

Money squeeze puts levee building at risk

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NEW ORLEANS -- To ensure the Army Corps of Engineers stays on track to build levees, Louisiana will need to come up with \$1.8 billion in the next three years -- a staggering sum for an impoverished state.

State officials are worried Louisiana will not find the money and levees will simply not be built, exposing the state to greater threats from hurricane-related flooding.

The crisis stems from President Bush signing into law a \$162 billion war spending bill on Monday requiring Louisiana to come up with 35 percent of flood-protection costs for the New Orleans region -- about \$1.8 billion.

Since Hurricane Katrina hit in August 2005, the federal government has paid for most of the hurricane protection work in the New Orleans region. But Congress toned down its generosity this year under pressure from Bush to reduce domestic spending.

"\$1.8 billion is simply unachievable, unobtainable," said Garret Graves, Gov. Bobby Jindal's top levee aide.

"If the state came up with \$1.8 billion over the next three years, I don't know how the state would invest in the hospitals we will need to protect the people living behind the levees; or how they will invest in the schools needed to educate the children of the businessmen we hope to move here," said Tim Doody, the president of levee districts in the New Orleans region.

Louisiana does have some money. It put about \$300 million from a budget surplus into a special coastal fund, and now officials are talking about using that.

But that money was supposed to fund other projects meant to stave off hurricane threats, such as pumping sand onto barrier islands, building back eroded marsh and constructing levees around coastal towns protected by small-scale levees.

"We're three years after the storm, and you've seen virtually nothing done in areas outside of the New Orleans area," said Windell Curole, a levee manager in Lafourche and Terrebonne parishes, a swampy area southwest of New Orleans rich in oil reserves and critical energy infrastructure.

And there is another source of money: an additional \$600 million state budget surplus generated by high oil prices and hurricane reconstruction spending.

But tapping into that would be politically difficult because it's been earmarked for other needs like roads and pensions, said state Sen. Joe McPherson, chairman of the Senate's public works committee.

"This is the most important public works project we have in the state at this time," McPherson said about New Orleans' levees. "But we have to remember the coastal area of Louisiana is a small portion of the state."

The war spending bill gives the Corps of Engineers \$5.8 billion to raise levees throughout the New Orleans area and improve drainage and pumping capacity. However, that work may not continue without the state's funding.

State officials are now scrambling to find a way out. They're negotiating with the Bush administration, congressional leaders and corps officials to lessen the state's burden, perhaps by making the \$1.8 billion payment over 30 years.

The White House declined to comment, and corps officials said it was too early in the negotiations to discuss what might happen.

"Obviously the state has to make the best deal it can, but it can't afford to walk away," said Mark Davis, the director of Tulane University's Institute on Water Resources Law and Policy.

And that may mean paying the heavy price no matter what it takes, Davis said.

"Given our needs, given the fact that the state is not broke, it is going to have to be prepared to make the investment that is necessary," he said. "We have to think of this not as a cost, but as an investment."
