

ONE to ONE

An Update on the Efforts of the LA 1 Coalition

Summer 2003

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“Fair Share” Plan Gains Key U.S. Senate Support Coastal Impact Dollars in Energy Bill Could Target LA 1

Photo by Katrina A. Gaudet, Daily Comet



Sen. Mary Landrieu and Sen. Pete Dominici

Louisiana’s efforts to gain a greater share of offshore oil revenue to mitigate impacts of energy production appear to have won important support on Capitol Hill. Following a day-long tour of south Louisiana’s eroding coastline and operations at Port Fourchon with U.S. Senator Mary Landrieu on June 28, Sen.

Pete Dominici, Chairman of the Senate Energy Committee, endorsed Landrieu’s proposal to allocate a significant share of federal oil revenue to compensate states like Louisiana which have seen their infrastructure strained due to their support of offshore drilling in the Gulf of Mexico.

Landrieu’s “fair share” proposal was included in the Senate’s energy bill on April 30 and the entire bill is expected to be up for a vote before the full Senate this summer, before heading to a conference committee. Rep. Billy Tauzin, Chairman of the House Energy and Commerce Committee, successfully included similar language in that chamber’s version of the energy bill.

“Senator Landrieu has talked us into what we now consider a fair situation, changing the authorization of where offshore revenues will go in the future,” Dominici said. “Somewhere between \$240 and \$300 million a year will come to this state in the future, when this bill becomes law.

In 2001, Louisiana received less than 0.5 percent of the \$7.5 billion in oil and gas royalties generated in federal waters. However, according to the U.S. Minerals Management Service, drilling off the Louisiana coast contributed to \$5 billion of that total, more than any other state. The new proposal would allocate 12.5 percent of federal severance taxes, estimated at \$3.7 billion over the next six years, to coastal states which support the offshore industry. Considering the state’s investments directed at energy production, Landrieu said the state stands to gain the “lion’s share” of the redistributed revenue.

The increased funds would go a long way to help the state provide a match for the \$14 billion comprehensive coastal restoration plan, Coast 2050. Some of the money could also be directly channeled to coastal parishes that bear the greatest impacts, as well as to infrastructure projects like LA 1 that directly

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Highway Pre-Construction Work Proceeds On Schedule

The LA 1 project’s Environmental Impact Statement was completed in record time, and now pre-construction activities for the proposed new 17-mile elevated highway and fixed-level bridge at Leesville are moving along as scheduled.

Wilbur Smith & Associates has been contracted by the La. Dept. of Transportation to conduct the 18-month pre-construction work that includes engineering, design, surveying and right-of-way acquisition. In late February, crews began conducting topographic surveys and aerial photography along the highway route as well as title research in anticipation of right-of-way acquisition. In June, crews also began investigating soil conditions south of the Leesville Bridge, a process that is expected to take three months.

The entire \$11.5 million pre-construction phase of the project is expected to be completed by September 15, 2004. Funding is being provided by a mixture of state and federal transportation funds, as well as coastal impact assistance funds allocated to the state and Lafourche parish in 2001.



Photo Courtesy of Wilbur Smith & Associates

LTA Names LA 1 as First Toll Funding Project

The LA 1 and Leeville Bridge improvement project will be the first state project to be considered for innovative funding by the newly formed Louisiana Transportation Authority (LTA). At their first meeting in May, the appointed members of the panel agreed to proceed with the last phase of a three-phase toll study for the project, aimed at more closely identifying the economic impact of various toll scenarios for the proposed new bridge and elevated roadway. Once this toll report is complete, LTA members will make a final decision on the feasibility of a toll to help fund construction costs for the roadway, and how any toll would be applied.

“Existing state revenues have made it cost-prohibitive for the state to commit traditional resources to large infrastructure projects like LA 1. The LTA, on the other hand, provides the state with a means to study and implement alternative means of financing,” explains Rep. Loulan Pitre, who serves as an LTA alternate for House Transportation Committee Chair, Rep. Juba Diez. “The fact that this authority has selected LA 1 as its first project shows that the state recognizes the great importance of the highway.”

Hank Danos, an executive committee member of the LA1 Coalition, was appointed by Governor Mike Foster to the LTA, created by the legislature in 2001 to pursue alternative and innovative funding sources for state highway projects. These alternatives may include business-government partnerships and highway tolls. State law also provides for the LTA to manage any tollways that it approves, overseeing the planning, construction and operation of the project.



White House environmental advisor Jim Connaughton (center) and other White House officials toured Port Fourchon and coastal Louisiana May 21 and 22.

LA 1 Is Subject of Congressional Testimony

Port Fourchon and LA 1 are critical to this nation’s energy security, Rep. Hunt Downer told members of the U.S. House Resources Committee in March, and federal funds are critical to keeping them operable.

“Port Fourchon is America’s most significant energy port and remains too vulnerable to disruption. We need to invest in improvements both to port security and port access to ensure our country’s energy supply continues uninterrupted,” said Downer, accompanied by Rep. Loulan Pitre.

His testimony was part of a committee oversight hearing on enhancing America’s energy security.

Downer explained the importance of deteriorating LA 1 as the only road leading to and from Port Fourchon, the entry point for up to 18 percent of the nation’s entire energy supply. He urged federal lawmakers to give Louisiana a greater share of offshore oil revenues to fund highway improvements essential to the very energy industry it serves.

“If we increase production off the coast of Louisiana by 20 percent, what do you do?” Downer asked. “We can’t handle what we’ve got. Louisiana is actually supporting the nation’s oil and gas economy and revenue with nothing in return.”

LA 1 Coalition Hits Wall Street *New York Trip Aimed at Securing Bonds for Project*

La 1 Coalition Executive Director Roy Francis and Chairman Ted Falgout, along with LA DOTD Secretary Kam Movassaghi and Undersecretary John Basilica, traveled to New York City in May to explain the LA1 improvement project to several bond rating companies, bond insurance companies and investment bankers in hopes of luring possible bond investors. Meetings included such well-known financial organizations as Moody’s, Fitch, Standard & Poor’s, and Solomon Smith Barney.

“Selling bonds may be a very practical way for the state to raise at least a portion of the \$550 million required to build the proposed new 17-mile, four-lane elevated highway and fixed bridge at Leeville,” Francis explains. “We are quite pleased by the response we received on this first introductory trip, but know that it is only the first step in what could be a very lengthy process to secure bonds for our project.”

According to Francis, if bonds are used to finance construction of even a portion of the highway improvements, subsequent toll revenues collected on the new highway would most likely be used to repay the bonds. Final decisions about bonds, tolls and any other alternative funding sources for the LA 1 project now fall under the jurisdiction of the newly-formed Louisiana Transportation Authority.

Chairman's Report



-by Ted Falgout, Executive Director, Greater Lafourche Port Commission

Taking the Bull by the Horns



“Taking the bull by the horns” is a common saying used when one aggressively takes on a difficult task. Roy and I just couldn’t let this photo opportunity pass while selling our project on Wall Street recently. When I look back and reflect on the beginning of this highway improvements effort and how quickly we have gotten to where we are today, I believe the LA1 Coalition, through the efforts of many, has truly earned the right to use this phrase.

We must not lose sight of the daunting tasks that lay ahead of us.

Although we may have the “bull by the horns,” the picture depicts how massive the animal is and without much imagination, one can see how easily our effort could be pitched to the side and the bull headed off to “greener pastures.”

Our focused efforts to secure highway improvements between U.S. 90 and Grand Isle have progressed far beyond



LA1 during Tropical Storm Bill

many of our expectations in such a short period of time. So well, in fact, that sometimes we lose sight of how easily this extremely important project could fall victim to some obstacle.

A likely obstacle would be if users of this highway cannot agree that a toll

should be placed. If this happens, we could soon find ourselves back in the pack with the huge backlog of highway projects that are 30-40 years away and may never be built.

A quick review of events during Tropical Storm Bill makes it very clear that we do not have the luxury of waiting. The June storm clearly showed that the Leeville area is truly our weakest link and it presents the greatest threat to everyone that must travel south of that critical juncture. It is simply shortsighted not to recognize that the vulnerability of this highway increases daily and poses a great threat to all of us who depend on it.

We must not lose sight of the daunting tasks that lay ahead of us. Unless we present a united front, we may lose the one effort that is key to the survival of this state’s only inhabited barrier island, this nation’s key energy port and huge commercial and recreational fishing interests.



LA1 during Tropical Storm Bill

“Fair Share”

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support the oil and gas industry.

“One would think we would have a world-class highway system connecting this port,” Port Fourchon’s Ted Falgout told Dominici during the June 28 tour. “We do, but it’s a Third-World-class highway system.”

Dominici was the latest of several law-

makers and federal policy makers that Landrieu and Falgout have hosted over the past year.

“It is essential for senators and congressmen to see the vanishing coastline for themselves,” Landrieu concluded. “There is no substitute for seeing with your own eyes the urgent need for coastal impact assistance, and the billions of dollars in crucial infrastructure the coast protects.”



LA1 during Tropical Storm Bill

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THANK YOU!

*The strength of the LA 1 Coalition lies in
the support of our members.
If you have any comments or suggestions
about any item in the newsletter, please
call us at (985) 448-4485.*



State and local officials, along with members of the Greater Lafourche Port Commission and the LA 1 Coalition, attended the official opening of Hwy. 3235 at the Bourg-Larose highway on March 19. The four-lane highway will eventually be linked to the proposed new elevated highway from Golden Meadow to Port Fourchon.

For Your Information...

If you would like to receive additional copies of "One to One" or more information on the LA 1 Coalition, call Roy Francis, Executive Director, at (985) 448-4485 or write to us at P.O. Box 2048-NSU, Thibodaux, LA 70310. Our office is located on the campus of Nicholls State University in Thibodaux, LA, within the offices of the South Louisiana Economic Council. The LA 1 Coalition is a non-profit 501(c4) corporation. Editor: Jennifer Armand