

# The Times-Picayune

## Price for new lock swells to \$1.3 billion, corps says

### But Industrial Canal project passes cost test

Thursday, October 16, 2008

By Mark Schleifstein

Staff writer

The cost of widening the Industrial Canal lock has ballooned to \$1.3 billion from a 2003 estimate of \$770 million, according to a report released by the Army Corps of Engineers.

The project -- long pushed by the shipping industry and the Port of New Orleans -- would allow deep-draft ships to reach the northern portion of the Industrial Canal from the Mississippi River and speed the passage of barges traveling along the Intracoastal Waterway.

The bigger price tag calls into question whether the project's economic benefits would outweigh its costs. The supplemental environmental report acknowledges that costs would exceed benefits if the calculations use interest rates in effect in 1998, when Congress first authorized construction of the lock expansion.

The report relies instead on today's lower interest rates to conclude that the project would return \$1.57 for every dollar spent during its 50-year expected lifetime.

### --- Benefits decrease ---

The estimated economic benefits have decreased at the same time the expected cost has increased, according to the report. Two reasons contribute to the lowered estimates.

First, the closure of the Mississippi River-Gulf Outlet, a main route larger ships have used to reach the canal, will greatly reduce the economic benefit of expanding the lock to accommodate deep-draft shipping.

Second, original projections relied on the economic benefits of speeding car and truck traffic over bridges spanning the canal -- which would open less often -- and thereby promoting commerce on both sides of the canal. Those projections have been discounted because of a much smaller population after Katrina and a state decision not to replace the Florida Avenue Bridge.

The new report was ordered by U.S. District Judge Eldon Fallon in 2006 after neighborhood and environmental groups sued the corps, saying its original environmental report underestimated the potential effects of toxic materials in sediment dredged from the canal during construction.

Fallon ordered work on the project halted until the report was completed. If the report is approved and Fallon lifts his stop-work order, construction would be completed no earlier than 2018.

### **--- Health effects ---**

The report concludes that the impact on health from five hazardous chemicals or heavy metals found in dirt to be removed during construction is minimal or nonexistent, and is likely to stay within a disposal cell to be built in wetlands just north of the Lower 9th Ward.

Those conclusions aren't sitting well with the project's critics.

"After reading the summary, my sense is that the corps . . . is tweaking the little picture, but missing the big one," said John Koeferl, who heads the Coalition Against Widening the Industrial Canal.

"They have spent their time on the lock structure itself, but have not dealt with the very serious issues of public safety and off-the-chart costs to the environment, adjacent neighborhoods and the taxpayer," he said.

The contaminated sediment, he said, could wash out of the disposal cell and into neighborhoods, he said.

An attorney for the Holy Cross Neighborhood Association, the Gulf Restoration Network and the Louisiana Environmental Action Network in the lawsuit also questioned the logic used by the corps in concluding the project is still cost-effective.

Tulane Environmental Law Clinic assistant director Jill Witkowski said the corps used a 2005 projection of increased shallow-draft navigation traffic through the new lock, even though the report said tonnage using the lock in 2007 was lower than forecast.

Even using the best-case assumptions, Witkowski said, the report concluded that costs exceeded benefits in four of the six alternatives it considered.

"Only when the corps used an artificially low discount rate did the project come up with a benefit-cost ratio of greater than 1," she said.

### **--- Following the rules ---**

Project manager Larry Poindexter said the corps followed rules set by the White House Office of Management and Budget in using the lower interest rate that resulted in the favorable economic conclusion.

A decision on whether the project goes forward rests with Congress, Poindexter said.

"We have the obligation to report to them every year on the funds needed to work on the project," he said. "As long as it's authorized and funded, the project goes forward."

The new report concludes that the preferred method for building the new lock is to construct five huge concrete segments at a "graving yard" to be built into the southern side of the Gulf waterway, just east of the Paris Road bridge, and then float the pieces into place in the canal.

That would reduce the construction noise, dust and other pollutants in the Holy Cross and Lower 9th Ward neighborhoods.

### **--- Temporary bypass channel ---**

A temporary bypass channel would be dug along the east side of both the existing lock, between St. Claude Avenue and Villere Street, and the location for the new lock, between North Roman and North Tonti streets.

The new lock would be deep enough to accommodate ships with 36-foot drafts.

Sediment removed from the channel would be tested for contaminants. Material that fails the tests would be placed in a disposal area in St. Bernard Parish just north of Bayou Bienvenue and just east of the Orleans Parish line. More than 3.3 million cubic yards of mixed sediment and water would be put in that cell.

A second holding area on the west side of the parish line would be used to store material deemed acceptable for reuse when the area around the new lock is backfilled at the end of construction. About 3.1 million cubic yards of material would be held for reuse.

A triangular section of wetlands just north of Florida Avenue adjacent to the canal would be used to create new marshland as a mitigation for wetlands destroyed during construction.

Poindexter said \$35 million is still set aside to pay for other mitigation projects in the Lower 9th Ward, including police protection and job fairs and job training, though such community benefits have nothing to do with mitigating the direct effects of construction.

The new study concludes the disruptions to neighborhood businesses would lower property values in the short term, thereby reducing property tax revenue, but says those effects might be offset by increased economic activity caused by the project.

Pedestrians and bicyclists may not be able to use the St. Claude bridge for some time as a new bridge is built as part of the project. Plans for the complete bridge, however, call for bicycle and pedestrian access. The area along the eastern levee on the canal would be closed for recreational use at times during construction, but would be repaired and landscaped.

As part of the project, sections of levee along the canal would be rebuilt to the corps' new 100-year standards, the report said. Mississippi River levees and floodwalls disturbed during construction also would be rebuilt.

Mark Schleifstein can be reached at [mschleifstein@timespicayune.com](mailto:mschleifstein@timespicayune.com) or 504.826.3327

<http://www.nola.com/timespic/stories/index.ssf?/base/library-157/12241353108470.xml&coll=1>

# PLANS FOR NEW LOCK

Army Corps of Engineers addresses environmental concerns in \$1.3 billion project to build a new lock



Source: Army Corps of Engineers

THE TIMES-PICAYUNE