. There were two leaseholds and the bank foreclosed on one.

Mr. Pappalardo informed that the Authority owns other boathouses that need to be torn down and marketed somehow as there is an opportunity there, but the tax liens have to be cleared. If the improvements are demolished there will not be a tax lien as a tax lien is on the improvements only. The Whitney Bank boathouse is leased and the tenant is paying the entire bill as the other side of the boathouse is vacant. To lease the land on the other side of the Whitney boathouse, the successful lessor will buy the improvements. The leasehold cannot currently be bought because of the tax lien.

Mr. Capo informed the Committee of a boathouse transfer that is currently under way. If the documentation is received, the transfer will be brought before the Board. This transfer will generate a transfer fee of approximately \$10,000. Chairman Hoffman recommended taking the issue straight to the Board.

Ms. Wagener advised that the \$90,000 Capital Expenditure is from the agreement in which a sur-charge was assessed to the Orleans Marina tenants for major maintenance at Orleans Marina. The \$25,000 Capital Expenditure is for the vehicle at the Marina which has been ordered, but no paperwork has been received.

Ms. Wagener reported that tenant rents at South Shore Harbor should be at 75%, but they are at 58% as revenues were over budgeted. Currently, the Salaries and Contractuals are under budgeted. Mr. Capo noted that numbers were aggressive in the budget last year as South Shore Harbor was adding tenants on a good basis.

Chairman Hoffman addressed the two Assistant positions at the Marinas and possibly combining those two positions and using one Assistant to work mornings at one Marina and afternoons at the other Marina. Mr. Dixon is going to provide a description of the Assistant's job duties to determine if there is an advantage in having one Assistant work at both Marinas. Commissioner DeRouen advised that the job description of both Assistants is needed so the Committee can make a decision on whether one person can perform the tasks at both Marinas and how to re-staff. Mr. Capo informed that the layoff process takes time with Civil Service. Chairman Hoffman suggested a briefing at the next Finance Committee meeting on the Civil Service layoff process and how much notice the Authority has to give.

Ms. Wagener noted that Fuel Flowage fees of \$93,000 collected this month are not reflected in the current report so the Fuel Flowage has increased to \$316,000. Fuel Flowage for the year is at 47%, which is under by 10%. The Authority has collected approximately \$40,000 per month in flowage fees. Mr. Pruitt advised that fuel flowage was lost due to Hurricane Isaac and the ten day runway closure. The first half of the year lagged, but fuel flowage will catch up during the second half of the year with more events scheduled.

Commissioner DeRouen suggested staff look into a Business Interruption claim that the Authority may be able to make for Hurricane Isaac, how much the deductible is and whether the Authority's loss would exceed the deductible. Mr. Pruitt advised that the Fuel Farm had Business Interruption Insurance and the Authority collected \$300,000 on Fuel Flowage for Katrina.

Ms. Wagener reported that rents are on track at the Airport. Personnel costs were down due to the unfilled budgeted position, although an Operations Assistant was hired so the figure will be slightly higher. There may be savings in Utilities and Grass Cutting, which was budgeted at \$185,000 and only \$92,000 was spent or 50% of that budget. Mr. Capo reported that Lakefront Airport infield is cut by Goodwill Services which is part of EDS. There are approximately 350 acres at the Airport which takes approximately one week to cut. Commissioner

Stack noted that two employees with a tractor and a mower would cost a lot less than \$185,000. Mr. Pruitt advised that the grass was previously cut by Levee District employees and the tractors that are capable of mowing have not been used for some time. If this was privatized, the number would be significantly less. Grass cutters are required to provide an air to ground radio and those grass cutters have to be trained as it is a higher skill set than riding a tractor.

Mr. Capo advised that the RFQ covers Lakeshore Drive and the Interior Parks only. The Airport and other areas are a separate entity which will be dealt with at a later date. Commissioner Stack noted that the Authority is required to keep the grass cut three inches at the Airport due to wildlife and nesting. If something happens to that person and Goodwill does not provide a replacement the grass will go uncut. There is a better control if the job is done by an employee. There should be one or two employees assigned to grass cutting who could also do general maintenance. Chairman Hoffman suggested this be placed on the Airport Committee Agenda and requested information on the contract regarding rates and acreage.

Mr. Capo informed that the Project Consulting cost of \$365,000 is part of what the Authority would get reimbursed by FEMA so that number will be a wash. Chairman Hoffman suggested if the expense is reimbursable by FEMA, the offset should be recorded as it is a timing or cash flow issue. Ms. Wagner stated that the majority of the work is reimbursable and an entry is recorded at the end of the year for revenue that should have been received through the year. Chairman Hoffman suggested this be recorded each period in the event someone thinks there is a \$385,000 expense with no offsetting income.

Ms. Wagener informed that the Authority made \$542,000 on the New Basin Canal this year with very little expense.

## **2) Update on the Fiscal Year 2013-2014 Operating Budget**

Mr. Capo advised that the budget sheets have not been changed. Staff is adjusting the working copy which will be updated to new budget sheets. Chairman Hoffman requested this be a primary item for March's Finance Committee meeting. Maintenance personnel is being reviewed and a comprehensive overall maintenance report will be prepared for all properties. If additional employees are hired there will be additional vehicles, equipment and tools which costs will have to be added. Mr. Capo noted that going forward a maintenance plan will be needed along with a three year projection due to the buildings coming on line, additional revenues, additional expenses and staffing needs.

## **3) Update on cost proposal by Marina Manager regarding repairs to the New Basin Canal slips**

Mr. Dixon advised that the New Basin Canal slips are closed and 13 tenants have been moved to Orleans Marina, one has moved to South Shore Harbor and two tenants put their boats on trailers. The cost for demolition of the slips is \$9,590 which has to be done as the slips are a safety hazard. Stuart Consulting Group's costs to rebuild the slips are: labor and equipment to install the slips - \$11,590, wood - \$4,800, hardware - \$2,200, dock boxes - \$5,000, fire pedestals - \$9,000. Traina found the S&WB meter without using heavy equipment. Installation of a backflow preventer will cost approximately \$10,000 with the meter costing \$6,500. Staff is requesting a Resolution for \$52,000; \$31,000 for Traina's labor to perform the work along with \$21,000 for materials. The estimated pay return is \$495 per slip for four quarters (\$29,700 per year) for 30-foot slips which is a two year pay back. The electrical is not included.

Existing pedestals and lighting have been repaired and wires were snipped to make a better connection. The wiring is shorter and there are problems with

having enough wire to make the connection. As part of the demolition the wiring will be examined to determine if new wiring is needed.

Mr. Pappalardo suggested investing the money to get the New Basin Canal slips rebuilt as it is one of the two major marinas in New Orleans. This should be done because Municipal Yacht Harbor will be another Marina coming on stream in the next few years. The Authority should have tenants in the New Basin Canal slips and put major maintenance back into Orleans Marina because if those Marinas start to lose tenants to Municipal Yacht Harbor, the Authority will be in trouble. There will be demand on New Basin Canal slips if they are rebuilt correctly as it is the calm water basin. Mr. Dixon advised it takes four to six weeks to get the lumber and an additional two to three weeks for construction of the piers in New Basin Canal.

Commissioner DeRouen addressed the liability of South Shore Harbor after the Municipal Yacht Harbor comes on line. At some point the issue of whether the Authority will keep South Shore Harbor for three years and lose money should be explored. Mr. Pappalardo noted that South Shore Harbor has 34% occupancy in 30-foot slips and 44% occupancy in 40-foot slips and suggested slashing the rates on those slips to place more tenants who are looking for cheap slip rates. If that option is explored the Authority may pull people in who keep their boats on trailers. Commissioner DeRouen advised this issue could be discussed at the next Marina Committee meeting.

Mr. Capo advised that the New Basin Canal slip repair was discussed at the Marina Committee meeting at a cost of \$32,000. There is an additional \$20,000 from the Finance Committee that is being added to that number. Any resolution that is moved to the Board will encompass both Marina and Finance Committee recommendations.

Commissioner DeRouen noted for the record that the costs are: \$10,000 to demolish the pier, \$32,000 for labor and materials to put the pier back and approximately \$10,000 to purchase and install a backflow preventer. This Committee will recommend that action taken by the Marina Committee is supplemented and amended based on that new information. Three different contracts should be prepared; one for demolition, one for the rebuild and one for the backflow preventer.

Commissioner Stack offered a motion to recommend demolition and construction of the new piers at New Basin Canal, seconded by Commissioner Brien and unanimously adopted.

**4) Adjustment to ID/IQ contract with Design Engineering, Inc. to reflect the Lake Terrace Fountain and RFP for Grass Cutting**

Mr. Capo advised that the grass cutting RFQ and the Lake Terrace Fountain design repair work was addressed at the Recreation/Subdivision meeting. The two projects were assigned to DEI under the ID/IQ contract. DEI's contract will have to be amended and increased so the Authority can move forward with those two projects. In July, 2012 DEI was given \$45,000 under an ID/IQ contract. Subsequently, additional work of approximately \$30,000 was required due to Hurricane Isaac. After Hurricane Isaac the contract was amended for an additional \$50,000. The contract was not to exceed \$95,000. An increase of \$50,000 was recommended at the Recreation/Subdivision meeting for the two projects and to carry until June 30, 2013. The total not to exceed amount under the ID/IQ contract will now be \$145,000. The Authority incurred expenses of \$35,755 from Hurricane Isaac which will be reimbursed.

John Holtgreve, DEI, informed the Committee that DEI was assigned five projects under the ID/IQ contract: The underground storage tank removal (not reimbursable); the FEMA damage assessment (\$35,765 reimbursable by FEMA);

the Lake Terrace Fountain (not reimbursable); Grass Cutting to identify actual costs of grass cutting and go out for bids and clean the drain lines (part of clean-up for Hurricane Isaac damage repair program). FEMA authorized to do the drain work which is reimbursable. Those projects are approximately \$118,000 and there is \$2,000 for Miscellaneous Expenses which totals approximately \$121,000. As \$95,000 has been approved, there is approximately \$27,000 in estimated costs for these projects until June 30, 2013.

Commissioner Stack noted the initial contract amount was \$45,000, which is now a \$145,000 contract and questions if this could be done with DOTD. Mr. Holtgreve informed DOTD has ID/IQ-type contracts based on task orders and an estimate that states the contract will have a maximum limit. Mr. Metzger noted the original contract had a maximum amount of \$45,000, an amendment increased that by \$50,000 (maximum amount of \$95,000) and this is an additional \$50,000 (maximum amount of \$145,000) for this fiscal year. Commissioner Stack noted that DOTD is allowed to increase the original contract amount by 50% only without a new contract. The safest way is to operate similar to the State Agency because State Agencies are within the law. Mr. Metzger noted that the ID/IQ contract is unique as it is for DEI to be on standby for various issues that may arise. The ID/IQ contract is not for one specific project.

Commissioner Stack offered a motion to recommend an increase in DEI's ID/IQ contract, seconded by Commissioner Dufrechou and unanimously adopted.

**ANNOUNCEMENT OF NEXT MEETING:**

Chairman Hoffman announced the next Finance Committee meeting is scheduled for Thursday, March 7, 2013 at 4:30 p.m.

**ADJOURNMENT:**

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

The meeting adjourned at 6:04 p.m.