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Statement by  
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before the

Ad Hoc Subcommittee on Disaster Recovery  
Committee on Homeland Security  
and Government Affairs  
United States Senate

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Chairwoman Landrieu, Ranking Member Graham, members of the Subcommittee, I am Joe Riley, Mayor of Charleston, South Carolina. I am a Past President of the U.S. Conference of Mayors and a member of its Stafford Act Reform Task Force. I am honored to have the opportunity to appear before you this afternoon to discuss badly needed reforms to the Stafford Act.

Let me first acknowledge the efforts of former New Orleans Mayor C. Ray Nagin, who chaired our Stafford Act Reform Task Force. Under his able leadership and that of our Vice Chair, Sacramento Mayor Kevin Johnson, our Task Force did a remarkable job of identifying the various Stafford Act provisions which caused problems for local officials trying to prevent, mitigate, and respond to disasters, and of developing recommendations intended to solve those problems. In the difficult period since Katrina, Mayor Nagin amassed a wealth of knowledge about what needs to be done to improve this nation's responses to disasters. Through the Task Force he has passed along that knowledge to all of us, and for that we are most grateful.

I must add, Madame Chair that I am looking forward to working closely with the new Mayor of New Orleans on this and other issues critical to U.S. cities and their residents. It's good to have a Landrieu back at New Orleans City Hall. He will be a great asset to his city and to the U.S. Conference of Mayors.

In January the Conference of Mayors adopted a policy resolution which incorporates the recommendations of the Stafford Act Reform Task Force. This means that the recommendations included in the Task Force report represent the official policy of the U.S. Conference of Mayors. I would like to submit a copy of that report for the record.

This afternoon I will focus on five critical recommendations which we encourage you to include in your Stafford Act Reform bill:

- **Provide special designations for catastrophic disasters.** Current policy treats all disasters the same, even though a storm like Hurricane Katrina is far more devastating than others. The nation's disaster response system must be capable of recognizing this and shifting to a much higher level of assistance when catastrophic events occur.
- **Eliminate red tape that stymies recovery efforts.** The current federal Hazard Mitigation Grant Program – intended to help communities rebuild in stronger and safer ways– is mired in red tape and bureaucracy. This delays delivery of recovery funds and dilutes their impact. The program must be streamlined and adequately funded.
- **Increase support to host communities.** In the wake of disasters, neighboring communities incur extraordinary costs providing housing and support to displaced disaster victims. Their efforts should be applauded, not penalized. Federal dollars must flow more quickly to compensate host communities for the full cost of their efforts.
- **Increase caps on disaster loans.** Local governments suffer substantial revenue losses in the wake of major disasters. After Katrina, the entire economy of New Orleans was shut down. Distressed cities need an infusion of operating funds to maintain basic services to all their residents. The current Community Disaster Loan program provides such funds but is capped at only \$5 million - an amount that can be far below real revenue losses following a disaster. Loan amounts should fully offset the losses communities actually experience.

- **Move recovery dollars directly to cities.** The bureaucracy that failed the City of New Orleans at every stage of the Katrina disaster must be streamlined. Precious time is lost in delays caused by moving funds through too many bureaucratic layers. We need a more flexible system that allows federal funds to bypass state bureaucracies and move directly to the local governments working to rebuild their communities.

## **CATASTROPHIC DISASTER DESIGNATION**

**Recommendation:** *Provide for catastrophic disaster designation to speed up funding availability and recovery*

We understand that one of the major barriers to recovery from Hurricane Katrina has been the lack of differentiation among disasters and the inability to designate those that are “catastrophic” and cause extensive and widespread damage and destruction. Events such as Hurricane Katrina are so great in scope and effect in more than just a local jurisdiction or region that they require special consideration for the response and recovery efforts. Unlike disasters which strike a limited area within a city, Hurricane Katrina left 80 percent of New Orleans under water and caused tens of billions of dollars in damages. The damage to other parishes in the region was also severe in some cases. The entire economy of the United States was affected by the event.

The Stafford Act should be amended to differentiate “catastrophic disaster” as one which has a more devastating impact than a “major disaster.” Catastrophic events are currently defined in the National Response Framework as “any natural or manmade incident, including terrorism that results in extraordinary levels of mass casualties, damage, or disruption severely affecting the population, infrastructure, environment, economy, national morale, and/or government functions.” A formula should be developed to determine if a disaster meets the criteria for catastrophic designation.

The Catastrophic designation would trigger special procedures to give the President authorization to expedite the repair, restoration, reconstruction or replacement of eligible facilities. While we believe this would be a valuable addition, we propose a catastrophic designation that would trigger a number of actions, as outlined in our Task Force report. Among those actions are the following:

- Give the President the authority to waive Stafford Act provisions and regulatory compliance following a catastrophe;
- Provide automatic 100 percent federal funding for all categories of eligible work for the duration of a disaster. Because the Stafford Act requires cities to pay a portion of the cost of emergency services, such as debris removal, New Orleans began seeking 100 percent funding for these costs immediately after Katrina hit. This funding was necessary in order to assure that the City could meet these needs, despite its depleted budget and non-existent economy. In a special Katrina and Rita fix, Congress approved 100 percent funding for eligible costs but not until May of 2007. This special relief would not be in place for a future catastrophic event.
- Mandate the immediate release of federal funding for 50 percent of the Preliminary Damage Assessment (PDA) estimate for all grant programs. Currently it can take 60 to 90 days to access “Immediate Needs Funding” and it is not available for initial recovery work on critical infrastructure, including public safety facilities and equipment. In devastated cities, there is no

money available to sustain operations and other costs while waiting for this period. This leads to unnecessary layoffs and delays in contracting that leaves the municipalities unable to move forward with critical services.

- Establish a 90-day “hold harmless” period for the procurement of goods and services at the beginning of a disaster so that local and state governments can respond quickly to meet urgent needs. After Hugo when we needed generators in Charleston, FEMA said they hadn't done an assessment. While FEMA now encourages pre-disaster contracting for anticipated needs, we believe that there should be a hold harmless period for unforeseen urgent needs, pointing out that in catastrophic disasters especially, every second counts.
- Lengthen and align deadlines for all grant categories for a minimum of one to five years based on the requirements of the grant program. For example, Emergency Work should be extended to one year and Hazard Mitigation should be extended to a minimum of five years to allow the affected communities time to plan, recover, and rebuild. Then after the initial period of stabilization, extensions could be applied if needed.
- Assure that all modalities of mental health treatment (in addition to Crisis Counseling Assistance and Training) are available and funded to provide psychiatric services and medications to the affected population. In catastrophic events, the personal lives of huge segments of the population are in crisis; damage to the basic health and mental health infrastructure will prevent adequate help from being provided to meet the severe and prolonged mental health needs in the affected communities. Mental health services also need to be provided to long-term evacuees in their host communities.

## **HAZARD MITIGATION GRANT PROGRAM**

### **Recommendation: *Adequately fund and streamline the Hazard Mitigation Grant Program***

Hazard Mitigation is an important part of any recovery because it has proven to be effective in reducing property damage, costs of repair and replacement, and loss of life. The Federal Emergency Management Administration's (FEMA) Hazard Mitigation Grant Program (HMGP) provides funding to assist communities to implement long-term hazard mitigation measures as they repair or rebuild following a disaster. Public facilities, critical infrastructure, and private homes and businesses can be retrofitted and hardened with the grant dollars made available after a disaster. New construction and development patterns can follow best practices to prevent the waste of future resources for repairing what could have been mitigated. A Congressionally mandated study for FEMA estimated that \$4 can be saved for every dollar spent to mitigate.

Many cities have called for changes in the Hazard Mitigation Grant Program. More funding should be made available for hazard mitigation after a disaster and there should be more funding and financial incentives for hazard mitigation programs in communities that are at high risk. The funding must be available more quickly and should be awarded directly to cities with a proven capacity to administer them – Community Development Block Grant entitlement communities. Additionally, the entire hazard mitigation grant process should be streamlined so that less funding is spent on complex and bureaucratic administration and more on the actual construction of safer structures. Some of these changes can be

accomplished administratively, and the Obama administration is working on some of these issues. Some changes require legislative action.

Among the recommended changes to the program which are essential to saving future costs, property, and lives:

- Provide the President with discretion to increase the federal cost share to 100 percent for hazard mitigation, as in other disaster programs. This is particularly important for communities that have experienced catastrophic destruction where neither the agencies nor the residents are able to financially afford the match but have great need and opportunity for mitigation.
- Direct hazard mitigation funding to the impacted community in proportion to the damage done by the event. New Orleans has received less than its proportionate share of grant dollars and has had to compete within the state for funding beyond the original allocation offered .by the state.
- Make initial hazard mitigation funding available immediately, based on the Preliminary Damage Assessment (PDA) estimates. Cities across the country have noted that the program is too slow. By providing dollars immediately based on PDAs, communities will be able to more quickly help their citizens who are trying to make critical decisions about their homes and lives, and will be able to invest in mitigation measures more expeditiously.
- Require 75 percent of the allowable administrative costs to be provided by the grantee to the subgrantees as funding for their implementation costs or as services performed by the grantee for jurisdictions without administrative capacity. If a city is funded through the state for HMGP, it should receive a reasonable amount of the administrative funding to effectively implement and monitor the program. One recent grant was awarded with an administrative allowance of less than one per cent, which is not enough to administer and monitor appropriately.
- Increase the amount of Hazard Mitigation Grant Program funding by four percent of the estimated aggregate amount of the grant for both state and local jurisdictions that have building codes consistent with or more stringent than the most recent nationally recognized model building codes if adopted within six years of the most recent version of that code. States and communities should be rewarded for adopting and enforcing safer building codes.
- Permanently adopt the Demolish-Rebuild (Pilot) Program developed after Hurricanes Katrina and Rita and make it an eligible activity under HMGP. Current law favors that demolished property be bought out and turned into green space permanently, which is not practical in the middle of cities. The pilot allows mitigation funds to be used for rebuilding safely on a lot where a damaged structure has been demolished. This pilot program should become permanent law.

## **INDIVIDUAL AND HOUSEHOLD ASSISTANCE**

***Recommendation: Allow for 100 percent reimbursement for affected communities and host communities for personnel costs and lost revenue incurred to manage and implement assistance for evacuees.***

In the wake of disasters, neighboring communities and those in other states incur extraordinary costs for providing housing and support to displaced disaster victims, as well as by sending assistance to the community experiencing the event. Their efforts should be applauded, not penalized. Federal dollars must flow more quickly to compensate these communities for the full cost of their efforts.

Fort Worth provides an excellent example of how host cities are being impacted by the current law and regulations. The State of Texas has designated the Fort Worth/Dallas Metroplex as the host area for Harris County (Houston) citizens who evacuate in the event of a hurricane. Whenever Fort Worth operates shelters, it incurs significant expenses in permanent employee straight-time salaries. However, under current law, only overtime spent on disaster response by permanent employees is eligible for reimbursement from FEMA. In the case of Fort Worth, these straight-time expenses are borne by its citizens, thus putting the City in the position of underwriting the costs for people who live on the coast, hundreds of miles from Fort Worth. During Hurricane Katrina and Hurricane Gustav, Fort Worth was asked to shelter evacuees from Louisiana as well as from the Texas coast.

In addition to these costs, host cities also incur revenue losses when they have to close revenue generating facilities in order to accommodate and house evacuees. To make serving as a host city more attractive and equitable, the Stafford Act should be revised to reimburse host jurisdictions for 100 percent of their lost revenue for facilities such as convention centers that are used as mass care shelters.

Host cities that participated in the work of the task force concur that it would be best for the funding to come from FEMA directly to cities rather than through the state. In late 2009, Dallas was still awaiting reimbursement from the State of Texas for host city expenses it incurred a year earlier during Hurricanes Gustav and Ike. This could be expedited by granting host cities direct standing as grantees with FEMA, rather than requiring the cities to apply to the state as an intermediary, with the state subsequently applying to FEMA.

**Recommendation: *Facilitate expeditious direct reimbursement to cities that provide mutual aid by:***

- Authorizing city-to-city and/or state-to-state mutual aid agreements to immediately trigger funding and liability protection during major or catastrophic emergencies without having to wait until a formal disaster is declared and assistance is granted through the Emergency Management Assistance Compact (EMAC) system.
- In the event of a federal declaration of emergency, reimbursing costs associated with emergency protective services through mutual aid assistance from the time at which the state declared the emergency.

**Recommendation: *Honor certifications and licenses across state lines – Since the provision of regional mutual aid will frequently require emergency service professionals to perform duties outside the boundaries of their home states, state-based professional licenses or certifications should be honored across state lines in the event of a disaster or emergency event.***

- Reimbursement for eligible costs incurred in providing mutual aid must be quicker and less bureaucratic in order to encourage more critically needed cooperation without penalizing those who want to help. Federal assistance with coordination across state lines and regions would encourage more cooperation.

## COMMUNITY DISASTER LOAN PROGRAM

**Recommendation:** *Remove the \$5 million cap on the Community Disaster Loan (CDL) program – the amount available for loan funds should match the amount of revenue lost. Decisions on loan repayment or cancellation can be made after clear analysis of a jurisdiction’s ability to pay back the loan in part or in full without undue hardship.*

Hurricane Katrina and the extent of the destruction forced the complete shut-down of the New Orleans economy. As a historically poor city, it did not have major reserves to which it could turn to continue basic operations. Even wealthier cities would find that a complete economic shut down seriously impedes its ability to function. We were not sure how we would make payroll so that we could to employ the people needed to continue search and rescue operations and begin the clean up and recovery process. We were also concerned about the damage to our credit rating and defaulting on public bonds. Unfortunately, the main operational relief offered by Stafford is the Community Disaster Loan program, which is not only slow but inadequate for a major American city that has experienced a catastrophic disaster. Its \$5 million cap and limit of up to 50 percent of revenue loss means that a community in the throes of an emergency must wait for the slower processes of legislative relief to have a reasonable amount of funding made available.

Through Congressional legislation in October of 2005, the \$5 million cap on the Community Disaster Loans was lifted for Katrina and Rita, but Presidential discretion for forgiveness of these special loans also was taken away. In October of 2006 – over a full year after the event -- Congress provided the City and other affected entities the authority to borrow up to 50 percent of annual revenue loss for operating. Then, in May 2007, Congress reinstated the President’s discretion to forgive the loans.

## DISASTER ASSISTANCE PROGRAMS

**Recommendation:** *Give grant standing to local jurisdictions that are CDBG Entitlement Communities – Local governments that are Community Development Block Grant entitlement communities should have standing as grantees for all disaster grant programs so that they may deal directly with the federal government.*

Mayors are on the front lines of efforts to mitigate, respond to and recover from disasters. Our residents look to us for speedy action and for reassurance that their lives and communities will quickly return to normal. Yet, current law denies us the ability to access federal resources directly, requiring instead that we work through state governments, which are often grappling with their own disaster response efforts. We are left in the impossible position of being responsible to our constituents without having the authority or resources to adequately respond to their needs.

The possibility of natural and man-made disasters in other cities means that this is an issue that Congress likely will face again. Our citizens will be best served if the dollars are immediately available at the level of government closest to them – the city government level. This will allow the speedy action residents expect and deserve. In the process, the costs of providing these grants will be greatly reduced with the elimination of the additional level of bureaucracy.

Further, assistance programs should be changed to cover both regular and overtime pay for the work performed by state and local public employees such as first responders, building inspectors, healthcare professionals, and sanitation workers following a disaster. The scope and scale of emergency work performed in response to a disaster is often well outside any emergency personnel’s regular call of duty

and should be reimbursed in the same manner as permanent work. To provide fiscal relief and reduce administrative costs, any work performed that qualifies as eligible under emergency protective measures or debris removal should be fully reimbursed, regardless of the labor category or pay rate of the employee.

## **OTHER ISSUES**

We know there are some additional specific areas in which you are particularly interested in hearing from us and I wanted to be sure to include them in my statement.

### **Administrative Improvements**

- It would be very helpful to local and state governments if the federal government produced a single catalog of federal disaster programs and resources that we could consult following a disaster. Navigating the maze of federal programs is a difficult task during the best of times: immediately following a disaster when we must act on so many fronts it may be near impossible.
- Being able to file a single consolidated application for federal assistance with an interagency task force of federal recovery specialists makes great sense. They could evaluate the proposal, help to identify the resources to carry it out, and speed the overall grant process.
- Stafford Act funding should be available to local and state governments for recovery planning and damage assessments. Technical assistance is helpful, but we need resources to accomplish these tasks.
- It would be very helpful if the federal government established joint field offices staffed by knowledgeable personnel with decision-making authority from key federal agencies who could provide assistance to local and state governments during both the response and the recovery phases following a major disaster.

### **Public Assistance**

- Our report specifically recommends that up front funding be provided on the basis of preliminary damage estimates, that the small projects threshold be increased, and that insurance proceeds be subtracted from grants after they are received rather than before.
- The Public Assistance Pilot Program authorized by the Post Katrina Emergency Management Reform Act should be reinstated. It was intended to provide timely and cost-effective temporary housing to individuals and households affected by a disaster by funding repairs to existing multi-family rental housing units, and in the two instances in which it was used it did so in a cost-effective manner which preserved existing housing units.

### **Individual Assistance**

- The President should have authority to provide assistance to individuals and households that exceeds the current statutory limit of \$30,000 following a catastrophic event. For example, our report recommends that assistance for individuals and households adequately covers meals, transportation which could include multiple moves, and hotels so that evacuees are not compelled to stay in shelters, further burdening host communities and that temporary mortgage

or rental payments for individuals or families who face financial hardship caused by a disaster be provided.

- We would also suggest that the rental repair pilot program authorized by the Post Katrina Emergency Management Reform Act be reinstated. Our report recommends that the President be authorized to use emergency funding for repair of permanent structures (including rental units) needed for temporary or transitional housing within the affected communities. Strategic investment in permanent repair can provide housing faster where it is most needed and prove more cost-effective in the long-term recovery of the affected community.
- Our report recommends that FEMA expedite finalization of a disaster housing plan that does not rely predominantly on travel trailers and vouchers, both of which have proven problematic. That housing plan should take into account the needs of both communities which have experienced disasters and host communities which receive evacuees, and should include provisions for adequate shelter, temporary housing, and transitional housing. Further the Department of Housing and Urban Development (HUD) should be fully engaged as a partner with FEMA in coordinating the provision of disaster housing by using funding from the Disaster Relief Fund (DRF). A standing interagency agreement between HUD and FEMA would be an excellent way of achieving this.

### **Disaster Recovery Block Grants**

- The availability of flexible recovery block grants tied to a recovery plan and allocated on the basis of damage and unmet needs could go a long way to speeding a community's recovery when a major disaster occurs. The Community Development Block Grant program has been used in several instances to do just that. We would recommend again that the CDBG model be followed and that these block grant funds be provided directly to local governments which have entitlement status through that program.

### **Case Management**

- For all disasters, thorough case management handled by qualified professionals – as opposed to inadequately trained temporary workers – is essential to the success of Individual Assistance and other programs that offer help to victims. It is needed to conduct outreach, expedite claims, and maximize access to assistance in the many categories that are available, including financial, housing, employment, health and mental health. It is needed to ensure that all eligible applicants, particularly those with special needs such as the elderly, people with disabilities, victims of domestic violence and families with children, receive appropriate assistance. The Stafford Act should be changed to create a national disaster case management program which provides a comprehensive approach to disaster recovery that will ensure interagency cooperation. That program should provide qualified case management personnel trained in Individual Assistance, Other Needs Assistance, and all potential grant programs for disaster victims. It is important to educate local jurisdiction staff as well as federally funded case management workers to better advise citizens on their options to receive federal assistance and responsibilities for documenting its use. This will avoid misunderstandings and better serve the affected communities.

## THE SITUATION IN CHARLESTON

In 1989, when Hurricane Hugo struck the Charleston area, we knew that it was coming our way on Tuesday. It hit us on Thursday night with 135 mph sustained winds. On Thursday morning, a man appeared at our boarded up city hall which had only essential personnel there. We had successfully evacuated a large percentage of our residents early. He was brought into my office and explained that he was from FEMA and there to help us. After telling us to document all spending related to the storm, he left for Myrtle Beach and safety and we didn't see them again for days.

If we knew that this massive storm was coming, we assumed that our federal government knew the same and was taking action to assist in the aftermath, first in immediate search and rescue, initial clean up and then recovery. What happened was that we were on our own for a devastatingly long period of time.

Instead of having equipment and supplies at the ready to come in after the winds subsided, we had to wrangle with red tape and say "Mother, May I?" for every step we tried to take. Getting help from the military, the one agency most trained in immediate response, was not available.

We had no power within 100 miles, no water, no stores open, 3400 destroyed homes, 15,000 damaged homes, 75,000 people homeless and we were told that we would have to do an assessment before any assistance or relief was provided.

As a community, we prepared for the storm with the equipment and supplies that we had, doing exactly what we and everyone else should have known, that we would have to look for residents in danger, open roads and figure out a supply chain after the storm left. If we had been able to access military expertise, water trucks, generators and other critical supplies, we would have been able to help our residents faster, better and safer.

We were also left with the worry, once help began to arrive, which was...how are we going to pay for this? And the bureaucratic process for repayment of any percentage entailed tens of thousands of pieces of paper!

The problems which beset a community may be things for which it has not prepared if it has not previously experienced a disaster. Where do you dump the debris from a major hurricane? We had to use our playgrounds as temporary dump sites to clear the city before they were taken to the landfill, and these now have a shortened life span due to the amount of debris. Further our playgrounds could not be used by the children for whom they were built. Where do you house workers who come in to help with demolition, repairs and rebuilding when your residents can't find a place to live? How do you provide food, water, and other basic supplies such as baby food and diapers to your residents?

FEMA and other agencies which deal with disasters should know the answers to these questions and be prepared to act immediately.

Since 1989, some of these problems have been addressed. And for that, I am thankful. No municipal officials wish to go through a major disaster, but if they do, they should not have to face problems such as these, and all possible help and expertise should be readily available to them.

What can be improved is the process for immediate response from the federal government, an improved one which uses the CDBG model for distributing federal funds directly to municipalities in an expedited manner.

Thank you for the opportunity to testify on this important topic. We look forward to working with you to make needed improvements in the Stafford Act. I will be happy to try to answer any questions you might have.