

THE BOND BUYER

Louisiana uses first P3 to finance bridge and tunnel replacement

By

Shelly Sigo

Published

May 29 2019, 1:45pm EDT

Cash-strapped Louisiana is pursuing its first public-private partnership to finance the replacement of the Judge Perez Bridge and an adjacent tunnel in the Plaquemines Parish town of Belle Chasse.

Tolls will be imposed as part of the P3 that will design, build, finance, operate, and maintain a new \$148 million, fixed-span, four-lane bridge, because the state can't afford to pay for the replacement project across the Gulf Intracoastal Waterway on Louisiana Highway 23, about eight miles northwest of central New Orleans.

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

The Louisiana Department of Transportation and Development has received one proposal from a joint venture interested in the P3, although the name of consortium hasn't been released publicly.

On Thursday, the Legislature's Joint Committee on Highway, Transportation and Public Works will review the project with the DOTD, including proposed bridge toll rates and the length of the concession agreement.

The project, located in the southeastern-most parish of the state, has seen pushback from local residents objecting to the use of tolls.

Sen. Troy Carter, D-New Orleans, said infrastructure like the Belle Chasse bridge replacement requires additional revenue to compliment other sources of funding obtained by the state.

"It is important to recognize tolling may be a viable option to move this project forward," Carter said. "This P3 project can be an example for other projects across Louisiana that we alone cannot afford to build."

The project's construction cost, including purchase of right of way, utility relocation, professional services and a 10% contingency, is estimated at about \$148 million. The cost to operate and maintain the new bridge hasn't been released.

Financing will come from a combination of sources, including Grant Anticipation Revenue Vehicle bonds, which are backed by future federal transportation grants.

Funding includes \$26.2 million from the National Highway Performance Program, \$12 million from the Regional Planning Commission serving the area, \$45 million from the U.S. Department of Transportation's Infrastructure for Rebuilding America grant program, \$12 million from Garvee proceeds, and \$52.84 million of toll-revenue bonds.

The project will serve Plaquemines Parish, which is home to more than 23,000 residents.



“This P3 project can be an example for other projects across Louisiana that we alone cannot afford to build,” said Sen. Troy Carter, D-New Orleans.

The existing Belle Chasse tunnel was built in 1956 under the Intracoastal Waterway between Belle Chasse and western Plaquemines Parish. The tunnel is used for southbound traffic on LA 23.

The Judge Perez Bridge, built in 1968, handles northbound traffic. Its two-lane center span is a vertical-lift mechanism that is raised for marine traffic to pass underneath. When maintenance is required the bridge must be closed. The new bridge will provide 73 feet of vertical clearance for marine traffic.

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 project will replace both the bridge, which will be demolished, and the tunnel, which will be decommissioned.

When it was determined that a P3 would be used for the replacement bridge, the DOTD short-listed three consortiums that responded to a request for qualifications. They were:

Connect One Bridging Partners with equity members Kiewit Development Co., John Laing Investment Ltd., and DIF Infra 5 US LLC, a global infrastructure investment fund.

Plenary Infrastructure Belle Chasse LLC, whose sole equity member was Plenary Group USA Concessions Ltd.

And UBP Belle Chasse Development LLC with United Bridge Operating LLC and Figg Bridge Group as its equity members.

The state invited the three consortiums to respond to a request for proposals, but only one venture responded in March.

State officials say they need to use the P3 because state funds are only enough to repair and maintain the existing bridge and tunnel.

Louisiana hasn't raised its state fuel taxes since the mid-1980s, despite a backlog of more than \$14 billion in transportation projects. Since at least 2015, lawmakers have rejected bills proposing to raise gas taxes.

This year, House Bill 542 was filed to increase gas tax rates and add fees on electric and hybrid vehicles.

The measure is expected to fail because it hasn't passed the House and time is running out, according to a business-based coalition called Louisiana Coalition to Fix Our Roads. The session ends June 6.

An outreach report and survey of more than 2,000 local residents conducted by a DOTD consultant found little support for tolls to fund the bridge replacement.

Franklin Associates LLC found that 48% of survey respondents wouldn't be willing to pay a toll to help cover the cost or replacing the bridge as quickly as possible.

Some 15% of respondents were neutral about paying tolls, 14% were somewhat willing and 13% were somewhat unwilling. Only 10% of those surveyed said they were "very willing" to pay tolls.

In a series of questions about what respondents felt was “very important” to them if tolls were required, Franklin said 84% of respondents believed that all toll revenue should be dedicated to paying for construction and maintenance of the new Belle Chasse bridge, while 77% said that the toll collection process shouldn’t slow traffic crossing the bridge.

The project is expected to use open road tolling in which vehicles with transponders travel through gantries without stopping.

Posts on social media have also indicated opposition to tolls.

State Rep. Chris Leopold, R-Belle Chasse, [posted a poll](#) about the project on his Facebook page in April 2018.

In one response to Leopold’s post, Belle Chasse realtor Trudy Dowell said that she believed tolling the new bridge would lower local property values.

“Why would someone want to have to pay tolls leaving the parish 2, 3 or more times a day,” Dowell asked. “Personally, I am in [and] out of the Belle Chasse a few times a day. I would have to consider moving myself.”

DOTD Secretary Shawn Wilson said the effort to develop the P3 began in early 2018, although studies to replace the aging bridge and tunnel date as far back as 2009.

The Judge Perez Bridge, built in 1968, has a vertical-lift mechanism that is raised for marine traffic to pass underneath and often requires maintenance. **Louisiana Department of Transportation and Development**

In January, DOTD received approval to build the replacement Belle Chasse bridge from the Federal Highway Administration. That approval signaled completion of all environmental reviews needed because of the state’s plan to pay for a portion of the project with federal funds.

“We have come a long way to get this point,” Wilson said. “When we first launched this P3 concept here in Plaquemines [Parish] a great deal of work was still needed.”

Since that time, he said, all preliminary permits have been obtained and the P3 procurement process is nearing completion.

“Although one proposal was received, it is not uncommon to have a single proposal in P3 procurements, and we remain committed to doing what is in the

state's best interest," said Wilson. "There are successful P3s that resulted from a single proposal submission."

After feedback from this week's meeting with lawmakers, Wilson said the DOTD and the proposed developer will review public comments and determine if any adjustments to the P3 can be made.

If changes are accepted, he said the P3 proposer will maintain the new bridge through the period of its contract with DOTD and will recoup its investment through tolls paid by motorists using the new bridge.

Specifics related to the design and construction of the bridge will be released after the proposal has been reviewed and negotiations are finalized, Wilson said.