

**STATEMENT OF MR. JAY WALKER
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ON

**“CREATING A CLIMATE RESILIENT AMERICA;
BUSINESS VIEWS ON THE COSTS OF THE CLIMATE CRISIS”**

**U.S. HOUSE OF REPRESENTATIVES
SELECT COMMITTEE ON THE CLIMATE CRISIS**

JULY 25, 2019

Chairwoman Caster, Ranking Member Graves and Committee Members, my name is Jay Walker, and I am from Houma, Louisiana. I am the Executive Vice President, and Chief of Lending at South Louisiana Bank; a community bank of just under \$500 Million in assets, with our home office located in Terrebonne Parish, Louisiana. My bank serves the markets of Terrebonne and Lafourche Parishes in Southeast Louisiana. It is an honor and privilege to be here with you today and discuss “Creating a Climate Resilient America”.

I started my banking career in 1983, just as my community was hit with the worst oilfield industry downturn in US history. Faced with dire straits, my management team came up with a plan to work through the tough times and we survived. In the last three decades, my bank and community, has experienced many storms, some natural, and some man-made. You may remember the names of a few of them; Hurricanes Juan, Andrew, Lily, Isadore, Katrina, Rita, Gustav, Ike, and just two weeks ago Hurricane Barry. Then in 2010, my area was hit with a virtual shutdown of the oil industry as the previous administration imposed an offshore Deep-water drilling moratorium. Both my bank, and my community, have decided to pull up our boot straps and do what it would takes to build resiliency, and continue to make our living in South Louisiana.

It is important for Members to know that Louisiana is a working coast and those of us who live in coastal Louisiana do so largely in service to our Nation’s

energy and seafood needs. While diverse, our community's economy is driven by these two industries and moving is simply not an option.

In Terrebonne and Lafourche Parishes, we are home to one of the nation's most active deep-water oil ports, helping to fuel our nation. And home to where over 21% of all fisheries landings in the lower 48 states is produced. And home to a thriving tourism business with arguably the best sport fishing in North America. What I can tell you is that for the people of Southeast Louisiana, being resilient in the face of the climate and other challenges is a way of life. We have been doing it for decades. Also what I'm here to tell you, is there is hope for communities and businesses that pull together and take action to prepare, and protect themselves from the inevitable process of loss from climate change, erosion, subsidence, and other man caused challenges.

My bank, despite all of the previously mentioned challenges, has maintained a loan loss reserve of 2.5 times higher than our peers, and capital at 31% greater than our peers. I'm not telling you this to brag, but to point out that when you live and operate in an environment with increased risk, you have to maintain resiliency to make it through the tough times!

While my day-to-day job is to provide our region's banking needs, I am also very active in the community. And those efforts are intertwined. My community's survival is tied to managing risk from a manipulated delta and channelized Mississippi River. Efforts to aid the Nation's waterborne commerce have had a severe impact on our community. Namely, subsidence – sinking wetlands. Since 1992, the communities in Terrebonne and Lafourche Parishes have been the subject of federal studies to build levee protection projects in order to protect our citizens from the risks of Hurricanes. The levee protection project called "Morganza to the Gulf", is a 98-mile hurricane protection levee system that has been before Congress four times since 2000. It was finally authorized for construction in the 2014 Water Resources Reform & Development Act, at a cost of \$10.3 billion. But to date we have received no Federal funding!

In 2006, a 501(c) 4 nonprofit organization, called the Morganza Action Coalition (MAC) was formed to advocate for Federal funding to complete the levee protection project. I am currently the President of MAC, and over the past several years, my bank has contributed over \$70,000 to MAC to support the advocacy to build large-scale levee protection.

MAC's efforts have been critical to moving our Federal partner. Largely to get out of the way of local efforts, but to date, virtually all of our protection has been constructed from local and state revenues, to the tune of over \$400 million. Our community, with state support and local dedicated taxes, has built more than 45 miles of levees, partially built to the first lift of 10-12 feet high, and 9 flood gates. Let me say it again, after years of waiting for Federal funding, our communities, both in Terrebonne and Lafourche Parishes voted to tax themselves to begin building the system. The most recent tax vote for an additional ½ cent in Terrebonne Parish passed in December, 2012 by a 72% voter margin to continue this effort. We have taxed ourselves more than any other coastal community in America to reduce risk largely caused by Federal actions!

So, does becoming climate resilient have a cost? Sure it does. My bank's stockholders waited many years to be paid dividends on their investments, all while the bank was building capital and reserves. Only now to reap the benefits of consistent above average earnings and dividends. And so too will the residents of my community reap the benefits by building resiliency in our community by protecting its residents from the potential damage from hurricanes. Just two weeks ago a category 1 hurricane named "Barry" barreled through the Gulf of Mexico on a similar path to hurricanes Rita, in 2005, and Ike, in 2008. But the difference this time was that less than 15 homes flooded in Terrebonne Parish, versus over 1,100 for Rita, and upwards of 10,000 that flooded in Ike. And in South Lafourche, where the levee system is even more complete, no homes flooded.

It is imperative that our coastal communities complete this levee protection project, designed when completed to a height of 18 feet, to protect us from up to

a category 3 hurricane. The most recent study evaluating the cost of the Morganza to the Gulf levee project by the US Army Corps of Engineers, using actual cost data from completed sections, has indicated that a more accurate cost estimate is estimated to be \$3.4 billion to complete the project; a reduction in cost of over two thirds from the original \$10.3 billion. The total coastwise cost of damages from hurricanes Rita was \$10.5 billion in 2005, and damage from Ike was \$30 billion in 2008. We believe our over \$400 million spent on flood protection so far, could have saved upwards of \$500 million in flood damages from a single storm, Barry.

In a couple of months, Congress will be looking at a long-term solution to the National Flood Insurance Program. Think what kind of savings the communities of Terrebonne and Lafourche would have on the mitigating of flood claims from completed levee systems? The Morganza to the Gulf levee protection project is an investment that the citizens of my community have made to build resiliency to the climate crisis. Is there a cost? Yes, but the cost of NOT building, and preparing are much greater. I encourage Congress to step up and invest in building the Morganza to the Gulf levee protection project, which in the end will save taxpayers billions of dollars.

Thank you again for allowing me the opportunity to speak to you today. I will be happy to answer any questions.

Important dates and events in the history of promoting the authorization and funding of the Morganza to the Gulf Hurricane Protection Project:

- **1986** – South Terrebonne Tidewater Management & Conservation District was created (now TLCD)
- **1986-1990** – Local Investigation of Hurricane Protection System begins with USACE suggesting Comprehensive Study and EIS
- **1992** – USACE led Reconnaissance Study begins (MTG was initiated – 20 years ago)
- **1992** – Hurricane Andrew floods project area
- **1995** – USACE begins Feasibility Study with 50/50 cost share with the State
- **1998** – USACE instructed to begin advance design of the HNC Lock (PL 105-62)
- **2000** – Morganza to the Gulf receives Authorization in Water Resources and Development Act (WRDA) contingent upon a signed Chief's Report by December 2000 (December deadline not met by USACE)
- **2001** – Local sales tax passes and currently generates approximately \$6 Million per year for construction of Morganza
- **2001** – Tropical Storm Allison floods project area
- **2002** – USACE Feasibility Report completed and submitted to Congress for action
- **2002** – Morganza Project Cost updated for WRDA by USACE
- **2003** – Hurricane Lili and Tropical Storm Bill flood the project area
- **2004** – No WRDA Bill passes; Project Cost updated again by USACE; however, Reach J-1 of Morganza is authorized by Congress
- **2005** – Hurricanes Katrina and Rita flood project area
- **2006** – Again, Project Cost is updated for WRDA
- **2006** – Construction of Reach J-1 initiated with \$18 Million State and Local dollars, beginning state and local efforts for construction of Morganza-to-the-Gulf
- **2007** – Project Cost updated for WRDA by USACE
- **September 2007** – Morganza is authorized for construction
- **December 2007** – USACE informs the local sponsor that the Project Cost has exceeded the authorized limit and Morganza must be reevaluated.
- **February 2008** – USACE stops environmental and design work on HNC Lock pending completion of the reevaluation.
- **June 2008** – State of Louisiana dedicates \$98 Million to Morganza, combined with other local funding totaling \$130 Million for Morganza construction, Non-federal dollars
- **September 2008** – Hurricanes Gustav and Ike flood the project area
- **2009** – Construction begins on Reach H-3 for \$7.2 Million State funding
- **August 2009** – August, USACE Post-Authorization Change Study begins and is scheduled for completion in December 2012
- **2009 – Present** – TLCD commences construction and/or permitting for Reaches H-2, H-1, G-1, G-2, J-2, J-3, E, F, Bush Canal Floodgate, Placid Canal Floodgate, Bayou Grand Caillou Floodgate, HNC Floodgate all with Non-federal dollars
- **December 2012** – Voters in Terrebonne Parish overwhelming approve an additional half-cent sales tax for local completion of the first lift of levees and floodgates along the Morganza alignment.
- **May 2013** – U.S. Senate approves 2013 WRDA bill, including re-authorization of Morganza-to-the-Gulf at \$10.3 billion.

- **May 2013** – U.S. Army Corps of Engineers Senior Review Panel releases the project's final draft Post-Authorization Change (PAC) Report for federal and state agency comment.
- **July 11, 2013** – USACE signs off on Chief's Report for the Morganza-to-the-Gulf Hurricane Protection Project. A 120-day mandated review period by the Assistant Secretary of the Army for Civil Works and the Office of Management and Budget begins.
- **December 9, 2013** – Record of Decision released, signaling final approval of project by the Obama Administration.
- **May 22, 2014** – U.S. Congress authorizes the federal Morganza-to-the-Gulf Hurricane Protection Project as part of the Water Resources Reform and Development Act (WRRDA) of 2014.