

Louisiana Transportation Authority
Meeting
Louisiana State Capitol
House Committee Room 6
Baton Rouge, LA
Thursday, December 18, 2014

MINUTES

I CALL TO ORDER

Rep. Karen St. Germain

II ROLL CALL

Board Members Present:

Senator Robert Adley
Eric Kalivoda for Secretary LeBas
Rep. James Morris
Senator Norby Chabert for Senator Alario

Board Members Absent:

Ruth Johnson
Paul Sawyer
Jackie Adcock

We have a quorum.

III READING AND APPROVAL OF MINUTES OF November 13, 2014

Senator Adley motioned to approve the minutes and Eric Kalivoda seconded the motion.

IV OLD BUSINESS

None

V NEW BUSINESS

Shawn Wilson - DOTD: At the last meeting you passed a fee that was established and is required by the law. The Department made a recommendation and in the wisdom of this body you created a scale that was based on the scope of the product. We would like to have some reconsideration of that to go back to the original recommendation which was a \$50,000 fee that was to be set by this committee for review on an unsolicited proposal. Basically the justification for that is that we anticipated any preliminary reviews that we

have and it will be based on the financial proposal that is in the submission and the scale of the project does not come into play at the very beginning of that review. So having a fee set on a very large project that is scaled upward could be a deterrent to the potential of getting something in the door and we would reserve the right in that review, while this doesn't commit the state to anything, or the LTA to anything, you have the right to come back and request other things in the negotiation with whoever submits based on what they submit. So instead of having a scalable fee we would like to go back to the \$50,000. The other justification for that is that states who have done the private public partnerships all have these scales but they have experience. We are just starting to have a base fee to determine how detailed of a study we need to do, what does it really cost and how does it change with the size of the project.

Rep. St. Germain: First we will entertain the motion to reconsider the vote on the fee scale. Eric Kalivoda motioned to review the pay scale. Any objections, hearing do, so moved.

Shawn Wilson: The other part to this is that you have to set this fee annually so between now and whenever we get a proposal we can learn from that experience and we can set it up on an annual basis based on what we see the workload is or what the capacity is for the review that has to take place.

Rep. St. Germain: From the committee's standpoint, give us a brief idea of exactly where it is going back to and what it entails.

Shawn Wilson: When an unsolicited proposal comes in and that is something we have not asked for and is what a private entity wants to propose to LTA to undertake, the law requires them to submit certain components of a proposal for us to consider. In that process there is an application fee that they are required to submit to help defray the cost of doing a preliminary review of their proposal. While it is not anticipated that the review will be fully covered by the fee but for what we need to do at the very beginning it will be very helpful for us to consider that. We don't want to be in a situation where everyone is submitting things at no cost. So we think a \$50,000 fee is a nominal fee and is the best practice that has been used in other states and should not be a deterrent for someone who want to propose on very large program or small one for that matter. It is a much simpler way and again we have to set this annually so will be coming back to you a year from now whether we get a proposal or not to say here is the fee, here is what we would want to set it at.

Senator Adley: Shawn, what is important for the public to understand is that when we established the fee at that point you didn't have any unsolicited requests.

Shawn Wilson: We don't have any as of today.

Senator Adley: So we don't have any public private partnerships on the table at this point at all?

Shawn Wilson: Nothing has been submitted to the Department.

Senator Adley: If you thought something has been submitted to the Department at this stage of the game could you tell us what you think the general parameters of what you think might be coming would be?

Shawn Wilson: It is real speculative. It could be for a number of things.

Senator Adley: The fee that we establish for what you think might be coming in your view would be a deterrent to moving forward with a possible public private partnership.

Shawn Wilson: For example, if someone came forward with a very large project the fee for us to even entertain the idea would be much higher before we could even determine whether or not we want to do it or not. So they would not getting this fee back, so we can say, you want to do a billion dollar project and it's going to cost you up to \$150,000 - \$200,000.

Senator Adley: So if we reduce the up-front amount do we leave anything in place if become reality and then the project does begin to grow do we leave some scale or do we stay with the fixed fee?

Shawn Wilson: It depends on the proposal. The law requires them to submit certain components of this and that is what we are going to be reviewing. We are not going into the full scale overview.

Senator Adley: Once you collect this initial \$50,000, the possibility for your workload, increasing as you move forward, there is additional collection along the way. That is all I want to make clear.

Shawn Wilson: There may be an additional workload that may come. We are not continually come back to them.

Senator Adley: Are you establishing any fee that allows you to, as the project moves forward, and your costs continue to rise, to be reimbursed for any of that?

Shawn Wilson: I assume we could look at that.

Senator Adley: What you are proposing today does not do that?

Shawn Wilson: No, it does not do that. It provides you with a \$50,000 fee for us to take a cursory look at the concept and then to decide if we want to proceed with this project and then the law requires us to do some other things.

Senator Adley: I understand that. I am trying to find out if you get to that point and you proceed and everybody is in agreement that this is a good thing, and you are doing the additional things, are you being reimbursed for any of those costs?

Shawn Wilson: Not totally.

Eric Kalivoda: Shawn and I have talked about this and what we would do after initial analysis if we decide to proceed forward, we are going to work out a contract with the company. If we believe that we need them to provide us fees along the way for further analysis on our part, we are going to work that into the contract on a case by case basis. That is how I propose to handle it rather than trying to proceed all potential scenarios that could unfold and try to predetermine that, we would have a development agreement with them.

Senator Adley: It seems to be what you ought to do in the fee schedule instead of adopting a future fee, adopt the initial like you are proposing, but there should be some requirement of you in those negotiations to negotiate whatever that cost is. The problem is, as I see it, is once you are left with the latitude of just straight up saying, I'm going to collect more or I'm not going to collect more, and your costs go up, you ultimately have the money from somewhere. The only other place to get it from is back out of TTF or somewhere else. I am just trying to avoid anything that allows us to go back into the TTF for any reason. I want that money back to the roads and ports. I don't have any problem redoing the fee and doing exactly as you want to do it but I just think you need to have some language in there that if you take that next step that it is a requirement of yours, as you negotiate further, to recoup those costs. If you don't there is only one other place for you to go and get it.

Shawn Wilson: We would not reject that and we would defer that back to our attorneys to draft the language to do exactly that.

Senator Adley: I would simply propose that we adopt the Department is proposing and with the understanding that the Department is going to draft that language to require recouping that cost as they move forward and whatever that might be. If we don't there is only one other place that is coming from.

Shawn Wilson: Totally understand and totally agree with you. Keep in mind the whole idea of public private partnership is to change the risk responsibilities in the agreement and how folks are going to be rewarded for their risk. So depending on the agreement and what is proposed it could be that a lot of those fees can be recouped through the life of the project or totally absorbed by the entity that is proposing it. They may come in with different levels of feasibility and different levels of studies that will reduce and not require such a workload for us to be a financial concern.

Senator Adley: Another way to do, if you want to, is to just require that after you accept the \$50,000 and you get into the negotiations and now is the time to analyze or not if you are going to get more fees, either one way or another, put in this process that you are required to recoup it or put in this process to come back and recoup it or put in this process to you come back to the committee and say, this is where we are on the particular project, and this is what we think the cost is going to be and this is what we think the fee should or should not be. I am just trying find every safeguard I can to avoid getting back into the TTF for any amount of money outside of pure construction.

Shawn Wilson: After that first review, it is my understanding that we will be coming back to you because we don't have the authority to do that. The decisions to go forward or not and under what conditions we can go forward rest with this body and not within the Department.

Rep. St. Germain: So you would come back to this committee with this contract and what the negotiations were?

Shawn Wilson: We would come back with the results of what reviews were made of their initial application.

Senator Adley: The comment from what I heard Eric say was we would negotiate that through the process. You are going to come back to the committee for approval of that.

Shawn Wilson: That is correct.

Erick Kalivoda: With a recommendation.

Shawn Wilson: We might come and say we don't think we should go forward because...or we might say we think we should go forward because and it is your decision to say you can forward under these conditions. Again, you will have the authority make those decisions and protect the TTF as you desire to do.

Rep. St. Germain: You really don't want a deterrent in getting someone to do a PPP or something of that sort.

Shawn Wilson: We have had it on the books for a number of years and we have not seen anything and we've had a lot of discussions and we want to minimize the deterrent at the beginning and see what we get and learn from the process. We did it for design build and it is the same concept to see how it goes.

Senator Adley: If it comes back to the committee I would not have an objection to that. Every time we do anything like this the committee and whoever follows all of us would be wise to try, each time it comes, try to avoid any more dipping into the TTF.

Shawn Wilson: The Department supports that idea.

Rep. St. Germain: It would have been nice if we did that with the film industry.
No more comments. Senator Adley moves to accept the one fee proposal for the
beginning of the negotiations with any proposed unsolicited proposals (\$50,000).
Hearing no objections, so moved.

- VI Other Business – None
- VII Public Comments – None
- VIII **ADJOURNED at 11:04 a.m.**

Rep. St. Germain: Senator Adley moves to adjourn.

Respectfully submitted,



Sherri LeBas
Secretary-Treasurer

DATE APPROVED 1/15/2015