

NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
THURSDAY, MARCH 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, March 7, 2013 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 4:34 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 Carlton Dufrechou
Commissioner Michael Stack

FURTHERMORE PRESENT:

Chairman Robert E. Smith Lupo

ABSENT:

Commissioner Patrick DeRouen

STAFF:

Louis Capo - Executive Director
Sharon Martiny – Non-Flood
Dawn Wagener - Non-Flood
Vincent Caire – Non-Flood
Fred Pruitt – Airport Director

ALSO PRESENT:

Gerard Metzger – Legal Counsel
Al Pappalardo – Real Estate Consultant
Ray Landeche – Lakeshore Subdivision

APPROVAL OF AGENDA

Commissioner Brien 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 February 7, 2013 Finance Committee meeting, seconded by Commissioner Dufrechou and unanimously adopted.

REPORT BY EXECUTIVE DIRECTOR

Mr. Capo reported that staff met with Civil Service pursuant to a request that SF3 job descriptions for this Authority be updated. The Authority is currently in the process of rewriting and re-evaluating job descriptions and duties of all employees with the assistance of Civil Service. There is no record of the Non-Flood or the Flood Authority updating the SF3 within the last three years. Since this Authority has split from the Flood Authority, the duties, responsibilities and job functions have changed so Civil Service requested that the Authority rewrite job descriptions to have accurate job descriptions on file that clearly reflect this Authority. If the Authority is required to reduce staff due to budgetary reasons and goes into layoff mode, Mr. Vincent Caire will assist and handle Human Resource matters with Civil Service.

Mr. Caire explained that the layoff process is broken into two parts. The Authority would prepare a formal request (Letter of Intent) to the Civil Service stating the Authority's plan for layoff and the reason why the layoff is necessary. The second step is to notify all employees of the pending layoff. If the layoff is approved, each impacted employee is personally notified and an employee package consisting of post layoff information, re-hire information and if there is any intention of reinstating the position at a later date. Prior to submitting the letter, a Civil Service representative will review the package. After the package is reviewed it is sent to Director Shannon Template for her approval and signature.

Mr. Caire informed that the timeline for a layoff is a variable as Civil Service must be aware of the Authority's layoff plan before Civil Service can anticipate how long it will take. As Civil Service may also be looking at other agencies' layoff packages there may be a backlog which may add additional response time from Civil Service. The minimum amount of time is five (5) days within each process, which seldom happens, and the longest could be two months for classified permanent employees. Commissioner Stack noted that employees hired by Civil Service are on a probationary status for up to two years and can be dismissed at the end of the day without any notice. New employees are most likely the employees that are laid off. Mr. Capo advised that the Authority's probationary period is one year. Dave Smith is the newest employee, but he transferred from the Department of Transportation and may have transferred as a classified permanent employee not on probation. Commissioner Stack recommended a policy that requires a two year probationary period.

Mr. Caire advised that the probationary period is at the Authority's discretion, but a reasonable length of time is given for the employee to learn the position and demonstrate working that position. The Authority has the right to evaluate an employee for up to two years. Mr. Capo noted that to make an employee permanent, paperwork must be submitted to Civil Service classifying the employee as permanent signed by the appointing authority.

NEW BUSINESS

1) Review of budget to actual Fiscal Year 2013

Ms. Wagener reported that as of February 28, 2013, no transfer was needed from the Bally's settlement account. The Lakeshore Drive account has \$400,000 remaining to date. As February was a short month with holidays bills were lighter than usual. Cash-wise the Authority is on track or better. All departments are within 66% of spending and collections. There are several budget line accounts that could be changed in May or June to recognize grant revenues and to offset expenses.

Fuel sales were \$93,000 in January and \$70,000 in February which helped close the gap on fuel. In order to match what was budgeted for fuel, \$100,000 should be collected by the end of the year. Mr. Pruitt noted that the Woman's Final Four is in April. In looking at what the Airport collected at the Men's Final Four, which was approximately 200,000 gallons, an additional 130,000 gallons is anticipated by the end of the event. Several conventions have kept fuel flowing on the Airport.

Mr. Pruitt reported some concern with the FBOs regarding the Tower not being operational, but this issue is out of the Authority's hands. If tower closure occurs it will not shut down only Lakefront Airport, but a large number of towered airports. This may cause the corporate policy to change; otherwise aircraft will have to jam into the few remaining towered airports. The Tower personnel do not foresee anything more occurring than furloughs once or twice a pay period. The government is concentrating more on contract towers than FAA towers, which is backwards as contract towers are more economical than the FAA towers.

Mr. Capo addressed the check register and noted that the check to Nu-Lite was for Terminal exterior lighting at the Airport. The lights were damaged during Hurricane Isaac. The check for \$112,000 for jet fuel skid piping was for two new dispensing racks installed prior to the Super Bowl. The Lakefront Airport Tower is considered a training tower for the FAA and several trainees come to Lakefront Airport straight out of school.

2) Update on Fiscal Year 2013-2014 Operating Budget

Mr. Capo advised that to make the FY 2013-2014 budget balance, the remaining \$1.2 million was used from the Bally's settlement. The Authority no longer receives the \$700,000 for Lakeshore Drive from the Flood Authority. A conservative approach was taken with the Terminal Building and the Bastian-Mitchell and Wedell Hangars allocating only ½ year of rental for those buildings coming on line. Fuel sales were backed down to reflect an average year as opposed to a Super Bowl year and Major Maintenance was reduced by \$180,000. A hiring freeze was implemented with the exception of three maintenance positions due to lights and fountains coming on line along Lakeshore Drive. A maintenance person will be assigned to Lakeshore Drive, South Shore Harbor, Orleans Marina and two maintenance people will be assigned strictly to the Airport. Items removed from Preventative Maintenance were shifted to the Deferred Maintenance list which is growing and has a large dollar amount. Grass cutting has been reduced from 20 cuts to 16 cuts per year. The new budget will bring the Authority in balance.

Mr. Capo advised that three additional maintenance people will be hired. Currently there are two, but one expressed an interest to retire in May, 2013, leaving the Authority with only one maintenance person. Two maintenance people will be needed at the Airport due to the amount of electrical work, lighting and signage issues. The three remaining maintenance people will deal primarily with South Shore Harbor, Orleans Marina, Lake Vista Community Center and Lakeshore Drive. Chairman Lupo noted that the maintenance crew should be familiar with the properties and how things are done at the Airport. Having a person 365 days a year as opposed to various contracted people that may not be available could be detrimental to how efficiently the properties are maintained. Commissioner Dufrechou agreed that the quality of service would be maintained with continuity.

Chairman Hoffman noted that due to the regulatory environment of the Airport it is essential to have maintenance people dedicated to the Airport. There is concern with the Authority hiring additional employees this coming year because based on the budget, the Authority is out of business in June, 2014. There is optimism in these numbers as there are no fall back positions. The Authority is presently dealing with a negative situation at South Shore Harbor whose future is uncertain going forward. It costs the Authority \$50,000 to keep South Shore Harbor open without any unforeseen expenditures.

Mr. Capo noted that the Authority will not be out of business but services will be reduced. Once the utilities come on along Lakeshore Drive, the fountain is working and the shelter houses are open extra maintenance will be required as the shelter houses require extensive maintenance, painting and repairs. Having a maintenance person on staff to immediately address those issues would prevent the shelter houses and the properties from being in a state of continuous disrepair. Chairman Hoffman advised that an outside maintenance contractor and having one administrative person at each Marina for half day may be the better route to take with staffing until the Authority obtains some type of bridge funding. Maintenance issues generally require more than one person for safety reasons. There should be one lead maintenance person that directs the remaining crew on what and where work is needed. That may be the best approach until we get past the bridge funding hurdle. This budget begins July 1,

2013 and the Authority will know if bridge funding is available by that time as the legislature will have adjourned. The budget could be modified at that point.

Mr. Capo advised that each property will be charged with a maintenance individual and one maintenance individual will be placed under the Non-Flood General Fund to spread the costs. The three maintenance people will work on all of the properties including the two Marinas, Lake Vista Community Center and Lakeshore Drive. Chairman Hoffman recommended that the positions be left in the budget and keep the hiring freeze in effect until it is known if the Authority will have the funds to move forward.

Commissioner Stack addressed the \$207,000 janitorial expense and \$185,000 grass cutting expense for the air side of the Airport. Grass cutting requires two men that cut grass 20 times per year which could be done by maintenance men cheaper than \$185,000 per year. The maintenance men could also be used in other locations when not cutting grass. Mr. Pruitt advised that using maintenance men for grass cutting could work. There are old tractors at the Airport that need refurbishing and will require regular maintenance, but there are no mechanics to perform daily maintenance on the tractors. As the Authority is rewriting job descriptions, grass cutting could be written into the maintenance position. Another concern is the Terminal Building and Hangars that will soon come on line and any unforeseen maintenance nightmares with those buildings. The lighting system on the Airport is old and takes approximately two to four hours daily repairing lights and signs on a regular basis.

Commissioner Stack suggested having different skill levels for different maintenance positions. An electrician helper that knows electricity could also be a grass cutter as grass cutting at the Airport is continuous and is required to be a certain height. Mr. Pruitt noted that maintenance men could be used to cut grass, but if a new tractor was needed it will be costly. Mr. Capo advised that he would contact Gerry Gillen to determine if the Flood Authority would allow this Authority to pay overtime to Flood Authority grass cutters for their assistance with grass cutting. It may be possible to share grass cutting services with the Flood Authority. The Flood Authority would pass some maintenance costs to this Authority, but it will be cheaper than contracting the grass cutting out.

Mr. Capo addressed the RFP/Q for Grass Cutting and informed that DEI will issue the 30-day advertisement for bid in mid-May and award the contract after reviewing bids at the end of June. The Airport is not included in the RFP. Grass cutting at the Airport differs as grass cutters are schooled on cutting grass on the airfield and communicating with the Tower. To cut the airfield grass is approximately \$51 per acre as opposed to the Lakefront and parks which cost \$110 per acre. The airfield acreage will be incorporated into the RFQ that goes out. The RFQ will be separate due to the number of cuts governed by the FAA circulars.

Chairman Hoffman noted that the budget was fairly consistent to what was reviewed last month with minor changes.

3) Update on 5 Year Projection

Mr. Capo noted that the three year projection does not include the cost to maintain Lakeshore Drive and the Non-Revenue producing properties, which is approximately \$3 million due to the utility costs associated lights coming back on along Lakeshore Drive. The projected cost for lights and utilities is approximately \$140,000. No maintenance cost for roadwork has been budgeted until 2016, the millage year, at which time \$40,000 was included for roadwork on Lakeshore Drive, drainage, parking bays and parking lots. During the third year revenues slightly increase from \$2.5 million to \$2.7 million. By July, 2015 it is anticipated that the Authority will have full revenue on the Wedell and Bastian-Mitchell Hangars and by July, 2015 those Hangars should be under lease.

Mr. Capo informed that no money was transferred from the settlement account leaving a balance of \$576,000. By reducing the acreage for grass cutting there is a savings of approximately \$150,000 for grass cutting. Chairman Hoffman requested Ms. Wagener present an analysis at the Board meeting on whether the Authority would get through the end of the year without having to use the \$400,000 remaining in the Lakeshore Drive account.

Commissioner Stack noted that it is unrealistic to cut Capital Projects and Major Maintenance out of the budget. What savings is generated from the settlement account should be placed into a reserve account. This forces the Authority to put something aside for a rainy day. Money that is expected to be spent this year will not impact next year's budget. Mr. Capo advised that he is budgeting to draw down \$1.1 million from the settlement account. The \$400,000 has been reduced and the savings on the \$400,000 should be restricted to Major Maintenance.

ANNOUNCEMENT OF NEXT MEETING:

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

ADJOURNMENT:

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

The meeting adjourned at 6:30 p.m.