

Chairman Lieberman, Senator Landrieu and distinguished Members of the Senate Homeland Security Committee:

My name is Donald E. Powell and I am pleased to appear before you today as the Federal Coordinator for Gulf Coast Rebuilding. I am pleased to be here today to discuss the progress we have made in the Gulf Coast region and the challenges and opportunities we face in this unprecedented domestic recovery as well as the long-term rebuilding effort.

In the aftermath of the most powerful and destructive natural disaster in our nation's history, President George W. Bush created the Office of the Federal Coordinator for Gulf Coast Rebuilding and asked me to coordinate the long-term federal rebuilding efforts by working with state and local officials to reach consensus on their vision for the region.

The President remains committed to supporting the recovery and rebuilding efforts of Alabama, Louisiana, Mississippi and Texas along the Gulf Coast. The entire Gulf Coast region is of great historical, cultural, and economic importance to this country, and we strive to ensure that residents get back on their feet and rebuild their lives. Whole communities were ravaged by Katrina and Rita, but I am confident that together we will see a better tomorrow for our fellow Americans in these affected areas.

Fundamentally, my job is to ensure that the Federal government provides thoughtful, coordinated, and effective support to the state and local leaders who are driving the long-term rebuilding and renewal of the Gulf Coast. I do this by working closely with people in the

affected regions, including public and private stakeholders, to identify and prioritize the needs for long-term rebuilding. I then communicate those realities to the decision makers in Washington, advising the President and his leadership team on the most effective, integrated, and fiscally responsible strategies for a full and vibrant recovery. Finally, I work with other Federal agencies to help ensure the successful implementation of these strategies.

President Bush made a commitment that the federal government would be a full partner in the recovery and rebuilding of the areas devastated by Hurricanes Katrina and Rita, and he is keeping that promise. The federal government has committed more than \$110 billion toward the recovery effort through programs as varied as HUD's Community Development Block Grants, funding for the Corps of Engineers, FEMA Public Assistance funding for infrastructure, Small Business Administration loans, and Department of Education and Department of Labor grant money, just to name a few. This figure does not include the costs of the GO Zone tax legislation, just recently extended at the President's urging through the end of 2010 for areas that experienced the most significant housing damage.

This Administration also understands the importance of being good stewards of the substantial amounts of taxpayer money that have been spent on this effort. We rely on state, local and Congressional oversight and accountability mechanisms in place to assist in the protection of the American taxpayer. If Americans see their tax dollars being ill-spent, their support – which is critical - will wane. It is my duty to review the various plans and strategies brought to us from the region to ensure that they are conducive to the prudent, effective, and appropriate investment of taxpayer dollars.

It has now been nearly 18 months since Hurricane Katrina tore through an area of the Gulf Coast equivalent to the size of Great Britain. A few weeks later, Hurricane Rita followed Katrina's path into the Gulf of Mexico and then made landfall on the coast of Texas and Louisiana. In many towns and communities along the Gulf Coast we have been pleased, and even encouraged, by the progress being made. My testimony today will focus on the New Orleans area – arguably the city hit hardest by Katrina and the ensuing failure of its levee system - whose recovery has been slower than other cities along the Gulf Coast.

The President has made it abundantly clear that the vision and plans for rebuilding the entire Gulf Coast including New Orleans, LA, should take a bottom-up approach that starts from local and state leadership, not from Washington, D.C. Rebuilding should be an exercise in coordinated, thoughtful, and prudent planning, but not centralized planning.

In that spirit, Governor Blanco brought together a diverse team tasked with rebuilding Louisiana by her formation of the Louisiana Recovery Authority (LRA). My office has worked well and tirelessly with the LRA to assist them in finding the best pathways to success and we will continue to do so until they no longer request our assistance. Although there are immediate short-term needs, rebuilding cannot be seen in the short term – there must be a long-term vision of where each state wants to be five, ten, or twenty years from now, and a path must be drawn to get there from where we are today.

I will now outline two areas that demonstrated the most immediate, “first-tier” need for federal assistance: housing and levee repairs.

HOUSING

In December 2005, as a part of the Department of Defense (DOD) reallocation, Congress set aside \$11.5 billion in Community Development Block Grants (CDBG) funds for the Gulf Coast. Of that \$11.5 billion, Louisiana was given \$6.2 billion initially by Congress. However, as we learned more about the unique flood vulnerability of Louisiana, the President requested, and Congress granted, an additional \$4.2 billion in CDBG funds in the supplemental package last June 2006, making a total of \$10.4 billion for the state of Louisiana alone. The CDBG program was chosen because it is a well-tested mechanism that provides a state with the greatest flexibility in how funds may be spent. CDBG allows those closest to the problem to make direct grants. In fact, that’s the greatest attribute of the CDBG funds: they are flexible and allow the state leaders – those closest to the local issues – to make the decisions on where to best use the money.

With this in mind, Governor Blanco’s LRA designed a program to disburse those funds to needy homeowners and she contracted with ICF International to administer the Blanco Road Home Program. There has been much discussion in the news about the slow progress by which these funds (the first \$6.2 billion of which was appropriated in December of 2005) have been disbursed to citizens of Louisiana. I have repeatedly met with the CEO of ICF and my staff maintains a weekly conversation with ICF requesting a status update and asking how we can

help expedite their process. I have offered Governor Blanco and LRA Executive Director Andy Kopplin any assistance available by the federal government to move these monies into the hands of those who need it most, which is our shared goal. The Administration remains respectful that the Blanco Road Home Program is a state-run and state-designed program and sympathizes with the enormity of their task, but believes that a more expeditious program is necessary.

Receiving a check from the Blanco Road Home Program is, however, only the first step for residents looking to rebuild in New Orleans. New Orleans residents must make rebuilding decisions that are aligned with the City's overarching recovery plan. Just recently that recovery plan was unveiled and shared with New Orleanians after months of intensive citizen involvement, input and meetings. The plan represents a comprehensive roadmap for the city's long-term recovery with the goal of rebuilding safer, smarter, and stronger. It proposes aggressive, concrete strategies for reducing the flood risk of households located in high-risk areas of the city but requires strong, sustained local leadership to implement this recovery plan. Toward that end, we are pleased that Mayor Nagin hired Dr. Ed Blakely to lead the long-term recovery efforts for the City of New Orleans.

We also recognize the emphasis that must be placed on the construction of rental and affordable housing in this region. Before the storm, 54% of Orleans Parish alone was comprised of rental housing units, compared to a national average of 34%. With this high level of need in the region, the Federal government and the State government have both placed a high priority on the rebuilding of rental and affordable housing stock.

As a part of the \$10.4 billion in CDBG funds, Louisiana has dedicated \$1.5 billion to redevelop rental housing in storm-impacted areas. These funds will create an estimated 36,000 to 51,000 units, in a broad mixture of deeply affordable units, mixed income development, small rental properties and other tax credit projects. These programs work in tandem with the eighteen times the normal allocation of Low-Income Housing Tax Credits (LIHTC) which are a part of the President's GO Zone initiative.

Finally, HUD and the Housing Authority of New Orleans (HANO) plan to redevelop four of HANO's largest public housing projects, which are severely distressed and obsolete. These aging properties comprise approximately 4,000 units. HANO plans to redevelop these properties as mixed-income, mixed-use developments that are significantly de-concentrated and blend into the community. HANO is financing its redevelopment activities in large part through 2006, 2007, and 2008 GO Zone Tax Credits. When redevelopment is completed, HANO plans on providing a total of approximately 3,000 public housing units as well as another approximately 1,000 units of affordable, market rate, and homeownership units. In the meantime, HANO has repaired and reoccupied approximately 1,100 units at Guste, Fischer, Iberville and River Garden and has plans to reoccupy 1,000 additional units in the future.

LEVEES

From the beginning, everyone agreed that levees were paramount to the revitalization of New Orleans and the President agrees that public safety is a critical part of long-term rebuilding in that area. People must feel safe and secure in their decision to come back – whether as a resident or a business owner. President Bush promised a better and stronger hurricane protection system

and as of today the New Orleans levee system is far better than it was before Katrina. But our work is still ongoing. Specifically, the President requested and secured nearly \$6 billion for the U.S. Army Corps of Engineers to repair and enhance the levees, and the entire hurricane protection system in 2010 will be the best, most comprehensive system ever known by New Orleans. The work includes higher levees, stronger floodwalls and greater interior drainage capability. For example, levees were re-constructed with erosion-resistant clay and floodwalls were repaired with more stable T-wall versus original I-wall construction. In addition, new erosion protection has been added to levees at several sites and additional pumping capacity and floodgates are being added at the outfall canals. The Corps has been working tirelessly since September of 2005 and, as a result, over 220 miles of levees and floodwalls have been repaired and restored. The Corps' work to upgrade the hurricane protection system will continue through 2010.

It should be noted, however, that hurricane and flood protection systems have one primary purpose—to *reduce* risk. There will never be a guarantee that the risks are completely eliminated and this is especially true for areas (like New Orleans) that are below sea level. It is simply impossible to design a system that will eliminate all risk of flooding from every conceivable storm or track of storm imaginable. Each and every storm has its own unique characteristics, from storm surge, to wind speed, to length of storm. Given this fact, it is important for citizens to take precautions to safeguard their homes and their lives by utilizing safe building standards, carrying property and flood insurance, and demanding a meaningful evacuation plan from their state and local officials.

Nearly every person with whom we conferred on the levees also spoke to the importance of the Louisiana wetlands, which have been eroding for many years. These wetlands and barrier islands historically served as a buffer against hurricanes coming from the Gulf of Mexico toward the Louisiana shore. Their erosion has made the impact of the storms coming ashore in recent years worse than before. To help focus resources on mitigating losses to wetlands and barrier islands, the State amended its Constitution to dedicate the State's share of revenues realized from off-shore oil and gas royalties to wetlands and coastal restoration, hurricane protection including levee maintenance (which is a 100% state and local cost and responsibility), and other environmental projects. This new source of federally-derived state revenue results from recently enacted legislation, which was supported by the Administration. The new legislation will give Louisiana and other Gulf Coast states a share of royalty payments for oil and gas produced off their shores. The enactment of this legislation opens 8.3 million acres in the Gulf of Mexico, and states along the Gulf Coast will receive a 37.5% share of the royalties paid by companies on the oil and gas they extract from this area. The new legislation could generate hundreds of millions of dollars for Louisiana in the coming years.

FEMA PUBLIC ASSISTANCE/PROJECT WORKSHEETS

Several months ago FEMA made significant changes in its operations in Louisiana in an effort to streamline processes and hasten the delivery of public assistance funding to applicants in Louisiana to rebuild infrastructure. For example, FEMA increased staffing of experienced personnel and added an experienced senior Public Assistance Officer dedicated to each parish. FEMA has also reduced average processing of grants from many months to several weeks, by removing bottlenecks and creating better reports to track the status and progress of project

worksheets. As a result, FEMA has obligated \$4.5 billion of an estimated \$6.3 billion (72%) in Public Assistance funds in Louisiana in total, and \$766 million of an estimated \$1.185 billion in Orleans Parish alone. Of the total funds obligated to the State by FEMA, Louisiana has disbursed approximately \$2.1 billion (45% of total obligated) to the local parishes. We remain committed to helping the state and locals find ways to expedite their respective processes.

LOCAL ISSUES

Hurricane Katrina dealt the state, and New Orleans specifically, a hefty blow and exacerbated a number of challenges that existed long before the storm. Although we recognize that many of these issues are state and local in nature, we would be remiss if we did not embrace the opportunity to work alongside our friends at the state and local level to address these critical challenges. Some of the more difficult issues include revitalizing systems of healthcare and public education system, and curbing violent crime.

Healthcare

Prior to the 2005 hurricanes, Louisiana consistently ranked among the lowest of the states in many significant health care quality indicators. Its uninsured population was among the highest in the nation (19%) and, per capita, the state experienced 43% more emergency room visits and 18% more outpatient hospital visits than the national average. While many of its private hospitals were “overbedded,” uninsured and underinsured patients were consigned, by the state’s “two-tier” structure, to the Charity Hospital system, experiencing excessively long waits and overcrowding. The significant disruption occasioned by the hurricanes – including loss of the main Charity Hospital in New Orleans – presents an opportunity for significant health care reform.

With U.S. Health and Human Services (HHS) Secretary Leavitt's encouragement, the state formed the Louisiana Healthcare Redesign Collaborative (the Collaborative) to develop a redesign plan including: money follows the person, not institutions; patients have a medical home; care is patient-centered and prevention oriented; focus on ambulatory rather than emergency room care; quality driven care, and care that takes maximum advantage of advances in Health IT interoperability. The Secretary committed to using federal flexibility in granting budget neutral Medicaid waivers consistent with these principles, but made it clear that we would not do so for a plan that just rebuilds the old, two-tier system. We continue to work closely with the state to ensure their success.

Public Education

I am pleased to report that key state and local leaders have recognized the opportunity they have to restructure and improve New Orleans' public school system. In response to long-standing challenges, Governor Blanco signed legislation that placed more than 100 of the district's lowest-performing schools under State control during a special legislative session in the fall of 2005.

State and local leaders are taking action by laying the groundwork for significantly improved education systems. The State has invited experienced and successful charter operators to play an unprecedented role in the rebuilding of the school system.

More than seventy percent of K-12 schools have reopened in Louisiana, including about half of the K-12 schools in New Orleans. Of the 56 currently operating public schools in New Orleans,

60 percent are charter schools. The Department of Education has provided more than \$20 million through a special charter school grant to Louisiana to assist in planning, designing, opening and reopening charter schools, which are provided greater flexibility in their operations in exchange for strong accountability for results.

This is just one example of the nearly \$2 billion that has been provided to help re-open schools and colleges, aided schools and colleges that accepted thousands of students who had to leave New Orleans, and used to provide relief to college students with Federal loans.

Criminal Justice

The storm also heightened several pre-existing challenges in New Orleans' system of criminal justice. Immediately after the storm, the Federal government worked to address these challenges through the Southeast Louisiana Criminal Justice Recovery Task Force – a cooperative effort between State and local entities, FEMA, and the Department of Justice (DOJ) – to assist local planning for the long-term renewal of safe and effective emergency services, law enforcement, criminal justice, and legal services. Our office continues to work closely with these Federal and local partners to help the state and locals rebuild a system that will effectively restore safety and security to New Orleans. To date, FEMA has obligated more than \$195 million in public assistance funds for the Orleans parish criminal justice system for facility repair, vehicle replacement, and other emergency services. These include funds for the New Orleans Police Department, the Orleans Parish Criminal Sheriff's Office, and the Orleans Parish Civil Sheriff's Office.

The Department of Justice (DOJ) has also given \$60 million to the state of Louisiana in justice assistance grants (JAG) and Katrina relief law enforcement infrastructure funds of which nearly \$30 million was disbursed to the New Orleans area alone. DOJ has temporarily assigned extra attorneys to New Orleans to assist the U.S. Attorney's office for the Eastern District of Louisiana and the Department is in the process of hiring additional Assistant U.S. Attorneys (AUSAs) for the District. The Bureau of Alcohol, Tobacco, and Firearms (ATF) has assigned additional Special Agents to New Orleans to supplement the Violent Crime Impact Team (VCIT), which focuses on reducing gun crime. The FBI, in partnership with federal, state, and local law enforcement, launched a Violent Crime Intelligence Initiative to gather information on violent criminals and is assigning six additional FBI Agents experienced in homicide and other violent crime investigations to work with federal, state and local agencies. Four additional FBI Agents have already arrived in New Orleans to pursue non-violent criminals who seek to defraud the various relief programs, and two Intelligence Analysts were added to the Baton Rouge FBI office to support the Katrina Fraud Task Force.

In addition, the United States Marshals Service (USMS) assigned additional Deputy Marshals and an Investigative Research Analyst to supplement the Crescent Star Fugitive Task Force. The Task Force locates and arrests violent felony fugitives across 13 parishes in the Eastern District of Louisiana. During 2006, the Marshals located nine of the New Orleans Police Department's top fugitives and the Crescent Star Fugitive Task Force closed 603 felony warrants.

As the New Orleans crime situation has worsened in recent months, my office is very concerned about the safety of New Orleans' citizenry and the implications for the rebuilding effort. In response, I called Mayor Nagin and Police Chief Riley and asked what can be done to stem this

tide. Mayor Nagin stated the need for police surveillance cameras and a new police headquarters building. Chief Riley also requested funding for a new Police Headquarters building and through our letter to Mayor Nagin (see attached) I explained that FEMA funded the design work for this facility in December 2005 and the final Project Worksheet (for over \$2 million) in September 2006. These funds allow construction for floors 2 through 5 to be occupied in May 2007. An additional Project Worksheet for roughly \$800,000 has been written for the restoration of the first floor, but to date the City has not issued the Notice to Proceed on the design work. FEMA recognizes the importance of this facility and eagerly awaits the city's needed paperwork for a resolution. In addition, we continue to work closely with FEMA and Attorney General Gonzalez to ensure that the Federal government is doing all it can to support state and local officials in ending this plague of violence.

As we work to address the immediate crisis, we are also helping to plant the seeds for a safer, stronger community over the long-term. That's why DOJ has provided funds to restart a Police Athletic League and expand Boys and Girls Clubs in the impacted area, while also working to strengthen the Weed and Seed program with expanded safe havens for young people.

In the end, our most important efforts continue to be assisting the city and state officials to ensure the fundamental elements necessary to protect the citizens of New Orleans: namely a strong police force that can get criminals off the street, an effective court system, and a functional District Attorney's office that can prosecute violent offenders.

Economic Development

The President, along with Congress, has also been mindful about the renewal of the region's economy. At the end of 2005, the President signed into law the Gulf Opportunity Zones Act (or GO Zones). This legislation will help revitalize the region's economy by encouraging businesses to create new jobs and restore old ones. Some of the principal provisions included in the Gulf Opportunity Zone Act of 2005 include additional tax-exempt bond authority for both residential and nonresidential property, expanding the low-income housing credit, bonus depreciation, expensing for certain demolition and clean-up costs, to name just a few. At the end of 2006, certain provisions for areas that received the most significant damage to their housing stock were extended until 2010, providing an additional \$539 million in tax relief for the region over five years. Simply put, this law renews businesses, rebuilds homes, and restores hope. We are confident that the GO Zone, in tandem with the entrepreneurial spirit of New Orleans, will go a long way toward restoring the Crescent City's economy.

We meet often with regional and national business leaders to promote the economic opportunities on the Gulf Coast. Last year, I joined Commerce Secretary Carlos Gutierrez in leading a delegation of business leaders to Louisiana and Mississippi on a "Gulf Coast Investment Mission" that highlighted investment opportunities, including Federal GO Zone tax incentives. In addition, our office has collaborated with the Department of Commerce's Minority Business Development Agency (MBDA) to host a series of Gulf Coast Business-to-Business Linkage Forums in New Orleans and in Biloxi, Mississippi to promote joint ventures and teaming arrangements between Gulf Coast 8(a) firms and MBDA clients from outside of the region. These linkage forums are an effective tool in increasing the scale and capacity of small and minority-owned firms, such that these businesses are better positioned to secure procurement

opportunities relating to hurricane recovery and to rebuilding the Gulf Coast region. We have also partnered and participated with MBDA at the National Minority Enterprise Development Week Conference in Washington, D.C. to educate minority business enterprises and investors about GO Zone opportunities.

To continue to accelerate the city's recovery and spur long-term economic growth, I have set a goal to attract 10,000 new jobs to the New Orleans metro area over the next two years. The "100 From 100" initiative will aim to attract more high-wage, high-skill employers by asking 100 companies to commit to moving 100 jobs to the region. We are hopeful that companies across the country will join this effort to rebirth an American city, while taking advantage of the business opportunity that exists on the Gulf Coast—an unprecedented opportunity to do well by doing good.

Workforce development will also be critical to the region's long-term economic security. In December 2005, I joined the President and Secretary of Labor Elaine L. Chao in convening a meeting with labor leaders, civil rights groups, and business associations to discuss workforce initiatives and overall employment issues facing the region. Out of that meeting grew an ambitious public-private initiative, the "Pathways to Construction Employment" initiative, to prepare the workers of the region for the future of the Gulf Coast economy. To help meet the objective to train new workers for careers in construction and skilled trades, the Department of Labor awarded \$10 million in grants as part of the initiative.

In addition, we are working with the Department of Labor to support state and local stakeholders working to transform the regional economy of southeast Louisiana. DOL's WIRED initiative provides a framework to help these local leaders diversify their economy and develop strategies to create high skill and high wage opportunities for workers.

CONCLUSION

President Bush is committed to rebuilding the Gulf Coast—and rebuilding it better and stronger than it was before Hurricanes Katrina and Rita. A tremendous amount of progress has been achieved. And a tremendous amount of work still lies ahead. We move forward each day, determined to ensure that the Federal government continues to do all that we can to support and strengthen the State and local leaders who must drive this rebuilding effort.

I am confident that when history writes the book on Hurricanes Katrina and Rita, it will be a story of renewal. The Gulf Coast States and their leaders have a chance to restore their communities and revive hope and opportunity. I look forward to working with these leaders to ensure that we do not let this opportunity pass.



**Office of the Federal Coordinator
for Gulf Coast Rebuilding**

January 19, 2007

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

Dear Mayor Nagin:

I was glad to have the opportunity to speak with you last week regarding our mutual concern over the ongoing violent crime in New Orleans. Pursuant to our conversation and my letter dated January 10, 2007, I am writing to update you on my progress regarding your requests for Federal assistance with criminal justice in New Orleans. During our conversation, you identified the following needs:

1. Grant money to procure surveillance cameras
2. An expedited response to the Project Worksheets already filed with the Federal Emergency Management Agency (FEMA) to rebuild the damaged Police headquarters building, as well as other criminal justice-related Project Worksheets

Regarding surveillance cameras, I understand that the U.S. Department of Housing and Urban Development (HUD) has already been working with your office and Superintendent Riley on this issue, and that great progress has been made toward a resolution. As of today, HUD has secured Federal resources so that the City of New Orleans can lease and maintain surveillance cameras to increase security at housing authority locations. As soon as the City provides HUD the necessary data, based on Geographic Information System maps, on appropriate locations for the cameras this issue will be resolved.

As to the Project Worksheets to rebuild the damaged Police headquarters building, I have been informed that FEMA funded the design work for this facility and others in December 2005 and the final Project Worksheet for \$2,112,547 in September 2006. As a result of this funding, construction will allow floors 2 through 5 to be occupied in May 2007. An additional Project Worksheet for \$864,410 has been written for the restoration of the first floor, but to date the City has not issued the Notice to Proceed on the design work. Recognizing the importance of this facility, FEMA has proceeded expeditiously to meet this need and we await the city's needed paperwork for a resolution.

Regarding all other criminal justice-related Project Worksheets, I have worked with FEMA to perform a thorough review of the situation. To date, FEMA has obligated more than \$195 million in public assistance funds for the Orleans parish criminal justice system for

facility repair, vehicle replacement, and other emergency services. These include funds for the New Orleans Police Department, the Orleans Parish Criminal Sheriff's Office, and the Orleans Parish Civil Sheriff's Office.

Through our review, five key challenges have been brought to my attention, as well as potential solutions to those challenges as outlined below:

- 1) **Challenge:** Project implementation is hampered by commingled assets and responsibilities. Many of the buildings are owned by the City of New Orleans, but are actually operated by different agencies (i.e. the City owns the Community Corrections Center, but it is operated by the Criminal Sheriff).
Potential Solution: The Orleans Parish Criminal Sheriff and the City of New Orleans should establish a formal agreement stating that all repairs should be the responsibility of the Orleans Parish Criminal Sheriff.
- 2) **Challenge:** Local staff size and capability has been greatly diminished as a result of Katrina (i.e. pre-Katrina, Capital Projects Administration had 30 employees and is now at 6).
Potential Solution: The city should increase efforts to replace staff as necessary to resume day-to-day operations, as well as speed up the recovery effort. As I have offered many times, I remain ready to assist you in identifying available human resources both from the public and private sector. Just recently, the Small Business Administration (SBA) proactively worked with the Orleans Parish Clerks Office to form a partnership that allows the SBA to provide the needed human and technical resources to expedite the title replacement process. Perhaps a similar model would work in your Capital Projects Administration.
- 3) **Challenge:** New Orleans has limited funds to hire architects and engineers to begin project implementation.
Potential Solution: The City should petition the State for their established programs for advance funding for Architect & Engineering services.
- 4) **Challenge:** The city cannot solicit bids or award contracts to begin the construction process unless they have the actual monies in place for that project. At the same time, the State requires that a contract must be in place prior to advancing funding for architectural and engineering fees.
Potential Solution: The City of New Orleans should amend their ordinances to allow the city to solicit bids/proposals and award contracts utilizing obligated FEMA Public Assistance funds prior to disbursement by the state. Should there be additional ways that the Federal Government can improve its process we would welcome your recommendations.
- 5) **Challenge:** Due to the massive amounts of design and construction work currently underway across the state, and the fact that local and state laws limit the contractor pool to Louisiana- licensed contractors, there are not enough qualified contractors to complete the work at hand.

Potential Solution: The City and the State should adopt a procedure that will allow qualified contractors to work on recovery projects while their request for a license is being processed. The licensing process should be expedited at the state and local level.

To ensure that these issues achieve resolution as quickly as possible, my staff will be reaching out to your office to set up a follow-up call for Monday January 22, 2007. My hope is that we can resolve the challenges listed above, as well as any other outstanding issues that might hinder the swift completion of these vital public assistance projects. It is my goal that the Federal Government never hinders the progress of New Orleans' rebuild.

I know we share the belief that this ongoing plague of violent crime is unacceptable and must be stemmed. While this letter addresses the issues that you raised previously, I continue to extend my offer to discuss any further ideas that you have regarding Federal assistance to meet this critical challenge.

Sincerely,

Donald E. Powell
Federal Coordinator