

CITY OF BAY SAINT LOUIS  
OFFICE OF THE MAYOR  
EDWARD A. FAVRE

January 17, 2006

United States Senate  
Committee on Homeland Security  
and Governmental Affairs  
Susan M. Collins, Maine, Chairman  
Washington, DC 20510-6250

Madam Chairman:

On behalf of the entire Mississippi Gulf Coast, and especially the City of Bay St. Louis, I want to thank you and all of the Committee members for allowing us the opportunity to appear before you this morning. More importantly, THANK YOU for allowing us this opportunity here in South Mississippi.

On August 29, 2005, Hurricane Katrina slammed into the Gulf Coast with the center of the eye crossing near the Mississippi/Louisiana state line. While we in Bay Saint Louis were not “fortunate” enough to be in the eye itself, we were in the eye-wall and were constantly pounded for about nine (9) hours by the most devastating natural disaster in U. S. history.

Almost 2,000 homes received more than 50% damage, with virtually every home receiving at least some sort of damage, from either flooding or wind or both. Our business community was also heavily damaged. I know of no structure which totally escaped the wrath of Katrina. With very few exceptions, the entire City was underwater.

Within what seemed like mere minutes of the eye passing through, we quickly realized that our top priorities were search and rescue, street clearing and restoration of basic utility services. Immediately, our Police and Fire personnel began the search and rescue mission. They transported some of our elderly residents to the Senior Citizens’ Center. They began a door-to-door search for those in need, administering what medical assistance they could. For several days, before any outside assistance was available, these dedicated employees provided round-the-clock service. At the same time, some of the remaining members of our depleted Utility crew, with the help of staff members from other departments, began the task of clearing at least the major transportation arteries. Other crew members began the task of restoring basic utility services. For several days, before any outside assistance was available, these dedicated employees also provided round-the-clock service. We soon received assistance from sister cities throughout Mississippi and the entire Country (such as Pontotoc, MS and Davenport, IA). The Mississippi Rural Water Association provided invaluable assistance. Because of the

efforts of these and other groups, water service was restored within several days; sewer service was restored within 10 days; natural gas service was restored shortly thereafter; and Mississippi Power Company and its affiliates restored electric service to remaining customers within 10 days.

Now the difficult task of recovery and rebuilding begins!

Providing simple survival supplies until outside sources arrived; temporary housing needs; clothing and hygiene needs; debris removal; denied insurance claims; assuring and reassuring our residents that everything would be alright; - these and many more issues arose in the hours and days and weeks and months following Katrina's visit.

The positive attitude reflected by our great people was and still is nothing short of phenomenal. You won't hear complaints, gripes, moans, groans or any other signs of self-pity from our residents. It's just the opposite – the heart, the will, the desire and the optimism of our people is unbelievable. We feel that in spite of all our individual and collective losses, we still have a lot to be thankful for – “While we may not have a house, we still have a HOME, and while we may not have anything else, we still have each other!” soon became our official battle cry.

Questions have been raised as to why the rest of the Country should be responsible for the luxury of some people being able to live along the waterfront. If you think about it, the answer is quite simple. There is **NO** area of the United States that is immune from natural disasters. Whether earthquakes, mudslides or forest fires in the West, tornados in the Mid-West, blizzards, ice storms or floods in the North and East or hurricanes in the South, it is only a matter of time before another natural disaster affects some part of our Country. No single area pays for another area – we all pay for each other!

Bay Saint Louis is known as “A Place Apart”. While part of the reason for this designation is due to our small town charm, the bulk of the credit goes to our people – very special people in a very special place. In order to re-establish our status as “A Place Apart”, we must not only restore our small town charm but also provide the opportunity and ability for our residents to rebuild. We must make our people whole and we must make the City whole. One without the other doesn't accomplish this goal.

While so much progress has been made in the 141 days since Katrina, there is still a tremendous amount of work left to be done. Individual assistance disaster relief funding was approved by Congress several weeks ago. I realize the implementation of programs such as this take time but time is of the essence. We must streamline the process as much as possible on both the Federal and the State levels and make the program work for all those for whom it was intended. Life is already too complicated for those in need. Funding provided in the Katrina Disaster Relief legislation for schools, law enforcement and fire protection must also be made available immediately.

Disbursing funds to the qualified needy will not only allow our people to begin putting their lives and properties back together, but will also help jump start our local economy. Our people will then have the opportunity and ability to stay or to come back home.

About two (2) weeks after Katrina, we, as did most other Mississippi Municipalities, adopted our operating budgets for Fiscal Year 2005-2006. In the case of Bay Saint Louis, we adopted a General Fund budget of almost \$7,000,000 with absolutely no way to fund it. Our three (3) primary sources of revenues are (or were) from gaming, sales tax and property taxes. Casino taxes won't be received until summer, if then, and will be considerably less than pre-Katrina amounts. Even though a number of our smaller businesses have re-opened, sales tax revenue will also be considerably less than pre-Katrina amounts. Property taxes for FY 05-06 will be about two-thirds of what was projected. Property taxes for FY 06-07 will only be 10% to 15% of FY 05-06 projections and FY 07-08 doesn't look much better. Under the best of circumstances, it will still take several years for our revenue sources to rebound to pre-Katrina levels.

My major concern for now and the foreseeable future is funding for the local governmental entities affected by Katrina. To date, the only sources of public funding are by way of loans. To my knowledge, there has yet to be any mention of grant funding to make up for lost revenues for local governments over the next three (3) to five (5) to seven (7) years.

The Community Disaster Loan Program provides funding at the level of 25% of our current operating budget or projected revenue losses for the next three (3) years, whichever is less. The funds we have received from this program are helping to cover payroll expenses. But these are only LOANS and there is specific language in the legislation prohibiting forgiveness of these loans. If the requirements of this program were amended to allow loans for the greater projected revenue losses, this would help our situation. But what would really help and what we so desperately need is an amendment to the legislation removing the prohibition on forgiveness of the loans. We would then ask for the same treatment afforded a number of other cities such as Miami, Homestead City and Florida City, who have all had loans from the CDLP cancelled!

The State of Mississippi has also made funds available through the Mississippi Development Bond Bank to assist local governments meet some of its current operating and cash flow needs. We would also ask forgiveness of these loans as we do not and will not, for a long time to come (if ever), have the ability to repay these debts. We have already asked the Legislature for legislation to forgive any outstanding State Revolving Fund loans for any governmental entity affected by Katrina.

On a local level, we have lost about a third of our employees since Katrina. We have not yet replaced them, but in some cases will have to do so in the near future. Other than salaries, debt service and some required expenses, we are dealing only with Katrina matters. This can't last forever. Sometime in the near future, we must go back to normal operations for which we don't have permanent funding sources.

We need a grant program, hopefully decreasing annually, to cover our lost revenues over the next five (5) to seven (7) years. Without this, there will be no Bay Saint Louis or Waveland or Pass Christian or Long Beach. Gulfport and Biloxi may survive simply because of size, but even for them, it won't be easy.

That old saying about a picture being worth a thousand words doesn't fit this situation. Even 141 days after Katrina's visit, until you see for yourself at ground zero, it's almost impossible to fully comprehend the magnitude of the destruction. And because of the magnitude of the destruction, we can't continue to think in terms of what has been done in the past. Throw out the old rules. In responding to the 911 disaster, this Country did things it had never before done. We too must now respond by doing things never before done. We must be creative in our approach to solving the problems at hand.

When President Bush visited Bay Saint Louis and Waveland last week, an extremely important message was conveyed without saying a single word. His presence alone told us that we have not been forgotten. Your presence here today conveys that same message. With all of your responsibilities, you chose to take time out from your busy schedules to be here with us. For this, we will be forever grateful!

Our people are a proud people. We may be down but we're far from out! We don't ask for pity. We simply ask for assistance in our recovery efforts. And with your help and the grace of God, South Mississippi will rebound and Bay Saint Louis will once again be "A Place Apart".

May God bless each of you;  
May God bless the great State of Mississippi; and  
May God bless America.

Respectfully submitted by:

Edward A. Favre  
Mayor  
City of Bay Saint Louis  
State of Mississippi

