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Times-Picayune (New Orleans)

September 23, 2007 Sunday

BUYOUT OR SELLOUT?;

A federal plan to purchase properties along Mississippi's Coast has Bay St. Louis residents thinking twice about rebuilding.

BYLINE: By Coleman Warner, Staff writer

SECTION: NATIONAL; Pg. 1

LENGTH: 2097 words

BAY ST. LOUIS, Miss. -- -- New elevation rules demand that Melvin "Cuz" Barnes hoist his little seafood restaurant high into the air. Debris still clogs the boat canal behind his home. These post-Katrina days bring hassle and worry.

And now comes talk of a massive voluntary buyout by the federal government of properties in Barnes' Shoreline Park section of Bay St. Louis, Miss., part of a broader initiative by the Army Corps of Engineers that seeks to convert large swaths of flood-prone properties into public wetlands or recreation space.

Answering a call by Congress for new storm-protection ideas, corps officials are pushing a buyout of 17,000 residential properties across the Mississippi Coast, including more than 10,000 in Hancock County alone. At stake is 60 percent of the land mass in the city of Bay St. Louis, most of it recently annexed, and parts of Henderson Point, across the bay.

Using a mass buyout of homes on the Coast as a storm-protection tactic would be unusual for the corps, which traditionally has reserved that costly strategy for communities plagued by river flooding.

The proposal has sent a chill through redevelopment projects, effectively shutting down calls to Barnes' second business, a dirt-hauling company. And now Barnes and his wife, Christine, wonder if any customers will be around to patronize the po-boy shop they are struggling to resurrect on Kiln Road, next to their rebuilt home.

"I have lost both of my businesses. Not one. Both. Both," said Melvin Barnes, 44, as he paced furiously about his home last week. "The government has got to shut up."

Why now?

But no one's quiet now; the latest discussion of a grandiose federal plan is just gearing up. And many residents of this historic town at the edge of a lovely, broad bay fear this debate will kill a fragile momentum toward better times, one evident in a few shops reopening in Old Town, a Saturday "bay rat" festival and in the return of joggers to white-sand beaches.

So why a buyout push now?

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"They're scared to death," said Geoff Belcher, editor of the Bay St. Louis newspaper Sea Coast Echo, which carries "Since 1892 -- We're Still Here" slogans on its delivery trucks.

"This is too much, too late. If they were going to do something like this, it might have been beneficial soon after the storm," Belcher said. "Uncertainty right now is the last thing we need. People need confidence."

For generations a quaint, scenic playground for New Orleanians, Bay St. Louis has become a focal point for testing reaction to the Mississippi Coastal Improvements Program, a sweeping attempt by the corps to fashion a strategy for curbing damage from future storms. The corps' Mobile, Ala., office, responsible for the Mississippi Coast, is scrambling to meet a Dec. 31 deadline set by Congress.

Just as residents of southeast Louisiana are dazed by talk of massive flood-control structures, Mississippi residents are trying to fathom proposals that are thin on details -- but huge in their potential impact.

The ideas reach far beyond land buyouts to include the possibility of building a levee along the path of the CSX railroad in three counties, adding storm-surge gates to bay openings in Bay St. Louis and Biloxi and restoring long-lost portions of three barrier islands. Notably, Ship Island, a strip of sand cut in two by Hurricane Camille's surge in 1969, would become one again.

The broad strategy, or even pieces of it, would take years to carry out and cost billions of dollars, corps officials say. Mississippi Department of Marine Resources Director Bill Walker, working closely with the corps, said costs may total \$10 billion.

"None of this is a done deal. We don't have any authority or funding to do this right now," said Susan Rees, corps project director. "These are proposals that could be made to Congress to reduce risk in the three coastal counties."

Rees is trying to quiet some of the worst fears of the area's residents, saying proposals for higher sea walls that would disrupt views of the water have been discarded as not feasible, and the government doesn't want to force any property sales.

Uncertainty stalls recovery

Residents welcome some elements of the still-evolving federal agenda, among them the shoring up of barrier islands that can slow a dangerous surge of water. An early, uncontested phase of the coastal program, having secured \$105 million from Congress, will soon restore Bay St. Louis' downtown sea wall and recreate sand dunes along coastal beachfronts. And what's not to like about sugary dunes?

In Bay St. Louis, power brokers concede that the feds have a right to try and curb what the nation's taxpayers theoretically might pay to help rebuild in Mississippi after future storms.

"We all know that we have to be open to change," said Tish Williams, executive director of the Hancock County Chamber of Commerce.

But just how much change can residents and leaders tolerate? While New Orleans residents seem to favor big flood-control measures, in Mississippi that sell becomes harder because people want to see and live on the water, corps spokeswoman Lisa Coghlan said.

Take Jolynne Trapani, who ran the famed seafood eatery Trapani's with her husband in Old Town before Katrina pummeled the area. She fears the federal initiative, however well-intentioned, will clash with locals' instinct to embrace the waterfront.

"Your city could be packed up in a suitcase and taken away," she said from Trapani's temporary location in a strip shopping center beside U.S. 90. "We're going to go back on the beach. . . . The reason why people are rebuilding is that

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body of water out there."

Bay St. Louis residents, mulling rumor and official remarks, seem to view big-picture construction ideas as far-fetched, unlikely to happen anytime soon.

But they see immediate repercussions from the voluntary buyout plan, even mere talk of which can alter decisions of scores of individuals and businesses, far in advance of actual property buys by the federal government.

"What people are concerned about is the speculation kills deals," said City Clerk Buz Olsen.

That anxiety poured out of local residents Monday night, when several hundred people -- reportedly the largest crowd for any recovery meeting around Bay St. Louis since Katrina -- jammed into Bay Middle School to hear from Rees and Walker.

During one show of hands, the voluntary buyout idea appeared a loser. And some people pointedly asserted that Mississippi shouldn't trust a federal agency whose shoddy engineering left New Orleans drowned by failed levees.

Some want to sell

In interviews, Walker and Rees said they will forge ahead with the voluntary buyout idea, and they say they're taking calls from lots of people who, while they didn't stand up Monday to say so, want to sell their property.

The buyout program targets low-lying stretches of land, such as the Shoreline Park area on Bay St. Louis' north side and parts of Waveland and Pearlington, where Katrina flooding was especially severe and large numbers of property owners haven't yet rebuilt. Such owners would be offered what it would cost to rebuild the home they lost, plus the current value of their lot -- minus insurance damages already received, Rees said.

For those who have rebuilt and want to sell, the federal government would pay the property's current value, she said. Any property bought under the program, Rees said, could become part of a nature preserve or public recreation use, such as a golf course, but it could never again be used for private development. The federal government could retain ownership, or could transfer ownership to the state.

The proposal doesn't target commercial uses such as the Hollywood Casino, located in the buyout zone next to the bay. Casinos along the coast are now built in preparation for a storm surge that dooms low-level structures, federal officials said.

While Hancock County's government bodies haven't yet taken a position on the voluntary buyout idea, officials have raised grave concerns about the elimination of a large chunk of the area's private tax base -- coming four decades after the federal government's creation of the Stennis Space Center rocket engine testing site, along with a noise buffer zone, gobbled up more than 100,000 acres, or a third of the county's land. That development, which did include forced buyouts, at least created an economic engine for the region -- while a flood-protection buyout would not, the county chamber says.

One business alliance, the Bay Area Recovery Team, argues in a resolution that low-lying areas targeted for buyouts "have basically been purged of substandard development" by Katrina, and new building codes and flood-elevation rules should limit future damage from high water.

"We are building better, stronger and higher and we feel that we should be allowed to continue to occupy our homes and communities," the resolution says.

A scary decision

In some quarters, reaction to a buyout is decidedly mixed. One of Bay St. Louis' part-time residents, George

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Leggett, a retired Mississippi school superintendent who also keeps a home in McComb, Miss., offered written testimony for the corps that he isn't adamantly for or against the proposal. But Leggett wants the matter resolved quickly, so he can decide what to do with the elevated vacation home he has rebuilt in the midst of a desolate buyout zone near the bay.

He wants to move on, and soon. Struggles with insurance and building code issues since the storm have taken enough of a toll, he said.

"If the buyout could happen in the near future, I would probably be in favor of it," the 63-year-old Leggett said in his written statement. "If a decision not to do the buyout was made in the near future, I would support that also because then I could sell, improve, etc., with some assurance that I could predict the market. If this proposal drags out into the distant future, then I will be put back into the position of owning property that nobody will be willing to buy and I will not want to own because of the uncertainty."

Leggett, in an interview, said he was distressed to hear that it may be a couple of years before the buyout issue is settled.

While there could be moves on a large-scale buyout by federal and state officials in 2008, officials conceded that the matter may take years to play out in Congress and in corps studies and administrative tasks.

"The federal government is just not very agile in this process," Rees said.

Given the uncertainty the buyout proposal has caused for the Barnes -- and the likelihood that their part of Bay St. Louis may see only a smattering of people returning -- Christine and Melvin Barnes said they may reluctantly offer to sell.

Doing so would be emotionally wrenching, they said. But the couple is ready to concede that their campy slice of the old Coast town is vulnerable: They got 26 feet of water during Katrina.

"I don't think we'll have the customer base out here to support the restaurant," Christine Barnes said. "It's a big decision now. It's a scary decision."

Mandatory buyout?

For Bay St. Louis Mayor Eddie Favre, the buyout proposal would drastically reduce the tax base and make it more costly for the city to deliver services to widely scattered home sites. He opposes a buyout, but also argues that if it must occur, it should be done quickly -- and it should be mandatory.

Favre also raises a broader point: If the feds are going to buy out thousands of residential properties in south Mississippi as a storm protection measure, are they going to try the same in other zones that face disaster risks? "What are we going to do? Are we going to buy up the country and move the people overseas?"

Rees said temporary federal subsidies may be offered to help a community like Bay St. Louis contend with tax-revenue troubles caused by a mass buyout. As for suggestions that the corps could just as well buy up thousands of parcels in many flood-prone coastal zones, Rees, a native of the South Carolina coast, said such an idea may take off in the wake of the Katrina trauma.

"I guess Katrina has sort of triggered Congress to say we have to look at the coastal areas the same way that we look at the other areas that experience flooding. . . . This is sort of the beginning of a different approach for how we handle coastal disaster," the marine science specialist said. "I'm a coastal person. I've been on the coast all my life and don't want to leave the coast. But we've got to figure out how to do it more smartly."

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LOAD-DATE: September 23, 2007

LANGUAGE: ENGLISH

GRAPHIC: STAFF PHOTO BY ELIOT KAMENITZ

An Army Corps of Engineers proposal to buy about 17,000 pieces of residential property along the Mississippi Coast has Bay St. Louis residents and developers putting their rebuilding plans on hold. The land would be converted into wetlands or recreation areas. [3551958]

STAFF PHOTO BY ELIOT KAMENITZ

Very little is left to welcome visitors to Henderson Point across the bay from Bay St. Louis. The government is considering a plan to buy properties in Henderson Point, a costly strategy generally reserved for communities plagued by river flooding. [3549771]

STAFF PHOTO BY ELIOT KAMENITZ

George Leggett has rebuilt his home at 107 Fox Drive but now has very few neighbors after the storm. [3549742]

STAFF PHOTO BY ELIOT KAMENITZ

'You're city could be packed up and taken away in a suitcase,' Jolynne Trapani said about the government's buyout plan. Her Old Town restaurant, Trapani's, was destroyed by Katrina, and she is operating out of a temporary location in a strip mall. [3549710]

STAFF PHOTO BY ELIOT KAMENITZ

Melvin 'Cuz' Barnes, who lives in the Shoreline Park section of Bay St. Louis, is running a dirt-hauling company while he and his wife try to resurrect their po-boy shop on Kiln Road that was lost during Katrina. . [3549676]

PUBLICATION-TYPE: Newspaper