

LOCAL COOPERATION AGREEMENT

BETWEEN

THE DEPARTMENT OF THE ARMY

AND

WEST JEFFERSON LEVEE DISTRICT

FOR CONSTRUCTION OF THE

WEST BANK HURRICANE PROTECTION LEVEE

(Westwego to the Harvey Canal)

JEFFERSON PARISH, LOUISIANA

THIS AGREEMENT, entered into this 18th day of December 1990, by and between the DEPARTMENT OF THE ARMY (hereinafter referred to as the "Government"), acting by and through the Assistant Secretary of the Army (Civil Works), and the WEST JEFFERSON LEVEE DISTRICT (hereinafter referred to as the "Local Sponsor"), acting by and through the President, Board of Commissioners of the West Jefferson Levee District

WITNESSETH, THAT:

WHEREAS, construction of the West Bank Hurricane Protection Levee at Westwego to Harvey Canal, Jefferson Parish, Louisiana (hereinafter referred to as the "Project", as defined in Article I.a. of this Agreement), was authorized by Section 401(b) of the Water Resources Development Act of 1986, Public Law 99-662 (hereinafter referred to as the "Act");

WHEREAS, Section 103 of the Act specifies the cost-sharing requirements applicable to the Project;

WHEREAS, Section 221 of the Flood Control Act of 1970, Public Law 91-611, as amended, provides that the construction of any water resources project by the Secretary of the Army shall not be commenced until each non-Federal interest has entered into a written agreement to furnish the Local Sponsor's required cooperation for the project;

WHEREAS, on 13 May 1988, the Assistant Secretary of the Army, Civil Works, approved a credit, subject to audit, of up to but not to exceed \$6,700,000 for external work the Local Sponsor undertook prior to authorization which may be applied towards the Local Sponsor's share of total project costs in accordance with Section 104 of the Act;

WHEREAS, on 28 March 1989 the Assistant Secretary of the Army, Civil Works, approved the recommendation contained in the Chief of Engineer's Report, dated 9 August 1988, allowing about \$21,400,000 in additional credit to the Local Sponsor for work accomplished on the project subsequent to authorization; and,

WHEREAS, the Local Sponsor has the authority and capability to furnish the cooperation hereinafter set forth and is willing to participate in cost-sharing and financing in accordance with the terms of this Agreement;

NOW, THEREFORE, the parties agree as follows:

ARTICLE I - DEFINITIONS AND GENERAL PROVISIONS

For the purposes of this Agreement:

a. The term "Project" shall mean the provision of standard project hurricane protection to the areas between Westwego and the Harvey Canal on the west bank of the Mississippi River in the vicinity of New Orleans, Louisiana, consisting of approximately 22 miles of earthen Levee, including the Westside closure, and 2 miles of concrete floodwalls, including the Harvey Canal floodwall, generally in accordance with the plan specified in the Reduced Scope General Design Memorandum, prepared by the U.S. Army Engineer District, New Orleans, entitled "Westwego to Harvey Canal, Louisiana, General Design Memorandum No. 1 (Reduced Scope)", dated 28 July 1989, approved by the Division Commander, Lower Mississippi Valley Division, on 6 October 1989. The project includes necessary measures to mitigate for the project induced loss of significant fish and wildlife resources, and further includes the work undertaken by the Local Sponsor prior to authorization which has been deemed compatible with the Project and has been approved for credit by the Assistant Secretary of the Army (Civil Works) subject to verification by audit.

b. The term "total project costs" shall mean all costs incurred by the Local Sponsor and the Government directly related to construction of the Project. Such costs shall include, but not necessarily be limited to, continuing planning and engineering costs incurred after October 1, 1985; costs of applicable engineering and design; actual construction costs; supervision and administration costs; costs of contract dispute settlements or awards, and the value of lands, easements, rights-of-way, utility and facility alterations or relocations, and dredged material disposal areas provided for the Project by the Local Sponsor, and any credit that is afforded the Local Sponsor after audit for the external work performed by the Local Sponsor prior to authorization. The term total project costs shall not include any costs for betterments, operation, repair, maintenance, replacement, or rehabilitation.

c. The term "period of construction" shall mean the time from the advertisement of the first construction contract to the time of acceptance of the Project by the Contracting Officer.

d. The term "Contracting Officer" shall mean the U.S. Army Engineer for the New Orleans District, or his designee.

e. The term "highway" shall mean any highway, thoroughfare, roadway, street, or other public or private road or way.

f. The term "relocations" shall mean alterations, modifications, lowering or raising in place, and/or new construction related to, but not limited to, existing: railroads, highways, bridges, railroad bridges and approaches thereto, buildings, pipelines, public utilities (such as municipal water and sanitary sewer lines, telephone lines, and storm drains), aerial utilities, cemeteries, and other facilities, structures, and improvements determined by the Government to be necessary for the construction, operation and maintenance of the Project.

g. The term "fiscal year" shall mean one fiscal year of the United States Government unless otherwise specifically indicated. The Government fiscal year begins on October 1 and ends on September 30.

h. The term "involuntary acquisition" shall mean the acquisition of lands, easements and rights-of-way by eminent domain.

i. The term "functional portion of the Project" shall mean a completed portion of the Project as determined by the Contracting Officer to be suitable for tender to the Local Sponsor to operate and maintain in advance of completion of construction of the entire Project.

ARTICLE II - OBLIGATIONS OF THE PARTIES

a. The Government, subject to and using funds provided by the Local Sponsor and appropriated by the Congress of the United States, shall expeditiously construct the Project (including relocations of railroad bridges and approaches thereto), applying those procedures usually followed or applied in Federal projects, pursuant to Federal laws, regulations and policies. The Local Sponsor shall be afforded the opportunity to review and comment on all contracts, including relevant plans and specifications, prior to the issuance of invitations for bid. The Contracting Officer will strive to notify the Local Sponsor of all contract modifications and change orders relative to the Project prior to issuance to the contractor of a Notice to Proceed. In those cases where notification of the Local Sponsor of required contract modifications or change orders is not possible prior to the issuance of the Notice to Proceed, such

notification will be provided at the earliest date possible. The Government will consider the comments of the Local Sponsor, but award of contracts, modifications or change orders, and performance of all work on the Project (whether the work is performed under contract or by Government personnel), shall be exclusively within the control of the Government.

b. When the Government determines that the Project, or a functional portion of the Project is complete, the Government shall turn the completed Project or functional portion over to the Local Sponsor, which shall accept the Project or functional portion and be solely responsible for operating, repairing, maintaining, replacing, and rehabilitating the Project, or functional portion in accordance with Article VIII hereof.

c. As further specified in Article III hereof, the Local Sponsor shall provide all lands, easements, rights-of-way, and dredged material disposal areas, and perform all relocations (excluding railroad bridges and approaches thereto, and excluding facilities necessary to maintain the existing interception and disposal of interior drainage at the line of protection) determined by the Government to be necessary for construction of the Project, including any separable fish and wildlife mitigation lands.

d. If the value of the contributions provided under paragraph c. of this Article and the credits approved by the Assistant Secretary of the Army (Civil Works) and verified by audit are less than 35 percent of total project costs, the Local Sponsor shall provide, during the period of construction, a cash contribution in the amount necessary to make the Local Sponsor's total contribution equal to 35 percent of total project costs.

e. If the value of the credits approved by the Assistant Secretary of the Army (Civil Works) and verified by audit is less than 35 percent of total project costs, but when added to the value of the contributions provided under paragraph c of this Article exceeds 35 percent of total project costs, then the Local Sponsor shall be entitled to reimbursement for that portion of the value of any lands, easements, rights-of-way, relocations, and dredged material disposal areas that the Local Sponsor has provided which when added to the credits approved by the Assistant Secretary of the Army (Civil Works) exceeds 35 percent of total project costs.

f. If the value of the credits approved by the Assistant Secretary of the Army (Civil Works) and verified by audit exceeds 35 percent of total project costs, the Local Sponsor shall provide the lands, easements, rights-of-way, relocations, and dredged material disposal areas necessary for construction of the Project and the Government shall reimburse the Local Sponsor for the value of any lands, easements, rights-of-way, relocations, and dredged material disposal areas so provided. Alternatively,

and at the sole discretion of the Government, the Government may at no cost to the local sponsor provide the necessary lands, easements, rights-of-way, relocations, and dredge material disposal areas. In no event, however, shall the Local Sponsor be entitled to reimbursement for that portion of the value of the credits that exceeds 35 percent of total project costs.

g. No Federal funds may be used to meet the Local Sponsor's share of project costs under this Agreement unless the expenditure of such funds is expressly authorized by statute as verified in writing by the granting agency.

h. The Local Sponsor agrees to participate in and comply with applicable Federal flood plain management and flood insurance programs.

i. No less than once each year the Local Sponsor shall inform affected interests of the limitations of the protection afforded by the Project.

j. The Local Sponsor shall publicize flood plain information in the area concerned and shall provide this information to zoning and other regulatory agencies for their guidance and leadership in preventing unwise future development in the flood plain and in adopting such regulations as may be necessary to prevent unwise future development and to ensure compatibility with protection levels provided by the Project.

ARTICLE III - LANDS, FACILITIES, AND PUBLIC LAW 91-646 RELOCATION ASSISTANCE

a. The Local Sponsor shall furnish to the Government all lands, easements, and rights-of-way, including suitable borrow and dredged material disposal areas, as may be determined by the Government to be necessary for the construction, operation, and maintenance of the Project, and shall furnish to the Government evidence supporting the Local Sponsor's legal authority to grant rights-of-entry to such lands. The necessary lands, easements, and rights-of-way may be provided incrementally, but all lands, easements, and rights-of-way determined by the Government to be necessary for work to be performed under a construction contract must be furnished prior to the advertisement of the construction contract.

b. The Local Sponsor shall provide or pay to the Government the cost of providing all retaining dikes, wasteweirs, bulkheads, and embankments, including all monitoring features and stilling basins, that may be required at any dredged material disposal areas necessary for construction of the Project.

c. Upon notification from the Government, the Local Sponsor shall accomplish or arrange for accomplishment at no cost to the Government all relocations (excluding railroad bridges and approaches thereto), and excluding facilities necessary to maintain the existing interception and disposal of interior drainage at the line of protection, determined by the Government to be necessary for construction of the Project.

d. The Local Sponsor shall comply with the applicable provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, as amended by Title IV of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Public Law 100-17), and the Uniform Regulations contained in 49 CFR Part 24, in acquiring lands, easements, and rights-of-way for construction and subsequent operation and maintenance of the Project, and inform all affected persons of applicable benefits, policies, and procedures in connection with said Act.

ARTICLE IV - VALUE OF LANDS AND FACILITIES

a. The Local Sponsor shall not receive a credit for the value of any lands, easements, or rights-of-way that were previously furnished to the Government as an item of local cooperation for any other Federal project. The value of any lands, easements, and rights-of-way not previously provided for another Federal project and to be included in total project costs and credited towards the Local Sponsor's share of total project costs will be determined in accordance with the following procedures:

1. If the lands, easements or rights-of-way are owned by the Local Sponsor as of the date the first construction contract for the Project is awarded, the credit shall be the fair market value of the interest at the time of such award. The fair market value shall be determined by an appraisal, to be obtained by the Local Sponsor, which has been prepared by a qualified appraiser who is acceptable to both the Local Sponsor and the Government. The appraisal shall be reviewed and approved by the Government.

2. If the lands, easements, or rights-of-way are to be acquired by the Local Sponsor after the date of award of the first construction contract for the Project, the credit shall be the fair market value of the interest at the time such interest is acquired. The fair market value shall be determined as specified in Article IV.a.1. of this Agreement. If the Local Sponsor pays an amount in excess of the appraised fair market value, the Local Sponsor may be entitled to a credit for the excess if the Local Sponsor has secured prior written approval from the Government of the Local Sponsor's offer to purchase such interest.

3. If the Local Sponsor acquires more lands, easements, or rights-of-way than are necessary for project purposes, as determined by the Government, then only the value of such portions of those acquisitions as are necessary for project purposes shall be included in total project costs and credited towards the Local Sponsor's share.

4. Credit for lands, easements and rights-of-way in the case of involuntary acquisitions which occur within a four-year period preceding the date this Agreement is signed or which occurs after the date this Agreement is signed will be based on court awards, or on stipulated settlements that have received prior Government approval.

5. Credit for lands, easements, or rights-of-way acquired by the Local Sponsor within a five-year period preceding the date this Agreement is signed, or at any time after this Agreement is signed, will also include the reasonable incidental costs of acquiring the interests, e.g., closing and title costs, appraisal costs, survey costs, attorney's fees, plat maps, and mapping costs, as well as the actual amounts expended for payment of any Public Law 91-646 relocation assistance benefits provided in accordance with the obligations under this Agreement.

b. The costs of relocations which will be included in total project costs and credited towards the Local Sponsor's share of total project costs shall be that portion of the actual costs as set forth below, and approved by the Government:

1. Highways and Highway Bridges: Only that portion of the cost as would be necessary to construct substitute bridges and highways to the design standard that the State of Louisiana would use in constructing a new bridge or highway under similar conditions of geography and traffic loads.

2. Utilities and Facilities (including railroads): Actual relocation costs, less depreciation, less salvage value, plus the cost of removal, less the cost of betterments. With respect to betterments, new materials shall not be used in any alteration or relocation if materials of value and usability equal to those in the existing facility are available or can be obtained as salvage from the existing facility or otherwise, unless the provision of new material is more economical. If, despite the availability of used material, new material is used, where the use of such new material represents an additional cost, such cost will not be included in total project costs.

ARTICLE V - CONSTRUCTION PHASING AND MANAGEMENT

a. To provide for consistent and effective communication between the Local Sponsor and the Government during the period of construction, the Local Sponsor and the Government shall appoint representatives to coordinate on scheduling, plans, specifications, modifications, contract costs, and other matters relating to construction of the Project. The Local Sponsor will be informed of any changes in cost estimates.

b. The representatives appointed above shall meet as necessary during the period of construction and shall make such recommendations as they deem warranted to the Contracting Officer.

c. The Contracting Officer shall consider the recommendations of the representatives in all matters relating to construction of the Project, but the Contracting Officer, having ultimate responsibility for construction of the Project, has complete discretion to accept, reject, or modify the recommendations.

ARTICLE VI - METHOD OF PAYMENT

a. The Local Sponsor shall provide, during the period of construction, any cash payments required under Article II.d. of this Agreement. Total project costs are presently estimated to be \$84,900,000. The Local Sponsor's total cost sharing requirements are currently estimated to be \$29,700,000. The dollar amounts set forth in this Article are based upon the Government's best estimates which will reflect projections of costs, price level changes, anticipated inflation, and credits for work performed by the Local Sponsor. Such estimates are subject to adjustments based upon costs actually incurred and the value of lands, easements, rights-of-way, and relocations; such estimates are not to be construed as the total financial responsibilities of the Government and the Local Sponsor.

b. The Local Sponsor shall provide the Local Sponsor's required contribution in accordance with the following provisions:

1. For purposes of budget planning, the Government shall notify the Local Sponsor by 31 July of each year of the estimated funds that will be required from the Local Sponsor to meet the Local Sponsor's share of total project costs for the upcoming fiscal year.

2. No later than 60 calendar days prior to the award of the first construction contract, the Government shall notify the Local Sponsor of the Local Sponsor's share of total project costs, including the Local Sponsor's share of costs attributable to the Project incurred prior to the initiation of construction, for the first fiscal year of construction. No later than 30 calendar days thereafter, the Local Sponsor shall verify to the satisfaction of the Government that the Local Sponsor has deposited the requisite amount in an escrow account acceptable to the Government, with interest accruing to the Local Sponsor.

3. For the second and subsequent fiscal years of project construction, the Government shall, no later than 60 calendar days prior to the beginning of the fiscal year, notify the Local Sponsor of the Local Sponsor's share of total project costs for that fiscal year. No later than 30 calendar days prior to the beginning of the fiscal year, the Local Sponsor shall make the necessary funds available to the Government through the funding mechanism specified in Article VI.b.2. of this Agreement. As construction of the project proceeds, the Government shall adjust the amounts required to be provided under this paragraph to reflect actual costs.

4. If at any time during the period of construction the Government determines that additional funds will be needed from the Local Sponsor, the government shall so notify the Local Sponsor, and the Local Sponsor, no later than 45 calendar days from receipt of such notice, shall make the necessary funds available through the funding mechanism specified in Article VI.b.2. of this Agreement.

c. The Government will draw on the escrow account provided by the Local Sponsor such sums as the Government deems necessary to cover contractual and in-house fiscal obligations attributable to the Project as they are incurred, as well as incurred by the Government prior to the initiation of construction.

d. Upon completion of the Project and resolution of all relevant contract claims and appeals, the Government shall compute the total project costs and tender to the Local Sponsor a final accounting of the Local Sponsor's share of total project costs. In the event the total contribution by the Local Sponsor is less than the Local Sponsor's required share of total project costs as set forth in Article II.d., the Local Sponsor shall, no later than 90 calendar days after receipt of written notice, make a cash payment to the Government of whatever sum is required to meet the Local Sponsor's required share of total project costs. In the event the Local Sponsor has provided more than Local Sponsor's required share of total project costs as set forth in Article II., the Government shall, subject to the availability of funds for that purpose, refund the excess to the Local Sponsor no later than 90 calendar days after the final accounting is complete.

ARTICLE VII - DISPUTES

Before any party to this Agreement may bring suit in any court concerning an issue relating to this Agreement, such party must first seek in good faith to resolve the issue through negotiation or other forms of nonbinding alternative dispute resolution mutually acceptable to the parties.

ARTICLE VIII - OPERATION, MAINTENANCE, REPAIR,
REPLACEMENT, AND REHABILITATION

a. After the Government has turned the completed Project, or functional portion of the Project, over to the Local Sponsor, the Local Sponsor shall operate, maintain, repair, replace, and rehabilitate the completed Project, or functional portion of the Project, in accordance with regulations or directions prescribed by the Government.

b. The Local Sponsor hereby gives the Government a right to enter, at reasonable times and in a reasonable manner, upon land which the Local Sponsor owns or controls for access to the Project for the purpose of inspection, and, if necessary, for the purpose of completing, operating, maintaining, repairing, replacing, or rehabilitating the Project. If an inspection shows that the Local Sponsor for any reason is failing to fulfill the Local Sponsor's obligations under this Agreement without receiving prior written approval from the Government, the Government will send a written notice to the Local Sponsor. If the Local Sponsor persists in such failure for 30 calendar days after receipt of the notice, then the Government shall have a right to enter, at reasonable times and in a reasonable manner, upon lands the Local Sponsor owns or controls for access to the Project for the purpose of completing, operating, maintaining, repairing, replacing, or rehabilitating the Project. No completion, operation, maintenance, repair, replacement, or rehabilitation by the Government shall operate to relieve the Local Sponsor of responsibility to meet the Local Sponsor's obligations as set forth in this Agreement, or to preclude the Government from pursuing any other remedy at law or equity to assure faithful performance pursuant to this Agreement.

ARTICLE IX - RELEASE OF CLAIMS

The Local Sponsor shall hold and save the Government free from all damages arising from the construction, operation, and maintenance of the Project, except for damages due to the fault or negligence of the Government or its contractors.

ARTICLE X - MAINTENANCE OF RECORDS

The Government and the Local Sponsor shall keep books, records, documents, and other evidence pertaining to costs and expenses incurred pursuant to this Agreement to the extent and in such detail as will properly reflect total project costs. The Government and the Local Sponsor shall maintain such books, records, documents, and other evidence for a minimum of three years after completion of construction of the Project and resolution of all relevant claims arising therefrom, and shall make available at their offices at reasonable times, such books, records, documents, and other evidence for inspection and audit by authorized representatives of the parties to this Agreement.

ARTICLE XI - GOVERNMENT AUDIT

The Government shall conduct an audit when appropriate of the Local Sponsor's records for the Project to ascertain the allowability, reasonableness, and allocability of the Local Sponsor's costs for inclusion as credit against the Local Sponsor's share of project costs.

ARTICLE XII - FEDERAL AND STATE LAWS

In acting under its rights and obligations hereunder, the Local Sponsor agrees to comply with all applicable Federal and State laws and regulations, including section 601 of Title VI of the Civil Rights Act of 1964, Public Law 88-352, and Department of Defense Directive 5500.II issued pursuant thereto and published in Part 300 of Title 32, Code of Federal Regulations, as well as Army Regulation 600-7, entitled "Nondiscrimination on the Basis of Handicap in Programs and Activities Assisted or Conducted by the Department of the Army."

ARTICLE XIII - RELATIONSHIP OF PARTIES

The parties to this Agreement act in an independent capacity in the performance of their respective functions under this Agreement, and neither party is to be considered the officer, agent, or employee of the other.

ARTICLE XIV - OFFICIALS NOT TO BENEFIT

No member of or delegate to the Congress, or resident commissioner, shall be admitted to any share or part of this Agreement, or to any benefit that may arise therefrom.

ARTICLE XV - COVENANT AGAINST CONTINGENT FEES

The Local Sponsor warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Local Sponsor for the purpose of securing business. For breach or violation of this warranty, the Government shall have the right to annul this Agreement without liability, or, in its discretion, to add to the Agreement or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

ARTICLE XVI - TERMINATION OR SUSPENSION

a. If at any time the Local Sponsor fails to make the payments required under this Agreement, the Secretary of the Army shall terminate or suspend work on the Project until the Local Sponsor is no longer in arrears, unless the Secretary of the Army determines that continuation of work on the Project is in the interest of the United States or is necessary in order to satisfy agreements with any other non-Federal interests in connection with the Project. Any delinquent payment shall be charged interest at a rate, to be determined by the Secretary of the Treasury, equal to 150 per centum of the average bond equivalent rate of the 13-week Treasury bills auctioned immediately prior to the date on which such payment became delinquent, or auctioned immediately prior to the beginning of each additional 3-month period if the period of delinquency exceeds 3 months.

b. If the Government fails to receive annual appropriations for the Project in the amounts sufficient to meet project expenditures for the then-current or upcoming fiscal year, the Government shall so notify the Local Sponsor. After 60 calendar days either party may elect without penalty to terminate this Agreement pursuant to that Article or to defer future performance hereunder; however, deferral of future performance under this Agreement shall not affect existing obligations or relieve the parties of liability for any obligation previously incurred. In the event that either party elects to terminate this Agreement pursuant to this Article, both parties shall conclude their activities relating to the Project and proceed to a final accounting in accordance with Article VI. of this Agreement. In the event that either party elects to defer future performance under this Agreement pursuant to this Article, such deferral shall remain in effect until such time as the Government receives sufficient appropriations or until either party elects to terminate this Agreement.

ARTICLE XVII - NOTICES

a. All notices, requests, demands, and other communications required or permitted to be given this Agreement shall be deemed to have been duly given if in writing and delivered personally, given by prepaid telegram, or mailed by first-class (postage pre-paid), registered, or certified mail, as follows:

If to the Local Sponsor: West Jefferson Levee District
P.O. Box 608
Marrero, Louisiana 70073

If to the Government: Department of the Army
U.S. Army Engineer District,
New Orleans
Corps of Engineers
ATTN: CELMN-DD-P
P.O. Box 60267
New Orleans, Louisiana 70160

b. A party may change the address to which such communications are to be directed by giving written notice to the other party in the manner provided in this Article.

c. Any notice, request, demand, or other communication made pursuant to this Article shall be deemed to have been received by the addressee at such time as it is personally delivered or seven calendar days after it is mailed, as the case may be.

ARTICLE XVIII - CONFIDENTIALITY

To the extent permitted by the law governing each party, the parties agree to maintain the confidentiality of exchanged information when requested to do so by the providing party.

ARTICLE XIX - SECTION 902 PROJECT COST LIMITS

The West Jefferson Levee Board has reviewed the provisions set forth in Section 902 of P.L. 99-662, as amended, and understands that Section 902 establishes a maximum construction cost for the project. For purposes of this Agreement, the Section 902 cost limit is \$94,700,000 as calculated on October 1, 1989. This amount shall be adjusted to allow for appropriate increases for inflation and changes in the project cost as provided in Section 902. Should this maximum be reached, no additional funds may be expended on the Project until additional authority is obtained from Congress.

ARTICLE XX - HAZARDOUS SUBSTANCES

a. After execution of this Agreement and upon direction by the Contracting Officer, the Local Sponsor shall perform, or cause to be performed, such environmental investigations as are determined necessary by the Government or the Local Sponsor to identify the existence and extent of any hazardous substance regulated under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 USC 9601-9675, on lands necessary for Project construction, operation, and maintenance. All actual costs incurred by the Local Sponsor which are properly allowable and allocable to performance of any such environmental investigations shall be included in total project costs and cost shared as a construction cost in accordance with Section 103 of Public Law 99-662.

b. In the event it is discovered through an environmental investigation or other means that any lands, easements, rights-of-way, or disposal areas to be acquired or provided for the Project contain any hazardous substances regulated under CERCLA, the Local Sponsor and the Government shall provide prompt notice to each other, and the Local Sponsor shall not proceed with the acquisition of lands, easements, rights-of-way, or disposal areas until mutually agreed.

c. The Government and the Local Sponsor, shall determine whether to initiate construction of the project, or if already in construction, to continue with construction of the Project, or to terminate construction of the Project for the convenience of the Government in any case where hazardous substances regulated under CERCLA are found to exist on any lands necessary for the Project. Should the Government and the Local Sponsor determine to proceed or continue with construction after considering any liability that may arise under CERCLA, the Local Sponsor shall be responsible for any and all necessary clean up and response costs, as between the Government and the Local Sponsor, to include the costs of any studies and investigations necessary to determine an appropriate response to the contamination. Such costs shall not be considered a part of total project costs as defined in this Agreement. In the event the Local Sponsor fails to provide any funds necessary to pay for clean up and response costs or to otherwise discharge the Local Sponsor's responsibilities under this paragraph upon direction by the Government, the Government may either terminate or suspend work on the Project or proceed with further work as provided in Article XVI of this Agreement.

d. The Local Sponsor and the Government shall consult with each other under the Construction Phasing and Management Article of this Agreement to assure that responsible parties bear any necessary clean up and response costs as defined in CERCLA. Any decision made pursuant to paragraph c of this Article shall not relieve any party from any liability that may arise under CERCLA.

e. The Local Sponsor shall operate, maintain, repair, replace, and rehabilitate the Project in a manner so that liability will not arise under CERCLA.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, which shall become effective upon the date it is signed by the Assistant Secretary of the Army (Civil Works).

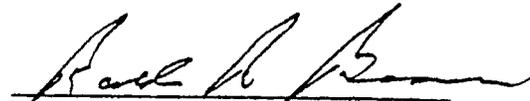
THE DEPARTMENT OF THE ARMY

WEST JEFFERSON LEVEE DISTRICT

BY:


G. EDWARD DICKEY
Acting Assistant Secretary
of the Army (Civil Works)

BY:


RONALD R. BESSON
President
Board of Commissioners
West Jefferson Levee
District

DATE:

12/18/90

DATE:

12/11/90