

LAFITTE AREA INDEPENDENT LEVEE DISTRICT

PERFORMANCE AUDIT SERVICES

Informational Brief
Issued March 22, 2023

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March 22, 2023

The Honorable Patrick Page Cortez,
President of the Senate
The Honorable Clay Schexnayder,
Speaker of the House of Representatives

Dear Senator Cortez and Representative Schexnayder:

This informational brief provides the results of our review of the Lafitte Area Independent Levee District's (LAILD or the District) operations. This brief is intended to provide timely information related to an area of interest to the legislature or based on a legislative request. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to LAILD for its assistance during this audit.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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LAFITTE





Informational Brief

Lafitte Area Independent Levee District

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WAGUESPACK, CPA

Audit Control# 40220027
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Background

The Lafitte Area Independent Levee District (LAILD or the District) was created on January 1, 2008.¹ LAILD is domiciled in the Town of Jean Lafitte and provides flood protection through the construction and maintenance of levees and drainage² for those areas within its boundaries – including Jean Lafitte and unincorporated areas of Lafitte, Barataria, and Crown Point – of Jefferson Parish.

LAILD’s Board of Commissioners (Board) consists of five³ members who reside in Jefferson Parish within the levee district.⁴ The five members, subject to confirmation by the Senate, are appointed by the Governor for four-year terms and include one member nominated by the governing authority of Jean Lafitte and four members nominated by the legislators representing the portion of Jefferson Parish located within the levee district. Members are appointed so that there are always at least two professionals with at least 10 years of experience in their respective disciplines on the Board, one of whom must be an engineer. Board members receive a per diem set by the federal government for attendance at each monthly board meeting, which is \$156 per meeting during fiscal year 2023.⁵

State law⁶ gives the Board the authority to buy and hold, sell and transfer, or exchange property; make and execute contracts; and perform all acts necessary to ensure the thorough and adequate protection of lands of the District from flood damage and for adequate drainage control. The Board is also statutorily required to

Why We Compiled This Informational Brief

Because of legislative interest in the Lafitte Area Independent Levee District’s (LAILD or the District) operations, we obtained and reviewed policies, contracts, financial statements, board meeting minutes, and contract payments.

Informational briefs are intended to provide more timely information than standards-based performance audits. While these informational briefs do not follow all *Governmental Auditing Standards*, we conduct quality assurance activities to ensure the information presented is accurate. We met with the District and incorporated its feedback throughout this informational brief.

¹ Act 475 of the 2007 Regular Legislative Session

² Louisiana Revised Statute (R.S.) 38:301(A)(1)

³ As of March 2023, the Board has one vacancy.

⁴ R.S. 38:291(Y)(2) and (4)

⁵ R.S. 38:308

⁶ R.S. 38:306

examine all of the accounts and operations of the Board and determine in what manner work shall be undertaken.

As of March 2023, LAILD has five employees, including a director of administration, a part-time assistant, and three equipment operators. In addition, LAILD contracts with one program manager and project managers from two engineering firms. Generally, LAILD is funded by Jefferson Parish and the Coastal Protection and Restoration Authority (CPRA) of Louisiana, as well as through property taxes, as discussed further in the following section.

What We Found

During fiscal years 2018 through 2022, LAILD's revenues increased from \$1,593,389 to \$17,626,376. This increase in revenue is largely due to reimbursements from Jefferson Parish and CPRA for expenses related to Hurricane Ida in August 2021. LAILD also receives funding from a dedicated property tax millage;⁷ however, in fiscal year 2022 the assessor reduced property values by 80% on levee properties heavily affected by Hurricane Ida. This reduction decreased LAILD's property tax revenue, which funds the District's operating expenses. Exhibit 1 summarizes LAILD's revenues during fiscal years 2018 through 2022.

Exhibit 1						
Lafitte Area Independent Levee District Revenues						
Fiscal Years 2018 through 2022						
	FY18	FY19	FY20	FY21	FY22	Total
Operating funding*	\$0	\$33,957	\$59,111	\$304,060	\$13,279,618**	\$13,676,746
Capital funding***	1,366,085	7,880,717	12,792,667	1,004,399	4,125,885	27,169,753
Property taxes	222,557	243,550	209,588	239,599	161,677	1,076,971
BP Settlement	0	0	0	1,156,358	0	1,156,358
Miscellaneous	4,747	6,650	43,201	0	59,196	113,794
Total revenues	\$1,593,389	\$8,164,874	\$13,104,567	\$2,704,416	\$17,626,376	\$43,193,622
* Operating grants/contributions include any money received for operations, either through Memorandums of Understanding (MOUs) or Cooperative Endeavor Agreements (CEAs).						
** Reimbursements from Jefferson Parish and CPRA for expenses related to hurricane preparation, emergency response measures, and debris removal after Hurricane Ida in August 2021.						
*** Capital grants/contributions include any money received for capital projects through MOUs or CEAs, such as funding from Jefferson Parish or CPRA for levee projects.						
Source: Prepared by legislative auditor's staff using LAILD's audited financial statements.						

⁷ Article 6, Section 39 of the Louisiana Constitution of 1974 provides that for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto, LAILD may levy a tax annually.

During fiscal years 2018 through 2022, LAILD's expenditures increased from \$3,425,577 to \$20,030,944. This increase was largely due to an increase in hurricane and tropical storm expenditures, as well as capital outlay spending. Exhibit 2 summarizes LAILD's expenditures during fiscal years 2018 through 2022.

Exhibit 2 Lafitte Area Independent Levee District Expenditures Fiscal Years 2018 through 2022						
	FY18	FY19	FY20	FY21	FY22	Total
Personal services and related benefits	\$322,560	\$332,533	\$329,372	\$245,300	\$461,678	\$1,691,443
Travel	2,114	2,603	370	0	543	5,630
Professional services	33,100	33,350	31,750	28,225	22,625	149,050
Office supplies	49,987	34,582	37,207	47,213	36,676	205,665
Repairs and maintenance	9,002	57,096	102,061	118,007	5,976	292,142
Miscellaneous	669	1,115	2,440	0	0	4,224
Capital outlay	2,642,852	8,561,001	7,993,878	3,889,937	5,445,492	28,533,160
Hurricane and tropical storm expenditures	365,293	856	1,438,465	1,115,042	14,057,954*	16,977,610
Total expenses	\$3,425,577	\$9,023,136	\$9,935,543	\$5,443,724	\$20,030,944	\$47,858,924
*Costs related to hurricane preparation, emergency response measures, and debris removal after Hurricane Ida in August 2021. Reimbursements of \$11,344,689 were received from Jefferson Parish and \$1,910,734 was received from CPRA. In addition, claims totaling \$3,407,133 are in the process of being filed with FEMA to recoup unreimbursed and uninsured costs for debris removal, emergency responses, damage to levee structures, and administrative costs. These claims are expected to be obligated in the near future and reimbursed at either 100% or 90%, depending on the category of the claim.						
Source: Prepared by legislative auditor's staff using LAILD's audited financial statements.						

Specifically, during fiscal years 2018 through 2022, LAILD spent approximately \$28.5 million on capital outlay flood protection projects including levee construction and engineering, and drainage engineering. See Appendix A for a complete list of contracts and amounts paid from February 2015 through February 2023.

State law⁸ requires that LAILD conduct all business in accordance with the provisions of the Louisiana Public Bid Law,⁹ which sets forth dollar thresholds that require the solicitation of quotes or bids. According to LAILD policy, when those thresholds are met, the District follows the procedures required by the bid law and obtains the required quotes or bids, advertises when needed, holds open bid tabulation meetings as needed, etc. Contracts with related parties (family and business interests) are strictly prohibited by LAILD policy. If bids are

⁸ R.S. 38:321

⁹ R.S. 38:2211 et seq.

needed for construction activity, LAILD typically relies on a third-party consultant/engineer to prepare a bid package that includes the scope and specifications of the project. Although the Public Bid Law does not require professional services such as engineering to be bid, LAILD policy states that competitive proposals (i.e., RFPs) will be issued at the discretion of the Board when it determines that it would benefit the District.

As of February 2023, LAILD has 28 active contracts for levee construction/engineering or drainage engineering projects in various phases of design. Following Hurricane Katrina in 2005, the U.S. Army Corps of Engineers (Corps) decided to only let contracts for projects that would provide 100-year flood protection. As a result, smaller levee districts such as LAILD were created so that the districts could continue to work on the list of lesser projects previously handled by the Corps. According to LAILD, the levee projects come from the Corps' preauthorized¹⁰ annual flood control activity reports,¹¹ and the Board decides the priority of the projects based on available funding. After LAILD was created in 2008, the District continued to lobby the state and federal government for protection and secured funds through the Department of Transportation and Development's (DOTD) Statewide Flood Control Program and CPRA of Louisiana.¹² Exhibit 3 shows LAILD's 10 levee projects in bold followed by the 18 associated drainage projects as of February 2023.¹³ See Appendix A for details related to each contract including the contractor, date signed, total amount of contract, and total spent as of February 2023.

¹⁰ Under the authority of Section 205 of the 1948 Flood Control Act

¹¹ Contained in annual Reports of the Secretary of the Army on Civil Works Activities

¹² R.S. 38:306(C) authorizes the Board to require DOTD or CPRA to lay off, furnish estimates, and perform all engineering work necessary to the location, construction, and repairs of levees.

¹³ LAILD also has three ongoing drainage projects that are associated with a completed levee project.

Exhibit 3	
LAILD Project List as of February 2023	
1. Rosethorne Basin Tidal Flood Protection	
2. Rosethorne Basin Tidal Protection – Phase I (construction phase)	
3. Goose Bayou/Penn Levee Basin Tidal Protection	
	<ul style="list-style-type: none"> • Goose Bayou – LA 45 Drainage Improvements • Goose Bayou – Rachel Street Pump Station
4. Lower Lafitte (Orange Street) Basin Tidal Protection	
	<ul style="list-style-type: none"> • Lower Lafitte – Orange, Maise, and 2nd Street Drainage Improvements
5. Paillet Basin Tidal Flood Protection	
	<ul style="list-style-type: none"> • Paillet Drainage Improvements and Chaz Pizani Pump Station
6. Crown Point Basin Levee System	
	<ul style="list-style-type: none"> • Glisson Park Pump Station • Sharpe Road Pump Station • North Sharpe Road Drainage • South Sharpe Road Drainage • Southwest Crown Point Pump Station
7. Lower Barataria Basin Tidal Protection Levee	
	<ul style="list-style-type: none"> • Barataria Drainage Improvements
8. Upper LA 45 Evacuation Route Basin Tidal Surge Protection	
	<ul style="list-style-type: none"> • Upper LA 45 Evacuation Route Tidal Surge Protection – Interior Storm Water Drainage System
9. Lower LA 45 Evacuation Route Basin Tidal Protection	
	<ul style="list-style-type: none"> • Lower LA 45 Evacuation Route Basin Drainage Improvements
10. Jones Point Levee Basin Protection System	
	<ul style="list-style-type: none"> • Jones Point – Carmelite Pump Station and Drainage Improvements • Jones Point – Trahan and Jones Point Pump Stations • Jones Point – LA 301 Drainage
<i>Fisher School Basin Tidal Flood Protection Project Phase 2 (Completed)</i>¹³	
	<ul style="list-style-type: none"> • Town of Jean Lafitte – Gloria Drive Pump Station • Town of Jean Lafitte – Highway 45 Pump Station • Town of Jean Lafitte – Rogers, Joseph, Treasure, and Tasha Drainage Improvements
Source: Prepared by legislative auditor’s staff using information provided by LAILD.	

As of February 2023, LAILD has 28 contracts with 13 firms for levee construction/engineering or drainage engineering projects, and two contracts for project managers that oversee the other 28 projects. The majority of the projects are related to drainage, with 18 drainage/pump station projects currently in the design phase. Appendix A contains a list of current LAILD contracts for levee construction, levee engineering, and drainage engineering projects that have been let since February 2015, as well as contract totals and amounts paid as of February 2023. Of the 28 current contracts, 27 are in the design phase of the project and therefore were let as professional services contracts¹⁴ to engineering firms. These engineering firms are contracted by LAILD to conduct the bid process and select the firms to perform the construction phases of the projects. As of February 2023, LAILD has one project in the construction phase, as shown in Appendix A. Appendix B shows a map of the basins that comprise the Lafitte Tidal Protection System and LAILD’s current levee engineering projects.

¹⁴ The Public Bid Law does not require that professional services contracts are bid.

APPENDIX A: LAFITTE AREA INDEPENDENT LEVEE DISTRICT FLOOD PROTECTION CONTRACTS

As of February 15, 2023

Project	Contractor	Date Contract Signed by LAIDL	Contract Amount*	Paid Amount as of 02/15/2023
Project Management Contracts				
Levee Project Management	Evans-Graves Engineers, Inc.	02/12/2021	\$60,000	\$58,900
Drainage Project Management	Meyer Engineers, Ltd.	05/09/2020	500,000	474,312
Total Project Management Contracts			\$560,000	\$533,212
Levee Engineering Projects				
Rosethorn Basin Tidal Flood Protection	Aptim Coastal, Inc.	04/13/2018	\$1,494,329	\$1,074,724
Goose Bayou/Penn Levee Basin Tidal Protection	CB&I Coastal, Inc. (bought out by Aptim Coastal, LLC)	02/16/2016	1,711,924	1,024,008
Lower Lafitte (Orange Street) Basin Tidal Protection	Evans-Graves Engineers, Inc.	05/10/2017	1,119,802	943,221
Pallet Basin Tidal Flood Protection	CB&I Environmental & Infrastructure, Inc. (bought out by Aptim Coastal, LLC)	04/26/2017	1,822,330	968,689
Crown Point Basin Levee System	Meyer Engineers, Ltd.	02/13/2015	4,859,800	2,061,325
Lower Barataria Basin Tidal Protection Levee	CB&I Environmental & Infrastructure, Inc.	06/14/2017	1,429,808	790,617
Upper LA 45 Evacuation Route Basin Tidal Surge Protection	AIMS Group, Inc.	06/15/2017	1,648,870	535,598

Project	Contractor	Date Contract Signed by LAILD	Contract Amount*	Paid Amount as of 02/15/2023
Lower LA 45 Evacuation Route Basin Tidal Protection	Evans-Graves Engineers, Inc.	05/31/2017	1,650,000	915,611
Jones Point Levee Basin Protection System	Meyer Engineers, Ltd.	05/16/2017	1,720,659	859,316
Total Levee Engineering			\$17,457,522	\$9,173,109
Note: Engineering contracts are professional services and thus not required to be bid per the Public Bid Law.				
Levee Construction Projects				
Rosethorne Basin Tidal Protection – Phase I	Circle, LLC	06/03/2021	\$10,898,266	\$6,993,375
Total Levee Construction			\$10,898,266	\$6,993,375
Note: Construction contracts are bid by LAILD’s contracted engineering firms.				
Drainage Engineering Projects				
Town of Jean Lafitte – Gloria Drive Pump Station	Barowka and Bonura Engineers and Consultants, LLC	12/20/2020	\$318,479	\$138,353
Town of Jean Lafitte – Highway 45 Pump Station	ECM Consultants, Inc.	10/16/2020	400,897	81,371
Town of Jean Lafitte – Rogers, Joseph, Treasure, and Tasha Drainage Improvements	Professional Engineering and Environmental Consultants, Inc.	09/18/2020	76,875	50,485
Town of Jean Lafitte - Goose Bayou – LA 45 Drainage Improvements	G.E.C., Inc	07/07/2020	298,666	87,371
Goose Bayou – Rachel Street Pump Station	Principal Engineering, Inc.	07/16/2020	253,650	61,482
Lower Lafitte – Orange, Maise, and 2 nd Street Drainage Improvements	Hartman Engineering, Inc.	03/01/2021	337,319	172,638
Paillet Drainage Improvements and Chaz Pizani Pump Station	Meyer Engineers, Ltd.	05/25/2020	381,092	241,814
Glisson Park Pump Station	Meyer Engineers, Ltd.	04/13/2020	225,344	218,411

Project	Contractor	Date Contract Signed by LAILD	Contract Amount*	Paid Amount as of 02/15/2023
Sharpe Road Pump Station	Meyer Engineers, Ltd.	04/13/2020	222,799	212,163
North Sharpe Road Drainage	Meyer Engineers, Ltd.	04/13/2020	208,583	178,092
South Sharpe Road Drainage	Meyer Engineers, Ltd.	04/13/2020	146,125	142,666
Southwest Crown Point Pump Station	Meyer Engineers, Ltd.	04/13/2020	172,852	5,008
Barataria Drainage Improvements	Aptim Coastal, Inc.	01/20/2020	2,843,400	285,388
Upper LA 45 Evacuation Route Tidal Surge Protection – Interior Storm Water Drainage System	AIMS Group, Inc.	04/17/2019	1,106,977	741,908
Lower LA 45 Evacuation Route Basin Drainage Improvements	Evans-Graves Engineers, Inc.	08/13/2019	418,800	102,334
Jones Point – Carmelite Pump Station and Drainage Improvements	AIMS Group, Inc.	06/25/2020	242,097	171,552
Jones Point – Trahan and Jones Point Pump Stations	Evans-Graves Engineers, Inc.	07/07/2020	234,071	170,227
Jones Point – LA 301 Drainage	GIS Engineering, LLC	07/07/2020	141,655	118,390
Total Drainage Engineering			\$8,029,681	\$3,179,653
Note: Engineering contracts are professional services and thus not required to be bid per the Public Bid Law.				
Total			\$36,945,469	\$19,879,349
*Contract total includes all subsequent amendments Source: Prepared by legislative auditor’s staff using information provided by LAILD.				

APPENDIX B: MAP OF LAFITTE TIDAL PROTECTION BASINS



Illustration courtesy of Arcadis
Lafitte Tidal Protection Basins

Source: Louisiana’s Comprehensive Master Plan for a Sustainable Coast, Coastal Protection and Restoration Authority of Louisiana, Effective June 2, 2017