

FACT SHEET

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CELMN-LC

SUBJECT: Section 4(r) of H.R. 5314: Lake Pontchartrain & Vicinity, LA, Hurricane Protection Project

1. Study Authority. The project was authorized by the Flood Control Act of 1965 (PL 89-298)(HD 231/89/1). The project, as authorized, provides for non-Federal interests to pay 30% of the total project first cost and 100% of the project operation & maintenance cost. The non-Federal cost is comprised of LERRD cost and a cash contribution to bring the total non-Fed cost to 30%. The Water Resources Development Act of 1974 (PL 92-251) Section 92 included a modification to the FC Act of 1965 to provide that non-Federal public bodies may agree to pay the unpaid balance of the cash payment due with interest in annual installments in accordance with a formula specified by the Act (otherwise known as the Hebert Bill). The Hebert Bill expires 30 September 1990. Subsequently, Local Sponsors will be required to provide cash contributions sufficient to bring their financial participation to 30% of the total expended project costs to date. This bill primarily affects the St. Bernard Parish Police Jury (Chalmette Area Plan) and the Pontchartrain Levee District (St. Charles Parish Levee - North of Airline Highway).

2. Problems and Solutions Being Investigated.

a) Joint assurances for the St. Bernard Parish portion of the Chalmette Plan were accepted from the Lake Borgne Basin Levee District and the St. Bernard Parish Police Jury on 28 September 1966. On 7 December 1977, the United States accepted a new joint agreement of assurance from the same two sponsors covering all requirements of local cooperation and a deferred payment plan as authorized by PL 93-251 (the Hebert Bill). Construction in St. Bernard Parish has proceeded and is approximately 90% complete. For Fiscal Year 1990, the Local Sponsors owed \$452,000 as annual payment under the Hebert Bill requirements. We received a payment from the St. Bernard Police Jury on 12 October 1989 for \$81,250. We have not received any more payments since that time. On 30 September 1990, the Hebert Bill will expire and we estimate that the Local Sponsors will owe a balance of \$6,800,000 in addition to the unpaid balance from FY 90 of \$370,750 to meet their obligations through FY 90. We also estimate that the remaining non-Federal obligation to complete work in St. Bernard Parish after FY 90 is \$2,031,000. In a resolution dated 19 July 1990, the St. Bernard Police Jury demanded from the United States Army Corps of Engineers "forgiveness for the outstanding balloon note payment and financial mitigation for the Economic and Environmental losses experienced by St. Bernard Parish." The Lake Borgne Basin Levee District also passed a resolution supporting the St. Bernard Police Jury Resolution.

Congressman Billy Tauzin of Louisiana has sponsored an amendment to the Water Resources Development Act of 1990 which would forgive all outstanding and remaining non-Federal Project debts by St. Bernard Parish through project completion. The amendment has passed the House committee. In the mean time, all design work on the St. Bernard portion of the Chalmette Area Plan which does not directly impact Orleans Parish has been halted until the matter is resolved.

b) The most recent assurances covering work for the High Level Plan in St. Charles Parish were accepted from the Local Sponsor, the Pontchartrain Levee District, on 7 August 1987. Construction in St. Charles Parish is scheduled to begin in FY 91. Based on expended project costs for engineering through FY 90, and the requirements and expiration of the Hebert Bill, we estimate that the Pontchartrain Levee District will owe a balloon note of \$500,000 on 1 October 1990, in addition to \$1,700,000 for work in FY 91, and a remaining non-Federal cost to complete of \$26,673,000. Representatives of the Pontchartrain Levee District have hinted in informal conversations that they anticipate some difficulty in meeting this financial obligation and may ask us to spread the scheduled work out over a longer period of time to reduce the annual project expenditures and their subsequent annual financial obligations.

3. Congressional Interest. We do not know who was responsible for the inclusion of this project into Section 4(r) in H.R. 5314. Some of the interested Senators and Representatives from the project area are:

Senator J. Bennett Johnston
Senator John B. Breaux
Representative Robert Livingston - 1st District
Representative Lindy Boggs - 2nd District
Representative Billy Tauzin - 3rd District

4. Recommended Army Position. The recommended Army position is that each of the Local Sponsors for this project signed assurances that they would, among other things, "bear 30% of the first cost" of the project and, at no cost to the United States, "maintain and operate all features of the works" (completed project elements). Some of these assurances were re-signed as recently as 3 years ago. Making this project a 100% Federal responsibility will cost the United States an additional \$183,800,000 in addition project costs and an estimated \$1,225,000 per year to operate and maintain. A summary of project costs is attached.

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LAKE PONTCHARTRAIN & VICINITY, LOUISIANA
HURRICANE PROTECTION PROJECT
(Costs X \$1,000)

	Total Cost	Cost Thru FY 90	Remaining Cost
Total Project:	\$611,000	\$337,280	\$273,720
Federal Cost	\$427,200	\$236,200	\$191,000
Non-Federal Cost	\$183,800	\$101,080	\$ 82,720
Orleans	\$106,732	\$ 80,679	\$ 26,053
LERRD	\$ 49,133	\$ 48,315	\$ 3,818
Other	\$ 57,599	\$ 35,364	\$ 22,235
St. Bernard	\$ 17,970	\$ 9,139	\$ 8,831
LERRD	\$ 5,319	\$ 5,319	\$ 0
Other	\$ 12,651	\$ 3,820	\$ 8,831
Jefferson	\$ 28,440	\$ 10,122	\$ 18,318
LERRD	\$ 237	\$ 22	\$ 215
Other	\$ 28,203	\$ 10,100	\$ 18,103
St. Charles	\$ 29,760	\$ 1,140	\$ 28,620
LERRD	\$ 3,887	\$ 1,140	\$ 2,747
Other	\$ 25,873	\$ 0	\$ 25,873
St. Tammany	\$ 898	\$ 0	\$ 898
LERRD	\$ 0	\$ 0	\$ 0
Other	\$ 898	\$ 0	\$ 898

Note: LERRD costs through FY 90 include tentative credits given to Local Sponsors for the value of Lands, Easements and Rights-of-Way and do not necessarily represent LER costs actually expended by the Local Sponsor. Costs for St. Tammany are for the Mandeville Unit which is currently unscheduled since assurances have not been accepted for the High Level Plan because of a lack of non-Fed financial support.

Operation, Maintenance & Replacement Costs: We did not have sufficient time to retrieve from the Local Sponsors actual O&M costs through FY 90. Our best estimate of current annual O&M and Replacement costs for the entire project is \$1,225,000 per year.