

Opening Statement for Dr. Coburn

“Hurricane Sandy:

Getting the Recovery Right and the Value of Mitigation”

March 20, 2013

Thank you, Chairman Carper, for holding this hearing today.

Five months have now passed since Hurricane Sandy slammed the East Coast and while CNN has stopped its live broadcasts from the Jersey Shore and the nation's attention has been diverted, there is good reason to bring our attention back here now.

Thousands still remain displaced from their homes, businesses remain shuttered and portions of entire towns remain uninhabitable and under heavy police protection. Sections of towns in New York and New Jersey were leveled and may never be the same.

Over the next few weeks, the effects of this will be more noticeable as the beach communities dependent on tourism may struggle to attract visitors. Normally busy summer seasons will be much quieter as residents and business owners hope simply to rebuild.

And so any evaluation of the federal role needs to look at how we can make both smart and fast decisions about where \$60 billion in emergency aid needs to go. It also means we need to have the right checks and balances to ensure not a single dollar of the emergency aid is wasted.

During the past two months, committee investigators have traveled both to New Jersey and New York to better understand the recovery effort. They met with federal, state, and local officials, community organizations, businesses, and citizens affected by the storm. They have reviewed stacks of documents and interviewed key officials. I

would particularly like to thank Administrator Fugate and his staff for cooperating with the committee's work to date.

I should also note that many of the people we talked to praised the federal government's preparation for, and immediate response to the storm. One New Jersey local official described how three FEMA officials were there, on the ground, riding out the storm side by side with local first responders. We also heard praise for the Army Corp's efforts to move in quickly, help restore power, and clear debris.

Our review of FEMA's longer-term recovery efforts, however, paints a different picture. For many local officials, residents and business owners, FEMA has seemed to them a hindrance rather than a help.

We heard frequently that FEMA's programs are so complicated, some of FEMA's own staff don't seem to know the rules. In New York and New Jersey alike, applicants for FEMA assistance have had to hire consultants just to navigate the grant process.

One area we have spent a considerable amount of time looking into is debris removal. Eight years ago after Hurricane Katrina, this committee uncovered significant concerns about the cost of debris removal, finding that layers upon layers of subcontractors exponentially increasing costs. Taxpayers were not getting their money's worth.

Under current rules, FEMA provides assistance to hurricane-affected communities to clear away debris. In a storm as large as Sandy, this is a large and expensive undertaking.

However, the two states most affected by the storm have chosen two different ways to tackle this problem. While there are advantages and disadvantages to both approaches, the contrast between them should prove instructive.

In New Jersey, the state has chosen to contract with a private debris removal firm, Ashbritt, and to seek reimbursement from FEMA after the work is completed. In New York, the state has opted to have the Army Corps of Engineers perform debris removal through its contractor ECC.

We have uncovered several things so far that I believe are important to discuss in today's hearing.

First, debris removal operations in both New York and New Jersey remain heavily dependent on subcontractors. In New Jersey, Ashbritt has hired 110 subcontractors. In New York, the Army Corps contractor ECC has hired 76 subcontractors.

These firms have explained that the use of subcontractors is essential because no company is big enough to have all the equipment they need standing by. Also, the Stafford Act requires debris removal companies to hire local businesses even if they cost more than out of state businesses. I will be interested to learn if this has led to the same layering problems we saw after Hurricane Katrina.

Second, the cost of debris removal is greatly influenced by local rules and regulations. A few examples demonstrate how costs have increased due to rules in New York and New Jersey.

In New York, the destroyed Rockaway boardwalk was made of an expensive Brazilian hardwood. Local officials insisted that the contractor sort through the debris and pick out each piece of wood by hand. While this might save costs in rebuilding the boardwalk, it will make the cost of debris removal go up.

Also in New York, both the city and the state have a pre-set agreement requiring all debris to go to the Seneca Meadows landfill in Waterloo, New York, which is nearly 300 miles from Manhattan. To get all of the debris to this faraway landfill, the Army Corps contractor has been forced to use barges to move debris from the temporary sites in the city, and up the Hudson to Albany, where it is transported to Seneca. The other option is to truck debris the entire way there from the city, which carries an enormous cost.

The situation is not much better in New Jersey, which both tightly regulates its landfills and prohibits shipping debris out of state. We learned it is often cheaper to drive the debris to surrounding states than to use the in-state options, but this is not allowed.

On top of this, each municipality in New Jersey is bound by a policy of “flow control” which restricts each town to using only certain landfills. So, even if it is easier and cheaper to go elsewhere, debris removal firms are prohibited from doing so.

One of the difficulties in knowing whether taxpayers are getting a good deal is that FEMA’s rules are based on a subjective “reasonability” standard. In other words, if the costs are deemed “reasonable” the federal government will pay them. This is typically determined by looking to the costs of other comparable storms.

During a visit with Ocean County, New Jersey, we learned the early estimate for reasonable debris removal costs would be around \$62.73 per cubic yard. While the county expects its actual costs to come in closer to \$56 per cubic yard, we will keep a close eye on what the final numbers show.

Finally, we will hear a lot today about how much better the federal response to Sandy has been when compared to Katrina. This is no doubt true. But, to say that we’re doing better now than during one of the worst performances by the federal government in recent history doesn’t offer much insight. We still have a long way to go.

I hope the oversight of this committee will help our federal agencies as they work towards a successful recovery effort.

I also look forward to hearing the testimony and responses from Secretary Donovan and Assistant Secretary Darcy, and more importantly, continuing this committee’s oversight work.