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# The cost of the reservoir

## BIG PLANS

The road to building a reservoir in the parish would be a long one

## AN EXPENSIVE ENDEAVOR

Estimated costs for a similar development exceeds \$26 million

## BIG EXPENSES

Poverty Point reservoir was built with state tax funds

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## Amenities, development will come at a steep price

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BY ELEANOR EVANS  
THE DAILY NEWS

BOGALUSA — Legislators and economic development professionals have spoken out in support of a reservoir in Washington Parish, noting that it will provide clean water, a valuable resource for

tourism and economic development for the parish.

But all these amenities come with a price, according to legislative documents.

Poverty Point, the most recently completed reservoir project in the state, took over ten years to develop. Reservoir Consultant Mike

Thompson said.

Estimated cost for the project is \$26 million, and it generates approximately \$8 million per year in revenue, according to an August 19 article in The News Star of Monroe.

However, public improvements and expansions to the reservoir project have totaled approximately

\$100.5 million since 1997, according to documents from the Louisiana State Legislature.

Since 1997, each Legislative House Bill 2, designated as the house appropriations bill, has appropriated a total of \$100,505,000

[SEE RESERVOIR, PAGE A2]

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## **RESERVOIR:** *the money* FROM PAGE A1

for land acquisition, planning, equipment, right-of-way, utilities and construction for the Poverty Point Reservoir State Park. Of that, \$98.53 million were appropriated in general obligation bonds, commonly referred to as GO bonds. The remaining allocations are paid for directly by the state general fund.

GO bonds are state debts legally backed by the full faith and credit of the state. If necessary, the government is obligated to use its taxing power to repay the debt. Although GO bonds usually are offered at the lowest rates of interest because they are considered low-risk, voter referendums may delay their financing. It immediately is up to the voters to determine whether or not the GO bond is paid back to the state.

Just as the Washington Parish Reservoir Commission has the power to levy taxes and issue bonds to repay any debts incurred by reservoir construction, the Poverty Point Reservoir Commission has the power to repay those debts as well.

Still, the benefits of a reservoir "do not happen overnight," Thompson said.

These debts incur alongside a projected budget deficit for the state resulting from the federal government placing the Medicaid burden on states. Currently, the state of Louisiana is projecting a shortfall of \$844 million for the 2006 fiscal year, according to a Nov. 21 article by The Associated Press.

On Nov. 19, State Budget Office officials told the joint legislative committee that increases in education spending are anticipated to increase general fund appropriations from \$6.2 billion this year to \$7 billion next year, and faces the likely deficit beginning July 1.

Other factors in the deficit include increases in education and oil and gas prices.

Anticipated cuts include forgoing or absorption of pay raises, as well as other expense-control measures to balance the budget in the Spring 2005 legislative session.