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Gulf Waterway New Scene of Development

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The newest, multibillion-dollar wave of construction on the northern Gulf Coast is along the piney banks of a manmade ditch, protected from the twin threats of storms and high land prices.

With beachfront acreage in ever-shrinking supply and much of the coast still recovering from hurricanes Ivan and Katrina, developers are putting up luxury condominium towers, shopping areas and marinas on the 1,300-mile Gulf Intracoastal Waterway — despite concerns the trend could endanger navigation on a vital commercial artery.

For decades, the canal resembled little more than a meandering river with dirt banks, huge barges pushed by tugboats and the occasional fishing boat. Today, workers on its banks are planting palm trees beside buildings with penthouse views of marinas built for 100-foot yachts.

Alabama and south Texas are at the heart of the boom, with about 6,000 condominiums worth more than \$3 billion planned in just one Alabama county.

But developers, the Army Corps of Engineers and waterway users agree that the work going on now in just a few hot spots could spread quickly and alter hundreds of miles of land fronting the channel along the Gulf of Mexico coast.

"The waterway will look completely different in 20 years," said Beason Wilkes, a vice president of AIG Baker, which is building an \$800 million complex called The Wharf along a half-mile stretch of the waterway in Orange Beach, where the beachfront was devastated by Hurricane Ivan in 2004. It includes 1,750 condominium units, more than 200 marina slips and dozens of shops and restaurants on 223 acres.

Hundreds of miles to the southwest, subdivisions and high-dollar homes are going up on the waterway near the old fishing village of Port O'Connor, Texas. The three-phase Dolphin Point community caters to fishing boats with a protected marina that spills anglers into the same water used by barges that haul 120 million tons of bulk resources annually.

The lure of the waterway is twofold. Being on the canal instead of the beach offers some protection from monster storms like Katrina. Also, land is far cheaper on the waterway: While beachfront lots quickly reach \$1 million or more, Wilkes said The Wharf was built on land that initially cost around \$50,000 an acre.

Yet the development of what amounts to a second coast worries the Gulf Intracoastal Canal Association, an advocacy group for the barge industry based in Friendswoods, Texas.

"It's an issue we need to focus on with the (Army Corps of Engineers) and sit down with developers and them to come up with a plan for doing it safely," said Raymond Butler, executive director of the association.

Winding through the gulf coasts of Texas, Louisiana, Mississippi, Alabama and Florida, the waterway is dotted with hundreds of barges carrying minerals, grains or chemical products on any given day. About 520 miles of the waterway pass through open bays or coastal sounds; the remaining 780 miles are manmade canals.

Butler said it's the development along canals that's worrisome. With a 12-foot channel that's only 125 feet wide in many places, tug pilots already are forced to make delicate passes through bridge pilings and around tricky bends. Adding thousands of recreational boats coming and going from canal marinas won't help, he said.

"The waterway is confined by land, and we just don't have any room for maneuvering," said Butler, who told a House committee about his development concerns in 2005.

Butler's group doesn't have much problem with the massive development at The Wharf, located at the base of a privately developed toll bridge. Crews carved out more than 200 feet of shoreline along the waterway to create the development's marina, meaning the canal didn't lose any of its normal width.

But the barge association isn't as happy with Lulu's at Homeport Marina, a canal-side restaurant and dock built in Gulf Shores by Lucy Buffett, the sister of Alabama-born singer Jimmy Buffett, and husband Mac McAlteer, a former CEO of Krispy Kreme Doughnuts.

Featuring 400 seats and a manmade beach, Lulu's serves 3,000 people a day during tourist season. Many diners sit on a wooden dock built along the waterway.

"You get all these people who come down here from the Midwest, and they sit and eat a cheeseburger and there's a tug coming down with a barge," said McAlteer. "They've never seen that before."

But the tug industry worries about what could happen if a recreational boater leaving Lulu's pulled out in front of a barge or, even worse, if a barge weighing hundreds of tons broke loose with a load of deadly chemicals and struck the restaurant on a busy night.

"That barge is likely to go right up through that restaurant," said Butler. "We've been lucky so far that we have not had any fatalities, but we have had some serious property damage."

Indeed, a 397-foot runaway barge hit Lulu's during Ivan, taking out the whole dining deck, which has since been rebuilt. The restaurant was closed at the time.

Trying to get a handle on the development, the Corps of Engineers is holding up 16 permit applications to build along the waterway while contractors complete an environmental impact study that's being funded in large part by a consortium of developers.

"The driving force is ... water capacity," said Marilyn Phipps, a spokeswoman for the corps in Mobile. "If that comes out and says, 'You can only have 10 piers,' that affects everyone else."

If the government eventually slows down development, the answer might be more construction like Cypress Village, a 343-home residential development which is on the waterway but doesn't have a marina. Instead, residents will be able to walk to The Wharf, which will lease slips.

Ross Easter, a broker at Cypress Village with UCO Development, said people want a little piece of paradise at a reduced price — and risk — than they can get on the beach. "Ivan scared the hell out of a lot of people," said Easter. "We're seeing people who want the lifestyle of being near the water in a coastal community but are leaving the beach."



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