

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 215** SLS 13RS 437

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **w/ HSE FLOOR AMD**

Proposed Amd.:

Sub. Bill For.:

| | |
|---|-----------------------------------|
| Date: June 4, 2013 2:57 PM | Author: HEITMEIER |
| Dept./Agy.: Department of Transportation and Development | Analyst: Alan M. Boxberger |
| Subject: Provides for ferries on the Mississippi River | |

WATER/WATERWAYS EGF SEE FISC NOTE SD EX See Note Page 1 of 2
Provides for ferries on the Mississippi River. (7/1/13)

Present law provides for DOTD to take over, operate and regulate the ferries formerly operated by the Crescent City Connection Division and authorizes it to collect fees, tolls, fares or ferry charges deemed necessary to operate, maintain and replace ferry services; provides that DOTD may privatize ferry services; provides for appointment of the New Orleans Regional Planning Commission as advisor to any ferry service contractor. Proposed law requires DOTD to own, insure and contribute not more than \$4.0 million annually from its operating budget for the continued operation of the Chalmette ferry; authorizes DOTD to enter a cooperative endeavor agreement with a political subdivision; authorizes the CEA to include other marine assets and properties formerly operated by the CCCD; requires the political subdivision to establish fares to contract with a public or private operator; provides for creation of the New Orleans Ferry Fund; provides for deposits; and provides for sunset on 6/30/18.

| EXPENDITURES | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | SEE BELOW | |
| Ded./Other | SEE BELOW | |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | SEE BELOW | |
| Annual Total | | | | | | |

| REVENUES | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | SEE BELOW | |
| Ded./Other | SEE BELOW | |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | SEE BELOW | |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

Proposed law provides that DOTD shall utilize no more than \$4.0 million annually from its operating budget to provide for the continued operations of the Chalmette ferry. This ferry currently operates 105 hours per week at an annual operating cost of \$3.3 M (including \$580,000 for Risk Management premiums). As the Chalmette ferry location connects two state highways, DOTD is permitted to utilize Transportation Trust Fund - Regular to support the ongoing operations.

Proposed law creates the New Orleans Ferry Fund and stipulates that its monies shall be used exclusively by DOTD to fund operations of the Chalmette ferry and to provide for an undefined ferry service system comprised of assets formerly operated by its Crescent City Connection Division. The LFO is uncertain if proposed law provides a directive to DOTD to continue operating all three existing ferry locations, Chalmette, Algiers and Gretna, or some subset thereof. The revenues generated under proposed law provide for approximately \$830,000 of annual expenditures. The Chalmette ferry can continue operating at existing levels utilizing TTF - Regular funds. The Algiers ferry operates 136.5 hours per week at an annual operating cost of \$3.2 M (including \$450,000 for Risk Management) and the Gretna ferry operates 86 hours per week at an annual operating cost of \$2.06 M (including \$500,000 for Risk Management). In any scenario in which one or more ferries beyond

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE 2

REVENUE EXPLANATION

Proposed law will result in a reallocation of approximately \$830,000 Statutory Dedication revenues equal to truck and trailer registrations collected in Orleans Parish, depositing the monies into the newly created New Orleans Ferry Fund instead of into the Transportation Trust Fund as per current law.

Utilizing information provided by the Department of Public Safety, the LFO estimates the revenues generated by truck and trailer registrations in Orleans Parish at approximately \$830,000 per year. The LFO further interprets proposed law to indicate that after 50% of funds deposited into the State Highway Fund No. 2 are transferred to the Greater New Orleans Causeway Commission, an amount equal to the sum of all revenues generated from truck and trailer registrations within Orleans Parish will be transferred into the New Orleans Ferry Fund, with the remaining balance reverting to the Transportation Trust Fund as per present law. Within this interpretation, the deposit into the newly created New Orleans Ferry Fund would be approximately \$830,000 annually based upon historical actual collections.

Proposed law authorizes a political subdivision, through a cooperative endeavor agreement with DOTD, to establish and collect ferry fares. The ferry fares established may result in an indeterminable increase in SGR or Local Funds collections, dependent upon the fare levels set, total ridership, and terms of the cooperative endeavor agreement.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input checked="" type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S} | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

Evan Brasseaux

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Staff Director

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE 1

the Chalmette ferry were to continue operations, the service schedule would likely be severely reduced or restricted from current levels.

EXISTING FERRY OPERATIONS

Algiers-Canal Ferry - \$3.2 M

Operates 136.5 hours per week
Personnel Cost: \$1.9 M
Operating Services: \$200,000
Supplies: \$685,000
ORM Insurance: \$450,000
2 vessels, 2 barges

Gretna-Canal Street Ferry - \$2.06 M

Operates 86 hours per week
Personnel Cost: \$1.1 M
Operating Services: \$130,000
Supplies: \$330,000
ORM Insurance: \$500,000
2 vessels, 2 barges

Chalmette-Lower Algiers Ferry - \$3.3 M

Operates 105 hours per week
Personnel Cost: \$1.95 M
Operating Services: \$175,000
Supplies: \$600,000
ORM Insurance: \$580,000
2 vessels, 2 barges

DOTD estimates that if funded at approximately \$1.0 million annually, it would be capable of providing a 20 hour per week ferry service at a single location, splitting the time of personnel between that location and the Chalmette location. Proposed law would provide approximately 83% of this funding level from the New Orleans Ferry Fund. It is unclear whether the authorization to establish fares will result in sufficient SGR or Local Funds collections to offset the shortfall to provide for total overall operations of a single location, let alone two locations.

Proposed restricted ferry service - \$964K

Operates 20 hours per week
Personnel Cost: \$462,000
Operating Services: \$176,000
Supplies: \$104,000
ORM Insurance: \$222,000
1 vessel, 2 barges

NOTE: In addition to providing for ferry operating expenditures, DOTD is required to dry-dock each ferry on a periodic schedule for routine inspection and maintenance. Historically, the CCCD received periodic appropriations between \$1.0 M and \$2.1 M SGR in the capital outlay bill to provide for dry docking, repairs and maintenance of its fleet of six vessels. DOTD will be able to utilize TTF-Regular funds to provide dry docking of the ferries at the Chalmette location. Proposed law does not seem to contemplate an alternative funding source for this capital outlay activity at any additional locations, which would not be eligible for TTF-Regular expenditures. It is unclear whether the authorization to establish fares will result in sufficient SGR or Local Funds revenues to provide for dry-docking activities at one or two alternative locations.

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