



**DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY  
CIVIL WORKS  
108 ARMY PENTAGON  
WASHINGTON DC 20310-0108**

The Honorable Garret Graves  
United States House of Representatives  
2402 Rayburn House Office Building  
Washington, DC 20515

Dear Representative Graves:

Thank you for your letter, dated September 15, 2023, concerning the deferred payment agreements (DPAs) between the State of Louisiana (State) and the U.S. Army Corps of Engineers (Corps) for the Lake Pontchartrain and Vicinity (LPV), West Bank and Vicinity (WBV), and Southeast Louisiana Urban Flood Control (SELA) projects in Louisiana. Your letter requested, pursuant to Section 103(k)(2) of WRDA 1986, as amended, (33 U.S.C. 2213(k)(2)), renegotiation of the terms of the SELA DPA, to include interest relief, interest recalculation, full or partial forgiveness of interest, and credit for non-Federal investment that benefits the project. Your letter also requested relief for the LPV and WBV projects under Section 103(k)(4) of the Water Resources Development Act (WRDA) of 1986, (33 U.S.C. 2213(k)(4)), as amended by Section 351 of WRDA 2020 and Section 8386 of WRDA 2022.

The SELA Project

You asked about a portion of the SELA project, for which a Project Partnership Agreement and DPA were executed on January 16, 2009. The New Orleans District met with the Coastal Protection and Restoration Authority Board (CPRAB) of Louisiana on October 19, 2023, regarding the 2009 SELA DPA. The CPRAB provided follow-up letters to my office on November 7, 2023, and May 30, 2024, to clarify its request to renegotiate the terms of the SELA DPA, to include interest relief, interest recalculation, full or partial forgiveness of interest, and credit for non-Federal investment that benefits the project. A summary of CPRAB's total projected financial obligations under the entire DPA through the maximum allowable 30-year payback period follows:

	Initial Principal (P)*	Interest During Construction (IDC)* **	Interest During Payback (IDP)*	Total Annual Payments*
<b>CPRAB SELA Totals</b>	<b>\$373.5M</b>	<b>\$68.0M</b>	<b>\$183.4M</b>	<b>\$20.9M</b>

*\*Values shown are current actuals. Several separable elements have been in payback for more than 5 years and current interest rates have been applied. Current payback interest rates range from 2.0% – 4.375%, depending on the separable element.*

*\*\*IDC shown reflects the best information available at this time. A single separable element remains to be completed and its final cost and duration are estimates. This separable element's final cost and scope have significant impacts on estimated interest during construction.*

Based on the following circumstances, which are specific to this case, and after coordination with the U.S. Department of Treasury and the Office of Management and Budget, I have approved renegotiation of the SELA DPA under Section 103(k)(2)(A)(iii) of WRDA 1986, as amended, to forgive unpaid interest accrued during construction before completion of each of the project's separable elements:

- While significant progress has been made, the New Orleans area is still recovering from the devastating and deadly aftermath of Hurricane Katrina, which resulted in billions of dollars in flood damages in the region.
- The portion of the SELA project for which CPRAB is seeking to renegotiate the DPA terms is designed to reduce interior flooding in an area that encompasses a majority of the Orleans and Jefferson parishes. A significant portion of the population in these two parishes is identified as disadvantaged, based on the Council on Environmental Quality's Climate and Economic Justice Screening Tool.
- This region is on the front line of the fight against climate change given its proximity to the Gulf of Mexico, increased frequency of damaging tropical storms, continued subsidence, ground surface elevations below sea level, relative sea level rise, and coastal land loss. In addition, periodic low water events on the Mississippi River have resulted in saltwater intrusion, leading to additional investment in interim and long-term freshwater security solutions. These unique factors, combined with the area's aged drainage and water supply infrastructure, warranted consideration of interest relief.
- Providing this relief will allow CPRAB, in partnership with Orleans and Jefferson parishes, to invest additional funds in the construction, maintenance and repair of local water infrastructure to address the impacts of climate change for this large, economically disadvantaged community.
- The SELA project in Orleans and Jefferson parishes, along with the LPV and WBV projects, complement each other and operate as a comprehensive risk reduction system for this part of the greater New Orleans area.

Moving forward, the SELA DPA will need to be amended to reflect such forgiveness for the unpaid interest accrued during construction before completion of each of the project's separable elements. I have directed my team to coordinate with CPRAB, as needed, to amend the DPA accordingly.

### The LPV and WBV Projects

A year ago, in 2023, the Corps, working closely with the State of Louisiana, conducted an expedited review of the State's in-kind crediting packages for two

Louisiana Coastal Area (LCA) ecosystem restoration projects authorized in Section 7006 of WRDA 2007, Public Law 110-114, and fully constructed by the State. The Corps identified approximately \$110 million in excess in-kind credits (some conditionally) from the Whiskey Island separable element of the Terrebonne Basin Barrier Shoreline (TBBS) Restoration Project and the Caminada Headland separable element of the Barataria Basin Barrier Shoreline (BBBS) Restoration Project. The Corps transferred these excess credits under Section 7007 of WRDA 2007 to satisfy deferred payments on the LPV and WBV DPAs, through DPA amendments executed on September 27, 2023. Combined with CPRAB's previous \$800 million in cash payments, the transfer of these excess credits was sufficient to conditionally cover the State's required 2/3 remaining principal payment due by September 30, 2023, consistent with Section 103(k)(4) of WRDA 1986, as amended. The State's repayment of the balance of the remaining principal on its LPV and WBV DPAs is due on or before June 1, 2032, in accordance with Section 103(k)(4)(A)(iii) of WRDA 1986, as amended by Section 8386 of WRDA 2022, which may be made by cash payments or transfer of other LCA excess credits.

Note that \$40.45 million in these excess credits came from completed discrete segments of the Caminada Headland separable element of the BBBS. Therefore, the State must complete this separable element, primarily real estate acquisitions, by June 1, 2031, or the credits from this completed discrete segments will be withdrawn. The State also potentially could pursue additional in-kind credit of approximately \$96.54 million upon completion of the remaining Caminada Headland separable element at a future date, further reducing the State's balance of the remaining principal due by June 1, 2032.

The Corps is also reviewing the State's in-kind crediting packages for the LCA BBBS Shell Island separable element and the Amite River Hydrologic Restoration project, which could result in the identification of additional excess credits, pending acquisition of sufficient real estate interest.

Thank you for your support of the Army Civil Works program.

Sincerely,

Michael L. Connor  
Assistant Secretary of the Army  
(Civil Works)