

## **BECHTEL’S EMERGENCY HOUSING EFFORTS IN THE WAKE OF HURRICANE KATRINA**

Following the devastation caused by Hurricane Katrina, Bechtel worked under the direction of the Federal Emergency Management Agency to haul and install temporary housing for more than 100,000 residents in Mississippi made homeless by the largest natural disaster in U.S. history. This paper describes what Bechtel accomplished on FEMA’s behalf to mitigate the suffering of Mississippi victims and to help engage the state’s workers and businesses in the relief effort.

### **Bechtel Responded Immediately**

FEMA contacted Bechtel for assistance on August 29, 2005, the day Hurricane Katrina hit the Gulf Coast. Thanks to the company’s previous experience with emergency services and complicated logistical operations, Bechtel was able to respond immediately.<sup>1</sup> Personnel began arriving in the Gulf Coast states on September 2 and Bechtel installed the first mobile housing units in Mississippi on September 8. We quickly established 33 FEMA Disaster Recovery Centers across Mississippi, where more than 200,000 disaster victims received assistance.

Bechtel also began working with local officials to identify sites that could be used for group housing, and to ensure that temporary housing complied with codes for building and land use. To assist the local economy, Bechtel subcontracted extensively with small and local businesses, and participated in state-sponsored conferences throughout Mississippi to provide local firms with information about contracting opportunities.

### **Bechtel’s Work: “A Remarkable Success”**

FEMA officials have called Bechtel’s rapid mobilization and work “a remarkable success.”<sup>2</sup> Overcoming challenges of ruined infrastructure and a widely scattered local workforce, Bechtel averaged almost 370 trailer installations per day for the months of October and November, according to FEMA, a rate “faster than at any time in FEMA’s history.” In the first seven weeks after Katrina hit Mississippi, Bechtel installed 12.5 times more housing units than were put in place in Florida following Hurricane Charlie in 2004.

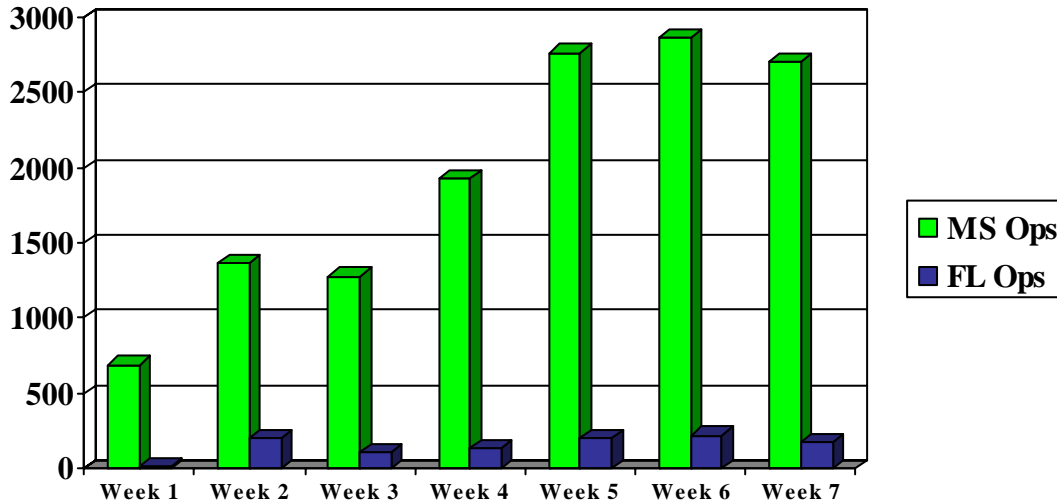
From September 8 through early March 2006, Bechtel hauled or installed over 35,400 trailers and mobile homes, which provided housing to almost 100,000 people.

<sup>1</sup> Emergency response and disaster relief projects include rescue and cleanup work at New York’s Ground Zero after 9/11; building camps for Kosovar refugees in Albania; rebuilding civilian infrastructure in Iraq, extinguishing oil fires in Kuwait after the Gulf War, and performing safety assessments after major earthquakes in the San Francisco Bay Area, Taiwan, and Turkey.

<sup>2</sup> See Q&A with MEMA Director Robert Latham and Deputy Federal Coordinating Officer James N. Russo, October 29, 2005; FEMA press release, “Historic Recovery Follows Historic Destruction,” October 29, 2005.

## Comparison of Emergency Housing Units Occupied per Week Florida 2004 vs. Mississippi 2005

FL began occupying travel trailers 8 days after Hurricane Charlie  
MS began occupying travel trailers 11 days after Hurricane Katrina  
Week # 1 on this graph depicts the first full week of those activities



**Total Week 7:      FL: 1,249 (8% of total)**  
**MS: 15,686 (45% of goal)**

### Roles and Responsibilities

Criticism of Bechtel’s performance in Mississippi was sometimes grounded in a mistaken impression of Bechtel’s important but limited responsibilities. Our role was specified in our contract and task orders from FEMA. FEMA worked with the public to assess individual needs, determine eligibility, and established priorities among those eligible. FEMA and local officials provided Bechtel with updated priority lists by county, and approved candidate housing site locations.

We worked in the following areas:

Private site assessment. Working from FEMA's list of individual housing needs, Bechtel assessed the proposed private sites for suitability and made utility improvements necessary to connect trailers to power, water, and sanitation.

Hauling and installing. Once utilities and other preparations were readied at private and group sites, Bechtel hauled, hooked up, and inspected each trailer using subcontractors and local craft labor. Bechtel also confirmed that the installed trailers' systems functioned properly and met building codes, and informed FEMA when units were ready for occupancy. This work ended in early March 2006.

Occupancy. FEMA contacted eligible individuals to complete their occupancy agreements, orient them to their trailers, and hand over their keys.

Maintenance. Bechtel then arranged for sub-contracted trailer maintenance services and provided a toll-free number for occupants to report maintenance problems. This work was subsequently transferred to new FEMA contractors.

Group site assessment. Group sites vary from parking lots, parks, and campgrounds for short-term housing to newly-developed mobile home parks for longer-term housing. Bechtel visited and assessed proposed sites and forwarded information for promising sites to FEMA and the U.S. Army Corps of Engineers for environmental review to determine suitability. Approved sites were processed by FEMA to obtain land leasing from the landowner. Bechtel sub-contractors then designed site systems including sewer, water distribution, drainage, erosion control, electricity, and pad and road details. After site plans were approved by FEMA and local building officials, Bechtel sub-contractors performed site improvements and utility construction.

### **Payment**

Contrary to a number of incorrect public assertions, Bechtel was neither paid by the month nor by the day. According to the terms of our letter agreement, FEMA reimbursed Bechtel for its costs and paid a fixed fee for each task. It was in Bechtel's best interests, from both humanitarian and business perspectives, to be as expeditious as possible, and we strove every day to meet the goals set by FEMA.

Although the maximum funding limit of the contract was \$575 million, FEMA paid less than \$496 million for Bechtel's work. The cost of delivering, installing, and creating connections to utilities for trailers and mobile homes was \$323 million.

### **Bechtel's Efforts to Promote the Local Economy**

In addition to providing shelter and relief to Hurricane Katrina's victims, Bechtel also focused on providing local employment. Bechtel's disaster relief effort employed more than 2,600 people at its peak, most of whom were from Mississippi and other Gulf states.

Bechtel issued over 75 subcontracts and over 800 purchase orders for goods and services.

With help from local construction industry groups, we identified and used as many local contractors and suppliers as possible.

- Approximately 70 percent of Bechtel's subcontracts were awarded to local companies (based in Mississippi, Alabama or Louisiana) with a total contract value of nearly \$235 million.
- Nearly 82 percent, or over \$264 million of Bechtel's sub-contract expenditures went to small businesses.
- Bechtel also exceeded the contract goals set by FEMA for the use of the services of women-owned, veteran-owned, and small disadvantaged businesses.

Additionally, in order to maximize the participation of historically disadvantaged contractors, Bechtel took part in 15 local or regional outreach events sponsored by the Mississippi Economic Council, Mississippi Development Authority, American Subcontractors Association (Jackson

Chapter), American General Contractors, National Black Leadership Roundtable, Economic Development Council for New Orleans, NAACP, and Rep. Benny Thompson, D-Miss.

**Bechtel's Charitable Efforts**

Bechtel as a company focused on helping the victims of Hurricane Katrina in many ways. Our employees made more than \$1.3 million in contributions to the American Red Cross. Bechtel has also contributed profits from our initial relief work for the benefit of the local economy and helping victims of this natural disaster.