

Louisiana Transportation Authority
Meeting
Louisiana State Capitol
Senate Committee Room E
Baton Rouge, LA
Thursday, October 13, 2011

MINUTES

I CALL TO ORDER
Senator McPherson

II ROLL CALL
Board Members Present:
Senator Joe McPherson
Secretary Sherri LeBas
Mark Brady
Paul Sawyer
Rep. James Morris
Jackie Adcock
Board Members Absent:
Senator Joel T. Chaisson
Kevin Davis
Rep. Nita Hutter

We have 6 members and a quorum.

III READING AND APPROVAL OF MINUTES OF July 14, 2011

Secretary LeBas moved to approve the minutes without objection and accepted.

IV NEW BUSINESS – APPROVAL OF RESOLUTION DIRECTING DOTD TO CONTINUE WITH DEVELOPMENT OF ECONOMIC TRAFFIC AND DEBT RESTRUCTURING STUDIES

Sen. McPherson: As Mr. Bridges comes to the table, at the last meeting we were going to try to have some things in place and we were going to meet in October and November and this is to receive their update and to see where we are at this point.

Mr. Bridges: I have a few slides that I would like to go through and then ask if you would consider the resolution that we have prepared for today. Then after I get through Rhett Desselle will come and update on the activities that we have undertaken since our last meeting and then Jodi will be coming in to talk about the ribbon cutting.

Sen. McPherson: Senator Chabert and Representative Gisclair you are welcomed to join us if you like.

Mr. Bridges: We are going to talk about the debt service and then ask you to consider the resolution that we have prepared and then we are going to talk about the ETCC work on electronic toll system, the status of the cash lanes and then the status of the additional economic and traffic studies. Toll collections were not sufficient to achieve debt coverage requirements for calendar year 2010. Due to 2 things: truck traffic is approximately 50% of the forecast and the collection rate, meaning how much of what went through the toll gantry, the collection rate is 70-80% due to an incomplete toll system. At the last meeting you passed a resolution that directed DOTD to reimburse the LTA for what we are calling uncollected tolls. It is that difference between what we did collect and 95% of what went through the toll gantry. 95% is what we are considering an industry standard and where we should get too once we finish the corrections to the electronic toll system. So May 20th, DOTD paid the LTA \$1.4M and that made up for the lost revenue or "uncollected tolls" for calendar year 2009 and 2010. Also in the resolution that you passed at the last meeting we would make another payment for calendar year 2011 in January of 2012. That will be about \$1M. Payment of the uncollected tolls will allow the LTA to meet coverage requirements for debt service payments that are due December 2011, June 2012, December 2012 and June 2013. So the analysis that we have done indicates that you will not get into a bind as for as debt service coverage requirements until the TIFIA loan debt service kicks in during the month of December 2013. So we have to do something before then. So what we are proposing is that you allow us to more fully develop the alternatives. Complete the toll studies and to be able to do the negotiations that we are contemplating with TIFIA with that portion of the loan and give us until the fall of 2012 to come back to you with recommendations. Keep in mind that we really don't need to do anything until January of 2013. So if we come back a year from now with recommendations you will have plenty of time to take the necessary action if there are increases that need to be done to the toll schedule so that they can go into effect January 1, 2013. The resolution that we have provided to you is a resolution directing the DOTD and the toll road consultant to continue to develop recommendations for the LA 1 Toll Road Project and providing for other matters with the foregoing. It directs the DOTD and the toll road consultant to continue to undertake the traffic elasticity studies and develop recommendations to be presented to the LTA no later than November 30, 2012. It further directs the DOTD to immediately the LTA if there is any concern about the rate covenant not being met for calendar year 2012. We would ask that maybe we can pause during the presentation and have you all to consider adopting that resolution. The reason for this official action is that we need to show the rating agencies and TIFIA and the bond holders that the LTA does take the responsibility for meeting the debt service requirement seriously and so this official action of the LTA will help us when we talk to them about the current situation.

Sen. McPherson: Mr. Bridges do we have language or should we have the language that refers to the TIFIA loan in this document?

Mr. Bridges: It doesn't specifically talk about the TIFIA loan, it talks about restructuring of the debt.

Sen. McPherson: Point that out to me and where does it say that? Is that the TIFIA loan they are talking about restructuring?

Mr. Bridges: Yes. That is part of it and also possibly the senior lien, let me see if I can find it. I can't locate it right off hand but it was included in the recommendation that URS made that we had reviewed back in May. One of those was to look at renegotiating with TIFIA.

Sen. McPherson: I don't see it Mr. Bridges, but does anyone else see it? There is a reference to the TIFIA loan and that is what is causing us the problem and is looking at us in the face. I have asked the Department to be sure that we got in this mess with our eyes open and we know why it has presented itself in the way that it has and I just wanted it to be well documented that we are doing everything that we can and we are pursuing all avenues and we certainly want to mention the avenues that we are pursuing that don't indicate that there will have to be an increase in the tolls or additional costs to the users of that roadway. The resolution Madame Secretary talks about the hiring of a consultant and looking at the ability to collect "X" amount of dollars and how that matches up with our bond and debt obligations. One of the things that we have mentioned consistently that you are going to try and renegotiate the TIFIA bond indebtedness and we do not have that in this resolution.

Secretary LeBas: You don't think that will come later?

Sen. McPherson: If this is talking about collecting tolls and what we are going to do and what we have to do to do that, no, I would think you would only want to look at that after you have gotten some debt forgiveness. Can you get some restructuring that lowers those debt payments so that there is not a need to recommend that much in the way of tolls. Am I missing anything?

Mr. Bridges: That is the ultimate goal and I would suggest that maybe we amend this and add another section in there specifically addressing that.

Sen. McPherson: Why don't we do this Mr. Bridges, instead of trying to do this on the fly why don't we pass a resolution to add language to address the TIFIA renegotiation? Does the committee feel comfortable with this? Are we in agreement with it? Is there any objection to the adoption of the resolution by the Authority? No, then the resolution is adopted.

Mr. Bridges: Thank you. We have a few more slides. The first one indicates the amount of the traffic. The red line is the forecast done in 2004 where auto traffic

would be. The blue line is the actual count. So you can see the auto traffic below the red and not living up to the forecast. The truck traffic has been pretty flat at about 50% of what has been forecast. The collection rate has gone up the last couple of months. It was 70% in June and July and it has jumped up to about 76% in September. Rhett Desselle will give you an update on several items of interest.

Mr. Desselle: At the last meeting we briefed you on the settlement agreement with ETC and they are on the job and started work August 1st and have been manning position at CCCD and LA 1 supporting our toll system operations. We have been able to increase our image acceptance rate by about 15%. This is primarily due to us having access to the out of state licensing tags and having our customer service evaluate those images and determine if they had paid or didn't pay and we are having opportunities to access more of those images from the out of state tags that we were not doing before. The system monitoring system procedures have improved. There are less calls to our customer service center and it has increased our productivity. Basically what we have done is that we have created and put in place some hourly and a system email alert that lets us know when there are some system anomalies taking place so that we can respond and react to them quicker than we have been able to in the past. Also ETC has also been able to acquire the kiosk software which will enable them some upgrades to the software. So far we have made one upgrade to the software that will allow us to remotely monitor the transactions that taking place at the kiosks. Before that we did not have that opportunity and basically depending on the people to call us and tell us that we had a problem with our kiosk. Now we can remotely monitor those. We can respond to any problems with the kiosks a lot more pro-actively. We are working to increase our Geaux Pass transaction reconciliation. This is basically a change to the coding which is a business rule which currently did not allow the customer's accounts to go negative. We are reprogramming that coding and changing that coding that will allow them to go negative so that we can post the toll transaction or reject the payment or reject the payment fee. So this will allow us to remedy those issues, especially since they could not negative that transaction actually went into limbo and there was nothing being done with it. Now we are working to allow those accounts to go negative so the transactions can be completely processed through the system. We expect an additional 8% increase in the automatic vehicle identification posted revenues because of this change that we are working on. We have estimated it to be about \$600 a day when we get this done. Some of our other plan enhancements that we have in progress is the image review business rule changes that will help reduce our operating costs and improve our maintenance and response times. Those are just some of the programming problems that we had that don't allow some of the automated emails and notifications and some of the automated notifications to our customers. We are working to enhance our business system reporting. We have identified with our current reports and combined some of the reports so that we don't have to go to multiple reports to be able do audits of the system and do end to end reconciliation. Lastly, we are looking to install a cash lane that will

definitely increase our revenue collection and reduce some of the problems. We are working a cash lane in place and some means of collecting cash quickly and I will cover that later on. Some of the work that progressed with DOTD is that we have a reciprocal agreement with the North Texas Toll Authority that is being executed that will allow us to access information with the Texas license plates so we can pursue plates and violators. We are also working with a similar contract with Mississippi Office of Motor Vehicles to gain access to their license plate data as well. As we have reported in the past, about 20% of most of the video transactions come from Texas and Mississippi. Most of the uncollected tolls are from out of state vehicles that we have not been pursuing. The majority of them are from Texas so that is where we started our efforts. Hopefully next few weeks we will have the executed agreement and we will be able to start using that information. When we were looking at our options for cash lanes with LA 1 we were looking at doing something within the original footprint of the bridge so that we can put some unmanned toll collection booths in addition to the open road tolling. There were complications with the first alternative of being able to accomplish that on the existing width of the structure. So we really couldn't fit in 2 automated cash lanes and an open road tolling within the existing width of the structure. So we looked at widening the structure to the north which will cost around \$4M and take about 11 months to construct. The second alternate is to be a separate slip ramp for the exit so the northbound traffic just slips off and we can use the remaining part of the bridge. The estimated cost is \$3.3M and will take 8 months to complete. None of those were really palatable to us address the situation timely so we have identified alternate 3 where we can come in and do a low tech solution and put in temporary barriers, put in a toll booth and start collecting cash. We may have a few issues with queuing up at peak hours but we don't think that will be significant. The only other issue is the oversize loads and any loads wider than 14 feet will have to stop and use the northbound lane and shoulder. We don't think that is significant. We have about 250 permitted loads that go through there a year so we are not looking at this happening very often. Estimated cost about \$120,000 and we think we can have something in place the next 3 months.

Sen. McPherson: Sounds like you have decided on alternate 3?

Mr. Desselle: We think we have to go forward with this for the short term solution. Once we implement that we will see how effective it is and we know that we are probably have issues develop that we haven't anticipated. We are going to see how effective that is and in the interim we are going to look at the return for investment for all 3 alternates. So having to put out over \$3M for alternate 1 or 2 is a big investment just to have cash collection put in place and having manned toll booths will cause other issues that we will have to consider and we want to let that operate for a while and look at what track record we get using a manned toll booth. That may be the best solution going forward once we see how well it works and it may be the most cost effective. Either way that gets us in the cash collection quick and that is where we close the gap between the 70% and the 95% goal that we have of to collect. Next is the status of the traffic

and revenue studies. URS received the toll transaction data and they have completed the initial review of the data recently. The traffic count surveys were completed in September. We are working to develop and get the elasticity survey which is the value time survey underway. We have a survey scope and budget prepared and being processed and we are moving along with that study. The next slide is the revised schedule of the resolution that discussed earlier. The value time study is to be completed by mid January. All traffic and revenue data is to be collected by the February 1st of next year. Final recommendations should be in place by March 15th of next year and the final report and LTA presentation by June 1, 2012.

Sen. McPherson: Any questions of the committee members?

Rep. Morris: On the slide that says that we have collected 76% can you actually give me a dollar amount on that?

Mr. Bridges: The amount collected for autos and trucks was \$242,346. The amount that we expected to collect was \$313,417. So that is how we came up with the 77%.

Rep. Morris: Ok. What is the shortfall? In your presentation the truck traffic is way down. What do we need to generate to pay for this?

Mr. Bridges: We have enough traffic coverage requirements if we collect 95% or when DOTD is paying the LTA for that uncollected difference. We have enough truck and auto traffic to make it until December, 2013 payment and that is when the debt service doubles when the TIFIA loan kicks in. The truck traffic needs to get up to forecast so that we can make that number in 2013.

Sen. Chabert: In respect to alternative 3 it seems that would make the most since and I would give you a recommendation. In terms of the cash lane if our major problem is out of state fees escaping us, can't we mandate that out of state traffic you must go through that cash lane? If a queue develops that will encourage more people to get the pass and I think you will solve of the problem if you can trap them and make them come face to face with a person that is collecting tolls, you can mandate it and will allow for a better way to get the license plate if you slow them down and then you can get the cash.

Mr. Desselle: They still would have the option of purchasing a toll tag or they would have the option of post pay or pre pay either at the customer service center or online or by phone. They have other options to pay to drive them into the cash lane and it may something we want to consider as we move forward but at this point and time and don't think we have enough information to make a decision that we need to drive them all into the cash lane. I think it is something as we bring the system up to its full potential and capacity and we'll have better data to assess and determine this. Having access to the license data in Texas and Mississippi will be a big plus to pursue violators.

Sen. Chabert: As it stands now about 75% of trucks that pass their now will be your cash lane anyway. So putting a sign mandating people to pass through the lane whether they have a pass or not will help slow them down.

Mr. Desselle: I think that is something to look at.

Sen. McPherson: In reference to slide 10 I wonder how many of the trucks goes through without a go pass as compared to how many that don't have money in their account and until we do this system enhancement we don't have the ability to catch them.

Mr. Desselle: I don't have a breakdown of the transactions that were not being processed between cars and trucks.

Sen. Chabert: Having so much truck traffic originating in around our district it is common knowledge that you can blow straight through the toll. It is common knowledge.

Sen. McPherson: Sec. LeBas just informed me with what has been implanted now that when you blow through now there will be a police car.

Mr. Desselle: Once we get set up to do the cash lane we will have to do a public outreach and media message out to the clients and the customers about the changes and hopefully we will do a little bit of our enhanced message in our ability to access out of state tags. Hopefully that should curtail some of that. There is a precedent set that if you offer a cash option that they will take it.

Sen. Chabert: I wonder with the data in which you reference with the variance in the cost and the vehicle you are pulling what is the highest amount the toll could be? \$12.00....those folks will have to make sure they have it handy.

Mr. Desselle: Our main cash lane will be set up very similar to the CCCD.

Sen. Chabert: Excellent.

Sen. McPherson: Sen. Chabert, the Secretary has informed me that they are working on that and they will be able to have that policeman know when they go through.

Sen. Chabert: That would be excellent. If is just like the CCCD it allows a message to get through to me to replenish your pass and it will automatically replenish. It is good to allow that vehicle that is passing through that there account is winding down.

Rep. Gisclair: Are you able to track the number of electronic failures in regards to the kiosks. When they are processing for a pass, how many people do you

think have walked away? The system may be a little too cumbersome. Do you have a way of tracking that?

Mr. Desselle: No sir, we do not.

Rep. Gisclair: The reason why I am bringing this up is because I notice 2 out of 5 will walk away from the kiosk in frustration.

Mr. Desselle: One of the benefits of providing the cash lane option at the gantry is that we are going to do away with the kiosk method or post pay and pre pay. You will either have a toll tag, post pay or pre pay or go through and pay cash. So that part of the processing will be discontinued because it is challenging.

Rep. Gisclair: Did you go through a camera realignment? Apparently the camera alignment is working.

Mr. Desselle: We have done a lot of maintenance on the camera and on the sensors in the pavement that had been deferred for too long. That is some of the other work they have done since August.

Rep. Gisclair: Hwy 308 truck traffic has increased the last couple of months as the bar graph shows but it appears the oil activity is coming around the corner and a lot of the vessel companies are gearing up for we are hoping for some type of boom in the oil field.

Sen. McPherson: Any other comments from members?

Jodi Conachan: We are looking a pending ribbon cutting for Phase 1A is nearing completion sometime in mid December. So we are working with the LA 1 coalition on a ribbon cutting event and they will also be hosting an after party for everyone. So will coming back to you soon with some dates.

Mr. Brown: We have 2 administrative procedures. One is basically putting into administrative rule the toll exemptions that were done by legislative acts and the 2nd is on the toll procedure when someone receives a toll violation and they feel that it was given to them in error, this provides with the procedure to call and have that resolved. If there are any questions I will be happy to answer them.

Sen. McPherson: This is just putting them into rules?

Mr. Brown: Yes. The appeal procedure is the same one we have in place at CCCD but specifically for LA 1.

Sen. McPherson: I see the hearing place is alternating between New Orleans and Golden Meadow.

Mr. Brandon: We did this so that people in New Orleans can have theirs in New Orleans for their convenience.

Sen. McPherson: Aren't they supposed to go to the hearing that is scheduled at that time.

Mr. Brown: That is correct. If you say you want to have your hearing in New Orleans location or if you prefer to have it in Golden Meadow you would have that option.

Sen. McPherson: Rep. Morris moved to adopt the rules without objections.

V OLD BUSINESS

VI OTHER BUSINESS

Sen. McPherson: Thanks everyone for the courtesies extended to him as chairman and to work with everyone.

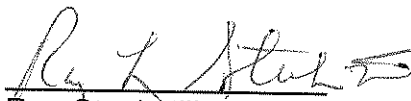
VII PUBLIC COMMENTS

Sen. McPherson: No one else to be heard.

VIII ADJOURNED at 1:47 p.m.

Sen. McPherson: Secretary LeBas moved for the meeting to be adjourned.

Respectfully submitted,



Ray Stockstill
Secretary-Treasurer

DATE APPROVED

07/18/2012