

**JNON-FLOOD PROTECTION ASSET MANAGEMENT AUTHORITY
MINUTES OF THE MARINA COMMITTEE MEETING
TUESDAY MARCH 5, 2013 – 10:30 A.M.**

The regular monthly meeting of the Marina Committee of the Non-Flood Protection Asset Management Authority was held on Tuesday, March 5, 2013 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 10:44 a.m. and led in the pledge of allegiance.

The roll was called which constituted a quorum.

PRESENT:

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

ABSENT:

Commissioner Patrick DeRouen

STAFF:

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

ALSO PRESENT:

Gerry Metzger - Legal Counsel
Al Pappalardo - Real Estate Consultant
Ray Landeche – Lakeshore subdivision

ADOPT AGENDA

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

APPROVAL OF PRIOR MINUTES

Commissioner Saizan offered a motion to approve the minutes of the February 5, 2013 Marina Committee meeting, seconded by Commissioner Baudy and unanimously adopted.

PRESENTATION ON CURRENT MARINA ISSUES

Mr. Dixon reported that the paint bid went out again as only one contractor showed up for the first pre-bid and he did not turn in a bid. The bid went back out and six painting companies took a look. The bids are due back March 13, 2013. This is to paint the four rest rooms on the promenade inside and out, the handrail and all steel and gates leading to each pier. As money becomes available each pier will be painted. The camera bids went out and are due on March 14, 2013.

The New Basin Canal slips has a three week turn around due to the special lumber which should be received in the next few weeks. The demolition and rebuild will start at that time. Presently, the site is secure.

The boat show is Thursday, March 7 through Sunday, March 10, 2013. Printers for Orleans Marina and South Shore Harbor will be distributed at the boat show. There are issues with Hurricane Isaac regarding a number for a claim that will be sent to, received by and funded by FEMA. There are two items that remain damaged: 26 dock boxes at South Shore Harbor and the Pennick Dock repair at Orleans Marina. The Authority has been dealing with FEMA regarding Hurricane Isaac for six months. We are on the third FEMA representative and have to explain to each one all of the damages. DEI is handling the Marina and DEI's expenses will be part of the claim.

Mr. Dixon noted that the new restaurants are a long walk for boat tenants, but tenants can dock their boats there. The Blue Crab will have fuel on the landside and water side. The Mason Duloc is a reception hall under a land lease to Frank D'Amico and the tenant owns the building.

NEW BUSINESS

1) RFP/Q for development opportunities on land side of South Shore Harbor Marina

Chairman Brien noted this item is a discussion item only. It has become apparent that the Authority is not in a cash position to do anything at South Shore Harbor. A number of things have been done to prepare the area and the Authority should put together an RFQ/P to determine if there is any interest in the area. The RFQ/P should be left as broad as possible so as not to bind the Authority into a financial commitment. The RFQ/P will be to test the waters and see if there is any interest. Commissioner Saizan agreed and stated the Terminal Building will be open and there are the FBOs out there so there may be synergy to build on. Mr. Dixon is of the opinion something to drink and eat will attract people as there is currently nothing out there.

Mr. Pappalardo suggested the Authority begin thinking about putting an RFQ out for South Shore Harbor, but not at the present time as there is an RFQ for the restaurateur at the Airport and it may send mixed signals to the restaurateur the Authority is trying to bring to the Airport. A small suite hotel is a possibility. There is plenty of land as long as the area chosen would not be within the runway clearance for the Airport. The entire Marina could be part of an RFQ. There could be synergy with the Terminal Building opening and having a small Comfort Suites-type Hotel. This should be taken under advisement. The Authority should see what the response is to the RFQ for the Airport Restaurateur. There should not be two food venue RFQs out at the same time because the Airport Restaurateur will have to make a large commitment in terms of expenses to equip the restaurant and the Authority should not put everybody in competition with each other. It could be stipulated that the hotel provide food service as there are 250 tenants in the Marina and a limited service restaurant should be put in the facility. There may be a synergy between the Marina and the hotel or the Airport and the hotel and there are also the two universities that are nearby. Commissioner Saizan suggested putting out the RFQ/P after a decision is made on the restaurant operator and catering venue at the Airport.

Mr. Pappalardo advised to check with the City to see if zoning for South Shore Harbor has been re-designated to a new zoning classification for Marinas. The Authority needs to be sure to look at opportunities that are allowable within the new zoning ordinance. The flight line of the runways should be checked to determine if there will be anything built in contradiction to FAA requirements. Commissioner Cantrelle suggested a retail type strip mall with an eatery. A small strip mall would accommodate the tenants at the Marina and also the residents because there is nothing in New Orleans East. Mr. Pappalardo added if the zoning allowed it the Authority would have no constraints and any commercial business at South Shore Harbor would be adventurous. Mr. Capo noted FEMA requirements require all buildings be at base flood elevation which is 17 feet and could create somewhat of a problem.

Chairman Brien noted that the Airport RFQ may begin to satisfy tenants' needs for something to eat and drink. Mr. Dixon noted that there are things on the other side of the levee such as the "Maple Leave" Restaurant across from Orleans Marina that brought some activity there. Chairman Brien informed that there was no time line on the RFQ/P and there should be no unnecessary competition. Mr. Pappalardo advised the Authority would be in the middle of negotiating a probable lease with the Airport restaurant during April and any competition should not be discussed in public. Chairman Brien noted that the RFQ/P for South Shore Harbor should be crafted to compliment what is presently happening. Mr. Pappalardo noted that any new development at South Shore Harbor could create developmental challenges due to the height requirements.

2) To establish an expense stop for water, sewerage and insurance expenses for Orleans Marina and South Shore Harbor Marina

Mr. Capo noted that staff is trying to establish a base year rent with any increase in water or insurance charges to be added to the rate for next fiscal year. A calendar year is suggested after 2012 for water charges from January through December. Calendar year 2012 would be the base year for water charges as the Sewerage & Water Board announced rates will be increased 10% per year for the next 8-10 years which amounts to \$36,000.

Mr. Pappalardo noted that a \$6,000 annual increase in water spread over 250 tenants at South Shore Harbor would be \$24 per year, which is \$6,000 in the Authority's pocket and only \$24 for the tenant. If insurance does not go up there will be no increase. If insurance goes up 10% that will be divided by the amount of available slips, not the occupied slips. The concept of insurance and tax stops has been around for years. The base year the tenant goes in, that rent is figured on the expenses that the owner assumes. If there are increases beyond that the owner passes on the increase only. Chairman Brien stated he wanted everyone to be aware of the state of the Sewerage & Water Board and the state of the need for an expense stop as this is a significant increase and there is an urgency to make sure the cost is passed on to the tenant. Mr. Pappalardo noted that the Authority will provide the base for Sewerage & Water, but any increases will be passed to the tenant.

Insurance premiums are due on a fiscal basis every July. This July 1, 2012 to June 30, 2012 is suggested for the base year for insurance. This can only be done on new leases at South Shore Harbor and Orleans Marina. Presently at Orleans Marina there is a three year locked lease for tenants on board July 1, 2012. Any new lease signed at Orleans Marina will reflect the expense stop proposed today. Any new lease or lease that expires June 30, 2012 at South Shore Harbor will have the provision to allow the Authority to accept charges based on calendar year July 2012 for water and fiscal year ending June 30, 2013 for insurance increases.

The insurance increase would be spread over the available slips. The water charges will be based on a formula for a 30-foot boat and a 60-foot boat. The increase in water charges may be divided by the number of slips occupied. When new leases go into effect there would be an adjustment.

Mr. Tom Long, tenant of Orleans Marina, noted that tenants will not object to the pass through as that is common in a commercial lease. Water increases should not apply across the board because a small 24-foot boat uses minimal water in a 30-foot slip. A large boat in a 60-70 foot slip uses much more water and larger boats use fresh water for the air condition system and fresh water pumps. The Authority should consider a pro-rated share based on the size of the slip. As this is a public body the Authority should provide documentation on the increase amount to show the Authority is only passing on the actual cost of the increase. The Authority should be fair and transparent with current tenants or those tenants will be lost along the way.

Commissioner Brien requested staff determine a schematic addressing the difference in slip size and water usage as slips are not separately metered. A 60-foot slip and a 30-foot slip's water usage have to be different.

Mr. Capo advised this was a discussion item on the Agenda to discuss the issue publicly and give tenants the opportunity to appear before the Committee to discuss concerns and issues prior to implementation of the increase.

3) Discussion regarding 2013-2014 Operating Budget for Orleans Marina and South Shore Harbor

Mr. Capo informed that staff is presently determining projections for South Shore Harbor. Projections were aggressive this year on the revenue side. Staff has backed down revenues for the 2013-2014 budget and were not as aggressive on occupancy. On the expense side staff is proposing two maintenance men at the Airport. The maintenance crew will be structured using one person at South Shore Harbor, one at Orleans Marina and one on Lakeshore Drive. The three individuals are able to work on any property, but costs will be split between the Marinas and Lakeshore Drive. Two maintenance people will remain at the Airport to avoid issues with the FAA regarding charging non-Airport personnel to the Airport. The Authority currently has someone on the airfield daily due to lighting and signage issues.

Commissioner Saizan noted that two general maintenance people should be housed at the Terminal under Airport staff. There is also a need for a receptionist to assist Mr. Pruitt and Ms. Coates. Mr. Capo advised that a receptionist is not in the budget. Once the Airport properties are up and running Ms. Coates will assist Mr. Pruitt with general duties and as the receptionist. All vacant staffing positions are currently being cut until the revenue stream begins in 2016. Commissioner Cantrelle added that cutbacks are necessary but the Authority cannot overload the employees because the quality of work will not be sufficient. Mr. Capo agreed and stated that Civil Service advised if three people perform accounts payable and one person leaves, that does not warrant additional compensation because the employees are doing the same function. Job descriptions of each employee are being reviewed and Civil Service requested the Authority re-write the job descriptions to determine if it will match what the employee is actually doing. Commissioner Cantrelle noted that the Authority could only put so much on the employees that are left. You can rewrite a job description to say what the Authority wants the job description to be, but is it fair to do that way? Mr. Capo advised that Civil Service will review the descriptions as the position may warrant additional compensation. After job descriptions are rewritten some positions may elevate that employee for additional compensation.

Mrs. Dawn Wagener, Comptroller, advised that the Authority does not have the funding to staff the office the way it should be. There are five people in Mr. Capo's office that will stay late and do what needs to be done to get Mr. Capo the information he needs and that the Board needs. The staff works hard and are not compensated appropriately, but that's the way it is until the Authority can get more funding to hire additional employees. Mr. Capo is saying the same thing; the Authority does not have the staff that we need, people are not being properly compensated, but staff is working to do what needs to be done.

ANNOUNCE NEXT MEETING

Chairman Brien announced the next Marina Committee meeting is scheduled for Tuesday, April 2, 2013 at 10:30 a.m.

ADJOURNMENT

Commissioner Cantrelle offered a motion to adjourn, seconded by Commissioner Baudy and unanimously adopted.

The meeting ended at 11:31