



ST. CHARLES PARISH

PAUL J. HOGAN, PE

COUNCILMAN, DISTRICT IV

MEMORANDUM

DATE: FEBRUARY 26, 2009

TO: MR. V.J. ST. PIERRE, JR.
PARISH PRESIDENT

FROM: PAUL J. HOGAN, PE
COUNCILMAN, DISTRICT IV

I have reviewed proposed File No. 2009-0075 regarding a Predial Servitude Agreement with Rathborne Land Co., LLC. I am concerned with the cost that this Agreement could end up costing the Parish. The Agreement requires that the Parish use its "best efforts" to obtain both wetland mitigation credits and carbon credits on Rathborne's behalf which may be obtainable as a result of the Parish using the servitude. The cost for securing these credits would be the compensation to Rathborne for the servitude. The credits, if obtained, could then be sold for profit by Rathborne should the Parish be successful. The Agreement goes on to state that if the Parish's efforts are not successful within five years of the effective date of the servitude, then several other options are available to Rathborne as stated in the Agreement.

Having dealt with wetland mitigation and mitigation credits, I can tell you that the cost associated with these items are significant. This Agreement provides no dollar limit associated with the Parish's "best efforts" to obtain the credits. The Agreement allows for the Parish to possibly have someone or some company working on seeking these credits for five years. The price tag that could be associated with this alone could be astronomical and could exceed the current "fair market value" of the servitude.

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Should the efforts of the Parish to obtain credits be fruitless, then the Parish has to end up paying Rathborne the fair market value of the property or its equivalent by another means. Should this occur, then the Parish will have wasted all of the money it spent in seeking the credits and it then has to pay for the fair market value of the servitude in addition.

Before I can support such an Agreement, I would need to know a dollar figure as to 1) the current "fair market value" of the servitude, and 2) the best guess of the estimated cost associated with the Parish's possible five year "best effort" in seeking the credits.

Please obtain this information and provide it to me and the entire Parish Council prior to the Council considering this proposed ordinance.

PJH/BJT215:ag

cc: Parish Council
Mr. Timothy J. Vial, Chief Administrative Officer
Mr. Leon C. Vial, III, Legal Services Director