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Louisiana given 30 years to pay to raise levees

Deal frees money for coastal projects

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President Bush has agreed to give Louisiana 30 years to pay its \$1.8 billion share of the cost of raising hurricane protection levees in the New Orleans area, Gov. Bobby Jindal and Gulf Coast Recovery Coordinator Maj. Gen. Doug O'Dell said at a surprise news conference Thursday evening.

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Speaking to reporters in the Bienville Room at the Superdome, O'Dell said the decision by the Bush administration followed months of negotiations and "several distractions along the way that I won't bore you with."

The decision immediately frees up millions of dollars the state plans to spend this year on coastal restoration projects and to pay the state's share of levee projects in other parts of the state, Jindal said. The money had been frozen pending a resolution in the cost-sharing negotiations.

Without the agreement, the state would have been facing a bill of more than \$500 million in 2009 and more than \$1 billion in 2010, he said, which would have meant draconian cuts in other state services, including health care, higher education and highway construction.

The state will not begin paying principal and interest on what amounts to a 30-year loan until after the 100-year levee projects are completed in 2011. The annual payments will be about \$95 million to \$105 million a year, Jindal said.

O'Dell said an overflight of proposed levee and coastal restoration projects in July with Jindal,

narrated by state Coastal Protection and Restoration Authority Director Garret Graves, was instrumental in persuading him to recommend the deal to Bush. But other priorities, including education, health care and housing, took precedence until this week.

"I have a saying: We need to shoot the wolf closest to the door today," O'Dell said. "Levees were not the wolf closest to the door over the last few months."

Jefferson Parish President Aaron Broussard, who delayed his planned viewing of the New Orleans Saints pre-season game to attend the news conference, said Jindal also lobbied Bush at a dinner with parish leaders from across the state in New Orleans earlier this year.

"This announcement is a very powerful echo of President Bush's Jackson Square speech (after Hurricane Katrina), in which he committed to make this region better and stronger," Broussard said.

Broussard pointed out that more than \$1 billion of the federal and state money included in the deal will pay for drainage projects in Jefferson and Orleans parishes.

"This is a huge hurdle that we jumped over with the governor's leadership and Gen. O'Dell's leadership," said Tim Doody, president of the Southeast Louisiana Flood Protection Authority-East, which oversees levees on the east bank in Jefferson, Orleans and St. Bernard parishes.

"There's not much I can add other than hallelujah," said Carlton Dufrechou, executive director of the Lake Pontchartrain Basin Foundation.

"Without a doubt, we need stronger and better levees, but levees alone are not enough. We need the coast."

Graves said the state coastal authority would conduct an emergency meeting next week to parcel out about \$300 million in state surplus money for levee and coastal restoration projects and millions of dollars more committed to Coastal Impact Assistance Program projects. All of that money was put on hold last month as the state awaited either Bush's decision on the 30-year payment plan or Congress providing relief before it adjourned in December.

Congress had recessed last week for several weeks, so members could return home to campaign for re-election.

Both Jindal and O'Dell said the agreement does not require the state to make any concessions to the administration. Jindal said the state specifically did not commit to using offshore oil revenue it will receive from federal leases to repay the levee money.

Indeed, Jindal said he still would like Congress to consider extending the payment time beyond the 30 years agreed to by Bush.

Bush provided the state with the longest payment period allowed under the 1986 Water Resources Development Act. The state still must pay 35 percent of the \$7.6 billion in levee construction costs included in the 2008 Iraq supplemental appropriations bill, rather than the 25 percent share it had paid for levees before Katrina.

The first \$7.1 billion provided by Congress for immediate levee repairs and the first part of the cost of raising levees to protect against a 1 percent chance of flooding from hurricane storm surge -- the equivalent of a 100-year storm -- required no match from the state.

Jindal said that under the agreement, the state still will assist local levee districts in paying their own shares of the costs of individual projects.

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