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Governor presses Bush over state's levee costs

Matching dollars are too high, he says

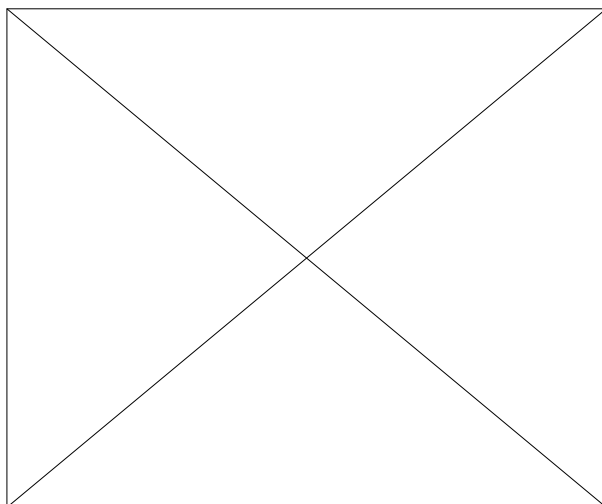
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By Mark Schleifstein
Staff writer

Gov. Bobby Jindal on Friday continued to pressure the Bush administration to give the state 30 years to pay off its \$1.8 billion share of the cost of building levees in the New Orleans area to 100-year protection levels and to reduce that bill by \$200 million.

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"We think it's wrong that the state of Louisiana should be required to pay \$200 million more in matching dollars than we would have paid (under rules in effect) before Katrina," Jindal said.

President Bush also could issue an executive order to trigger a provision included in the 1986 Water Resources Development Act, which would allow the state to pay back its share of construction costs over 30 years instead of three years, which presents a financial crisis for Louisiana.

Jindal said California and Nevada have been provided such 30-year payment provisions to repay the costs of similar projects.

Without the additional time, Jindal said, the state would be required to pay as much as \$1.2 billion in 2010, which would result in a reduction of as much of 40 percent for other discretionary spending that year. That would mean draconian cuts in education, health care and transportation.

Brig. Gen. Michael Walsh, commander of the Army Corps of Engineers Mississippi Valley Division, which oversees all levee work along the river, offered state officials no comfort. He said only, "Congress and the president set the budget and the funding requirements, and we follow their

leads."

While Maj. Gen. Doug O'Dell, the federal Gulf Coast rebuilding coordinator representing the White House, accompanied the governor and corps officials on an aerial tour of coastal protection projects, O'Dell was conspicuously absent from the Jackson Barracks news conference that followed.

A spokeswoman for O'Dell, contacted after the news conference, said he was traveling and could not be reached for comment.

--- Stripped out of bill ---

The news conference comes only a day before House Speaker Nancy Pelosi, D-Calif., participates in a similar aerial tour of levee and restoration work. Jindal said he already lobbied Pelosi and other House leaders on easing the state's financial burden in advance of House and Senate votes on a supplemental Iraq war appropriation that included \$5.8 billion for the federal share of the levees, but he would do so again while she's here this weekend.

A Senate version of that bill included both the smaller state cost-share price tag and the 30-year repayment, but they were stripped out by the House. The provisions were not in the version signed into law last month by Bush.

Jindal said the state will pay its \$1.8 billion share of the levee work whether the federal government allows financing that debt or not. Ensuring the completion of substantial levee improvements planned by 2011 remains the top priority, he said. "We absolutely will make the 2011 deadline, period," Jindal said. "We owe that to our people.

"We've encouraged people to come back to their homes, to their businesses," he said. "It would be irresponsible to ask the people of Louisiana to go through even one additional hurricane season without the protection they've been promised by their government. We will keep our word to the people of Louisiana."

--- Coastal restoration ---

But Jindal also warned that the result could be that \$500 million set aside by the Legislature for coastal restoration projects during the past two years might have to be spent on levees instead -- with potentially devastating impact on those restoration efforts.

"Part of the reason we're pushing so hard is that we want to use those resources for coastal restoration, because we all know you can't build levees alone to protect people and our property," Jindal said. "One of the things we've learned is healthy wetlands reduce tidal surge, and we need healthy wetlands to accompany levees. Levees alone will not keep us safe."

Citing a 2007 series of stories in The Times-Picayune, which laid out a scientific consensus that the state might have only 10 years to begin major restoration projects, Jindal said he thinks there actually might be less time left to begin those efforts.

"So, one of the reasons we put such substantial amounts of money in the second special session towards coastal restoration is we didn't want to wait for Congress to fund all these projects," Jindal said. "We realized that if we waited for the normal congressional appropriations process, it may be too late for some of those projects in some of those areas."

--- Looking to the future ---

Asked whether the state might be required to raise taxes to pay for restoration projects -- and to build even higher levees to protect coastal communities from the equivalent of Category 5

hurricanes -- Jindal said he thinks the state's share of revenue from federal offshore oil leases eventually will cover those costs.

The state is expected to receive only about \$20 million a year in federal offshore money until 2017, when new offshore finds will begin returning as much as \$600 million a year.

Jindal said he is willing to issue bonds based on those future offshore dollars, but he said the state would be penalized if it tried to do so during today's volatile financial climate.

"As we get closer to 2017, I think you'll see the markets willing to give the state a substantial amount of money, in the billions of dollars, for those future royalties," Jindal said. "It's harder to do that this far away, especially given the turmoil in the credit markets today."

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