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BGR MEDIA RELEASE

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Report Calls for End to Tolls on Crescent City Connection, Examines Funding Alternatives

The Bureau of Governmental Research today releases *Over the River: The Future of the Crescent City Connection Bridge & Ferries*. The report examines the implications of allowing bridge tolls to expire and options for funding the bridge and ferries in the future. Tolls account for more than 75% of the funding for the Crescent City Connection Division, which operates the bridge and three New Orleans-area river ferries.

Currently, tolls on the Crescent City Connection (CCC) pay for much more than bridge operations and maintenance. They also provide the majority of funding for the three ferry lines and a special police force dedicated to the bridge. 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 State Legislature.

BGR is recommending that the Legislature allow the tolls to expire at the end of 2012. The recommendation flows from two key findings: that the Crescent City Connection (CCC) 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.

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

There are compelling reasons to allow the bridge tolls to expire:

- The debt incurred to complete the second bridge will be repaid in November 2012. Once this happens, the main reason for imposing the tolls in the first place will disappear.
- Toll revenue is 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.
- The cost of collecting the tolls is disproportionate to the revenue generated for the bridge.
- Without the expense of toll collection, ferry subsidization and unrelated projects, there is no need for tolls. Bridge expenses are manageable from other sources.
- 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.

Paying for the Bridge

The Department of Transportation and Development (DOTD) should pay for basic operations and maintenance of the Crescent City Connection from the same funding source it applies to other

Mississippi River bridges: the Transportation Trust Fund (TTF). It can do so without imposing an undue burden on the DOTD. The amount budgeted last year for basic bridge operation and maintenance on the CCC, \$1.8 million, was less than 0.5% of the DOTD's budget for operating and maintaining roads and bridges throughout the state.

The Crescent City Connection'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 million, 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.

Capital expenses could be met in part with the reserve funds generated by the tolls before they expire and revenue from State Highway Fund No. 2. 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

The DOTD has a number of options for paying for the CCC Division ferries. It could fund them mainly out of the Transportation Trust Fund, as it does six other ferries. It could also change the fare structure for ferries throughout the state by 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 (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 statewide 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.

“Eliminating the tolls on the Crescent City Connection is a matter of fairness,” BGR Chairman Sterling Scott Willis said. “Fortunately, there are viable alternatives for maintaining the bridge going forward.”

BGR is a private, nonprofit, independent research organization. Since its founding in 1932, it has been dedicated to informed public policy-making and the effective use of public resources in the Greater New Orleans area. For more information call 525-4152 or visit BGR’s website, www.bgr.org.