

DETERMINATION OF BENEFITS

Table 1 summarizes annual revenues and expenses anticipated for this project.

Table 1
Revenue and Expenses Summary

Revenue/Expense	Amount (rounded to nearest \$1,000)
Annual Expenses	
Maintenance ¹	\$ 46,000
Debt Service for \$680,064 ²	\$ 46,000
Total Annual Expenses	\$ 92,000
Revenues	
Additional Wharfage	\$ 100,000
Additional Lease Payments	\$ 144,000
Total Revenues	\$ 244,000

¹Maintenance costs are based on shed life of 30 years for purpose of calculations. This \$46,000 maintenance assumption is 50% of the PPP required "Maintenance Costs" because all physical maintenance on the structure will be provided by AT as noted in their commitment letter contained in Attachment K of this application. This is an accepted assumption used in previous applications submitted to the PPP by the Port of South Louisiana.

²For the purpose of this analysis, it is assumed that the Port would purchase debt for the required 10% match and engineering fees; however, the Port's contribution may be funded partly or in wholly by Port reserves, Administrative fees of 5% (i.e., \$34,003) of the principal amount (i.e., \$680,064) was assumed for the debt service calculations for a 30-year bond sale at a 5% interest rate.

Number of Jobs: **Table 2** provides an estimate of the jobs forecast to be created with the addition of the on-dock transit shed and corresponding increased cargo tonnage at the Globalplex facility.

Table 2
Additional Employment
With On-dock transit shed

Classification	Employed Persons (FTE)
Managerial/Professional (\$40,000 +)	0
Supervisory/Skilled (\$25,000 +)	10
Semi-skilled (\$20,000 +)	0
Clerical/Unskilled/Misc. (\$15,000 +)	4

Payroll Benefits: Payroll benefits of \$310,000 are estimated to begin in year one, and decaying to \$0 by year 10.

Spin-Off Benefits of Payroll: Spin-off benefits of payroll spending will result from this project and be equal to that estimated for payroll above.

Benefits to Costs Tabulation: Benefits and costs of the project were estimated through the first 10-year period of operation.

Annual total project benefits and costs in 2007\$ were discounted at a rate of 3.7 percent and aggregated for the first 10-year period. Resulting net benefits were divided by the net costs over the 10-year period to determine a benefit-to-cost ratio. The resulting **total project benefit-to-cost ratio is approximately 1.5**, meaning that for every dollar spent on the project, \$1.50 of public benefits are yielded. (See **Table 6** for details and note related to total project benefit to cost ratio.)

Total discounted project benefits were then divided by the Port Priority Program injection of \$2,160,000, discounted over the 10-year period at 3.7 percent, which resulted in a **program benefit-to-cost ratio of approximately 2.5**, which means for every *LDOTD PPP* dollar spent on the entire project, \$2.50 of public benefits are yielded.

The internal rate of return on the total project investment was calculated over the 30-year life of the project. **This internal rate of return satisfies the LDOTD's required 3.7 percent** for this project, which illustrates that the project is a sound investment by the Port Priority Program. The Port will ensure that this internal rate of return is satisfied through its final negotiations with AT. **Table 3** summarizes the discounted costs and benefits over the 10-year Port Priority Program evaluation period.

**Table 3
Benefits and Costs Tabulation, Discounted at 3.7%**

Year	PPP and Port Contributions	Private Equipment Contributions	Maintenance Assumption**	Lease Fees and Wharfage to Port	Direct/Indirect Payroll Benefits + 2% Private Investment	Residual Value of Equipment and Improvements
2007	2,484,000	0	0	0	0	0
2008	44,794	694,311	44,359	235,294	611,765	0
2009	43,195	0	42,776	226,899	512,486	0
2010	41,654	0	41,250	218,803	432,425	0
2011	40,168	0	39,778	210,996	357,425	0
2012	38,735	0	38,359	203,468	287,227	0
2013	37,353	0	36,990	196,208	221,583	0
2014	36,020	0	35,670	189,208	160,258	0
2015	34,735	0	34,398	182,457	103,027	0
2016	33,496	0	33,170	175,947	49,675	0
2017	32,300	0	31,987	169,669	0	0
2018	31,148	0	30,845	163,615	0	1,230,198
Total	2,897,598	694,311	409,582	2,172,564	2,735,871	1,230,198
Total Benefits		6,138,632				
Total Costs***		4,001,490				
Total B-C Ratio***		1.5				
Program B-C Ratio		2.5				

*The Port's contribution amount included in this item assumes that the Port purchases debt for the required 10% match and engineering fees. It is initially assumed that this match will be funded by Port reserves. However, for the

purpose of a conservative evaluation, debt is assumed. A resolution by the PSL Commission approving a bond sale is provided in **Attachment A**.

**Maintenance costs are based on shed life of 30 years. All maintenance will be provided by AT as noted in their commitment letter contained in Attachment K; therefore, only 50 percent of the PPP calculated "Maintenance Cost" is used as a cost for these calculations.

***Total B-C ratio is reduced if the cost of the on-dock transit shed foundation is included, which is a new dock funded under the Louisiana Capital Outlay Program and for which the Port has entered into a cooperative endeavor agreement (i.e, Facility Planning and Control Project No. 36-P21-06B-04) This dock has been funded and will be constructed with or without approval of the on-dock transit shed, the subject of this application.