



A Report from the Bureau
of Governmental Research

Over the River

The Future of the
Crescent City Connection
Bridge and Ferries

APRIL 2011

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EXECUTIVE SUMMARY

At the end of next year, tolling on the Crescent City Connection (CCC) bridge, one of the region's most vital transportation arteries, is scheduled to expire. Tolls provide more than three-quarters of the revenue for the Crescent City Connection Division (CCC Division) of the Louisiana Department of Transportation and Development (DOTD) – the entity responsible for operating and maintaining the bridge and three ferries in the New Orleans region.

In this report, BGR explores the implications of eliminating tolls and options for funding the bridge and ferries in the future.

This exploration proceeds from two key findings: that the CCC bridge is the only Mississippi River bridge in Louisiana that tolls its users, and that only a small portion of toll revenue goes to the operation and maintenance of the bridge. The average commuter would probably be surprised to learn that the main use of tolls is to subsidize ferry service and that a portion goes to far-flung construction projects. That commuter might also be surprised to learn that the CCC Division spends almost as much money collecting tolls as it does policing and maintaining the bridge.

Each time a driver paid a \$1 toll last year, 32 cents went to operating and maintaining the three ferries; 19 cents to maintaining and policing the bridge; 16 cents to collecting and administering the tolls; and 5 cents to beautification services on surrounding roadways. Another 15 cents went to debt service and various capital projects, and the remaining 13 cents went to a capital reserve fund.

The tolls provide a steady stream of revenue for the bridge, ferries and various capital projects. They support services not found on other Mississippi River bridges, such as a special police force and extensive decorative lighting.

But there are compelling reasons to allow the tolls to expire.

First, the final payment on the debt incurred to complete

the second bridge will be made in November 2012. Once that debt is paid, the main reason for imposing the tolls in the first place will disappear.

Second, tolls are supposed to be user fees. User fees should be used only to fund the service for which they are imposed; the revenue generated by the fee should not exceed the cost of providing the service. This is not the case with the bridge tolls.

Third, the cost of collecting the tolls is disproportionate to the revenue generated for the bridge.

Fourth, without the expense of toll collection, ferry subsidization and unrelated projects, there is no need for tolls. Bridge expenses are manageable from other sources.

Fifth, it is unfair for the state to charge tolls on the CCC bridge while covering the expenses of the other Mississippi River bridges out of state and federal funds.

Drivers on the CCC should not be required to subsidize ferry riders and to pay for construction projects far afield. Nor should they be the only bridge users in the state who must pay to get from one side of the Mississippi River to the other. It is time for the state to pick up the tab as it does elsewhere.

BGR's position is not based on opposition to the concept of tolling. Charging tolls on significant bridges and roads throughout the state could be an effective and equitable way to increase state transportation funding.

Paying for the Bridge

The DOTD should pay for basic operations and maintenance of the CCC from the same funding source it applies to other Mississippi River bridges: the Transportation Trust Fund (TTF). It can do so without creating an undue burden. The amount budgeted last year for basic bridge operation and maintenance on the CCC, \$1.8 million, was less than 0.5% of DOTD's budget for operations and maintenance of roads and bridges.

The CCC's operating expenses include two extraordinary items that the DOTD does not pay for elsewhere: lighting and police. These cost \$600,000 and \$2.5 mil-

lion, respectively. The need for a special police force, potential cost reductions and alternate approaches to policing are matters that require further study. BGR in 1997 recommended that the state investigate folding the bridge police into the State Police.

One possible source for meeting the costs of lighting and policing the bridge is a special transportation fund known as State Highway Fund No. 2. Half of that fund, which comes from a portion of vehicle license taxes collected in most parishes in the region, is currently dedicated to the CCC Division. The fund generates around \$5.4 million per year for the division.

Capital expenses could be met in part with the reserve funds generated by the tolls before they expire and in part with the portion of State Highway Fund No. 2 not needed for extraordinary operating expenses. To the extent that there is a shortfall, the DOTD can meet it with the TTF, as it does the capital needs of other Mississippi River bridges.

Paying for Ferries

Without tolls, funding for the ferry operations would fall to the TTF. The DOTD currently funds six other ferries out of that source.

If the DOTD determines that current TTF funds are inadequate to pay for the CCC Division ferries, it has a number of options. It could change the fare structure for ferries throughout the state, imposing fares on pedestrians, charging fares on both sides of the river (currently vehicle fares are collected only on one bank) and seeking an increase in the maximum vehicle fare from the State Legislature (currently set at \$1). Fares provide less than 3% of the funds spent on ferries.

A more aggressive approach to dealing with funding shortfalls would be to shut down one or more ferry lines in the state. The issue should be approached on a state-wide basis, taking into account factors such as ridership, cost per passenger and access to alternate means of crossing the river. It should not be confined to CCC Division ferries.

BGR makes the following recommendations.

On Tolls

- The Legislature should allow tolls to expire at the end of 2012.

On Paying Bridge-Related Costs

- The DOTD should cover basic operating and maintenance costs for the CCC out of the TTF.
- The DOTD should commit reserves that accumulate prior to the elimination of tolls to capital improvements on the bridge.
- The DOTD should take the necessary steps to continue the dedication of State Highway Fund No. 2 to the CCC and apply the revenue to its capital needs. The DOTD should include any unmet needs in its prioritization process for statewide capital projects and, where appropriate, meet them out of the TTF.

On Ferry-Related Costs

- The DOTD should cover ferry costs out of the TTF.
- In anticipation of that change, the DOTD should evaluate increases in ferry fares or cuts in ferry service on a system-wide basis. It should set priorities based on factors such as vehicle and pedestrian ridership, cost per rider, and access to other means of crossing the river.

On Overall Funding

- If the DOTD requires additional funding to properly fund the Mississippi River bridges and ferries, the Legislature should increase state transportation taxes.

INTRODUCTION

Towering over the Mississippi River, the twin bridges that together form the Crescent City Connection (CCC) are an icon of the local skyline. But the CCC's economic importance far outweighs its landmark status. The bridge is one of the region's most vital transportation arteries, joining downtown New Orleans to Algiers and the west banks of Jefferson and Plaquemines parishes. More vehicles pass over it than any other major bridge in Louisiana.

The bridge and three ferries linking the east and west banks of the Mississippi River are operated, maintained and policed by the Crescent City Connection Division (CCC Division) of the Louisiana Department of Transportation and Development (DOTD). The division also has responsibility for using toll revenue to help finance a series of legislatively mandated infrastructure projects.

The CCC Division is funded almost exclusively from bridge tolls and a dedicated portion of a special transportation fund known as State Highway Fund No. 2.¹ The tolls are scheduled to expire on December 31, 2012. The dedication of State Highway Fund No. 2 will expire in November 2012 unless new bonds linked to the bridge or ferries are issued.

This report examines the implications of losing these revenue sources. It also examines options for funding the bridge and the ferries in the future.

BACKGROUND

The first span of the CCC opened in 1958, spurring development on the west bank. Thirty years later, the second span was completed.

The first span was built, operated and maintained by the Mississippi River Bridge Authority (the Bridge Authority), an independent body established in 1952 and transferred to the DOTD in 1975. The Bridge Authority initially received funding from bridge tolls, as well as State Highway Fund No. 2.

The opening of the bridge caused a dramatic decline in ridership on private river ferries, making them un-

TABLE 1: CCC TIMELINE

1950s

1952: The Mississippi River Bridge Authority (the Bridge Authority) is created.

1954: The Bridge Authority issues \$65 million of bonds to pay for construction of the bridge.

1958: First span opens. Tolls are charged at a rate of 35 cents for a two-axle vehicle. The bridge has its own police force.

1959: The Bridge Authority takes over the Canal-to-Algiers ferry line.

1960s

1964: Tolls on the bridge are suspended. The Bridge Authority begins operating the bridge with state transportation funds.

1965: The Bridge Authority takes over the Gretna-to-Jackson Avenue ferry line.

1969: The Bridge Authority creates the Chalmette-to-Lower Algiers ferry line.

1980s

1981: Construction of the second span begins.

1989: Construction of the second span is completed. Tolls are reinstated at a rate of \$1 per two-axle vehicle until 1994.

1990s

1992: The DOTD issues \$30.9 million of revenue bonds to finance approaches to the bridge.

1994: Tolls are renewed until 1999. The rate for toll-tag users drops to 50 cents per two-axle vehicle. Tolls remain \$1 for other users.

1998: Tolls are renewed until 2012. The rate for toll-tag users drops to 40 cents per two-axle vehicle. Tolls remain \$1 for other users.

2000s

2002: The DOTD issues \$19.9 million of bonds to refinance the 1992 bonds at a lower interest rate.

2012

2012: The last of the bonds are scheduled for repayment. Tolls are scheduled to expire on December 31.

profitable.² In 1959, the Bridge Authority took over the Canal-to-Algiers ferry line. It acquired the Gretna ferry in 1965 and created the Chalmette service in 1969.

When the first span opened in 1958, tolls were imposed to pay debt service for the construction bonds and to support operations and maintenance of the bridge and the ferries. However, in 1964, and for the next 25 years, the tolls were suspended and Louisiana’s Department of Highways (later merged into the DOTD) covered the Bridge Authority’s debt service and other expenses using general state transportation funds and State Highway Fund No. 2.³ Table 1 provides a timeline of the bridge and ferries.

The second bridge, which opened in 1989, was financed with a combination of state general obligation bonds and bonds payable from CCC Division revenue. Tolls were reinstated that year to help support the revenue bonds and the operations and maintenance of the bridge and ferries. General state transportation funding, which the bridge and ferries had enjoyed for 25 years, ceased, leaving two main funding sources for them: bridge tolls and State Highway Fund No. 2. Also in 1989, the bridge was renamed the Crescent City Connection and the CCC Division of the DOTD was formed.

That year, the tolls were pledged to outstanding bonds and dedicated to bridge- and ferry-related improve-

ments and expenses. Over time, however, the Legislature expanded the universe of projects for which toll revenue could be used to include improvements that were loosely related or completely unrelated to the CCC. A number of these projects are located miles away from the CCC. (For a list of the projects, see Table 6 on p. 8.)

Currently, tolls on the CCC pay for much more than bridge operations and maintenance. The tolls also provide the majority of funding for the CCC Division’s three ferry lines and the Crescent City Connection Police Department (the CCC Police Department). In addition, the CCC Division uses toll funds to perform beautification services along the entire Westbank Expressway and on some roadways beneath the bridge. Any toll revenue in excess of that required for the division’s bridge and ferry departments goes toward a list of capital projects determined by the Legislature.⁴

Tolls are scheduled to expire at the end of 2012. This will eliminate a funding stream that accounted for 77% of the CCC Division’s revenues in 2010.

CCC REVENUE AND EXPENDITURES

In fiscal 2010, CCC Division revenue totaled \$26.5 million. Bridge tolls accounted for \$20.5 million of the total and State Highway Fund No. 2, \$5.4 million. Ferry tolls generated a mere \$240,000.

Revenue in 2010 was somewhat lower than in the prior four years, when the CCC Division averaged \$28.9 million. The revenue from bridge and ferry tolls was similar to collections in those years. The decline was attributable in part to a drop in interest income. Also, in 2010 there were no federal grants for the ferries. In the prior four years, such grants had added an average of \$746,000 to CCC Division revenue each year. See Table 2 for CCC Division revenue from 2006 to 2010.

The CCC Division spent a total of \$23 million in 2010. The largest expenditure, \$8.4 million, was for ferry operations. Expenses directly related to bridge operations, including maintenance and police, totaled \$4.9 million. Expenses related to

TABLE 2: CCC DIVISION REVENUE, FISCAL 2006-10

	Total Revenue (in millions)				
	2006	2007	2008	2009	2010
Toll Revenue	\$16.9	\$21.4	\$21.9	\$20.9	\$20.5
Highway Fund No. 2	5.9	5.6	5.3	5.2	5.4
Interest on Investments	1.7	2.1	1.3	0.1	0.0
Federal Ferry Grants	0.5	0.8	0.9	0.8	0.0
Tag and Scrip Revenue*	0.0	0.5	0.6	0.5	0.2
Rental Income	0.3	0.7	0.5	0.1	0.1
Ferry Tolls	0.2	0.2	0.3	0.3	0.2
Total Revenue	\$25.6	\$31.4	\$30.7	\$27.9	\$26.5

*Tag revenue is derived from electronic toll tags. Scrip revenue is derived from pre-purchased certificates used to pay the tolls on the bridge or ferries.

Note: Due to rounding, numbers may not add up to totals.

Source: Louisiana Legislative Auditor

TABLE 3: WHERE A DOLLAR TOLL WENT IN 2010

<p>FERRIES: 32 Cents</p>	<p>MAINTAINING AND POLICING BRIDGE: 19 Cents</p>	<p>TOLL COLLECTION AND RELATED ADMINISTRATION: 16 Cents</p>	<p>RESERVE FUND: 13 Cents</p>	<p>DEBT SERVICE: 9 Cents</p>	<p>CAPITAL PROJECTS: 6 Cents</p>	<p>BEAUTIFICATION: 5 Cents</p>
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toll collection were the next largest item, at \$4.1 million.⁵

In other words, each time a driver paid a \$1 toll, 32 cents went to operating and maintaining the ferries; 19 cents to maintaining and policing the bridge; 16 cents to collecting and administering the tolls; and 5 cents to beautification services on surrounding roadways. Another 9 cents went to debt service and 6 cents to various capital projects, with the remaining 13 cents going to a capital reserve fund.⁶ (See Table 3.)

Operating Expenditures

The CCC Division’s 2010 operating expenditures were \$19 million. This was significantly lower than in previous years, when expenditures averaged \$24.1 million. Most of the reduction was attributable to the cancellation of an insurance policy with a \$4.8 million premium.⁷ The CCC Division also reduced costs by transferring some maintenance employees and responsibilities to the DOTD.

In 2010, revenue exceeded expenditures by \$3.5 million. By contrast, in the prior four years the CCC Division ran an average deficit of \$5.6 million. These deficits were due primarily to capital expenditures.

To cover the capital costs, the CCC Division tapped its Capital Projects Reserve Fund. As a result, reserves have been depleted. At the start of fiscal 2006, the Capital Projects Reserve Fund contained more than \$41 million. By the end of fiscal 2010, it had fallen to \$23.3

million. Between November 2010 and March 2011, the CCC Division committed all but \$700,000 of the remaining funds to non-bridge projects. These included \$15 million to a drainage project on General DeGaulle Drive and \$3.5 million of improvements to Barataria Boulevard.⁸

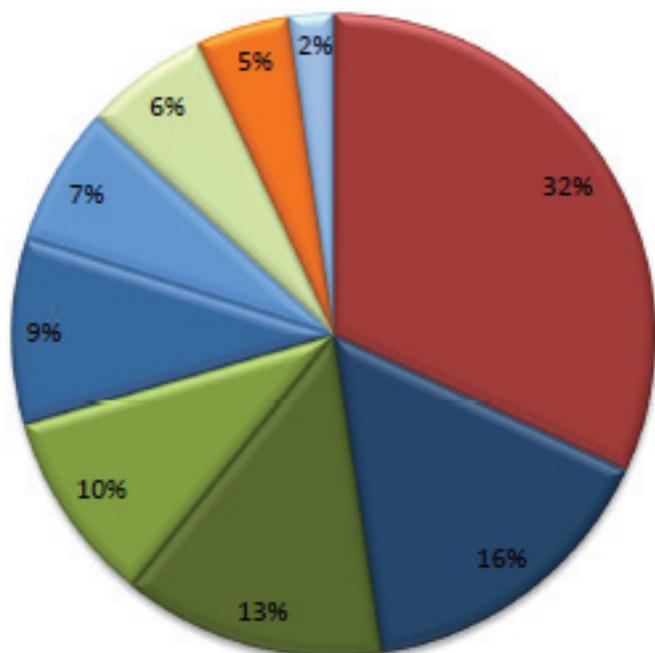
Tolling. The CCC Division divides administration and toll collection into separate organizational departments. However, based on an analysis of the division’s staffing chart, BGR determined that almost all of the administration employees’ work revolves around toll collection. Therefore, BGR is treating expenses relating to those employees as part of the cost of toll collections.

In fiscal 2010, the CCC Division spent \$4.1 million on toll collection for the bridge. This was 18% of the division’s expenditures. The vast majority of the collection costs, \$3.4 million, went to salaries and benefits for 82 employees. These include toll booth operators, toll accountants, operators at the toll help center and IT technicians dedicated to operating the electronic toll system.

Bridge. In 2010, the CCC Division spent \$2.4 million on bridge operations (including lighting) and routine maintenance. This was a much smaller amount than in 2009, when such expenditures were \$7.2 million. As noted above, most of the expense in that year was attributable to an insurance policy rather than to work on the bridge.

The Division also spent \$2.5 million on the Crescent City Connection Police. The police department’s bud-

TABLE 4: BREAKDOWN OF 2010 CCC DIVISION EXPENDITURES & EXCESS REVENUE



- Ferry Operations: \$8.4 million
- Toll Collection and Administration: \$4.1 million
- Excess Revenue: \$3.5 million
- Debt Repayments: \$2.6 million*
- Bridge Police: \$2.5 million
- Other Bridge Operations and Maintenance: \$1.8 million
- Capital Projects: \$1.6 million
- Beautification: \$1.2 million
- Bridge Lighting: \$0.6 million

Total: \$26.5 million

* Debt repayments include \$189,296 in bank charges.

Note: Due to rounding, numbers may not add up to the total.

Source: DOTD.

get has held relatively steady during the past five years.

Beautification. The CCC Division spent \$1.2 million on beautification projects, including tree-pruning and grass-mowing along the Westbank Expressway and General DeGaulle Drive.

Ferry Service. The CCC Division’s marine department includes all employees engaged in ferry operations. Currently, the CCC Division has 73 marine department employees, including maintenance workers, ferry captains, deckhands and engineers.

In 2010, the division spent \$8.4 million on ferry operations. These operations are heavily subsidized by bridge tolls and State Highway Fund No. 2. Ferry tolls, which are collected only from vehicles, covered a mere 3% of these operating costs.

Debt Service and Capital Expenditures

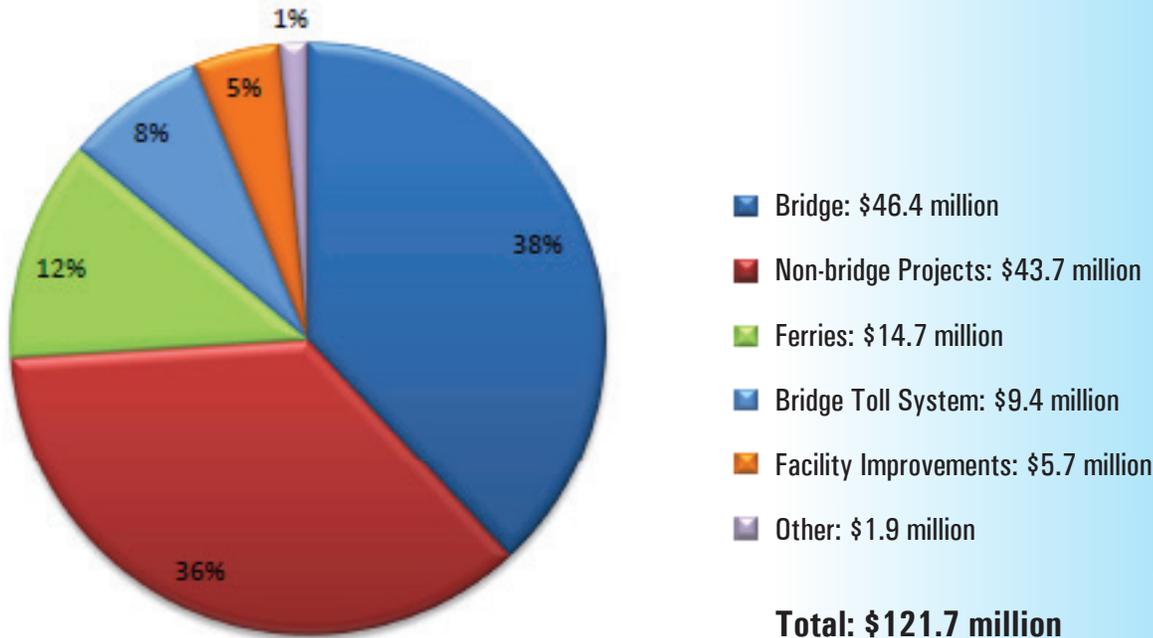
Debt Service. In 2010, the CCC Division spent \$2.4 million on debt service. The remaining debt service ob-

ligations total \$4.7 million.

Capital. The CCC Division in recent years has funded major bridge and ferry repairs, renovations to the division’s headquarters on the west bank, the installation of an electronic tolling system, and a series of projects that are not directly related to the bridge. From 2000 to 2009, the division spent a total of \$97.4 million, or close to \$10 million annually, on capital improvements. In fiscal 2010, the CCC Division spent a far smaller amount, \$1.6 million. Since then, the DOTD, following priorities established by the Crescent City Connection Oversight Authority, has committed an additional \$22.6 million to capital improvements on the west bank.⁹ This is a surprising decision, given the major capital needs on the bridge itself.

The CCC Division spent \$46.4 million – less than 40% of its capital expenditures since 2000 – on bridge projects, including the repainting of the original span at a cost of \$27.5 million. The division spent \$14.7 million on capital improvements to the ferries and ferry landings. (See Table 5.)

TABLE 5: CCC DIVISION CAPITAL EXPENDITURES SINCE 2000



Notes: Due to rounding, numbers may not add up to the total. The bridge and non-bridge roadway projects include \$67.4 million of projects specified by the Legislature. For the purposes of this report, BGR classified projects relating to the bridge spans between the Tchoupitoulas exit of U.S. 90 and the General DeGaulle exit of U.S. 90 as bridge projects. It presented costs relating to the bridge's tolling system separately. BGR classified capital projects on the Westbank Expressway, surrounding west bank roadways and U.S. 90 between the Tchoupitoulas exit and the Broad Street overpass as non-bridge roadway projects.

Source: BGR calculations based on information provided by DOTD.

Legislatively Mandated Projects

Following the return of bridge tolls in 1989, the Legislature began to specify projects to be financed by toll revenue not needed for debt service or bridge and ferry operations.¹⁰ It directed the CCC Division to apply this excess revenue to 17 projects relating to the bridge and west bank roadways. (See Table 6.)

Funding for the projects designated by the Legislature has come from tolls and various other sources, including the federal government, the DOTD, the Sewerage & Water Board of New Orleans (for project-related drainage work), the City of Gretna and Jefferson Parish.¹¹ The DOTD was unable to provide either the amount of toll funds or other funding expended to date.¹² The department estimates that it will cost \$171 million to complete the remaining projects.

Future Capital Needs. The CCC Division has identified 56 projects for the bridge, the ferries and ferry landings. The division estimates it will take more than \$76

million to complete them. Of that amount, \$51.7 million is for bridge projects, including the repainting of the second span at an estimated cost of \$30 million. The ferries and ferry landings need \$24.3 million in improvements. All three ferries are at least 40 years old, and their age drives up maintenance costs.

Estimated Expenses

BGR estimates that it will cost around \$5.3 million to operate, maintain and police the bridge and \$9.1 million to operate the ferries in fiscal 2013, the year in which tolls are scheduled to expire.¹³ For future capital expenses, BGR is relying on the DOTD's estimates of \$51.7 million for the bridge and \$24.3 million for the ferries. BGR notes that, if tolls are eliminated, there will be an additional unknown expense for removing the toll plaza and reconfiguring the lanes in its immediate vicinity.

TABLE 6: MANDATED CCC DIVISION PROJECTS

Projects on the Bridge

Project Description	Status
Opening HOV transit lanes on bridge	Completed
Adding a toll tag lane for cars entering from Algiers	Completed
Installing a video or photo monitoring system	Completed
Repainting the upriver span of the original bridge	Completed
Funding of the required land use plan for the bridge right of way	Completed
Completing the bridge and its approaches	Completed
Control devices for regulating traffic on the transit lanes	Completed
Down ramp exit to Mardi Gras Boulevard in Algiers	Incomplete: This project has not yet been started.
Repainting the Crescent City Connection	Incomplete: The second span and the approaches to the first span need to be repainted.

Other Mandated Projects

Project Description	Status
Lighting the bridge approaches, and the lighting, maintenance, grass cutting and landscaping of the Westbank Expressway and connecting arteries	Completed
Landscaping and beautification of General DeGaulle Drive, Terry Parkway and Shirley Drive	Completed
Extension of Peters Road south to an intersection with Louisiana Highway 23	Incomplete: Peters Road from 4th to Lapalco has been completed but construction from Lapalco to Belle Chasse Highway is not complete.
Four-laning of Lapalco Boulevard from Victory Drive to U.S. 90	Incomplete: 1.9 miles of the 4.1-mile project are complete.
Improvements on Barataria Boulevard and Terry Parkway	Incomplete: Barataria Boulevard has been widened from four to six lanes; traffic signal upgrades and landscaping have occurred on Terry Parkway.
4th Street Extension to Burmaster/General DeGaulle	Incomplete: Construction is scheduled to begin in late 2011 or early 2012.
Upgrading of Peters Road and its rail corridor	Incomplete: The project is in the design phase.
Adding ramps along the Westbank Expressway to Destrehan Ave.	Incomplete: This project has been incorporated into the Peters Road project.

Sources: La. R.S. 47:820.5(B)(2)(a) and DOTD.

TOLLS: SHOULD THEY STAY OR GO?

By the end of next year’s legislative session, the Legislature must decide whether tolls will remain on the CCC in 2013. If it takes no action, CCC bridge tolls will automatically expire at the end of 2012.

There are compelling arguments for allowing this to

happen.

First, the final payment on the debt incurred to complete the second bridge will be made in November 2012. Once that debt is repaid, the main reason for imposing the tolls in the first place will disappear.

Second, tolls are a form of user fees – charges imposed

in exchange for a government-provided commodity or service. User fees should not exceed the cost of providing the service, and the revenue they generate should be used only to fund the service for which they are imposed. This is not the case for the tolls on the CCC. Much of the revenue generated by the tolls covers costs unrelated to the bridge. Nearly one-third of every dollar collected on the bridge is used for ferries. In addition, some toll revenue helps to pay for projects that are unrelated to, and far removed from, the bridge. For instance, the Peters Road extension is located nine and a half miles away and the Barataria Boulevard project is six miles away. The tolls are operating more as a tax imposed on motorists than a true user fee.

Third, the cost of collecting the tolls is disproportionate to the revenue generated for the bridge. In 2010, drivers paid about 16 cents on the dollar for the privilege of paying tolls, versus 19 cents for bridge operations, maintenance and policing, and 9 cents for debt service. And that was after a significant drop in toll-related expenses from the prior year.

Fourth, without the expense of toll collection, ferry subsidization and unrelated projects, there is no need for tolls. Projected bridge operating costs of \$5.3 million are manageable from other sources. They equal just over one percent of what the DOTD spent on other bridges and roadways in 2010.¹⁴ The CCC Division has the option of financing capital expenses of the bridge using State Highway Fund No. 2. The DOTD could also use any reserves that accumulate prior to the elimination of tolls to help pay for the bridge's capital needs.

Fifth, there are eight automobile bridges spanning the Mississippi River entirely within the state of Louisiana. The CCC is the only one on which tolls are charged. The DOTD covers the expenses of every other Mississippi River bridge and roadway in Louisiana out of state and federal funds. This is unfair.

However, there are risks associated with eliminating the tolls.

Tolls provide a significant and secure source of funding. Without them, the CCC would have to compete with other transportation arteries throughout the state for a limited amount of transportation funding. The DOTD

estimates current capital needs on all state bridges and roadways at close to \$13 billion. To some extent, this funding would be at the discretion of the DOTD and susceptible to political pressure. However, because of its importance, the upkeep of the CCC bridge is likely to remain a high funding priority.

The same cannot be said for certain extraordinary expenses on the bridge, such as its special police force and extensive lighting. The CCC Division might reduce the current level of such services, and certain costs might fall to local governments.

Currently, the CCC Police Department patrols the bridge 24 hours a day, seven days a week, and can respond to accidents immediately. The department also patrols 14 miles of roadway extending from the South Broad Street Overpass on the Pontchartrain Expressway to the end of the Westbank Expressway and the area beneath the bridge on each side of the river.¹⁵ In 2010, the department handled close to one accident per day on the bridge and nearly three times that number in the toll plaza area, Westbank Expressway and Pontchartrain Expressway combined.¹⁶ The bridge police also ride the Canal-to-Algiers ferry every night from 9:30 p.m. until midnight and respond to incidents on the ferries or at the terminals as needed at all other times. Without the CCC Police Department, a significant portion of the responsibility for, and cost of, patrolling these areas could fall to local police forces.

The cost of lighting the bridge could fall on local jurisdictions, mainly the cash-strapped City of New Orleans. The CCC Division pays approximately \$600,000 a year to light the two bridge spans. The DOTD does not pay for lighting on any other bridges in the state. The DOTD generally views lighting as a responsibility of the locality in which the bridge is located. Port Allen and the City of Baton Rouge, for instance, each pay half of the cost to light the I-10 bridge over the Mississippi River in Baton Rouge.

Yet, fairness requires a new approach to funding the bridge. Drivers on the CCC should not be required to subsidize ferry riders and to pay for the construction of street projects far afield. Nor should they be the only bridge users in the state who must pay to get from one side of the Mississippi River to the other. It is time to end the bridge tolls and have the state government pick

up the tab as it does in the rest of the state.

BGR's position is not based on opposition to the concept of tolling. Charging tolls on significant bridges and roads throughout the state could be an effective and equitable way to increase state transportation funding. Tolling may also be appropriate for unique segments of infrastructure, such as the 24-mile Causeway. However, it is unfair to make drivers in one region shoulder the burden of tolls, while drivers who cross similar bridges in other parts of the state do not.

LIFE AFTER TOLLS: PAYING FOR THE BRIDGE AND FERRIES

If the state allows the tolls to expire at the end of 2012, the DOTD will have to find other funding sources for the bridge and ferries. There are two primary sources on which it could draw: the state Transportation Trust Fund (TTF) and State Highway Fund No. 2.

Transportation Trust Fund

The TTF consists of state and federal funding derived mainly from gasoline taxes. It was created through a constitutional amendment in 1990.¹⁷ Sixteen cents of the state's 20-cent per gallon gas tax go into the TTF.¹⁸ The TTF also receives state funding from motor vehicle license taxes, interest and aviation fuel sales taxes. Federal funding from the Federal Highway Administration and the Federal Aviation Administration are also deposited in the TTF.

The Louisiana Constitution sets out the purposes for which TTF monies can be used.¹⁹ Uses include construction and maintenance of roads and bridges of the state and federal highway systems, flood control, ports, airports, transit, State Police traffic enforcement, and bond obligations.

The DOTD is funded mainly through the TTF. In 2011, the DOTD budgeted \$1.25 billion of TTF revenue. It designated 38% of that amount for operations and 62% for capital.²⁰ With the exception of the CCC Division bridge and ferries, the DOTD maintains every Mississippi River bridge and DOTD ferry out of its operating budget.

State Highway Fund No. 2

State Highway Fund No. 2 receives a portion of motor vehicle license taxes collected in Jefferson, Orleans, St. Charles, St. John the Baptist, St. Tammany and Tangipahoa parishes. The fund is evenly divided between the Causeway Commission and the CCC Division.²¹ State Highway Fund No. 2 is the CCC Division's second-largest revenue source, after tolls. It generated nearly \$5.4 million for the CCC Division in 2010. The division is entitled to receive its share of the fund as long as there are outstanding revenue bonds to support the bridge or ferries.

The last of these revenue bonds are scheduled for repayment in 2012. To keep State Highway Fund No. 2 as a dedicated source of revenue for the bridge and ferries, the DOTD would have to issue new debt for capital improvements on the bridge or ferries.

Assuming a 30-year term and a 5% interest rate, it would cost \$3.4 million per year to service \$52 million of debt, the amount that the DOTD claims it needs for bridge-related capital projects.²² If State Highway Fund No. 2 continued to generate revenue at the current level of \$5.4 million, this would leave \$2 million annually for operations. If the DOTD applied other sources to help meet long-term capital needs, debt service would decrease and the amount available for maintenance and operations would increase.²³

If the DOTD does not issue additional debt, the revenue that now goes to State Highway Fund No. 2 will go to the TTF.²⁴ While the revenue stream would not be dedicated, it would be available for use on the CCC bridge and ferries, providing an offset for approximately \$5.4 million of related expenses.

Paying for the Bridge

Operating Expenses. Fairness suggests that the DOTD should pay for operating and maintenance expenses of the CCC from the same funding source it applies to other Mississippi River bridges, the TTF. This can be done without creating an undue burden. Expenses other than lighting and policing costs totaled \$1.8 million in 2010. This is less than half of one percent of the DOTD's budgeted expenditures for operations and maintenance of

TABLE 7: HOW LOUISIANA'S MISSISSIPPI RIVER BRIDGES ARE POLICED

Bridge	Parish(es)	Police Force
John James Audubon	Pointe Coupee/West Feliciana	n/a*
Huey P. Long 2 (U.S. 190)	West Baton Rouge/East Baton Rouge	State Police
Horace Wilkinson Bridge, I-10	West Baton Rouge/East Baton Rouge	West Baton Rouge/City of Baton Rouge
The Sunshine Bridge	Ascension	State Police
Gramercy Bridge	St. James/St. John	State Police
Luling (Hale Boggs) Bridge, I-310	St. Charles	State Police
Huey P. Long 1 (U.S. 90)	Jefferson	Causeway Police Department/State Police
CCC	Orleans/Jefferson	CCC Police Department

*The Audubon bridge is still under construction.
Source: Louisiana State Police.

roads and bridges in 2010.

The CCC's operating expenses include some items that the DOTD does not pay for elsewhere: lighting and the CCC Police Department. Lighting and the CCC Police Department cost \$600,000 and \$2.5 million, respectively. A possible source for meeting lighting and police expenses is State Highway Fund No. 2, should it remain available.

The CCC is the only Mississippi River bridge in Louisiana with its own full-time police force. (See Table 7.) The need for a special police force and the potential for cost reductions are matters that require further study. Without tolls, bridge police would no longer have to stand guard at toll violation hearings and police toll collection on the bridge. Limiting the police department's responsibilities to the bridge itself could generate additional savings.

Police officials believe that a dedicated police presence is important. BGR spoke to the chief law enforcement officials in Gretna, the City of New Orleans and Jefferson Parish. Due to the bridge's strategic importance to the metro area, as well as its high traffic rate, all of the officials stated that it was essential to have police stationed in the immediate proximity of the bridge to respond to accidents. However, all three also asserted that they lack the resources to replace the current level of policing on the bridge. A representative of the State Police said his organization could dedicate patrols to

the bridge, but only if given additional resources.

In a 1997 report, BGR recommended that the state investigate folding the CCC Police Department into the State Police.²⁵ The recommendation was part of a broader recommendation to create a seamless web of police oversight on major commuter highways in the New Orleans region.

Capital. Capital expenses could be met in part by bonding all or a portion of State Highway Fund No. 2 (or its equivalent in TTF funds, if the CCC Division's funding from State Highway Fund No. 2 ends). The DOTD may be able to secure additional funds for capital through the Federal Highway Administration's Highway Bridge Program.²⁶ In 2010, that program provided Louisiana with \$228 million for capital projects on bridges.²⁷ Any remaining capital needs should be evaluated and, where appropriate, met by the DOTD as part of its process for prioritizing capital needs.

If the state determines that it lacks the means to meet the needs of its Mississippi River bridges, it should address the problem systemically, rather than by placing a unique toll burden on drivers in the New Orleans area. One possible solution is to raise transportation taxes, such as the motor vehicle license tax or the gasoline tax, to fund the TTF. The 16 cents in state gasoline taxes dedicated to the TTF has not increased since 1984, and its value has eroded significantly with inflation. In addition, federal funding for roads and bridges in Loui-

siana is likely to decrease in the near term, as one-time stimulus funding ends.

Adjusting the 16-cent portion of the gasoline tax for the TTF to reflect inflation would more than double revenue from that source.²⁸ The state could also consider imposing a vehicle-miles tax, which would tax drivers for the number of miles they drive, rather than the amount of gas they consume.

Paying for Ferries

In the preceding section, BGR proposes allocating certain potential funding sources – namely, State Highway Fund No. 2 – to the bridge. This means that they would not be available to support the ferries.

BGR’s approach should not be interpreted as indifference to ferry service. Rather, it flows from the relative return on investment and the characteristics of the revenue sources.

The public gets far more bang for its buck from the bridge. The CCC Division’s costs per bridge driver are much lower than the costs per ferry rider. In 2010, it cost the division roughly 21 cents per car to operate and maintain the bridge.²⁹ It cost the division \$5.21 per pedestrian passenger/vehicle to operate and maintain the ferries.³⁰

Furthermore, using State Highway Fund No. 2 for the bridge is more appropriate because the nexus between the bridge and the source of the funds is stronger. Using such funds for the Chalmette ferry would be particularly problematic, since it directly serves a parish (St. Bernard) that does not contribute to State Highway Fund No. 2. The bridge is located in Orleans and Jefferson, two parishes that do contribute to the fund.

Removing bridge tolls would eliminate the main funding source for operating and maintaining the ferries. Fares on the ferries cover a tiny fraction of operating costs, just 3% in 2010.

Ferry usage in the New Orleans area is relatively high. In 2008, the last year for which information is available, the CCC Division ferries had the fifth highest ridership of any ferry system in the U.S.³¹ During fiscal 2010, a

total of 989,000 pedestrians and 620,000 vehicles used the ferries.³²

The ferries provide significant benefits to riders who live or work nearby. In the case of the Chalmette ferry, motorists would have to drive 18 miles to get from the Chalmette landing to the one in lower Algiers. In the case of the Algiers and Gretna ferries, the drives would be five and eight miles, respectively.

Without tolls, funding for the ferry operations would fall to the TTF. The DOTD spent a total of \$9.6 million operating seven other ferries in fiscal 2010. Fares covered \$268,000, or 3%, of operating expenses. The balance came out of DOTD operating funds. Since then, the DOTD has terminated its Melville Ferry. It plans to close its New Roads-to-St. Francisville ferry this year because a new river bridge is opening in the area.

Ferry systems are costly to run. A 2009 report prepared for the Regional Planning Commission found that the total hourly operating costs for CCC Division ferries are in line with those of privately operated systems.³³

If the DOTD determines that current TTF funds are inadequate to pay for the CCC Division ferries, it has a number of options. It could change the fare structure for ferries throughout the state, imposing fares on pedestrians, charging fares on both sides of the river (currently vehicle fares are collected only on one bank) and seeking an increase in the maximum vehicle fare from the Legislature. While the imposition of pedestrian fares is an immediate option, state law restricts vehicle fares to one dollar.³⁴ In addition, it could seek legislation to eliminate all or some of the exemptions from fares.³⁵ In 2010, these exemptions let 22% of the vehicles using CCC Division ferries off the hook for a total of \$71,000 in fares.

Fares, as a percentage of operating costs, are low relative to peer ferry systems. In 2009, the CCC Division covered approximately 3% of operating costs from fares.³⁶ The median for the other six systems in the U.S. that charge a fare and carry a million or more passengers was 71.5%.³⁷

At current ridership rates, collecting fares on vehicle crossings in both directions and increasing the vehicle

TABLE 8: DOTD Ferries*Comparing Vehicle Counts and Operating Costs for Fiscal 2010*

Ferry Name	Main Funding Source	Vehicle Count*	Operating Cost (in millions)
Chalmette - Lower Algiers	CCC bridge tolls	479,174	\$3.2
Plaquemine Sunshine	State transportation funds	318,127	2.1
New Roads - St. Francisville	State transportation funds	263,100	1.9
Cameron	State transportation funds	197,289	2.4
Algiers - Canal St.	CCC bridge tolls	134,396	2.8
Duty – Enterprise	State transportation funds	44,818	0.6
White Castle	State transportation funds	21,008	0.8
Gretna - Canal St.	CCC bridge tolls	10,013	2.1
Melville**	State transportation funds	6,325	0.6
Edgard – Reserve	State transportation funds	0***	1.2

Note: Two ferries, Cameron and Duty-Enterprise, cross bodies of water other than the Mississippi River.

** The DOTD does not track pedestrian passengers on its seven ferry lines. 2010 ridership numbers in the chart only reflect vehicle ridership.*

*** The DOTD closed the Meville line in 2010 due to low ridership.*

****The Edgard-Reserve ferry was out of service in 2010.*

Source: DOTD.

fare for all DOTD ferries in the state by \$2 would generate an additional \$3.9 million.³⁸ Charging pedestrian passengers \$1.25 per ride, the fare the RTA charges passengers for a single ride on its buses, would generate an additional \$1.2 million.³⁹ Together, these fares would provide DOTD with an additional \$5.1 million a year. However, the projections do not account for the drop in ridership that could occur following any fare increase.

A more aggressive approach to dealing with funding shortfalls would be to shut down one or more ferry lines in the state. The DOTD’s analysis of the future operations of its ferry system should proceed on a statewide basis, taking into account factors such as vehicle and pedestrian ridership, cost per passenger, and access to alternate means of crossing the river. The analysis should not be confined to CCC Division ferries.

The average operating cost for the three CCC Division ferries in 2010 was \$2.7 million, compared to \$1.8 million for the other seven DOTD ferries. However, two of the CCC Division ferries – Chalmette and Algiers – carried an extraordinary number of passengers. Based on vehicle ridership alone, the Chalmette ferry was the

busiest of all DOTD ferries. (See Table 8.) The Algiers ferry, while fifth in terms of vehicle traffic, was first in pedestrian ridership, serving nearly 900,000 foot passengers. Pedestrian ridership on ferries outside the New Orleans region is so insignificant that the state does not track it.

The Gretna line had the lowest vehicle ridership of any DOTD ferry. Its pedestrian ridership was far lower than that of the Algiers ferry (81,640 pedestrians versus 897,594), but far higher than any other ferry. It had a significantly higher cost per passenger and vehicle than either of the other CCC Division ferry lines. In 2010, the cost to transport each pedestrian and vehicle on the Gretna line was \$25.57, compared to \$7.04 for the Chalmette line and \$2.93 for the Algiers ferry.⁴⁰ This could make the Gretna ferry vulnerable to cutbacks. And, despite the Algiers ferry’s high ridership, its proximity to the CCC could make it vulnerable to cutbacks as well.

Funding the CCC Division ferries primarily through the TTF would put them on the same funding basis as all other DOTD ferries in the state. That is the fairest approach. If supplemental funds are necessary, adjust-

ing the fare structure for all ferries provides a fair and direct avenue. If funding still falls short, the DOTD should undertake a system-wide evaluation of its ferry services, determine which are the most critical, and reduce service or eliminate lines accordingly.⁴¹

CONCLUSION AND RECOMMENDATIONS

For more than 20 years, commuters using the Crescent City Connection have paid a toll each day. The average commuter is probably unaware that the largest part of that daily toll subsidizes ferry service and that a portion of tolls goes to far-flung construction projects. The average commuter is also probably unaware that the state pays for every other Mississippi River bridge in Louisiana with general transportation funds, rather than tolls. Or that the main reason for imposing tolls in the first place – to pay off bridge debt – is about to disappear.

Bridge tolls are scheduled to expire on December 31, 2012. There may be pressure on the Legislature to re-new tolls.

However, a renewal of tolling would be a mistake. CCC tolls fail to meet the basic test of a user fee – that it primarily pays for the service used by those who pay it. Furthermore, bridge tolling is unfair, because nowhere else in the state must drivers pay to cross a Mississippi River bridge. And, given the funding available, the costs associated with the bridge are manageable from other sources. If the DOTD determines that funding is inadequate to meet system-wide needs, it should pursue a systemic solution. Leaning on one region to cover costs via tolls, while sparing others the cost, is not an equitable approach.

BGR therefore makes the following recommendations.

On Tolls

- The Legislature should allow tolls to expire at the end of 2012.

On Paying Bridge-Related Costs

- The DOTD should cover basic operating and maintenance costs for the CCC out of the TTF.

- The DOTD should commit reserves that accumulate prior to the elimination of tolls to capital improvements on the bridge.
- The DOTD should take the necessary steps to continue the dedication of State Highway Fund No. 2 to the CCC and apply the revenue to its capital needs. The DOTD should include any unmet needs in its prioritization process for statewide capital projects and, where appropriate, meet them out of the TTF.

On Ferry-Related Costs

- The DOTD should cover ferry costs out of the TTF.
- In anticipation of that change, the DOTD should evaluate increases in ferry fares or cuts in ferry service on a system-wide basis. It should set priorities based on factors such as vehicle and pedestrian ridership, cost per rider, and access to other means of crossing the river.

On Overall Funding

- If the DOTD requires additional funding to properly fund the Mississippi River bridges and ferries, the Legislature should increase state transportation taxes.

END NOTES

1 Created in 1936, State Highway Fund No. 2 receives a portion of motor vehicle license taxes collected in Jefferson, Orleans, St. Charles, St. John the Baptist, St. Tammany and Tangipahoa parishes. The fund is evenly divided between the Causeway Commission and the CCC Division. State Highway Fund No. 2 is the CCC Division's second-largest revenue source, after tolls. The CCC Division received \$5.4 million in 2010. The CCC Division is entitled to receive its share of the fund for as long as there are outstanding revenue bonds to support the bridge or ferries.

2 Mississippi River Bridge Authority, *Report of the Mississippi River Bridge Authority, 1959-1960*.

3 Agreement between the Department of Highways and the Mississippi River Bridge Authority, May 15, 1964.

4 The projects are enumerated in La. R.S. 47:820.5 (B)(2)(a).

5 BGR calculations based on CCC Division budget data.

6 BGR calculations based on CCC Division budget data. Numbers do not include bank charges of \$189,296.

7 The bond indenture required the insurance. However, it allowed cancellation of the policy if the engineers determined the insurance to be unnecessary or unnecessarily burdensome. In April 2009, the engineers made this determination and the policy was terminated. Amended and Restated Indenture and Deed of Trust Between Secretary of the Department of Transportation and Development (Acting in the Name of and on Behalf of The Mississippi River Bridge Authority) and Bank One Trust Company, N.A., November 1, 2002, Section 7.6. Also, Louisiana Legislative Auditor, *Crescent City Connection Division, Compliance Audit*, September 22, 2010, pp. 14-15.

8 CCC Division capital expenditure data.

9 The Crescent City Connection Oversight Authority, a 13-member body created in 1998, has the authority to "establish priorities of projects" funded by excess CCCD toll funds. La. R.S. 47:820.5.3.

10 Act No. 36 of 1994, Sec. B(2) and Act. No. 59 of 1998.

11 Information provided by DOTD.

12 La. R.S. 47:820.5(B)(1) allows toll revenue to be used as a match to secure federal funding for the projects.

13 To calculate the projected costs, BGR used 2010 CCC Division expenditures as the baseline and then adjusted them by an annual assumed inflation rate of 2.5%.

14 BGR calculations based on fiscal 2010 CCC Division and fiscal 2012 DOTD budget documents. The DOTD spent a total of \$424 million in 2010 for road and bridge operations, planning and programming, and engineering. The \$4.9 million the CCC Divi-

sion spent in 2010 on bridge operations (including lighting), maintenance and policing costs, excluding beautification and toll collection costs, is roughly 1% of that \$424 million.

15 La R.S. 48:1101.1 (B)(2)(b).

16 BGR calculations based on Crescent City Connection Police Department, *Police Department Activity Report*, January 1, 2010 - October 25, 2010.

17 La. Const. Art. VII, Sec. 27(A).

18 La. R.S. 47:711.

19 La. Const. Art. VII, Sec. 27(B).

20 BGR calculations based on Department of Transportation and Development and Capital Outlays, *FY 2011-2012 Executive Budget*.

21 Art. VI, Sec. 22(g) of the Louisiana Constitution of 1921. As set forth in La. Const. Art VII, Sec. 5, a motor vehicle license tax is collected on all vehicles in Louisiana. Currently, the constitution limits the annual vehicle license tax to no more than \$1 for each \$1,000 of vehicle value, with a minimum tax of \$10 per vehicle. This tax is collected biennially, so drivers pay a minimum of \$20 every two years. State Highway Fund No. 2 receives \$3 of this vehicle tax from vehicle owners in the parishes of Jefferson, Orleans, St. Charles, St. John the Baptist, St. Tammany and Tangipahoa. The remaining \$7 goes into the TTF.

22 BGR calculation.

23 The CCC Division expects to accumulate some reserves before the tolls expire. If reserves for fiscal 2011, 2012 and the first half of 2013 on an annual basis equal the \$3.5 million added in 2010, there would be nearly \$8.8 million in new reserve funds by December 2012.

24 Art. VI, Sec. 22(g)(4) of the 1921 Constitution states that once the Bridge Authority's bonds have been fully paid, "further payments to said bridge and ferry authority shall cease and the said fifty per cent (50%) of the surplus monies remaining in State Highway Fund No. 2 shall be transferred to the General Highway Fund." However, the General Highway Fund no longer exists. State Highway Fund No. 2 is funded by a portion of the vehicular license tax. Art. VII, Sec. 5 of the 1974 Constitution states that motor vehicle license taxes are deposited into the State Transportation Trust Fund. Based on Art. VII, Sec. 5 of the 1974 Constitution, BGR concludes that, once the dedication of the CCC Division's share of State Highway Fund No. 2 expires, the funds would be treated the same way as other vehicular taxes.

25 BGR, *Consolidating Multiple Police Forces Into One*, May 1997, p. 26.

26 23 U.S.C. Sec. 144.

27 States are eligible to receive an equity bonus under 23 U.S.C. Sec. 105(d). Louisiana's equity bonus for bridge programs was \$34 million in 2010, which brought the state's total bridge program funding from \$194 million to \$228 million. Federal Highway Administration data, Table 13, Part 2, www.fhwa.dot.gov.

28 Louisiana's total state gas tax of 20 cents is well below the national average of 29.7 cents, but is similar to the gas taxes levied by most nearby states. The state gas taxes in Arkansas total 21.8 cents, in Alabama 20.9 cents, in Texas 20 cents, and in Mississippi 18.8 cents. In Florida, by contrast, gas taxes total 34.4 cents. American Petroleum Institute, "State Gasoline Tax Reports," January 2011.

29 BGR calculation based on 138,720 cars crossing the bridge daily and total fiscal 2010 CCC Division bridge expenditures.

30 BGR calculations based on total ferry expenditures divided by the sum of total passenger and vehicle ferry crossings on all lines.

31 American Public Transportation Association, *2010 Public Transportation Fact Book*, April 2010, p. 33. Ridership numbers are based strictly on passengers, as most ferry systems do not carry vehicles.

32 CCC Division ferry department. Passengers and vehicles are counted each time they cross, meaning a round trip is recorded as two separate crossings.

33 swLeader, Inc., *Waterborne Public Transit Study*, prepared for the Regional Planning Commission, December 2009.

34 La. R.S. 47:805.5(C) limits vehicle fares to one dollar. LAC 70:XXV.103(C)(3) limits the CCC Division to collecting tolls only on crossings in the west to east direction.

35 Firemen, state police and all law enforcement personnel, militia members and disabled veterans are exempted by state statute from bridge and ferry tolls. La. R.S. 33:1975, La. R.S. 40:1392, and La. R.S. 29:27. DOTD administrative code also exempts employees of parish governing authorities from ferry tolls.

36 American Public Transportation Association, 2009 Data Tables, Table 26, "Fare Per Passenger and Recovery Ratio."

37 The Staten Island Ferry carries over a million passengers annually but does not charge a fare.

38 BGR calculations based on CCC Division and DOTD ferry ridership data.

39 BGR calculations based solely on CCC Division pedestrian ridership as the DOTD does not track pedestrian ridership on its other ferries.

40 BGR calculations based on CCC Division ferry ridership data.

41 According to the DOTD, pursuant to La. R.S. 48:757(A)(1), which states that the department "shall perform no work on the

parish road or system or on any other roads or streets which are not in the state highway system," the department cannot use TTF funds on the CCC Division ferries because the Algiers and Gretna lines do not connect state roads. However, CCC Division ferries are already a part of the DOTD. Additionally, La. Const. Art. VII, Sec. 27(B) states that TTF dollars can be used on transit.



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