U.S. Department of Homeland Security
Washington, DC 20528

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Office of the Federal Coordinator for Gulf Coast Rebuilding

The Honorable C. Ray Nagin
Mayor, City of New Orleans
1300 Perdido Street, Suite 2E04
New Orleans, LA 70112

Dear Mayor Nagin:

I hope this letter finds you well. I want to thank you for your prompt follow-up to my request to outline your five highest priority Public Assistance (PA) projects. I understand that you have previously communicated your priorities to the Federal Emergency Management Agency (FEMA) and others throughout the long-term recovery effort and I appreciate your continued participation in this shared rebuilding partnership.

In your letter to me, you noted that each of your five PA priorities (some being individual projects and some larger systems) has its own unique set of barriers. Our goal is to identify the barriers that block progress on your highest priority projects so we can work together to remove them.

The information provided in this response is a product of a thorough examination by FEMA officials at the state, regional and headquarters level. I am very pleased with the degree of coordination that has occurred among you and your staff together with FEMA and my office. I want to ensure you that your top priorities are also our top priorities and have received the highest level of attention. The following information regarding PA project status has been forwarded to me directly from FEMA Administrator David Paulison.

TOP FIVE PRIORITY PA PROJECTS

Police and Fire Department Stations and Substations

Public safety is the backbone of all communities and I understand what a critical role it plays as a foundation for rebuilding efforts throughout the city. You communicated in your letter how important it is that FEMA give you a solid final determination as to which buildings qualify for repair and which qualify for replacement. **I share your concern and FEMA has informed me that they have reassessed and verified all buildings that may qualify for replacement and finalized eligible damages. The results of this reassessment were presented to the City of New Orleans Capital Projects Office and the Recovery Director's Office in August of this year.** If you do not have this information or dispute any of the findings, please let me know and my office will provide any further information needed.

FEMA will continue to work closely with the State, the City and the City's architecture and engineering (A&E) firms to ensure that all eligible damages are accounted for and the maximum funding for eligible work is provided. FEMA is also prepared to work closely with the managers the City designates to oversee the coordinated rebuilding of the public safety sector. I will

continue to follow-up with you and your staff to more specifically define and address any barriers that you encounter.

Combined Criminal Justice Facility (Crime Lab / Property & Evidence / Coroner)
I understand how critical this rebuilding opportunity is to modernize the city's criminal justice facilities. I also appreciate that given the scope of damage to these facilities throughout the city, you must take full advantage of opportunities to consolidate facilities and functions. **In order to restore basic functions and services, FEMA has funded repairs to the Criminal District Court building where all courtrooms are now fully operational as minor repairs are still being made.**

To that end, **FEMA has funded the completion of a Criminal Justice Facilities Master Plan** to help guide those decisions. Following a meeting among the City, State and FEMA on October 16th, both FEMA and the State have assigned staff to contribute to a joint City/State/FEMA team to assist in the implementation of the Criminal Justice Facilities Master Plan. **State and FEMA staff await the assignment of their City counterparts on the team.** The team will focus on ways to best leverage funding options as well as the sequencing of interim operations (temporary facilities) into permanent facilities. Please let me know if you need any specific assistance in this effort.

We understand that you would like to consolidate several criminal justice facilities into one combined-use project. FEMA has indicated that they stand ready to prepare an Alternate or Improved project worksheet (PW) for the new combined-use facility. However, they have not received the necessary request for this Alternate or Improved project that must be made by the City through the State.

Sanitation Transfer Station
The challenges of resuming normal operations as the recovery process moves on are challenging and I understand that you have requested FEMA fund ongoing operations at the Elysian Fields Transfer Station. FEMA has determined that the types and volumes of waste coming into the transfer station are consistent with pre-disaster types and volumes. **FEMA cannot reimburse the city for normal operating costs related to debris collection and sorting. Therefore, continued support of normal operations is not an eligible cost**. Under a mission assignment from FEMA, the U.S. Army Corps of Engineers conducted debris collection and sorting on behalf of the City until August 2007.

Mahalia Jackson Theatre for the Performing Arts
In November 2006, FEMA obligated $5,260,857 of initial funding for eligible repairs. In June 2007, they obligated additional funds for **a current total of $7,723,893 based on the City's partial A&E design package**. After receiving a final engineer's estimate from the City in August, FEMA has revised their estimated total for the project. In order to promptly align the scope of work and obligate a revised total, **FEMA requested but has yet to receive a copy of the detailed break-down of contractor bid documents associated with the engineer's estimate. Once that information is received the PWs will be quickly versioned.**

Sewerage and Water System

Understanding the critical role that the sewerage and water system plays as a foundation to long-term rebuilding efforts, I have asked Executive Director Marcia St. Martin to identify her top-five priority PA projects together with their associated barriers. I have sent the same request to State Superintendent of Education Paul Pastorek, regarding the top-five priorities for the Recovery School District (RSD). Together with the PA priorities of the City, these two major applicants oversee the infrastructure that is most critical to the rebuilding of the City of New Orleans.

To date, FEMA has funded the installation of flow meters and data logging devices to better locate and address leaks in the system. FEMA has also funded the removal of approximately 50,580 water meters at vacant properties. The Sewerage and Water Board of New Orleans (SWBNO) is scheduled to deliver a water loss analysis from the newly installed equipment in the Ninth Ward to FEMA by early November.

In an effort to approach the restoration of the City's sewerage and water facilities in a systematic and cost-effective manner FEMA, the State and SWBNO have recently signed a Memorandum of Understanding (MOU). The MOU provides for a third-party contractor (the engineering and consulting firm CDM that SWBNO selected) to perform a damage assessment and propose restoration alternatives. FEMA will continue to work closely with the State, SWBNO and its contractor to maximize the amount and impact of FEMA funding for eligible work.

If you believe that barriers to progress remain on this project or any of the above that involve FEMA or any other federal departments/agencies, please inform me as soon as possible.

OTHER PRIORITIES

In your letter, you also identified two primary concerns that outweighed all others. These addressed larger process and policy issues with the PA program and I would like to take this opportunity to explain how they are being addressed. Your concerns were the following:

1. Timely versions (amendment) to PWs and timely appeals resolutions; and

2. Definitive determination of damages to determine if they reach the 50% threshold for full replacement value of facilities.

Timely Versions and Appeals Resolutions

FEMA has recently conducted a detailed examination of the City's unique project management requirements. As a result, it has adjusted its project management allocation formula to more accurately address the local project management needs of dealing with a disaster of this scale and severity. **This adjustment has resulted in the additional obligation of approximately $10 million for the City's project management services.**

In addition, **FEMA has instituted a "Just-in-Time" versioning process to quickly align PWs** with the scope of work and bid estimates completed by the City's A&E firms. This process revises PWs for all eligible work and can commence as soon as FEMA receives the City's detailed bid estimates and associated documents. However, **the City should be able to proceed and move forward with work prior to or during this process.**

To expedite the process it is most critical is to get the detailed design work procured, completed and submitted to FEMA as quickly as possible. Access to funding in order to contract for this design work should be greatly improved by the State's "blanket" A&E advance policy, instituted in December 2006.

Regarding the timely consideration of appeals, my office will work closely with FEMA to ensure that all appeals are thoroughly considered and addressed in an expeditious manner. As you know, the appeals process is another area that depends upon coordination and responsiveness at the local, state and federal level. I will continue to work to improve both the timeliness and effectiveness of issue resolution – both informally through elevating priority projects, and formally through the appeals process.

Definitive Determination of Repair vs. Replacement

I understand that this determination is very important and that changes in this determination greatly disrupt plans to re-dedicate project funds to other improved or alternate projects. As previously noted, FEMA has reassessed and verified all buildings that may qualify for full replacement value and has solidified the eligible damages. The reassessment was able to take in all current information to inform and verify final determination. FEMA remains committed to promptly writing versions for any unidentified damages that may be revealed during the pre-construction and construction process. However, the reassessed determinations should provide you with the valuable information you need to make decisions in moving forward.

Marc Roy, my Regional Director in New Orleans, will continue to work closely with you and Dr. Blakely to monitor the ongoing progress of these projects. Marc has already established a productive working relationship with Dr. Blakely and his staff, and has been working with FEMA to expedite versioning of PWs, consideration of appeals, and a variety of other Public Assistance activities.

Administrator Paulison and I are proud of FEMA's accomplishments and continued support for recovery and rebuilding efforts in New Orleans. The strong working relationships between FEMA and our State and local partners help to drive the successful rebuilding of Louisiana's Gulf Coast. However, I recognize that you may feel that there are still unresolved issues based on the responses above. If so, I encourage you to bring those issues to my attention.

As you know, we share your sense of urgency and frustration about accelerating the pace of the rebuilding and recovery. You are also well aware that the local applicant and State are full partners in these efforts with each of us maintaining responsibilities to complete this work. To that end, the resolution of outstanding Public Assistance issues is my top priority and I will continue to work with FEMA and other Federal agencies to drive your priority issues to resolution in the most expeditious manner possible. I will be tracking each of your priority

projects to completion, along with those of SWBNO and RSD, and will continue to request the most detailed and prioritized information possible to allow us to focus our future efforts. I will be reaching out to your office and Dr. Blakely immediately to schedule a meeting with federal, state and local decisionmakers for an update on the progress of these issues.

Thank you for your dedication and commitment to the City of New Orleans and to a better future for Louisiana and the Gulf Coast.

Sincerely,

Donald E. Powell
Federal Coordinator for Gulf Coast Rebuilding

cc: Governor Blanco, State of Louisiana
Governor-elect Jindal, State of Louisiana
Dr. Edward Blakely, Executive Director of Recovery Management, City of New Orleans
Superintendent Warren Riley, New Orleans Police Department
Marcia St. Martin, New Orleans Sewerage and Water Board
Michael Chertoff, Secretary, U.S. Department of Homeland Security
Gil Jamieson, Associate Deputy Administrator, Gulf Coast Recovery, DHS FEMA
Sid Melton, Director, Mississippi Transitional Recovery Office, DHS FEMA
Carlos Castillo, Associate Administrator, Disaster Assistance Division, DHS FEMA
William Peterson, Regional Administrator, DHS FEMA Region 6