

TESTIMONY OF

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BEFORE THE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC
BUILDINGS and EMERGENCY MANAGEMENT

COMMITTEE ON
TRANSPORTATION AND INFRASTRUCTURE

UNITED STATES HOUSE OF REPRESENTATIVES

WASHINGTON, DC

JUNE 19, 2008

Introduction

Good morning, Chairwoman Norton and other members of the Subcommittee. My name is Sid Melton, and I am the Director of the Federal Emergency Management Agency's (FEMA) Transitional Recovery Office (TRO) based in Mississippi. It is my pleasure to be here with you today to update you on FEMA's recovery efforts in Mississippi. I joined FEMA in 2004, following my retirement from the US Army, after 20 years of service. I began my work in MS in early September of 2005 and I have served in my current capacity as Director of the MS TRO since July of 2007

Much has been said about the methods and ways in which FEMA has housed disaster victims following the 2005 Hurricane Season. While we readily acknowledge that we could have done some things better, we must not lose sight of the fact that nearly three years after the most damaging storms in American History, nearly two-thirds of those who were impacted by the disaster have either returned to their pre-disaster housing or have moved on to other housing options. In response to the 2005 Hurricane Season, FEMA provided 143,000 direct housing units. And while we continue to face challenges, we have learned and applied many lessons, and we have renewed focus on our mission to assist communities and disaster victims.

Overview of Recovery

To administer FEMA's recovery and mitigation programs, Transitional Recovery Offices (TRO) were established in Alabama, Mississippi, Louisiana, and Texas. The TROs were established to ensure that FEMA's recovery and mitigation programs are administered correctly and delivered consistently and aggressively across the Gulf. Each TRO is led by a Director, who reports to the Associate Administrator for Gulf Coast Recovery. Established in April 2006, the Mississippi and Louisiana TROs currently have over 1800 staff to support FEMA's recovery and mitigation efforts. A significant number of staff are from the local areas, and many were disaster victims themselves. The Mississippi TRO is headquartered in Biloxi, with an area field office in Clinton.

Nearly three years after Hurricanes Katrina and Rita, the Gulf Coast States continue to press forward and make progress toward recovery. The recovery is not without its challenges, as the magnitude of these storms presented an unprecedented level of destruction. FEMA continues to be an integral part of the recovery. Through our TROs in Alabama, Mississippi, Louisiana, and Texas, we have worked diligently to balance expediency and accountability, and support the efforts of our State and local partners. This collaboration has resulted in significant progress.

Our focus in Mississippi, as well as the other States, is in three programmatic areas: Individual Assistance, Public Assistance, and Mitigation. Each area represents a primary section within the TROs, and we see successes and challenges in each. There have been a number of positive signs of recovery.

OVERVIEW OF RECOVERY IN MISSISSIPPI

Individual Assistance

For nearly three years, Mississippi's Individual Assistance program staffs have worked hand in hand with thousands of individuals. Individual Assistance programs are at the forefront of FEMA's recovery activities. The success of recovery will be made up of the individual stories of Katrina survivors.

Direct Monetary Assistance

To aid in the recovery of individuals in Mississippi, FEMA has provided assistance directly to individuals through monetary awards as well as through the direct provision of housing.

- FEMA has provided more than \$1.2 billion to individuals and families in Mississippi under the Individuals and Household Program (IHP).
- More than 216,000 households from Mississippi have been approved for Housing Assistance totaling more than \$876 million. Housing Assistance includes temporary housing and repair and replacement assistance. More than \$648 million of that amount has been disbursed in the form of rental assistance and expedited housing.
- 134,849 Mississippians have received more than \$418 million in Other Needs Assistance, which includes personal property replacement, transportation assistance, medical and dental expenses, funeral expenses and assistance with other expenses such as moving and storage.

Direct Housing Assistance

FEMA's Direct Housing Operations has provided temporary housing to tens of thousands of Mississippi residents throughout the State.

- There were 45,404 eligible households for direct housing units in Mississippi.
- FEMA has placed over 45,000 households in temporary housing units (travel trailers and mobile homes) since the disaster.
- In a sign of progress, the total number of households currently living in temporary housing in Mississippi has decreased 87% to 5,741 households (as of June 13, 2008).
- Of the remaining temporary housing units, approximately 50% are occupied by owners rebuilding on private sites.
- For pre-disaster renters or those without a private site, FEMA utilized over 130 commercial sites as well as constructed 13 mobile home group sites and 30 travel trailer group sites. Currently in Mississippi, we are still utilizing 88 commercial sites and eight mobile home group sites. The eight mobile home group sites are scheduled to close by December, 2008. In Mississippi, travel trailer group sites were closed as of May, 2008. FEMA no longer has any travel trailer group sites open in Mississippi.

In Mississippi, FEMA has already moved over 39,000 households out of temporary housing units into alternate or long-term housing solutions. While a majority of group site residents have successfully transitioned into more functional and long-term housing,

some of the remaining residents are experiencing challenges. FEMA officials understand this and are working diligently to assist these residents.

FEMA is aggressively identifying alternate temporary and long-term housing and matching up housing occupants with available resources as quickly as the occupants can coordinate with landlords. Those occupants who have voiced a health concern to FEMA have all been offered multiple options to relocate out of their travel trailer.

FEMA has assigned case workers to contact every applicant currently residing in a travel trailer, park model or mobile home in the Gulf Coast to make them aware of available housing resources, and we continue to provide case management services to applicants while they make final decisions about their housing alternatives. No occupant of a FEMA provided travel trailer has to wait for the results of air quality testing to take advantage of these alternative housing options -- they are available now.

FEMA is also actively working to increase the rental resources available to the applicants by utilizing the following resources:

- HUD's National Housing Locator System;
- Internet sites;
- Newspaper classified ads;
- Realtor associations;
- Real estate magazines;
- Local governments and agencies, such as City Halls and Chambers of Commerce;
- Word of mouth; and
- Landlord housing fairs.

In Mississippi, approximately 69,000 homes were destroyed and 71,000 rental units were affected by Hurricane Katrina. Affordable housing, particularly rental units, is very limited in many areas along the Mississippi Gulf Coast. Fifty percent of the rental units available are above fair market rent. However, FEMA has taken steps to increase the amount of available rental units and reduce the other barriers that may slow the process for an applicant. FEMA redefined the current Corporate Lodging Consultants contract on August 24, 2007, to encourage greater landlord participation and expand the universe of rental properties and reduce common barriers for the remaining disaster population.

These incentives and additional actions include:

- Payment of rental assistance above the current Fair Market Rate;
- Payment to landlords for utilities if included in the rent payment;
- Payment to landlords for repairs to property damage made by disaster applicants;
- Payment of security deposits, and processing fees for background checks required by some landlords; and,
- Assistance with locating furniture and other necessities to meet basic living needs.

Case Management

Case management involves referral assistance for applicants with such continuing needs as housing, restoration of benefits, access to voluntary agency resources, furniture,

utilities and services, transportation, employment, application assistance, and health and well being.

Prior to March 31, 2008, victims of Hurricane Katrina received case management services through funding provided by FEMA to the United Methodist Committee on Relief (UMCOR) and National Voluntary Organizations Active in Disaster (NVOAD). UMCOR and NVOAD requested, and were granted, two years of funding to provide case management services through the creation of the Katrina Aid Today (KAT) program. The grant duration ran from October 2005 through September 2007. In August 2007, FEMA extended the program through March 31, 2008. KAT provided case management assistance for more than 73,000 disaster victims.

Although the grant agreement with UMCOR for long-term case management services ended March 31, 2008, FEMA established a two-phase disaster case management program for individuals and families affected by Hurricane Katrina that will continue until March 1, 2009. The first phase of the program began April 1, 2008, for which individuals currently involved in case management through KAT will continue to receive case management services. Funding for phase one will come from the Cora Brown Fund. The States of Louisiana and Mississippi will oversee the program, which will be implemented through the existing KAT agencies providing case management services.

The second phase of the program will focus on providing case management services through a State-managed Disaster Case Management Pilot program in Louisiana and Mississippi. Through this pilot, case management services will be provided to occupants of FEMA-provided housing and FEMA direct lease apartments for victims of both Hurricanes Katrina and Rita. This phase of the program will provide case management services through March 1, 2009.

The State of Mississippi and FEMA met on June 11, 2008 to discuss Mississippi's proposal for their State-managed Disaster Case Management Pilot program. FEMA, the State of Louisiana, the State of Mississippi, the Department of Housing and Urban Development, the Department of Health and Human Services, the Methodist Committee on Relief and National Voluntary Organizations Active in Disaster are working together to ensure that the case management services are offered in a effective and efficient manner.

Additionally, victims of Hurricanes Katrina and Rita are receiving case management services through the Disaster Housing Assistance Program (DHAP), created through a partnership between FEMA and the U.S. Department of Housing and Urban Development. DHAP is a temporary housing assistance program that terminates as of March 1, 2009. In order to prepare families for this eventuality, case management services are required as part of DHAP. These case management services include assisting participants in identifying non-disaster supported housing solutions, such as affordable housing options available for income eligible families.

DHAP case management services must include a needs assessment and an individual development plan (IDP) for each family. The assessment and IDP will guide the service provision to the family for the duration of the family's participation in DHAP. The objective of the case management program is greater self-sufficiency for participating families. In cases where families may continue to need rental assistance when DHAP ends, the case management service provider must help the family identify other non-disaster supported housing solutions.

Alternative Housing Pilot Program

In 2006, Congress appropriated \$400 million to FEMA for the development of an Alternative Housing Pilot Program (AHPP) to identify and evaluate better ways to house disaster victims. In response, FEMA designed and implemented the AHPP as a competitive grant to the Gulf Coast states. Five projects of the 29 submitted were awarded to 4 states. Two projects were awarded to Mississippi and one each to Alabama, Louisiana, and Texas.

FEMA awarded \$275,427,730 (69% of a requested \$400,000,000) to the State of Mississippi for the Park Model and Mississippi Cottage project, and awarded \$5,890,882 (85% of a requested \$6,930,450) for the Green Mobile/Eco Cottage project on April 11, 2007. The Mississippi Alternative Housing Program (MHAP) is administered by the Mississippi Emergency Management Agency.

- The State expects to deploy 3,100 MAHP units and 80 to 90 Eco Cottages.
- The first MAHP unit was occupied June 21, 2007.
- 2,665 units are occupied as of June 16, 2008.

Challenges

FEMA's temporary housing program is scheduled to end in March of 2009. The shortage of affordable housing in the affected areas, presents a challenge in the de-population of temporary housing units. FEMA will continue to work with HUD to assist residents in the transition from temporary housing through the Disaster Housing Assistance Program (DHAP). The President's 2009 budget includes a request for \$39 million, as part of HUD's Tenant-Based Rental Assistance account, to provide assistance to elderly and disabled households remaining from the DHAP program.

Public Assistance

FEMA's Public Assistance program is a vital and visible part of the recovery efforts in Mississippi. FEMA has been extremely active in working with the State and local governments to restore or rebuild public services and facilities. Though funded by FEMA, the Public Assistance program is administered by the State; and local governments and other eligible applicants receive their funding through the State.

Project Worksheets

All of the damage to eligible projects in Mississippi from Hurricane Katrina will eventually be described by an estimated 22,500 Project Worksheets (PW). PWs are

jointly developed by FEMA, State and public/private non-profit applicants. I would like to briefly provide an overview of the progress we have made in this area.

- FEMA has obligated over \$2.8 billion to the State of Mississippi under the Public Assistance program. This represents 78 percent of the estimated total expenditures. It is expected that the remaining 22% of estimated total expenditures will be obligated as the applicants are able to bring their large projects to advertisement and bid. FEMA will be providing updated estimates for the projects to include design and project management fees and will obligate the new estimates as these projects progress. While FEMA is trying to be proactive, some of the applicants will not be able to push all of their large projects to construction for some time yet.
- More than 22,000 project worksheets have been written for MS Katrina applicants, over 97 percent of the expected total.
- Of the \$2.8 billion FEMA has obligated to the State of Mississippi, the State has dispersed \$1.5 billion of these funds.
- FEMA also has developed a status report that tracks weekly and cumulative progress of the entire Public Assistance program, which can be found on the Gulf Coast Recovery Office website (www.fema.gov/gulfcoastrecovery).

While we believe that this is extraordinary progress given the scope of the devastation, we realize that we must rethink our business processes. In addition to obligating funds as quickly as possible, FEMA has modified its approach to Public Assistance activities in Mississippi to improve accountability and streamline our processes.

- In addition to re-training staff, establishing mentor programs for newer Public Assistance staff, and changes in the management team, FEMA has also retained the use of experts in various fields to refine the needs and cost estimates of projects requested by the State and its sub-grantees.
- As we move closer to the completion of projects, FEMA will continue to work with the State and other applicants to ensure accurate and timely completion of projects.
- FEMA is working with the counties to identify high priority projects that are crucial to recovery and giving those projects priority status for review and approval.
- For the PWs that have not yet been written, FEMA is ready to engage as soon as the applicants are ready. We have the right skill sets and the right people to focus on the applicants' highest priorities. Public Assistance teams meet with applicants weekly to discuss problems and how to address their top concerns.

Water and Sewer Utility Repair

There are many keys to the recovery of Mississippi from Katrina. A vital area is the repair of water and sewer utility projects. Biloxi, Gulfport, Long Beach, Pass Christian, Bay St. Louis and Waveland all suffered major damage to water and sewer utilities. Eighty project worksheets have been written to obligate \$585 million to these six cities. Major reconstruction projects are underway in Bay St. Louis, Waveland, Long Beach and Gulfport; Biloxi and Pass Christian will begin reconstruction work in the very near future. In each case, the storm surge caused an unusual amount of head pressure on the systems causing damage as debris was washed into the systems creating blockages and damages. Both water and sewer lines are being replaced. FEMA staff will continue to

work closely with local applicants and the Mississippi Department of Transportation (MDOT) to help align the sequencing of water/sewer projects with road projects.

Dry Debris Removal

FEMA issued a Direct Federal debris removal mission to the United States Army Corp of Engineers for \$975 million dollars. We have written over \$715 million in Category A (debris removal) project worksheets in Mississippi to handle debris from Hurricane Katrina. All the physical debris removal work has been completed in Mississippi and a small amount of demolition may remain as Category B emergency work. However, Hancock County has identified a number of dead or dying trees that they consider to be threats to public rights of way. FEMA will continue to work with local applicants to determine eligibility for reimbursement.

Approximately 46 million cubic yards of land based debris has been collected and disposed of in Mississippi. The applicants are beginning to request closeout of these debris projects. Of the Category A PWs, approximately 374 Final Inspection Reports have been written as the first step to closing out the debris project worksheets. There are about 782 project worksheets remaining that will need a Final Inspection Report completed throughout the State.

Marine Debris Removal

FEMA allocated \$237,000,000 to remove debris from the waterways in Mississippi's three Coastal Counties. The applicant for this Public Assistance project is the Mississippi Department of Marine Resources.

The purpose of the project to clean up the waterways from Interstate Highway 10 south to 4 miles into the Mississippi Sound. The U.S. Coast Guard accepted the task when two Mission Assignments were issued to the organization. The Mission Assignments were later converted to an Interagency Agreement between FEMA and the U.S. Coast Guard. The cleanup operation developed new methods by the forming an Eligibility Team which established criteria to be used by the contractors and the contract monitors. New tools and methods were used to manage the project by maximizing the use of human resources to cover concurrent operations which covered the entire coastline. Some of the tools used to enhance efficiency were Geographic Information Systems, Global Positioning Systems and electronic load tickets which greatly reduced error rates in capturing and reporting data.

- To date 14 of the 15 contracts have been completed.
- Debris removal operations ceased May 31, 2008.
- The project is in the initial stages of de-mobilization. The Coast Guard will inspect and transfer all equipment purchased with FEMA funds and the process of closing out the project is underway. The equipment and boats used by the Coast Guard will be transferred through FEMA to the Louisiana Coast Guard for continued use in marine debris removal operations there.

- \$237,000,000 was allocated in the Mission Assignments and the IAA. Due to management oversight, the work was accomplished under the projected budget, resulting in a de-obligation of \$125,000,000.
- The amount of debris removed from the waterways along the Mississippi coastline is 389,935 cubic yards.
- The IAA has a deadline date of September 30, 2008 and all indicators show that this goal will be met.

Public Assistance Challenges

While progress has been made in streamlining and expediting funds to the State and local governments, a number of unique and significant hurdles remain facing the State and local governments. We will continue working with the more rural applicants to finalize identification of damaged structures for condemnation and demolition for health and safety reasons.

Mitigation

FEMA's Hazard Mitigation funding is available for individuals and public entities to prevent future losses of lives and property due to disasters; to implement State or local hazard mitigation plans; to enable mitigation measures to be implemented during immediate recovery from a disaster; and to provide funding for previously identified mitigation measures to benefit the disaster area. Grants are administered through the State and may be used for both pre- and post-incident mitigation activities.

FEMA has provided a great deal of technical assistance to the State, its local communities and citizens since Hurricane Katrina to give them the knowledge and tools to rebuild safer and stronger and reduce their vulnerability to future disaster events. Our Mitigation Assessment Team (MAT) conducted forensic engineering analysis of building performance and published design guides that contributed to Mississippi's adopting strong building codes in the coastal counties. We developed and published pre-engineered disaster resistant foundation guidance for the thousand of homes needing to be rebuilt to the new codes, and conducted dozens of briefings, and workshops in the State, and provided grants to assist local communities to establish building departments and training individuals on building codes and standards.

FEMA's primary mitigation efforts over the last year have focused on working with local communities to rebuild better and safer communities. FEMA re-evaluated its floodplain maps, which have not been updated since 1985. Many communities adopted advisory maps and established higher standards for building to make their citizens more disaster resistant in the future. FEMA released Digital Flood Insurance Rate Maps on January 26, 2008.

Hazard Mitigation Grant Program (HMGP)

Authorized under the Stafford Act, HMGP funding is available to States following a disaster to fund cost-effective mitigation projects. Funds available under HMGP may be used to flood-proof existing properties; acquire and relocate homes from hazard-prone

areas; and develop State and local standards to protect new and substantially improved structures from disaster damage. Potential projects submitted by applicants must conform to the State Hazard Mitigation Plan and meet environmental/historic preservation requirements. FEMA may contribute up to 75 percent of the costs of the projects. This program is not designed for immediate response, but as a long-term solution to flooding and other hazards. The amount of HMGP funds made available to the State is formula driven, based on the total amount of disaster grants provided. For Mississippi, over \$413 million will be available under the HMGP for Hurricane Katrina.

- Of the \$413 million, over \$57 million has been obligated to the State. The Mississippi TRO is working closely with the State of Mississippi to obligate over \$100 million of the remaining \$356 million by August 29, 2008.
- Governor Barbour is committed to using HMGP for its mitigation purposes and has outlined a State plan for utilizing these funds.

The State has outlined six general areas of expenditure for the \$413 million:

- \$125 million for drainage and flood mitigation projects.
- \$150 million for shelters and safe rooms.
- \$30 million for generators and sirens.
- \$55 million for retrofits for fire and police stations, hospitals, and to upgrade public buildings to withstand up to 200 mph winds.
- \$20 million for reconstruction of the housing stock.
- \$33 million for traditional HMGP (management costs, administrative fees and planning grants).

In order to give the State time to develop project applications, FEMA granted an extension for the HMGP application period to September 1, 2008.

Challenges

Many Mississippi communities impacted by Katrina do not have the required resources to provide the 25 percent non-federal match for potential HMGP projects. As a result, the States of Mississippi is working to satisfy the 25 percent match requirement on a global basis, as opposed to a project-by-project basis. This approach is commonly referred to as “global match.” As part of a global match approach, non-federal funds are used to fund entire projects which have been reviewed and determined to meet all HMGP eligibility requirements. Because many non-federally funded projects which the State would like to consider were not initiated with the HMGP in mind, it is sometime difficult for these projects to be implemented consistent with HMGP requirements. FEMA is working closely with the State to address these challenges and support the State in identifying options for the required match.

The significant amount of HMGP dollars available alone has created challenges. As previously noted, the total amount of HMGP funding available to the State of Mississippi following Hurricane Katrina is \$413 million. In this one disaster alone the State has received more than ten times the \$37 million made available to it as a result of 20 individual declarations between 1989 and 2005. The State and local communities simply were not prepared to handle this infusion of resources.

The deadline for the State to submit HMGP application is September 1, 2008. FEMA will continue to support the State in efforts to identify and fund eligible projects for the full amount of funds available.

Conclusion

The President is committed to the recovery and rebuilding of the Gulf Coast, and FEMA will remain on the ground until the job is finished. In our TROs, we have piloted many new initiatives that have contributed not only to the recovery of the Gulf Coast but have also contributed to the re-tooling and improvement of FEMA. These initiatives and our lessons learned will help to improve the effectiveness of FEMA's programs in future disasters. I look forward to discussing FEMA's efforts with the Subcommittee.