

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Approved By JLCB**

DEPARTMENT: Transportation & Development

AGENDA NO.: 1

AGENCY: Engineering & Operations

ANALYST: Alan M. Boxberger

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Engineering	\$0	0
Interagency Transfers:	\$0	Multimodal Planning	\$0	0
Self-Generated Revenue:	\$0	Operations	\$170,321	0
Statutory Dedications:	\$170,321	Aviation	\$0	0
Federal Funds:	\$0			
Total	<u>\$170,321</u>	Total	<u>\$170,321</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to appropriate funds to provide for the operational and maintenance costs of the Crescent City Connection Bridge. Act 866 of 2012 created the Crescent City Transition Fund and provided for allowable uses, including appropriating funds to the New Orleans Regional Planning Commission for lighting of the eastbank and westbank approaches to the Crescent City Connection Bridge (including General DeGaulle and the Westbank Expressway approach through ground level), improvements to ingress and egress points, lighting, maintenance, grass cutting and landscaping of the Westbank Expressway and connecting arteries.

The current FY 20 appropriation from the Crescent City Transition Fund to the Operations Program is \$387,684 and represented the department's estimated unencumbered FY 20 fund balance as of April 2019. Approval of this BA-7 request will increase the total appropriation from this fund to \$558,005 for allowable operating expenditures in FY 20.

The remaining balance in the Crescent City Transition Fund on 6/30/2019, was \$5,933,279. Of this amount, \$5,396,258 is encumbered for capital outlay project expenditures. This BA-7 seeks to appropriate an additional \$170,321 that represents the remaining unexpended balance from the FY 19 appropriation plus interest earnings. This appropriation will provide for additional operating expenses during FY 20 as well as close out remaining fund balances set aside for operating expenses when the Crescent City Transition Fund was created. The only balances remaining in the fund will be those encumbered for capital projects (plus potential interest earnings).

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years. Act 866 of 2012 deposited into the Crescent City Transition Fund all monies collected pursuant to Sections 4.21 and 12.1 of the Amended and Restated Indenture and Deed of Trust between DOTD and Bank One Trust Company, N.A., dated November 1, 2002, or any funds possessed, controlled or due to the Mississippi River Bridge Authority or the Crescent City Connection Division. Act 866 specified certain capital expenditures and provided that remaining monies would be appropriated to the New Orleans Regional Planning Commission annually to pay for certain operating costs of the Crescent City Connection Bridge (functional and ornamental lighting, improvements to ingress and egress points, maintenance, grass cutting and landscaping of the westbank expressway and connecting arteries) until the remainder of the funds were expended.

Approval of this BA-7 will expend the remaining balance of funds set aside for operating expenses. In the future, the operating costs of the Crescent City Connection Bridge will be the responsibility of DOTD and enhanced operations above the department's baseline operating expenditures for such bridges will either be unavailable or require alternate means of financing.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.

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DEPARTMENT: Other Requirements

AGENDA NO.: 3

AGENCY: State Aid to Local Govt. Entities

ANALYST: Alan M. Boxberger

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	State Aid to Local Govt. Entities	\$450,000	0
Interagency Transfers:	\$0			
Self-Generated Revenue:	\$0			
Statutory Dedications:	\$450,000			
Federal Funds:	\$0			
Total	<u>\$450,000</u>	Total	<u>\$450,000</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to appropriate funds from the Fiscal Administrator Revolving Loan Fund in order to provide a source of funds from which loans can be made to local municipalities that are determined to require appointment of an independent fiscal administrator. Monies shall be distributed in accordance with La R.S. 39:1357(D), providing "the monies in the fund shall be appropriated and used only for the purpose of providing financial assistance to a political subdivision for which a court has appointed a fiscal administrator . . . by providing a source of funds from which the political subdivision may borrow in order to pay the costs and expenses associated with the independent fiscal administration of the political subdivision, including but not limited to all costs and expenses incurred by the fiscal administrator, the legislative auditor, the attorney general, the state treasurer, and any other persons engaged in connection with the independent fiscal administration."

The state treasurer utilized the emergency provisions of the Administrative Procedure Act to promulgate an emergency rule on October 1, 2019, to facilitate disbursement of loans from monies appropriated by the legislature to the Fiscal Administrator Revolving Loan Fund.

This BA-7 has been submitted to address specific circumstances addressed in La R.S. 39:1351(2)(a), which reads, "if it is determined by the unanimous decision of the legislative auditor, the attorney general, and the state treasurer at a public meeting [Fiscal Review Committee] to consider such matters that a political subdivision is reasonably certain to not have sufficient revenue to pay current expenditures, excluding civil judgments, or to fail to make a debt service payment, the attorney general shall file a rule to appoint a fiscal administrator for the political subdivision as provided for in this Chapter." Two municipalities are currently utilizing fiscal administrators that are anticipated to require loans from this source due to insufficient cash reserves, the town of Sterlington and the town of St. Joseph. Additionally, the Fiscal Review Committee has determined that two additional municipalities (the town of Clayton and the village of Clarence) currently meet the requirements of R.S. 39:1351 and the Attorney General has approached the local courts to request appointment of an independent fiscal administrator.

The remaining balance in the Fiscal Administrator Revolving Loan Fund on 6/30/2019, was \$450,000. Monies were deposited into the fund through Act 362 of the 2019 Regular Session of the Louisiana Legislature (Funds Bill). Since the initial deposit, the fund has realized interest earnings of \$1,063 as of 8/26/19. This BA-7 seeks to appropriate the original deposit of \$450,000 to provide a source of funds from which a political subdivision with a court-appointed fiscal administrator may borrow in order to pay the costs and expenses associated with the independent fiscal administration in addition to other authorized, associated expenses.

The Legislative Auditor's Office reports that the total sum of \$450,000 will likely be insufficient to fund expenditures anticipated in FY 20 and that an additional funding source will likely be necessary later in the year. Additional municipalities are also in danger of being declared financially unstable during FY 20, which may create additional potential obligations for the Fiscal Administrator Revolving Loan Fund.

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II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no direct impact on future fiscal years. However, additional municipalities are on the verge of financial instability and in jeopardy of having an independent fiscal administrator appointed. Approval of this BA-7 will essentially deplete the initial monies deposited into the Fiscal Administrator Revolving Loan Fund and preclude additional loans without additional deposits into the fund by the legislature. Over time, the fund may be replenished or partially replenished by municipalities repaying these loans. There is a strong possibility that additional monies will be required before loan repayments generate sufficient balances to make additional loans. Additional appropriations will likely be required from the Fiscal Administrator Revolving Loan Fund in future fiscal years, and possibly in the current fiscal year. There is no recurring funding source for this fund except loan repayments, and the fund will likely require an infusion of additional SGF in the near future.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.