



State of Louisiana  
Coastal Protection and Restoration  
Authority

10/13/2016  
Contact: Chuck Perrodin  
Public Information Director  
(o) 225-342-7615

### **Louisiana Asks Congress to Consider its Investment in Restoration and Protection Projects as an Offset to Payback on the New Orleans Hurricane Risk Reduction System**

The Louisiana Coastal Protection and Restoration Authority (CPRA), the non-federal sponsor for the Hurricane and Storm Damage Risk Reduction System (HSDRRS) around greater New Orleans, sent its proposal for disputing an estimated three billion dollar cost-share of the system's \$15 billion total cost to the Louisiana Congressional delegation today. HSDRRS was built by United States Army Corps of Engineers (USACE).

The amount Louisiana owes has been unduly inflated by pre-completion interest caused by USACE construction delays, and the resulting \$100 million annual payments could cripple the CPRA's coastal restoration program. The State's 2012 Coastal Master Plan has committed to more than 40 protection and restoration projects in Southeast Louisiana totaling \$21 billion that will promote the sustainability of the coast in that region both supporting and protecting the federal investment in HSDRRS. In light of this planned investment, one of the three options in its proposal is for a full forgiveness of all cost-shared work principle plus interest. The remaining two options are either a full forgiveness of this construction interest or waiver of all accrued and future interest.

The Deferred Payment Agreement signed by CPRA and USACE in 2008 states that payback does not begin until all work has been completed and that interest accrues on the state's portion until that time. The state's original principle is \$1.155 billion, but with the completion date slipping from 2011 to 2019, the added eight years of construction interest totaling \$519 million and the thirty year payback period bring the total cost of payback to nearly \$3 billion. This translates to an annual payment of \$100 million for debt repayment that could otherwise be used to fund additional restoration and protection projects.

HSDRRS is a collection of levees, floodwalls, pumping stations, and other structures designed to reduce risk of damage to the Greater New Orleans area from storm surge caused by severe storms and hurricanes entering from the Gulf of Mexico.

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Portions of HSDRRS were initially authorized for construction by the USACE starting in 1965, and it was further expanded by Congressional authorizations in 1986, 1996, and 1999. After the devastating hurricane season of 2005 that brought Hurricanes Katrina and Rita, Congress appropriated funds to accelerate the completion of the remaining unconstructed portions at full federal expense, to restore and repair the project at full federal expense, and to otherwise improve the project as needed to meet the certification requirements of the National Flood Insurance Program (NFIP) at a 65/35 federal/state cost share.