

Chance McNeely

**Assistant to the
Secretary for Policy**

May 4, 2017

Today's Discussion

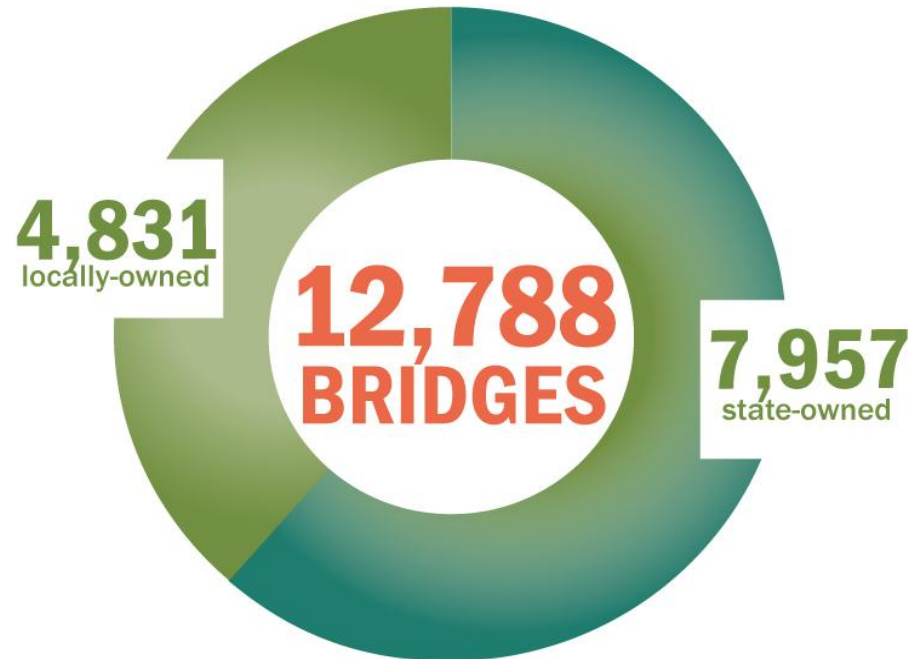
- Overview of DOTD
- Why to Invest in Transportation?
- How to Invest in Transportation?
- Your Role in 2017



SCOPE OF RESPONSIBILITY



ROADWAY



SCOPE OF RESPONSIBILITY



357 thousand acres
mowed annually

60,700 cu. yd.
of litter removed



over **947** buildings
and **10** rest areas



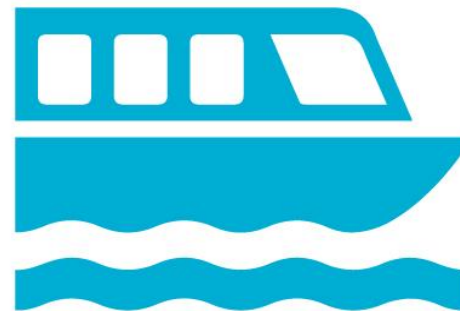
3,000+
highway-rail crossings



3,350
traffic signals



1 million +
traffic signs



4 ferry service
locations

SCOPE OF RESPONSIBILITY



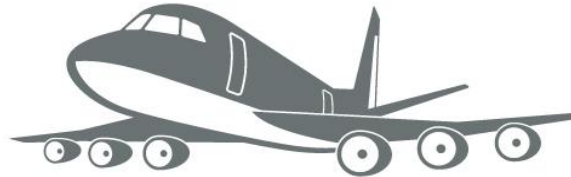
PORT



8 deep draft ports
(incl. LOOP)

31 shallow-draft
port authorities

AVIATION



7 commercial
airports

67 general
aviation
airports

RAIL



3,465 miles of railroad track

PUBLIC TRANSIT

12 urban
systems



36 rural
systems

81 elderly/disabled
providers

WATERWAYS

18 DOTD
oversight
2 owned &
operated

LOCKS

561 miles of deep draft waterways

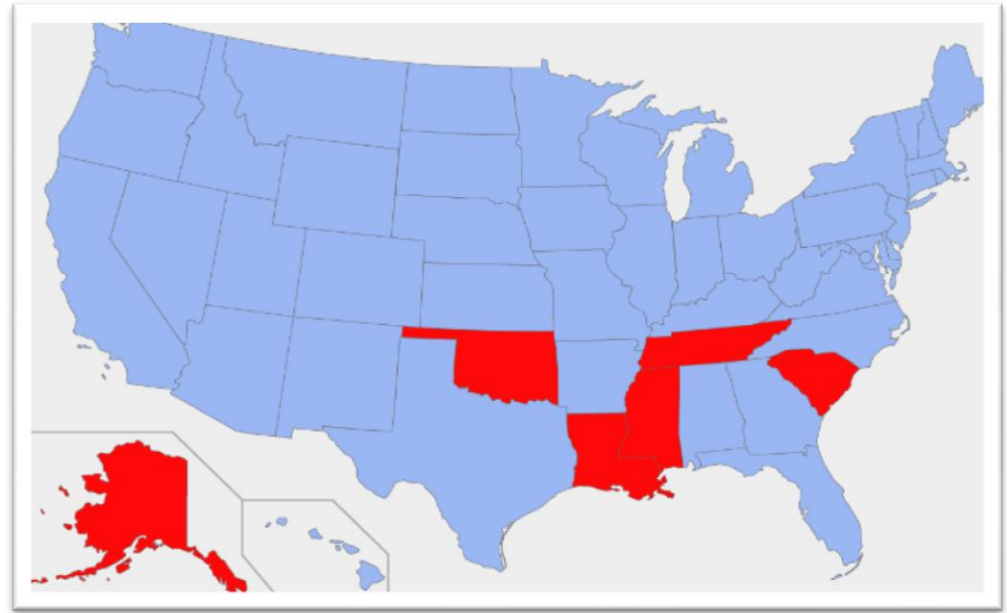
2,145 miles of coastal waterways

2,125 miles of inland waterways

Why Invest More In Transportation?

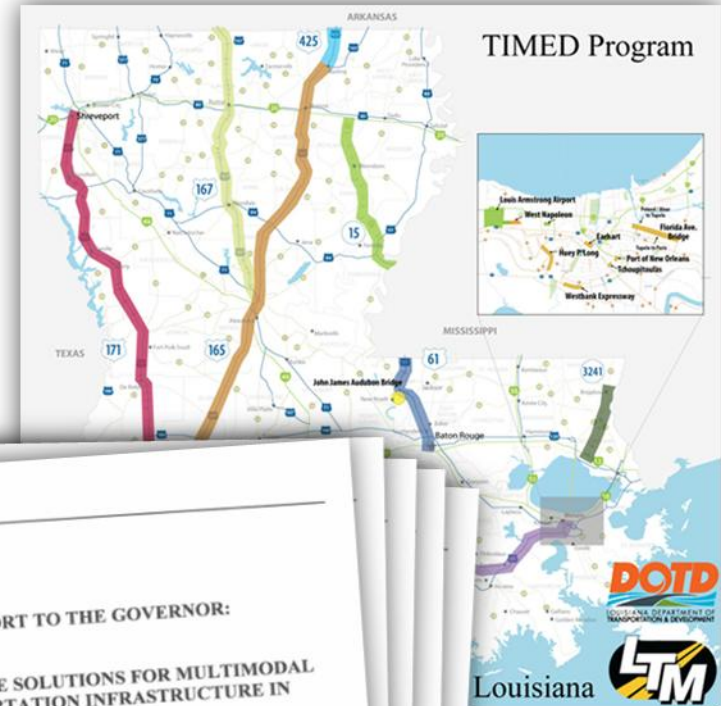
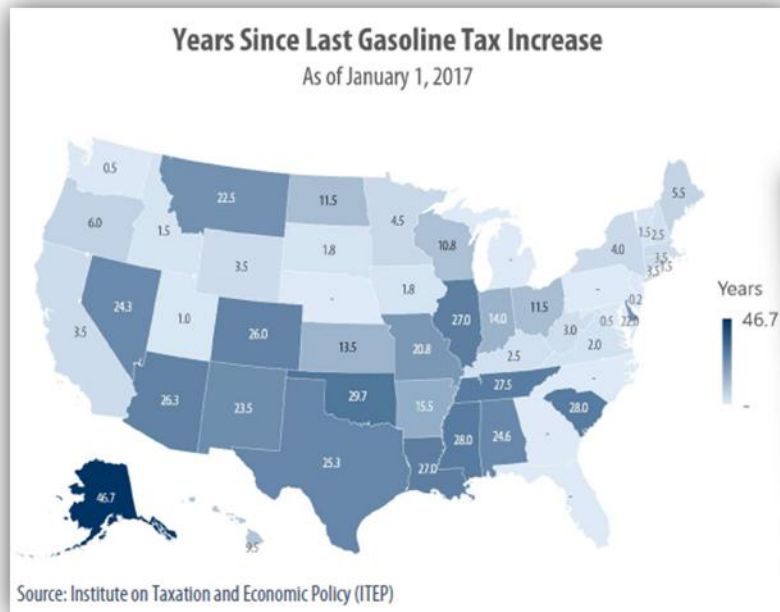
We Get What We Pay For

- 44 states have increased transportation investment more recently than Louisiana
- This explains the condition of our roads and bridges
 - 8th worst in pavement condition
 - 3rd worst in bridge condition
 - 5th worst in vehicle fatality



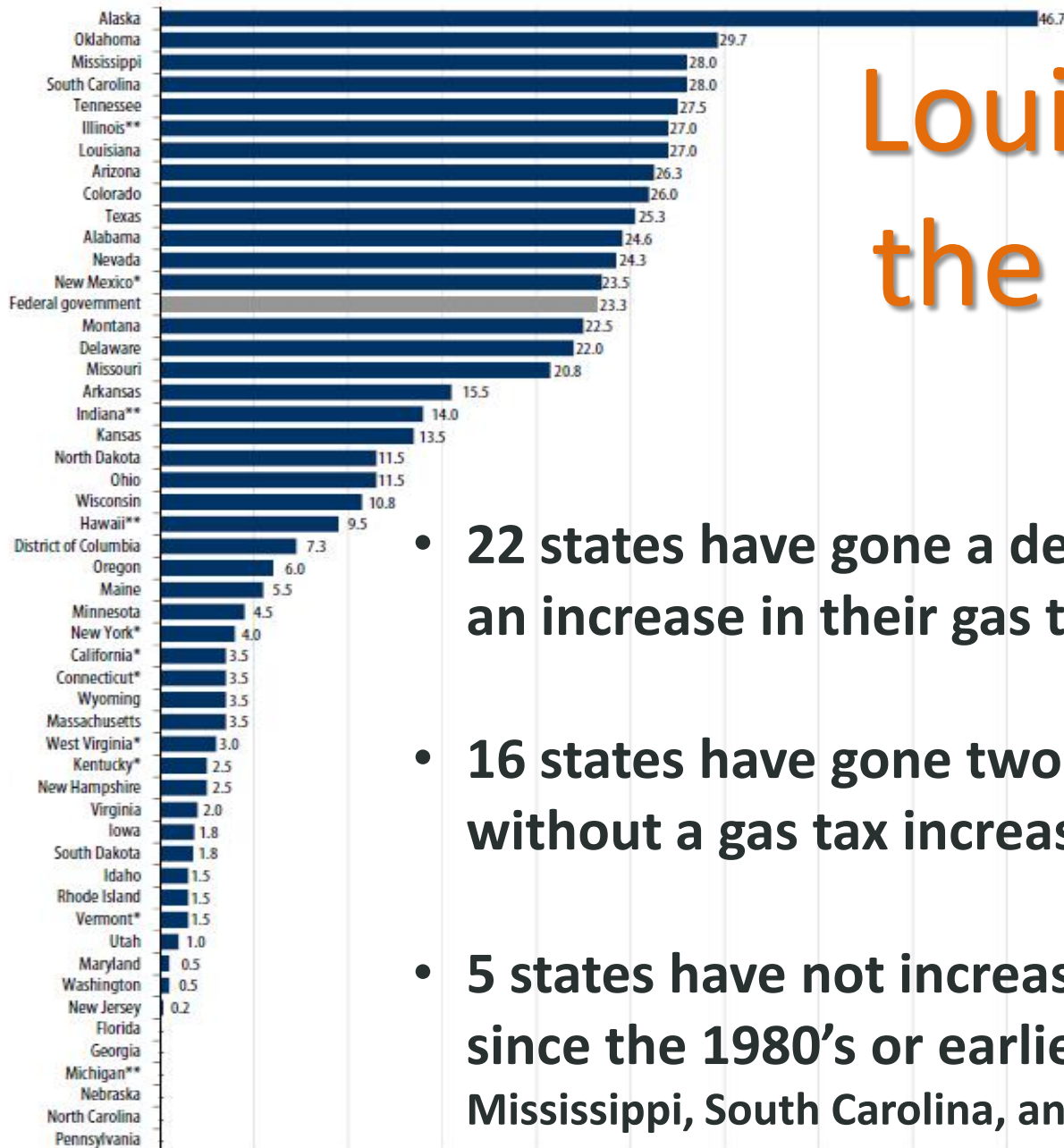
Where Did We Go Wrong?

1. Decades of delayed investment
2. Political selection of projects
3. Not following best practices



Years Since Last Gasoline Tax Increase

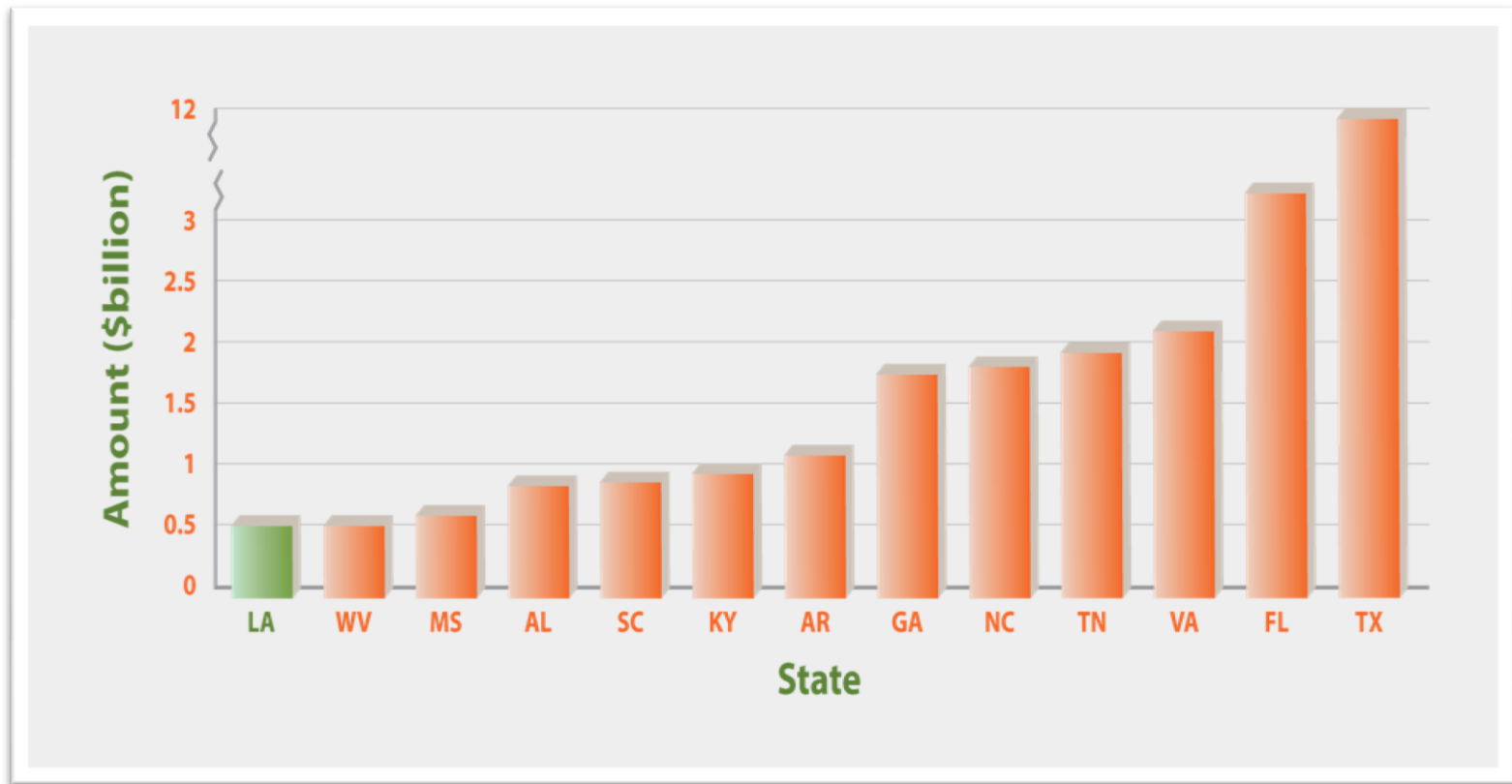
As of January 1, 2017



Louisiana tops
the wrong list

- 22 states have gone a decade or more without an increase in their gas tax rate.
- 16 states have gone two decades or more without a gas tax increase.
- 5 states have not increased their gas tax rate since the 1980's or earlier: Alaska, Oklahoma, Mississippi, South Carolina, and Tennessee.

We Invest Less than our Neighbors



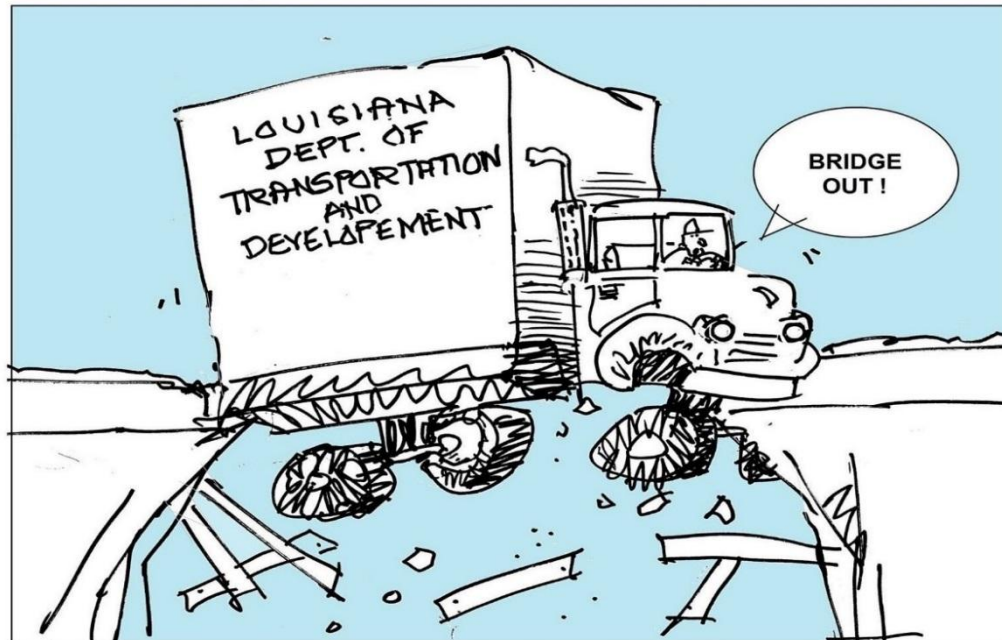
Our Infrastructure Business Model

1989

- 16 cent state fuel tax

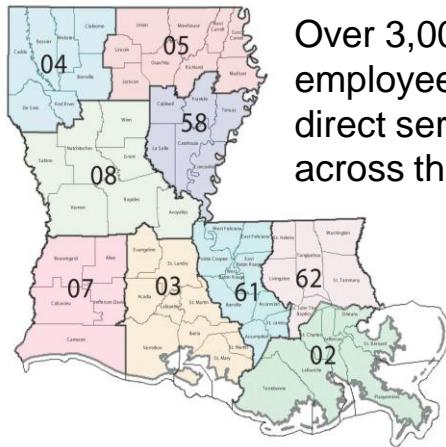
2017

- 16 cent state fuel tax
 - 56% Inflation decrease



What Are We Doing Right?

1. We have and continue to do more with less
2. We constantly work to improve how we do our jobs
3. We follow **national best practices** with regards to the budget allocation and matching.



Over 3,000 employees in direct service across the states.



Process Driven Efficiency

2004-06

Internal:
DYE Study
Saved \$25M
Annually

09-Today

Legislative:
Streamlining
Commission

Ongoing,
Saved \$5.3M

2011-13

Executive:
Span of
Control

From 1:5.3
to 1:5.7

12-Today

Internal:
Operation 57

126 Man-Hour
Efficiencies
133 Coming

2013-15

Executive:
GEMS

Saved \$26M

Annual Internal Audits

Annual Legislative Audits

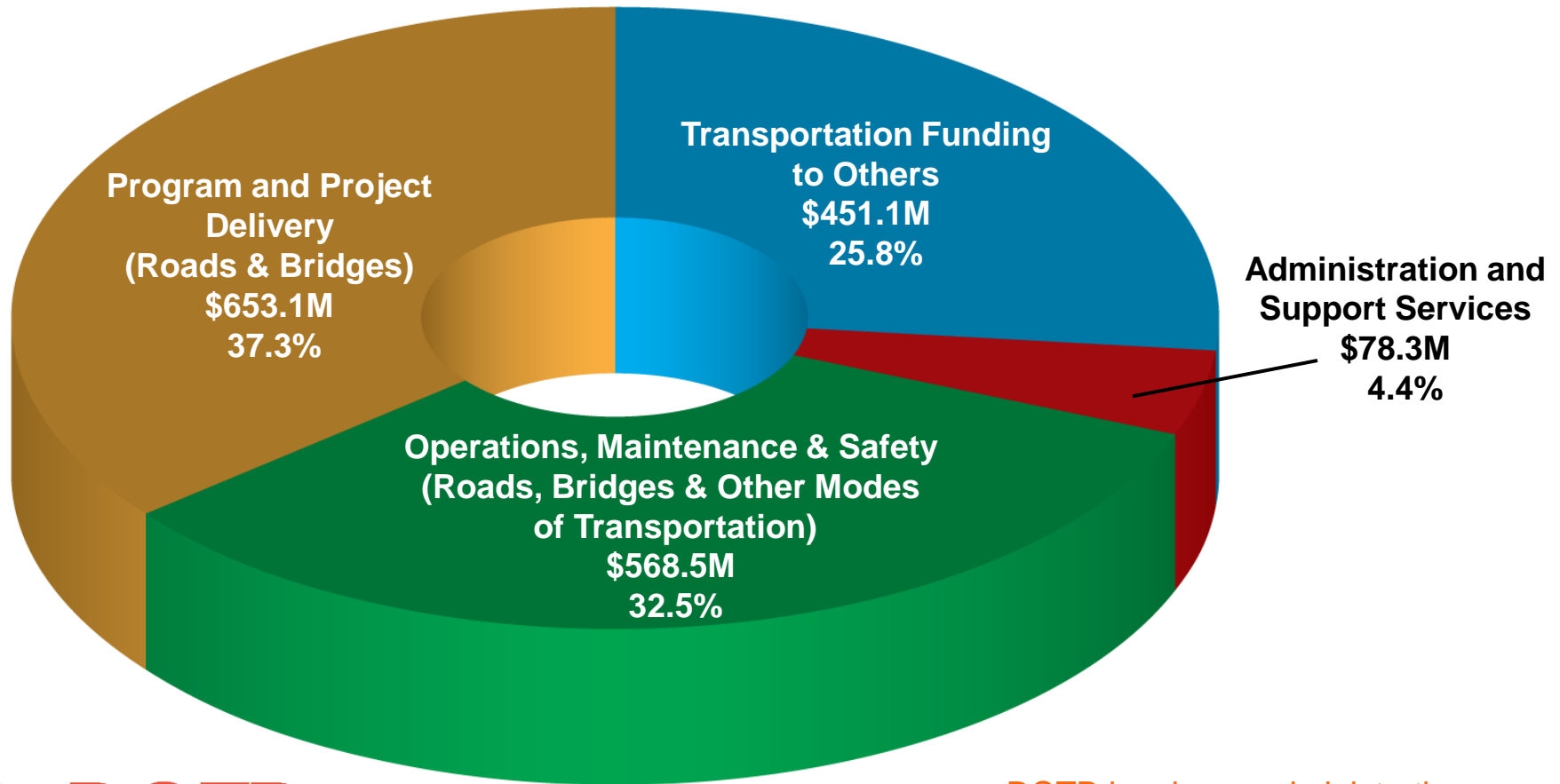
**Act 355 of
2015 Regular
Session**

**Enhanced Project
Selection Process**

Administrative Efficiency

\$1.7B Current Fiscal Year Budget

Including Other Uses of TTF



\$0.16 per gallon

GAS TAX



**In 2016
the average
Louisiana
driver paid
only
*\$108 in state
gas taxes***

See how \$108 compares to other yearly expenses



\$451

ALCOHOLIC BEVERAGES



\$1350

LSU FOOTBALL
SEASON TICKETS



\$1736

APPAREL & SERVICES



\$2605

ENTERTAINMENT



\$2678

EATING OUT

Taking Action on Transportation

The Political Imperative

- Failure reduces the chances of success
 - 3rd & 4th year packages are next to impossible to pass
 - The cliff occurs prior to the next election cycle
- Public trust in elected officials will continue to erode due to lack of action

The Financial Imperative

- Inability to match federal funds is imminent
 - \$700M formula funds will be reduced
 - Unable to take advantage of a Presidential package
- Rapid reduction in toll credits
 - End of FY 18 we project to have a balance of \$18M down from \$111.2 programmed for FY 17
- Shrinking of our construction industry and State Economy
 - Reduces jobs while increasing construction cost

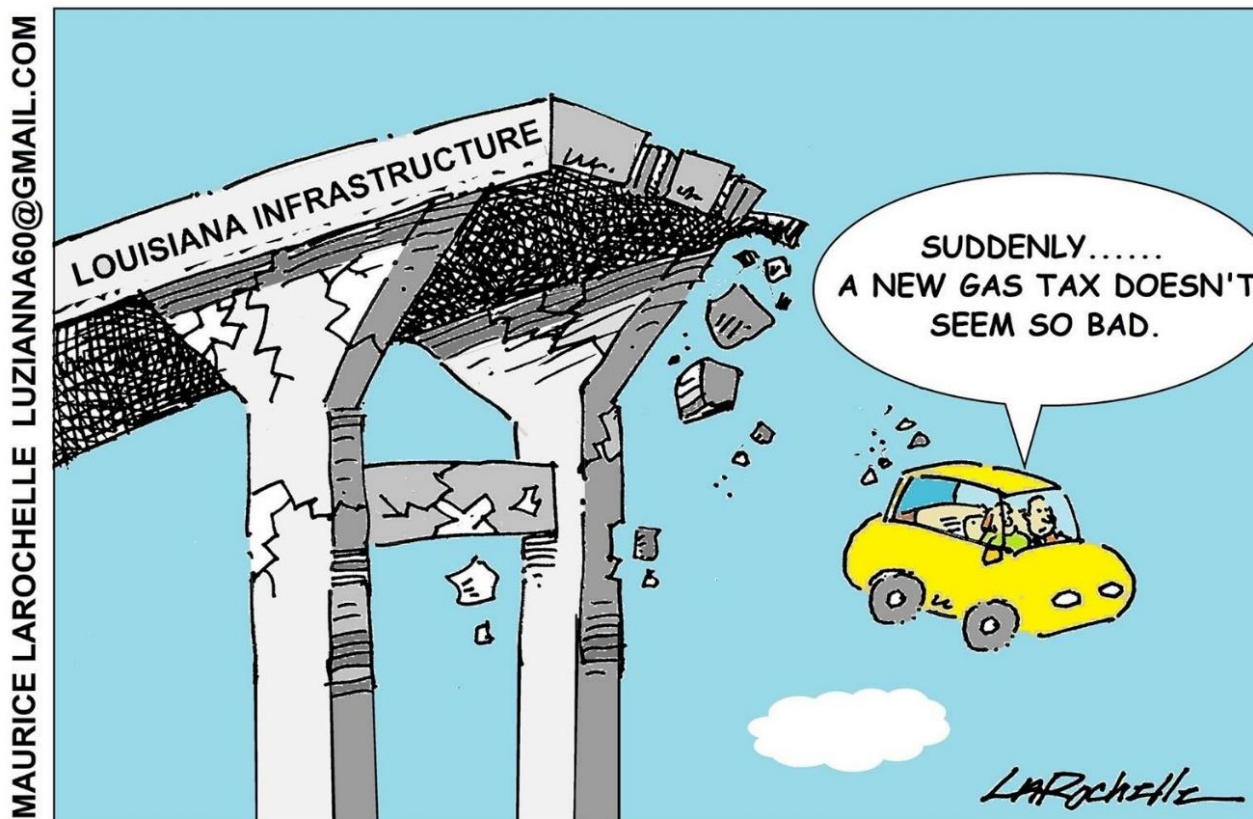
The Policy Imperative

- Construction program shrinks, problems grow
 - Economic Development suffers and hampers business
 - Louisiana becomes less competitive, nationally and internationally
 - Modal transportation competes as opposed to collaborate

- DOTD will be forced to make policy decisions from bad choices
 - Louisiana will lag further behind in national statistics
 - Safety, Congestion and structural condition of the system will continue to be compromised

Keep In Mind

- Fuel tax is a user fee in its purest form
 - Only tax of its kind – consumption based and dedicated
 - Sustainable, proven way to invest in transportation
- 1 cent fuel tax = ~\$30M



People Agree

- There is a transportation spending problem
 - We need to invest more
 - Aging bridges are a concern
 - Every mode of transportation is important
 - We need to empower local government
 - We need to focus on both urban and rural needs
- Any new funds must be dedicated exclusively to transportation



Louisiana Transportation in 2017



The Governor appreciates, applauds, and supports the efforts of the Task Force.

- ✓ Public Private Partnerships
- ✓ Tolling
- ✓ PILOTs and TIFs

- Aviation fuel tax
- Truck Permits
- Truck Registrations
- Categorical allocations
- Index to protect value
- +\$700M Recurring Investment

Your Role in Taking Action on Transportation

Legislative Action

- Implement Task Force recommendation of \$700 million annual investment in Infrastructure
 - Funding and policy considerations
 - Expectations have to be managed if we go less than what the Task Force is recommending



Help Make the Case

- The need is great and the time is NOW!
- The facts support the ask and the proposed solutions
 - We are woefully underfunded
 - We are very capable of delivering
 - Investing in transportation improves overall quality of business and the quality of life
- This impacts every person every day in every way



To Move Louisiana Forward