

The **Crescent City Connection** faces a nearly \$10 million budget deficit this year due to huge losses on three Mississippi River ferry routes and a \$4 million premium for an insurance policy that probably isn't needed, state transportation officials said.

William Ankner, secretary of the state Department of Transportation and Development, said he is taking steps to cancel the insurance policy while weighing cuts to the ferries, which bleed more than \$20,000 a day.

Financed largely by tolls, the bridge is on pace to end the fiscal year on June 30 with a \$9.7 million shortfall that will be partially offset by \$3 million in cash reserves, Ankner said.

The massive deficit, which amounts to more than a third of bridge revenue, is intensifying recent scrutiny of the **Crescent City Connection's** finances, including an ongoing legislative audit.

The probe began after state Rep. **Patrick Connick**, R-Harvey, questioned why the bridge authority has not used toll money to finance several West Bank road projects outlined in the state law that reauthorized tolls in 1998.

Ankner called for a forensic audit that found no evidence of fraud or theft, concluding that anticipated surpluses for the road projects never materialized as costs to operate the bridge spiraled out of control.

Ankner, who took office a year ago, stepped up his oversight after the bridge's two longtime top executives retired in a four-month span last year.

He linked the financial woes to skyrocketing insurance premiums that have increased eightfold, from \$600,000 in 2003 to about \$4.8 million this year.

"It's reached the point that we are paying more for insurance than employee salaries. That's unacceptable," Ankner said.

He said it appears the bulk of the insurance -- a \$4 million policy providing \$100 million coverage for bridge damage -- can simply be dropped.

The policy is required to protect bond holders who financed construction of the bridge's second span, but the bond issue contains a caveat that the insurance can be eliminated if it becomes too expensive, Ankner said.

Noting that the vast majority of the state's bridges are uninsured, Ankner said he plans to consult with the state Office of Risk Management about dropping the **Crescent City Connection's** coverage.

Peggy Olivier, the bridge's acting executive director, said FEMA would probably pick up the tab if the bridge were damaged in a storm.

Ankner said other cuts to balance the bridge's books won't be so easy.

He said he is considering streamlining the ferry routes, which consume more than \$8 million of the bridge's \$27 million annual operating budget while generating just \$250,000 in passenger fees.

That amounts to a loss of at least \$21,000 a day for the ferries, which are heavily subsidized by bridge tolls, with one of every three toll dollars going to keep the boats afloat.

The transportation department said it is considering shutting down the Canal Street-Algiers Ferry at 9 p.m., except on Fridays and Saturdays, when it would continue running until midnight.

The department also said it is weighing cuts to the Gretna-Jackson Avenue Ferry, but it said those savings could be at least partially offset by a need for increased service on the Chalmette-Algiers Ferry during peak hours.

Ankner said any ferry cutbacks won't fully offset the projected deficit, meaning preventative maintenance on the bridge will likely be deferred.

"There is no transportation system in the world that makes money or even pays for all of its operating costs," he said Wednesday at a rare meeting of the bridge authority board.

The legislation creating the board called for quarterly meetings. But because the board's sole responsibility -- prioritizing the road projects to be paid for by surplus toll revenue -- was completed years ago, board meetings have been sporadic.

However, the board decided, at Ankner's suggestion, to begin meeting monthly as an ad hoc advisory committee on the bridge's finances.

"For years, everyone on the committee felt useless because there was nothing for us to do," Algiers Assessor Tom Arnold said. "I think we're all interested in becoming more involved."

At Wednesday's meeting, several board members balked at the \$3.8 million price tag for an ongoing 6,000-square-foot addition to the bridge's Algiers offices, which works out to \$633 per square foot.

"At \$250 a square foot, you can build a Class A office building. For \$633 a square foot, you could build something in downtown New York City," said Jack Stumpf, a real estate developer, who emphasized he views the matter as "water under the bridge."

Ankner, who was not in office when the project was approved, said the bridge authority badly needs more space, though he did not defend the cost of the addition.

Connick, who had butted heads with bridge administrators in the past, said he's hopeful about Ankner's increased involvement in the bridge's operations.

"We've been raising a stink about this for a while now, and it's refreshing to see the secretary responding to our concerns," Connick said. "We're heading in the right direction, but we're not there yet."

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