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LOUISIANA TRANSPORTATION AUTHORITY RULES
HELD ON TUESDAY, NOVEMBER 19, 2024
STATE CAPITOL BUILDING,
HOUSE COMMITTEE ROOM 1 ROOM C
900 NORTH THIRD STREET
BATON ROUGE, LOUISIANA

REPORTED BY: BETTY D. GLISSMAN, CCR

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1 APPEARANCES:

2

3 BOARD MEMBERS:

4 CHAIRMAN SENATOR MARK ABRAHAM

5 TERRENCE "JOE" DONAHUE, JR., SECRETARY OF

6 DOTD

7 MICHAEL TEPPER

8 REPRESENTATIVE RYAN BOURRIAQUE

9 REPRESENTATIVE JACK McFARLAND

10 CHRISTOPHER MATTHEW JOHNS

11

12 ALSO APPEARING:

13 BARRY KEELING, DEPUTY SECRETARY, DOTD

14 CHERYL McKINNEY, EXECUTIVE COUNSEL, DOTD

15 CHRISTINA LEWIS, BOARD SECRETARY

16 SENATOR "BIG MIKE" FESI

17

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CHAIRMAN ABRAHAM:

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4

All right. We would like to call the meeting of the Louisiana Transportation Authority to order. Today is November 19, 2024.

5

6

Madam Secretary, can you call the roll?

7

MS. LEWIS:

8

Chairman Abraham?

9

CHAIRMAN ABRAHAM:

10

Here.

11

MS. LEWIS:

12

Mr. Barras? (No response.)

13

Representative Bourriague?

14

REPRESENTATIVE BOURRIAQUE:

15

Here.

16

MS. LEWIS:

17

Secretary Donahue?

18

SECRETARY DONAHUE:

19

Here.

20

MS. LEWIS:

21

Mr. Johns?

22

MR. JOHNS:

23

Here.

24

MS. LEWIS:

25

Representative McFarland?

1 REPRESENTATIVE MCFARLAND:

2 Here.

3 MS. LEWIS:

4 Mr. Perez? (No response.)

5 Senator Stine? (No response.)

6 Mr. Tepper?

7 MR. TEPPER:

8 Here.

9 MS. LEWIS:

10 We have a quorum.

11 CHAIRMAN ABRAHAM:

12 All right. Thank you. Just a few
13 announcements of what you already know. Silence
14 your cell phones. If you take a call, step
15 outside, please. If you want to give any kind
16 of testimony, fill out the witness cards. The
17 green cards are support. Red cards are for
18 opposition. White cards are for information
19 purposes only. Anyway, that's kind of the
20 housekeeping today.

21 Just to let you know, I think we meet once
22 a quarter and we haven't met in a while. The
23 purpose of this meeting from the Louisiana
24 statute says, "To pursue alternative and
25 innovative funding sources, including but not

1 limited to public-private partnerships, tolls,
2 and unclaimed property bonds to supplement
3 public revenue sources and to approve of
4 Louisiana's transportation system."

5 That's basically the purpose, but through
6 the orientation process we are going to hear and
7 we'll probably cover all of that, too.

8 So the first item I believe, Secretary
9 Donahue, you have a little presentation or
10 orientation for us; is that right?

11 SECRETARY DONAHUE:

12 Yes.

13 CHAIRMAN ABRAHAM:

14 Before we go to the presentation, I guess
15 we do need to approve the minutes of June 5,
16 2023. I know that was a while ago.

17 REPRESENTATIVE MCFARLAND:

18 So move.

19 SECRETARY DONAHUE:

20 Second.

21 CHAIRMAN ABRAHAM:

22 Secretary Donahue. I see no objections,
23 that motion is approved.

24 We will go to Number 4 which is again is
25 the Louisiana Transportation orientation. I'm

1 going to turn it over to Secretary Donahue.

2 SECRETARY DONAHUE:

3 Thank you, Mr. Chair. We have some of our
4 DOTD support staff that would introduce
5 themselves and give us the orientation.

6 MS. MCKINNEY:

7 Good morning, Chairman, and members of the
8 Board. My name is Cheryl McKinney. I am
9 executive counsel with DOTD and have been tasked
10 with giving y'all a brief orientation this
11 morning.

12 So just a little bit of background on the
13 Louisiana Transportation Authority. It was
14 created by Act 1209 of the 2001 Regular Session
15 and was effective August 15 of 2001. The LTA
16 statutes appear in Chapter 30 of Title 48 of the
17 Louisiana Revised Statutes Sections 2071 through
18 2083. LTA resides within the Department of
19 Transportation and Development, which is why we
20 are involved in giving you the orientation
21 today.

22 So some quick facts about the LTA. It is
23 domiciled in East Baton Rouge Parish. It has
24 statewide jurisdiction. There are nine
25 directors and we will go over the different

1 places from or entities from whom they are
2 appointed later in this presentation.

3 The current version of the bylaws were
4 adopted May 26, 2005. The offices are the
5 chairman, the vice chairman, and the secretary
6 treasurer. LTA has the ability to create an
7 official seal and does have an official seal
8 which is in my office at DOTD. So I actually
9 hold that seal for the Authority. The official
10 journal of the LTA is "The Baton Rouge
11 Advocate."

12 So we are moving to LTA's purpose, and
13 Chairman Abraham already gave us the rundown on
14 the first one here. So the second one is "To
15 encourage investment in the state of Louisiana
16 by private entities, and to facilitate to the
17 greatest extent feasible, the financing,
18 development, and operation of transportation
19 facilities."

20 So now we'll go back to the board of
21 directors. And those directors include the
22 Secretary of DOTD, Joe Donahue. Somebody
23 appointed by the governor; basically the
24 governor or his designee. The President of the
25 Senate or his designee. The Speaker of the

1 House or his or her designee. The Chairman of
2 the Senate Transportation Committee, the
3 Chairman of the House Transportation Committee,
4 the Secretary of the Louisiana Department of
5 Economic Development, and two members appointed
6 by the governor; one from the Louisiana Planning
7 Council, and one who is a member of the
8 public-at-large but who is representative of
9 business and industry in Louisiana.

10 The Chairman for LTA serves on a two-year
11 rotating basis and that is the Chairman of the
12 House Transportation Committee and the Chairman
13 of the Senate Transportation Committee.

14 CHAIRMAN ABRAHAM:

15 When does that rotate?

16 MS. MCKINNEY:

17 Every two years.

18 CHAIRMAN ABRAHAM:

19 So when is that year up? Because I think
20 we are switching pretty soon, aren't we?

21 SECRETARY DONAHUE:

22 Very brief tenure.

23 CHAIRMAN ABRAHAM:

24 So I have my one shot as the chairman,
25 right.

1 MS. MCKINNEY:

2 So a while back -- and I am not sure
3 exactly what year -- historically, that has not
4 quite been adhered to, and so we are trying to
5 get it back on the normal two-year rotating
6 basis. I believe going forward next year they
7 are going to do it every odd year.

8 CHAIRMAN ABRAHAM:

9 So, in 2025, it will be the House seat.

10 MS. MCKINNEY:

11 That's correct.

12 CHAIRMAN ABRAHAM:

13 All right. Thank you.

14 MS. MCKINNEY:

15 So the LTA has been given certain powers
16 and authority, and some of that we will address
17 here. If you have any questions about the
18 additional authority, please feel free to ask.
19 But to start off with, the LTA has the power to
20 plan, construct, reconstruct, maintain, improve,
21 operate, own, or lease projects and pay any
22 costs associated therewith.

23 The projects that the LTA approves or
24 engages in must be part of DOTD's approved
25 transportation plan. And, as such, the LTA has

1 to have prior written consent of DOTD's
2 Secretary to actually implement these projects.
3 And, also, there has to be an economic
4 feasibility study done prior to the
5 implementation of any projects the LTA wants to
6 engage in.

7 LTA also has the ability to apply for,
8 receive and accept grants, loans, advances,
9 donations, and acquire property in other manners
10 as well. LTA can borrow money and issue bonds
11 subject to approval from the Bond Commission.
12 Authorize the investment of public and private
13 money to finance LTA projects. Impose, revise,
14 and adjust tolls, fees, and other charges to pay
15 project costs, operation and maintenance, and to
16 service debt.

17 LTA can also or has the ability to
18 exercise the power of eminent domain. LTA can
19 place tolls on its different projects and
20 regulate all of the speed limits on the
21 tollways. And then there is a broad authority
22 granted to perform all acts that are necessary
23 to execute any of the powers and authority that
24 has been granted legislatively to the LTA.

25 CHAIRMAN ABRAHAM:

1 Let me stop you just for a minute and you
2 you are going to private property. When you
3 said that they can impose, revise, and adjust
4 tolls, how does that apply to the Calcasieu
5 Parish bridge that they are building and those
6 tolls that are there?

7 MS. MCKINNEY:

8 So once -- once the LTA engages in a
9 project, you have a public-private partnership.
10 Once that agreement is entered into, that will
11 actually have all of the tolls in there, that
12 the agreement will contain all of those.

13 CHAIRMAN ABRAHAM:

14 So we couldn't adjust that after that
15 agreement is signed? We don't have the
16 authority to adjust the tolls?

17 SECRETARY DONAHUE:

18 So, Chair, if I may. The Calcasieu
19 project is not an LTA project. That is a DOTD
20 project. Cheryl will get into the different
21 types of public-private partnerships, that LTA
22 is authorized to get into. There is a
23 distinction, I will say, that what we discuss as
24 solicited public-private partnerships, DOTD
25 itself, outside of LTA, was granted that

1 authority in 2006. The unsolicited
2 partnerships, public-private partnerships and
3 the public tolling authority projects. So
4 not -- not a private partner, just the state of
5 Louisiana holding the bag on the tolls. Those
6 are within LTA's jurisdiction. DOTD does not
7 have the ability to solicit or to accept
8 unsolicited proposals. And the LTA is the
9 mechanism by which a public tolling authority
10 would operate.

11 So Calcasieu was a solicited
12 public-private partnership with the Department
13 of Transportation. LTA has no authority over
14 that project.

15 CHAIRMAN ABRAHAM:

16 Okay. All right. Thank you.

17 MS. MCKINNEY:

18 Thank you, Mr. Secretary. So the LTA is
19 authorized to enter into public-private
20 partnership, as we have already discussed a
21 little bit here. And the public-private
22 partnerships are for the construction of
23 qualifying transportation facilities. And there
24 is a very broad definition given for
25 transportation facility in the legislation that

1 includes highways, limited access facility,
2 ferry, airport, mass transit, rail or port
3 facility, or similar facility used for the
4 transportation of persons or goods, together
5 with any buildings, structures, parking areas,
6 appurtenances, or other features necessary to
7 operate such facility or associated with its
8 purpose.

9 LTA is also authorized to enter into
10 public-private partnerships for transportation
11 services. So the LTA can enter into service
12 contracts to provide services for -- I am sorry,
13 let me back up.

14 The LTA may enter into service contracts
15 which may provide for service payment to private
16 entities and other consideration as the
17 authority deems appropriate.

18 All right. Prior to entering into a
19 public-private partnership, the LTA must submit
20 a proposal to the House and Senate
21 Transportation Committees. Once that is
22 submitted, the House and Transportation
23 Committee Chairs have 30 days to call a public
24 meeting and receive public comments. Now,
25 either the LTA or private entity may initiate

1 one of these public meetings.

2 And as Secretary Donahue was saying a
3 minute ago, there are two types of proposals
4 that LTA may receive, and that's solicited
5 proposals and unsolicited proposals.

6 So a solicited proposal are how things are
7 done in the normal course of business. LTA
8 comes up with a project and puts it out there
9 and says, hey, we would like people to bid on
10 this project. So it is a request by the LTA for
11 someone to come up and give a proposal. An
12 unsolicited proposal is when an entity, private
13 partner, comes to the LTA and just submits a
14 proposal for a certain project without LTA
15 having first reached out to the public trying to
16 get that proposal.

17 So with normal projects, I say "normal,"
18 normal DOTD projects, there are different
19 procurement requirements. Those requirements do
20 not apply to LTA P3 projects. So the process
21 LTA goes through may include provisions for
22 competitive negotiations and it may provide for
23 sealed bidding as well. LTA is not required to
24 select the proposal based on the lowest price,
25 but there are other considerations that may come

1 into LTA's or may fall within the considerations
2 LTA uses.

3 With unsolicited proposals, LTA is the
4 only authority or the only entity in the state
5 of Louisiana that can receive unsolicited
6 proposals. And I kind of went over a little a
7 minute ago what happens is a private entity
8 submits a proposal for qualifying transportation
9 facility. LTA staff reviews the proposals to
10 determine if the project serves a public
11 purpose. And that's a baseline requirement.
12 The project must satisfy a public service. Once
13 that baseline consideration is made, and, yes,
14 it satisfies the public purpose, then the staff
15 presents a proposal to the Authority here, to
16 the Board, for review. And so that the Board
17 can make a decision on whether to move forward
18 with the project.

19 CHAIRMAN ABRAHAM:

20 Let me ask you. Has that -- has that
21 happened and what -- can you give us some
22 examples?

23 SECRETARY DONAHUE:

24 Chair, I will take that question. It has
25 happened. I want to say in probably 2020, we

1 had an unsolicited proposal for the Jimmie Davis
2 bridge in Shreveport. LTA did not approve that
3 proposal for -- to go out and solicit additional
4 proposers. The proposer came and gave a
5 presentation. And, at that point, a vote was
6 taken not to advance that project under an
7 unsolicited proposal project. There have
8 been -- there has been one other unsolicited
9 proposal that I am aware of that was considered
10 by LTA and also did not advance beyond the point
11 where the Board took a vote.

12 CHAIRMAN ABRAHAM:

13 Okay. Thank you. Representative
14 Bourriaque.

15 REPRESENTATIVE BOURRIAQUE:

16 Thank you, Mr. Chairman. Actually, just
17 to follow up on that, Mr. Secretary. How many
18 existing contracts do we have?

19 SECRETARY DONAHUE:

20 LTA?

21 REPRESENTATIVE BOURRIAQUE:

22 Yes.

23 SECRETARY DONAHUE:

24 One. LA-1. That's the only
25 transportation facility that LTA currently has

1 authority over.

2 REPRESENTATIVE BOURRIAQUE:

3 Thank you. Thank you, Mr. Chairman.

4 CHAIRMAN ABRAHAM:

5 All right. Thank you. I didn't mean to
6 cut you off, but as we think of these questions,
7 I want to ask as we go.

8 All right. Please continue.

9 MS. MCKINNEY:

10 Absolutely. Please feel free to ask
11 questions if you have them.

12 So back to the unsolicited proposal
13 process. So once this authority determines that
14 the proposal has a public purpose, then the
15 proposal is submitted to the House and Senate
16 Transportation Committees. Now to determine
17 that public purpose, there are certain
18 qualifications or requirements that are actually
19 listed in the statutes. Some of those are the
20 public need for the facility, the plant
21 operation. I have to make sure that it's
22 reasonable and compatible with the state and
23 local plans and have to make sure that the cost
24 is reasonable and that the proposal will result
25 in a timely development or a more efficient

1 operation.

2 And then after the public hearing, then
3 LTA determines whether the proposal should be
4 considered. If the proposal is approved, then
5 because it was unsolicited -- the proposal was
6 unsolicited, it has to be advertised and other
7 entities have 90 days or it has to be advertised
8 for 90 days for other people to respond and see
9 if they can come up with a better idea or less
10 expensive idea or something else that this Board
11 is interested in considering.

12 And then all of the proposals are
13 evaluated and recommendations provided to LTA.
14 At that time, the Authority may enter into
15 what's called a preliminary development
16 agreement. And what that does is allows the
17 private entity and the private partner in the
18 matter to do some of the preliminary things such
19 as other feasibility studies, environmental and
20 that type of stuff.

21 Now, once all of the details of the
22 project have been laid out and agreed upon, then
23 the LTA and the private partner enter into a
24 comprehensive agreement. So with an unsolicited
25 proposal, the LTA is required by statute to

1 charge a fee to review and evaluate the
2 proposals because, of course, the LTA did not
3 solicit them so the statute requires a fee to be
4 charged to cover the cost of reviewing those
5 proposals.

6 So then once the comprehensive agreement
7 is entered into, then the conditions -- the
8 terms and conditions in that agreement will
9 govern them -- govern the implementation and
10 operation of the P3 project. And, of course,
11 the LTA must approve all of the terms and
12 conditions prior to the execution of the
13 comprehensive agreement.

14 Next, discussion of a solicited proposal.
15 So this is when the LTA actually puts it out
16 there, advertises that it is looking for
17 proposals from private entities and to develop
18 or operate transportation facilities. For the
19 solicited proposals, the statute -- I know this
20 slide says "LTA shall charge a reasonable fee,"
21 but for a solicited proposal, LTA may charge a
22 reasonable fee to review and evaluate the
23 proposals.

24 So once the proposal are received, LTA
25 sends the proposals to the House and Senate

1 Transportation Committees for public hearing.
2 Once LTA receives the public comments from those
3 hearings, then the LTA will decide whether to
4 pursue the project.

5 Now, I kind of mentioned this just a
6 minute ago. If the LTA decides to pursue the
7 project, a preliminary development agreement may
8 be executed. I know it says "will be executed"
9 here. The statute says "may be executed." And
10 then once the final details are determined, then
11 the comprehensive agreement is executed. And we
12 have already gone over that LTA must approve the
13 provisions prior to its execution just as the
14 same as the unsolicited proposals.

15 So the law requires that the LTA come up
16 with guidelines -- written guidelines for -- to
17 inform the public on how determinations are made
18 and LTA does have or has adopted these
19 guidelines.

20 Once again, the statute requires certain
21 things to be included in the comprehensive
22 agreement. LTA's approval of plans and specs,
23 inspection of construction, LTA's monitoring of
24 maintenance practices, reimbursements to LTA for
25 any services that have been rendered, periodic

1 filing of financial statements, and the date of
2 termination of operation and maintenance.

3 The law also requires the LTA to take
4 appropriate action to protect trade secrets and
5 other confidential information. But because the
6 LTA is subject to the public records law, in
7 order to protect us and this information, there
8 has to be an exemption from disclosure under the
9 public records law.

10 Until 2016, LTA was the only institute
11 authorized to pursue P3s for transportation
12 facilities. But Act 519 of the 2016 Legislative
13 Session authorized DOTD to unilaterally solicit
14 P3s without involvement from LTA.

15 CHAIRMAN ABRAHAM:

16 That is the Calcasieu portion of this, I
17 guess.

18 SECRETARY DONAHUE:

19 I was wrong. I was a decade off. It was
20 2016 and not 2006 we received that authority.

21 CHAIRMAN ABRAHAM:

22 Okay. Thank you.

23 MS. MCKINNEY:

24 And one of LTA's past projects was the
25 tollway connecting Golden Meadow and Port

1 Fourchon which opened in 2009. And that is
2 LTA's only project to date.

3 And this is contact information from the
4 people at DOTD who are intimately involved in
5 this. I am not going to read all of it to
6 you-all unless you want.

7 SECRETARY DONAHUE:

8 Mr. Chair, if I may?

9 CHAIRMAN ABRAHAM:

10 Thank you, Cheryl. I appreciate it.
11 Secretary Donahue.

12 SECRETARY DONAHUE:

13 Just a couple points that occurred to me
14 that I just wanted to raise to make sure that
15 they were clear after Cheryl's presentation.
16 Thank you very much, Cheryl.

17 Number 1, LTA does not have staff. It
18 does not have any assets. This is solely a
19 decisionmaking body. All of the staff and the
20 technical work that is done is done through
21 DOTD. One of the distinctions between DOTD's P3
22 authority that we received in 2016 and LTA's
23 authority is that when DOTD advances a solicited
24 public-private partnership, it must pursue joint
25 transportation approval from both the House and

1 the Senate committees. For a solicited P3 under
2 LTA, only LTA's authority is needed to advance
3 the project.

4 And as a result of that dual overlain
5 authority, I honestly don't see the advancement
6 of a solicited public-private proposal through
7 LTA in the near future or the foreseeable
8 future.

9 The last thing I just wanted to point out
10 is that even for the unsolicited proposals
11 projects, those unsolicited proposals will be
12 related to a project that is in the state
13 transportation plan already. So that is a
14 document that is published. Folks who are out
15 there, you know, the developers can review the
16 projects that are in the works if they identify
17 something that they believe may be, you know,
18 viable as a toll-operated facility. They have
19 the opportunity to present that to this board
20 and advance that with competition again, as I
21 said. They are the first. They have the
22 opportunity and the time to prepare that. Other
23 developers -- potential developers have a
24 90-days window in which to come and be able to
25 compete with what has been put out there.

1 So with that stated, we are going to talk
2 about the next agenda, the LA-1 project that
3 Chairman Bourriague asked about. We do have a
4 service agreement with LA-1. That was one of
5 the other points that was touched on in the
6 orientation. And so that's -- that's all the
7 points and clarifications that I wanted to make.

8 Thank you very much.

9 CHAIRMAN ABRAHAM:

10 All right. Thank you. So really this
11 authority is just stuck on one project at this
12 point. I almost question whether we need the
13 Authority but under the law, I guess, that
14 occurred under that CFDA. So we have to keep
15 monitoring through that.

16 SECRETARY DONAHUE:

17 And I will say, too, Mr. Chair, there was
18 a large discussion in Calcasieu about public
19 tolling authority versus the public-private
20 partnership. So if there was a desire to
21 advance a tolling project and a public authority
22 tolling project, this body would be the one to
23 which that type of project was advanced.

24 CHAIRMAN ABRAHAM:

25 Okay. All right. Thank you. I guess we

1 will move to our next agenda item, New Business.
2 It says, "Discuss the application of
3 recreational vessel for trailer tolling for
4 LA-1, pursuant to Act 361 of 2024 Regular
5 Session."

6 Mr. Keeling, you want to address that to
7 start off?

8 MR. KEELING:

9 Yes, sir. Very good morning, Barry
10 Keeling, Undersecretary for the Department of
11 Transportation and Development. I will provide
12 the update on the LA-1 tolling classification
13 and rate review based on -- as it relates to
14 Senate Bill 492 from the 2024 session.

15 SECRETARY DONAHUE:

16 There have been a few of those sessions
17 this year.

18 MR. KEELING:

19 It will be the Regular Session -- the
20 Regular Session. The topics that I will talk
21 about will be the current tolling schedule,
22 proposed changes, fiscal impacts, and
23 implementation steps that will be required if
24 the LTA wants to move forward with this -- the
25 statute request.

1 The current -- the current classification
2 and tolls were updated in May of 2023. And
3 there are basically three classes with Class 1,
4 the small vehicles also having a Commuter Class,
5 so anybody that travels more than 20 times
6 across the bridge within a 60-day period gets
7 the reduced rate charged against the toll tag or
8 any fees that are mailed to them. There is a
9 scheduled rate change in January of 2028, and
10 this coincides with a debt service increase that
11 is part of the current DOT documents and
12 agreements out there with the loan agreements.

13 So Senate Bill 492 (Act 361) of the '24
14 Regular Session stated -- had a couple of
15 conditions in it that we are supposed to
16 implement. One is for the purposes of proper
17 classification in the LA-1 toll schedule, any
18 vehicle towing a recreational vehicle that
19 exceeds the Class 1 specifications shall pay the
20 Class 2 toll rate. And it also states that any
21 vehicle that exceeds 35 feet, which is the
22 Class 3 type vehicle would be reduced down to a
23 Class 2 type vehicle would pay the \$10.50
24 instead of \$21 that's currently charged for
25 that.

1 So the fiscal impacts to the toll
2 schedules and debt services that is required out
3 there, I will just orient everybody to this
4 graph. The red line is the total debt service.
5 So that's the current debt service line. Right
6 now currently in 2024, the debt service is in
7 the \$8 million range and it goes up to about
8 \$9 million in 2028. The green lines are from --
9 the green bars are from the original toll
10 traffic study from URS. And the blue lines are
11 actual toll revenues that are collected. So you
12 can see that the toll revenues collected are
13 much less than the projected tolls that were
14 there. And they are also much less than the
15 current debt service.

16 So, in 2024, the debt service is expected
17 to be just over 9 million -- or \$8 million and
18 will be about \$4.3 million short -- this is the
19 projection -- for the current year. Within the
20 loan documents and the bond documents that the
21 State has with Build America Bureau, the State
22 actually secures this loan and DOA makes the
23 debt service payments on an annual basis. So
24 they make the debt service payments and then the
25 DOT is required to transfer any tolls collected

1 to offset that debt service to the Division of
2 Administration.

3 The Fiscal Impact to DOTD's Operations. I
4 have one correction on this slide. So the
5 831,772 operational cost increase is actually
6 854,956 over the 25-year contract period. This
7 requires -- this will require consultants,
8 basically Plenary or Kapsch is the contractor
9 that's actually doing the collections on this
10 toll. Their systems will not automatically make
11 this adjustment. So they will have to go in
12 manually and visually check the tapes and reduce
13 the toll rate for the vehicles that qualify.

14 So any vehicle that is Class 1 that
15 exceeds that Class 1 rate would get bumped up
16 into the Class 2. And any rate -- any vehicle
17 that exceeded that 35 feet, which would normally
18 be a Class 3, would be manually reduced down to
19 the Class 2 rate. So the current system can
20 only identify the length of the vehicle, the
21 width, and the height. So it doesn't have a way
22 to differentiate whether somebody is towing a
23 pleasure vehicle, or boat, or camper, or -- they
24 don't have any way to differentiate that. So it
25 will have to be manually done.

1 So there is an up-front cost of \$169,000
2 to set up the system to be able to do that. And
3 then there is a \$685,000 cost over the 25-year
4 period that will be required for the contractor
5 to actually go in and manually reduce those
6 tolls. So the fiscal impact to the department
7 over that 25-year period from an operational
8 perspective is about \$34,000 per year.

9 This change will result in 3.8 percent
10 increase to the current cost of \$4.5 million on
11 an operating cost. This does increase by
12 inflation based on the contract that is there.
13 And over the life of the 25 years, that \$4.5
14 million will increase up to just over \$8 million
15 at a current CPI index of about 2.95 percent
16 which is what it currently is for 2024.

17 So the projected loss of revenues is
18 roughly about \$56,000 per year. It does
19 escalate over time based on -- over the time due
20 to the inflation and inflationary impacts. So
21 that cost over the 25-year period is about \$2.6
22 million to the state that would come out of
23 straight general funds to cover that cost.

24 CHAIRMAN ABRAHAM:

25 How much cost did you say that y'all are

1 covering? That's on that graph, I know.

2 MR. KEELING:

3 Currently, the costs that we are covering
4 from the department from the operating side is
5 around \$4 1/2 million to the contractor to
6 operate the system and maintain the system.
7 That doesn't include their passthrough cost of
8 their cost of reading the license plates,
9 mailing out to the people that don't have tags.
10 That is roughly around another \$50,000 a month
11 to do that. So that all comes out of TTF
12 regularly.

13 CHAIRMAN ABRAHAM:

14 So the graph on page 4, the debt service,
15 you know, and the revenue, DOT is paying that at
16 the current time you are saying or it's coming
17 out of the general fund?

18 MR. KEELING:

19 So the debt service is currently paid by
20 the Division of Administration. So the State
21 when -- when the LA-1 tolls were initially
22 established, the tolls actually paid the -- when
23 the loan was originally established, the State
24 paid the tolls -- let me redirect here.

25 The debt service was paid by the tolls

1 collected and it was done through LTA. LED had
2 to maintain a reserve fund in place in case the
3 tolls didn't come into the right amount.

4 Because the tolls were not meeting the
5 requirements of the debt service, the State
6 renegotiated that loan in 2013. And the State
7 did a CEA with Build America Bureau and the U.S.
8 DOT. And the State assumed secured -- assumed
9 responsibility for securing that debt.

10 So the State actually pays some debt
11 service on an annual basis. DOTD provides the
12 tolls to offset the debt service that the State
13 is paying.

14 CHAIRMAN ABRAHAM:

15 So what's the total amount that the State
16 is paying the tolls of the whole project now?
17 The total amount that the State has to pay
18 because the tolls don't reach the whole total
19 cost of operations?

20 MR. KEELING:

21 Yes. So in 2024, the debt service is
22 about \$8.5 million. And we expect to collect
23 about \$6 million of tolls. So there is, you
24 know, there is a shortfall there of about \$2.5
25 million.

1 CHAIRMAN ABRAHAM:

2 And that also includes all operational
3 costs and everything.

4 MR. KEELING:

5 It does not include the operational.

6 CHAIRMAN ABRAHAM:

7 That's what I am saying. So who pays the
8 operational costs?

9 MR. KEELING:

10 DOTD pays the operational costs out of our
11 TTF.

12 CHAIRMAN ABRAHAM:

13 So how much is that?

14 MR. KEELING:

15 That is \$4 1/2 million plus about another
16 \$600,000 a year -- per year.

17 CHAIRMAN ABRAHAM:

18 So this thing is \$8 million -- what did
19 you say? The debt service deficit?

20 MR. KEELING:

21 The debt service -- the current debt
22 service is \$8.5 million. The projected tolls to
23 be collected for 2024 is \$6 million.

24 CHAIRMAN ABRAHAM:

25 So we are about 6-, \$7 million in the

1 hole?

2 MR. KEELING:

3 That is correct.

4 CHAIRMAN ABRAHAM:

5 Okay. All right. Thank you.

6 MR. JOHNS:

7 I have a question, Mr. Chair.

8 CHAIRMAN ABRAHAM:

9 Yes. Go ahead.

10 MR. JOHNS:

11 I have two, if you don't mind, Barry. I
12 am seeing the separated cost of those and
13 up-front cost of 169,000 and then about 27,000 a
14 year for somebody to basically man it and look
15 through the images to make sure that we are
16 classifying things correctly. The up-front
17 cost, if you got somebody looking at them -- or
18 they, the third party has somebody looking at
19 it, what is the up-front cost actually doing?

20 MR. KEELING:

21 We would probably have to get somebody
22 from the toll section to talk about that
23 specifically. But they have to go in and make
24 some adjustments to the system itself so they
25 can go in there and manually adjust the tolls

1 for the people that are towing a pleasure boat
2 and adjusting those tolls down from the Class 3
3 type vehicle down to a Class 2.

4 MR. JOHNS:

5 Look, I trust that you-guys are being good
6 stewards so please don't take this as me trying
7 to grill you at all.

8 The 27,000 every year for somebody to look
9 at those and make sure they are done correctly
10 and then manually change it, did you guys
11 explore -- did the third party explore the
12 possibility of having AI or something to
13 implement that where you are not having
14 additional manpower needed?

15 MR. KEELING:

16 I think that was looked at, but the owner
17 of the system is telling us that there is no way
18 to manually do that. Because the system itself
19 only -- it doesn't look at vehicle types; it's
20 looking at vehicle length, height, and width.

21 MR. JOHNS:

22 Got it.

23 MR. KEELING:

24 So whether it's a pleasure boat or it's an
25 18-wheeler, they don't have any way to

1 differentiate between the two.

2 MR. JOHNS:

3 And my last question for -- at least for
4 these anyways -- when this went through -- the
5 Senate bill went through this year, were these
6 numbers presented to the committees and the
7 folks that were voting on it? Because what we
8 did is we increased the cost and reduced the
9 amount of revenue that we are taking in so we
10 are essentially costing the State more with less
11 money to pay for it.

12 MR. KEELING:

13 They were.

14 MR. JOHNS:

15 They were. And still chose to vote it
16 through. All right.

17 CHAIRMAN ABRAHAM:

18 All right. Thank you. Okay.

19 MR. KEELING:

20 So just getting into what is required if
21 we want to implement the change. We have to
22 identify the source of where we are going to pay
23 for these -- the impacts to this change. So
24 it's -- you know, to the department -- it's at
25 least another \$13 million a year -- or \$13,000 a

1 year, I'm sorry. Change is about \$800,000 over
2 the life of the deal, 25 years. The State has a
3 bigger impact of about \$56,000 per year of lost
4 revenues that they will have to cover for the
5 debt service payments.

6 We will have to have DOA's concurrence
7 because we do have a CEA within -- to be able to
8 cover these costs. So if we are not going to --
9 if we are going to reduce the amount of toll,
10 that CEA will have to be updated. We will have
11 to have Build America Bureau's concurrence on
12 this because these -- the toll rates and
13 schedule and these agreements are all part of
14 the bond documents. So even though the State is
15 securing the loans, originally this was in the
16 bond documents because the tolls actually
17 secured the loan. So that -- all of that stuff
18 is still there. So we'll have to go back to
19 them. LTA will have to approve or review and
20 approve a resolution that would authorize these
21 changes be made and with the Build America
22 Bureau and U.S. DOT and the State at the
23 Division of Administration level. We will have
24 to have an amendment to pledge the security
25 agreement of the loan documents. We will have

1 to have an amendment to the loan agreement on
2 the TIFIA loan. And we will have to have an
3 amendment to DOA CEA, the DOT is a party, too,
4 DOA, and the Build America Bureau. And then we
5 will have to issue an order -- change order to
6 Kapsch to execute the changes that we are
7 implementing based on these dated documents.

8 CHAIRMAN ABRAHAM:

9 Okay. Thank you. Secretary Donahue.

10 SECRETARY DONAHUE:

11 Thank you, Mr. Chair. I just want to give
12 a little bit of background to Senator Fesi's
13 bill. I know he is going to come up and speak.
14 But at the last session, we had a discussion,
15 and basically the way that the new toll schedule
16 had been represented to the public, it would
17 have placed a pleasure vehicle being towed by a
18 truck into that Class 2 toll. And so my
19 discussion with Senator Fesi, I thought that he
20 was absolutely morally correct in advocating for
21 this change. The unknown was the fiscal impact.
22 Barry is correct, there was a fiscal note on the
23 bill. It never got referred to appropriations
24 or revenue for that full analysis.

25 And so we have been progressing under --

1 trying to implement this legislation and wanted
2 to apprise the Board of all of the obstacles and
3 steps that need to be able to get to the other
4 side and also present a picture of the fiscal
5 impact that will result.

6 And so I wanted to do that at this initial
7 meeting where we are having orientation
8 understanding that we are not going to be voting
9 at this meeting. We'll develop more information
10 and come back at our next meeting and actually
11 take the vote as we continue to progress and get
12 everything in place to do implementation.

13 So thank you.

14 CHAIRMAN ABRAHAM:

15 Okay. Thank you. So Senator Fesi's bill
16 passed, right?

17 SECRETARY DONAHUE:

18 That is correct.

19 CHAIRMAN ABRAHAM:

20 So even though it passed, it still has to
21 have authority from LTA.

22 SECRETARY DONAHUE:

23 That is correct. Because of those bond
24 documents and those agreements that are in
25 place. It will be Build America Bureau. It

1 does have DOA. The full faith and credit of the
2 State of Louisiana. It's not just a DOTD
3 contract. This is an LTA project.

4 CHAIRMAN ABRAHAM:

5 Okay.

6 SECRETARY DONAHUE:

7 So this body is the one that has the
8 authority to move forward and implement the
9 provision of the legislation.

10 CHAIRMAN ABRAHAM:

11 All right. Thank you. Representative
12 Bourriague.

13 REPRESENTATIVE BOURRIAQUE:

14 At the appropriate time, I would like to
15 hear from the author.

16 CHAIRMAN ABRAHAM:

17 Like to what?

18 REPRESENTATIVE BOURRIAQUE:

19 Hear from the author.

20 CHAIRMAN ABRAHAM:

21 Yes. I was getting ready to call him up.
22 Senator Fesi, do you want to come to the table,
23 please?

24 SENATOR FESI:

25 Thank you, Mr. Chairman. You know, if

1 everybody understood exactly what this
2 implementation has done to the people of the
3 area and going to Grand Isle, what is the cost
4 to losing everybody that -- all of the tourists
5 and everything that goes to Grand Isle that is
6 pulling a boat. So that is why I brought this
7 legislation. And I can't believe that we had a
8 system in place prior to Hurricane Ida and we
9 didn't have any issues. So why did we switch?
10 That's one of my questions that I cannot get an
11 answer to. Can anybody answer that?

12 CHAIRMAN ABRAHAM:

13 What do you mean "switch"? Like --

14 SENATOR FESI:

15 We switched the way the system worked.
16 Before they went by license plates and what --
17 you know, whether it was a commercial vehicle or
18 whatever. Now all of a sudden, we are going by
19 lengths.

20 CHAIRMAN ABRAHAM:

21 I see what you are talking about.

22 SENATOR FESI:

23 Mr. Donahue sent me a picture of what they
24 charge at Belle Chasse. Isn't it the same
25 company that runs Belle Chasse toll now is the

1 one for Leeville?

2 SECRETARY DONAHUE:

3 Affiliated, yes, not exactly the same, but
4 sure, yeah.

5 SENATOR FESI:

6 Okay. On the item you sent me -- it
7 showed a picture of the different classes. So
8 how do they compare an 18-wheeler at \$4 -- at \$8
9 -- well, \$7.33 for a GeauxPass versus the \$22?

10 SECRETARY DONAHUE:

11 So that is the difference in the cost of
12 the construction of the facilities that were
13 built and the financing that was used to do
14 that. So there was a large amount of State
15 funds that were contributed to Belle Chasse.
16 The State also subsidizes some of the increases
17 to those tolls. And so, you know, you are
18 comparing -- I mean, you are comparing the toll
19 rates. I think that's a little bit of apples
20 and oranges. What we discussed was the
21 classifications for Belle Chasse and those for
22 LA-1.

23 SENATOR FESI:

24 I am just trying to get your perspective
25 of where we are at.

1 SECRETARY DONAHUE:

2 Certainly.

3 SENATOR FESI:

4 Okay. So I don't think that any of the
5 commercial vehicles going to Port Fourchon have
6 complained about that \$22 plus whatever the toll
7 is. That's not the problem. The problem is
8 with -- you know, it's amazing, you know, the
9 things that get sent to me on Facebook is I
10 won't ever go back to Grand Isle again because
11 of this. He got a -- like a \$400 bill because
12 he steady pulls his boat back and forth. So
13 what is -- what is this implication of how much
14 money are we talking about to correct this
15 problem versus losing all of the tourists and
16 all of the fishermen that go to Grand Isle.
17 Those are the numbers we need to look at. It
18 sounds like y'all are \$2 million short or \$2 1/2
19 million short anyway. We are not talking about
20 a whole bunch of money here that -- to correct
21 the problem.

22 Now, if they cannot differentiate the --
23 someone pulling a boat versus an 18-wheeler
24 going to Port Fourchon, maybe we got the wrong
25 system. Maybe they need to figure out their

1 system because this -- this should have been
2 indicated prior to us even authorizing them to
3 do this.

4 You know, I just got tons -- and, you
5 know, I don't want to waste everybody's time
6 about what's on Facebook, but it's just
7 constant. It's constant of people complaining
8 about whether they are ever going to go to Grand
9 Isle again and is that what we really want in
10 our state over implementing and putting this
11 thing into the right perspective. Because all
12 that I was doing when I put the bill -- and we
13 had many discussions to make sure we protect our
14 tourists and our people that tend to spend money
15 in South Louisiana on our great fishing industry
16 and we are hurting it bad on just silly things
17 like this.

18 CHAIRMAN ABRAHAM:

19 Okay. Yes, I think this is going to
20 correct -- when we vote on this eventually, it
21 is going to correct what you are talking about,
22 correct?

23 SENATOR FESI:

24 That's my whole point.

25 CHAIRMAN ABRAHAM:

1 And I think it's a point well taken and I
2 think we are probably going to move in that
3 direction but it is what it is now. Do you have
4 any other? I don't know if you had something to
5 say, Mr. Bourriague, or not?

6 REPRESENTATIVE BOURRIAGUE:

7 Thank you, Mr. Chairman. Senator Fesi,
8 the governor signed this bill, correct?

9 SENATOR FESI:

10 Yes, sir.

11 REPRESENTATIVE BOURRIAGUE:

12 Did you have any negative votes in either
13 chamber?

14 SENATOR FESI:

15 No, sir.

16 REPRESENTATIVE BOURRIAGUE:

17 The fiscal note was published and it
18 was -- I am looking at it -- now around 60,000.
19 So I think that our numbers are accurate. It
20 probably didn't get deferred because it was less
21 than \$100,000 and I will understand that if we
22 were debating those bills, the same body
23 actually has to approve the budget, also, don't
24 we?

25 SENATOR FESI:

1 That's right.

2 REPRESENTATIVE BOURRIAQUE:

3 And if the State is covering the costs,
4 the added costs or any of the debt service or
5 backfilling any of the line items of any of the
6 budgets, we would have had to discuss those and
7 maybe try and come to a consensus on what was
8 more valuable to us as a legislative body,
9 right?

10 SENATOR FESI:

11 Totally correct.

12 REPRESENTATIVE BOURRIAQUE:

13 So we had to balance out everything that
14 you are talking about today. And then have the
15 governor review it, who I think is in charge of
16 the Division of Administration and the
17 department appointments and all of that good
18 stuff; am I right?

19 SENATOR FESI:

20 Correct.

21 REPRESENTATIVE BOURRIAQUE:

22 Thank you.

23 SENATOR FESI:

24 And what I would like to add is that, you
25 know, it's been -- it's really been traumatic to

1 see how many people are getting disturbed by
2 this. I mean, you know, do we -- and also we
3 need to correct the billing system. I mean,
4 people are getting bills for 6-, \$700 for the
5 last eight months that they had no clue what
6 their cost was going to be. There were some who
7 were in there that when the bill passed that,
8 you know, they were getting the corrected price.
9 So -- so, you know, they are hollering for their
10 money back and everything else. So I don't know
11 how those issues will be solved.

12 CHAIRMAN ABRAHAM:

13 So, again, we are the final say-so, right?

14 SECRETARY DONAHUE:

15 That's right.

16 CHAIRMAN ABRAHAM:

17 So that approval will come what? We meet
18 quarterly, is that when we meet? So I don't
19 know what -- I mean, it's just a process. I
20 hear you. I feel your pain, Senator Fesi. I
21 don't know if any others agree. Only the House
22 can correct it and move up a meeting maybe and
23 ease your pain.

24 SENATOR FESI:

25 Well, I appreciate it. I would just --

1 like I said, whatever y'all see fit. But I
2 think that to save our industry, our fishing
3 industry, our tourism, and all of that in South
4 Louisiana, the word is spreading, oh, I am just
5 going to Mississippi and everything else and
6 wherever else they may want to go. So just all
7 of the help we can get.

8 CHAIRMAN ABRAHAM:

9 All right. Thank you. I appreciate you
10 coming.

11 SENATOR FESI:

12 Thank you. Thank y'all.

13 CHAIRMAN ABRAHAM:

14 I believe that concludes Item 5.

15 MR. KEELING:

16 The only thing that I would say if we did
17 want to move forward on this, and we got to do
18 some pre-coordination with Build America Bureau
19 so that they understand why we are coming back
20 to them within a year for another amendment to
21 the loan documents. And I can have our bond
22 attorneys start preparing resolutions and we can
23 float it through email to get everybody to
24 review it. Make sure everybody is good with
25 what we are talking about.

1 But it would be simply to state what we
2 would be doing to make the manual adjustments
3 and then we would talk about how we were going
4 to do that and the loan documents would reflect
5 that.

6 CHAIRMAN ABRAHAM:

7 Okay. You will get started on that for
8 the next meeting.

9 MR. KEELING:

10 Right.

11 CHAIRMAN ABRAHAM:

12 Thank you. Next item, any public
13 comments? Seeing none.

14 Representative Bourriague makes a motion
15 to adjourn. Seeing no objections, we are
16 adjourned. Thank you.

17

18 (Meeting adjourned at 9:54 AM.)

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