



**MODEL AGREEMENT  
FOR  
ENVIRONMENTAL INFRASTRUCTURE  
DESIGN AND CONSTRUCTION ASSISTANCE UNDER  
SECTION 552 – WATER RESOURCES DEVELOPMENT ACT OF 1996, AS AMENDED  
(WORK PERFORMED BY THE NON-FEDERAL SPONSOR)  
JULY 30, 2020**

**APPLICABILITY AND INSTRUCTIONS:**

1. The attached model cost sharing agreement must be used where a non-Federal sponsor will be performing design and construction work for a water-related environmental infrastructure project in the New York City Watershed under Section 552 of the Water Resources Development Act (WRDA) of 1996, as amended. The agreement provides for Corps reimbursement of eligible project costs incurred by the non-Federal sponsor pursuant to the cost-sharing requirements of this agreement. If the proposal involves design only, use the separate model cost sharing agreement provided for that purpose. Any proposal involving a grant, rather than reimbursement, or design or construction performed by the Corps must be coordinated with the HQUSACE NAD RIT.
2. Work covered by the agreement must be scoped so that Federal funds provided for the project are sufficient to cover all Corps' costs and reimbursements under the agreement. Although design and construction will be undertaken by the non-Federal sponsor, the Corps remains responsible for ensuring compliance with applicable environmental laws and regulations (including NEPA and Section 401 of the Federal Water Pollution Control Act), and such compliance must be completed prior to initiation of construction by the non-Federal sponsor.
3. Authority to approve an agreement that does not deviate from the approved model has been delegated to the Division Commander for NAD. Division Counsel concurrence that the agreement does not deviate from the subject model, and is appropriate for use for the particular project, is required prior to approval. In addition, authority to approve non-substantive deviations to the model agreement also has been delegated to the Division Commander. Division Counsel concurrence that a deviation is non-substantive, with the recommendation to approved the deviation, is required prior to approval by the Division Commander. An agreement with substantive deviations, including deviations involving policy issues, unique circumstances, or controversial matters, must be forwarded for Division review and then transmitted to the HQUSACE NAD RIT, with Division Commander recommendations, for review and approval by the Director of Civil Works. The District Commander is authorized to execute the agreement after its approval.
4. Reminder: Make all required insertions; remove this cover page; remove the open and close brackets and any instructional text; and ensure the page numbers, spacing and page breaks throughout the agreement are appropriate.
5. The Certificate of Authority for Environmental Infrastructure Assistance, Certification Regarding Lobbying, and the Non-Federal Sponsor's Self-Certification of Financial Capability should be included as a part of the agreement package. These certificates can be found on the Corps' "Project Partnership Agreements" website under the "Forms" tab.

AGREEMENT  
BETWEEN  
THE DEPARTMENT OF THE ARMY  
AND  
**[INSERT FULL NAME OF NON-FEDERAL SPONSOR]**  
FOR  
DESIGN AND CONSTRUCTION ASSISTANCE  
FOR THE  
**[INSERT FULL NAME OF PROJECT]**

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between the Department of the Army (hereinafter the “Government”), represented by the District Commander for **[Insert Name of USACE District, e.g., New York District]** (hereinafter the “District Commander”) and the **[FULL NAME OF THE NON-FEDERAL SPONSOR]** (hereinafter the “Non-Federal Sponsor”), represented by its **[INSERT TITLE]**.

WITNESSETH, THAT:

WHEREAS, the Government is authorized to provide design and construction assistance for publicly owned, non-Federal water-related environmental infrastructure and resource protection and development projects in the New York City Watershed, including projects for water supply, storage, treatment, and distribution facilities, and surface water resource protection and development pursuant to Section 552 of the Water Resources Development Act of 1996, Public Law 104-303, as amended (hereinafter “Section 552”);

WHEREAS, the District Commander has determined that the non-Federal **[FULL NAME OF THE PROJECT]** in **[SPECIFY LOCATION OF THE PROJECT, INCLUDING COUNTY & STATE]** (hereinafter the “Project”, as defined in Article I.A. of this Agreement) is eligible for implementation under Section 552;

WHEREAS, on **[Month Day, Year]** the **[Insert title of the certifying State official, e.g., Commissioner of the New York State Department of Environmental Conservation]** certified to the Government that the Project will contribute to the protection and enhancement of the quality or quantity of the New York City water supply;

**[INSERT WHEN THE STATE IS NOT THE NON-FEDERAL SPONSOR:**

WHEREAS, on **[Month Day, Year]** the **[Insert title of the State official making the public sponsorship designation, e.g., Commissioner of the New York State Department of Environmental Conservation]** designated the Non-Federal Sponsor as the public entity to carry out the Project pursuant to Section 552(d);]

WHEREAS, Section 552(e) provides that the Federal share of project costs under each agreement entered into under Section 552 shall be 75 percent, which may be in the form of reimbursements;

WHEREAS, as of the effective date of this Agreement, the total amount of Federal funds available for the Federal share of project costs under this Agreement is \$[\_\_\_\_\_]; and

WHEREAS, the Government and the Non-Federal Sponsor have the full authority and capability to perform in accordance with the terms of this Agreement and acknowledge that this Agreement shall be enforceable in the appropriate district court of the United States.

NOW, THEREFORE, the parties agree as follows:

## ARTICLE I - DEFINITIONS

A. The term “Project” means **[DESCRIBE FEATURES]**, as generally described in the **[INSERT NAME OF DECISION DOCUMENT: e.g., Project Management Plan (including the Project Fact Sheet)]** dated **[MONTH DAY, YEAR]** and approved by the **[INSERT TITLE OF APPROVING OFFICIAL, i.e., Division Commander for North Atlantic Division, or District Commander, if such approval authority has been delegated]**, on **[MONTH DAY, YEAR]**.

B. The term “project costs” means all costs incurred by the Government and Non-Federal Sponsor in accordance with the terms of this Agreement that are directly related to design and construction of the Project and cost shared. The term includes, but is not necessarily limited to: the Non-Federal Sponsor’s eligible pre-Agreement design work costs, if any; the Government’s costs for conducting environmental compliance activities, providing management oversight and technical assistance, as needed, preparing monthly financial reports, reviewing design work, appraisals, and invoices provided by the Non-Federal Sponsor, conducting periodic inspections during construction, and any other costs incurred by the Government pursuant to the provisions of this Agreement; the Non-Federal Sponsor’s eligible costs of engineering, design, construction, and supervision and administration; the Non-Federal Sponsor’s eligible costs for providing real property interests and relocations, and obtaining permits required for construction of the Project; and the costs of historic preservation activities except for data recovery for historic properties, if any. The term does not include any costs for operation and maintenance; dispute resolution; audits; betterments; or the Non-Federal Sponsor’s cost of negotiating this Agreement.

C. The term “real property interests” means lands, easements, and rights-of-way, including those required for relocations and borrow and dredged material placement areas. Acquisition of real property interests may require the performance of relocations.

D. The term “relocation” means the provision of a functionally equivalent facility to the owner of a utility, cemetery, highway, railroad, or public facility when such action is required in accordance with applicable legal principles of just compensation. Providing a functionally equivalent facility may include the alteration, lowering, raising, or replacement and attendant demolition of the affected facility or part thereof.

E. The term “pre-Agreement design work” means the design work performed prior to the effective date of this Agreement by the Non-Federal Sponsor that the Government determines was accomplished in a satisfactory manner and is necessary for the Project.

F. The term “betterment” means a difference in the design or construction of an element of the Project that results from the application of standards that the Government determines exceed those that the Government would otherwise apply to design or construction of that element.

## ARTICLE II - OBLIGATIONS OF THE PARTIES

A. As of the effective date of this Agreement, the total amount of Federal funds available for the Federal share of project costs under this Agreement is limited to \$[INSERT SAME AMOUNT IN SIXTH WHEREAS CLAUSE]. Notwithstanding any other provision of this Agreement, the Non-Federal Sponsor shall be responsible for all costs in excess of this amount, as determined by the Government, and such excess costs shall not be eligible for credit or reimbursement or included in the project costs for cost-sharing purposes.

B. The Non-Federal Sponsor shall design and construct the Project in accordance with all requirements of applicable Federal laws and implementing regulations and the following:

1. In accordance with Article III, the Non-Federal Sponsor shall provide the real property interests and relocations required for construction and operation and maintenance of the Project. The Non-Federal Sponsor hereby gives the Government a right to enter, at reasonable times and in a reasonable manner, upon property that the Non-Federal Sponsor now or hereafter owns or controls for the purpose of performing inspections pursuant to Article II.D.

2. The Non-Federal Sponsor shall afford the Government the opportunity to review and comment on all design work, including relevant plans and specifications, and related contract solicitations, prior to the Non-Federal Sponsor’s issuance of such solicitations. In addition, until the Government has provided written confirmation that environmental compliance has been completed, the Non-Federal Sponsor shall not issue the solicitation for the first construction contract for the Project or commence construction of the Project using its own forces.

3. The Non-Federal Sponsor shall obtain all permits and licenses necessary for design, construction, and operation and maintenance of the Project.

4. Upon completion of design, the Non-Federal Sponsor shall furnish the Government with copies of the completed design.

5. The Non-Federal Sponsor shall operate and maintain the Project at no cost to the Government. The Non-Federal Sponsor shall furnish the Government with a copy of the as-built drawings for the completed work.

6. No more frequently than every 30 calendar days, the Non-Federal Sponsor shall provide the Government an invoice with the documentation required by Article V for the Government to determine whether costs incurred by the Non-Federal Sponsor are eligible for inclusion in project costs. If the Non-Federal Sponsor incurred costs for pre-Agreement design work, documentation of such costs shall be included in the Non-Federal Sponsor's initial invoice. Following completion of the Project, the Non-Federal Sponsor shall notify the Government, which shall conduct a final inspection of the Project. No later than 60 calendar days after the Government conducts the final inspection, the Non-Federal Sponsor shall provide its final invoice, unless an extension is requested by Non-Federal Sponsor in writing and approved by the Government.

C. Using information developed and provided by the Non-Federal Sponsor, the Government shall ensure environmental compliance activities necessary to achieve compliance with all applicable environmental laws and regulations for design and construction of the Project are completed prior to initiation of construction, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321, et seq.) and Section 401 of the Federal Water Pollution Control Act (33 U.S.C. 1341). The Government will notify the Non-Federal Sponsor in writing when such compliance has been completed.

D. The Government may perform periodic inspections to verify the progress of construction and that work is being performed in a satisfactory manner. In addition, the Government may provide technical assistance to the Non-Federal Sponsor on an as-needed basis during design and construction of the Project. Further, the Government shall perform a final inspection to verify satisfactory completion of the Project.

E. The Government shall be responsible for 75 percent of project costs, with reimbursement for costs incurred by the Non-Federal sponsor determined in accordance with this paragraph. The Government shall review each invoice provided by the Non-Federal Sponsor and, based on the procedures, requirements, and conditions provided in Article V, shall determine the costs, or portion thereof, that are eligible for inclusion in project costs. To the maximum extent practicable, within 30 days of receipt of each invoice, the Government, subject to the availability of Federal funds, shall reimburse the Non-Federal Sponsor for costs for each invoice by taking 75 percent of the Non-Federal Sponsor's eligible costs, less 25 percent of the costs incurred by the Government during that same invoice period. The Government shall provide a written explanation to the Non-Federal Sponsor for costs it determines are not eligible for inclusion in project costs.

F. The Government shall ensure compliance with the National Historic Preservation Act (NHPA) of 1966, as amended, prior to initiation of construction. All costs incurred by the Government and the Non-Federal Sponsor for actions associated with historic preservation, including, but not limited to, the identification and treatment of historic properties as those properties are defined in the NHPA and the mitigation of adverse effects other than data recovery, as the Government determines necessary and subject to audit in accordance with Article X.B. to determine reasonableness, allocability, and allowability of such costs, shall be included in project costs and shared in accordance with the provisions of this Agreement. If historic properties are discovered during construction and the effect(s) of construction are

determined to be adverse, strategies shall be developed to avoid, minimize, or mitigate these adverse effects. In accordance with 54 U.S.C. 312507, up to 1 percent of the total amount available for the Project may be applied toward data recovery of historic properties and such costs shall be borne entirely by the Government. In the event that costs associated with data recovery of historic properties exceed 1 percent of the total amount authorized to be appropriated for the Project, in accordance with 54 U.S.C. 312508, the Government will seek a waiver from the 1 percent limitation under 54 U.S.C. 312507 and upon receiving the waiver, will proceed with data recovery at full federal expense. Nothing in this Agreement shall limit or otherwise prevent the Non-Federal Sponsor from voluntarily contributing costs associated with data recovery that exceed 1 percent.

G. The Non-Federal Sponsor shall not use Federal program funds to meet any of its obligations under this Agreement unless the Federal agency providing the funds verifies in writing that the funds are authorized to be used for the Project. Federal program funds are those funds provided by a Federal agency, plus any non-Federal contribution required as a matching share for such work.

H. In the event that the Non-Federal Sponsor elects to include betterments in the design or construction of the Project, the Non-Federal Sponsor shall notify the Government in writing and describe the betterments it intends to design and construct. The Non-Federal Sponsor shall be solely responsible for all costs due to betterments, including costs associated with obtaining permits for such work, without reimbursement by the Government.

### ARTICLE III - REAL PROPERTY INTERESTS, RELOCATIONS, AND COMPLIANCE WITH PUBLIC LAW 91-646, AS AMENDED

A. The Government and Non-Federal Sponsor shall jointly determine the real property interests required for construction, operation, and maintenance of the Project and the Non-Federal Sponsor shall provide the Government with general written descriptions, including maps as appropriate, of such real property interests. Upon written confirmation by the Government, the Non-Federal Sponsor shall acquire such real property interests and notify the Government in writing when such interests have been acquired. The Non-Federal Sponsor shall ensure that real property interests provided for such work are retained in public ownership.

B. The Government and Non-Federal Sponsor shall jointly determine the relocations necessary for construction, operation, and maintenance of the Project and the Non-Federal Sponsor shall provide the Government with general written descriptions, including maps and plans and specifications, as appropriate, for such relocations. Upon written confirmation by the Government, the Non-Federal Sponsor shall perform or ensure performance of such relocations and notify the Government in writing when such relocations have been accomplished.

C. As required by Sections 210 and 305 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, as amended (42 U.S.C. 4630 and 4655), and Section 24.4 of the Uniform Regulations contained in 49 C.F.R. Part 24, the Non-Federal Sponsor assures that (1) fair and reasonable relocation payments and assistance shall be

provided to or for displaced persons, as are required to be provided by a Federal agency under Sections 4622, 4623 and 4624 of Title 42 of the U.S. Code; (2) relocation assistance programs offering the services described in Section 4625 of Title 42 of the U.S. Code shall be provided to such displaced persons; (3) within a reasonable period of time prior to displacement, comparable replacement dwellings will be available to displaced persons in accordance with Section 4625(c)(3) of Title 42 of the U.S. Code; (4) in acquiring real property, the Non-Federal Sponsor will be guided, to the greatest extent practicable under State law, by the land acquisition policies in Section 4651 and the provision of Section 4652 of Title 42 of the U.S. Code; and (5) property owners will be paid or reimbursed for necessary expenses as specified in Sections 4653 and 4654 of Title 42 of the U.S. Code.

#### ARTICLE IV - HAZARDOUS SUBSTANCES

A. The Non-Federal Sponsor shall be responsible for undertaking any investigations to identify the existence and extent of any hazardous substances regulated under the Comprehensive Environmental Response, Compensation, and Liability Act (hereinafter “CERCLA”) (42 U.S.C. 9601-9675), that may exist in, on, or under real property interests required for construction, operation, and maintenance of the Project.

B. In the event the Non-Federal Sponsor discovers that hazardous substances regulated under CERCLA exist in, on, or under any of the required real property interests, within 15 calendar days of such discovery, the Non-Federal Sponsor, in addition to providing any other notice required by applicable law, shall provide written notice to the Government, and the Non-Federal Sponsor shall not proceed with the acquisition of such real property interests until the parties agree that the Non-Federal Sponsor should proceed.

C. If hazardous substances regulated under CERCLA are found to exist in, on, or under any required real property interests, the Non-Federal Sponsor shall consider any liability that might arise under CERCLA and determine whether to initiate construction, or if already initiated, whether to continue construction, suspend construction, or terminate construction. As between the Government and the Non-Federal Sponsor, the Non-Federal Sponsor shall be considered the owner and operator of the Project for purposes of CERCLA liability.

1. If the Non-Federal Sponsor initiates or continues construction, the Non-Federal Sponsor shall be responsible, as between the Government and the Non-Federal Sponsor, for the costs of cleanup and response, including the costs of any studies and investigations necessary to determine an appropriate response to the contamination. Such costs shall be paid solely by the Non-Federal Sponsor without reimbursement or credit by the Government.

2. In the event the Non-Federal Sponsor fails to ensure any necessary cleanup and response actions are accomplished prior to initiation of construction, the Government may suspend or terminate future performance under this Agreement, including reimbursements pursuant to Article II.E.

D. Any decision made pursuant to this Article shall not relieve any third party from any liability that may arise under CERCLA.

## ARTICLE V – VALUE OF REAL PROPERTY INTERESTS, RELOCATIONS, DESIGN AND CONSTRUCTION WORK, AND PERMIT WORK

A. The Government and the Non-Federal Sponsor agree that the amount of costs eligible for inclusion in the project costs shall be determined in accordance with the following procedures, requirements, and conditions. Such costs shall be subject to audit in accordance with Article X.B. to determine reasonableness, allocability, and allowability of costs.

### 1. Real Property Interests.

a. General Procedure. The value of real property interests acquired from private owners after the effective date of this Agreement are eligible for inclusion in the project costs except that the value of real property interests donated to the Non-Federal Sponsor are not eligible for inclusion in project costs. The Non-Federal Sponsor shall obtain for each real property interest acquired from private owners, an appraisal of the fair market value of such interest that is prepared by a qualified appraiser who is acceptable to the parties. Subject to valid jurisdictional exceptions, the appraisal shall conform to the Uniform Standards of Professional Appraisal Practice. The appraisal must be prepared in accordance with the applicable rules of just compensation, as specified by the Government.

(1) Date of Valuation. The fair market value of real property interests acquired from private owners by the Non-Federal Sponsor shall be the fair market value of such real property interests at the time the interests are acquired.

(2) Except for real property interests acquired through eminent domain proceedings, the Non-Federal Sponsor shall submit an appraisal for each real property interest to the Government for review and approval no later than, to the maximum extent practicable, 60 calendar days after the Non-Federal Sponsor concludes the acquisition of the interest. If, after coordination and consultation with the Government, the Non-Federal Sponsor is unable to provide an appraisal that is acceptable to the Government, the Government shall obtain an appraisal to determine the fair market value of the real property interest for valuation purposes.

(3) The Government shall include in the project costs the appraised amount approved by the Government. Where the amount paid or proposed to be paid by the Non-Federal Sponsor exceeds the approved appraised amount, the Government, at the request of the Non-Federal Sponsor, shall consider all factors relevant to determining fair market value and, in its sole discretion, after consultation with the Non-Federal Sponsor, may approve in writing an amount greater than the appraised amount.

b. Eminent Domain Procedure. For real property interests acquired by eminent domain proceedings, the Non-Federal Sponsor shall notify the Government in writing of

its intent to institute such proceedings and submit the appraisals of the specific real property interests to be acquired for review and approval by the Government. If the Government provides written approval of the appraisals, the Non-Federal Sponsor shall use the amount set forth in such appraisals as the estimate of just compensation for the purpose of instituting the eminent domain proceeding. If the Government provides written disapproval of the appraisals, the Government and the Non-Federal Sponsor shall consult to promptly resolve the issues that are identified in the Government's written disapproval. In the event the issues cannot be resolved, the Non-Federal Sponsor may use the amount set forth in its appraisal as the estimate of just compensation for purpose of instituting the eminent domain proceeding. The fair market value for valuation purposes shall be either the amount of the court award for the real property interests taken or the amount of any stipulated settlement or portion thereof that the Government approves in writing.

c. Waiver of Appraisal. Except as required by paragraph A.1.b. of this Article, the Government may waive the requirement for an appraisal pursuant to this paragraph if, in accordance with 49 C.F.R. Section 24.102(c)(2):

(1) the owner is donating the real property interest to the Non-Federal Sponsor and releases the Non-Federal Sponsor in writing from its obligation to appraise the real property interest, and the Non-Federal Sponsor submits to the Government a copy of the owner's written release; or

(2) the Non-Federal Sponsor determines that an appraisal is unnecessary because the valuation problem is uncomplicated and the anticipated value of the real property interest proposed for acquisition is estimated at \$25,000 or less, based on a review of available data. When the Non-Federal Sponsor determines that an appraisal is unnecessary, the Non-Federal Sponsor shall prepare the written waiver valuation required by 49 C.F.R. Section 24.102(c)(2) and submit a copy thereof to the Government for approval. When the anticipated value of the real property interest exceeds \$10,000, the Non-Federal Sponsor must offer the owner the option of having the Non-Federal Sponsor appraise the real property interest.

d. Incidental Costs. The Government shall include in project costs the incidental costs, documented to the satisfaction of the Government, that the Non-Federal Sponsor incurs after the effective date of this Agreement in acquiring any real property interests from private owners required pursuant to Article III. Such incidental costs shall include closing and title costs, appraisal costs, survey costs, attorney's fees, plat maps, mapping costs, actual amounts expended for payment of any relocation assistance benefits provided in accordance with Article III.C., and other payments by the Non-Federal Sponsor for items that are generally recognized as compensable, and required to be paid, by applicable state law due to the acquisition of a real property interest pursuant to Article III.

e. Any publicly owned real property interests required for the Project will be provided by the Non-Federal Sponsor at no cost to the Government, except as provided in Article V.A.4.

2. Relocations. The Government shall include in project costs the value of any relocations performed by the Non-Federal Sponsor after the effective date of this Agreement that are directly related to construction, operation, and maintenance of the Project.

a. For a relocation other than a highway, the value shall be only that portion of relocation costs that the Government determines is necessary to provide a functionally equivalent facility, reduced by depreciation, as applicable, and by the salvage value of any removed items.

b. For a relocation of a highway, which is any highway, roadway, or street, including any bridge thereof, that is owned by a public entity, the value shall be only that portion of relocation costs that would be necessary to accomplish the relocation in accordance with the design standard that the State of New York would apply under similar conditions of geography and traffic load, reduced by the salvage value of any removed items.

c. Relocation costs include actual costs of performing the relocation; planning, engineering, and design costs; supervision and administration costs; and documented incidental costs associated with performance of the relocation, as determined by the Government. Relocation costs do not include any additional cost of using new material when suitable used material is available.

3. Design and Construction Work. The Government shall include in project costs the value of the design and construction work performed by the Non-Federal Sponsor after the effective date of this Agreement, and the value of pre-Agreement design work, if any, pursuant to the provisions of this paragraph.

a. The value shall be equivalent to the costs, documented to the satisfaction of the Government, that the Non-Federal Sponsor incurred to provide the design and construction work. Such costs shall include, but not necessarily be limited to, actual costs for performing engineering and design, construction, and supervision and administration; and documented incidental costs associated with such work. Appropriate documentation includes invoices and certification of specific payments to contractors, suppliers, and the Non-Federal Sponsor's employees. Where the Non-Federal Sponsor's cost for completed pre-Agreement design work is expressed as fixed costs plus a percentage of project costs, the Non-Federal Sponsor shall renegotiate such costs with its contractor based on actual costs.

b. The following costs are not eligible for inclusion in project costs: costs for interest charges, or any adjustment to reflect changes in price levels between the time the design or construction work is completed; for any pre-Agreement design work costs previously reimbursed under another agreement; for the costs of design or construction work obtained at no cost to the Non-Federal Sponsor; or for the costs of any construction work initiated prior to completion of environmental compliance.

4. Permit Work. The Government shall include in project costs the value of permit work performed by the Non-Federal Sponsor after the effective date of this Agreement. The value shall be equivalent to the direct costs, documented to the satisfaction of the

Government, that the Non-Federal Sponsor incurs in obtaining all permits and licenses necessary for design and construction of the Project, including the permits necessary for placement of the Project on publicly owned or controlled real property interests. Appropriate documentation includes invoices and certification of specific payments to contractors, suppliers, and the Non-Federal Sponsor's employees involved in obtaining such permits.

5. Compliance with Federal Labor Laws. The eligible costs to be included in project costs for non-Federal construction and relocations is subject to satisfactory compliance with applicable Federal labor laws covering non-Federal construction, including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (labor standards originally enacted as the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act, and the Copeland Anti-Kickback Act), and inclusion of such costs in project costs may be denied, in whole or in part, as a result of the Non-Federal Sponsor's failure to comply with its obligations under these laws.

B. Notwithstanding any other provision of this Agreement, the Non-Federal Sponsor shall not be entitled to credit or reimbursement for any costs it incurs for real property interests, relocations, and permit work that exceed 25 percent of project costs.

#### ARTICLE VI – ACCOUNTING

A. The Government shall provide the Non-Federal Sponsor with monthly financial reports setting forth the estimated project costs and the Government's and Non-Federal Sponsor's estimated shares of such costs; costs incurred by the Government to date; costs incurred by the Non-Federal Sponsor to date; the total amount of reimbursements made to the Non-Federal Sponsor to date; and the balance of the Federal funds available for the Project.

B. After the Non-Federal Sponsor has provided its final invoice to the Government, the Government shall conduct a final accounting and furnish the Non-Federal Sponsor with the written results of such final accounting. As a part of the final accounting, the Government will determine the total reimbursable amount by taking 75 percent of the eligible costs incurred by the Non-Federal Sponsor, less 25 percent of the costs incurred by the Government for the Project. Should the final accounting determine that funds in excess of the total reimbursable amount have been reimbursed to the Non-Federal Sponsor, the Non-Federal Sponsor, within 60 calendar days of receipt of written notice from the Government, shall provide the Government with the full amount of such excess reimbursement by delivering a check payable to "FAO, USAED, [INSERT DISTRICT AND EROC CODE, e.g., New York (E3)]" to the District Commander, or by providing an Electronic Funds Transfer of such funds in accordance with procedures established by the Government. Should the final accounting determine that the reimbursements provided to the Non-Federal Sponsor are less than the total reimbursable amount, the Government, subject to the availability of funds, shall reimburse the Non-Federal Sponsor for the amount equal to such difference.

## ARTICLE VII - TERMINATION OR SUSPENSION

If at any time the Non-Federal Sponsor fails to fulfill its obligations under this Agreement, the Government may suspend or terminate this Agreement. In the event of termination, the Non-Federal Sponsor may continue with construction of the Project, at no cost to the Government and with no further participation in the Project by the Government.

## ARTICLE VIII - HOLD AND SAVE

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

## ARTICLE IX - DISPUTE RESOLUTION

As a condition precedent to a party bringing any suit for breach of this Agreement, that party must first notify the other party in writing of the nature of the purported breach and seek in good faith to resolve the dispute through negotiation. If the parties cannot resolve the dispute through negotiation, they may agree to a mutually acceptable method of non-binding alternative dispute resolution with a qualified third party acceptable to the parties. Each party shall pay an equal share of any costs for the services provided by such a third party as such costs are incurred. The existence of a dispute shall not excuse the parties from performance pursuant to this Agreement.

## ARTICLE X - MAINTENANCE OF RECORDS AND AUDITS

A. The parties shall develop procedures for the maintenance by the Non-Federal Sponsor of books, records, documents, or other evidence pertaining to costs and expenses for a minimum of three years after the final accounting. The Non-Federal Sponsor shall assure that such materials are reasonably available for examination, audit, or reproduction by the Government.

B. The Government may conduct, or arrange for the conduct of, audits. Government audits shall be conducted in accordance with applicable Government cost principles and regulations. The Government's costs of audits shall not be included in project costs.

C. To the extent permitted under applicable Federal laws and regulations, the Government shall allow the Non-Federal Sponsor to inspect books, records, documents, or other evidence pertaining to costs and expenses maintained by the Government, or at the request of the Non-Federal Sponsor, provide to the Non-Federal Sponsor or independent auditors any such information necessary to enable an audit of the Non-Federal Sponsor's activities under this Agreement. The costs of non-Federal audits shall be paid solely by the Non-Federal Sponsor without reimbursement or credit by the Government.

## ARTICLE XI - RELATIONSHIP OF PARTIES

In the exercise of their respective rights and obligations under this Agreement, the Government and the Non-Federal Sponsor each act in an independent capacity, and neither is to be considered the officer, agent, or employee of the other. Neither party shall provide, without the consent of the other party, any contractor with a release that waives or purports to waive any rights a party may have to seek relief or redress against that contractor.

## ARTICLE XII - NOTICES

A. Any notice, request, demand, or other communication required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and delivered personally or mailed by registered or certified mail, with return receipt, as follows:

If to the Non-Federal Sponsor:

**[TITLE]**  
**[FULL NAME OF NON-FEDERAL SPONSOR]**  
**[ADDRESS]**

If to the Government:

District Commander  
**[NAME OF USACE DISTRICT]**  
**[ADDRESS]**

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

## ARTICLE XIII - CONFIDENTIALITY

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

## ARTICLE XIV - THIRD PARTY RIGHTS, BENEFITS, OR LIABILITIES

Nothing in this Agreement is intended, nor may be construed, to create any rights, confer any benefits, or relieve any liability, of any kind whatsoever in any third person not a party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, which shall become effective upon the date it is signed by the District Commander.

DEPARTMENT OF THE ARMY

**[INSERT FULL NAME OF SPONSOR]**

BY: \_\_\_\_\_  
**[INSERT TYPED NAME]**  
**[Insert Rank], U.S. Army**  
District Commander

BY: \_\_\_\_\_  
**[INSERT TYPED NAME]**  
**[Insert Full Title]**

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_