

**NON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MINUTES OF THE MARINA COMMITTEE MEETING
MARCH 6, 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, March 6, 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 11:01 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 Patrick DeRouen
Commissioner Romona Theresa Baudy

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.
John Holtgreive, Design Engineering, Inc.
Kort Hutchison
Jeanne Hutchison
Michael Liebert

ADOPT AGENDA

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

APPROVAL OF PRIOR MINUTES

The minutes of the February 7, 2012 Marina Committee meeting will be approved at the April 3, 2012 meeting.

PRESENTATION ON CURRENT MARINA ISSUES

Mr. Dixon has received the 2012 racing schedule for South Shore Harbor Yacht Club and suggested food trucks be brought in for the races. I have forwarded e-mails to the coordinator of the food trucks regarding this issue. Currently, there is no decision on how the Authority will collect monies from the food trucks. Mr. Dixon suggested there be no charge for the food trucks presently as we are trying to attract people to South Shore Harbor and by charging the food trucks it will increase prices to the public. Chairman Lupo noted that the object is to attract the food truck so they see this may be attractive and it gives another amenity to South Shore Harbor. Once that synergy is made we can then start charging the trucks. Mr. Dixon added that the necessary insurance and permits would be provided. Commissioner DeRouen suggested the Authority revisit the issue in 6-12 months to see if there is an economic impact and if the Authority should consider a permit or some percentage of sales.

Mr. Dixon is obtaining hourly quotes for contractor's to do minor repairs at both Marinas. Contractors require Longshoreman's insurance to work over water which is 90% of the Marina. Westaff is the state contractor that the Authority uses for temporary employees to clean up after a storm or menial labor type jobs, but those employees cannot drive company vehicles as they are not covered under the insurance. There are two maintenance people who are basically electricians and the work at the Marina will require contractors. Per the Public Bid Law, if the project is under \$150,000 the job does not have to be bid although three telephone quotes are required. If a good contractor worked previously, he can be used without having to let the job out for bid if it is under \$150,000.

Mr. Dixon informed that 75 light fixtures at South Shore Harbor and Orleans Marina were repaired and both Marinas are very illuminated. Quotes have been received for the parking lot and street sweeping which will be included in the budget. Both of the waste oil sites are up and running. Drain covers at Orleans Marina, South Shore Harbor and the Airport will be painted with a stencil advising that the drain empties into the lake. The drains will also have an engraved seal signifying that the drain empties into the lake.

Mr. Dixon is proposing a 10% rental increase at Orleans Marina and a 5% rental increase at South Shore Harbor. Statistics from the website reflect 600-700 new hits every month by people looking at the Marinas. This is a joint website that branches off to each marina and counts the hits at South Shore Harbor and Orleans Marina. The hits reflect 60% at South Shore Harbor and 40% at Orleans Marina with 98% of the hits coming from the United States. We are also involved in several websites that deal with yachting and boating and our contact information and link is displayed for transient boaters. Transient business has been hit with the Industrial Canal closure but the Corps has advised that the Industrial Canal will be open at the end of June.

OLD BUSINESS

1) Update on the former Bally's Terminal Building and the South Shore Harbor Point Building

Mr. Capo addressed the Point Building and informed that the Authority is leaning toward demolition of this building as Eagan Insurance advised that \$500,000 worth of coverage on the Point Building will cost over \$59,000 per year. The Public Bid Law allows the Authority to get three quotes for demolition of the building as a demolition contract is not covered by the public bidding requirements. Mr. Nelson advised that the Point Building was covered as part of the settlement and was the responsibility of Bally's so it is unknown if the Authority would receive FEMA funds for that building. A version request has been submitted on that building and FEMA has agreed to pay for a component of the rub rail.

Mr. Dixon informed that presently there is no electricity in the area of the Point Building. Mr. Dixon will be requesting that 7 lights be placed at the point to illuminate the area along with crushed concrete and some type of greenery so people can have a place to come and sit on the benches.

Chairman Lupu suggested an architect or engineer review this as it should be part of the Marina Master Plan. The area is prominent enough to put something that becomes iconic with the Marina and becomes the logo for the Marina. Mr. Dixon informed that the water and sewer will be capped and a GPS will locate where the sewer and electrical lines are in the event that somebody wants to build there we will have the infrastructure in place.

Commissioner Saizan offered a motion to recommend that the Point Building be demolished, seconded by Commissioner DeRouen and unanimously adopted.

Chairman Lupo questioned the demolition contract included fill the area because the ground would be missing and the condition would be dangerous. If nothing else, there should be a paved sidewalk to make the area safe. Mr. Dixon informed this was part of the demolition contract with the Harbor Master Building. Mr. Dixon suggested bringing the stamped concrete all the way around as it stops past Pier 8.

Mr. Capo next addressed converting the Terminal Building into an open air pavilion and advised that a study was needed to estimate the cost of converting the building from an enclosed building to an open pavilion.

Mr. Pappalardo suggested using the 8,000 square feet of office space on the second floor. URS and DEI have indicated if the first floor was not used, no flood insurance would be required. There is an elevator shaft in the building along with the office space on the second floor. An RFP is needed to obtain proposals to seal the roof which is open on the west side on the second floor in order to preserve the second floor for perspective tenants. Retaining the building to create an open pavilion and utilize the second floor as office space would create a win-win situation as it will provide tenants at South Shore Harbor a place to gather for festivals and other events. The Authority has done what the Counselors of Real Estate requested up to this point and we have to move forward. Chairman Lupo added that bathing facilities, bathrooms and a laundry area can be put on the ground floor which area could be hosed out in the event of a storm which would be cheaper than the insurance for this building. Mr. Pappalardo added that this would have to be cleared by FEMA to ensure that the Authority is not invalidating the insurance on the building. Flood insurance may not be required on the building as we would only need insurance for the wind, storm and fire. Mr. Capo informed that a motion is not needed as this was an informational item in which we will proceed with an RFP.

Commissioner DeRouen made a recommendation to go forward with the RFP, seconded by Commissioner Baudy and unanimously adopted.

2) Update on the condition of the slips that will be reverting back to the Orleans Levee District on May 1, 2012 upon expiration of the Pelias-Eppling lease

Mr. Capo advised that conditions of this lease have been reviewed since the beginning of the year and Mr. Metzger has requested the rent rolls. Mr. Dixon is trying to ascertain the names of the boats and Steve Nelson of Stuart Consulting has inspected the piers to assess the condition of the property coming back to the Authority.

Mr. Nelson inspected the facility three times, once in the presence of Ralph Junius who is an engineer and has experience designing these facilities. After the initial survey it was noted that the biggest cost concerns are the bulkhead and the pilings as this gets into serious funding quickly. The piers are not cheap but are the last element to add. The pile caps don't appear to be overly rusted but an R test is recommended to indicate actual thickness of the steel remaining in the sheet piles. The pilings should also be inspected to ensure there is no degradation in that area. There are three areas of repair that should be addressed first and foremost. There is a drop of approximately 2 feet off of the walkway and steps should be installed under the finger piers. There is significant weathering and the joists and springers underneath seem to be severely degraded. Decking on several finger piers has been replaced but the joists underneath are an issue. There are cross members that have not been replaced since this was constructed and there is serious rot taking place with the members underneath. There is oxidation and rot in the wood in the bulkhead and an R test is also recommended to indicate what steel is left. There are cross bracing members that give lateral support to keep the piles from rocking which are severely rotted and in need of replacement. It was noted that some slips

have utilities but there are several areas that have abandoned electrical which needs to be pulled out immediately as the boxes not in use propose a safety hazard. An initial estimate to replace the decking and utilities (water and electrical) is between \$250,000 - \$300,000 and approximately \$5,700 - \$7,000 per slip to bring them up to Orleans Marina standards.

Mr. Capo informed that this lease was signed in 1981 for 31 years and is expiring April 30, 2012. There are no options and it is clean expiration of the lease. Mr. Metzger noted the reason for the inspection was to determine the condition of the property and whether it was wear and tear or involved obligations to repair of the tenant. Mr. Nelson informed that most of the timbers are what is expected after 30 years of wear and tear. Mr. Metzger stated that staff recommends approval by this Committee to the Board for a resolution authorizing the Executive Director to take any action necessary to take possession of the premise upon expiration of the lease, secure the premises and make inspections and take necessary remedial action, secure the names of the tenants and enter into new slip leases. Commissioner DeRouen offered a motion to recommend this issue to the Board, seconded by Commissioner Saizan and unanimously adopted.

Mr. Patrick Eppling informed of telephones that must be removed by Bell South personnel and noted that the property is normal wear and tear and in good condition.

3) Discussion on Fiscal Year 2013 budget

Mr. Capo noted that Orleans Marina's revenues are comprised of boat slips and boathouses and staff is proposing a 10% rent increase across the board for each class of tenants at Orleans Marina. A 95% occupancy rate would realize \$956,000 in revenue for the Orleans Marina boat slips. Orleans Marina rates fall in line with other marinas in the area. There is \$90,000 earmarked for major maintenance at Orleans Marina. The top five repair items requested by tenants will be reviewed to see what repairs can be done with the \$90,000. The 10% increase will be put back into capital improvements at the Orleans Marina and tenants can trace those dollars that are going back towards major maintenance. There is \$50,000 earmarked for major maintenance at South Shore Harbor outside of major repairs and taking down buildings. Not factored in the \$956,000 are the 45 slips that revert back to the Authority because the condition of the slips are unknown along with what tenants are currently paying and how many slips can be leased.

Chairman Brien requested a ball park number for the demolition of the Point Building be added into the budget. Mr. Capo noted that demolition will be in the current fiscal year.

Mr. Dixon informed that the maintenance worker is out on retirement. There is one maintenance person in the budget for Orleans Marina but that maintenance person is not delegated to the Orleans Marina. Mr. Capo added that one guard is retiring at South Shore Harbor so that position has been removed from this budget and will be replaced by a Weiser Security guard. Mr. Dixon's time is split between the two marinas and we would have one guard on the payroll at South Shore Harbor. We would fill the position of the maintenance person at both marinas.

PUBLIC COMMENTS

Michael Liebert – Orleans Marina Tenant's Association

Mr. Liebert addressed the rental increases at Orleans Marina since Hurricane Katrina and stated that there was a 15% increase one year, followed by two 10% increases. A 30% increase would be a fair estimate. Another 10% increase would be approximately 40% since Hurricane Katrina or approximately 6-7% per year; double the Consumer Price Index rate of 3%. I am sorry that I am forced to interject but the rent issue was not presented to Orleans Marina Tenants

Association for their input before coming to this committee. The Orleans Marina and South Shore Harbor is a year to year lease and the tenants are at this Authority's mercy. Boathouses and Airport tenants get multi-year leases and are not subjected to dramatic rent increases. Chairman Lupo informed Mr. Liebert that the landlord is at the mercy of the tenant who can sell his boat, get out the lease and move away. Tenants have options like all Americans such as where you decide to put your boat. Tenants at Orleans Marina are at the mercy of no body. This relationship between tenant and landlord should be a wonderful community. Chairman Lupo suggested a special meeting to discuss this issue and suggested this be tabled as the committee is unprepared to address the issue at this meeting. Chairman Lupo requested that Mr. Liebert present Mr. Capo with his questions and the Committee will advise how and why these dollars are being requested. The Committee would like to know what you think, based on the marketplace, is reasonable.

ANNOUNCE NEXT MEETING

Chairman Brien the next Marina Committee meeting scheduled for Tuesday, April 3, 2012 at 10:30 a.m.

ADJOURNMENT

Commissioner DeRouen offered a motion to adjourn, seconded by Commissioner Cantrelle and unanimously adopted. The meeting adjourned at 12:00 p.m.