



Everything New Orleans

## New Orleans inspector general drafts report on recovery oversight contract

By Michelle Krupa, The Times-Picayune

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New Orleans' **inspector general** this week plans to turn over to Mayor **Ray Nagin's** administration a draft report on the city's \$7 million contract with global engineering giant MWH Americas Inc. for oversight of hundreds of infrastructure projects citywide, including many languishing on the drawing board.

Inspector General Ed Quatrevaux declined to say Wednesday what his office uncovered in its review of the 2-year-old agreement, adding that he will release the final report after Nagin's team formally responds to it. The city will have 30 business days to file a reply.

Nagin and then-Recovery Director Ed Blakely **announced the MWH contract in January 2008** to fanfare, saying it would aid the work of overwhelmed City Hall employees who before Hurricane Katrina handled just a handful of capital projects every year.

The mayor said then that he expected the cost of the MWH deal to be reimbursed by the Federal Emergency Management Agency. An agency spokesman at the time confirmed that FEMA generally covers the cost of such oversight deals, though only for projects that qualify for FEMA reimbursement because they were damaged in a disaster and only if the contract structure meets federal standards.

Blakely said MWH would earn as much as 8 percent of the cost of each project it oversees, with simple jobs requiring minimal oversight, such as roof replacements, worth less than major ones. About \$1.1 billion has been allocated so far for recovery projects, city records show.

An amendment that extended the MWH agreement through the end of 2009 capped the contract at \$7 million and set the hourly pay of MWH employees at amounts ranging from \$65 for a clerical worker and \$275 for the program executive. It also states that MWH will not be paid "until funds are received by the (state) Office of Community Development," which serves as the pass-through agency for FEMA reimbursements and other federal recovery dollars.

Nagin aides have thus far failed to respond to a request filed by The Times-Picayune a week ago for the amount of money MWH has invoiced and been paid to date, as well as the source of the payments.

A Web site run by MWH that tracks recovery progress shows that in addition to the restoration of city buildings, playgrounds and other facilities damaged by Katrina, the firm has been managing scores of traditional public-works projects, including reconstruction and resurfacing of streets and sidewalks.

Financing for those projects is slated to come from various sources -- including voter-authorized bond issues, federal highway money and block grants -- as well as from FEMA. But it is unclear what source the city intends to tap to pay MWH for overseeing the work.

Besides barring reimbursements for projects that aren't disaster-related, FEMA rules generally prohibit reimbursements for so-called "cost-plus-percentage" contracts that base payment on the overall value of the deal because the structure provides little incentive to keep costs low.

A public records request submitted by The Times-Picayune for all records related to the MWH contract was not immediately fulfilled.

MWH's recovery management contract is at least the second of the firm's public contracts that Quatrevaux has examined. The inspector general also has said he has looked into MWH's construction management contract with the



Sewerage & Water Board, which recently became the subject of a federal indictment.

According to court documents, MWH was coerced by former S&WB member **Benjamin Edwards** to contribute about \$100,000 in "scholarship donations" between 1999 and 2005 to Third Shiloh Missionary Baptist Church, where Edwards claimed to be the pastor. Also at Edwards' urging, MWH gave Management Construction Consultant Inspection, a firm formed by Edwards and his brother, a \$3 million subcontract that included sewer-related operations, the indictment states.

Quatrevaux on Wednesday also confirmed that his office received a complaint early this year from Lower 9th Ward residents about the lagging restoration of public assets in their hard-hit neighborhood. About two dozen members of the group A Community Voice -- successor to the local branch of ACORN, which feuded with the parent organization -- gathered Wednesday on the site of the leveled Andrew "Pete" Sanchez Multi-Service Center at Caffin and North Claiborne avenues to decry the slow pace of repairs.

"We only want our share, and we only want to be treated fairly," said resident Vanessa Gueringer, adding that the Lower 9th Ward should be at the front of the line for rebuilding money because images of its vast destruction helped persuade federal officials and philanthropists to invest in New Orleans' recovery.

Quatrevaux said his office plans to act on the complaint. "We have in our strategic plan a review of recovery management for 2011, but we may move it forward and do it this year. It depends on the pace of other projects," he said, adding that the evaluation will be "a global one, not just of the Lower 9th Ward."

"We're going to review the whole program and talk to the people who manage it and try to understand their approach," he said.

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