



DEPARTMENT OF THE ARMY  
OFFICE OF THE CHIEF OF ENGINEERS  
WASHINGTON, D.C. 20310-2600

REPLY TO  
ATTENTION OF  
CECW-PM (1105-2-10a)

22 JUL 2003

SUBJECT: Morganza, Louisiana, to the Gulf of Mexico, Mississippi River and Tributaries –  
Supplemental Report

THE SECRETARY OF THE ARMY

1. This supplements the report of the Chief of Engineers dated 23 August 2002 for Morganza, Louisiana, to the Gulf of Mexico, Mississippi River and Tributaries. The reporting officers documented that the non-Federal sponsor, the State of Louisiana Department of Transportation and Development (DOTD), had requested the option to fulfill a major portion of its cost-sharing responsibilities for preconstruction engineering and design (PED) and construction with in-kind services. Subsequent to the Chief's report, the sponsor modified its in-kind service request as described herein.

2. The 23 August 2002 Chief's report recommended reducing hurricane and storm damages by modifying or constructing 72 miles of levees and related gate structures, floodgates, a lock structure, pump stations, culverts, marsh habitat, and a canal. The DOTD asked for the option to design, construct, and manage the construction of several project features which were previously recommended in the 23 August report, at an estimated cost of \$113,851,000 as in-kind services in lieu of part or all of the cash portion of the non-Federal cost share. The features that may be designed, constructed, or managed during construction by the sponsor with in-kind services include:

- A 56-foot-wide floodgate on Bayou Pointe au Chien;
- A 56-foot-wide floodgate on Bush Canal;
- A 14-foot-high and 12-mile-long levee from the Bayou Pointe au Chien floodgate to the Humble Canal floodgate, and the structures therein;
- A 14-foot-high and 6.5-mile-long levee from the Bayou Petite Caillou floodgate to the Bush Canal floodgate, and the structures therein; and,
- A 14-foot-high and 3-mile-long levee from the Bush Canal floodgate to the Bayou Terrebonne floodgate, and the structures therein.

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3. All of the features to be designed and implemented though in-kind services would be integral to the Morganza, Louisiana, to the Gulf of Mexico project. The in-kind services eligible for credit would occur after authorization of the project for construction and after a project cooperation agreement defining the in-kind services and their value is negotiated and agreed upon by the U.S. Army Corps of Engineers and the sponsor. The in-kind services would not increase project costs or require reimbursement. Any credit afforded to the sponsor for approved in-kind services will be auditable, allowable, and allocable to the project and will be limited to the lesser of the following: (1) the Corps estimate of the value of the work allocable to the project had the Corps performed the work, or (2) the actual costs incurred by the sponsor.

4. I affirm the recommendations contained in the 23 August 2002 Chief's report, as modified to reflect the sponsor's request to receive credit for in-kind services. I concur with the reporting officers' recommendation to allow the DTOD to design, construct, and manage the construction of project features with in-kind services and to receive credit towards part or all of the cash portion of the non-Federal cost share. The total estimated first cost of the recommended plan, updated to the October 2002 price level, is \$719,000,000. Average annual costs, based on a 5 7/8 percent discount rate and a 50-year period of analysis, are \$47,010,000. Average annual benefits are \$80,772,000. The average annual net benefits are \$33,762,000 and the benefit-to-cost ratio is approximately 1.7 to 1.0. The Federal share of the first cost would be 65 percent, currently estimated at \$467,000,000. The non-Federal cost share would be 35 percent, currently estimated at \$252,000,000. The non-Federal cost share would include lands, easements, rights-of-way, relocations and disposal costs estimated at \$48,710,000 and \$203,290,000 in cash or in-kind services.

5. The recommendation contained herein reflects the information available at this time and current departmental policies governing formulation of individual projects. It does not reflect program and budgeting priorities inherent in the formulation of a national civil works construction program or the perspective of higher review levels within the executive branch. Consequently, the recommendation may be modified before it is transmitted to the Congress as a proposal for authorization and implementation funding. However, prior to transmittal to the Congress, the State of Louisiana, interested Federal agencies, and other parties will be advised of any modifications and will be afforded an opportunity to comment further.

  
ROBERT B. FLOWERS  
Lieutenant General, U.S. Army  
Chief of Engineers