

THE BOND BUYER

Louisiana inks its first public-private partnership deal

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Louisiana signed off on the state's first transportation project using a public-private partnership, after opposition to tolls in Plaquemines Parish nearly derailed it.

The state signed a comprehensive agreement with Plenary Infrastructure Belle Chasse LLC to build the \$162 million Belle Chasse Bridge and Tunnel Replacement Project Dec. 20, according to state officials.



"This is a major accomplishment in that we are utilizing tools never before used in Louisiana," Gov. John Bel Edwards said.

Southwest Louisiana Economic Development Alliance

The agreement includes a 30-year maintenance and operations component after construction is completed on a fixed, four-lane bridge with a 73-foot-high vertical clearance over the Gulf Intracoastal Waterway on Louisiana Highway 23.

“At the beginning of my administration, I committed to being innovative in delivering transportation infrastructure and using every tool at our disposal to ensure Louisiana was leading on infrastructure,” said Gov. John Bel Edwards.

“This is a major accomplishment in that we are utilizing tools never before used in Louisiana, specifically a public-private partnership, coupled with Garvee bonds and an INFRA grant awarded to us by the Trump administration,” he added.

Edwards, a Democrat, will be inaugurated Monday for his second term, secured in a narrow runoff win over Republican challenger Eddie Rispone in November.

Although Edwards faces GOP supermajorities in both chambers that are expected to push back against his agenda, particularly on the state budget, the Belle Chasse project received wide support from both parties because it implements the use of P3s and grant anticipation revenue vehicle bond financing with tolls as part of the state's new strategy to fund major road and bridge projects around the state.

The Louisiana Department of Transportation and Development will use the Belle Chasse P3 to replace a 51-year-old movable bridge and 63-year-old tunnel in the southeastern-most parish of the state near New Orleans.

About 35,000 vehicles on average daily use the bridge and tunnel, which are often severely congested. They serve residents, businesses, and industries of Plaquemines Parish, as well as the Belle Chasse Naval Air Station.

The tunnel, which goes under the Intracoastal Waterway between Belle Chasse and western Plaquemines Parish, is used for southbound traffic on LA 23. It will be decommissioned.

The Judge Perez Bridge, which handles northbound traffic, is a two-lane span with a vertical-lift mechanism that's raised for marine traffic to pass underneath. It will be demolished.

The project will be funded with \$26.2 million in federal highway trust funds allocated to the state, \$12 million from the Regional Planning Commission serving the area, \$45 million from the U.S. Department of Transportation's Infrastructure for Rebuilding America [INFRA] grant program, \$12 million from Garvee bond proceeds, and \$52.84 million of toll-revenue bonds.

DOTD Secretary Shawn Wilson said it took two years to complete the procurement process, get public input, [and negotiate the contract](#) with Plenary.

“Louisiana has crossed the finish line and has opened the door to new opportunities to deliver infrastructure,” Wilson said. “Innovation is never easy, but in the absence of sustainable revenue to meet Louisiana’s transportation needs, public-private partnerships and tolling options are the only other means of delivering transportation infrastructure the public is demanding.”

Construction is expected to begin in the summer of 2021, with completion anticipated in the spring of 2024.

The project was nearly upended.

After considerable opposition to the use of tolls from residents and local elected officials, the Joint Legislative Transportation Committee in September told Wilson to find out if the state would still qualify for the INFRA grant if tolls weren’t charged.

Funding for Louisiana’s first P3

Federal highway funds: \$26.2 million

Federal infrastructure grant: \$45 million

Regional Planning Commission: \$12 million

Garvee bond proceeds: \$12 million

Toll revenue bonds: \$52.85 million

Source: Louisiana Department of Transportation and Development

In a follow-up meeting in November, Wilson said the INFRA grant awarded by the U.S. Department of Transportation in 2018 was contingent upon Belle

Chasse being a P3 project with tolls, a combination he said was consistent with preferences of the Trump administration.

The Legislature's Joint Committee on Highway, Transportation and Public Works voted 15-5 on Dec. 18 to allow DOTD to proceed finalizing the concession agreement after hearing from dozens of speakers.

Wilson said initially local residents with transponders will be charged a 25-cent toll in each direction, with the cost rising gradually each year until the toll reaches 60 cents.

"Over the course of 30 years we're talking about increases that are very minimal," he said.

Non-residents will be charged more.

During the committee's public hearing, proponents argued the bridge and tunnel replacement was necessary because of their age, while opponents contended that tolls at any cost were unacceptable.

Plaquemines Parish President Kirk M. Lepine said the new infrastructure is needed but not at the expense of the local community.

"We know we have a failing bridge and we know we have a failing tunnel," Lepine said. "While I am grateful that the governor and Secretary Wilson and this community have made this project a priority we can't ignore the fact that this project puts the burden on residents and businesses of the parish and that is unacceptable."

Lepine asked the committee to delay making a decision to figure out a "creative plan that will not put the toll burden on residents."

Flynn Foster, the incoming board chairman for the Baton Rouge Area Chamber, said there are other projects that are primed to use the same structure as Belle Chasse. If the P3 is rejected, it will have ramifications across the state including in Baton Rouge, he said.

"A toll bridge is better than no bridge at all," Foster said, adding that the toll impact on local residents will be minimal.

Denise Buford, a founder of the advocacy group NoTOLLS.org, said whether the toll is 25 cents or 5 cents residents don't want it.

"What they don't mention is we will be paying this both ways so don't tell me it is 25 cents," she said.

Buford also said her organization came to the conclusion that the project won't alleviate traffic congestion because the replacement will still be "two lanes in and two lanes out."

"We don't feel like we're getting any benefit to this," she told the committee. "You're just replacing what we have."

Several business owners said because of the way the bridge is configured through the community, they would have to move because their delivery trucks have to cross the bridge multiple times a day.

Wilson said there is an alternate non-tolled route about six miles away that residents can use.

Saying the project isn't a great fit for Plaquemines Parish, Sen. Sharon Hewitt, R-Slidell, made a motion to cease negotiations on the P3.

Objecting to Hewitt's motion, Sen. Edward J. Price, D-Gonzales, successfully offered a substitute motion to move forward with the P3.



The Judge Perez Bridge will be replaced with a fixed, high level span as part of the Belle Chasse Bridge and Tunnel replacement project. **Louisiana Department of Transportation and Development**

Louisiana isn't the only state dealing with an anti-toll movement.

In August, Alabama Gov. Kay Ivey [was forced to kill](#) the \$2.1 billion Interstate 10 Mobile River Bridge and Bayway project, which had received federal environmental approval. The state also was in the process of selecting a concessionaire for the P3.

Ivey took the action after the Eastern Shore Metropolitan Planning Organization in Baldwin County voted to remove the I-10 project from its Transportation Improvement Plan because of opposition to tolls. Removing the P3 project from the transportation plan made it ineligible to receive federal funds.

A proposed \$6 one-way toll to support the plan of finance, along with opposition to placing any toll on the interstate, had long dominated hearings and social media discussions about the 10-mile-long project that included a six-lane bridge over the Mobile River, even though a parallel, untolled route would be available for local motorists.

The bridge was to have replaced a four-lane I-10 tunnel under the river, and replaced the existing low-level four-lane I-10 bridges across Mobile Bay with eight-lane structures at an elevation above the 100-year storm surge level.

The Alabama Department of Transportation was awarded a \$125 million INFRA grant for the project, and had previously received a private activity bond allocation as well as loan approvals through the Transportation Infrastructure Finance and Innovation Act.

Ivey has said she's willing to restart the P3 process if support were to emerge for the project.

In Florida, lawmakers from Miami-Dade County earlier this year passed a local bill to dissolve the Miami-Dade County Expressway Authority and to replace it with another agency focused on reducing tolls.

The authority filed a lawsuit to strike down the bill as unconstitutional, winning its case at the district court level. It's being appealed by the Florida House of Representatives and the state Department of Transportation.