

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
THURSDAY, JULY 11, 2013 – 4:30 P.M.**

The monthly meeting of the Finance Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, July 11, 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 4:31 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
Commissioner Michael Stack

ABSENT:

Commissioner Carlton Dufrechou

STAFF:

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

ALSO PRESENT:

Gerard Metzger – Legal Counsel
Al Pappalardo – Real Estate Consultant
John Holtgreve – DEI
Chris Fenner – Stuart Consulting Group

APPROVAL OF AGENDA

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

APPROVAL OF PRIOR MINUTES

Commissioner Brien offered a motion to approve the minutes of the June 26, 2013 Finance Committee meeting, seconded by Commissioner Stack and unanimously adopted.

REPORT BY EXECUTIVE DIRECTOR

Mr. Capo reported that the Airport Committee moved forward with the purchase of a Graco Linelazer IV paint machine for continued painting and upkeep of new markings recently put down by the FAA. Mr. Pruitt noted that the lines fade quickly on a regular basis and by the time the paint machine is received and personnel are trained to operate the machine the lines will be faded. The FAA suggested the Airport have a machine on site to maintain the FBO painting and lines. The cost of the machine is \$17,115 and is within the authorized spending purview of the Executive Director. There was an attempt to receive grant money from both the federal and the state governments, but both denied the request.

Mr. Capo advised AGL Architecture inspected two main buildings at the Airport that had water intrusions; the McDermott Hangar and the Fire Station. AGL was contracted to determine what repairs would be needed and provided estimates from three bids. Roof repairs for the McDermott Hangar are \$13,955 and Fire Station repairs are \$14,895. Mr. Pruitt informed that the roofs were put on in 2006 which was post-Katrina. Warranty repairs have been attempted, but the issues involve flashing and items not covered under factory warranty. The warranty was with Soprema who attempted repairs at the McDermott Hangar three times, but no attempt alleviated the problem so a specialist was contracted to pinpoint the issues. Mr. Metzger advised that this is a five year warranty under state law and that period has now expired. Mr. Fenner noted that issues at the McDermott Hangar involve the original copper downspouts.

Mr. Capo advised that the General Storm Water Discharge Permit and EPA issues on the Airport will require contracting with an environmental engineer to assist the Authority in preparing reports for the Sewerage and Water Board and the State DEQ. That dollar amount is \$24,721. Mr. Pruitt advised that the new permit was received, but it is a lengthy and complicated document and parameters for test sampling are extensive and requires review and implementation by an environmental engineer. Testing has a two year sampling period on all sites which drops after two years depending on the sample outcome. During the MS4 Permit, which the Authority is co-permittee with the City, the S&WB forwarded questions sent by the EPA which questions have to be answered by an environmental consultant. The permit has been received and this is enacting that permit and answering questions that implement the permit. The lowest bid was \$24,000 by Shaw/CVI who is the company that originally developed the plans for the Airport. Atkins was second at \$47,470.

Mr. Metzger noted that two boathouse transfers were approved and will net the Authority approximately \$17,000. Mr. Capo informed that the Marina Committee moved forward to file for a Boating Infrastructure Grant (BIG) for expansion of the transient boating facility at South Shore Harbor by adding laundry facilities, additional restrooms/ showers and a transient lounge. The estimated cost of this is \$281,000 and is a 75/25% match with the Authority funding 25% or approximately \$70,250. If amenities are placed at South Shore Harbor it would attract tenants to the Marina. Mr. Dixon advised that prior to Katrina showers and laundry facilities were located at the Point Building which has been demolished leaving no enticement for transient boaters or live aboards. The Counselors of Real Estate advised that these items needed to be addressed to entice people to the Marina. Wildlife & Fisheries advised that this is a BIG Grant II for transient boats and will be on the national level. The minimum for this grant is 75/25%. The Authority put in for a 75/25% grant, but there are entities that put in for 50/50% and those entities are looked at a slightly heavier. The timeline for a decision is usually the end of September.

Mr. Capo informed that the Marina Committee moved for approval to contract with H3 Electric in the amount of \$25,365 for removal of the old electric service and installation of new electrical services on the New Basin Canal slips. Mr. Dixon advised two contractors appeared at the mandatory pre-bid inspection meeting. Current Electric was over \$60,000 and H3 Electric was \$25,323. This will bring the New Basin Canal slips to Orleans Marina standards. Once those 15 slips are refurbished and contain finger piers, it is very likely tenants will be drawn to those slips.

Mr. Capo advised that the third Marina Committee item, HTE Contractors, does not require Board approval as this item is under the Executive Director purview. The contract with HTE Contractors is \$14,900 to inspect electrical wiring and equipment at Orleans Marina. Mr. Dixon noted this was brought to the attention of the Board. National Fire Protection Association (NFPA) standards are what the Louisiana State Fire Marshall follows. The standards require that an

electrical inspection be performed annually, which has never been performed at Orleans Marina. The issue was addressed by the President of Orleans Marina Tenants' Association and a bid request went to eight electrical contractors. HTE, in conjunction with an engineering firm, were the sole responders with a bid of \$14,900. The proposal includes inspecting every switch, breaker, transformer and plug, which will be tested to ensure all are operational.

Chairman Hoffman noted that he is not aware of this inspection being performed anywhere else and noted that the NFPA is a set of guidelines. The Authority is not inspecting the Lake Vista Community Center annually. Mr. Dixon noted that the Lake Vista Community Center is not over water. Mr. Dixon advised that he researched what was required from the State Fire Marshall website and Orleans Marina was deficient on several items. The Marina is held to the level of a private institution and has to be inspected. There was a transformer fire that left me thinking what would happen if an insurance company requested the annual inspection report per NFPA 303. Commissioner DeRouen stated that his experience in NFPA is when cause of origin reports are performed, whether those reports are done correctly and if the protocol was followed. There is a subset of NFPA rules and guidelines regarding what should be done, not done, when and how, but I am unaware of an affirmative duty to inspect a facility. Commissioner Hoffman recommended more investigation into this issue. This is not a \$14,900 expenditure because if this is required at Orleans Marina, it is also required at South Shore Harbor, the Airport, the Terminal Building and Lake Vista Community Center.

Mr. Metzger advised that the contract is \$14,000 and there was no motion before the Marina Committee so the matter is where it should be under the By-Laws of this Authority. This matter has to be investigated to determine the legal issue on whether it is mandatory under the regulations with the Fire Marshall of the State of Louisiana to annually perform this inspection. Mr. Dixon noted that Mr. Pruitt advised that the Airport is governed by the NFPA also. Mr. Pruitt advised that the Airport FAA guidelines are based on NFPA 407, which is the fire code. Chairman Hoffman requested this issue be addressed as the Authority has to make a concise decision on what steps to take and what the Authority is legally required to do. A business decision will then be made on whether or not this is legally required. This is much broader than just the Marina, and that is the big concern.

Commissioner Brien stated that Orleans Marina is an asset that has to be protected and the Authority has not looked under the hood in a while. Orleans Marina was not rebuilt after Katrina as the electrical continued to work. Chairman Hoffman noted that water went above the outlets during Katrina and those outlets were not replaced. This now becomes a business decision that addresses protecting the assets by replacing those outlets. That is a different decision than that of a regulatory rule. If the outlets are damaged the \$14,000 should be used to replace the damaged outlets. Electrical problems should be addressed from a maintenance standpoint.

Mr. Capo reported that although no complaints have been received by Orleans Marina tenants, the President of the Orleans Marina Tenants' Association, who is a Master Electrician, expressed concerns at a Marina Committee meeting regarding safety issues at Orleans Marina and suggested the Authority have the electrical system at the Marina inspected. He noted there was some current leaking into the water. Mr. Dixon added that some tenants had power going through the piers. The leaking and electrolysis issues are due to the lines.

Mr. Fenner advised the issue regarding the water line was presented to FEMA some time ago and FEMA advised that the Authority needed definitive proof to show this was damaged from Katrina and not due to disrepair to have the issue approved as this is being addressed so far after the storm. The equipment continued to work up to this point so definitive proof is needed and it would still be a hard fight to have this reimbursed by FEMA. If this avenue is explored and not approved, money is expended that will not be reimbursed.

Chairman Hoffman suggested the issue be researched further on the legal side and be addressed at the next Marina Committee meeting. If there are valid reasons to believe the Orleans Marina has electrical problems, those problems should be investigated and addressed.

Mr. Capo advised that resident inspection on the utility crossings at Lakeshore Drive is a contract increase of \$100,000. John Holtgreve and Stuart Consulting Group advised the Recreation Committee recommend this matter be brought before the Finance Committee. The original five month contract expired April 7, 2013. Resident inspection is full-time on that project and is provided by DEI. Project completion is expected in July. This is an hourly rate, hourly time project and will be reimbursed only for money expended. This request is within the budget established for this project by the Corps of Engineers and is 100% reimbursable.

Mr. Holtgreve with DEI explained that there is also a construction and administration side of the Utility Crossing project which entails meeting with the contractor and owners, preparing reports and pay request reviews. This is extended through July also and that amount is \$33,000, which is also reimbursable by the Corps. Mr. Metzger advised that this contract is above Mr. Capo's authority. This item is informational for this Committee. The Recreation Committee adopted a motion to recommend the matter to the Board.

NEW BUSINESS

1) Motion to approve project management and direct administration contract with Stuart Consulting Group, Inc. for FEMA projects.

Mr. Capo advised that the contract with Stuart Consulting expires June 30, 2013. This request is to extend the contract for one additional year under the same terms and conditions. This contract will assist the Authority with FEMA projects as Project Managers and Direct Administration.

Mr. Fenner advised that there are continuing management services on active construction projects and direct administration tasks that close out the current PWs. Mr. Capo noted that the Stuart ID/IQ contract was previously approved. Mr. Metzger informed that due to a recent statute adopted in the Public Works Act when service agreements are amended, the agreements have to be recorded. In order to avoid this additional expense, a new annual contract should be signed instead of amending and recording the present contract. This would be a new one year annual term contract at the approved budget rate.

Commissioner Brien offered a motion to approve the project management and direct administration contract with Stuart Consulting Group, Inc. for FEMA projects, seconded by Commissioner DeRouen and unanimously adopted.

OLD BUSINESS

1) Review of Budget to Actual Fiscal Year 2013

Ms. Wagener noted that that is an Operating Budget through June 30, 2013. Expenses were cut off in May. Auditors requested the books be closed by Monday so several items were estimated. Depreciation was deleted as that is a non-cash item. There is no major maintenance or FEMA grant money. When the books are closed, a schedule will be prepared showing how much rent and

FEMA money was received and how much was spent. Chairman Hoffman requested a schedule of the cash balances as of June 30, 2013.

Approximately \$576,000 was taken from the Bally's account for the entire year to pay insurance. In June \$302,988 was transferred from the Bally's account to pay insurance. The total taken from the Bally's account is \$878,992 compared to the \$1 million budgeted and that account presently has \$1,072,000 left as compared to the \$1,950,000 on June 30, 2012. The only money used outside of the Bally's settlement was the \$700,000 transferred from the Flood Authority, which amount is \$699,942.

Ms. Wagener stated that the \$700,000 that the Flood Authority was transferring will most likely cause an issue in the future. There was a cutback in grass cutting and no positions were filled that were funded so there was a savings there. Mr. Capo advised that \$1,072,000 remains in the Bally's account and \$1,102,000 was budgeted. There is a \$30,000 shortfall from what is expected to be in the Bally's account to bring in to this account this year.

Mr. Capo advised that the grass cutting was budgeted at \$788,000 and the new contract amount is \$441,000 which is a savings of approximately \$330,000. Chairman Hoffman noted that if everything is spent in the budget, the Authority will get to the end of next year and have \$300,000 less the \$100,000 Mr. Capo talked about this morning. Mr. Capo added that in May or June of 2014 the Authority will not be able to fund the property insurance going forward. It is before June 30, 2014 that the Authority will have a cash crisis. Expenses will increase on Lakeshore Drive in approximately six weeks when lights return on the roadway. This will be additional utility and maintenance costs along Lakeshore Drive and was included in the budget.

Chairman Hoffman noted that financials are consistent with what has been projected and clarified that \$300,000 was prepaid insurance. Ms. Wagener advised that cash balances will be included in the Finance Committee packets going forward. Mr. Dixon spent slightly over the allotted \$90,000 on major projects for the Marina. This is a three year agreement and this is the second year of the agreement of the 10% surcharge (\$90,000).

Ms. Wagener advised that one purchase was made on the company credit card in June. Payment was made on June 28, 2013, but the bank did not process everything until July. A report will be attached in August reflecting what was spent on the credit card. Commissioner DeRouen addressed the check register and noted travel, meals and entertainment and questioned if this would be on the credit card going forward. Ms. Wagener advised this item will not be on the credit card as the item was travel paid in advance by the employee and reimbursed when the employee returned. Mr. Capo informed that Mr. Pappalardo and Mr. Pruitt were sent to the pre-bid in Texas for the Commemorative Air Force.

ANNOUNCEMENT OF NEXT MEETING:

Chairman Hoffman announced the next Finance Committee meeting is scheduled for Thursday, August 1, 2013 at 4:30 p.m.

ADJOURNMENT:

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

The meeting adjourned at 5:26 p.m.