

Senate Democratic Policy Committee Hearing

**“An Oversight Hearing on Post-Katrina Reconstruction:
Has the Federal Government Left Gulf Coast Residents and Businesses Behind?”**

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Thank you for providing Baker Ready Mix and Building Materials with the opportunity to come before the U.S. Senate Democratic Policy Committee.

I own a three-year-old concrete plant in New Orleans. We sustained substantial damage to our facility from Hurricane Katrina and the flood that followed, as well as enduring operating and revenue losses for over six months.

Unlike many small and minority-owned businesses in the city, we survived the months without access to electricity, telephone, internet, sewer or water services, and are now fully operational, with only a few exceptions.

Prior to Katrina, as our credit lines grew, we were able to offer those same credit terms to small contractors in our community, which in turn enabled them to grow their businesses. Ninety-five percent of our work is now cash-on-delivery, because our credit lines are used up servicing our pre-Katrina material expenses. We are in this situation primarily because we have not been able to garner reimbursement for material stockpiles commandeered by rescue and recovery forces in the weeks immediately following the hurricane.

We have tried in vain to get this issue resolved. We have had many discussions with two congressional monitors assigned to us. But after receiving back-up documents and even affidavits confirming delivery of the material in question, we are still no closer to being paid.

Our struggle is as follows.

In August 2005, Baker Ready Mix and Building Materials was in the process of completing a runway rehabilitation project at the New Orleans International Airport. We leased a plant that was placed on airport property to exclusively service the rehabilitation project. The limestone was ordered weeks in advance, because it had to be barged in

from the Midwest and then trucked to the site after being weighed and assigned a delivery ticket of verification.

Operations on the airport project were suspended the morning of Saturday, August 27, 2005, in preparation for the hurricane.

On Thursday, September 1, 2005, we began dispatching teams into the city to survey damage to our facilities, which included two offices, a permanent plant within the city and the leased portable plant at the airport. Our main plant was under four feet of water and had substantial wind damage, and its material stockpiles of standard gravel, sand, pea gravel and limestone were contaminated by flood waters. By comparison, we noted that the airport plant suffered very little damage and had no flood waters, and that the material stock piles were usable.

After the initial assessment we turned our attention to gaining access to the main plant, which would remain underwater for another eight days, as well as to our homes, many of which marinated in eight feet of what seemed like raw sewerage.

During the first week of October, we received notice that the additional work at the airport was to be cancelled. I then asked my brother, Whitney Baker, to please measure the material stockpiles at the airport, to make arrangements to move what we needed over to our main plant, and to sell the excess back to Pontchartrain Materials, Inc. He reported back that the stock piles were no longer there, and that the site had been professionally cleared off.

I attended the New Orleans Aviation Board meeting on October 10, and informed airport management of the situation. They responded that the airport was under FEMA/Army control, and that the material was confiscated to support rescue and recovery efforts. They initially said that the sand was used in sandbags for the levee containment effort, but that has yet to be substantiated. Airport management and other contractors seem to think that the material was used for military and FEMA housing and equipment staging areas. There are large limestone based staging areas around the airport that were used as staging areas for trailers and equipment.

Airport management then asked me to submit a claim to them for the value of the missing gravel at today's replacement cost, plus any interest and overhead that I am incurring. The airport said it would then submit my claim to FEMA along with their own. Since I only used that plant for the runway project, I could easily determine the exact amount of material that was delivered to the airport (through invoicing and delivery receipts), the exact amount of material that was used in each yard of concrete produced at that plant (through certified mix designs), and the total number of yards produced for the project (through signed delivery tickets and paid invoices). After that it was just a simple math equation. The airport agreed and asked for the back-up documents to submit to FEMA, but cautioned me that FEMA may come back with alternative method of assessment. They noted, however, that this would at least engage them in the process.

In December, I received a letter from the airport that FEMA was disallowing their claim for our material because, as a privately owned company, we needed to file a separate claim. They gave me a phone number and a contact name. After several calls to the FEMA representative, I was informed that they could not process our claim because the airport was under military control, not FEMA control, so I needed to call General Honore.

We then started a letter writing campaign to the Army, the Red Cross, the Aviation Board, and FEMA, copying everyone in the process.

In January, a FEMA specialist was assigned to us and I shared with her all that had transpired, including the formula for deriving my totals, specifically asking if there was a better way or process. She said that she concurred with the process and the assessment, but nothing happened.

In February, the first of two Congressional monitors was assigned to our case. We again shared all that we had and knew and asked again, if there is a better way, or if you note any discrepancies, please let us know. We just want a resolution, as I am being crippled financially.

In March, we were passed on to another Congressional monitor, repeating the same process.

In April, we were contacted by a FEMA specialist who said that he was handling the case. He again concurred with our assessment, but this time asked if we could provide affidavits to back up our assessment, which we did. He received all of that information roughly two weeks ago, together with a request for a meeting to negotiate a settlement. We have yet to receive a response.

Every official or representative who has been assigned to us has asked for back-up information, thanked us for it, and said that he or she will get back to us. When we try to call to follow up, someone new contacts us and says he or she has been assigned to the case, and the process starts all over again.

I have no objection to FEMA and the Army taking whatever they needed to get the job done in the wake of the hurricane. I hope my stockpiles were put to good use. All I ask is to be reimbursed for my materials, so that I can put my business back on a sound financial footing, and do my part to help re-build New Orleans.