

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MINUTES OF THE MARINA COMMITTEE MEETING
FEBRUARY 7, 2012 – 10:30 A.M.**

The regular monthly meeting of the Marina Committee of the Non-Flood Protection Asset Management Authority was held on Thursday, February 7, 2012 at 10:30 A.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 Brien called the meeting to order at 11:10 a.m. and led in the pledge of allegiance.

The roll was called which constituted a quorum.

PRESENT:

Chairman Stanley Brien
Commissioner Darrel Saizan
Commissioner Pearl Cantrelle
Commissioner Romona Theresa Baudy

ABSENT:

Commissioner Patrick DeRouen

STAFF:

Louis Capo, Executive Director
Sharon Martiny, Non-Flood
Chuck Dixon, Marina Manager
Dawn Wagener, Non-Flood

ALSO PRESENT:

Gerry Metzger, Legal Counsel
Al Pappalardo, Real Estate Consultant
Steve Nelson, Stuart Consulting
Wesley Mills, Design Engineering, Inc.
Kevin Gray, EDS
Joan Rogers
Kort Hutchinson
Jeanne Hutchinson
David Wills
Tim Avegno
Pawan Gupta

ADOPT AGENDA

Commissioner Cantrelle offered a motion to adopt the Agenda, seconded by Commissioner Baudy and unanimously adopted.

APPROVAL OF PRIOR MINUTES

Commissioner Cantrelle offered a motion to approve the minutes of the January 12, 2012 meeting, seconded by Commissioner Saizan and unanimously adopted.

PRESENTATION ON CURRENT MARINA ISSUES

Mr. Dixon informed that the boat show in the Superdome had an outstanding turnout. A number of people are interested in live-aboards and the covered boat slips. There are a number of things being discussed to enhance the 30 foot slips at South Shore Harbor.

OLD BUSINESS

1) Discussion of proposed landscaping at South Shore Harbor

Mr. Nelson informed that the two main components of the landscaping at South Shore Harbor are the concrete work and the mulch, amended soil and Asian Jasmine plants. The concrete will cost approximately \$8,000-\$10,000 to fill all of the islands and the drawings and specs are ready. A contractor will pull out the unsightly trees and gravel from the islands and put in uniform exposed aggregate concrete which is low maintenance.

The second component to this project includes installing edging, adding mulch and planting the Asian Jasmine. The Asian Jasmine and the islands are low maintenance. There is a functional irrigation system already in place. Mr. Dixon requested that this go out for bid. If we are unable to use the See Bees, this should be started as soon as possible to have it grown out for this summer.

Mr. Capo advised of many projects submitted to the See Bees which may or may not come to fruition. Some projects will proceed even if the SeeBees cannot assist. Connie Uddo with Hike for Katrina is working with OpSail and the Convention Bureau to enlist volunteers to do work on Shelter #4. The landscaping at South Shore Harbor may be a function the SeeBees can assist with. Mr. Capo requested to move forward with the concrete work at South Shore Harbor which cost is under \$10,000 and does not require a Board resolution to move forward. Mr. Dixon suggested to have the bid split out for the concrete work and to get quotes for the landscaping component to present at the next Marina Committee meeting. The cost for the concrete work is approximately \$10,000. The landscaping would cost between \$50,000-\$55,000 due to the size of the area and the amount of mulch and plants that would be needed.

This is within the purview but it would be helpful to have on record that the committee is on board with this project. Commissioner Saizan moved to go forward with the concrete work, seconded by Commission Cantrelle and unanimously adopted.

2) Discussion of proposed pavilions for South Shore Harbor and Orleans Marina

Mr. Nelson informed that the pavilions for South Shore Harbor and Orleans Marina would be metal structures with metal roofs. A 12x20 pavilion for Orleans Marina will cost in the neighborhood of \$12,000-\$20,000 which cost includes the slab, the structure itself and set up. The pavilion at Orleans Marina would be placed adjacent to the Harbor Master's building to provide a gathering area for tenants because the NFPA guidelines that the State Fire Marshall uses prohibit tenants from grilling on their boat or on the piers. The pavilion does not require pilings. Mr. Dixon requested that decking be placed in the area to reduce the heat from the black asphalt. The deck is not included in the price for the pavilion. Mr. Nelson will review and provide a price and design for the pavilion at the next Marina Committee meeting.

3) Update on the former Bally's Terminal Building and the structural analysis of South Shore Harbor Point Building

Mr. Bruce LeLong, structural engineer at URS, was the project manager on the structural assessments of the Terminal and Point Buildings. Mr. LeLong stated that both buildings, in terms of the structural damages, could be repaired under the code originally designed. They are not significant because in the 20 years since they were designed and constructed, the design wind speeds have increased significantly resulting in about an additional 50% of lateral force for what you have to design. They will not have to be upgraded to meet the current requirements. However, the flood issues are the matter at hand. Both of the buildings were constructed below the base flood elevation in effect at the time of their construction. Even though they did not have flood insurance in theory if

they had been constructed according to the rules in effect at that time, they would be eligible for a grandfathered rate which is the most advantageous insurance rate to receive. These buildings are not grandfathered because they were not built in accordance with the flood claim management practices of Orleans Parish at that time. We are going to get into the specifics on that. There are some options to improve the buildings to meet the current requirements and there is one of economics.

Dr. Gupta stated that the Terminal Building did not sustain significant structural damage and can be repaired to the original code it was designed for. Deterioration of the columns was between 2-4% which is a lot lower than the 20% acceptable. There was some damage to the roof and some damage to the cladding, primarily on the west side of the building, and it is recommended this be repaired fairly quickly. The Terminal Building is a pre-manufactured steel building sitting on a concrete slab. The columns and the moment frames supporting the building have some scaling which is very minor. The building has not sustained large structural damage although there is cracking in the masonry and rusting which does not present any issues of imminent danger. The Terminal Building is a large space and really stands out once it is cleaned up.

The Point Building has more damage than the Terminal Building, but not significant structural damage. Four columns on the interior support the lateral loads which is a fairly large part of the building. Exterior wooden slats that were previously allowed by code have insect damage along with wave scouring on the north side of the patio wrapping around the building. Cracking of the masonry pilaster included vertical cracks caused by restraint on the inside and vertical cracking in the pilaster outside by the two breezeways. Roofing damage has caused wet conditions on the inside due to the hurricane. Some dislodged bricks have fallen off of the façade. Northeast load bearing studs were disintegrated and in danger of imminent collapse which resulted in erecting temporary bracing to allow for inspection. Damage is limited to the north end of the building facing the lake and is less than 18% of the floor area and does not constitute significant structural damage. Minor scouring to the foundation and wave action between the patio and the foundation caused damage to the foundation of the patio which needs to be replaced and put on piles. The railing area has large cracks causing corrosion in that space resulting in substantial damage. Substantial damage requires the building be brought to current flood requirements of the code. The current elevation of this structure is much lower making it significant to know if this building has substantial damage. To find out if the building has substantial damage, a full study and numbers for all costs need to be put together including architectural costs to bring the building to pre-damage condition.

Mr. LeLong informed that the buildings were built as they were intended to be, but not to code. These elevations are below the base flood elevations and do not meet requirements of the National Flood Insurance Program. The flood zone designated was revised three times. The final flood zone noted on the plan is not the correct flood zone for this area. The flood zone listed on the drawings is approximately 2 miles away and the floors are approximately 4-5 feet below where they should have been constructed in accordance with the flood insurance. Mr. LeLong noted that if the buildings were built in accordance with the regulations at the time of construction, they would be eligible to be grandfathered in.

Mr. LeLong informed that strategies can be pursued with the Terminal Building to raise the floor elevation but for the Point Building it is not recommended because of the building layout.

Mr. LeLong informed the 50% threshold is the international building code adopted by the State of Louisiana and Orleans Parish that states if there is 50% damage or greater you mitigate and improve the building to meet current flood

requirements. If the Terminal Building is below that threshold insurance can be obtained along with a building occupancy permit. The insurance will be higher as original base flood elevations were not met, but there is no building code prohibition against it. If you are over that threshold the building official cannot grant an occupancy permit so the 50% damage threshold needs to be investigated to make sure an occupancy permit will be granted.

Mr. Gupta advised the 50% threshold is an amount to bring the building back to the pre-damage condition. Mr. LeLong added that the value is based on its usage before Hurricane Katrina, which was a casino, not the cost to actually construct the structure. It is what it would have been sold for August 28, 2005 and would require a real estate appraisal which is the denominator. The numerator is what is estimated to repair the building.

Mr. Gupta advised to meet with the insurance provider regarding possible options for the building and to perform a study on the cost to repair the building to pre-damaged condition to estimate if the damage is greater than the 50% threshold. A market study was recommended to obtain information regarding possible tenants for the building and who would give the most return if you go with the option of raising the floor. It was also recommended to give the building department information on what will be done with the building and whether a building permit could be obtained.

Mr. LeLong informed that a building could not be constructed with equal square footage for the price of rehabilitating it. This is all about the bottom floor as the second floor is above flood elevation and could be renovated as long as the occupancy is not changed. We are talking about measures to the foundation and bottom floor. The second floor was office space and could be used as something comparable to that.

Mr. Pappalardo informed of three possible options with the Terminal Building: 1) to put the second floor into commerce; 2) to explore the cost of elevating the first floor and retrofitting the building or 3) to gut the ground floor and use as an open air pavilion for picnics, bands and entertainment. There would be no flood insurance requirements for an open air pavilion as there are no permanent tenants. The second floor could be utilized as office space. The Point Building needs to be demolished because there is no way to salvage it or raise the floor. We will wait until we hear from the insurance provider and bring it to the next meeting.

4) Discussion of Fiscal Year 2013 Budget

Mr. Capo informed that a 10% rent increase is proposed at Orleans Marina due to the increase expected from water charges and insurance bringing revenues at Orleans Marina from \$619,000 to \$717,000. Not included in the budget are slips coming back to the Authority at the end of April. Peninsula Condominiums consists of two leases: Parcel A and Parcel B. Parcel A is the 20 condo unit of Peninsula Condominiums and Parcel B is the water bottom around the building. In the 80s the lease and property on Parcel A was sold and the rights of Parcel B were retained which consists of 45 boat slips. The slips expire at the end of April and the Authority is not interested in extending the leases so that property will be taken back. We are in the process of assessing the condition of the slips to obtain an estimate to bring them up to current standards at Orleans Marina. Tenants may be asked to vacate the slips so repairs may be done so the revenue number is not included.

On the expense side on Orleans Marina there is \$90,000 in major maintenance as in the past few years no major maintenance has been put into Orleans Marina. We have a 10% increase on the revenue side and we are proposing to spend \$90,000 next year on major maintenance.

South Shore Harbor did not have any increase in the first budget presented. Rental rates of surrounding areas were reviewed and a 5% rent increase is proposed at South Shore Harbor. Minor adjustments were made to the individual line items on the expense side. One permanent security guard is retiring and that position will be contracted to Weiser leading to a slight reduction. South Shore Harbor rates are lower than other marinas due to the lack of amenities.

Mr. Capo informed that the difference in legal fees between Orleans Marina (\$35,000) and South Shore Harbor (\$5,000) is due to a lawsuit involving a boathouse in Orleans Marina. Mr. Curtis added that the legal billings for the Marina include boathouse work and work done on New Basin Canal.

The difference of the real estate consultant line item of \$10,000 and \$15,000 is four boathouses at Orleans Marina have reverted back to us and we are engaging the real estate consultant more often. Expenses are higher at South Shore Harbor as the area is open and ripe for development. Engineering Consultant Services for Orleans Marina and South Shore Harbor are services provided by Stuart Consulting as there is no engineer on board so Stuart Consulting assists with RFQs and RFPs. Stuart is also assisting with the Sewerage & Water Board issue at Orleans Marina.

Credit card administrative expenses are the fees that the credit card company charges. Approximately 95% of the tenants pay through the credit card system or by automatic debit to their checking account. The credit card system improves collections. This system interfaces with our financial package. Each quarter tenants are invoiced and the credit cards are automatically processed against those invoices. The rate for this service is approximately 3% based on the dollar amount. The fee cannot be charged back to the tenant as it is approximately \$40,000 per year.

PUBLIC COMMENTS

Cort Hutchinson - South Shore Yacht Club

South Shore Yacht Club has been a tenant of the South Shore Marina since its opening with its members making up at least 50% of the tenants. South Shore Yacht Club will be discussing a land lease at the Club's full Board meeting along with viable opportunities for the Yacht Club and public events such as sailing classes and possibly re-establishing the Boy Scouts of America program. Developing throughout the Gulf Caribbean Yacht Clubs are high school and college sailing teams being part of Yacht Club sailing programs and UNO and Grambling High School are here on the Lakefront. South Shore Yacht Club was more than a tenant adding services to the Marina such as showing slips and assisting transients coming in. South Shore Yacht Club looks forward to a positive reception of the forthcoming proposal for a land lease and to again be a presence at the Marina.

ANNOUNCE NEXT MEETING

Chairman Brien the next Marina Committee meeting scheduled for Tuesday, March 6, 2012 at 10:30 a.m.

ADJOURNMENT

Commissioner Cantrelle offered a motion to adjourn, seconded by Commissioner Baudy and unanimously adopted. The meeting adjourned at 12:34 a.m.