

FINANCE COMMITTEE MINUTES

April 24th, 2012

Chairman Jaclyn Hotard

Vice-Chairman Art Smith

Members: Lucien Gauff, III, Jaclyn Hotard, Art Smith, Ranney Wilson, Lennix Madere, Marvin Perrilloux, Michael Wright, Larry Snyder, Cheryl Millet

PRESENT: Lucien Gauff, III, Jaclyn Hotard, Art Smith, Lennix Madere, Marvin Perrilloux, Larry Snyder, Ranney Wilson, Cheryl Millet

ABSENT: Michael Wright

BID OPENING REPORT/AWARDS:

Randy Vincent - Bid Opening - Asphalt and Roadway Improvements and repairs

Randy Vincent, CFO, stated, "At 3:00 PM today we opened the bids submitted for our parishes asphalt and roadway improvements and repairs. Two bids were opened as they were presented to the parish in accordance with our advertisement for bids published on March 21st, 28th and April 4th. Barriere Construction presented the lowest bid in the amount of \$186,500.00. The second bidder was Coastal Bridge Company in the amount of \$186,550.00. The administration recommends taking these bids under advisement for review by the parish engineer."

MOTION: Councilman Smith moved and Councilman Snyder seconded the motion to take the bids for asphalt and roadway improvements and repairs under advisement. The motion passed with Councilman Wright absent.

Randy Vincent - Bid Opening - Concrete Sidewalks, Streets and Driveway Repairs

Randy Vincent stated, "A total of ten bids were received they were Byron E. Talbot Contractor - \$228,400.00, Compass Ventures Unlimited, LLC - \$120,840.00, HHP, LLC - \$180,250.00, LA Contracting Enterprise, LLC - \$198,420.00, Command Construction, LLC - \$283,000.00, Sumrall's Construction Company - \$247,500.00, Kort's Trucking, Inc. - \$281,400.00, Fleming Construction Company, LLC - \$286,950.00, Hard Rock Construction, LLC - \$317,500.00, Stevens Construction, Inc. - \$334,000.00. The administration recommends taking these under advisement."

Councilwoman Millet stated, "I just want to ask one question and I know the bids are really far off in numbers and I know we are going to take this under advisement but is this for a blanket bid for all of the concrete repairs or is this how much they are charging by square? I am just trying to figure out how the numbers are so far apart on the bids."

Randy Vincent stated, "It is my understanding that it is a blanket bid."

Councilwoman Millet asked, "So this is what it is going to cost us for

the year?"

Councilwoman Hotard stated, "Actually these bids are a per unit price so each individual item is itemized on the bid spec and the contractors submit a price for each individual item and that is how you get the total base bid. It is an estimate and then depending on the types of repairs we need throughout the year will determine the actual dollar amount being spent on the contract but these numbers are based on a per unit price."

Councilwoman Millet stated, "That is what I was concerned with because the numbers were so different. I just wanted to understand that."

MOTION: Councilman Snyder moved and Councilman Perrilloux seconded the motion to take all ten bids for concrete sidewalks, streets and driveway repairs under advisement. The motion passed with Councilman Wright absent.

Stacey Cador - (Tabled 4-10-12) Award of Property, Casualty and Liability Insurance

MOTION: Councilman Smith moved and Councilman Perrilloux seconded the motion to remove the item: Award of Property, Casualty and Liability Insurance from the table. The motion passed with Councilman Wright absent.

Stacey Cador, Director of Human Resources, stated, "Based on evaluation of the proposals by the Source Selection Committee and an Independent Professional Opinion, Administration recommends awarding the property, casualty and liability insurance as proposed by Arthur J. Gallagher Risk Management Services, Inc. quoting through Millet Insurance Agency. The total estimated premium was increased to \$645,103.00 by adding \$2,500 for Commercial Crime coverage to the initial package of \$642,603.00. This results in a 12.22% premium decrease from the expiring premium of \$734,940.60. The current policy expires today, April 29, 2012. The property proposal from Lloyd's of London is fairly comparable to the program currently in place, but the standard deductible is significantly less, there are several extensions for accounts receivable and valuable papers coverage is more appropriate for the parish. The upfront premium savings (\$80,000) would cover the cost of the wind deductible (\$100,000). In the event of a significant wind event with catastrophic damage, the wind/hail deductible is negated and the 2% wind/hail deductible is comparable with current coverage. The casualty proposal from One Beacon offers the best value upfront premium savings with the broadest casualty coverage and the fewest exclusions and/or limitations while aligning all the liability insurances. With Self Insured Retention, the parish is responsible for a larger portion of losses and costs associated with handling and managing claims. However, historical claims experience has been favorable and positions the parish well to self-insure more of the losses. The immediate premium savings would generate a positive cash flow including an allowance for defense costs and Third Party Administration service fees. The parish would have to suffer more than one major casualty loss before the total of One Beacon's premiums and claim costs become more expensive than the premiums and claim costs with the current plan. Please understand that we have a great working

relationship with our current agent. Our recommendation is based on objective evaluation of the proposals."

Councilman Smith stated, "I would like to make a motion that because of the risk that we are taking and I don't want to gamble. I would like to make a motion that we retain the present carrier that we have now."

Councilwoman Hotard stated, "Okay I have a motion from Councilman Smith that we continue the coverage with Riverlands Insurance Agency."

Councilman Madere stated, "I second."

Councilman Snyder stated, "Will this insurance company that Mr. Smith made the motion about will they take a bigger part of the responsibility of facilitating the insurance or the liability part of the coverage? In other words will they be our mouth piece instead of us being in the insurance business? I really don't think we should be in the insurance business. I really don't. I would rather see someone who knows what they are doing with years of experience. I don't know who this is but I do know that I don't think this parish needs to be in the insurance business and we need somebody to represent us. I know we are going by statistics and saying it hasn't happened in a few years but it only takes one time and it can wipe us out. I just want to know the one that Mr. Smith is recommending, will that insurance agency there be our mouthpiece and facilitate any liability that we may have?"

Stacey Cador stated, "I wouldn't necessarily say that they would be a mouthpiece but we would continue to submit our claims to that agent for handling. As we would if you were to go with the coverage that the administration is proposing."

Councilman Snyder asked, "So why didn't we not do this in the first place? We chose the other company because of what reason? This is a conglomerate of things and I think all of this if you really want to be honest it kind of gets tangled up in our heads but I do know this that I don't think we should be in the insurance business and I would like to have someone to represent us that is going to be looking out for our benefit even if it costs us a little bit more money."

Councilman Smith stated, "I think that is what that does. With the one that they are proposing right now we have some self-insurance and open liability there that we cannot control but with this we are out of the insurance business and we are covered. Correct me if I am wrong Mrs. Cador."

Stacey Cador stated, "We would still have some involvement if we were to go with the coverage that the administration proposes. We would still submit claims through AJ Gallagher or through Millet Insurance Agency."

Councilman Madere stated, "I agree with Mr. Snyder and Mr. Smith. We shouldn't be in the insurance business and we shouldn't take any chance as far as being involved and I do know there is still some risks or liability with the insurance but I remember coming to a council meeting several years ago and the council at that time stated that they pay these insurance people to keep them out of these types of problems. So I think it is a good thing that we stay out of the insurance business

and pay someone to handle it even though we still may have some liability but we don't want to increase that liability so I think it is best to just stay with what we have."

Councilman Gauff stated, "I would just like to say that I think both sides did a really good job with their proposals. As my fellow council members have stated, there are some things that we just don't understand and we tried to get the knowledge and understanding of them and as far as I take it I am more comfortable with where we were. It just seems like I am prepared to stay with someone that has been representing the parish and it seems like I wouldn't want to take a chance with going with an unknown. That is just my take on it so I would have to agree with Mr. Smith."

MOTION: Councilman Smith moved and Councilman Madere seconded the motion that the parish continue the coverage with our current provider Riverlands Insurance Agency. The motion passed with 6 yeas, 2 abstaining (Millet, Hotard) and 1 absent (Wright).

Theresa Rodgers - Authorization to execute the Certificate of Substantial Completion with Sealevel Construction, Inc. for the Lion's Water Plant Phase VII Project

Theresa Rodgers, CAO, stated, "This project was inspected on Thursday, April 18 and found to be substantially complete. Only minor touch-up painting was needed which was completed April 19. Administration requests authorization to execute the Certificate of Substantial Completion."

Councilman Smith asked, "Mrs. Rodgers this substantial completion, I am not against giving the substantial completion for the project I know the project is almost done. My question is will this get us to the point where we started out at I think we were at 3 or 2 mgd and we were supposed to go to 5 mgd? Are we at that point yet?"

Theresa Rodgers stated, "At the Lion's Water Plant I believe the capacity that this puts us at is 3 mgd. Is that correct Mr. Savoie?"

C.J. Savoie, Parish Engineer, stated, "It is a little more complicated than that because it was intended to bring us to 5 mgd. We had already over almost 3 mgd with the existing filters. Some of the existing filters that we had we did not know that DHH has come in since that time, after the design and has put some restrictions on these filters that they are requiring us to do some additional work to the old filters or you either come up with another means of getting us some additional water. This existing filter right now, the new one you can produce 3 mgd with it. If you had the other ones involved or running you would be well over that but until we get some work done to those or come up with another plan we are not at that 5 mgd at this point."

Councilman Smith stated, "So basically we need to spend some more money to get to those 5 mgd? We have spent all of this money and DHH came in and shut down a couple of filters so we are back down to 3 mgd. We need to be up to 5. I am asking for a particular reason because if we are going to run this line across the river so that you can supply water to the West Bank and if you can't supply water to LaPlace, Garyville and Reserve and then the West Bank. So we need to get the Lion's Plant

fixed is basically what I am saying. We need to find additional funding so that we can correct the problem on the West Bank because right now we don't have the redundancy because we cannot supply the capacity. Is that true or not true?"

Chuck Savoie stated, "That is true. You will need to get back up close to 5 mgd up the road here."

Councilman Smith asked, "So we need to spend approximately 2 to 3 million dollars to get these filters replaced?"

Chuck Savoie stated, "Well we spent on this filter somewhere around 3.7 million but we did some other things. I am guessing with inflation and so forth we would be around another 3.5 million dollars to bring in another filter of the same size."

Councilman Smith asked, "So the Lion's Water Plant is going to cost an additional 3.5 million dollars so we need to start looking for funding basically?"

Councilman Snyder stated, "Let me get this right, I just want to get this straight. I don't know exactly the amount that we spent up there but we are still not up to where we need to be at Lion's. Am I right? We are not to the 5 mgd? How long would it take us to get these filters in to get up to the 5 mgd?"

Chuck Savoie stated, "If you were going to put in another filter you are probably looking at another year between design and construction."

Councilman Snyder stated, "Okay another year. So that means the people on the West Bank will be without a backup for another year or at least another year and if they needed backup we wouldn't be able to supply them because we don't have enough or am I wrong? Do we have enough water to supply us over here on the East Bank?"

Chuck Savoie stated, "You have enough water at this time and if you needed a backup for the West Bank, if the line was there which it is not even under the river at this time so that is going to take some time to do that but if you did have the line right now and you had to supply it on a temporary basis right now you probably could send some water there because you are not pumping a total of 3 mgd at this moment."

Councilman Snyder asked, "Then we wouldn't have a backup for LaPlace?"

Chuck Savoie stated, "You wouldn't have additional water other than that. You are correct. You have a supply of water right now you are just not at the point of where you want it to be at 5 mgd and we are at 3."

Councilman Snyder stated, "You know Mr. Lipper is looking like a genius today that is all I have to say about that."

MOTION: Councilman Smith moved and Councilman Madere seconded the motion to grant administration authorization to execute the Certificate of Substantial Completion with Sealevel Construction, Inc. for the Lion's Water Plant Phase VII Project. The motion passed with Councilman

Wright absent.

Theresa Rodgers - Amendment to contract with Environmental Engineering Services, Inc. to change scope of work from clarifier to Potable Water River Crossing

Councilman Snyder asked, "Is it possible that we can table that?"

Councilwoman Hotard asked, "Mrs. Rodgers, is this a time sensitive issue?"

Theresa Rodgers stated, "It is a priority for us to start the work, to get the redundancy in the water system and actually the administrative order is going to require the redundancy and we would definitely like to see the water line under the river as a priority."

Councilwoman Hotard asked, "Is there going to be some sort of legal situation if the council chooses to table this item?"

Councilman Snyder stated, "I think we may have discussed it but I don't think this council is the one who approved that."

Theresa Rodgers stated, "No sir."

Councilman Snyder stated, "I have another question for Mr. Savoie. If we were to put another clarifier on the West Bank, how much time would that take if we start next month?"

Chuck Savoie stated, "I would say it would probably take about a month or so to design it and then probably by the time they order the equipment I would say probably anywhere from six to eight months."

Councilman Snyder asked, "How much cheaper would that be than putting that thing under the river and waiting and you still might not have backup for another year."

Chuck Savoie stated, "I think they estimated the clarifier would cost around \$900,000.00 somewhere in there and the line under the river is about 1.6 or 1.7 million."

Councilman Snyder stated, "That is why I want to table this."

MOTION: Councilman Snyder moved and Councilman Madere seconded the motion to table the amendment to the contract with Environmental Engineering Services, Inc. to change scope of work from clarifier to Potable Water River Crossing. The motion passed with Councilman Wright absent.

Any and all other financial concerns

There were no other financial concerns at this time.

Adjournment

MOTION: Councilwoman Millet moved and Councilman Perrilloux seconded the motion to adjourn. The motion passed with Councilman Wright absent.