

FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES

Person  
Preparing  
Statement: Victoria F. Suplee Dept.: Transportation and Development

Phone: 225.242.4622 Office: Operations

Return  
Address: P.O. Box 94245 Rule  
Baton Rouge, LA 70804 Title: Advertising on Department of  
Transportation and Development  
Assets and Sponsorship and  
Acknowledgment Signs on Public  
Rights of Way

Date Rule  
Takes Effect: Upon Adoption

SUMMARY  
(Use complete sentences)

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rule change establishes guidelines for the implementation of a program authorizing the Department of Transportation and Development (department) to enter into agreements with private sponsors for the placement of acknowledgment signs and plaques on public rights-of-way in exchange for funds, services or materials to be used for highway purposes. The department intends to hire a contractor to manage the sponsorship program. The contractor will be responsible for finding eligible sponsors and for all costs associated with installation, maintenance and removal of the acknowledgment signs and plaques. The contractor will retain a percentage of the total annual revenues generated (estimated to be between 25 and 30 percent, or between \$500,000 and \$640,000) as payment for services. The proposed rule will not result in any SGF expenditures.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

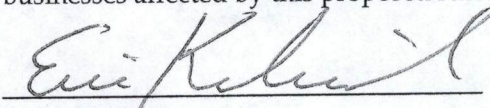
The proposed rule is anticipated to increase revenue collections for the department. It is estimated that the department will generate fees and self-generated revenues of approximately \$500,000 in the first year and \$1,500,000 annually in future years after contract costs. This estimate is based upon information contained in a report prepared by Alvarez & Marsal Public Sector Services, LLC., entitled Governmental Efficiencies Management Support (GEMS) Transportation and Development Assessment / Plan.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS (Summary)

There are no anticipated costs to directly affected persons or non-governmental groups as a result of this proposed rule change

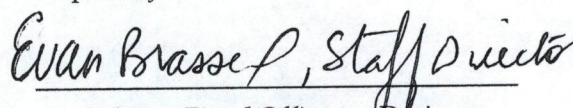
IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

Acknowledgment signs and plaques may increase business activity through name recognition for commercial sponsors and may generate goodwill for both commercial and private sponsors. All businesses affected by this proposed rule change will be affected equitably.

  
Eric Kalivoda, Ph.D., P.E.  
Deputy Secretary

12/11/2014

Date of Signature

  
Evan Brasse, Staff Director  
Legislative Fiscal Officer or Designee

1/8/15

Date of Signature



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The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriate legislative oversight subcommittee in its deliberation on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption, or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of both the current and proposed rules with amended portions indicated).

The purpose of this proposed rule change is to establish a policy authorizing the department to enter into agreements with private sponsors for the placement of certain limited types of acknowledgment signs and plaques on public rights-of-way in exchange for revenues, materials and services to offset the cost of highway projects. The proposed rule change will serve as the department's policy as required by Federal Highway Administration (FHWA) Order 5160.1A, issued April 7, 2014.

- B. Summarize the circumstances, which require this action. If the Action is required by federal regulation, attach a copy of the applicable regulation.

This action is discretionary, subject to the approval of the Federal Highway Administration (FHWA) as required in FHWA Order 5160.1A and upon enabling state legislation as provided in R.S. 48.274.2. FHWA approval has been obtained.

- C. Compliance with Act 11 of the 1986 First Extraordinary Session

- (1) Will the proposed rule change result in any increase in the expenditure of funds? If so, specify amount and source of funding.

The proposed rule change should not result in any increase in the expenditures of funds.

- (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

(a)   N/A   YES. If yes, attach documentation.

(b)   N/A   NO. If no, provide justification as to why this rule change should be published at this time



FISCAL AND ECONOMIC IMPACT STATEMENT

WORKSHEET

I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM THE ACTION PROPOSED

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

COSTS	FY 14-15	FY 15-16	FY 16-17
Personal Services	-0-	-0-	-0-
Operating Expenses	-0-	-0-	-0-
Professional Services	SEE BELOW	SEE BELOW	SEE BELOW
Other Charges	-0-	-0-	-0-
Equipment	-0-	-0-	-0-
Major Repairs & Constr.	-0-	-0-	-0-
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>POSITIONS (#)</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

2. Provide a narrative explanation of the costs or savings shown in "A. 1.", including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

The contractor managing the program will retain a percentage of the total revenues generated (estimated to be between 25 and 30 percent) as payment for services. After contract costs, the department estimates that the program will generate approximately \$1.5 M annually to be spent for highway purposes such as minor repairs and maintenance.

3. Sources of funding for implementing the proposed rule or rule change.

SOURCE	FY 14-15	FY 15-16	FY 16-17
State General Fund	-0-	-0-	-0-
Agency Self-Generated	SEE BELOW	SEE BELOW	SEE BELOW
Dedicated (TTF)	-0-	-0-	-0-
Federal Funds	-0-	-0-	-0-
Other (Specify)	-0-	-0-	-0-
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

The contractor managing the program will retain a percentage of the total revenues generated (estimated to be between 25 and 30 percent) as payment for services. After contract costs, the department estimates that the program will generate approximately \$1.5 M annually to be spent for highway purposes such as minor repairs and maintenance.

B. COST OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED.

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

There are no anticipated fiscal impacts on local governmental units as a result of this proposed rule change. There are no anticipated changes in workload or paperwork requirements by local governmental units.

2. Indicate the sources of funding of the local governmental unit, which will be affected by these costs or savings.

Not Applicable



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WORKSHEET

II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS

A. What increase (decrease) in revenues can be anticipated from the proposed action?

REVENUE INCREASE/DECREASE	FY 14-15	FY 15-16	FY 16-17
State General Fund	-0-	-0-	-0-
Agency Self-Generated	\$500,000	\$1,500,000	\$1,500,000
Dedicated Funds*	-0-	-0-	-0-
Federal Funds	-0-	-0-	-0-
Local Funds	-0-	-0-	-0-
<b>TOTAL</b>	<b>\$500,000</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>

\*Specify the particular fund being impacted.

Not Applicable

B. Provide a narrative explanation of each increase or decrease in revenues shown in "A." Describe all data, assumptions, and methods used in calculating these increases or decreases.

The department intends to contract with a private firm to solicit sponsors for advertisement and sponsorships on department assets and rights-of-way. It is anticipated that the private firm will retain 25 to 30 percent of all revenues collected and the department will receive the remainder. Any funds received from sponsorships will be used only for highway purposes. The amount of revenue the department is expected to generate is based upon estimates contained in a report entitled Governmental Efficiencies Management Support (GEMS) Transportation and Development Assessment / Plan, which was prepared by Alvarez & Marsal Public Sector Services, LLC.

III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS

A. What persons or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.), they may have to incur as a result of the proposed action.

There are no anticipated costs or economic benefits to directly affected persons or non-governmental groups as a result of this proposed rule change.

Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

The private firm selected by the department to manage the program will receive approximately 25 to 30 percent of revenues collected on behalf of the department. It is anticipated that the private firm will receive revenues in the amount of \$300,000 to \$500,000 per fiscal year.

IV. EFFECTS ON COMPETITION AND EMPLOYMENT

Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

There are no anticipated effects on competition and employment as a result of the proposed rule change.