

BOBBY JINDAL
Governor



State of Louisiana
Office of the Governor

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September 13, 2008

The Honorable Nancy Pelosi
Speaker of the House
H-232, the U.S. Capitol
Washington, DC 20515

The Honorable Harry Reid
Senate Majority Leader
S-221, the U.S. Capitol
Washington, DC 20510

The Honorable John Boehner
House Minority Leader
H-204, the U.S. Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Senate Minority Leader
S-230, the U.S. Capitol
Washington, DC 20510

Dear Speaker Pelosi, Leader Reid, Leader Boehner, and Leader McConnell:

For nearly two weeks, hundreds of thousands of Louisiana residents have been without power, clean water, and other necessities. Millions of Louisianians were forced to evacuate their homes before Hurricane Gustav struck, and many have still been unable to return. The stress placed on communities, from a lack of electricity hampering people's ability to work and provide for their family, to being split up from loved ones, to a variety of other difficulties, has been enormous.

The economic impact has also been significant. With various bills to increase our domestic energy production under consideration, we strongly urge you to consider additional measures to ensure the resiliency of the nation's top producer of safe, secure domestic energy. Louisiana produces 22.2 percent of domestic crude oil and 10.5 percent of natural gas in the United States. As evidenced in recent spikes in fuel prices, our nation is vulnerable to disruption to Louisiana's energy production. In addition to energy production, an estimated 25 percent of North America's seafood is produced off of Louisiana's coasts. These industries along with other essential Louisiana economic drivers were critically impaired due to the destruction caused by Hurricane Gustav.

On September 1, 2008, Hurricane Gustav made landfall on Louisiana's coast with strong 110 mph winds following a northwest path into central Louisiana, causing widespread physical damage, power outages, and/or flooding across the vast majority of parishes in Louisiana. The storm caused a power outage that left two-thirds of the state's commercial and residential facilities without electricity. Estimates suggest Hurricane Gustav's economic losses total \$7-15 billion, including \$4.5-10 billion in total property damage and \$2.5-5.0 billion in lost economic activity. Thousands of employees were displaced and roughly 97,000 employers in Louisiana (80 percent of total employers in the state) suffered business interruption economic losses. Many of these are small businesses still struggling to recover from Hurricanes Katrina and Rita. Louisiana, still recovering from the 2005 hurricanes and facing further damages from Hurricane Ike, requests assistance in upcoming stimulus legislation or other legislative vehicles in Congress.

1. **Designate 100% Federal Cost Share on all FEMA Categories of Assistance**

The state has requested a 100% federal cost share on Individual Assistance to include Other Needs Assistance (ONA) and all other individual assistance programs, and Public Assistance categories A through G, to include Direct Federal Assistance. As you may recall, Congress provided for this assistance for Hurricanes Katrina and Rita. Many communities impacted by these storms are still recovering and do not have a restored tax base, and thus need this relief. In addition, we would like to work with you to evaluate FEMA regulatory policies that improve evacuation and reentry assistance. The threat of Gustav forced the evacuation of nearly two million Louisiana residents. The State was forced to evacuate 30,000 critical transportation-need residents, including 10,400 medical evacuations, which is the largest medical evacuation in U.S. history. The state was also left with 1.5 million cubic yards of debris from Hurricane Gustav along federal and state highways.

2. **Infrastructure Repair and Coastal Restoration**

Coastal Louisiana is home to 1.2 million people and helps provide nearly 30 percent of the energy consumed in the United States. Hurricane Gustav interrupted access to these energy resources and infrastructure. Additionally, these storms caused significant damage to the communities in this coastal region and miles of coastal lands and wetlands. The state is requesting funding to repair and improve protection to the 100-year standard in south Louisiana. This would include the resources necessary to complete federally-authorized work in the Greater New Orleans area, Lafourche, Terrebonne, and to expedite delayed protection improvements in St. Mary parish and studies for southwest Louisiana. In addition, we request funds for the construction of federally-authorized coastal restoration projects designed to restore coastal lands lost as a result of hurricanes. It is critical that we provide comprehensive flood and hurricane protection, including both coastal restoration and levee protection, for Louisiana's entire coast.

Preliminary cost estimates for the repair of FHWA-eligible roads and bridges sustained as a result of Hurricane Gustav total \$160 million. Federal-aid highway damage estimates exceed \$125 million. While funding to address these damages is authorized under current law, the backlog associated with these needs may prevent the restoration or threaten the integrity of this critical infrastructure. A Presidential waiver of the \$100 million limit on FHWA Emergency Relief funding is requested along with a special appropriation from the General Fund to the FHWA Emergency Relief program for Louisiana and other states facing disaster-related damages. Further, Congress should provide emergency funds to the Corps of Engineers for dredging the critical navigation channels that were impacted by the hurricane. The Mississippi River, Atchafalaya River, Calcasieu Ship Channel and other critical waterways are vital to the country's energy supply and maritime commerce affecting nearly every state.

While the majority of public infrastructure repairs will be covered by FEMA programs, it is known from experience with the 2005 storms that there will be certain costs of repair deemed ineligible for FEMA funding. The state requests \$100 million in Community Development Block Grants to develop a fund to cover the full repair of key infrastructure and public facilities.

3. **Agriculture and Fisheries Disaster Assistance**

Louisiana is one of the top domestic producers of sugarcane within the United States, and second in both rice production and international rice exports. Hurricane Gustav crippled all

segments of agriculture throughout Louisiana. Many Louisiana producers sustained uninsured losses and will not be eligible for Supplemental Revenue Assistance Payments as currently structured. The hurricane has also caused catastrophic flooding and widespread wind damage for the state's cattle industry, which is still recovering from losing over 20,000 cattle from the 2005 storms. In addition, Louisiana's seafood industry accounts for more than 25 percent of the catch in the nation. Funds are needed to help offset the loss of this product, increased production costs and damage to storage and fishing facilities.

4. **Economic Recovery**

Hurricane Gustav severely impacted our state's overall economy and many small businesses through widespread physical damage, power outages, and/or short-term population displacement across the vast majority of the state. Based on preliminary estimates, Hurricane Gustav's economic impact totals \$7-15 billion. Moreover, many small businesses wounded by Hurricane Gustav had not yet recovered from damage previously inflicted by Hurricanes Katrina and Rita in 2005.

The state proposes implementing a comprehensive business recovery plan that addresses immediate and near-term working capital needs and accelerates economic development during the recovery period and beyond. Suggested recovery options include: business recovery bridge loans, an extension of existing GO Zone bonus depreciation deadlines, an additional allocation of Gulf Opportunity Zone bonds targeted at parishes impacted by Gustav, and technical assistance for impacted small businesses. Similar assistance was provided after Hurricanes Katrina and Rita to help small businesses and their employees get back on their feet.

5. **Emergency Preparedness and Readiness**

Every critical disaster demonstrates gaps in the existing system of preparedness, and identifies areas of critical needs to improve the response to future storms. Local governments have prioritized (1) prisoner transportation and evacuation planning, (2) watercraft accessibility, (3) enhanced fixed and mobile generator support, and (4) communications as critical elements to enhancing disaster preparedness. In addition, the state is requesting \$100 million for law enforcement equipment and infrastructure repairs that will support both preparedness and recovery functions. Similar assistance was provided after Hurricanes Katrina and Rita.

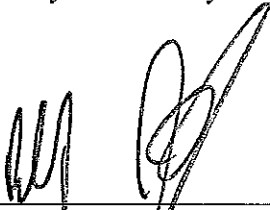
6. **Healthcare and Social Services Disaster Assistance**

The Louisiana Hospital Association estimates that the total financial and operational impact of Hurricane Gustav on Louisiana's hospitals is as much as \$302 million. The hospitals, many of which were still struggling with post-Katrina and Rita losses, have sustained reported losses of net revenue, and have incurred costs for incremental salary and labor, sheltering and evacuation, facility damage and debris removal, and other non-ordinary costs attributable to the storm. An adjustment of the Medicare Wage Index to address the higher cost of providing services after 2005 and 2008 hurricanes would provide significant relief and allow these institutions to continue administering critical medical services.

Additionally, the hospitals are requesting funding for hazard mitigation and remediation for hardening of facilities and upgrading of generator capabilities. It became apparent during the event that many hospitals could not maintain optimally safe environments with the current capacity of their generator systems. We are also deeply concerned about the lack of generator capacity in our state's nursing homes. Finally, the State of Louisiana is

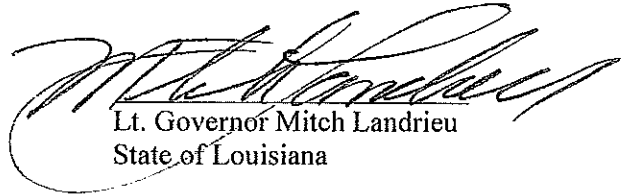
requesting \$50 million in SSBG funding to provide for mental health treatment, primary care medical services, and repair of damaged foster homes.

These priorities are among the many challenges still facing our state as we recover from Hurricane Gustav and do not represent an exhaustive list of recovery needs, especially as we still assess damages caused by Hurricane Ike. It is with great hope for the future of the people of Louisiana that we request this assistance and also request that it be included in the upcoming stimulus legislation or any other legislative spending vehicle. Lieutenant Governor Mitch Landrieu and Commissioner of Agriculture Mike Strain will be in Washington to discuss these important recovery needs with you and your staff.

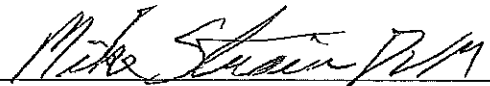


Governor Bobby Jindal
State of Louisiana

Sincerely,



Lt. Governor Mitch Landrieu
State of Louisiana



Commissioner of Agriculture Mike Strain
State of Louisiana

cc: The Honorable Robert Byrd, Chairman, U.S. Senate Committee on Appropriations
The Honorable Thad Cochran, Ranking Member, U.S. Senate Appropriations Committee
The Honorable David Obey, Chairman, U.S. House Committee on Appropriations
The Honorable Jerry Lewis, Ranking Member, U.S. House Committee on Appropriations
The Honorable Mary Landrieu, U.S. Senate
The Honorable David Vitter, U.S. Senate
The Honorable Jim McCrery, U.S. House of Representatives
The Honorable William Jefferson, U.S. House of Representatives
The Honorable Rodney Alexander, U.S. House of Representatives
The Honorable Charles Boustany, U.S. House of Representatives
The Honorable Charlie Melancon, U.S. House of Representatives
The Honorable Steve Scalise, U.S. House of Representatives
The Honorable Don Cazayoux, U.S. House of Representatives