



*State of Louisiana*

**OFFICE OF  
STATE INSPECTOR GENERAL**

**TREME COMMUNITY EDUCATION PROGRAM**

**Report by  
Inspector General Bill Lynch**

**Prepared for  
Governor M.J. "Mike" Foster, Jr.**

**December 22, 1999**

**File No. 1-99-0045**



*State of Louisiana*

**OFFICE OF  
STATE INSPECTOR GENERAL**

**Treme Community  
Education Program**

**November 16, 1999**

**Report by**

*BL*

**Inspector General Bill Lynch**

**Approved by**

*MJF*

**Governor M.J. "Mike" Foster, Jr.**

**File No. 1-99-0045**

# Treme Community Education Program

The Treme Community Education Program, a New Orleans community service organization funded by state and federal funds, overpaid at least \$107,200 for leased vehicles from July, 1996 to February, 1999 to a company owned by another community service program director, rather than from an established vehicle dealer or leasing company. One of the leased vehicles was for the personal use of the organization's executive director.

The Governor's Office of Elderly Affairs improperly ordered the New Orleans Council on Aging to disburse \$12,500 in state funds to Treme in fiscal year 1998, which were being held up by the Council on Aging for lack of supporting documentation on the questionable vehicle leases.

The New Orleans Council on Aging violated the terms of its fiscal year 1999 contract with Elderly Affairs by releasing \$75,000 in funds to Treme on a subcontract, which it refused to sign because of the questionable vehicle leases.

An employee of the Department of Social Services received \$3,000 from Treme while the state agency contracted with Treme for services, which is a matter for the Louisiana Board of Ethics to review.

## Background

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Treme Community Education Program is a non-profit organization which was established on May 31, 1996, to provide community services for the New Orleans area.

The officers and members of the Board of Directors are:

Paul West, President  
Don Davidson, Vice President  
Gregory Briant, Treasurer  
Louvinia Wallace, Secretary  
Bruce Davenport, Member

Anthony Roman, Member  
Clarence Lewis, Member  
Don Boucree, Member  
Shirlaine George, Member  
Robert McFarland, Member

Treme currently conducts two primary programs, the Harmony House and the Treme Youth Development Center.

The Harmony House is a recreational senior center, which is funded with state funds from the Governor's Office of Elderly Affairs through the New Orleans Council on Aging, the Department of Social Services Office of Community Services and the Governor's Office of Urban Affairs and Development.

The Treme Youth Development Center provides after school care for children ages 6 through 16 and is funded with state funds from the Department of Social Services Office of Community Services and the Governor's Office of Urban Affairs and Development.

For fiscal year 1999 Treme had the following state funding sources:

Governor's Office of Elderly Affairs/New Orleans Council on Aging *	\$ 75,000
Department of Social Services - Office of Community Services	114,000
Department of Social Services - Office of Community Services	89,000
Governor's Office of Urban Affairs and Development	<u>193,105</u>
<i>Total</i>	\$471,105

Treme had a \$134,088 Family Independence (FIND) Work Program contract for fiscal year 1998 with Social Services Office of Family Support of which \$98,555 was federal funds. This program was established to help welfare recipients obtain jobs.

Funds were mailed to Treme from all of the above funding sources.

## Vehicle Leases

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The Treme Community Education Program overpaid Webb Enterprises at least \$107,200 for leased vehicles. In addition the executive director of Treme, Norman Smith, uses one of the leased vehicles for personal use.

Treme chose to lease vehicles from Webb Enterprises instead of an automotive dealership or leasing company. Webb Enterprises is a sole-proprietorship owned by Warren Webb and operated from his home. Mr. Webb is the program director for the New Orleans Educational Talent Search Program. Mr. Webb reports to the executive director of Talent

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\* This amount reflects the previously discussed unsigned contract.

Search, Robert McFarland. Mr. McFarland became a member of Treme's Board of Directors after the vehicle lease agreements. The Office of Inspector General is currently drafting a report on Talent Search.

### Overpayment of Vehicle Lease Agreements

According to the terms of the lease agreements between Treme and Webb Enterprises, from July, 1996, to February, 1999, Treme paid Webb Enterprises an agreed upon \$210,600 in lease payments plus an additional \$26,300 in non-refundable deposits for a total of \$236,900. However, Treme paid Webb Enterprises a total of \$244,000 for the leased vehicles, which was a \$7,100 overpayment beyond the agreed upon amount.

Office of Inspector General auditors made comparative lease payment calculations with a nationwide equipment leasing company, which indicate that Treme overpaid Webb Enterprises by at least \$107,200. The nationwide leasing company from which the figures were obtained was not requested to and did not submit a response to Treme's request for bids.

On July 3, 1996, Treme executed a vehicle lease agreement with Webb Enterprises extending through June 30, 2000. The lease included a 28-passenger Ford E-350 mini-bus and a 7-passenger Ford mini-van. The lease required Treme to pay \$4,700 per month plus a non-refundable deposit equal to one month's rent for the vehicles. This agreement was an operating lease agreement in which Webb Enterprises retained ownership at the end of the lease term.

The operating lease was modified on July 1, 1998, as follows:

1. The lease term was changed from four years to a year-to-year lease, and the renewal is still in effect.
2. The 7-passenger Ford mini-van was changed to a 7-passenger 1997 Chrysler Town & Country mini-van.
3. The monthly lease payments were changed from \$4,700 per month to \$3,200 per month for both vehicles.
4. The lease required Treme to pay a non-refundable deposit equal to two months of the monthly lease payments, or \$6,400.

According to the vehicle registrations obtained from Treme, the cost of the vehicles plus taxes, title and licensing fees paid by Webb Enterprises were as follows:

1997 Ford 28-Passenger Mini-bus	\$56,297
1997 Ford 7-Passenger Mini-van	\$23,530
1997 Chrysler Town & Country 7-passenger Mini-van	\$29,916

The comparative lease payments calculated with a nationwide equipment leasing company were based on the costs and fees paid by Webb Enterprises for the vehicles. The payments were calculated on a 36-month lease with a down payment equivalent to two monthly lease payments and a \$1 buyout option. When the buyout option is executed ownership transfers to the lessee. Under the lease agreement between Treme and Webb Enterprises, ownership does not transfer to Treme. Therefore, the lease rates we are using for comparison are actually higher than perfectly comparable rates would be.

The comparative lease payments per month are as follows:

	<u>Monthly Lease Payments</u>	<u>Comparative Lease Payments</u>
1997 Ford 28-Passenger Mini-bus/ 1997 Ford 7-Passenger Mini-van	\$4,700	\$2,704
1997 Ford 28-Passenger Mini-bus/ 1997 Chrysler 7-Passenger Mini-van	\$3,200	\$2,922

For the 32 months from July, 1996, to February, 1999, Treme paid Webb Enterprises \$166,400. Based on the comparative leasing rates with the buyout option above, Treme should have paid Webb Enterprises no more than \$99,524. Treme overpaid Webb Enterprises by at least \$66,876 on these two leases.

On Aug. 3, 1997, Treme executed a second operating lease agreement with Webb Enterprises to terminate on June 30, 1998. The lease was renewed on July 1, 1998 to terminate on June 30, 1999. This lease was for a 28-passenger 1997 Supreme Senator/Chevrolet mini-bus. The lease required Treme to pay \$3,800 per month plus a non-refundable deposit equal to two months of lease payments, or \$7,600.

According to the vehicle registration obtained from Treme, the cost of the vehicle plus tax, title and licensing fees paid by Webb Enterprises was \$52,636. The comparative lease payments were again calculated based on the costs and fees paid by Webb

Enterprises. For a 36-month lease with a down payment equivalent to two monthly lease payments and a \$1 buyout option, lease payments per month would be \$1,775.

For the 19 months from August, 1997, to February, 1999, Treme paid Webb Enterprises \$77,600. Based on the comparative leasing rates with the buyout option above, Treme should have paid Webb Enterprises no more than \$37,275. Treme overpaid Webb Enterprises by at least \$40,325 for this lease.

According to Mr. Webb, one justification for the higher lease rates is the maintenance of the vehicles. However, Treme's financial records from just July, 1998, through February, 1999, show that Treme paid \$2,151 for repairs and general maintenance of the vehicles, in addition to the monthly payments. Mr. Webb also claims that another justification for the higher lease rates is depreciation. However, the lower comparative lease payments also take depreciation of the vehicles into consideration. Mr. Webb further claims that he must wait sometimes 120 days from the time Treme enters into a new contract before his first payment is received.

Mr. Webb stated that he would send us copies of the purchase and financing agreements for each of the vehicles. However, he has failed to produce these documents.

#### Personal Use of Leased Mini-Van

Norman Smith, the executive director of Treme, uses the leased Chrysler luxury mini-van for personal use.

Sheronde Gennings, the bookkeeper for Treme, stated that Mr. Smith used the Chrysler luxury mini-van to travel to and from home. Ms. Gennings went on to say that the luxury mini-van was not used to transport program participants, and that Mr. Smith was the primary user of the vehicle. Mr. Smith corroborated that he used the van for personal use, but stated that the van was also used to transport program participants.

Travel logs have not been maintained on any of the vehicles. Although the odometer readings were not excessive, determinations for cost and time allocations between the programs and Mr. Smith's personal use of the luxury mini-van could not be made.

## Council on Aging Contract with Treme

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The Governor's Office of Elderly Affairs improperly ordered the New Orleans Council on Aging to disburse state funds earmarked for Treme. The Council on Aging held up funds to Treme for lack of documentation on vehicles leased by Treme.

The Legislature had appropriated \$75,000 directly to Treme for fiscal year 1998, to be disbursed through Elderly Affairs, which in turn used the Council on Aging to distribute the funds to Treme. The funds were paid in monthly installments of one-twelfth each.

In October, 1997, the Council on Aging began questioning Treme's vehicle leases and when the documentation was not forthcoming, held up two monthly payments, totaling \$12,500.

In January, 1998, Elderly Affairs issued a letter to the Council on Aging stating that it had researched the costs and the lease payments on the vehicles, and had found no irregularities. The letter also ordered the disbursement of funds to Treme based on the research. The Council on Aging disbursed the funds as ordered.

Elderly Affairs' research consisted of contacting a bus company to determine the cost of renting a 28-passenger bus by the week, instead of getting leasing costs from a motor vehicle dealer. The research also consisted of getting the price of a 28-passenger bus from a Chevrolet dealer which by itself has no bearing on the leases. Elderly Affairs' research was flawed because the cost of a one-week lease will be considerably higher than the cost of one week under a long-term lease agreement. No research was done for the other leased vehicles.

For fiscal year 1999, the Legislature appropriated funds to Elderly Affairs for senior centers statewide. There were no funds appropriated directly to Treme. Elderly Affairs decided on \$75,000 for Treme. The Council on Aging promptly disbursed the funds for fiscal year 1999. However, Cheryl Pierre, co-acting executive director of the Council on Aging, refused to sign the contract with Treme. The contract with Elderly Affairs requires signed subcontracts before any funds are disbursed.

In April, 1999, when this office began its inquiry, Elderly Affairs held up payment for two months because the contract had not been signed. However, at the end of June, Elderly Affairs ordered the Council on Aging to pay the funds even though the contract remained unsigned. P. F. Arceneaux, Jr., director of Elderly Affairs, stated that he did

not give explicit instructions for the Council on Aging to sign the contract and that it was the responsibility of the Council on Aging to sign the contract prior to the ordered disbursement.

At the same time, he instructed the Council on Aging that \$15,000 would be disallowed on the fiscal year 1999 contract as a preliminary estimate of overpayments on the leases to be withheld in the ensuing fiscal year at a rate of \$1,250 a month. Treme currently has a contract with the Council on Aging for fiscal year 2000 in the amount of \$60,000.

## Brenda Meekins

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Brenda Meekins received \$3,000 from Treme as part of a verbal contract between January, 1998, and July, 1998, while Treme contracted with the Department of Social Services FIND Work Program. During this time, Ms. Meekins was employed with Social Services as a FIND Work program specialist. This is a matter for the Louisiana Board of Ethics to review.

After Ms. Meekins left Social Services on July 22, 1998, she continued to provide grant-writing services to Treme for \$500 a month under written agreement dated Aug. 1, 1998.

### Conclusions:

1. Treme Community Education Program overpaid Webb Enterprises by at least \$107,200 for vehicle leases.
2. The executive director of Treme, Norman Smith, used the Chrysler mini-van for personal use.
3. Elderly Affairs failed to perform its fiduciary responsibility when it required payment of state funds without supporting documentation even though it was informed of the questionable validity of the expenditures.
4. In response to instructions from Elderly Affairs, the Council on Aging released \$75,000 in funds in violation of its contract with Elderly Affairs which required a signed subcontract.
5. Brenda Meekins conducted activities which should be referred to the Louisiana Board of Ethics for review.

*Recommendations:*

1. The affected agencies should seek reimbursement for all costs associated with the personal use of the Chrysler mini-van.
2. The affected agencies should recoup the excessive lease payments and associated costs on all vehicles.
3. The Governor's Office of Elderly Affairs should ensure all subcontracts are reviewed prior to the release of funds.
4. Brenda Meekins' verbal contract with the Treme Community Education Program will be referred to the Louisiana Board of Ethics and the Department of Social Services.
5. This report is being referred to the appropriate law enforcement agencies.

*Management Responses:*

See attached.

*IG Comment:*

Webb Enterprises' response includes a lease payment comparison chart which for the most part compares Webb Enterprises' lease rates to rental rates from charter bus companies that rent buses on a daily or weekly basis. A better comparison would be lease rates from long-term lease agreements, because daily or weekly rental rates will be considerably higher than the cost of a day or a week under a long-term agreement.

Treme and Elderly Affairs both note that Treme engaged in the bid process to lease the vehicles. However, this is not germane to the findings in the Office of Inspector General's report.

File No.: 1-99-0045

BL/CS/fs

# TREMÉ COMMUNITY EDUCATION PROGRAM, INC.

3233 ST. BERNARD AVE. • NEW ORLEANS, LA. 70119-1918 • (504) 948-3688 • FAX (504) 948-3698

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NORMAN R. SMITH, EXECUTIVE DIRECTOR

October 26, 1999

Office of Inspector General  
Bill Lynch, Inspector General  
Post Office Box 94095  
Baton Rouge, La. 70804-9095

Dear Mr. Lynch:

In response to your draft report of October 26, 1999 I submit the following in response to items 1 and 2 of your conclusions.

1. Tremé Community Education Programs began conducting Harmony House Senior Center and Tremé Community Education Programs July 1, 1996. At that time our nonprofit organization had only been in business a few months and did not have a financial background that would allow us to have credit with any institution. Along with the president of Tremé Community Education Programs, Inc., Mr. Paul West, we went to several banks to finance our startup operation (including transportation, utilities and staffing needs) based on a letter from the Division of Administration indication that the Legislature had appropriated moneys in the budget for Tremé Community Education Programs, Inc.. We tried to secure a bus and utility van from transportation companies but no one would entertain us since we had no credit. We learned of Webb Transportation Services through a flyer that said they provided transportation needs of all kinds. A committee of my Board of Directors met with Mr. Webb and he agreed to provide a 28-passenger bus, utility van and the insurance for us to begin our immediate operations on July 1, 1996.

During our first year of operation we erred and did not receive written bids or refusals to bid on the transportation contract. However since then we advertised the invitation to bid in the Times Picayune Newspaper. We telephoned several transportation companies and invited them to bid on the one year contract to provide the vehicles but no one responded but Webb Enterprises. During this first year of the contract with Webb Enterprises, they provided a bus and a van, and they paid the insurance for the first year. Since no other company submitted a bid we had no way of determining if the cost was or was not excessive.

2. In response to the issue of personal use of vehicle, I informed Ms. Summer that the programs made no specific choice in the make or model of vehicle that Webb

Enterprises provided. As long as the vehicle could carry seven passengers with removable seats, with easy access and allow us to serve the program needs. On a daily basis our two drivers use the buses and the utility van to transport participants (students and the elderly). They use the utility vehicle for the daily routine running of errands and picking up supplies and other things necessary for the operation of our services.

This utility vehicle is necessary because of the greater cost and possible exposure to liabilities we would incur using a 28 passenger bus to do many of these errands and tasks. Additionally, we are located in an area that experiences a very high crime rate. For example, since being in this location we have had 3 automobiles burned on these premises, 4 break-ins to this building, we had 4 - 5-ton air conditioning units stolen from the premises, we had three (3) windows broken on the buses, several tires cut and several mirrors broken on the buses. Because of the high incidents of crime in our immediate area (two blocks away from the St. Bernard Housing Development), and the frequent vandalizing of the building and vehicles I have encouraged the drivers to take a vehicle home to keep them under a watchful eye. The cost of all of the vandalizing to the vehicles were never high enough to be submitted as a claim to the insurance company.

My position as Executive Director necessitates that I travel to and from meetings and other functions and activities for the growth and progress of the programs. In light of the above mentioned facts, I take the vehicle home in the evenings and park it in my yard to protect it from possible vandalism. We have allowed both bus drivers also to take a bus home for the same reasons. Non of the vehicles have been vandalized at the home of any of our drivers including myself.

We have a staggered work schedule for our bus drivers because our center's activities for the senior citizens and the youngsters vary a great deal. With the senior citizens we sometimes begin our pick-up operations around 7:30 a.m. for certain scheduled activities, and sometimes we are not finished transporting our kids until 6:45 p.m. . Very often our bus and the utility van are scheduled to transport participants when only one bus driver is available to make things happen in a prompt and timely manner.

We do in-fact keep travel logs on the buses. We have done so since the inception of the programs. We will institute a similar system for the utility van also. Our daily transportation activities and the number of participants that we transport are kept on record here at the center.

Page 3  
Bill Lynch response

I trust that my response is sufficient to alter and correct the findings contained in the draft.

Respectfully,

A handwritten signature in black ink, appearing to read "Norman R. Smith", written over a horizontal line.

Norman R. Smith,  
Executive Director

cc: Paul T. West, President



# **WEBB ENTERPRISES**

**VITAL RECORDS STORAGE & TRANSPORTATION**  
6030 WRIGHT ROAD NO. LA 70128 (504) 244-3034

November 1, 1999

Bill Lynch, State Inspector General  
Office of State Inspector General  
PO Box 94095  
Baton Rouge, Louisiana 70804-9095

RE: File No. 1-99-0045

Dear Mr Lynch;

This letter is written in response to your draft report dated October 26, 1999. We totally disagree with the conclusions which lead to the recommendations in your draft report.

Your conclusions are based on the premise that the charges for the leased equipment are totally out of line with what is usual and customary for businesses of this type.

Webb Enterprises' lease rates are not only fair but they are substantially lower than any other leasing or charter service that could be found within the southern region. I have enclosed, as an attachment to this response, a chart comparing leasing and charter services rates for a cross-section of transportation providers in this region.

Treme Community Education Program (TCEP) had unusual circumstances which mandated special considerations relative to their lease agreements:

- TCEP was a newly formed organization with no credit history or assets, making them a credit risk.
- TCEP's funding is based on an annual appropriation by the state Legislature. Subsequently, TCEP could not guarantee the lease beyond their current funding year. Our initial four year lease with TCEP was re-negotiated to a one year lease.
- Our lease agreement was not secured by any official of TCEP. This means Webb Enterprises had sole responsibility for the leased vehicles and assumed all financial risks.
- TCEP had no funds to make the customary initial deposits as required by standard lease agreements.
- TCEP required the lessor to wait 90 -120 days for initial payment and up to 60 days for subsequent payments without interest, penalties or interrupted service.

- Standard lease agreements require that the lessee carry liability and comprehensive insurance on the vehicles. TCEP required the lessor to provide the first year's liability insurance (one million dollars as required by the state) and comprehensive and collision to protect the vehicles in case of vandalism or accident.
- Standard lease agreements generally do not allow for unlimited milage and use of the vehicles as required by TCEP.

Your opening statements imply that a leasing company cannot be a sole-proprietorship, operated from a residence. The City of New Orleans Occupational Licensing Department has provisions which allow thousands of businesses to be operated from home. Several other transportation services, that we surveyed, have home offices.

In lieu of charging TCEP an excessive milage fee, which would vary and be prohibitive based on the amount of usage that the program requires, Webb Enterprises agreed to accept annual non-refundable deposits that are far less than the excess milage fees charged by other transportation services.

In your report, you determine the appropriate lease charges based solely on the cost of the vehicles to Webb Enterprises, without any considerations of the special needs and contract terms as required by TCEP.

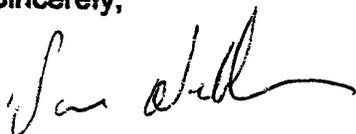
It is both usual and customary for transportation providers to base charges and terms of payment on: credit worthiness, dates of usage, total milage involved, total time involved, size of the vehicle, usual & customary fees, and whether or not the agreement has the proper security. However, according your premiss, if the vehicles had been given to Webb Enterprises we should have leased them free of charge.

Your report indicates that your comparative lease payments were calculated with a *nationwide* equipment leasing company. You do not identify the company, you do not state whether or not they lease vehicles in this area, nor do you state whether or not this *nationwide* equipment leasing company would accept the special needs, contractual terms and conditions as required by TCEP.

I am formally requesting the name, address, telephone number and contact person for the *nationwide* equipment leasing company you used for your comparison. I also want a copy of the terms and conditions which provided a basis for the comparative rate.

If additional information is needed, please do not hesitate to contact me.

Sincerely,



Warren Webb

## Lease Payment Comparison Chart

VENDOR	28 passenger Bus/ 7 passenger van availability	Average Monthly Rate	Min. Term of Contract	Excess Mileage Charge	Payment/Deposit Options
D&I Equipment 1440 Westbank Expwy New Orleans, La (504) 227-2272	One 31 passenger bus available. Will not lease buses for discretionary purposes, charter service only.	Daily rental \$65/hr, \$260/day minimum fee. Average monthly fee for 8 hrs/day, 20 days/month, \$ 10,400/mo	Daily or monthly rental available, vehicle previously used.	.11 per mile	Deposit required. Payment due monthly. Service terminated if payment not received timely.
Leson Chevrolet 1501 Westbank Expwy New Orleans, La (504) 366-4381	No 28 passenger buses available, vans only.	Varies according to cost of van.	No short term leases. Must lease for 36, 48 or 60 mos and provide own insurance at the time of lease.	.08/mile Allowed 12,000 miles/year	Deposit required. Payment due monthly. Service terminated if payment not received timely.
Bohn GMC Trucks 3737 Lapalco Blvd New Orleans, La (504) 347-7000	No 28 passenger buses available, vans only.	Varies according to cost of van.	No short term leases. Must lease for 24, 36, or 48 mos and provide own insurance at the time of lease.	.20/mile Allowed 15,000 miles/year	Deposit required. Payment due monthly. Service terminated if payment not received timely.
Avis Rental Car 2024 Canal Street New Orleans, La (504) 523-4317	No 28 passenger buses available, vans only.	<u>Van Rental</u> \$1,861.84/mo plus \$25.00 for each additional driver.	Monthly rental available, must provide proof of group liability insurance at the time of lease. All vehicles previously used.	.29/mile Allowed 3,000 miles/mo	Must be secured with \$2000 available credit on credit card. Timely payment required each month.
Hertz Car Rental 401 Convention Cen Blvd New Orleans, La (504) 568-1645	No 28 passenger buses available, vans only.	<u>Van Rental</u> \$1,862.00/mo plus \$5.00/day for each additional driver.	Monthly rental available, must provide proof of group liability insurance at the time of lease. All vehicles previously used.	.29/mile Allowed 3,000 miles/mo	Must be secured with \$2000 available credit on credit card. Timely payment required each month.
Budget car Rental 1317 Canal Street New Orleans, La (504) 467-2277	No 28 passenger buses available, vans only.	<u>Van Rental</u> \$1,566.00/mo plus \$5.00/day for each additional driver. Rate is not fixed, changes monthly.	Monthly rental available, must provide proof of group liability insurance at the time of lease. All vehicles previously used.	.20/mile Allowed 3,000 miles/mo	Must be secured with \$2000 available credit on credit card. Timely payment required each month.
Batiste Bus Line 5009 1/2 N. Johnson Street New Orleans, La (504) 943-5480	No 28 passenger buses or vans available. Do not lease buses for discretionary purposes, charter service only.	Fees based on date, time involved, and miles. Average monthly fee for charter of 1 vehicle 8 hrs/day, 20 days/month, \$ 10,400/mo*	Daily & Monthly rental available. Minimum fee for one vehicle \$260/day All vehicles previously used.	Extra charges for all out of town trips.	Deposit required. Payment due monthly. Service terminated if payment not received timely.

VENDOR	28 passenger Bus/ 7 passenger van availability	Average Monthly Rate	Min. Term of Contract	Excess Mileage Charge	Payment/Deposit Options
<b>Bus Supply Company</b> Hwy 98 East McComb, Miss (601) 684-2900	No 28 passenger buses or vans available. Do not lease buses for discretionary purposes, charter service only.	Fees based on date, time involved, and miles. Average monthly fee for charter of 1 vehicle 8 hrs/day, 20 days/month, \$ 10,400/mo*	Daily & Monthly rental available. Minimum fee for one vehicle \$260/day All vehicles previously used.	Extra charges for all out of town trips.	Deposit required. Payment due monthly. Service terminated if payment not received timely.
<b>Hausman Bus Sales, Inc</b> <i>No advertised address - Telephone Contact Only</i> 1-800-428-7626	No 28 passenger buses or vans available. Do not lease buses for discretionary purposes, charter service only.	Fees based on date, time involved, and miles. Average monthly fee for charter of 1 vehicle 8 hrs/day, 20 days/month, \$ 10,400/mo*	Daily & Monthly rental available. Minimum fee for one vehicle \$260/day All vehicles previously used.	Extra charges for all out of town trips.	Deposit required. Payment due monthly. Service terminated if payment not received timely.
<b>A Touch of Class Transportation</b> <i>No advertised address - Telephone Contact Only</i> (504) 522-7565	No 28 passenger buses or vans available. Do not lease buses for discretionary purposes, charter service only.	Fees based on date, time involved, and miles. Average monthly fee for charter of 1 vehicle 8 hrs/day, 20 days/month, \$ 10,400/mo*	Daily & Monthly rental available. Minimum fee for one vehicle \$260/day All vehicles previously used.	Extra charges for all out of town trips.	Deposit required. Payment due monthly. Service terminated if payment not received timely.
<b>Hotard Coaches</b> 2338 Touro Street New Orleans, La (504) 944-0253	No 28 passenger buses or vans available. Do not lease buses for discretionary purposes, charter service only.	Fees based on date, time involved, and miles. Average monthly fee for charter of 1 vehicle 8 hrs/day, 20 days/month, \$ 10,400/mo*	Daily & Monthly rental available. Minimum fee for one vehicle \$260/day All vehicles previously used.	Extra charges for all out of town trips.	Deposit required. Payment due monthly. Service terminated if payment not received timely.
<b>Causeway Bus Service</b> 7245 Chef Mentour Hwy New Orleans, La (504) 244-1208	No 28 passenger buses or vans available. Do not lease buses for discretionary purposes, charter service only.	Fees based on date, time involved, and miles. Average monthly fee for charter of 1 vehicle 8 hrs/day, 20 days/month, \$ 10,400/mo*	Daily & Monthly rental available. Minimum fee for one vehicle \$260/day All vehicles previously used.	Extra charges for all out of town trips.	Deposit required. Payment due monthly. Service terminated if payment not received timely.
<b>Webb Enterprises</b>	Both 28 passenger buses and 7 passenger vans available. Leases vehicles for 24-hour discretionary purposes.	\$ 7,000 flat monthly fee for lease of two (2) 28-passenger busses and one (1) 7-passenger van.	One year lease available, insurance provided for first 6 months. New vehicles provided.	One time deposit in lieu of excess mileage fee	Proof of credit worthiness not required. Postponed payment of deposit and monthly fees pending availability of funds.

\*Average monthly rate is based on 8 hour/day usage for 20 days per month. Total fee includes cost of driver, gas and insurance. The average cost of a driver is \$2000/mo; gas \$600/mo (\$50/week). Webb Enterprises' monthly fee of \$7000 for the lease of 3 vehicles is far less than any other transportation company.



M. J. "MIKE" FOSTER, JR.  
GOVERNOR

**STATE OF LOUISIANA**  
GOVERNOR'S OFFICE OF ELDERLY AFFAIRS

P. O. Box 80374

**Baton Rouge, LA. 70898-0374**

(504) 925-1700

FAX (504) 925-1749

October 28, 1999

Mr. Bill Lynch, State Inspector General  
Office of State Inspector General  
P.O. Box 94095  
State Capital Annex  
Baton Rouge, LA 70804-9095

Dear Mr. Lynch:

This is in response to your letter dated October, 1999 regarding the review of the Treme Community Education Program. The response to the findings are as follows:

**Finding Number Three**

We do not concur with this finding. According to the interpretation of the Inspector General's own Counsel, Treme was not required to solicit bids for a one year operating lease of the van. Treme did have a valid lease agreement and a valid invoice. That is sufficient documentation under accounting standards for the payments made by Treme.

**Finding Number Four**

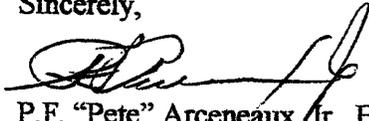
We do not concur with this finding. Elderly Affairs instructed New Orleans Council on Aging to disburse funds to Treme because it was felt that the funds were for a legitimate purpose and were being used to provide services to the elderly. The fact that GOEA did not specifically tell New Orleans COA in the letter that a contract was necessary did not imply that one was not necessary. Dozens of other requirements were also not specifically identified in the letter, and this did not imply that those requirements were not to be followed. New Orleans COA has been in business for over thirty years, and has executed hundreds of subcontracts. It should not be necessary to remind the Council of its responsibilities in every communication. New Orleans Council on Aging disbursed funds without a contract to Treme **without the knowledge, consent, or approval of GOEA.**

**Recommendation Number Four**

We do not concur with this recommendation. GOEA has approximately 100 primary contractors . These contractors execute hundreds of subcontracts on a yearly basis. The cost in time, paper, and storage would not be justified. Furthermore, it would violate the very concept under which GOEA operates. That concept is one of local administration of local programs. Furthermore, findings regarding the lack of subcontracts is extremely rare. The lack of a problem in this area would not justify the additional cost and burden of implementing this recommendation. However, GOEA will continue to review a sampling of subcontracts as part of its audit program to ensure compliance in this area.

I thank you for the opportunity to respond. If you have any questions, please call me.

Sincerely,



P.F. "Pete" Arceneaux, Jr., Executive Director

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