

**STATEMENT BY
ASSOCIATION OF LEVEE BOARDS OF LOUISIANA
RECOMMENDING FISCAL YEAR 2007 APPROPRIATIONS
MISSISSIPPI RIVER AND TRIBUTARIES PROJECT
PRESENTED TO:
MISSISSIPPI RIVER HOUSE CONGRESSIONAL CAUCUS
March 29, 2006**

Congressman Hulshof, members of the Mississippi River Congressional Caucus, I am Windell Curole, General Manager for the South Lafourche Levee District. It is a pleasure for me to present the funding requests of the Association of Levee Boards of Louisiana concerning the Mississippi River and Tributaries Project (MR&T) in Louisiana, as well as other Civil Works construction, investigation and operation and maintenance items. A listing of specific projects of interest to Louisiana can be found in our written testimony which was submitted to the House and Senate Appropriations Subcommittees on Energy and Water development, a copy of which is attached hereto.

Instead of discussing what dollar amounts we are requesting for each individual project, I would like to use this time to explain why Louisiana's request and the Mississippi Valley Flood Control Association's \$512 Million request for the total MR&T Project are vital to all of the citizens of the Valley and why they should merit your support. In these times of fiscal constraints, we believe it is extremely important to emphasize and justify the urgent need for adequately funding the MR&T project and also the other flood control and navigation programs that affect not only the State of Louisiana, but the entire Nation.

Every year we come before this Caucus to explain how vulnerable we are in Louisiana to flooding from river overflow, tidal surges and rainfall. We live and work at the bottom of this Nation's largest drainage basin. Numerous testimonies have been given before this Caucus about how important the MR&T Project is to the continued survival of the citizens of Louisiana. The navigation and flood control aspects of the MR&T System cannot be separated. The same levees that contain and confine the river to its present channel also protect the landside infrastructure and workers that support the maritime industry. Additionally, the MR&T System works in concert with the other flood control, hurricane protection and inland navigation systems to support and protect all of our other industries including agriculture, fisheries, petrochemical and offshore oil support, to name a few.

The maritime industry, which is totally dependent on the continued effectiveness of this combined flood control and navigation system, is the common thread that links the economies of all the states connected by the System. The marine transportation system – the network of water highways – that comes together on the Mississippi River in South Louisiana forms the largest deepwater port complex in the world. That complex is one of the nation's major gateways for the import and export of essential bulk commodities including grain, coal, petroleum and chemicals, as well as break-bulk cargo of every imaginable type. It is imperative that you understand the importance of Louisiana's role in this water transportation network. We are the critical transfer point between river vessels and ocean-going vessels. We are your connection to the global marketplace. Approximately 75% of all soybeans, animal feed and corn, and almost 50% of all rice and cereals, grown in mid-America pass through our transfer facilities on their way to world markets. Additionally, with 19 refineries Louisiana has the second largest refining capacity in the nation. The majority of those refined petroleum and petrochemical products move across levees and docks along the lower river on their way to upriver states.

Consequently, Louisiana's continued well-being should be a matter of mutual concern to all of us connected to the MR&T System. Any situation that adversely impacts the maritime industry in Louisiana will create an adverse economic ripple effect throughout mid-America. Last year, Hurricanes Katrina and Rita impacted Louisiana's navigation system and resulted in substantially increased energy costs due to

lost production and refining capacity and additional transportation costs. Shipment of 59% of the nation's unprocessed grain and oilseed was disrupted. This affected not just our nation but agriculture markets throughout the world. Petrochemical markets, both national and worldwide, were impacted and are still disrupted. 30% of the port of New Orleans' facilities are still not operational. Two years ago, the sinking of an offshore supply boat totally shut down all movement in and out of the river for 6 days and disrupted shipping schedules for almost 3 months. At that time we predicted that a levee failure in the New Orleans area would have a far greater impact on maritime commerce. Unfortunately those predictions are now fact. These hurricanes caused far reaching disruptions in the maritime supply chain that will be felt for years. The fragility of the system has now been verified. National attention is now focused on the reality that a failure of any flood control feature, regardless of whether it was a river levee or a hurricane protection levee, will shut down cargo movement more effectively than any navigation incident.

Numerous federal, state and local agencies and organizations had been discussing the catastrophic effects that would occur if the Greater New Orleans Area was inundated by a storm surge. However, the measures that were taken were inadequate to prevent this tragedy. The devastation is monumental. It will take years to rebuild. The nation now knows how dependent it is on the resources of the Gulf Coast. These events damaged ports, pipelines, waterways, and refineries that service the entire nation. It is no longer conjecture but proven fact, that a levee failure in Louisiana will have a massive ripple effect throughout the U.S. and the world.

It should now be apparent to all that the final result will be the same regardless of the origin of the floodwater. Because, as we have been preaching for years, Louisiana is basically flat; once water gets behind the levees it spreads out flowing north, south, east and west, and it stays behind the levees. When any component of any flood control system fails, it is irrelevant whether the water came from upriver, downriver or the gulf because the end result is the same – we are completely out of business and the rest of the nation suffers.

Each time that numerous state and local officials, including myself, have testified before you, they have stated that Louisiana has, from the very beginning, fully supported the entire MR&T Project and the decision that construction should start upstream – where the flood control infrastructure deficiencies were the greatest – and proceed downstream. But they have also voiced concern that as the upstream improvements are completed, the pressures on the down stream weaknesses, almost all of which are now in Louisiana, are magnified tremendously. This places the citizens of Louisiana at ever greater risk each year as the work slowly inches toward completion.

Each year it is reiterated that we fear that as the upstream improvements are completed, and those states' attention is shifted to other pressing problems, the MR&T project will be viewed more and more as a Louisiana only issue. I continually remind everyone that we got this far working as a team and that we must continue to work as a team to reach the finish line.

I keep repeating this information to reinforce the fact that all of us connected to the Mississippi River and its tributaries are in this together. Our economies are linked by the river and any catastrophe that happens to any one of us will be felt by all of us. We should all be concerned that the Administration's budget proposals for the MR&T Project for the past several years appear to indicate a lack of commitment to see this project through to a successful completion. The Administration's proposed MR&T budget of \$164 Million for FY07 is totally unacceptable. As stated earlier, Louisiana fully supports the Mississippi Valley Flood Control Association's request for \$512 Million for the entire MR&T project. We consider this the absolute minimum amount necessary to continue on-going construction work and perform the bare minimum of maintenance required to prevent further deterioration of the Federal investment. In addition to the MR&T request, Louisiana is also asking for adequate funding for other navigation, flood

control, hurricane protection and water development projects that are vitally needed to protect our livelihoods and out lives.

We believe that the Federal Government must follow through on its prior commitments to complete projects, and do so in a timely manner. We also believe that some of the oil and gas royalties collected by the Federal Government from outer continental shelf wells should be reinvested in improving, maintaining and protecting Louisiana infrastructure that provides vital support to that industry.

The last issue I would like to address is the proposal to eliminate “continuing contract clauses” on Corps projects. “Continuing contract clauses” are an effective cash-flow management tool that allows multi-year construction contracts to proceed by only providing the actual cash needed in any given year to cover the expenses anticipated to be incurred during that year. To require that all multi-year construction contracts be fully funded at the time of execution will cause untold delays in project starts, especially on projects with big ticket items that cannot be phased or broken down into small parts. This issue is now causing delays in the awarding of construction projects on the MR&T system. The effect on these and other vital projects will have a detrimental impact on their completion. We urge you to also oppose this initiative.

In closing I would like to leave you with this final thought: everyone has seen the pictures of the aftermath of Hurricanes Katrina and Rita – the hundreds of thousands of structures – homes, businesses, banks, schools, churches, medical facilities and industrial complexes all totally destroyed by the failure of a flood control system. The pictures also show that the geographical features, the land itself, remains relatively unchanged. But picture in your mind the aftermath of a mainline levee failure at flood stage on the westbank in north Louisiana. Picture the geographical features after the river gouges a new course all the way to the Gulf. Or possibly worse yet, a failure on the eastbank just upstream of New Orleans after the river plows through Jefferson, Orleans and St. Bernard parishes. Such a scenario would put us back at square one, the same place we were when the first European settlers set foot in Louisiana. The Mississippi River has historically been our main threat and continues to be so today.

Remember that flooding is still the most common and costly disaster in this Nation. Several million Lower Mississippi Valley residents rely on the effectiveness of a vast and complex network of upstream reservoirs, levees, floodwalls and spillways to protect their homes and businesses. Since inception of the MR&T Project in 1928, the return of investment for flood control infrastructure built under that initiative is \$24 in potential damages prevented for every dollar spent. Clearly, an adequately funded flood control system is crucial to America’s economic prosperity.

As always, I sincerely appreciate the opportunity to present the requests and concerns of the State of Louisiana and the Association of Levee Boards of Louisiana and I respectfully solicit your support in our common endeavor. If you have any questions, I will be pleased to answer them.