Rules change endangers port funding

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A rules change in the state's Port Construction and Development Priority Program has endangered 1991-92 funding for a proposed $1.2 million dock project at the Port of Greater Baton Rouge and may cripple the port's ability to compete for millions of dollars for future projects.

In response, Baton Rouge Port President Robert Miller has sent letters to the 21 legislators in the port's jurisdiction covering East and West Baton Rouge, Ascension and Iberville parishes. Miller is soliciting their assistance in overturning the rules change or stopping the change until a public hearing can be held.

The state's deep-water ports compete annually for about $10 million, while shallow-water ports compete for $5 million set aside for port projects in the state's voter-approved transportation trust fund.

To get the state funds, ports must provide matching funds equaling 25 percent of the project cost. During the state's initial 1990-91 port priority program, interim guidelines gave ports credit for projects they paid for themselves over the last two years. Those credits could be used toward the 25 percent match for port priority program funds.

The Port of Greater Baton Rouge was successful in getting 1990-91 priority program funding for a $550,000 moleasses terminal maintenance project and $4.5 million general cargo storage shed. It used a cash match on the moleasses terminal project and credit toward the shed project.

The continuance of the program's credit allowances are particularly important to the Port of Greater Baton Rouge, which spent $8.9 million on a general cargo dock expansion in the last two years. That project ate into an $11 million cash reserve accumulated by the port during boom times.

The port's cash reserve has dwindled to $1.7 million, leaving the port with little leeway in funding any significant project or generating matching funds for trust fund projects.

In addition, the port has been operating at a deficit in recent years and has relied on interest earned from its cash reserve to help balance its annual operations budget. The fund also is a back-up for emergency repairs.

"We kind of fought for those credits because we had so much at stake," said Port Director Gary Pruitt.

However, the state Department of Transportation and Development has discontinued the use of credits in a new set of interim guidelines for 1991-92 projects, a letter received Nov. 16 letter from DOTD Secretary Neil Wagoner said.

Wagoner's letter said final guidelines will be forthcoming by summer 1991 and that the changes were made by DOTD in consultation with the LSU Ports and Waterways Institute and co-chairmen of the Governor's Transportation Infrastructure Evaluation Committee.

The state's ports had participated in drafting the original guidelines for the 1990-91 program that included the credit.

Wagoner did not return telephone calls. Deputy Secretary Joseph Wax returned a call, but was unable to reach a reporter. Wax was out of the office when called again.

Pruitt said he is upset because DOTD changed the rules after a Nov. 1 deadline for submitting 1991-92 projects. The deadline has now been extended to Dec. 3, but the Baton Rouge Port Commission had submitted its projects by the original deadline and abided by the original guidelines used for the 1990-91 program, Pruitt said.

Miller said in a telephone interview the rules change and Nov. 16 notification about the deadline extension were short notice for "dealing with multi-million expenditures."

The port submitted a $1.2 million project for additional maintenance work at its moleasses terminal, which the port planned to match with $300,000 from its cash reserve.

It also submitted a $1.2 million project to improve access, storage and cargo handling at the general cargo docks. That project was going to be matched with a $300,000 credit allowance.

"The loss of that credit hurts us a good bit," Pruitt said.

Pruitt said the project would have allowed the port to handle logs more efficiently and could have increased business at the port. Increased business would bolster the port's cash reserve and generate funds for matches on future projects submitted to the port priority program, he said.

Miller said that the port may be forced to withdraw its $1.2 million general cargo dock project.

"If this action becomes necessary, it will severely, if not permanently, damage our efforts to improve our facilities and attract additional cargo to the Port of Greater Baton Rouge," Miller wrote. "In fact, if these new rules are allowed to stand, the Port of Greater Baton Rouge may be prevented from participating in the program in the future," he said.

Miller said Louisiana ports are playing catch-up to ports in other states where capital improvements are state funded.

He said the port priority program is intended to make Louisiana's ports more competitive and create jobs and should be more flexible.

"If there are improvements that are being created here are counterproductive," Miller said.

Pruitt said future projects at the Port of Greater Baton Rouge's general cargo docks might have included a new roof for one dock transit shed and a transit shed extension.

"We're just not sure what we should do now," Pruitt said.

Other than dipping into its cash reserve for the $300,000 match on the $1.2 million general cargo project, the port has no immediate options, Pruitt said.

"We can go through everything we have here rather quickly trying to get the matching money," Pruitt said.

However, the port commission in the past has discussed some longer-term cash-producing projects. The commission recently formed a maritime advisory committee of port commissioners, business representatives and labor representatives to find solutions to the port's cash crunch.

In the past, the commission has discussed the possibility of recapturing the money spent on the $8.9 million dock project through a bond issue financing plan.

It also has the option of imposing harbor fees on ships and barges operating in the Mississippi River within the port's jurisdiction.

During the past legislative session, the port obtained the authority to levy a 2.5% property tax within its four-parish jurisdiction with voter approval. The tax would generate about $1 million for every six-tenths of a mill.

"Think we're going to have to look at everything," Pruitt said of the port's options. "We've got to get some sort of outside funding to compete for facility improvements," he said.