THE GOVERNMENT'S RESPONSE TO THE NORTH RIDGE EARTHQUAKE

HEARING
BEFORE THE
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, INFORMATION, AND TECHNOLOGY
OF THE
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS
SECOND SESSION
JANUARY 19, 1996

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(II)
CONTENTS

Hearing held on January 19, 1996 ................................................................. Page 1

Statement of:
Andrews, Richard, director, Governor's Office of Emergency Services, California; Constance Perett, manager, Emergency Services, county of Los Angeles, CA; and Major General Robert J. Brandt, Assistant Adjutant General and Commander, California Army National Guard .......... 57
Jones, Donald W., vice president, disaster services, American Red Cross; James T. Haigwood, CEO, Los Angeles Chapter, American Red Cross; Terri Jones, director, special projects, California Community Foundation; and John Suggs, director, public policy and government affairs, the United Way of Greater Los Angeles .................................................. 106
Riordan, Richard, mayor, city of Los Angeles, CA ........................................ 37
Wilson, Blenda J., president, California State University, Northridge; Robert Maxson, president, California State University, Long Beach; and J. Richard Williams, dean of engineering, California State University, Long Beach ................................................................. 148
Witt, James Lee, Director, Federal Emergency Management Agency .......... 9

Letters, statements, etc., submitted for the record by:
Andrews, Richard, director, Governor's Office of Emergency Services, California, prepared statement of ................................................................. 61
Brandt, Major General Robert J., Assistant Adjutant General and Commander, California Army National Guard:
Information concerning cost and grant summary ........................................ 94
Prepared statement of ................................................................. 86
Haigwood, James T., CEO, Los Angeles Chapter, American Red Cross, prepared statement of ................................................................. 115
Jones, Donald W., vice president, disaster services, American Red Cross, prepared statement of ................................................................. 110
Jones, Terri, director, special projects, California Community Foundation, prepared statement of ................................................................. 121
Maxson, Robert, president, California State University, Long Beach, prepared statement of ................................................................. 161
Perett, Constance, manager, Emergency Services, county of Los Angeles, CA, prepared statement of ................................................................. 77
Riordan, Richard, mayor, city of Los Angeles, CA, prepared statement of ................................................................. 42
Suggs, John, director, public policy and government affairs, the United Way of Greater Los Angeles, prepared statement of ................................................................. 140
Williams, J. Richard, dean of engineering, California State University, Long Beach, prepared statement of ................................................................. 167
Wilson, Blenda J., president, California State University, Northridge, prepared statement of ................................................................. 152
Witt, James Lee, Director, Federal Emergency Management Agency, prepared statement of ................................................................. 14

(III)
THE GOVERNMENT'S RESPONSE TO THE
NORTH RIDGE EARTHQUAKE

FRIDAY, JANUARY 19, 1996

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,
Northridge, CA.

The subcommittee met, pursuant to notice, at 10:02 a.m., at the
California State University, Northridge, CA, Hon. Steve Horn
(chairman of the subcommittee) presiding.
Present: Representatives Horn, Flanagan, and Davis.
Also present: Representatives Dreier, Dixon, McKeon, and
Torres.
Staff present: J. Russell George, staff director and counsel; An-
drew G. Richardson, clerk; Kevin Sabo, general counsel; Jeff
Wilmot, professional staff member; and Cheryl Phelps, minority
professional staff member.
Mr. HORN. A quorum being present, the Subcommittee on Gov-
ernment Management, Information, and Technology will come to
order.

On January 17, 1994, an earthquake measuring 6.7 percent on
the Richter scale struck the Los Angeles area. It was one of the
most devastating natural disasters ever to confront our Nation. In
its wake, more than 70 people lost their lives, and thousands were
injured. Tens of thousands of structures were damaged, leaving
over 25,000 people homeless. Severe destruction to the freeways oc-
curred tying up the region's transportation network. The damage
resulting from the quake was estimated to exceed $20 billion.

Immediately following the earthquake, the Federal Government,
working with State and local governments, mobilized its responses.
Coordinated by the Federal Emergency Management Agency,
FEMA, the recovery effort continues through this day.

The purpose of today's hearings is to determine the adequacy of
the Federal Government's response, the cooperation between Fed-
eral, State, local governmental entities as well as the work of non-
profit and community organizations. In a region where earthquakes
are a constant threat, it is imperative for Members of Congress to
understand first-hand what occurred in the aftermath of the
Northridge earthquake in order to learn from it.

The witnesses who will be assisting us in this effort are James
Lee Witt, the Director of the Federal Emergency Management
Agency; the mayor of Los Angeles, Richard Riordan; Mr. Richard
Andrews, the director of the Governor's Office of Emergency Serv-
ices in the State; Constance Perett, the manager of the Emergency Services for the county of Los Angeles; and Major General Robert Brandt, the Assistant Adjutant General, California National Guard.

We also have with us today representatives of private relief organizations which had a key role in the aftermath of the Northridge Earthquake. Representing the National Headquarters of the American Red Cross is the vice president for Disaster Services, Donald Jones. Along with us are James Haigwood, the Chief Executive Officer, Los Angeles Chapter of the Red Cross; Terri Jones, director of special projects, California Community Foundation; and John Suggs, the director of public policy and government affairs, United Way of Greater Los Angeles area. Then we will be hearing from Dr. Blenda Wilson, our host as president of California State University, Northridge, and I may say, as we all know, this campus was greatly damaged by the earthquake.

We will also have on the last panel Dr. Robert Maxson, the president of California State University, Long Beach; and Dr. Richard Williams, the dean of the College of Engineering at the University, whose testimony will guide us in the direction of what mitigation efforts can be made in advance of tragedies, be they earthquakes, hurricanes, floods, all of the things FEMA and this State have gone through with the exception of hurricanes in the case to California, and their testimony will assist us in learning more about mitigation efforts which can be used to lessen the impact of similar earthquakes or other disasters in the future.

We thank all of them for coming out here on Friday and joining us, and we look forward to their testimony. It is an indication of the importance of this subject matter to the Members of the House of Representatives by the number of Members we have visiting with the subcommittee today.

To my immediate left is the vice chairman of the subcommittee, Representative Michael Flanagan of Illinois, and he will be joined soon by another member of the subcommittee, Tom Davis of Virginia, who was delayed in a fog in Chicago and is on his way.

With us today are a number of key representatives from the Los Angeles Region, and we will be hearing from them shortly. Representative Julian Dixon is on my immediate right, a long-time member, key member, of Appropriations, was very active in securing the funds and, as I mentioned to Julian this morning, he was certainly in every meeting I was in and played a major role in the congressional response to this and many other disasters.

We also have with us a key member of the majority, David Dreier, one of the principal leaders of the House as a member of the Committee on Rules.

We will have with us Marty Martinez, who will be here, and we have with us now Howard “Buck” McKeon, in whose district we are, and president of the freshman class that I came in with, and a very respected Member of the House.

With us later today will be Representative Esteban Torres and Representative Maxine Waters.

I would now like to turn to the ranking minority member here, Congressman Dixon, for any opening statement he might wish to make.
Mr. DIXON. Thank you very much, Mr. Chairman. I don’t really have an opening statement. I will be very, very brief. First of all, I would like to thank you and the committee members for paying attention to our region of the country that has been impacted over a period of time with an extraordinary number of disasters.

I think that in a bipartisan and cooperative way, when the earthquake hit us, you saw our California delegation in its entirety working together to rapidly bring funds to those here in southern California. Obviously, disaster relief and mitigation issues are going to be examined in the coming Congresses for, as a member of the Appropriations Committee, I think that we all know and understand that whereas Members of Congress are sympathetic, sometimes they are exacerbated by the fact that there is a continuing flow of money coming to California to bail out situations that occur from Mother Nature. It certainly occurs in other areas of the country, but we have had a great deal of dialog in the Appropriations Committee as it relates to funding for disasters in California.

Finally, I would like to say that, as we talk about the overview of how FEMA performed in the last disaster, the earthquake, I am very pleased to say that from my observation, their performance was excellent. Was it perfect, no. Are institutions of Government ever perfect, absolutely not. But I have found that Director Witt has been not only on the scene, but very cooperative with the California delegation.

I also recognize that from time to time that agencies of goodwill will have differences and I think the testimony here today will reflect some of those differences. Nevertheless, whether it is the city of Los Angeles, or the State of California or FEMA, our Federal representative, I think in the last disaster, the earthquake, that they responded in good faith, had a high degree of cooperation and I think our task is to make sure that in the future the degree of cooperation and success continue.

Thank you very much.

Mr. HORN. Thank you.

I now yield to the vice chairman of the subcommittee, Representative Flanagan of Illinois.

Mr. FLANAGAN. Thank you, Mr. Chairman.

I am inundated with bits of paper here, because I am from the land of flatness and the land where we don’t have earthquakes. I would like to echo what Mr. Dixon had said so eloquently, as he always is, in that, the general perception is California is the natural disaster theme park and that we are constantly pouring money into it. That is why hearings like this are so important, to bring Members from Illinois and Virginia and other places, other than the California Delegation who are so well acquainted with the intimate problems, to take that information not just back to Washington, but to points in the Nation and explain that when an earthquake causes billions of dollars in damage, destroying institutions of higher learning and homes and businesses and other areas is not to be taken lightly and certainly the Federal Government has a role.

We are here for oversight reasons. We are here to make sure that the money that is appropriated is well spent. In an effort to make sure that it is well spent, that we acquaint ourselves with
the operations of FEMA and other relevant authorities. So I con-
gratulate the chairman for having these hearings, for bringing
Members from outside of the near area and with that I yield back.

Mr. HORN. Thank you very much.

I now yield to Mr. Dreier, the gentleman from California and
east Los Angeles.

Mr. DREIER. Thank you very much, Mr. Chairman.

Leave it to Steve Horn, a former university president, to bring
us to a university campus. It is very nice to be here and I will say
that it is amazing for me to see the devastation that still exists
here, just as we were driving in. I would like to say that it is an
honor to be with my friend and colleague, Buck McKeon, who was
on the front line 2 years ago dealing with this situation here.

Also Mike Flanagan, I got a call at 6 this morning from my sister
who is almost, not quite, a constituent of his telling me about the
snow and the weather in Chicago. So I will say that I know that
it was a real sacrifice for Mr. Flanagan to come to southern Califor-
nia.

Mr. FLANAGAN. A shattering one.

Mr. DREIER. Yes, but I will say, to respond slightly to Michael’s
remark, earthquakes are not simply a California phenomenon.
There are 39 States of the 50 that have a high propensity, not as
high as California’s in many instances, but do have a propensity
for earthquakes. We all know that the most serious earthquake in
the history of this country did not take place here in California or
Alaska, but on the Madrid fault line, right in the center of the
United States. It seems to me that the presence of Mike Flanagan
and Tom Davis and others from around the country will help us
demonstrate that this is not simply a regional issue and it is one
that needs to be addressed nationally.

I will never forget on October 1, 1987, it was late morning and
I was on the floor of Congress and my very good friend and col-
league, who I guess is going to be here later, Esteban Torres, came
up to me on the House floor and said, “David, did you hear about
the California earthquake this morning?”

I naturally felt helpless, and I found that that earthquake was
5.9 in magnitude, it took place in what is known as the Whittier
Narrows area, which at that time I was privileged to represent.

In the wake of that we had not only the tragedy of the earth-
quake, but, quite frankly, a very tragic experience dealing with the
Federal Emergency Management Agency and other Federal agen-
cies. And my office was there for literally days as the only Federal
entity on the spot in the wake of the Whittier Narrows earthquake.

So I took it upon myself, working with a number of my col-
leagues, at that point to ensure that we improve the coordination
between the State and the Federal Government. I am pleased to
see Dick Andrews here. I should say it is great to see James Lee
Witt and Dick Andrews and others of you in what is other than a
disaster situation. I mean, every time I look at you all we are deal-
ing with a real tragedy. So it is nice to see you.

But we were able, following the 1987 earthquake, I believe, to
take some very major steps in preparation for another earthquake.

We all know what happened 2 years later on October 17th. I was,
at that point—we all remember where we were during these earth-
quakes—I was watching the World Series, like many people, in Washington, DC, in my office and, of course, we could see what happened then. In the Loma Prieta earthquake, I believe, and based on the reports that I got from our colleague, Tom Campbell, and many others, we were able to respond more effectively to the Loma Prieta earthquake because of the things that we had learned from the Whittier Narrows earthquake in 1987.

Likewise, I believe that the Loma Prieta quake helped lay the groundwork, with the fine leadership of James Lee and Dick and others, for the tragedy of the Northridge quake.

As was said by Julian, the response was not perfect, but it clearly has been a marked improvement over the situation that I faced in the area I represented in 1987. I hope that this hearing will join in our effort to bring about legislation which will allow us to deal on a nationwide basis with the earthquake problem and the overall natural disaster effort, which our colleagues Bill Emerson and others have been involved in back in Washington.

It seems to me that we do need to realize that the American people have had a pattern, a pattern of whenever any kind of natural disaster hits they look to one place, the Federal Government. The Federal Government has been, in the eyes of many, the panacea to the challenges of natural disasters. I believe that that must come to an end.

Last year, for the first time ever, in providing assistance following the Northridge quake we were able to see the U.S. Congress provide assets to deal with the emergency appropriation. I am glad that after the President had vetoed that initial bill that he finally signed the bill to provide assistance out here for that.

I think that as we look toward the future it is very apparent that we have to find ways in which we can develop a private/public partnership to wean the American people away from total reliance on the Federal Government as its source in the response to these disasters.

So I would like to again say it is a privilege to be here with my pal, Buck, and I am very proud of Steve Horn's superb work. He has done an excellent job on this and he has been very diligent in every issue that he has undertaken. I look forward to the testimony of our friends and I guess I should apologize right now that I am going to have to be at a lunch down in Los Angeles. So I will cut my statement off, after having spoken for 15 minutes, and move ahead.

Mr. HORN. I now yield to the gentleman from California, whose jurisdiction the campus at Northridge is located and a good part of the damage of the earthquake occurred, Buck McKeon.

Mr. McKEON. Thank you, Mr. Chairman.

It is intimidating having to sit here next to Mr. Dreier and follow him at the microphone. He has this golden tongue and he is able to go on and on and always says great things and says them in a great way. But it is a real honor to be here with him and our other colleagues here.

I would like to say, Mr. Chairman, I have had the opportunity of working with you since we went to Congress. In my opinion you are one of the hardest working Members in Congress. We went on a trip, I remember, in the Public Works Committee early on, and
the rest of us, when we would get on the plane would kind of sit back and relax and the chairman would start going through volumes of books, reading and marking, and I thought he never stops. I appreciate your coming here to our district and holding this hearing.

I think early on in the disaster I talked to Director Witt and I said, you know, it is really important, the leadership. I remember the room when we opened the first disaster center, Dick was there, the Governor was there and your first words were, we need to stick together, and everybody did and I think that it was great to be a part of that, that we could all pull together and we weren’t talking about Democrats or Republicans or liberals or conservatives or whatever. We were pulling together as Americans to try to help people through a tough time.

I am pleased to be a part this morning of this House Subcommittee on Government Management, Information, and Technology, to evaluate the Federal Government’s response to the 1994 Northridge earthquake.

Mr. Chairman, as you know, on January 17, 1994, my district was hit by one of the most damaging earthquakes in our Nation’s history. This disaster resulted in over 70 deaths, more than 18,000 injuries and damaged nearly 60,000 structures, many of which have not yet been repaired and are still visual reminders of that. Several freeways and bridges linking Los Angeles with other parts of the county collapsed, causing massive traffic disruptions. FEMA estimates the total damages at $25 to $30 billion, making it the costliest disaster in our history.

California State University at Northridge, which is hosting this hearing today, suffered dramatic damage. Several buildings were too damaged to be repaired and another 15 to 20 required major structural repairs. The full and partial closings of buildings delayed the start of spring term for 3 full weeks.

We were just getting ready to start classes and I think without the leadership of Dr. Blenda Wilson, the president of the school, and the way she was able to rally people and to get things going, we probably would have lost a whole semester. And I want to commend her for the great work that she has done.

In the aftermath of this terrible disaster, FEMA, together with local government disaster agencies, rose to the challenge and immediately implemented emergency plans and opened dozens of emergency operations centers, to serve hundreds of thousands of victims.

In those early days and since then, I have had the opportunity to work closely with FEMA and OES to assess disaster recovery plans and ensure the flow of Federal aid to rebuild homes, locate temporary housing and procure low interest SBA disaster loans.

I was at a meeting just the other night where a local agency was handing out awards for people who had done great things to recover and to get their businesses back and to keep people working through this period. While no one doubts the tremendous hardships suffered by victims of this earthquake, I can assure you that without FEMA’s early relief and recovery efforts the disruption of their lives would have been far worse.
While there are still several important issues facing us today, such as the funding of several damaged hospitals and schools under the public assistance program, defining hazard mitigation regulations and the review of mobile home bolting inspections, the vast number of disaster applications have now been completed and adequately funded. Much has been learned from this disaster and it has been reaffirmed the lesson that reducing property damage and life loss in earthquake is a continuing process of improving design codes for new construction, expanding the capability of Federal and State emergency response systems and educating every resident of California about how they protect themselves from the dangers of earthquakes.

Again, I thank you, Mr. Chairman, for allowing me to participate in this meeting and I look forward to hearing from our panels.

Mr. HORN. Thank you very much.

It is now my pleasure to introduce a very distinguished representative from southern California, Esteban Torres, who is a member of the House Committee on Appropriations and, at the time of the earthquake, was a key member of the so-called "Veterans Affairs, Housing Urban Development Independent Offices Appropriation Subcommittee" under which the funding for the Federal Emergency Management Agency occurs.

So we are delighted to have you with us this morning. Would you have some comments to add?

Mr. TORRES. Thank you, Mr. Chairman, for your kind introduction.

I want to thank you and the members of the panel for being here with us today. I certainly want to welcome Director Witt and the mayor to this very important hearing.

While I have no statement, I just simply want to acknowledge and thank you for bringing this hearing about. It is very important for us to be able to, after this anniversary of this disastrous occasion to revisit what has happened and the role that the relevant agencies of Government, the city of Los Angeles and the Federal Government have taken. So that we can measure and look at for future type situations.

I look forward to hearing from Director Witt's comments, as well as the mayor's and to that degree, Mr. Chairman, I yield back the floor to you.

Mr. HORN. Thank you very much.

Before I introduce the director, we have with us this morning, and she will be a very prominent spokesperson on the last panel, Dr. Blenda Wilson, the president of California State University Northridge. I would like her to come forward.

We want to thank you for all the help which your very fine staff has given this subcommittee. It has really been superb and we deeply appreciate it, when you are running one of the largest educational institutions in America, to have your staff take the time they have with us. So thank you and I think you wanted to say a few welcoming remarks.

Ms. WILSON. I do.

Mr. HORN. We will be glad to hear that.

Ms. WILSON. Thank you Congressman Horn, Congressman McKeon and members of the committee.
It is my pleasure to welcome you to Cal State Northridge. We are pleased that you would elect to hold a hearing on this important agency and important topic on our campus. We are pleased also to welcome back to the campus Director James Lee Witt and the Director of the Office of Emergency Services, Dick Andrews, and members of the staff of FEMA and OES, many of whom we have come to know quite well over these past 2 years.

Sitting in this lovely climate today, in a campus that, for all the previous damage, looks pretty normal, to us at least, it is hard to visualize last week's blizzard of 1996, a storm with enough awesome power to paralyze the entire eastern seaboard, a circumstance in which the services of FEMA were once again tapped and mobilized. It is also difficult in this almost normal environment to visualize the devastation of another catastrophic event, the Northridge earthquake of 1994.

Seen through the prism of time, for sure, much has been accomplished at the campus, but the road to recovery has been long and winding. All 107 structures within the physical plant, 53 of them major facilities, were effected by the earthquake. It was only through the extraordinary and dedicated efforts of university faculty, staff and students, relief and community service agencies, local government officials, construction crews and contractors and particularly our California congressional delegation that we were able to open the campus on February 14th, only 2 weeks off the normal schedule.

FEMA's performance during that time was essential and exemplary. During the 4-week window, we moved rapidly from operating the campus out of one tent to multiple tents, to off campus sites and finally to 480 temporary structures, trailers and domes.

Six months later, by the beginning of the fall of 1994, we were able to move back partially or fully into some of our buildings. Most importantly, we were able to reopen the main core of the Oviatt Library, just 3 days before the start of fall classes, a feat no one thought could be accomplished, including the project engineers.

We are eager at this time, near the second anniversary of the earthquake, to conclude discussions, which we are currently having with FEMA, to provide a summary grant to Cal State Northridge, to enable the campus to complete repairs totally by December 1997.

Later in the program I will testify more directly and specifically on the university's emergency response and how the campus interfaced with FEMA and other governmental agencies, what worked, as well as some ideas on improvement and some of our experience about those things we learned as a university. I believe our experience can be both useful and helpful to the subcommittee members. And I look forward to hearing the testimony today.

Again, our welcome. We are delighted you are here.

Mr. HORN. Thank you very much, Dr. Wilson. It is a great pleasure to have you here.

We will now begin with our first witness, the very distinguished Director of the Federal Emergency Management Agency. When I first came to the House in 1993 and served on the then Public Works Transportation Committee and this committee was called Government Operations, after a few hearings in which the Director
participated, all the old-timers, regardless of party, regardless of ideology, said this is the best person we have seen in that job. He has certainly lived up to that reputation. On a bipartisan basis he is a highly regarded professional who had a distinguished State experience in dealing with emergencies and has brought that understanding of State-Federal cooperation to Washington, DC. So we are glad to have him with us.

Now the tradition of this committee is to swear in all witnesses as to testimony and I will shortly do that and with the key witnesses, such as the Director, the mayor, the director of the California Emergency Services National Guard, we will have somewhere between 5 and 10 minutes of oral presentation from the heart, looking us in the eye. And they have all brought very full statements which will be automatic for each witness that we put in the record immediately after introducing them.

So we are interested in the highlights, the summary of those statements and then we will have a round of questions, limiting each Congressional Member to 5 minutes. We won't stop with one round, we will stop when everybody says I have had it in terms of the questions I have available. So we will alternate between parties with 5 minutes.

Now, Mr. Director, if you will stand we will swear you in.

[Witness sworn.]

Mr. HORN. The clerk will note that the witness has affirmed. We are delighted to have you summarize your statement.

STATEMENT OF JAMES LEE WITT, DIRECTOR, FEDERAL EMERGENCY MANAGEMENT AGENCY

Mr. WITT. Thank you, Mr. Chairman and members of the committee. It is an honor to be here with you today for this very important hearing and I really appreciate the opportunity to be here and to discuss the response to the Northridge earthquake.

I really want to thank Blenda Wilson for her hosting this committee hearing as well.

As we look back 2 years ago today and what happened and the disruption and cost with freeways being knocked down and lives being put on hold——

Mr. HORN. Mr. Director and the staff, we are going to need to keep that microphone very close. We have this happen often.

Mr. WITT. OK, I'll try better.

Mr. HORN. Otherwise they can't hear.

If you can't hear in the back put your hand up and we will get it closer.

Mr. WITT. We had 57 people that lost their lives in this earthquake and we had thousands of people that were homeless. We had schools, hospitals that had been disrupted and we had search and rescue teams from not only California, but other areas that came in. And we had people sleeping in the parks. I will never forget when Dick and myself and some of the staff had walked through the parks and talked to these people and little kids laying on their blankets in those parks without any protection. And every time we had an aftershock the people that could go back in would run back out. It was just devastating.
It was, of course, the largest disaster that we have ever had that would hit an urban area. We had taken over 681,000 applications from individuals. And the total losses, as the chairman said earlier, $25 to $30 billion in losses. FEMA to this date has provided $3.4 billion in the recovery efforts on public assistance and individual assistance, plus billions more dollars from other Federal agencies.

The administration's comment and the President's comment was, on that first day, do whatever we have to do to help California recover. What he meant, and what he intended, and what he wanted, was that we utilize every available Federal resource to make sure that we supported the State and local efforts in the recovery and response that we had to do.

Also there was a commitment by not only you, the Members of Congress, but also from the President and all of us that we would be here as long as it took to help make sure that that recovery effort was completed in long-term.

The scope and the magnitude of this earthquake required FEMA and other Federal agencies to really come together and foster a partnership. I remember several nights that Secretary Riley, Secretary Peña, Rodney Slater, the Federal Highway Administrator, Secretary Henry Cisneros, and all of us would meet late in the night together to make sure that that effort was united. That has made a big difference in how we respond, by doing it together and maximizing that Federal dollar to its limit in disasters.

We formed partnerships with Mayor Riordan, Blenda Wilson, here, other subgrantees, Dick Andrews and the State OES, Governor Wilson's office. What was really interesting was the partnership that we had formed with you, Members of Congress and your staff. We had Members of Congress and their staff working with us on outreach teams in the communities, going out and coming back and saying, you know, we have got a problem over here, what can we do about this. It was a tremendous effort and it helped us a great deal.

We had a tremendous effort by all of the communities in supporting what we were doing in outreach and community leaders. The community-based organizations here in California just did a fantastic job in outreach and helping us to get information out to those individuals. They passed out information in churches on Sunday morning church services at night, which really made a big difference.

The people of Los Angeles themselves, the strength that they had to endure this and to overcome those odds was incredible. You saw neighbors helping neighbors and supporting each other in this crisis.

We did create a lot of new innovations. We did fast track housing. Of course there was mistakes, but any time you make those changes and try to do it better and more effective and more efficient and with that mass of people that needed assistance, and Dick Andrews and I talked about this, is there a way that we can get that assistance out faster.

So we used the State's modeling system and overlaid it with zip code maps to help get that money out to those individuals to get their lives back faster. And yes there were some that did not deserve to get that money, but it was over 85 percent accurate on
what we did. There has been a tremendous effort and some people that didn't need the money sent the checks back and other people's has been collected since then.

The IG's office, very early I asked the IG to come out here. I asked our general counsel to come out here to be part of our team. And very early Dick and myself, and the IG, and all of us decided that we were not going to tolerate fraud and that we were going to have the press conferences and we were going to advertise this. We would not tolerate fraud, because the people that needed this money, it was important that they get it. And that worked very well.

We had an Ace Computer Compact which we used for the first time, where it would actually estimate the damages when the inspectors went out. It cut the time down considerably in getting checks back to individuals and that was the first time we have ever used it.

The recovery channel, between the State OES and FEMA, we established a recovery channel for the first time, by satellite, that would link up 100 different cable television stations could pull this recovery channel down with vital information to those individuals and businesses and elected officials and it worked extremely well. Service centers, we set up 11 service centers where all State agencies, Federal agencies would be in a service center where people could just come in and inquire or had problems and we would try to follow through and take care of those problems.

The language barriers that we had were just incredible and it was a task in itself to make sure that we had the people in service centers, on our hotline, that could answer their questions in several different languages. I think the outreach teams that we had here with the State and FEMA and the local constituents and community based organizations made a tremendous difference. For the first time, California OES and FEMA had an outreach team that worked individually with those local elected officials, saying this is what you are going to have to do, this is what we need.

We signed an MOU with the State of California on mitigation. Has it made a difference? Maybe it is fixing to really start making a difference by putting more of the responsibility and the authority in the State's hands to approve or disapproved mitigation projects, with FEMA following through, providing technical assistance or whatever we need to do.

We are working on a national MOU now with NEMA and Dick is the president of NEMA now. Where we can sign an MOU with every State in advance of a declaration or a catastrophic disaster or whatever it may be, where it could be in the forefront and then already have it planned and in place and ready to go. Lessons learned? Absolutely, centralization of application process and functions work. It actually works and it speeds up the process.

FEMA and the Nation need to develop better ways of coordinating damage assessments, particularly in earthquakes. We learned a lot from that in California. The new contract we have with contractors on inspections, we put it in their contract that these inspectors had to be trained. The need for pre-identified teams of highly specialized responders, very early, first week, it was very
clear we had to bring in some very competent people that could set these programs up very quickly.

When we got through with that we went back to Washington and I said we have to form some teams. We formed three teams of very highly skilled people to be part of these teams. These teams now are the red, white, and blue, teams that would respond to disasters like Hurricane Marilyn and they would stay on the scene for 3 weeks just setting the programs up, the disaster field office up, and making sure everything was functioning and functioning correctly. These teams are on alert every month and we activated them in Marilyn, we activated them in Hurricane Opal and they worked extremely well, much faster.

The difference between the urban and rural disasters, as I said earlier, it was the language barriers. It was very critical that we had people to come in to help with that. The State OES and FEMA and also American Airlines supported that effort, as well as National Guard and Army Reserves. The American people, local and State officials and Congress had expressed their desire for us to be expedient, flexible and compassionate when we administer our disaster funds, but in doing so we must find solutions which will uphold our responsibilities as well and we must be good stewards of the American tax payer's dollars, as well.

So what do we find ourselves in? We find ourselves in a situation, many times, where as we respond and we go into recovery efforts we find ourselves having to solve problems. We find ourselves trying new approaches which creates problems. We find ourselves trying to evaluate and modify, but it may cause problems during that time right then, but it is going to improve our agency and the Federal Government's response in the future, which I think will make a big difference.

Building back better? Absolutely. Mitigation is the key to make a difference in California, in the midwest, in the Virgin Islands, wherever it may be. The schools, when I walked through the schools and saw all of the suspended lighting and the suspended ceilings that fell on all the school desks, just think what we would have had if those children or those faculty members had been in those schools. The fatality would have been much higher, injuries would have been much higher.

So it is important that we secure those ceilings in the future that they will not fall and that is what mitigation can do. Hospitals, we have been working very closely with the hospitals in California and the State OES and we have made some changes and some recommendations instead of the normal process that we have been going through and going through that appeal process if need be.

So we have worked with them in establishing what we call algorithm in doing mitigation and letting them use those dollars for alternate projects, where they can build back better. Has that caused some problems? Absolutely? Is it going to be better? I think so. Will it make a difference? I think it will, because what is critical is for those hospitals and those critical care facilities be up and operating the next time we have an earthquake. And that those patients know that they are secure and they are safe when they are in that hospital. Because that function is absolutely critical. With the people that we had injured in Northridge and the people that were in
those hospitals, it is just essential that they be operational. So this I hope will make a difference in helping them to build back better.

Homeowners mitigation and housing programs can make a difference. We have had thousands of people to be part of that. Have we had some problems in that? Yes, sir. The bolting that you mentioned earlier, yes there were some problems there. We worked through thousands of those and based on the thousands that we have helped, it is a minor problem, considering how many we have helped and with the people that are coming back with appeal.

In our guidelines for still movement frame buildings, we are reviewing those. We are looking at those, because the still movement frame buildings did not do what they were supposed to do under this type of an earthquake. So, hopefully, working together with the State in engineering we can come back with recommendations of how to improve that.

Closing remarks: there have been those who have questioned the Government's commitment to long-term recovery in California. On behalf of myself and the administration, I can assure you that we will be here as long as it takes to help support the State and local effort in that recovery. It is important that we do whatever we can to get these communities back in full operation, because it impacts the whole Nation, not just California.

Mr. Chairman, thank you.

[The prepared statement of Mr. Witt follows:]
Testimony of James Lee Witt
Director
Federal Emergency Management Agency

Thank you Chairman Horn, members of the Subcommittee, and members of the Los Angeles delegation for inviting me to address this distinguished panel on FEMA's response to the Northridge Earthquake.

I must first applaud your leadership in acknowledging the two-year anniversary of this catastrophic disaster by coordinating this forum to assess what our response has been to date, and what we plan to do in the future. These hearings give me the opportunity to reaffirm the Administration's continuing commitment to the long-term recovery needs of Southern California.

It is hard to believe that it has been two years since a 6.7-magnitude earthquake produced the largest disaster ever inflicted on an urban area in the United States. The Northridge earthquake claimed the lives of at least 57 people, injured more than 11,000, damaged approximately 114,000 residential and commercial structures, and caused $20 to $25 billion in estimated property damage and economic losses. In less than 30 seconds of shaking, the Northridge earthquake surpassed Hurricane Andrew as the nation's costliest disaster in terms of federal expenditures.

The human toll of this disaster is reflected by the more than 681,000 applications FEMA received for assistance from people whose homes were damaged or destroyed. The number of people seeking state and federal disaster assistance was more than double any previous single U.S. disaster.

Minutes after the earthquake hit, the federal response to the disaster was taking shape. President Clinton directed all federal agencies to devote their resources to response and recovery efforts. Within an hour, FEMA's Regional Operations Center was activated and we joined forces with the Governor's Office of Emergency Services and other Federal agencies to mobilize emergency shelter for disaster victims; provide food, water and emergency supplies; dispatch emergency medical and urban search and rescue teams; clear debris from damaged roadways and bridges; and begin the repair of impacted bridges and highways.

By the end of the first day, I, as well as Housing and Urban Development Secretary Henry Cisneros, Department of Transportation Secretary Federico Pena, then SBA Administrator Erskine Bowles, and Federal Highway Administrator Rodney Slater, were on-scene to direct a wide-ranging response effort. With our state and local partners, we forged a monumental recovery effort for disaster victims in Los Angeles, Ventura, and Orange Counties.

Through the cooperative efforts of 27 agencies, and the American Red Cross, the federal disaster response met the benchmark that President Clinton set for recovery operations -- that it be collaborative, fiscally responsible, flexible, efficient, compassionate and fast.

FEMA has spent over $3.4 billion thus far in its disaster relief and recovery efforts.
Our individual assistance programs meet the immediate temporary housing and other critical needs of disaster victims. To date, FEMA has obligated over $1.4 billion to the more than 680,000 people seeking housing repair funds, mortgage and rental assistance, disaster unemployment assistance and a variety of essential unmet needs. Since January 17, 1994, more than 2.6 million people have called our helpline seeking disaster relief information; FEMA has reached more than 1.7 million people to offer crisis counseling services through providers in the three-county disaster area with FEMA's disaster mental health programs; and more than 134,000 people have applied for funding to repair and strengthen their homes to prevent future earthquake damages.

Through our infrastructure program, FEMA has obligated more than $1.7 billion to help local and state governments and certain non-profit agencies. More than $600 million has been provided to help rebuild public facilities such as schools and hospitals. We have also provided $278 million for debris removal, $435 million for emergency protective measures, $13 million for repairs to roads and bridges, $3.7 million for water control facilities, $260 million for utility repair and $117 million for various other recovery costs in the public sector.

These cold numbers represent real human needs and hopes. Three months ago, I visited Santa Monica Community College, a campus of 22,000 students, which boasts the proud distinction of sending more community college students to California's four-year university system than any other local school. I went to the campus to announce that FEMA would be providing almost $19 million for the reconstruction of their science building which was totally demolished in the earthquake. Since the earthquake, students took science classes in what they called "Science Village," a remote set of temporary mobile classrooms which are also being funded by FEMA. With construction set to begin soon on this new science building, we are providing the funds to construct a facility that complies with current earthquake building codes which will protect the building against similar damage in the future. This is only one example, out of 513 infrastructure applicants where FEMA funds not only rebuild the buildings, but in doing so rebuild community.

Our preference of course is to reduce the number of devastated communities and families in the future. The Hazard Mitigation Grant Program provides funds to reduce or prevent property damage in future disasters. We anticipate providing $700 million in matching funds under this authority. The program is just getting underway, but we have already made significant mitigation investments in this earthquake recovery. For example, when I toured schools immediately after the earthquake, I noticed that many ceiling systems had completely collapsed onto desks, onto labs and onto the shelves of school libraries. There is no question that, had the earthquake occurred during school hours, a number of students and faculty would have been seriously injured or killed. Last month, I approved the allocation of $106 million in mitigation funds to retrofit school ceilings in 63 school districts throughout Southern California. These funds will be used to secure suspended ceilings and attached lighting systems in more than 13,000 school buildings to assure the future safety of our children.
The amount of federal assistance provided for this disaster is only one part of the Northridge earthquake recovery. As I indicated before, President Clinton directed that this recovery effort be collaborative, fiscally responsible, flexible, efficient, compassionate and fast. From January 17, 1994 to January 19, 1996, FEMA has continued to develop innovative strategies to provide service more quickly and efficiently than ever before. Eliminating time-consuming bureaucratic procedures, making use of the latest technological advances available to the federal family, and developing strong partnerships helped to produce new ways of delivering relief to the victims of this disaster.

Expediting assistance was the number one goal of the federal government following the earthquake. The President’s immediate disaster declaration enabled the government to mobilize its resources on-the-spot. When senior administration officials arrived in Los Angeles, they were able to offer disaster funding immediately to ensure that victims received the help they needed. Federal programs were adapted to meet the unique needs of earthquake victims, and disaster assistance applications were simplified to make it easier and faster to apply.

The enormity of this disaster demanded that we find creative ways to deliver assistance on a massive scale. An immediate infusion of 5,000 federal disaster workers enabled the agency to quickly set up a comprehensive disaster assistance network that covered more than 2,100 square miles severely impacted by the earthquake.

Three days into the disaster, 11 Disaster Application Centers were strategically located throughout the disaster area to bring assistance to the thousands of victims seeking assistance. Eventually 21 centers were opened and mobile application centers were established in 80 locations to reach individuals who otherwise could not register for assistance. One month into the disaster, FEMA opened and operated 11 long-term Earthquake Service Centers, which enabled disaster victims to meet with representatives from all disaster assistance providers. More than 150,000 people applied for Federal disaster assistance at these centers. In the one year period of April 1994 to April 1995, 430,000 persons visited the Service Centers for a wide variety of Federal, State and local help available.

For the first time in any disaster, FEMA implemented a Fast Track Disaster Housing Assistance Program. To get money rapidly into the hands of victims, FEMA provided expedited assistance using a zip code map in conjunction with a seismic map of the area hardest hit by the earthquake. The overlay of the maps identified where the most damaged homes were likely to be. Housing checks were immediately sent to all individuals from those areas that had applied for aid, prior to completing inspections. An inspection team was later sent to verify losses and a collection process was put in place so that only those who needed the funds ultimately received them.

In responding to the needs of disaster victims, we have to be vigilant in our responsibilities to the taxpayers. In doing so, I am fortunate to have a solid management team that includes my Inspector General (IG) and Chief Financial Officer. Disaster response is the
responsibility of all of FEMA. Immediately following the earthquake the IG investigators were on the scene and organized a multi-agency task force to address fraud against FEMA and other disaster assistance agencies. They were given high visibility in press conferences and included fraud awareness as part of our employee training. The results have been very positive and I am convinced that the high profile of our efforts discouraged others from engaging in fraudulent activities.

For some time, FEMA has been looking to the use of advanced technology to support our operations. For instance we use a toll-free registration number to accept registrations from disaster victims over the telephone. Following the earthquake, over 530,000 people took advantage of this convenient service, which saved the government money and disaster assistance applicants valuable time.

FEMA housing inspectors used the newly developed Automated Construction Estimates (ACE) system. The ACE system, a hand-held computer, allowed inspectors to record disaster damage evaluations in the field and transmit them to a central computer for processing. This innovation saved taxpayers an estimated $36 million in administrative and processing costs and significantly hastened the delivery of disaster assistance by removing travel time of inspectors to the central office.

Disseminating disaster information to the public is one of the most important efforts this agency undertakes in times of crisis. Immediately following the earthquake, we established the Recovery Channel, a 24-hour disaster information network that was broadcast on 125 cable television outlets in English, Spanish, and various Asian languages and dialects. The Recovery Channel provided up-to-date disaster assistance information to millions of impacted residents. In addition, the "Recovery Times", a FEMA newspaper, provided written information to victims in the various languages and dialects present throughout the disaster area.

As a matter of pride, allow me to point out that FEMA has just won two technology leadership awards for our innovative use of technology in disaster; one for the use of the ACE system to collect and process residential damage and reconstruction costs, and the other for our information dissemination efforts via the Recovery channel. Using technology is one of the ways we have improved our response, and we will continue to look for opportunities to do so in the future.

Under our broader interests in promoting disaster awareness and preparedness with the public, FEMA has a long history of sponsoring and encouraging the development of public safety materials. Contributing to earthquake awareness, FEMA sponsored the publication of two reference materials which examined the seismic characteristics of the Northridge earthquake, and its impact upon the structural integrity of buildings; "Putting Down Roots in Earthquake Country," and "Northridge Earthquake: Turning Loss to Gain". Both of these efforts were collaborative, involving other Federal and State Agencies and other seismic experts.
Another multi-year project which we are funding as a result of the earthquake is on the performance of steel moment resisting frame construction. This construction method failed to perform in Northridge as expected, and thus triggered a major review. The first phase of the project was to develop interim guidelines to provide guidance for the repair and retrofitting of damaged buildings. Following their development, to promote wider awareness, we conducted a series of public seminars on the interim guidelines, including one here in Los Angeles on September 19, 1995. The second phase of this project, anticipated to take as long as three years, is the development of design criteria for steel moment resisting frame construction to address the rehabilitation of existing buildings and the design of new construction. This resource document could be incorporated into model building codes that guide design and construction throughout the country and will have significant impact on the efforts of jurisdictions not only in California, but in the central and eastern United States in mitigating seismic risk.

Partnership is a cornerstone of disaster response. The partnership that was formed between the 27 federal agencies and the Red Cross responding to this disaster enabled us to avoid a duplication of efforts and expedite disaster relief. Our partnership with the Governor's Office of Emergency Services has been invaluable in getting disaster relief on the streets and into the hands of individual victims, local governments and others who are recovering from this catastrophe. I want to thank the state of California, and in particular Dr. Richard Andrews and his staff, who have worked with us in meeting Southern California's rebuilding needs. And our partnership with local officials, community leaders and community based organizations, especially in the early days of the response, allowed us to forge a team which effectively molded the disaster response to fit the nature and needs of this community.

The saying that "hindsight is 20/20" is especially true for those who manage disaster operations for a living. With an event as large as the Northridge earthquake, there are bound to be recovery efforts that did not meet expectations, or, had unintended consequences for the agency and for disaster assistance applicants.

Under the public assistance program, the Architectural and Engineering (A&E) review process initially used is a case in point. As originally agreed to with the State, the state and local applicants for public assistance were charged with documenting structural damages to facilities caused by the disaster. This was done for three primary reasons: (1) to be able to provide funding eligibility decisions to State and local applicants while the project design was still in the concept stage, thus reducing the amount of work necessary to obtain a FEMA decision and obtain assistance, (2) to reduce the time that inspections would require so FEMA could reach as many applicants as possible in as little time as possible; and (3) to identify and resolve issues at the beginning of the process, so that they would not impede progress later. However, damage estimates submitted to FEMA revealed that applicant consultants were not familiar with FEMA eligibility criteria. Ultimately, we did have to conduct our own A&E inspections to clarify and verify applicants' requests for assistance which led to some discrepancies in what applicants requested and what the agency had the authority to pay for.
In an effort to provide immediate assistance to affected governmental and certain private non-profit applicants, FEMA advanced $305 million to the State and local governments to fund immediate needs such as emergency shoring and debris clearance. Unfortunately, we are now learning how difficult a task recoupment and accounting of these funds really is. We are fine tuning this concept for future implementation rather than abandoning it because the advanced funding played a major role in keeping several applicants afloat during their response and recovery phase of activity. I think this example illustrates one of the tensions in disaster response. The American people, local and state officials, and the U.S. Congress have expressed their desire for us to be expedient, flexible and compassionate in our administering disaster relief. But in doing so, we must find solutions which uphold our responsibilities to be prudent stewards of the Nation's resources. Consequently we find ourselves in cycles of problem solving, trying new approaches, evaluating and modifying.

Both FEMA and California's Office of Emergency Services are aware that we need to speed up the delivery of our Hazard Mitigation Program so that it becomes a more integral part of the recovery efforts. In the interim, FEMA and California have signed a Hazard Mitigation Grant Program Memorandum of Understanding which will ensure the delivery of the program much more quickly in future disasters and which vests greater authority in the hands of the State.

As the long-term recovery effort for the Northridge earthquake focusses on the future, our programmatic thrusts will reflect the new direction of FEMA. At a time of financial belt tightening in Washington, and throughout the country, it is imperative that we continue to minimize the costs of disaster assistance, yet continue to meet the needs of the victims.

Over the last few years, the people of California have been tested by man-made and natural disasters. I am proud that FEMA has worked diligently to respond swiftly and effectively to each event. However, the state of California, and the nation, cannot afford the cost of back-to-back disasters. Mitigation is the only way we can reduce the drain on the U.S. Treasury posed by future hazards.

New disasters, without increased mitigation programs, can potentially drain the federal budget and restrict our ability to control escalating disaster costs. Mitigation is the future of emergency management and mitigation is a priority at FEMA. Rebuilding following a disaster is one opportunity to build communities safer and more able to withstand the next disaster.

There are a few more mitigation initiatives that I would like to share with you and that I believe demonstrate the direction FEMA will take in order to diminish the impact of natural hazard events in America.

One is an exciting initiative to rebuild hospitals damaged in the Northridge earthquake to a level of mitigation that goes beyond the life-safety standard. This discretionary mitigation proposal will ensure, for the first time, that hospitals in earthquake zones will be designed to
function in the event of another quake. Critical care facilities, such as hospitals, must continue to function after a disaster. The seismic retrofit of hospitals is a significant step in mitigating the earthquake hazard in Southern California.

We also want to work with the Congress to develop pre-disaster mitigation incentives and opportunities, the intent being to help protect communities before disaster strikes by providing assistance to undertake a host of mitigation activities. For example a pre-disaster mitigation fund which could be used to retrofit critical facilities in high risk areas. Such a fund would complement our current efforts to help states set up Disaster Trust Funds. We are also interested in using cost share formulas for Federal assistance as a mitigation incentive. We will continue to work on the development of new incentives that will make it easier for state and local governments to invest in mitigation. Public buildings that are well-built, and built to codes will benefit us all in reducing the costs of disasters.

The federal government has responded to the Northridge earthquake on an unprecedented scale. Two years later, I am proud of the assistance that we have provided to Southern Californians. Much more remains to be done in this recovery operation. It will take years for impacted communities to rebound from this devastating event.

There have been those who have questioned the federal government's commitment to the long-term recovery of Southern California. Today, I echo President Clinton's early pledge that we will do everything we can to respond to the continuing needs of individuals, families, businesses and communities arising from the Northridge earthquake. That promise is as real today, as when it was made on January 17, 1994. I look forward to working with you as we confront the recovery challenges that lie before us.

Thank you, both for your interest today and in the support you have given me and the staff of FEMA.
Mr. HORN. Thank you very much for that very thorough overview.

I now yield the first 5 minutes to the vice chairman of the subcommittee, Mr Flanagan of Illinois.

Mr. FLANAGAN. Good morning, Mr. Witt.

Mr. WITT. Good morning.

Mr. FLANAGAN. I compliment you on a very fine and thorough statement. They need to hear me, too, OK.

The scope of the earthquake was, I guess, apocalyptic really isn’t too bad of a term to use, considering the tens of billions involved in the losses and the loss of life. What impediments did you endure on your way to recovery, which we are still going through?

I am not talking about the larger picture ones that you were talking of mitigation and other things where we can cure those. I am talking about a far more technical level, things that we can correct immediately.

What along the way was in your way to get things done? How can we fix it? How can we make it better, get it out of your way so we can streamline this and what wasn’t in your way, perhaps, that you thought was that we can key into and make sure that that mistake doesn’t happen again, if there was one?

Mr. WITT. There was a lot of mistakes and a lot of lessons learned. There is no doubt about that. I think that one of the most important lessons that I have learned, since being with FEMA and particularly brought to my attention in Northridge, was the fact that a lot of the staff at FEMA, they work very, very hard and are very dedicated and they really want to make a difference, but what has happened over the years is that they have been involved in so many disasters that, they have basically taken those disasters and have said, well, this is the way we did it the last time.

So what is important, from what I learned here in California, was a lot of the decisions that were made and have been made in previous disasters were based on what they had done before without having policy established. So what we are doing now, we are going back and developing that policy to have a policy book where we can share that book with our Federal coordinating officers like Leland Wilson, like the State director, Dick Andrews, and like our disaster field offices. They can open the book and there is that policy and that was not there. Some policies are, yes, but not the policies that we need in place to address mitigation, to address public assistance, individual assistance and temporary housing and all of those vital programs in the disaster.

Mr. FLANAGAN. Perhaps on a more specific level, could you tell us, anecdotally perhaps, you are talking to someone who has never been in an earthquake, not even a small one——

Mr. HORN. Stick around.

Mr. FLANAGAN. Yes, stick around, thank you. [Laughter.]

I am going to take you back to Chicago with me and introduce you to the concept of snow.

My question is really, can you tell us about—we just received some testimony a few minutes ago that we will hear later from the California Community Foundation, where there were grants distributed to lawyers to help people make grants. Maybe this is a good thing, maybe it is not. We will hear about it later.
But the long and the short of it is, did things like that help or were there other things in the way that we can remove now, that we can fix? I mean, this is the opportunity to tell us about these things.

Mr. WITT. I think the report that the IG had done on the disaster fund and the responses that we do was a very, very critical and very in depth report that I think identified a lot of areas that you are talking about that we can make a difference. I supported the IG's report with the recommendation that I went back to Congress with.

I think the most critical thing that we have faced, not only California but other disasters, is the eligibility part of our programs. What is eligible? What is not eligible? Force count in labor, which is what we pay in overtime and equipment and so forth or whatever it may be, but that is an issue, and Dick has an issue with that.

Where should we pay just overtime, or should we pay straight time? Is it a responsibility of us, or is it a responsibility of State and local government when they have those employees that they are paying 40 hours a week, but they shift them over to another job to do other work in a disaster?

Should we be responsible for that time, such as disaster application centers, where Dick had staff in disaster application centers working right along with our staff, that were not back in the office doing the job that they were hired to do, that is an issue that we need to resolve in the future?

Mr. FLANAGAN. Well, I think that you, with this particular one that you have mentioned, have identified a problem that is resolved on this side of the microphones not so much on that side. It is a matter of federalism, it is a matter of policy that Mr. Dreier was articulating so well earlier.

If you are lacking in that and, consequently, it is an impediment, tell us so. It is what we are doing here. We are oversight, let us help you get what you need to get it done better because, when you do your job well, people survive and things happen that are good.

Mr. WITT. There will be a lot of recommendations coming from us to Congress to make sure that the lessons that we have learned in Northridge we can implement in future disasters and I am looking forward to that.

Mr. FLANAGAN. Thank you, Mr. Witt.

I yield back.

Mr. HORN. I now yield to the gentleman from California, Mr. Dixon, for 5 minutes.

Mr. DIXON. Thank you very much, Mr. Chairman.

Director Witt, I would like to continue along the line that Congressman Flanagan was speaking, talking about the future. I am not sure that we in California or a general national constituency understand a desire to reshape policy as it responds to national disasters.

At the present time the Federal Government, as I understand it, picks up 90 percent of the money. In the most recent situation I felt, unfortunately, but it was certainly the will of our body that there had to be offsets made on other programs in other States to cover that. I don't want to argue the equity of that, but picking up
on what Mr. Dreier has said, there is going, at some point, to be a change.

If an earthquake occurs in the next hour, people will anticipate it will be the same program and it probably will, but if it happens 6 or 9 months or a year from now, there will probably be policy changes that will make the response, as it relates to making people whole, different.

So I would like you to comment on whether the current money that is committed is enough to keep commitments to California, whether or not you think that 90 percent is a good national policy and what changes you would make, other than overtime, in the future.

Now, I certainly am a strong advocate for California. However, I recognize that the climate, notwithstanding Mr. Dreier's statement, that earthquakes can occur in a lot of other States, the climate is that there is more frequency of these disasters occurring in California and other State representatives aren't as sympathetic to our cause as Members from California.

So if you could comment generally about the future, where are we going, I would appreciate it.

Mr. Witt. First, let me say that California's cost share was a 90/10 cost share and I did make that recommendation to the President that it be a 90/10 cost share. Of course, Dick Andrews would have rather had 100 percent Federal, which he asked for, by the way. And I don't blame him, I would too. He was doing his job as State director and I don't blame him.

Mr. Dixon. Right.

Mr. Witt. I admire him for hanging in there. And we did a 90 percent cost share in the Midwest floods, because we had 9 States and 500 counties effected. So the two times we have done this 90/10 cost share and I did make that recommendation. But it is important that the cost share—normally the cost share is 75/25, 75 Federal/25 percent State, unless it is a disaster of any magnitude that involved as many people like this one did and State resources and local resources. I think what we are looking at, and what we are looking at now is, how can we change this? What can we do better in the future?

Let's look at giving the States and local communities an incentive program. Let's look at, if they develop a mitigation program in their State that is a viable mitigation program, Statewide mitigation program, and they are supporting that program within that State and making mitigation efforts—like California has very good building codes and building standards, a lot of States don't—if they develop that mitigation, good building codes and building standards, and if they do a tremendous amount of work in being able to meet those disasters, then let's give them a better cost share, an 80/20 instead of 75/25.

Let's give them some incentive in better administrative costs or whatever we can do. Let's give them something to work for and that will save disaster dollars in the future. I think that could make a difference.

We are looking at and just developed a national mitigation strategy and had our very first conference on that, but, you know, we
only do mitigation work with the State and local community when we have a Presidentially declared disaster.

Then we can really make a difference, just like it is going to do in California, just like it is doing in the Midwest floods, because we will not spend disaster dollars because houses are living in flood prone areas, because we have moved them out. The suspended ceilings in these schools, fixing then back better, they won't fall again in another earthquake. It won't cost us those dollars again.

What I would like to see, and I know the light is on, but I would like to see, working with the States and local communities and working with Members of Congress and the administration, a pre-disaster mitigation trust fund for this country. Each State would prioritize mitigation projects that would make a difference in future disasters and we could support them in prioritizing certain mitigation projects, projects that would cut costs in future disasters. Then we would really make a difference in the cost and people's lives.

Mr. HORN. I now yield 5 minutes to the gentleman from California, Mr. Dreier.

Mr. DREIER. Thank you very much, Mr. Chairman.

Thanks, Mr. Director, for your very helpful testimony. I would just like to raise a couple of issues which I think are specifically related to the Northridge quake and figure out ways, as I said, from the Whittier Narrows quake and the Loma Prieta quake that we can learn.

We know that one of the things that became very hotly debated here in California was the assistance checks that were provided to people who were not qualified. There was a great deal of attention focused on that. I would like to have some sort of update from you first as to how you are doing at recovering those funds, No. 1.

No. 2, what steps can be taken to ensure that that problem does not exist in the future? So that we are able to take the very scarce resources and ensure that they get to those victims of the quake who are truly in need.

Mr. WITT. In Northridge we had the issue to come up with who is eligible and who was not eligible based on whether they were here illegally or legally a resident.

Mr. DREIER. Really?

Mr. WITT. Which Congress passed an amendment to make sure that when they did register for assistance that they would sign that they were here legally. We are still following that in all of our disasters.

The other is the means test. We do not have a means test on the eligibility criteria for people that receive temporary housing assistance in the Stafford Act. If we had to do a means test on the income of individuals in a disaster, then I think we would be putting ourselves in a situation—which we may have to go ahead and do that, but I think we would put ourselves in a situation of not being able to get those critical dollars to individuals as fast as we need to. That would be my concern about that.

Mr. DREIER. As we look at the second anniversary we know that just this month we have seen finally a resolution to the dispute that existed between the Los Angeles Unified School District and
the Federal Emergency Management Agency. It has been 2 years. We are all gratified that it appears to have been resolved.

What recommendations would you have dealing with that in the future?

Mr. WITT. I think we have learned a lot from that situation particularly. But, you know, we did send over $300 million in advance to help the schools and other critical facilities to do emergency work in getting their schools back open. I think that one of the issues that we have that really needs a lot of work, as I said earlier, is the inspectors, also the engineers and the architects in defining what is eligible and what is not eligible so that they understand that and it is clearly put to them in the information that they need. That has caused us more problems than anything.

Mr. DREIER. My colleague, George Brown, and I, following that 1987 quake to which I referred earlier, worked through the past several Congresses to try and figure out a way in which we could put into place some sort of insurance plan, a national insurance plan. We know that in this Congress we have the Natural Disaster Protection Act. We have a task force that has been put together to deal with that. We are faced with some serious problems here, with a potential of 95 percent of those who would be looking for insurance policies not able to get those because underwriters are not geared toward coming into troubled areas.

I would just like to ask you, James Lee, is there a chance that you would be able to—maybe you have been involved, but it is my understanding that there has been some problem with your potential support of the Natural Disaster Protection Act, some of these things—is there a chance that you could see us come together with some legislation on that?

Mr. WITT. Absolutely. I did have some serious concerns about the Natural Hazard Reduction Act because I don't think they are really telling you just like it should be told and what it would realistically do. I don't think it would have benefited the people in the Northridge earthquake as much as it should have if it had been in place. We are only talking about a 2 or 3 percent difference it would have made.

If we are going to have a Natural Hazard Reduction Act, an insurance program, that is going to benefit the homeowners and is going to benefit the taxpayers across the country, not just those living in high risk areas, I totally support that.

January 26th, I have a meeting with the major CEOs of every insurance corporation and also Frank Nutter with the Insurance Association, where we can all sit down and say, OK, what do we need to do to make a difference so people can buy insurance?

Mr. DREIER. I can't tell you how much I really appreciate that, because I have been working with those people for a number of years to try and bring about some kind of package. So I hope you will be able to do it.

Thank you very much.

Thanks, Mr. Chairman. I would like to welcome Tom Davis, Mr. Chairman, it is great to see somebody get out of that weather.

Mr. HORN. OK. Has the gentleman completed his questioning?

Mr. DREIER. Yes.
Mr. HORN. I now yield 5 minutes to the gentleman from California, Mr. Torres.

Mr. TORRES. Thank you, Mr. Chairman.

Let me also welcome Mr. Tom Davis to sunny California. He is actually my Congressman in Virginia. I live in his district and he has problems with snow and flooding out there at this moment.

Mr. HORN. All I can say to my distinguished colleague is, vote early and often, then. [Laughter.]

Mr. TORRES. Thank you again, Mr. Chairman.

Mr. Director, I thank you for your eloquent statement. I want to thank you personally, really. I know I speak for the California Delegation, we have talked a lot about this during those trying periods when we were feeling the impacts of the Loma Prieta earthquake and, of course, the L.A. riots and then the Northridge earthquake. Certainly, your coming to the forefront in a very decisive way was critical to our State and our surrounding area by being able to coordinate the various agencies, the Departments of Government, HUD, SBA, EPA, the Corps of Engineers, and others.

While this is all auditory and we really acknowledge your tremendous contribution and leadership here, some things fell through the cracks. There have been concerns raised that FEMA brought in temporary staff when local hires would have been much more cost effective to effect, and also better prepared and informed on regional impacts, the knowledge of codes and the area.

My question to you would be, what efforts has FEMA taken to ensure that the use of local hires is maximized to the fullest extent in the future if anything should happen?

Mr. WITT. What we have tried to do—and you are absolutely correct and we have made changes where that will not happen in the future as far as we are concerned by establishing these three teams, highly professional teams that could come in and be here maybe 2 to 3 weeks to set up the disaster field office and support the Federal coordinating officer and then phase in very quickly the local hires to come in and support that disaster field office.

We are moving in that direction because it is very important. We learned a very valuable lesson here.

Mr. TORRES. I am sure you have learned from that experience.

Mr. WITT. Yes.

Mr. TORRES. Also in the learning process, I was just recently this week up at Cal Tech, the seismic laboratories, and I was able to delve in depth at the important high-technology that is providing earthquake information, seismic information, to us. I was really impressed by the seismologists up there and the great work that is taking place.

I would tell Mr. Flannery, if he is still here, that they told me and I saw it on the computer that we have an average of 30 earthquakes a day taking place here in California. Very small magnitude, but they are taking place, 10,000 a year to be sure. We need to be able to in the future understand quickly, for everybody concerned, FEMA especially, a method of recovery, to deal with recovery and response.

I know that Cal Tech and the associated organizations, the Federal Government included, have requested FEMA to provide the necessary program levels that will bring forth this recovery re-
sponse information, something called TRINET. Perhaps you are fa-
miliar with this. Could you speak to that at all?

Mr. WITT. At the present time TRINET has a package in for
funding. I believe it is somewhere around $11 million. I believe it
is something like that.

Mr. TORRES. I am not sure of the dollar figure.

Mr. WITT. I think it is somewhere around $11 million and it is
under review at this present time.

Mr. TORRES. It is under review?

Mr. WITT. Yes, sir.

Mr. TORRES. Thank you, Mr. Director. I hope that review meets
with satisfaction at some point down the road, because it is critical,
really, to the needs of the State. I thank you for your kind answers
to the comments.

I yield back the balance of my time.

Mr. HORN. I yield now 5 minutes to the gentleman from Califor-
nia, Mr. McKeon.

Mr. McKEON. Thank you, Mr. Chairman.

As you were talking about a policy manual, I was trying to re-
member back to those first few days when things were going in all
different directions. I thought, a policy manual would be good to
cover some things, but some things you just can't cover with that
manual. Being on the site, do you remember when we opened that
first disaster center and a lot more people showed up than we ex-
pected? I remember instead of going to Symar you jumped on the
bus and went down and brought in more people.

So I think that on-the-spot response and leadership is very im-
portant and it would be good to have some things in a manual that
you could cover, like who is eligible and those kinds of things, I
think. I think that would be really good.

I remember at one point in one of the meetings that we sat in—
in fact, I think it was back in Washington, I don't even think it was
out here, I think it was a little later after the quick emergency re-
sponse—I remember that there was a discussion about what the
money was going to be used for. And I remember somebody asking
for money that was coming for the earthquake that really would
have been directed to fix other things.

Do you have pretty good controls on—this is a little different
than what Congressman Dreier was asking—where we have some
individuals, I think there was some concern early on that maybe
people that weren't legal residents were getting help?

Mr. WITT. Right.

Mr. McKEON. But I am talking about a different kind of spe-
cific—I can talk to you later about some specifics, but do you have
controls set up so that the money that comes in is strictly fixing
the damage that come from the earthquake, in this case, or from
the floods or whatever, so that we are not using money to fix other
things?

Mr. WITT. Congressman, I think we now have better controls
than FEMA had in the past. By setting up the central processing
and going that way, I think we will have better controls in the fu-
ture, also putting in place this year our financial management sys-
tem in the agency that will be tied into central processing, into the
central processings in the country.
In the past, FEMA, every disaster, set up a processing center for each disaster. There was nothing tied in by computer linkage to the financial management of the agency in disaster dollars. That just cannot happen. In the disaster field office now that will all be tied in, where we will—where if you call me and say, James Lee, how many dollars do we have today, I can tell you. If it had been last year or the year before I could not have told you. I would have had to just do a guess or an estimate.

This is important and we have got to have this in place and we are moving to get that done now. We are spending $1.6 million for the financial management in the agency.

Mr. McKeon. I think one of the things that was remarkable was how quickly the roads were repaired. I know you worked together with the State on that. The Governor was involved and it moved very quickly and bonuses were paid. There was some talk about, well, we paid all this extra money for bonuses. My understanding is that by doing that we actually saved money. Do you have any comments on that?

Mr. Witt. Rodney Slater the Federal Highway Administrator just did a fantastic job. He was out here very quickly. He sat down with CalTran. They went through, they cut the red tape, they did some contracting very quickly, that first night, to get the debris cleaned out of the way so they could put them back and it was very successful. I think there is opportunities for all of us to look at what they did there and to work with States in the future to expedite the building of some critical facilities, particularly highways and bridges.

Mr. McKeon. By moving quickly like that and saving money, I would like to put in a plug for C SUN.

Mr. Witt. Yes, absolutely.

Mr. McKeon. You will probably hear a little later today, but I know they are negotiating. We have about $139 million to finish up the job.

Mr. Witt. Yes.

Mr. McKeon. If we could get that money quickly and in a lump sum we could save about $60 million and I think that is very important and I hope we can encourage that to happen.

Also there is just one final question. What did you find in all of this were principal impediments to getting everything back together in a timely fashion?

Mr. Witt. Everything.

Mr. McKeon. All of the above. [Laughter.]

Mr. Witt. I think probably it was more the bureaucratic system that we have than anything and trying to cut through that bureaucracy and trying to support what the State and local needs and trying to make that happen. Hopefully, by creating this and establishing some policies and having that available for the State and local communities and our people it will make a big difference.

The eligibility requirements and how it is approached and what is eligible and not, a lot of people don't understand that. You know, as a local official myself, it is very difficult to respond to a disaster in the way that you need to and spend those precious dollars that you have in the State and local budget and not understand what
is eligible and what is not eligible as you are spending dollars for the rest of the year during that first week.

It is very difficult. And if we can clarify those eligibility requirements, what is really needed to support that State and local government.

In short, that is some way that I think will make a difference and the timeframe of getting those dollars out there so they know they will have them in place to respond. That will make a big difference.

Mr. McKEON. Thank you very much.
I see my time is up, Mr. Chairman. Thank you.

Mr. HORN. Now I yield 5 minutes to the gentleman from Virginia, Mr. Davis.

Mr. Davis. Thank you, Mr. Chairman.

Mr. Witt, to help citizens and communities recover from the effects of disastrous events, such as earthquakes, FEMA, I understand, provides financial and other assistance to individuals and families and financial assistance to States, local governments and certain private non-profit organizations for the repair, restoration and the reconstruction of infrastructure.

Now, for approved infrastructure projects FEMA typically grants money to the State which then distributes the funds to local governments or non-profit groups, as I understand it. Recognizing that recovery from an earthquake is typically lengthy and complicated, would you say that recovery from Northridge is taking longer than expected and if so, why?

If you had the opportunity, what would you do differently to accelerate recovery? What are the lessons learned?

Mr. Witt. I think some of the statements that were made earlier about improving in what we do working with the States, State and locals in eligibility, that was a tremendous problem and still is. If we can improve in how we handle mitigations, by doing mitigation and including it in our inspections, when we do our inspections of that damaged facility, we will hopefully expedite that by working with the State and making sure. Dick has done this very well, and prioritizing mitigation, that made a difference.

I think one of the biggest factors that we had, that individuals themselves, when we have a Presidential disaster declaration, they think the Federal Government is going to make them whole again. Making them aware that we are not making them whole, that is not the kind of programs we have, will help a great deal. We have to do that in conjunction with the State through public awareness.

Mr. Davis. That is just managing the expectations.

Mr. Witt. Yes, absolutely. That can make a big difference. That expectation is there in public assistance as well.

Mr. Davis. That is a problem throughout Government.

Mr. Witt. Yes.

Mr. Davis. Of course, an earthquake presents special challenges because the infrastructure damage it causes is often hidden and repairs are complex. To obtain assessments for this type of damage, FEMA may require architectural engineer studies, which include structural evaluations, preliminary cost estimates that are reviewed by FEMA inspectors.
In your opinion, are FEMA's information requirements for such studies reasonable; have the studies facilitated the repair or replacement of infrastructure; and do you have any suggestions for changes we might be able to make?

Mr. WITT. Mayor Riordan and I had this conversation in his office not too long ago. Any time we have architects and engineers, they do a fantastic job. We are very appreciative of the ones we have in California working for us here. But any time you have—you could take four engineers and have all four engineers to look at one individual building and you would have four recommendations.

What is important is that we do the architect's and engineer's study. I think that the State and that facility and FEMA can all agree on one firm doing the engineering study, say this is what it is going to cost, let's do it.

I mean, we have engineers and architects. The subgrantee has engineers and architects. The State has engineers and architects. By the time you get all of these details down and by the time you get everybody to the table and go through that process, it is long. It is tedious. It takes time and it is frustrating.

Mr. DAVIS. What would be worse would be all having their own lawyers, I think. [Laughter.]

Mr. WITT. They do that too.

So if we can improve that, then I think it will make a tremendous difference.

Mr. DAVIS. OK, thank you very much.

I yield back.

Mr. HORN. The gentleman from California, Mr. Dixon.

Mr. DIXON. Thank you very much, Mr. Chairman.

I have noted that the chairman hasn't asked any questions and, if you would like—

Mr. HORN. No, go right ahead.

Mr. DIXON. Director, I would like to talk about two aspects of this and just lay them out so you can take 4 of the minutes. I understand what you are talking about when you talk about a predisaster trust fund, but it suggests to me that States and local entities won't do anything without the encouragement or a pot of money available from the Federal Government, one.

Two, now, let's talk about the politics of disasters. We have the mayor of the city of Los Angeles, the Governor's office is represented here. What can be done to better coordinate efforts between States, local mayors and the Federal Government ahead of time?

What were the problems? Although a lot of things went well, there have been several hearings and we will hear testimony today. So if you could take those 3 or 4 minutes to talk about the need for the predisaster fund and the politics of disasters, because there is a clear politic in disasters.

I am not talking about Republican and Democrat, but clearly there are politics in disasters, probably driven by television. Nevertheless, if you could talk about those two issues, I would appreciate it.

Mr. WITT. Politic, any time you have Federal, State and local dollars into a disaster you will have politics. I mean, that is just the
case. I think it is more important to put politics aside, because if we don't put politics aside then the people that are going to suffer are the disaster victims and helping with the long-term recovery efforts. We have tried to make sure that everything we did was bipartisan.

Mr. DIXON. Assume for the moment that it will never be put aside.

Mr. WITT. I understand that. But I think it is important that whoever is at that disaster, whether it is the Federal coordinating officer, whether it is myself, that the State and the mayor and the local government has the lead in that response effort. We are there solely to support that effort.

We are not going to bring snowplows and bulldozers. We don't have snowplows or bulldozers. It is important that the State and local government take that lead and identify the resources that they need to support that response or that recovery and we can do that.

Many cases we find that we get the call—I am not saying in California, I am just saying in many disasters——

Mr. DIXON. I understand that. You are talking generally, you are talking perspective, and I think it is healthy.

Mr. WITT. We find that that State or that local entity expects FEMA to come in and do all things and do the recovery and that response. That is not our job. That is not what you mandate us to do.

Mr. DIXON. So we ought to do a better job of educating mayors and Governors ahead of time as to what the role of FEMA can be in a disaster.

Mr. WITT. Absolutely.

Mr. DIXON. Where, so, if another mayor gets elected 4 years from now in San Jose, we ought to be up there telling him ahead of time, if it hits, here is what we can do.

Mr. WITT. And here is what is eligible. It would make a big difference. The predisaster mitigation fund I was talking about, there are, I think, seven or eight States, I may be wrong, that have a disaster fund in place. In Arkansas we had a $7 million disaster fund. We had many State-declared disasters that we funded without any Federal help. I think it is important if we can do a predisaster mitigation fund and we say, OK, to the State of California, if you have a mitigation trust fund set up that will help match this predisaster mitigation fund, then we will work with you on identifying mitigation projects.

Give them an incentive to set that fund up. Give Dick Andrews some leverage with his Governor and legislators, to say, if we establish this fund, then we have the opportunity to get this done. That would make a big difference.

Mr. DIXON. Well, if you could respond, the thing, from my perspective in California, we know almost to a moral certainty that there will be at some point in time another earthquake. Now, having said that, I think we have a responsibility to meet with the Governor and say, it may not occur on your watch, but here is the deal, State legislature, how much money have you set aside. Here is the deal, it is coming. Of course, you hope it doesn't come on your watch.
Then we let the public know that the State has not responded in the way they should and they will not be eligible for $X$ number of dollars unless they do that. We have got to work together on this and not just hope it doesn’t happen on our watch. Do you agree or disagree?

Mr. Witt. Absolutely. You know, you look back, and since I have been at FEMA, we have a responsibility by law to do our job and do it well. The State has a responsibility, the local government has a responsibility. But, Congressman, individuals have a responsibility, too. They have the responsibility to know what kind of home they are buying and where it is sited, is it in the flood plain or it is on an earthquake fault, is it retrofitted, is it built to code and standards to meet that risk. All of us have one.

Mr. Dixon. I guess, maybe another way to say it, Director Witt, is that I have had constituents contact our office and say, I had my house refinanced, but why do I have to buy flood insurance, I have never seen a flood on my street. I think we have to do a better job. FEMA has to do a better job of educating people about, ultimately, who is going to have to take responsibility.

If I didn’t see a flood on my street, why should I pay for it? In Congress many Members take the attitude. We don’t have earthquakes in our State, nor do we have hurricanes, so why should I be sympathetic to this? I think we need an educational job before these disasters hit. That is my whole point.

Mr. Witt. Absolutely. Public awareness can make a tremendous difference.

Mr. Dixon. Thank you.

Mr. Witt. The flood insurance program has never been publicized. People didn’t even know we had a flood insurance program.

Mr. Dixon. Until they went to refinance their house.

Mr. Witt. That is right. So we are doing a marketing campaign which has made a tremendous difference in that program. Most people think homeowners covers flood insurance. A lot of people think their homeowners covers earthquake insurance. So we all have to do a better job in that.

Mr. Dixon. Thank you, Mr. Chairman.

Mr. Horn. I just want to followup on that a minute.

I think the gentleman has pinpointed one of the major problems we all face, and I think we all agree on, and it needs to be done. As you know we have a panel at the end of today’s session on mitigation and what needs to be done there, which is basic education. I think, when we chatted last week, I mentioned the Agricultural Extension Service and the great job they have done to turn around agriculture in America over the last 100 years and consumer education and everything else, home economics. I feel we need to really get that tri-partite cooperation, local, State and Federal, on the emphasis on education.

I am reminded that when Earl Warren was Governor he created a rainy day fund. He was ahead of his time. He gathered the revenue during World War II to help solve a lot of California’s explosion problems in population after World War II.

I would like to, at this point, mention the building code situation. The fact that you have had vast experience as to people building in certain areas, certainly below some minimal standards that
might have prevented them from a disaster and I wonder what your thinking is in this, as to whether we should have, say, a national Federal minimum standard in certain emergency areas?

Should we leave it to the States? Should we work for more uniform State codes? What is your thinking on it?

Mr. Witt. I would hate for us to be mandating building codes that the State and locals need to be in charge of and take care of, but I think it is important that that State or local community understands and has an incentive to make sure that they do adopt good building codes and have good building practices.

For example, the flood insurance program. If a community is in a flood prone area and they join the flood program, then that community has adopted better building standards for that community because they are in the program. That makes a difference.

I think we can work with the States and give them incentives to be better prepared in building codes and building standards and support them in that effort, but I think that is their call at the local level. But they need to know that if they don't have good building codes and standards that that Federal dollar for that disaster might not be there.

Just like in the 1994 flood bill where you wisely put in that flood bill, if you don't have flood insurance, you get hit one time, you don't buy it again, you will not get Federal assistance. That makes a difference. It will cut disaster costs.

Mr. Horn. I now yield to the gentleman from California, Mr. Torres.

Mr. Torres. Thank you, Mr. Chairman. I will be brief.

I mentioned in my previous questions to you or statements Loma Prieta, that earthquake there, and the Los Angeles riots. I would like to ask you, has the Federal Government fulfilled its relief obligations to these two areas, or perhaps a larger question might be, what are our outstanding commitments in the State in general?

Mr. Witt. We have a lot of commitments, not only from Northridge, but we have from the floods that hit California, and even the fires we are still working with. I think most of the Loma Prieta issues now are resolved. I was astounded to find City Hall, Stanford University, Watsonville Hospital, and Moss Landing, and all of those issues still there 5 years later after the earthquake, and I think we have got most of those major ones resolved.

We may have one or two left to be resolved, but I do not want Northridge to turn into a Loma Prieta 5 years from now. I want to try to have it resolved. So we are trying to make sure we speed all that process up and get it out of the way so people can rebuild and get on with what they are doing in the communities.

I don't think there are a lot of outstanding issues left now, but we are addressing each one of them trying to get them out of the way.

Mr. Torres. Thank you.

Mr. Chairman, I yield back my time.

Mr. Horn. Mr. Director, after the Loma Prieta earthquake, as I understand it, California's Office of Emergency Services stated that FEMA's formula for determining reimbursement for subgrantee's administrative costs was not adequate.
In the case of Northridge, challenges to FEMA's administrative overhead allowances have halted the processing of damage claims, specifically claims for CSU Northridge were delayed for 4 months due to a dispute over administrative costs. The California State University requested 20 percent overhead while FEMA recommended a 2 to 5 percent allowance.

To what extent have disputes over administrative cost allowances delayed the recovery from the Northridge earthquake and, in your opinion, are changes needed in the manner by which FEMA computes allowable administrative costs? What is your thinking on that?

Mr. Witt. I think that earlier when I stated that the administrative costs that we provide definitely needs to be looked at. I think it needs to be fair. And we are willing to look at it and provide you with the information that we would recommend on future administrative costs and disasters. I think we need to be very careful here.

As I said earlier, each of us has a responsibility, the State subgrantees and all of us. I don't want us to get in the position of having to reimburse subgrantees or State or local governments for budgets that they should normally have to be able to fund those costs anyway. But if we have a disaster of any magnitude, like with Northridge, then we definitely need to have something in place that will help them to administer those programs.

Mr. Horn. Another question that is sort of technical, but let's get it on the record, and we are going to submit a few and if you and your staff wouldn't mind responding, we will put them in the record at this point.

Mr. Witt. Be happy to, Mr. Chairman.

Mr. Horn. Damage survey reports, I take it you call it DSRs, are the basic documents FEMA uses for public assistance projects. Now, DSRs which are prepared by the teams of FEMA representatives and applicants, as I understand it, typically contain a description of structural damage and estimated repair restoration costs. In past disasters, FEMA has been criticized regarding the timely preparation and approval of DSRs.

In addition, according to this July 1995 report which you have referred to several times by the Inspector General of FEMA on their audit of FEMA's disaster relief fund, DSRs were neither prepared nor reviewed in a consistent manner. The Inspector General also identified a lack of standards in training for Federal inspectors which contributed to disagreements between Federal and State officials regarding the eligibility of repair/restoration costs.

What actions have been or should be taken to help ensure consistent timely preparation and review of these DSRs?

Mr. Witt. I don't think it is the DSR application that is the question here. I think it is a good form, and I think there probably could be some improvements on it. But, I think the biggest problem we have with the DSRs is the process of after that DSR is written, and the process of moving it along and getting that money obligated so they can start rebuilding. That is the area that we need to improve in.

Mr. Horn. Very good. Any further questions on the majority side?

[No response.]
Mr. HORN. Any further questions from the minority?

Mr. DIXON. Just one.

Mr. HORN. Mr. Dixon.

Mr. DIXON. Director, I guess I may be overemphasizing this, but the point that Mr. Horn made about the administrative costs, that should be well established prior to any disaster that you are going to get 18 or 22 percent, because there is a tendency in the politics to try to negotiate something rather than resolve it, if you don't have the capacity to resolve it.

Mr. WITT. Absolutely.

Mr. DIXON. So you look for things to negotiate so that you can say, our administrative cost is 40 percent and things haven't moved because we are fighting with the Feds to do this. Those are the kinds of things that FEMA and Federal agencies and State agencies should be telling people maybe on a monthly basis. Reminder for this month, administrative costs have been fought out, and they are 20 percent, no exceptions; or 35 percent, no exceptions. So don't raise this when the disaster hits.

Mr. WITT. Right.

Mr. DIXON. The preplanning has got to start today for the thing that is going to hit maybe 7 years from now or 70 years from now so that the predecessor to the predecessor of Mayor Riordan knows it is going to be X number of dollars, it is going to be a certain percentage, don't come in here and start negotiating when the damn thing hits.

Mr. WITT. I agree. That is why good, clear policy that everybody understands, and put in place, will be good.

Mr. DIXON. I am sorry I am taking the time, but it has to be a good, clear policy ahead of time that everybody, including the citizen, understands.

Mr. WITT. Absolutely.

Mr. HORN. No. I agree with that.

Mr. WITT. That's why we are working on it.

Mr. HORN. I was only thinking, since you are so vigorous on this, I was going to move the vice chairman in here so he could take the wound.

But, anyhow, I think that has been an excellent dialog, and you and this committee are thinking along the same ways, what is the preventive route, what is the educational route, and it is a constant challenge, as every official here knows, because of the turnover in local, Federal, both professional and elected officials.

So we are going to have, Mr. Director, at the end of this session, an open mike where any citizen can speak for a minute or so, or file a document with us. We would appreciate it if we could refer some of those to your staff, and if we could have a factual response that might solve the problem in the case, or at least build a record so we don't have to go over these in the next disaster.

Mr. WITT. We will have someone here.

Mr. HORN. We thank you very much for coming out and escaping the snow of Washington and seeing sunny California and we wish you well in the future.

Mr. WITT. Thank you, Mr. Chairman, members of the committee. I really appreciate the opportunity, and may I make one last closing remark?
Mr. HORN. Certainly.

Mr. WITT. When we had the shutdown of the Federal Government, not because of the snow, budgetorial, budget reasons, it concerned me a great deal, because it hindered what we did in the disaster field office and what we do in this disaster field office in California, because we were shut down in Washington and they were shut down here for 2 weeks and activated again. They couldn't get anything processed because we were shut down in Washington. I think that looking at what we do and our role and responsibility as an emergency management agency that we literally look at FEMA's budget and that responsibility some time.

Mr. HORN. One of my colleagues noted it was too bad the President vetoed the budget, but I don't want to get into that. [Laughter.]

Mr. FLANAGAN. All right, then we won't. [Laughter.]

Mr. HORN. Go ahead.

Mr. FLANAGAN. There was a lot of laughter on this side, because the answer is, that is the answer. This is terribly important. There are a lot of people suffering because of this budget crisis, if you will, and God's snow shutdown of the Federal Government notwithstanding. The answer to these larger questions is beyond our scope, today, to take and your gratuitous remarks, Mr. Chairman would prefer we ignore them, but I think they require that we sit here and actually stand up and say that this budget crisis is the single greatest problem of our Nation right now and this is not something that needs to be shunned to the side spending our children and our grandchildren's money for the sake of current needs, however important that they may be.

Mr. WITT. I understand.

Mr. FLANAGAN. And without affixing blame on any side of how this is going, the long and the short of it is that the colossal fight that is going on now, over the most basic policy questions of federalism, the most basic policy questions of the role of the Federal Government, the propriety of our spending, where the funds will come from, how much more funding that will be and those questions are of greater importance than anything else happening right now.

And the product of having a Government shutdown is regrettable on all sides to be sure, but it is a portion of that debate, regrettfully. So, consequently, I thank you for your remarks, but we will certainly make sure that FEMA is funded and that no one that needs disaster relief will go wanting.

Mr. WITT. I will share that with the President.

Mr. HORN. If you can give us a signature, we might tie the whole rest of the Government to FEMA.

We now have the very able mayor of the city of Los Angeles with us. If the mayor will come forward.

[Witness sworn.]

Mr. HORN. The clerk will note the mayor has affirmed.

And we are delighted to have you with us today. We know you have busy days and disasters make them even busier. So we are looking forward to your wisdom on what you went through and how we improve the situation.
STATEMENT OF RICHARD RIORDAN, MAYOR, CITY OF LOS ANGELES, CA

Mr. RIORDAN. Thank you very much, Chairman Horn, and thanks for your leadership in your present endeavor and the leadership you gave after the earthquake.

I see so many of my friends here, today, from the House who also gave great leadership.

I have a statement I was going to read, but I, hopefully, have cut about half of it out, so you can read it on your way back to Washington.

Mr. HORN. Generally, as I note, for all witnesses we do ask them to summarize, 5 to 10 minutes, and then we file the whole speech.

Mr. RIORDAN. OK. Well, then I have got to cut out more. [Laughter.]

OK. Well, let me just say quickly the obvious, I have a lot of details about the history. The Northridge earthquake, as we all know, is the biggest natural disaster in the history of our country and the fact that L.A. came back so quickly and so well is attributable to the leadership of many, many different people at all levels of Government, from the Federal, State, and local. I think it is particularly attributable to the people of Los Angeles who, instead of losing their confidence, confidently stood up and repaired their homes, helped their neighbors, repaired their businesses.

I would like to share with you one tiny little anecdote, because I think it describes very well why we did so well in city government. I was shook out of bed at 4:41 a.m. and stood up and my first thought was what is the mayor supposed to do. Nobody had told me and I looked beside my bed and I saw there the novice mayor's manual and realized for the first time it had been written by Congressman Sonny Bono, so I didn't think that was—but I headed downtown and got an emergency——

Mr. HORN. Did it come with a CD disc? [Laughter.]

Mr. RIORDAN. I hurried downtown to the Emergency Operations Center, which is over City Hall, and was there a few minutes after 5. This is a huge room that has carrel's for each department and then separate rooms for the police and fire. But a couple of minutes after me the head of transportation came in and I talked to him about detours on the Five Freeway and the Santa Monica Freeway. He explained that on the Santa Monica we had a real problem, because several of the intersections that we would use as a detour went through Culver City and that we wouldn't be able to get permission from them until probably 9:30 or 10 a.m. And that is when I told him my axiom, that in government it is much easier to get forgiveness than to get permission.

So we commandeered those four intersections about a half-hour later and I don't even think Culver City realizes it to this day, what we did. But I think it is an attitude that went through city workers, it just spread like wildfire, just do it and don't let rules and regulations get in the way of human life and making things get better.

In a few minutes, as you know, within hours after the earthquake, we had members of the Clinton administration on the ground in Los Angeles, Secretary Peña was out right away and, of
course, James Lee Witt, who was a constant help throughout the earthquake recovery. Henry Cisneros was here a number of times.

I should also just say, the State with Dick Andrews, whom you are going to talk to, and the Secretary of Transportation, Dean Dumpy, and of course Governor Wilson, were a major resource to us.

I remember one other anecdote which I will share with you. The morning after the earthquake Rod Slater, who is the Highway Administrator for the United States, and myself asked for a meeting of everybody involved in transportation on the different levels of Government and we had it over in the State office building.

Rod and myself and Dean Dumpy had, I think, a very historical meeting in a closet there, off the main conference room, where we had just listened to a lot of bureaucratic bull and we, in effect, pledged that we were going to end the bureaucracy, we were going to get engineers, architects out there that day to look at the damaged bridges and other roads. Also we talked about what I will talk about in a minute is about having merit pay for accomplishment and things like that. So that broke the bureaucratic logjam in that area and I think you saw the results.

I am going to skip around, because I have cut a lot of my remarks out. What happened after the earthquake, of course, is we had a lot of, what we call, ghost towns, which were areas, particularly retail areas, where buildings were so far damaged they were not habitable and these buildings attracted squatters, drug dealers and prostitution rings. A main emphasis by FEMA, SBA and others repairing these ghost towns which virtually all are back and viable.

Another area were the earthquake building permits. I mean, one of the main decisions we had to make is that if anybody wanted to repair something is to make it quick, don't have the usual city bureaucracy. We had tremendous help from FEMA and HUD on this.

We had also, by the way, help from other venues in southern California who sent experts down from their building and safety departments to help us get permits out virtually over the counter so that the repair could start very quickly.

Another thing that we had, with the help particularly of HUD, were business assistance centers, or what I call, one-stop shopping for businesses, homeowners and apartment owners who needed financing and other help quickly. This worked, I think, extremely well.

The results were, as of October 1995, we had over 2,990 loans approved and provided technical assistance to over 1,000 businesses, we had over 81 seminars or workshops with business.

Another area was emergency temporary housing. Immediately there were over 20,000 people who were rendered homeless. In some cases it was just fear, where they could literally go back, but they were afraid to go back to their apartments. We put together various task forces and teams and we had regular meetings at 7 every morning in my office of people on that team as to how we accommodate people. We were expecting rain any day, how to get tents out into the parks where people were.

One of the first things I found, I was out there the first night in one of the parks, was that they didn't have enough water. So I
called the head of one of the supermarket chains and we had water out there within an hour. They had also a lack of a lot of products like Pampers and things for young children. We also brought psychologists and clergy out to convince some of the homeowners or apartments dwellers, generally, that it was safe to go into their dwellings.

Another thing, which I am sure you will hear about from others, is we were able to get Section 8 housing subsidies for over 10,000 Angelenos who were essentially displaced from their, mostly, apartment dwelling for anywhere from a year to 2 years.

While everything was excellent, I would like to make a number of suggestions. I will try to cut this as short as I can. The Federal Government should look at allocating disaster relief funds to local governments, rather than to the SBA and FEMA. I am not saying this is black and white. I think it is something you should look at and we should negotiate, for want of a better word.

In particular, I am referring to the unique needs of multi-unit dwellings and businesses after the earthquake. Because each disaster is different, each recovery effort should include a real-time process for identifying problems and amending programs.

Second, the SBA and FEMA are not optimal in responding to disasters, as I mentioned, effecting multi-family housing. Federal machinery is quite often designed for rural, single family areas. There needs to be a Federal response vehicle in urban areas. The SBA loans did not work for multi-family apartments where the aggregate damage exceeds the SBA limit of $1.5 million. Also, SBA underwriting and debt service load eliminated even moderately leveraged properties. Multi-family housing cash-flows are insufficient to service $25,000 to $40,000 per unit's worth of damage.

Next, SBA recourse lending criteria eliminated many loan applicants. There is a need for an SBA multi-family housing program for future urban areas. And I have in my written materials suggestions as to what should be in that program. The SBA should also look at distinguishing whether they were funding apartments or commercial buildings. This data is not readily available.

Next, FEMA should hire more temporary disaster response employees from the local areas. Many of the employees were from out of State. I also have a series of suggestions on using local architects, engineers and other temporary employees from the community.

From a city point-of-view, something that we are doing and I found out in preparing for the next disaster, is that we do not have centralized authority within the city and we are repairing that at this moment. We have, in effect, worked through a committee called the Emergency Operation Board, but this does not have the day-to-day power to make the various departments involved listen to them. So we are about to appoint a so-called "czar" for the city that will report directly to me.

Also on the State level, the county of Los Angeles is the conduit through whom State aid goes to the various cities in the county and this can be cumbersome. Fortunately, it worked very well in the Northridge earthquake, but it was potentially a problem and it was a problem for a short period of time until I called, directly,
Governor Wilson on it. But I think cities over a certain size, the State aid should work directly through the cities.

Next, is FEMA—well, I mentioned about hiring temporary employees before, I'll skip that. In addition to that, also, FEMA should provide low levels of reimbursement to homeowners seeking to secure homes in the event of another disaster. In other words, this is something you asked a lot of questions of Mr. Witt about.

In the city, by the way, the city council now is looking at a number of requirements to improve homes in the event of another earthquake. There is a delicate balance between the cost of doing this and the public safety involved and I think common sense answers have to be found.

I will give you one little anecdote. I was a director of Kauffman and Broad, a big homeowner, and we sent people back to Miami after Hurricane Andrew to see why, like, 90 roofs were blown away and we determined that almost all of these roofs could have been saved by putting 25 cent little blocks of wood in the joints at the roof. So I think there are a lot of commonsensical ideas like this that can be, I think, promulgated by FEMA to the rest of the country.

With respect to the SBA, loan guidelines, as I mentioned, should be revised and carefully looked at. I think, also, that if it is not already the case, that the Comptroller of the Currency should be part of an ongoing Federal task force.

Because fortunately I had a lot of investment banking experience in my prior life and it occurred to me about 2 or 3 days after the earthquake that we were going to have trouble, because of FDIC, Thrift and Loan and other regulations, getting private lenders to make loans, because if you restructure loans, the FDIC will still consider that a problem loan for reserve purposes.

Fortunately, with the help of Henry Cisneros and ultimately Gene Ludwig we were able to bypass a lot of those problems.

Next, and next to last, is, I would suggest that a book be written, prepared, by everybody involved, not just in this earthquake, on a readable level, not a detailed level, but a readable level, to show what kind of plans helped in this case, in the Northridge earthquake, provide anecdotes such as the one I gave you with Rod Slater and Dean Dumphy and myself, maybe even my one about Congressman Sonny Bono. I think that this would have helped me a lot and I think it can help others. I think you could also have ideas in the book about providing merit pay to get things done quickly and less expensively.

Another just little side note is, what we did, we talked to the mayor of Miami the morning of the earthquake and he suggested, and we did it immediately, that we put together a task force of top business leaders in the L.A. area who had influence on Washington, and Lew Wasserman of MCA chaired that task force, and that was very valuable.

So let me just close by reading what I have. It is one paragraph. The strong recovery of Los Angeles would not have been possible without the assistance of the Federal Government and the State Government which acted in a quick and thorough manner to aid our city following the biggest natural disaster in the history of our country. The city of Los Angeles is grateful for this assistance and
we hope our experiences will be helpful in improving Federal relief
for other future disasters, none of which I hope are in Los Angeles.

As we move further from the crisis and urgency of the
Northridge earthquake we must be careful not to let the bureau-
cratic nature of government stifle progress and recovery. This is a
challenge that we face at all levels of government.

I thank you for letting me appear here today and I also thank
you for having been a very key part of our recovery.

Thank you very much.

[The prepared statement of Mr. Riordan follows:]
Testimony to Subcommittee on Government Management, Information and Technology.
Mayor Richard J. Riordan
January 19, 1996

Thank you, Chairman Horn. We have worked well together in the past and I look forward to continuing the positive working relationship we have established.

The Northridge Earthquake of January 17, 1994 was the most serious natural disaster in United States history. The dimensions of the quake were staggering: magnitude 6.7; 60+ people killed and thousands injured; 40,000 people needing immediate shelter and food; 65,000 housing units destroyed or suffering major damage; the loss of electrical power, safe water, roads and freeways. In all, the Los Angeles region suffered more than an estimated $20 billion in damage.

Two years later, Los Angeles is back -- and better than ever. We've shown the Angeleno spirit once and for all. In fact, the slogan we coined last year says it all: "You can shake L.A., but you can't break it!"

The federal government has played a vital role in our recovery efforts. Within the City of Los Angeles alone, an estimated $4.8 billion in federal assistance has been provided to individuals, businesses and the city government. Further aid has been given to other jurisdictions, such as the Los Angeles Unified School District and the University of California.

In addition to the sheer number of dollars, the federal government provided a response that was rapid and all-encompassing. Within 24 hours, President Clinton declared a major disaster, and high-ranking officials arrived from Washington: James Lee Witt, Director of the Federal Emergency Management Agency; Henry Cisneros, Secretary of Housing and Urban Development; and Federico Pena, Secretary of Transportation.

Within 48 hours, the President arrived in Los Angeles. FEMA inspectors joined local and state officials in reviewing damage, and the National Guard began to erect tents to house those displaced by the earthquake. Secretary Pena joined in creating an Emergency Transportation Relief Task Force, and Secretary Cisneros activated the HUD Emergency Response Team.

Within one week, the federal government established Disaster Application Centers as one-stop locations for earthquake assistance information, and FEMA provided $75 million in advance funds to the City of Los Angeles. Decisive leadership from the Federal Emergency Management Agency (FEMA) and quick opening of the Disaster Assistance Centers (DACs) inspired confidence.

The federal government put forth its most expedient disaster response ever and dispatched experienced, top-level officials. HUD provided temporary housing rapidly; Transportation
helped us repair our freeways far ahead of schedule; FEMA dispensed grants to both single-family homes and non-profit corporations, and referred rental homes and commercial businesses to the SBA. Eugene Ludwig, Comptroller of the Currency, gave lenders comfort that financing accommodations would be favorably received by regulators.

I'd like to detail a few of the major accomplishments made possible by federal government assistance:

**Demolition and Debris Removal**

The earthquake caused widespread damage to infrastructure, buildings and personal property. Thousands of buildings were declared unsafe. Many structures required demolition. Block walls, masonry chimneys and other debris lay in the streets after the earthquake. Aftershocks caused additional damage and further safety problems.

$200 million in assistance from FEMA made it possible for the city to manage a successful demolition and debris removal program. Between January 17, 1994 and July 17, 1995, 2.4 million tons of debris was removed and more than 300 unsafe structures were demolished.

**Ghost Towns**

Groups of severely damaged and vacated apartment and condo complexes rapidly became pockets of blight. These buildings attracted vandals, squatters, drug dealers and prostitution rings. These sites became known as "Ghost Towns."

Undamaged housing complexes nearby began to lose tenants who feared for their safety, and local businesses were losing customers.

FEMA, HUD and the SBA cooperated with the city’s Ghost Town Task Force to rebuild the vacant complexes and move tenants back in. With $6 million from FEMA, the City boarded, fenced and provided private security guards for these properties until repair and reconstruction work could begin.

The SBA dedicated a special office to processing Ghost Town loan applications. If property owners' loan applications were turned down by the SBA, these owners were referred to the City's Housing Department. With $200 million from HUD, the city’s housing department was able to offer earthquake repair and reconstruction loans at generous terms. HUD's waiver of cumbersome rules and regulations allowed expedited access and use of $324 million made available to the City.

As of December 31, 1995, 299 of the 301 vacant buildings had funds committed for repair and
rebuilding.

**Earthquake Building Permits - Free of Charge to Applicants**

Within 6 months after the earthquake, the city had identified 93,000 damaged structures. To aid property owners in repairing their buildings, the City instituted a streamlined plan check and permit issuance program. With FEMA and HUD covering the City's costs for plan checks and inspections, all earthquake repair and reconstruction permits have been provided free of charge. This program has provided a powerful incentive for property owners to repair earthquake damage in a timely manner. By December 31, 1995 approximately 55,000 earthquake repair permits had been issued by the City's Building & Safety Department.

**Business Assistance Centers**

Prior to the earthquake the City sponsored a network of business financial and technical assistance agencies. Immediately following the earthquake, HUD awarded additional funding to four of these agencies to function as earthquake Business Assistance Centers. These centers provided specialized technical assistance and loan packaging to owners of damaged businesses. The major emphasis of the program has been to assist businesses in securing SBA disaster loans or other financial assistance. As of October 1995, these centers had prepared 2,990 loan application packages, provided technical assistance to 1,040 businesses, and conducted 81 business assistance workshops.

**Emergency Temporary Housing**

The first emergency shelters for earthquake victims opened January 17 at high schools and parks. Peak demand for shelter space exceeded 20,000 people. Within one week, the City had 44 shelters in operation. To avoid the crime problems experienced by Dade County, Florida after Hurricane Andrew, the City sought and received assistance from the National Guard in providing an around-the-clock security presence. By February 10, 1994, all of these shelters had closed without incident.

Recognizing the shortage of affordable housing and the number of families displaced by the earthquake, HUD provided Emergency Section 8 rental subsidy disaster certificates. Within 10 months after the disaster, City of Los Angeles "Section 8" recipients totaled 10,556.

As I mentioned earlier, the federal government has provided an estimated $4.8 billion in financial assistance to individuals, businesses and the city government. The following funds have been provided:
$2.8 billion for loans to individuals & businesses from the Small Business Administration;

$1 billion in housing, individual & family assistance from FEMA;

$550 million in assistance to city government from FEMA and Transportation;

$350 million for housing rehabilitation from HUD;

$100 million for economic recovery & business assistance from HUD and Commerce;

$30 million for human services from HUD, Labor, and Health & Human Services.

We estimate that the insurance industry has paid out an additional $10 billion within the City of Los Angeles.

While overall the federal response to the Northridge earthquake was excellent, let me suggest a few areas of improvement for the federal response. Many of these suggestions and observations are not a criticism of operational issues, but require legislative and regulatory changes for federal departments.

1. The Federal government should look at allocating disaster relief funds to local government rather than to SBA/FEMA in cases where disaster issues are particularly unique to a locality. In particular, I am referring to the unique needs of multi-unit dwellings and businesses after the Northridge earthquake. Because each disaster is different, each recovery effort should include a real time process for identifying problems and amending programs.

2. SBA and FEMA programs are not optimal in responding to disasters affecting multi-family housing: Federal machinery is designed for rural single family areas; there needs to be a Federal response vehicle in Urban areas.

- SBA loans did not work for multi-family where the aggregate damage exceeds the SBA limit of $1.5 million.

- SBA’s underwriting and debt service load eliminated even moderately leveraged properties; multi-family housing cash flows are insufficient to service $25,000 to $40,000 per unit worth of damage.

- Also SBA’s recourse lending criteria eliminated many loan applicants.

There is a need for an SBA multi-family housing loan program for future urban disaster responses.

- The program should be project-based; establish fixed predictable terms; based on credit
worthiness of the property and the borrower's experience and capacity; and would not
require personal guarantees of the borrower.

- There is a need for gap financing; subsidies are needed to protect low income families,
  property owners, and neighborhoods.

- Such a program should be augmented by a prior approved regulator disaster policy that
  provides clear, dependable regulatory relief essential to enable lenders to respond quickly.

SBA should look at distinguishing whether they were funding apartments or other commercial
buildings. This data problem made it difficult to know how much they funded for apartments,
thus complicating data assembly and analysis.

FEMA and SBA are designed primarily to assist single family homeowners and businesses. In
the case of the Northridge Earthquake, the majority of the damage was to apartment buildings,
which had less assistance available.

3. FEMA should hire more temporary disaster response employees from the local area. In
responding to the Northridge Earthquake, FEMA brought in hundreds of temporary employees
from out of state. We believe that FEMA's response would have been enhanced if it had
recruited and hired more local talent from the Southern California area.

- Local engineers and building trades people are familiar with local building codes and
  with the damage caused by an earthquake. Many out-of-state FEMA employees were
  unfamiliar with California building codes and were accustomed to inspecting damage
  from floods and hurricanes rather than earthquakes;

- Temporary employees hired from the local community would be familiar with the
  geographic area. The City of Los Angeles is huge, encompassing more than 400 square
  miles;

- Hiring local temporary employees would save FEMA considerable amounts of money in
  housing and per diem expenses;

- FEMA's policies encourage the hiring of temporary disaster response employees from the
  local area. Such federal employment for out of work personnel from the local community
  can help ease the negative economic impacts of a disaster.

4. FEMA provided low levels of reimbursement to homeowners seeking to secure homes in the
event of another disaster; we would recommend greater reimbursement for this type of
preventive work. Retrofitting is a cost-effective way to save financial resources and avoid
personal injuries.
5. With regard to the SBA, loan guidelines should be revised specifically for disasters. Currently, SBA applies the same lending criteria after a disaster as at other times. Consequently, individuals and businesses in Los Angeles experienced a high "turn down rate" after the Northridge Earthquake. More relaxed underwriting rules and longer repayment terms would help disaster victims.

6. Finally, let me reiterate my overall assessment:

The strong recovery of Los Angeles would not have been possible without the assistance of the federal government, which acted in a quick and thorough manner to aid our city following the Northridge Earthquake. The City of Los Angeles is grateful for this assistance, and we hope our experience will be helpful in improving federal relief for future disasters, wherever they may occur. As we move further from the crisis and urgency of the Northridge earthquake, we must be careful to not let the bureaucratic nature of government stifle progress and recovery. This is a challenge we must face at all levels of government. I thank you for letting me appear in front of this committee to share these thoughts.
Mr. Horn. We thank you, Mayor.

Let me open the questioning with this one. You perhaps were in the room when I asked Director Witt that question. Building codes, what did we learn from this experience, in terms of the city of Los Angeles' building codes and what do you suggest we do on either a city basis, a State-wide basis, a national basis?

I come from Long Beach and their 1933 earthquake did result in the toughest building standards in this State in terms of earthquakes and many cities adopted them, but some cities didn't adopt them.

Mr. Riordan. First of all, let me say that the trouble, you know, when you are in politics, there is a tendency to want to overdo things, because if you have an incredible disaster and one person is killed, you feel responsible, but I think as leaders we have to balance safety and the economic health of the economy of an area.

Let me also say that the city of L.A. has very tough building standards and we have had for about 20 years or longer against earthquakes, such as sheer walls, things like that. Very few new buildings were damaged, it was mostly a lot of the older buildings.

Now, we learned a lot about tilt ups, about how to anchor them down, such as the garages here at Cal State Northridge. I think we also learned a lot about mobile home parks, that with maybe $300 or $400 each you can simply put the foundation on blocks of wood where you have the mobile home attached to one large block of wood, or four, I mean four or five, and that on top of another block of wood so that they slide. Some people have that.

When I went out the day of the earthquake to a mobile home park that had been virtually destroyed, there were about 20 mobile homes that were hardly damaged at all and they had put this new, simple idea into their mobile homes. I think there is a lot to be— I think there is a lot of simple things that we—by the way this is in front of the city council now and has been for quite a while and hopefully they will be coming out soon with our suggestions on it. But simple things like tying in roofs on tilt up buildings and a variety of things like that.

The problems are that you have to be realistic. I use an example of automobiles, you can design an automobile that will save a lot of lives and will cost $500,000, but you would be denying transportation to all but the very rich. So we have to use a little common sense.

Mr. Horn. Well, on the trailer park example, if it costs $400—

Mr. Riordan. We should require it, obviously.

Mr. Horn. Yes. Is there a way to adjust those existing trailers that predate your code? If $400 is what it takes, I realize that is tough for some people, but if it could be spread over time?

Mr. Riordan. That clearly makes good economic sense and safety sense, together, and it is something that is in front of the city council. It is something that should be required. When I talk about $300 or $400, you could do it on existing ones for that, too.

Mr. Horn. So it would be retroactive, in a certain extent, in some areas?

Mr. Riordan. Right. Yes.
Mr. HORN. Would you agree that if that is not done within a certain time period, emergency assistance for rebuilding should not be approved? How do you feel about that?

In other words, are we serious or aren't we?

Mr. RIORDAN. My father said, beware of immediate reactions to things. So your question sounds reasonable, Congressman, but I would want to think about all the ramifications.

Mr. HORN. Well, obviously some people aren't going to like it. They are going to say, hey, Federal Government, write me a check.

Mr. RIORDAN. Are you talking about an individual level?

Mr. HORN. I am talking on individual choices.

Mr. RIORDAN. I agree with you on an individual—

Mr. HORN. We face the same thing in L.A. in building in canyons, time and time again, when fires come down canyons.

Mr. RIORDAN. I agree with you, provided that we have ways to help people who are economically disadvantaged finance this type of—

Mr. HORN. Right, but that having been done, then, you agree that we ought to tie future possible benefits and give it to the responsible people, not the irresponsible people?

Mr. RIORDAN. I agree.

Mr. HORN. Mr. Riordan, I will yield to my colleague Mr. Dixon.

Mr. DIXON. Thank you Mr. Chairman.

Mayor Riordan, I noticed in your prepared statement, Item No. 5 on, I think, your summary, the last page, indicates, and I share your view, that there are probably some inequities as it relates to small business and in there you suggest that the guidelines should be revised specifically for disasters.

Congressman McKeon as well as Congressmen Berman and Beilenson and myself and others work hard for a pot of money for businesses that had been first turned down through SBA. There seem to be two classes of people that really get caught in the cracks here. One are businesses that perhaps aren't doing well at the moment and, therefore, an SBA loan cannot be justified.

Mr. RIORDAN. Right.

Mr. DIXON. The second appears to be, to me, to be those that are on a fixed income, a retired couple that just don't have the money to repair their home and then they are obviously in that group, an expanded group, are a group of people where, when they consider the mortgage and the SBA loan, assuming that they can get one, and they total it, it equals more than the value of the house and there is some walking away.

Do you have some ideas, specifically how we can liberalize the loan procedures, because it is an area that I think needs to be focused on?

Mr. RIORDAN. Certainly I think the SBA, I don't know in practice, but in theory now, they are making what you call working capital loans, because generally they have just been asset-based loans.

But I think, first of all, as alluded to, or talked to briefly in my prepared remarks, although they aren't written down there, I added them at the last minute, is to relax the banking rules so that loans can be restructured. If you have, let's say, a house with a $1 million loan on it and in this case, let's say, because of the real es-
tate recession in Los Angeles, let's say that house was worth $1 million a moment before the earthquake and after the earthquake with the damage, let's say it has $300,000 of damage, there should be efficient ways to, in effect, restructure that loan, down to $700,000 and then in return for that the SBA would lend the $300,000 or the other lender would.

In a lot of cases the lender would lend the money to bring it back up. I think it is very complicated. This would be the subject of a 1 or 2-day conference as to how it makes it happen, but the Federal Reserve in the past said, if you have that $1 million loan and it went down to $700,000 that you would have to write off, against your reserves, $1 million. And then the worst part was, if you went in and, in fact, lowered the loan to $700,000 and lent another $300,000, you would still have to reduce your reserve, which I think multiples, what is it, by 15 times your ability to make other loans.

So I think that we need a lot more flexibility and I don't understand all the ramifications of it, but I know it is something that is very well worth delving into.

Mr. DIXON. I am glad to hear you say that, because I do think people get caught and fall between the cracks in that situation, wealthy as well as poor people.

Mr. RIOORDAN. I will give you one other example, and I have mentioned this several times to Gene Ludwig and others. A lot of these mortgage companies package mortgages and then sell them to the public through Merrill Lynch or others, they will put $1 billion of mortgages and in the trust indentures they are given the power to forestall interest for a certain time, but they are not generally given the power to restructure the loan at a lower rate. So that was a major problem. So you might think of Federal legislation in that area.

Mr. DIXON. Thank you, Mr. Mayor.

Mr. HORN. Thank you.

Now, I yield 5 minutes to the gentleman from Illinois, Mr. Flanagan.

Mr. FLANAGAN. Mayor, thank you for your testimony. It was very good.

Mr. RIOORDAN. Thank you.

Mr. FLANAGAN. It is always important to not only see a local perspective, but an urban local perspective and I am from the city of Chicago and being in the Republican party makes me a true minority, because the party is not well represented in large cities in Congress. It takes a long time to have the majority understand many of the problems that you are talking about.

If I may pursue your regulatory questions that you took up so ably with Mr. Horn and Mr. Dixon with some unfunded mandates and the difficulties.

Mr. RIOORDAN. My favorite topic.

Mr. FLANAGAN. Yes, you have identified articulately many regulatory difficulties that you have, the FDIC, the banking institutions, the SBA and other things where Federal regulations make it difficult for you to accomplish immediate need issues on something that you need done in an extraordinary way because of the extraordinariness of the circumstances.
In many of the unfunded mandates that you grapple with every day, you dexterously handle, as any large city mayor does, my own does certainly, Mayor Daley, but in an emergency situation they are particularly onerous and often they come in the form of holy cows from the left and from the right, whether it be Made in America rules or ADA, whether it is the Clean Air Act, trying to move debris or Davis-Bacon getting in the way of reconstruction. Could you expound on that for a few minutes?

Mr. Riordan. I would love to for about 2 hours.

Mr. Flanagan. I have only 5 minutes so I can give you that.

Mr. Riordan. Rich Daley and I were in Ireland together when the President was there and we cornered some of your Democrats—

Mr. Flanagan. Mayor Daley was in Ireland?

Mr. Riordan. We cornered some of your Democratic colleagues and Mayor Daley made a statement which shocked them, actually, he said, do me a favor, in exchange for not sending us any money at all, get rid of all mandates and we will be way ahead. And they listened.

I mean, it was because in L.A. alone, if we were to follow by the letter of the regulations and the mandates, we would have to spend about $6 billion over the next 5 years. Something that I have used in the anecdote a lot of times, and it is true, is, it is illegal to take a glass of water out of the tap in your home and walk over the L.A. River and pour it into the L.A. River. The fish are supposed to get cleaner water than the human beings.

There is a lot of silliness, I think, on the ADA which is good in a lot of ways, but I think, again, this is going to cost us well over $1 billion to totally comply with and I think that is something that can be determined better at the local level.

Mr. Flanagan. Your Honor, apart from the general ranting on these issues and the unfunded mandates, which Mayor Daley and I have talked about at great length, and I think every Member of Congress has talked about with his local mayors about, whether big or small, I was more interested in how an otherwise good law, ADA or Clean Air Act or the Made in America laws or other things, have a particularly onerous impact in a disaster context?

Mr. Riordan. Well, I think the most obvious is, obviously, that they eat into our budget so much that it is virtually impossible to put anything aside for a rainy day. We are fighting now to overcome a projected deficit of over $200 million in our next fiscal year. We will get there, but it is excruciating.

Mr. Flanagan. Thank you, Your Honor.

I have no further questions.

Mr. Horn. Mr. Davis.

Mr. Davis. Thank you.

I wonder if I could pick up where Mr. Flanagan left off. I was along with Ms. Burke, a county supervisor from here, chairman of the Unfunded Mandates Task Force, with the National Association of Counties, before I came to Congress and, along with Chairman Clinger of this committee, one of the sponsors for the Unfunded Mandates Reform Act which passed this year. Unfortunately, that act is not retrospective, it is prospective.
I wonder if I could just go along, following what Mr. Flanagan said on the unfunded mandate issues to the floor and maybe you can address them.

The ADA which would require new construction and alterations to meet the standards for access by the disabled, basically you are tearing up streets that were damaged in the earthquake that didn’t meet those standards and having to lay down new streets that meet a higher standard. The highway, steel and manufactured products used are made in America, we have that act which can add to costs. The Davis-Bacon Act, which I am a co-sponsor of a bill to repeal that, which will require prevailing wages be given to potential bidders 10 days before bidding begins, but often my experience has been there is a 2-week delay between the Department of Labor issuing the rates and the States receiving them. And violations of the Clean Air Act, you noted debris removal and demolition and those kind of issues, were those real issues in this case?

Mr. RIORDAN. No, to us they really weren’t. I suppose they—in some fairly not particularly material way they added to things, but certainly they added to things, but certainly we require in the city any new or reconstruction of anything that we comply with the ADA. Where the big money is going to cost us is going in and tearing out good sidewalk streets and a variety of things like that, that is what is going to cost us an awful lot.

But unfunded mandates come in a lot of disguised ways and I wonder if you can ever, Republican or Democrat, trust them not to come up with some ideas because they think they can do some things better than we can on the local level. It is like talking to—I am sorry to get off the subject.

Mr. DAVIS. That’s fine.

Mr. RIORDAN. But Education Secretary Riley, who was in Ireland on bilingual education, and this has become a giant bureaucracy and bilingual education means 10 different things in 10 different localities, and what I tell them is, why don’t you let the local—particularly let the schools decide. Hold them to some standard and let them decide rather than in some laboratory in Washington.

Mr. DAVIS. As Mr. Torres, knows, in our local school in Fairfax we have 50 native languages spoken. Can you imagine what bilingual education—we have an English as a Second Language program that we have gotten a waiver on. It makes it much less expensive and, frankly, it is a better program. We have 136 different languages just in one school, just in one school, which is my son’s intermediate school.

The other question I want to ask is, following up on what Mr. Horn had noted, in terms of building code, do you feel your building code now is satisfactory to meet for future construction?

Mr. RIORDAN. I think it is very good, but it has to be improved. This is, you know, in carrying on to what Congressman Horn asked, I think that there are improvements and we have to not just say, OK, we are going to improve it once. We have to look at it all the time. We are not looking for the $500 solution to the $5 problem, but frankly when you are talking about dipping into the Federal Treasury for some of these items that might have been prevented with a stronger code, we have got to have a balance there.
I hope after each of these episodes you continue to take a look. It is a very tricky thing. It is like, you know, a sheer walling is—in effect, the old houses did not have cross pieces of wood to stop the walls from breaking when they shook sideways. Now, as I say, we have required that for a number of years, at least 20 years, maybe 30 years.

To require it in every old house would have been an incredible economic burden on particularly the economically disadvantaged.

Mr. DIXON. Thank you.

Mr. HORN. Now, I yield to the gentleman from California, Mr. Torres.

Mr. TORRES. Mr. Chairman, if I may, I would like to yield a minute to my colleague, Mr. Dixon.

Mr. DIXON. Thank you very much, Mr. Torres, because I wanted to ask the mayor something on unfunded mandates.

Mr. Mayor, I think I understand the philosophy that you have on unfunded mandates and, as a matter of fact, I voted for the part of the contract that dealt with unfunded mandates. But this hearing is dealing with, it is my understanding, disasters and what can be done in the future.

So I didn't want anyone to get the impression, unless that was the impression you intended to leave, that unfunded mandates are a substantial problem as it relates to disasters and what we should be doing in the future.

Mr. RIORDAN. You are correct, it is not.

Mr. DIXON. It is not?

Thank you.

Thank you Mr. Chairman.

Mr. RIORDAN. And I think—let me just comment on that one on the SBA——

Mr. DIXON. We kind of wandered off there when we got into this.

Mr. RIORDAN. I think that it is really not practical to think that we can gear up a lending institution like the SBA overnight in a disaster. So I think what we would like to see is improvements and more flexibility in what they do.

Mr. DIXON. You know, how things go. All of a sudden on the floor of the House of Congress it will be, Mayor Riordan said that unfunded mandates were a major issue in disaster relief, and I just wanted to make that clear.

Mr. DAVIS. Would my friend yield for 1 second?

Mr. DIXON. Yes.

Mr. DAVIS. I just note, I think he made it clear in my questions to him that they weren't a problem. In point of fact, they were a larger global one. But I had asked him some specifics and I think he made it clear that they were not really a part of the problem here.

Mr. TORRES. Mr. Chairman, reclaiming my time.

Mayor, I thank you for coming today. It is good to see you again, and to hear from you.

I was struck by your closing statement where, in the record, you thanked the Federal Government for its expeditious action and, while it is not in your statement, you said, verbally, that you also thanked the State as well.
As you know, President Clinton raised the Federal contribution to 90 percent from 75 percent on this very special occasion. Am I correct?

Mr. RIORDAN. That is correct, yes.

Mr. TORRES. That is correct, and then I understand that the State, which has to make up the matching portion, the 10 percent, was not able—at least as I understand this, the State was not able to come up with the 10 percent and the city of Los Angeles dipped into its budget and provided it from Federal housing funds in order to bail out the State, so to speak.

So in this kind of robbing Peter to pay Paul, how will you fulfill the Federal housing obligations which you took from the budget to help the State?

Mr. RIORDAN. Other people have a little more knowledge on that, but I know that we got significant new, additional Federal funding shortly after. I think somewhere in my prepared remarks we talked about $200 million that we got from HUD for emergency housing funding and others and we have gotten other pockets from HUD and from the Federal Government over the last couple of years.

So we haven't—quite honestly, I think we have done, as of now, about as much as we can do with the Federal credits, the amount that we are allowed in L.A., and other funding, as we can put into operation, you know, to actually put the projects together and make it work.

We do have a real fear as to the future because with the sunsetting, possibly, of the Federal—the tax housing credits and also some cutback on Federal funding, we do have a worry as to the future.

Mr. TORRES. In your estimation, what additional impacts have the Northridge earthquake and other disasters had on your budget?

Mr. RIORDAN. I have to admit that they have not had a major impact on our budget. I think that is where I have to really thank the Federal Government for what they did for us, but we were able to, I think, get along without dipping deeply. We had to dip to some extent, but not enough to really notice. I think a lot of the efficiencies it forced us to do, by getting permits out quickly and others, made us more efficient.

Mr. TORRES. I asked Director Witt whether the Federal Government had fulfilled its obligations in the case of Loma Prieta and also mentioned the L.A. riots. Is that still affecting the city's budget?

Mr. RIORDAN. Well, I mean, obviously they are. I mean, right now, like Loma Prieta in San Francisco, but the riots are something that I consider in my own mind. The Federal funding is a thing of the past and it is our duty to clean up these areas and if you go down there you will see in the last year it has been cleaned up dramatically in the riot areas.

Now we have to do and we are working on doing a lot of major projects, particularly putting retail shopping into those areas.

Mr. TORRES. I thank the mayor for his responses to my questions and again, Mr. Mayor, thank you for being here today.

Mr. RIORDAN. Thank you, Congressman.
Mr. HORN. On the question Mr. Torres raised about the cost to the city of Los Angeles, are there any figures available, that we might put in the record at this point, as to what the expenditures were by the city of Los Angeles beyond normal governmental operations?

Mr. RIORDAN. I will get you that. I don't have it.

Mr. HORN. Great. Let's just file it in the record at this point. Without objection, so ordered.

I yield to the gentleman from California, Mr. McKeon.

[The information referred to follows:]

The City incurred total expenses of $1,054,000,000 for the earthquake and $74,645,462 for the civil disturbance. A more detailed breakdown of these costs by city department can be provided if necessary. These figures were provided by the City Administrative Officer (CAO), who serves as the chief financial advisor to the Mayor and City Counsel.

Mr. McKEON. Thank you, Mr. Chairman.

Good afternoon, Mr. Mayor. I also had the opportunity of being mayor, but of a much smaller city, Santa Clarita, and I also served for a while on the school board. And I had a lot of complaints about mandates that came down from above, both the Federal Government and Sacramento. I was really happy when we were able to pass that law this year that we would have no more Federal mandates without the funds to carry them out. I wish we could go back and get rid of some of the other ones.

Mr. RIORDAN. I do, too.

Mr. McKEON. Maybe that is something we should look at. Maybe it is something that we can look at on an individual basis, if you can give us some specific things that we can target, we would be happy to do that.

I want to commend you for the leadership that you also provided through this. I love the idea that you seek forgiveness rather than permission, because there was a time that if you wanted to wait for permission nothing would have ever happened.

I happened to be out of town, in Denver, when the quake hit. I didn't get back until the early afternoon. I remember driving up and seeing all of the fire engines that were already in place, the plans had been made already by the fire department, the police department, the public safety department. The work that they had done was tremendous. I think that what you do, working with other cities, where people come together and help each other during these times is tremendous.

In your opinion, have there been disputes between the city and the State and/or FEMA or other Federal agencies, significantly, that affected the recovery and what types of disputes were typical, and what steps, if any, have been taken to resolve these disputes?

Mr. RIORDAN. To give you a lot of detail on that I would have to get somebody else in my administration, but obviously, when you are the recipient of the money you are trying to get as much as you can so you can get 100 percent financing. So we have had a variety of, I wouldn't even call them disputes, I would call them negotiations.

Mr. McKEON. Disputes may be the wrong word because that sounds confrontational. I think we have tried to work harmoniously through all of this. So I am not looking for something to point fin-
gers. What I am looking for is things that we can avoid next time. So if you have anything like that, if you want to add with written testimony that would be no problem.

Mr. Riordan. I think it would be better to do it, but let me just say, I think that—my guess is, we won't have any suggestions that will help the next time, maybe we will ask you for some help right now in some of the negotiations we are having with FEMA. I think that overall they did a very, very good job. I think they are very much to be complimented.

Mr. McKeon. Very good. Again, thank you.
And I yield back the balance of my time, Mr. Chairman.
Mr. Horn. Are there any more questions on this side?
[No response.]
Mr. Horn. Any more questions on this side?
[No response.]
Mr. Horn. If not, we thank you very much, Mr. Mayor, and appreciate you coming over here on a busy day. Every day for the mayor of the second largest city is a busy day.

Mr. Riordan. Thank you very much.

Mr. Horn. Thanks for coming.

We do have the open mic session for those that are new to the audience that will come up after the last panel and we will welcome your comments for a minute or so or the filing of a statement. If they concern the State or the Federal Government or the city, we will ask those officials to put a response in the record where your question has been put and we obviously will appreciate your reactions to that particular situation.

The third panel, three individuals, Dr. Richard Andrews, director of the Governor's Office of Emergency Services; and Ms. Constance Perett, the manager of Emergency Services for the county of Los Angeles; and Major General Robert J. Brandt, the Assistant Adjutant General and Commander of the California Army National Guard.

We have a tradition on this committee that we do swear witnesses. So if all three of you will stand and raise your right hand.

[Witnesses sworn.]

Mr. Horn. The clerk will note that all three witnesses have affirmed and we will begin with our first witness, Dr. Richard Andrews, the director of the Governor's Office of Emergency Services.

The Governor very much wished to be here. Unfortunately, he was tied up in northern California by a lot of precommitments and we appreciate the emergency efforts the Governor made on this situation, working with the director and the mayor and others involved and I hope Dr. Andrews will have a few examples of that because I think that is worth noting in other States.

I think it surprised practically every Californian that we could break some of these bureaucratic rules in an emergency and get things done. So I congratulate you and the Governor on getting those things done and we look forward to your testimony.
STATEMENTS OF RICHARD ANDREWS, DIRECTOR, GOVERNOR'S OFFICE OF EMERGENCY SERVICES, CALIFORNIA; CONSTANCE PERETT, MANAGER, EMERGENCY SERVICES, COUNTY OF LOS ANGELES, CA; AND MAJOR GENERAL ROBERT J. BRANDT, ASSISTANT ADJUTANT GENERAL AND COMMANDER, CALIFORNIA ARMY NATIONAL GUARD

Mr. Andrews. Thank you, Mr. Chairman, members of the committee. Thanks for the invitation to testify today and share our perspectives on the Northridge earthquake response and recovery efforts.

Mr. Horn. We are going to need to get that mic closer. You are talking to the table not the mic.

OK.

Mr. Andrews. Because of our many risks and history, California takes emergency management very seriously. We are proud of the fact that we are considered international leaders in seismic safety policy and practice. Virtually all of the Nation's modern experience in earthquake management results from events that have occurred in this State.

On behalf of Governor Pete Wilson and all of the residents of California, I want to thank the Members of Congress, especially the California Congressional Delegation for the rapid, unprecedented response to the needs created by the Northridge earthquake. Two separate congressional appropriations should provide ample funds to rebuild our damaged communities according to current State and local codes.

Since January 1994, our working relationship has been, on balance, very positive. Two years following the earthquake there remain, however, important recovery issues to be resolved. They are centered around fundamental differences over, first, technical assessments; second, appeals policies; and, third, inconsistent eligibility and reimbursement rulings.

I would like to review with you the series of events that bring us where we are today. On the morning of January 17, within minutes of the Northridge earthquake, we had launched the Statewide response to supplement the efforts of local governments. Within 2 hours of the quake, I personally spoke with James Lee Witt who placed very generously and immediately any needed Federal resources at our disposal.

On the flight from Sacramento to Los Angeles that morning, Governor Wilson began taking steps that led to the most dramatic early examples of how Government can act in times of crisis. Using his executive authority he approved initial contracts for demolishing sections of damaged freeways and, following a strategy initially used by California after the 1989 Loma Prieta earthquake, approved incentive contracts for freeway reconstruction that led to the roadways being opened in record time.

The overall response was extremely effective, particularly at the local level. City and county law and fire officials quickly identified the most serious situations and rapidly dispatched necessary resources. The response by local jurisdictions was so effective that most additional resources provided by the State's unique mutual aid systems were not needed. The response was essentially completed before Federal officials arrived in the State.
The primary responsibility for protection of public safety and property rests with local and State officials. The most effective emergency response will, in my view, always occur at the local and State level.

FEMA has, unquestionably, greatly improved its emergency response capability since 1992. Their recent responses during the 1995 hurricane season throughout the Eastern Seaboard was really exemplary and indicates that they have become a much more effective emergency response organization.

The appropriate role of the Federal Government during an emergency is to provide support to specific resource requests. It is particularly important that Federal emergency response efforts not be undertaken solely to showcase a presence for the media when State resource requests have not been made.

The Northridge recovery effort began concurrently with the emergency response. Seventy-two hours after the earthquake the first disaster application centers opened for business. As has been previously mentioned, the scale and pace in providing assistance to individuals was unprecedented and here FEMA demonstrated great flexibility. Twice as many people registered for assistance as in any previous disaster in this country. More people received assistance in the first 6 weeks after Northridge than in the first 6 months after Hurricane Andrew.

At FEMA's request, California was involved in every phase of this effort. For example, as Director Witt mentioned, FEMA used our earthquake modeling capability to identify areas that could receive the initial aid checks, getting assistance into the hands of disaster victims in record time. The administrative costs of these efforts were substantial.

Yet, over a year after the disaster, FEMA reversed approval of funds to the State by deobligating over $13 million in administrative costs the State incurred in supporting this historic effort.

The Northridge earthquake has highlighted limitations in the current structure of Federal disaster assistance regulations and policies. I believe that Federal disaster assistance policies need to be reformed. Current programs are too costly to administer and too often applied inconsistently, sometimes placing FEMA in conflict with the authority of local and State governments.

Only recently has the FEMA personnel situation here been stabilized. Five Federal coordinating officers have been responsible for the recovery effort and the rulings of each have differed.

Over $50 million in administrative and operational costs that various Federal coordinating officers have assured California are eligible for reimbursement have recently been ruled ineligible. California intends to pursue appeals of these rulings, though it is disconcerting that the appeals are to the same individuals who have made the judgments.

Earthquakes and the damage they cause are unlike any other natural disaster. Much of the damage is hidden, masked by seemingly sound structures. Assessing the damage and the appropriate repair solutions requires professional judgments that often result in differences of opinion. It is in part because of the unique nature of earthquake damage, as well as the history of California's seismic
safety programs and codes, that we find ourselves locking horns with FEMA over repair issues.

California has 60 years of experience in drafting and enforcing some of the world's strictest building codes. Our schools and hospitals are built to a higher standard than those of any other State. Yet, we find ourselves negotiating with FEMA over which standards are to be enforced and how repairs are to proceed.

For example, over a year of negotiation and debate has surrounded the issue of repairing some 20 hospitals. While we applaud FEMA's recent willingness to consider more flexible approaches to repairing these essential facilities, the need for these innovative strategies speaks to the inherent limitations in Federal regulations and current policies.

It is troublesome that a small number of FEMA staff, who are not licensed California structural engineers or architects, have become the principal arbiters of the level of damage and the strategy for repair of very complex structures. Suggestions of those who disagree with these judgments are motivated by a desire to inappropriately enhance Federal assistance have exacerbated tensions between the State and FEMA.

We recognize that there are legitimate grounds for disagreements over very complex technical assessments, but we believe that there should be prompt, independent, third-party reviews when such technical disputes arise. FEMA is not and should not try to be the national building code authority and design firm, that is a local and State role.

California has a worldwide reputation for seismic standards and should not be second guessed at every turn by an agency with little background in that field, most of which, ironically, has been learned here in California. We understand the need to keep tight controls on spending and we operate under those same restraints in the State.

We recognize that there are steps that we can and we must take at the State level and within my own agency to make our own processes more efficient. We recognize and fully support Congress' desire to limit disaster assistance costs whenever possible. We only seek eligible assistance under current Federal laws and regulations.

Since the enactment of the Field Act in 1933, which set standards for the construction of public schools in this State, California has enacted a broad range of mitigation measures. The Northridge earthquake demonstrated the need to reduce our earthquake risk even further. The Governor has made the retrofit freeway the highest priority for the State Department of Transportation. Propositions on the California ballot in March will ask the State's voters to approve $3 billion in bonds to continue the seismic retrofit of the State's freeway system.

The Governor's recently announced budget includes proposals for over $900 million in general obligation bonds for higher education infrastructure improvements, particularly seismic safety initiatives.

At the Governor's request, the State's Seismic Safety Commission has undertaken a thorough review of our building codes and standards in construction practices.
The Northridge Housings Mitigation Grant Program, that results from the Stafford Act, will include approximately $650 in Federal funds. Together with task forces representing schools, hospitals and local governments, we have defined a set of priorities for the use of these funds to accelerate mitigation efforts in the Northridge disaster counties.

The first $106 million from the Northridge fund is being committed to schools to replace lighting fixtures and false ceilings. Additional grants will be made to hospitals, local governments and State agencies to accomplish other prioritized measures.

California's local and State emergency management systems performed effectively at the time of the Northridge earthquake. Nevertheless, the seismic risk in this State is such that we need to continue to aggressively pursue preparedness and risk reduction initiatives.

The Federal Government has provided invaluable timely support to local and State efforts and the flexibility and the problem-solving approach of the current FEMA leadership represents a dramatic and important step forward over where we were in 1989.

We stand at a critical juncture in the recovery effort and I believe we can overcome the hurdles and resolve our problems. James Lee Witt and his staff have earned our thanks, our respect and our gratitude for the accomplishments to date.

Again, on behalf of Governor Wilson and all Californians, my thanks to Congress for their concern, commitment and support over the last 2 years. Thank you.

[The prepared statement of Mr. Andrews follows:]
Thank you for the invitation to testify today and share our perspectives on the Northridge earthquake response and recovery effort. As Director of Emergency Services for Governor Pete Wilson, I have served as State Coordinating Officer in overseeing the response and recovery activities from the unprecedented series of emergencies that have occurred in California since 1991.

Because of our many risks and history, California takes emergency management very seriously. We're proud of the fact that we're considered international leaders in seismic safety policy and practice. Virtually all of the nation's modern experience in earthquake risk management results from events that have occurred in this state.

But let me assure you that we're not just recipients of disaster aid; in April of last year over 350 Californians, including four of our urban search and rescue teams, were part of the response to the tragic bombing in Oklahoma City. We're proud of the fact that the concept of the urban search & rescue teams was first developed here in California and then adopted by FEMA as a national model.

On behalf of Governor Pete Wilson, and all the residents of California, I want to thank the members of Congress, especially the California congressional delegation, for your rapid, unprecedented response to the needs created by the Northridge earthquake. The $8.9 billion obligated by federal agencies thus far has been essential in expediting the rebuilding from what
may turn out to be the most expensive natural disaster in this nation's history. Our current estimate of total damages from Northridge is $25 billion dollars, including a total of $12.5 billion in insured losses. The funds allocated by Congress in two separate appropriations over the past two years should provide ample funds to rebuild our damaged communities according to current state and local codes.

Let me state clearly that since January 1994, our working relationship with FEMA has been, on balance, positive. James Lee Witt has demonstrated a refreshing and much appreciated understanding for the problems California has faced in the last five years -- a series of disasters that have caused losses totaling more than $35 billion. We are grateful to him and the Congress for the extensive help offered to our state.

Two years following the earthquake there remain, however, important recovery issues to be resolved. They are centered around fundamental differences over: (1) technical assessments; (2) appeals policies and (3) inconsistent eligibility and reimbursement rulings.

I'd like to review with you the series of events that bring us to where we are today.

EMERGENCY RESPONSE

On the morning of January 17, 1994, within minutes of the Northridge earthquake, officials with the Governor's Office of Emergency Services (OES) had launched the statewide response to supplement the efforts of local governments. Governor Wilson declared a state of emergency immediately and directed me to make all the resources of state government available to assist communities in Los Angeles, Ventura, and Orange counties. Within two hours of the quake, I personally spoke with James Lee Witt who placed any needed federal resources at our disposal.

On the flight from Sacramento to Los Angeles the morning of January 17, Governor Wilson began taking steps that led to the most dramatic, early examples of how government can act in times of crises. Using his executive authority he approved the initial contracts for demolishing sections of damaged freeways and, following a strategy initially used by California after the 1989 Loma Prieta earthquake, approved incentive contracts for freeway reconstruction that led to the roadways being reopened in record time. Over the following weeks Governor Wilson took over a dozen specific actions that expedited the state's response, including making portable classrooms available to damaged school sites in record time, thereby setting a clear strategy of waiving
complex regulations to allow government agencies to be problem solvers, rather than merely regulators.

OES coordinated the response by all state agencies, including the collection, verification and dissemination of intelligence reports (a process that has been adopted by FEMA for its own use); the preparation of situation reports for the governor; coordination of all public information activities; and activation of the state's mutual aid response. As requests for help poured into OES from local governments and the regional operations centers, agency representatives quickly responded by deploying available resources and seeking additional help as needed.

OES dispatched fire, law enforcement, and medical mutual aid from jurisdictions close to the affected area. Six of the state's urban search and rescue task forces, created after the 1989 Loma Prieta earthquake by OES to detect and extract people from collapsed structures, were deployed after Northridge. Teams from Arizona and Washington, modeled after the ones in California, were also dispatched to Los Angeles but were not needed.

**Response Effectiveness**

The overall response was extremely effective, particularly at the local level. City and county law and fire officials quickly identified the most serious situations and immediately dispatched the necessary resources to those locations. The preparedness efforts of the past decade, financed by local, state, federal and private sector dollars, plus the experiences gained in the various disasters since 1989, proved their effectiveness.

Local jurisdictions quickly tackled the problems of people driven from their damaged homes. Within days, temporary housing had been arranged for more than 50,000 people.

The response by local jurisdictions was so effective that most additional resources provided by the mutual aid system were not needed. Additionally, the response by local and state resources was essentially completed before federal responders arrived in the state.
Federal Response Support

Let me emphasize that although we greatly appreciated FEMA's readiness to augment local response efforts, additional resources were not needed. The local and state-managed response was quick, timely, and thorough, and essential life saving and medical assistance efforts were brought under control in a few short hours, despite repeated aftershocks.

The primary responsibility for protection of public safety and property rests with local and state officials. The most effective emergency response will, in my view, always occur at the local and state level. It is clear that FEMA has greatly improved its emergency response capabilities since the unfortunate events that followed the devastation of Hurricane Andrew in August 1992. Recent responses during the 1995 hurricane season demonstrate that FEMA is now a much more effective emergency response organization.

Nevertheless, I must repeat my concern expressed in April of 1994 to a Disaster Recovery Field Hearing conducted by Senator Feinstein, when I cautioned against efforts to "nationalize" emergency management by promotion of the concept of a "Federal 911" operation. The role of the federal government during an emergency is to provide support to specific resource requests. It is particularly important that federal emergency response efforts not be undertaken solely to showcase a presence for the media when no critical resource needs are present and requests from states have not been made.

RECOVERY

The Northridge recovery effort began concurrently with the emergency response. OES and FEMA established a Disaster Field Office (DFO) in Pasadena immediately after the earthquake to coordinate disaster assistance. More than 2,000 local, state and federal employees were assigned to various DFO operations. California worked closely with FEMA to establish long-term relief and recovery operations. Aftershocks continued to shake the area, in some cases calling for response efforts after recovery operations had begun.

Despite the magnitude of the damage from the quake, responders shifted quickly from putting out fires to restoring roads; from pulling the dead and injured from collapsed structures to establishing shelters and providing meals; from issuing emergency information to providing housing and financial assistance. To smooth the recovery process, OES established an
Intergovernmental Liaison Council and other special task forces with affected local governments that included cabinet level officials from the Clinton Administration.

Seventy-two hours after the earthquake, the first 11 Disaster Application Centers (DACs) opened for business throughout the disaster area. Eventually 21 DACs served the earthquake victims. Mobile DACs traveled to 80 different locations to serve special populations, some of which were in isolated communities. This effort was coupled with an aggressive outreach program that included over 150 staff speaking 16 different languages to help guide people through the assistance process. Two years following the earthquake, more than 680,000 people have applied for disaster assistance, more than double the number in any previous single US disaster.

The scale and pace in providing assistance to individuals affected by the Northridge earthquake was unprecedented. More people received assistance in the first six weeks after Northridge than in the first six months after Hurricane Andrew. Twice as many people registered for assistance as in any previous disaster in this country.

At FEMA's request California was involved in every phase of this effort. FEMA used our earthquake modeling capability to identify areas that could receive the initial aid checks, getting assistance into the hands of disaster victims in record time. The administrative costs of these efforts were substantial. It has been particularly discouraging that, over a year after the disaster, FEMA reversed policy and approval of funds to the state by "deobligating" over $13 million in administrative costs that the state incurred in supporting the operations in the disaster application and earthquake service centers that were the focal points of this historic effort.

To help people displaced when more than 6,000 mobile homes were jolted off their foundations, OES designed and FEMA authorized the repair and replacement of mobile units on seismically braced support systems as part of an innovative adaptation of the FEMA Minimal Housing Repair Program. The final phase of this successful, innovative program will end this month.

**Complex Recovery Issues**

Because of the inherent technical complexities of seismic damage, the Northridge earthquake has highlighted limitations in the current structure of federal disaster assistance regulations and policies. I believe that federal disaster assistance policies, particularly as they apply to damaged public structures, need to be reformed. Quite simply, current programs are too
costly to administer, too often applied in an inconsistent and arbitrary manner, placing FEMA in roles and decisions that sometime directly conflict with the authority of local and state governments.

Only recently has the FEMA personnel situation in support of the Northridge recovery effort been stabilized. Five Federal Coordinating Officers have been responsible for the Northridge recovery effort, and the policies of each have been different. Over fifty million dollars in administrative and operational costs that various federal coordinating officers have assured California are eligible for federal reimbursement have recently been deemed ineligible.

These inconsistencies in federal policy have had a dramatic impact. California intends to pursue appeals on each of these rulings, though it is disconcerting that the only course of appeal is to precisely the same individuals who have made these arbitrary judgments.

Building Codes and Standards

Earthquakes and the damage they cause are unlike any other natural disaster. Much of the damage inflicted by earthquakes is hidden, masked by seemingly sound structures. We have found cracks in steel beams, visible only by removing the building's skin to examine its weakened skeleton. Determining the overall level of damage, as well as the appropriate repair solutions, requires professional judgments and often results in differences of opinion.

It is in part because of the unique nature of earthquake damage, as well as the history of California seismic safety programs and codes, that we find ourselves locking horns with FEMA over repair issues. It is a state and local responsibility to insure that building codes and standards meet local needs and risks. California has 60 years of experience in drafting and enforcing some of the strictest building standards in the world. Our schools and hospitals are built to a higher standard than those of any other state. And yet we find ourselves negotiating with FEMA over which standards are to be enforced and how repairs are to proceed.

One indicator of the difficulty we face has been the issue of hospital repairs. We have had to craft new ways to deal with the extensive damage suffered by more than 20 hospitals in the LA areas. Because of the inherent complexity of the technical issues involved, FEMA and OES are attempting to find a way to accomplish hospital repairs that we believe fall under the scope of current disaster assistance programs.
Over a year of negotiation and debate has surrounded the issue of hospital repairs. While we applaud FEMA's recent willingness to consider more flexible approaches to repairing these essential facilities, the need for these innovative strategies speaks to the inherent limitations in federal regulations and FEMA policies. It is, for example, questionable that a small number of FEMA staff, who are technically knowledgeable but not licensed as California structural engineers or architects, have become the principal arbiters of the level of damage and the strategy for repair of very complex structures. Suggestions that California engineering firms and state and local agencies that disagree with these judgments are motivated by a desire to inappropriately enhance federal assistance have exacerbated the tensions between the state and FEMA. We recognize that there are legitimate grounds for disagreements over very complex technical assessments, but we believe that there should be prompt, independent third party reviews when such technical disputes arise, rather than suggestions that only federal employees have the correct answers.

FEMA is not -- and should not try to be -- the national building code authority and design firm. That is a local and state role, and one in which California has long been a model for the nation and the world. California has a world-wide reputation for seismic standards and should not be second-guessed at every turn by an agency with little background in that field, most of which, ironically, has been learned here in California.

We understand the need to keep tight controls on federal spending. We operate under those same restraints in the state. In the past year we've had the FEMA Inspector General, the accounting firm of Price Waterhouse, and our own Bureau of State Audits review our costs and practices. We recognize that there are steps we can take to make our own processes more efficient. And we recognize and support Congress's desire to limit disaster assistance costs whenever possible. We only seek eligible assistance under current federal laws and regulations. These policies should be applied consistently, with commitments made by lead federal officials fairly in the disaster honored.

**Hazard Mitigation**

California leads the nation in seismic safety policies and hazard mitigation. Since the enactment of the Field Act in 1933, which set standards for the construction of public schools in the state, California has enacted a broad range of mitigation measures. The overall effectiveness of these mitigation efforts was evidenced when the Northridge Earthquake hit. Clearly the damage would have been far greater had it not been for the building codes, standards for schools and hospitals, retrofit measures, and emergency management systems that are unique to California.
The Northridge Earthquake, however, demonstrated the need to reduce earthquake risk even further. Governor Wilson has made the retrofit of the freeway system the highest priority for the state Department of Transportation. Propositions on the California ballot in March will ask the state's voters to approve over three billion dollars in bonds to continue the seismic retrofit of the state's freeway system. The Governor's recently announced budget includes proposals for over $900 million in general obligation bonds for higher education infrastructure improvements, particularly seismic safety initiatives.

At Governor Wilson's request, the state Seismic Safety Commission undertook a thorough review of our building codes and standards and construction practices. The Commission's report contains a series of recommendations to reduce earthquake risk in California. Included are recommendations to improve design and construction, improve building codes, reduce nonstructural hazards, and reduce risks from existing buildings. The state Building Standards Commission is evaluating the possibility of making performance standards the foundation of the code system.

The Northridge Hazard Mitigation Grant Program that results from Stafford Act authority will include approximately $650 million in federal funds. Together with task forces representing schools, hospitals and local governments, OES has defined a set of priorities for use of these funds that will enable the state to accelerate risk reduction efforts in the three counties declared part of the Northridge disaster area.

The first $106 million from the Northridge hazard mitigation grant program is being committed to schools to replace lighting fixtures and false ceilings. It is clear that had school been in session at the time of the Northridge earthquake the hazard posed by these nonstructural elements in classrooms would have caused significant injuries to students. Additional grants will be made to hospitals and local governments to accomplish other risk reduction measures prioritized by the working groups established after Northridge.

CONCLUSION
California's local and state emergency management systems performed effectively at the time of the Northridge Earthquake. Nevertheless the seismic risk in this state is such that we need to continue to aggressively pursue preparedness and risk reduction initiatives. The federal government is an essential partner in this effort. While we share FEMA's desire to limit disaster recovery costs, it is important to remember that future earthquakes, perhaps much more severe than what we saw the morning of January 17, 1994 are inevitable.

The federal government has provided valuable, timely support to local and state efforts, and the flexibility and problem-solving approach of the current FEMA leadership represents an important step forward. Nonetheless, we are concerned when FEMA tries to micro-manage aspects of design and construction best left to the experts at the state and local level and engages in what we see as arbitrary policy reversals that have serious fiscal implications for state and local agencies.

We stand at a critical juncture in the recovery effort. I am convinced that we can overcome the hurdles and resolve our problems with FEMA. Again, let me emphasize that overall the cooperative effort between FEMA and the state has been outstanding. James Lee Witt and his staff have earned our thanks and gratitude for the accomplishments to date.

And again, my thanks on behalf of California for the concern and commitment expressed by Congress through the allocation of funding and federal resources.

I would be happy to answer any questions from members of the Committee.
Mr. HORN. We thank you.
Ordinarily we would not question one of the panel until we had heard all of the panel, but Representative Dixon has a prior commitment and I do want him to have the opportunity to question Dr. Andrews. So I am going to yield 5 minutes or more to Representative Dixon.

Mr. DIXON. Thank you. Thank you very much, Mr. Chairman.
Director Andrews, I have the greatest respect for your talents and abilities and I think that you are a fine officer of the State of California, being the director of the Office of Emergency Service. I have followed, not only in the newspaper, but in our personal conversations with you and with the dialog, the differences and I think a lot of those can be addressed by some pre-understandings.

Mr. ANDREWS. Absolutely.

Mr. DIXON. As you are certainly more aware than I am that when these disasters hit there is a tendency to try to show an expression of assistance by going overboard. As I understand it, upon review of some of the claims that have been made, even in the area that I represent, that a second look at them did not justify them. So there raises the question, should we go ahead and compound the mistake and be criticized or withdraw the approval of whatever moneys were to be spent?

That is a very difficult situation. In particular because in the climate that existed at the time and exists now that any moneys that were spent in California had to be offset by others. We didn't add it to the deficit.

So I do think a lot of what you said has a lot of validity and can be addressed and perhaps you will address it 1 day, because I think you are heir apparent in a Republican administration to James Lee Witt's job.

However, from my position, when California had to borrow $125 million from the city, when the Federal Government provided 90 percent of the money and it is something like $8.9 billion because one person got on TV 10 minutes more than another person and as far as the State resources are concerned, not manpower and abilities, you brought nothing to the table, so it seems a little bit ungrateful.

Yes, FEMA has taken the position and is negotiating with four or five hospitals as it relates to whether, in fact, these rules and regulations have been promulgated by a State agency or the State legislature, but these are things in good faith.

I am glad you set out in your statement some compliments, but sitting up here and knowing that there has been $9 billion spent, that California was to come up with 10 percent, they borrowed it from the mayor and then you complain about somebody being on TV. Politics is never going to be taken out of this thing. The Governor of the State was on the TV about what a fine job was occurring under his leadership as much as he could. So was Witt, on behalf of the President, and so was the mayor taking credit.

For you to add some little small comment about someone being in front of the media when they should have been doing more for the Governor and the State of California, it seems like there is an attitude of not being—not grateful, but an attitude of not understanding where the State was in all of this. They were bare, finan-
cially. I mean, I didn't hear the Governor run around saying we don't have any money and in 2 or 3 weeks we are going to get some money from the city of Los Angeles.

So, you know, I have great respect for you, but for you to include those kinds of comments makes it very volatile. We can, in the future, work out these things. But I mean, it seems rather small to come here and make those kind of comments, when things have been going along relatively well, I mean as far as negotiating these things out. Everybody has been trying.

Mr. ANDREWS. I would agree. I would agree, Congressman. Let me just try to clarify my remarks.

First of all, the costs to the State of California from this disaster have been and will be substantial. The loan from the city of Los Angeles was, in fact, a strategy that was sort of suggested, initially, by President Clinton as a way to meet concerns and it is for short-term cash-flow issues. The State of California is in the process of repaying both that loan and another loan to cover individual assistance and we are doing it in, basically, record time.

Mr. DIXON. Now, just let me, and I may be wrong on this, I understand that the executive branch did suggest it, but it wasn't a gratuitous statement. It was, well, we don't have the 10 percent. It wasn't, well, why don't we give you the 90 percent and, hey, it is a great idea for the State to get this money from Los Angeles. It was, well, even if you come up with 90 percent, we don't have the 10. Well, let's see what we can do, L.A. has got some credits here. So when you say that, well, President Clinton suggested it.

Mr. ANDREWS. And we appreciated the suggestion and we appreciated the assistance that has been provided and, again, the costs to the State of California are, and will be, substantial. Our estimate is that the current costs to date are approximately $280 to $300 million and those costs are rising substantially.

Mr. DIXON. Right.

Mr. ANDREWS. The State agreed to undertake the balance of the 10 percent obligation. Again, that is not something that we necessarily had to do, but we agreed to do. The precedent for the 90/10 cost share was not something unique to the State of California. It was previously applied for Florida in the aftermath of Hurricane Andrew.

So, certainly, the intent is not at all in any way to diminish or denigrate the contributions or to suggest that there has been a battle or should be a battle or will be a battle for TV time. It is simply to suggest, with regard to emergency response, that the way to achieve, I believe, the objective of the Congress, which is to reduce Federal costs for disasters, is to emphasize local and State support.

It was very important in 1994 for FEMA to demonstrate, as they have in dramatic fashion, when James Lee Witt left California after being here for almost 7 weeks in a row, after the disaster, I said in a press conference with him that FEMA had exercised the ghost of Hurricane Andrew quite effectively as a result of their performance in the Northridge earthquake.

It is simply important that we do these things, and particularly in the first hours and days, in response to legitimate requests, not simply to demonstrate a capability. Again, it was no more than that.
Mr. Dixon. In the first hours and days is where these errors of good faith are made. And so there is going to be some reneging.

Mr. Andrews. My statements with regard to the whole issue of eligibility criteria, I think, are very similar to what Director Witt said in his testimony and, that is, the concern is not necessarily over the specific eligibility criteria, but the ambiguity surrounding those and the fact that the rules kind of changed during the course of the process and it puts everyone in an extremely difficult position.

Mr. Dixon. Well, as I said, Mr. Andrews, I sincerely have a great respect for you and I guess I also feel that James Lee Witt did the best he could do with what he had to work with, which is about $9 billion. Then we kick him on the other side and we make other taxpayers and other communities and other States pay through the nose for something that didn't—through no fault of their own they are going to lose projects in their own communities. Then when you add those statements it kind of riles me up. But I have great respect for you. I look forward to, if I am in Congress in the future, I know that you are going to be in Washington and I look forward to working with you there.

Mr. Andrews. Thank you, Congressman.

Mr. Horn. Thank you very much.

We will now proceed with the second witness, Ms. Constance Perrett.

Am I pronouncing that right?

Ms. Perrett. No, sir. You are not. It is Perrett.

Mr. Horn. Perrett.

Ms. Perrett. Thank you.

Mr. Horn. Manager of the Emergency Services, county of Los Angeles. Please proceed. And I think maybe some of you weren't in the room, the usual process is to sort of summarize the statement in 5 to 10 minutes. We file your full statement immediately after the introduction.

Ms. Perrett. Correct. I have summarized and will move along swiftly.

Mr. Chairman, honorable committee members, first of all, thank you for giving me the privilege of presenting testimony on behalf of Los Angeles County. We sincerely appreciate your continued interest and your desire to take the lessons that we have all learned and apply them to future disasters.

Before I begin, I would like to mention one thing, the Office Of Emergency Management doesn't deal directly very often with the Federal Government or with FEMA, we work with OES. So from a purely response perspective, our knowledge of FEMA's response is somewhat limited. However, we are able to address some of the programs that FEMA brought into place during the recovery effort and I would like to focus my remarks on that. In doing so, and in putting the testimony together, I did contact a number of our county departments and their input is reflected in the testimony that you have.

First of all, let me say that the Federal agencies deserve the highest praise for their immediate and caring response to the disaster. We would particularly like to express our appreciation to
FEMA Director, James Lee Witt, for his leadership. FEMA responded to the Northridge event in record time.

We are also extremely grateful to HUD Secretary Henry Cisneros for his leadership and personal commitment to the residents of Los Angeles County. FEMA, HUD and the many other Federal agencies that responded demonstrated a high level of national commitment to our needs.

I would be remiss if I did not also thank Dr. Andrews, who is sitting right next to me, for the exemplary response that we received from the State Office of Emergency Services.

I would like to begin with some observations about the emergency Section 8 housing vouchers. Because of HUD's desire to provide immediate housing assistance, they made approximately 12,000 Section 8 certificates available to disaster victims who had been forced to move from damaged homes. This action was designed to address immediate housing needs. However, there is a downside to this approach which should be thoughtfully considered before similar action is taken in the future.

First, there is a downside of taking a significant pool of Section 8 certificates out of the existing program with nothing to replace them. On a daily basis there are more than 100,000 people on a Section 8 waiting list in Los Angeles County alone. These applicants, who have the lowest incomes of all residents, must sometimes wait for as long as 6 years before they can expect to be issued certificates. To them it seemed highly unfair that thousands of people instantaneously received certificates because of the earthquake.

An additional problem is the realization that once the Section 8 certificates expire, these disaster victims may potentially be homeless again. A new crisis could be in the making as they all try to find affordable housing at the same time. Affordable housing is one of our greatest needs in Los Angeles County during normal times. It can only be exasperated by the influx of this new group of homeless people.

Because the Section 8 housing certificate holders only pay 30 percent of their rent and the balance is subsidized, many were able to move into substantially better housing. When the vouchers expire and the families must pay the full rent without subsidy, the only option for many will be to return to living in overcrowded, substandard housing.

We believe the problems associated with this well-meaning housing assistance could have been avoided if there had been better coordination among the Federal agencies immediately following the disaster.

Before the next earthquake, we would respectfully request the State and Federal Government to formally review and revise their housing and temporary shelter programs and policies. One way to encourage a more equitable distribution of recovery funds would be to channel all Federal and State housing assistance through local government, rather than aiding building owners directly.

There are 88 cities in the county and we have the means to coordinate effectively with them. Therefore, we are suggesting that consideration be given to assigning housing block grants to the county to be distributed in an equitable way to all cities and resi-
udents based on need. This would allow flexibility to target areas and in some cases to combine various funding sources to meet specific problems.

I would like to turn your attention to FEMA's crisis counselling, assistance and training grants. The county's Department of Mental Health cited experiences after three recent disasters which suggests regulations should be changed to improve FEMA's crisis counselling assistance and training grant programs. Essential mental health services could be more quickly provided to disaster victims by making some changes to the regulations governing these grant programs. I will just highlight a couple of those areas.

The immediate services grant application is currently required to be filed within 2 weeks of a disaster. This deadline is difficult to meet, considering the need to also respond to the disaster, assess the needs and prepare an application.

A 4-week deadline would be more realistic. The award is only for the first 60 days after the declaration of disaster. A 60-day award period is inadequate, since, for all practical purposes, the first 2 weeks are spent assessing needs and preparing the application. A 90 to 100-day application period would be more practical.

Moving on to the elderly and disabled populations, the Los Angeles County Area on Aging estimates that over 50,000 Los Angeles County senior households, including 5,600 mobile homes, were damaged or destroyed by the quake and it is important to note that these figures don't even include the senior citizens within the city of Los Angeles.

Within hours of the quake the County Area on Aging took bigger steps to reach out into the communities to locate and provide immediate crisis intervention services to those in need. Their primary target group consisted of isolated, frail elderly who might otherwise fall through the cracks.

The vast majority of senior citizens wanted to know how to obtain FEMA's services through its network DACs. They needed rent vouchers, loans and other assistance to repair damaged homes or to find other housing. Although some applied for assistance through the FEMA telerегистration number, they were not able to obtain all of the other services typically housed in DACs. FEMA and other governmental programs should be made available on a mobile basis, perhaps by means of mobile vans or specially designated staff who can respond to homebound victims.

It would also be useful if applications could be made available through agencies such as senior multi-purpose centers and independent living centers. DACs and other public service locations should be fully accessible to the disabled. Accessibility services should include deaf interpreters, wheelchair access, and assistance in moving disabled and frail persons forward in long lines.

FEMA should work with local disabled and elderly advocate groups in establishing accessible programs to achieve this aim.

FEMA did a good job of accommodating the needs of the disabled in the San Fernando Valley DACs. We believe what they did in the San Fernando Valley can serve as a model for other stricken areas in future disasters.

The county suffered enormous damage to its public buildings as a result of the Northridge earthquake. The estimated damage to
our Government facilities is in the neighborhood of $2.4 billion, and at least half of that amount can be attributed to damage in destroyed hospitals and other medical facilities.

In order to expedite this in light of the time constraints, I am going to really defer to the report that Dr. Andrews made, the issues and concerns that he expressed having to do with building codes and the Office of Statewide Health Planning and Development (OSHPAD) standards are the same concerns that we have in the county. I think that he said it eloquently and I certainly couldn't do a better job, so I will move on and eliminate those remarks.

I would just like to mention for a moment, and I believe it was Mayor Riordan who said this—the issue of force account labor.

Currently debris removal and emergency work done by county employees is not reimbursed by FEMA. However, if the same work is done under a contract with noncounty employees, it is fully reimbursable, even though the contracted cost exceeds the cost of using county employees.

We recommend that the ruling on reimbursement of emergency work be rolled back to the pre-1993 eligibility criteria when such work was fully funded by FEMA. We firmly believe that Federal, State, and local government will ultimately save time, money and effort if the county is reimbursed for its employees who respond using regular time to perform emergency work.

Although my remarks have focused on concerns, FEMA and the many other Federal agencies that responded to Northridge are to be commended for the outstanding support they have provided to local government. We are extremely grateful to them.

I think the key to Government’s future success will largely depend on greater coordination and cooperation between all levels of Government, community-based organizations, and the private sector. We did a good job this time, but I think we can do an even better job next time.

Thank you again for providing me with this opportunity to share some of the county’s concerns.

Mr. HORN. I notice you skipped the section in your summary on the Small Business Administration. Do you want to make that point orally for the record?

Ms. PERETT. I will be glad to do that.

Mr. HORN. It’s on page 5.

Ms. PERETT. I had eliminated it—

Mr. HORN. I realize you were being very good and listening to me on summarizing and all that, but you have some important points there, and they are critical points, and just so the rest who aren’t able to read all the statements, why you might want to mention them and then we’ll go on to Major General Brandt.

Ms. PERETT. Mr. Chairman, thank you for your graciousness and as soon as I find that note, I will do just that.

Mr. HORN. Page 5, Small Business Administration.

Ms. PERETT. Thank you very, very much.

The Small Business Administration provides low-interest loans for rebuilding damaged residential properties. SBA has approved almost $0,000 loans for $2.7 billion in repairs related to the Northridge earthquake. However, there are some problems with the SBA program. Narrowly defined loan criteria can exclude even qualified borrowers—for example, a home that has twisted may not qualify it if has no
cripple wall damage. SBA's cap of $1.5 million is not sufficient to repair large apartment buildings. Loans approved can take months and loan proceeds often arrive up to 7 months later. SBA loans are based on a project's credit worthiness. Financially marginal housing, which is most likely to be damaged, is less likely to qualify for a loan. We are not suggesting that SBA should change criteria to fund sure-losers, but we are pointing this problem out as avoiding providing needed assistance. SBA did not release the names of people denied assistance, although the information was needed by other agencies in order to fill gaps.

[The prepared statement of Ms. Perett follows:]
INTRODUCTION

Mr. Chairman, Honorable Committee Members:

Thank you for giving me the privilege of providing testimony today on behalf of the County of Los Angeles. My name is Constance Perett and I am the manager of the County’s Office of Emergency Management.

We are grateful to your Committee for scheduling this hearing. The Northridge Earthquake was the most devastating natural disaster to ever strike our area and it will be many years before County government and the communities we serve will have fully recovered. We appreciate your continued interest and desire to apply the lessons we have all learned to the disasters we can all expect in the future.

It is my understanding that your primary objective today is to assess whether the federal government’s response was timely and effective. With that in mind, I will focus my remarks on the response and very early recovery issues that fall within the realm of response activities.

INITIAL RESPONSE

Let me first of all say that federal agencies deserve the highest praise for their immediate and caring response to the disaster. We would like to particularly express our appreciation to FEMA Director, James Lee Witt, for his leadership. FEMA responded in record time. In fact, they moved so quickly that they actually began opening Disaster Application Centers (DACs) within the first week. The County was so focused on the immediate response that we could barely keep up with FEMA and had a difficult time simultaneously coordinating with them on DAC-related issues.

We are also extremely grateful to HUD Secretary Henry Cisneros for his leadership and personal commitment to the residents of Los Angeles County. We believe that FEMA, HUD and the many other federal agencies that responded to the earthquake demonstrated a high level of national commitment to our response and recovery efforts.

U.S. Department of Housing and Urban Development (HUD)

HUD’s traditional response to disasters has been through a supplemental allocation of Community Development Block Grant (CDBG) and HOME funds. The Los Angeles area received $400 million in supplemental CDBG and $100 million in HOME funds following the Northridge Earthquake. All CDBG funds must benefit low-and moderate income persons, aid in the prevention of slums and blight, or address other community development needs that pose a serious and immediate threat to the health or welfare of the community. HOME funds are used for rehabilitation of housing.
U.S. Department of Housing and Urban Development (HUD) (con't.)

Because the 1994 earthquake affected more multi-family units than single family dwellings, HUD allocated an additional $100 million from the President's discretionary funds to the City of Los Angeles for flexible subsidy loans to assist owners of apartment complexes.

In addition, HUD also moved quickly in a different direction, thanks to HUD Secretary Cisneros' desire to provide immediate housing assistance. Approximately 12,000 Section 8 certificates were made available for persons who had to move from damaged residences. Although resources were being provided by FEMA and the American Red Cross, this was a creative and unique way to meet an immediate housing need. This action was designed to address immediate housing needs; however, there is a "downside" to this approach which should be thoughtfully considered before a similar action is taken in the future.

First, there is the downside of taking this significant pool of Section 8 certificates out of the existing program with nothing to replace these diminished resources. On a daily basis there are more that 100,000 people on the Section 8 waiting list in Los Angeles County alone. These applicants, who have the lowest incomes of all residents, must wait for as long as six years before they can expect to be issued certificates. To them it seemed highly unfair that thousands of people instantaneously received certificates because of the earthquake.

Further, once the certificates are no longer renewed there will be a crisis in the making as many of these people all start looking for affordable housing at the same time. Affordable housing is one of the greatest needs in Los Angeles County during normal times. It will only be exacerbated by the influx of this new group of homeless people.

In many cases, the Section 8 earthquake certificates holders were able to move into units far nicer than their original residences because the Section 8 owner is paid market-rate rent, whereas the certificate-holder has to pay only 30% of his/her adjusted income for the rent. The emergency Section 8 vouchers gave many renters the opportunity to live in decent housing for the first time. When the vouchers expire and the families must pay for rent without subsidy, the only option for many may be to return to living in overcrowded, substandard housing.

We believe the problems associated with this well-meaning housing assistance could have been avoided if there had been better coordination among the federal agencies immediately following the disaster. As a matter of fact, in HUD's well-written research report, "Preparing for the "Big One": Saving Lives through Earthquake Mitigation in Los Angeles, California", one of the concerns cited is "insufficient coordination among the agencies to shape a unified, coherent program" for the National Earthquake Hazards Reduction Program.
U.S. Department of Housing (HUD) and Urban Development (con't)

Before the next earthquake, state and federal agencies should formally review and revise their programs and policies on housing and the provision of temporary shelter so that all victims have some access to assistance. One way to encourage a more equitable distribution of recovery funds would be to channel all federal and state housing assistance through local government rather than aiding building owners directly. We suggest that this could more equitably be done with the County having the lead role since there are 88 cities within the County of Los Angeles. Distribution of resources could be handled in an equitable way to all cities and residents based upon need. This would give the flexibility to target areas and/or to combine various funding sources to meet specific problems.

FEMA'S Crisis Counseling Assistance and Training Grants

The County's Department of Mental Health cites experiences after three recent disasters which suggest regulations should be changed to improve FEMA's Crisis Counseling Assistance and Training Grant programs. By making some changes to the regulations governing Crisis Counseling Grant programs, essential mental health services could be more quickly provided to disaster victims. Following are areas that we respectfully request be reviewed:

* The Immediate Services Grant (ISG) application must be filed within two weeks of a disaster; this deadline is difficult to meet considering the need to respond to the disaster, assess the needs, and prepare an application. A four-week deadline would be more realistic.

* The ISG award is for only the first 60 days after the declaration of the disaster. The period covered by this award is inadequate, since for all practical purposes the first two weeks are spent assessing needs and preparing the application. A 90-120 day award period would be more practical.

* Depending upon the severity of the disaster, the County may apply for a continuation grant which runs subsequent to the ISG and must be filed within 60 days of the disaster declaration. This 60 day deadline should also be changed to conform with revised deadlines recommended for ISG. Doing so would be more realistic in terms of: 1) assessing needs, 2) preparing an adequate application and, 3) assessing the amount of funds that are needed and can be spent within the prescribed time.
FEMA'S Crisis Counseling Assistance and Training Grants (con't.)

* FEMA regulations permit the nine-month grant to include provision of services for a consecutive nine-month period. Circumstances could dictate a shorter time period, or a cessation of a period of time, such as for a school vacation, with resumption of activities later. These regulations should be more flexible.

* Crisis counseling regulations should permit treatment (e.g. medication) services that are culturally appropriate, and expanded emergency services during the ISG period.

Elderly and Disabled Populations

The Los Angeles County Area on Aging estimates that over 50,000 Los Angeles County senior households, including 5,600 mobile homes, were damaged or destroyed by the quake. Please note: These figures do not include senior citizens within the City of Los Angeles. Within hours of the quake, the Los Angeles County Area Agency on Aging took vigorous steps to reach out into the communities to locate and provide immediate crisis intervention services to those in need. Their primary target group consisted of isolated, frail elderly who might otherwise fall through the cracks.

The vast majority of calls they received were about how to obtain FEMA services through its network of DACs (DACs). Seniors needed rent vouchers, loans and other assistance to repair damaged homes or find other housing.

While the overall response to the Northridge Earthquake has been successful in many ways, there is a need for greater acceleration in receiving federal disaster recovery/response funds. To maximize the effectiveness of such funds, there needs to be an established "presumption of need" so that when disasters of pre-identified magnitude occur, emergency funds will become available immediately without the need for an elaborate grant proposal and a lengthy negotiation process in the Congress.

Although some victims were able to apply by telephone, they were not able to obtain all of the other services typically housed in DACs. FEMA and other governmental programs need to be made available on a mobile basis, perhaps by means of a mobile van or specially designated staff who can respond to homebound/bed-bound victims for whom traveling to a DAC is an overwhelming task. It would also be useful if applications could be made available through agencies such as Senior Multipurpose Centers and Independent Living Centers.
Elderly and Disabled Populations (con't.)

DACs and other public service locations should be fully accessible to the disabled. Accessibility services should include deaf interpreters, wheel chair access, and assistance in moving disabled and feeble persons forward in long lines. FEMA should work with local disabled and elderly advocate groups in establishing accessible programs.

FEMA did a good job of accommodating the needs of the disabled in the San Fernando Valley DACs, which should serve as a model for other areas in future disasters.

Small Business Administration

The Small Business Administration (SBA) provides low-interest loans for rebuilding damaged residential properties. SBA has approved almost 90,000 loans for $2.7 billion in repairs related to the Northridge Earthquake.

However, there are some problems with the SBA program:

* Narrowly defined loan criteria can exclude even qualified borrowers. For example, a home that has twisted may not qualify if it has no cripple-wall damage.

* SBA's cap of $1.5 million is not sufficient to repair large apartment buildings.

* Loan approvals can take months, and loan proceeds often arrive up to seven months later.

* SBA loans are based on a project's credit worthiness. Financially marginal housing, which is most likely to be damaged, is less likely to qualify for a loan. We are not suggesting that SBA should change criteria to fund sure-losers, but we are pointing this problem out as a void in providing needed assistance.

* SBA did not release the names of people denied assistance, although the information was needed by other agencies in order to fill gaps.

EARLY RECOVERY

FEMA Reimbursement

The County suffered enormous damage to its public buildings as a result of the Northridge Earthquake. The estimated damage to our government facilities is in the neighborhood of $2.4 billion, with at least half of that amount concentrated on hospitals and other medical facilities.
FEMA Reimbursement (con’t.)

Much of the damage was not immediately apparent. Consequently, two years later we are still in the process of trying to get our Damage Survey Reports (DSRs) approved and processed by FEMA. That process is frustrating, has been more time-consuming than predicted, and the delays have worked a hardship on the County’s recovery efforts. Two important issues are described below:

* The Office of Statewide Health Planning and Development (OSHPD) sets the standards for construction of hospitals. OSHPD approval is contingent upon facility compliance with the California Building Code. FEMA’s unwillingness to accept OSHPD’s standards has resulted in seven appeals, all of which have already delayed the restoration of essential County buildings for more than two years. FEMA’s personnel have substituted the engineer of record method of repair with their own, which is based on FEMA’s interpretation of State and County codes. We are very concerned about this issue because it could delay the restoration of the more than 240 damaged County buildings indefinitely. We suggest that a panel of building code experts research the code interpretation and application and find a solution acceptable to all parties.

* Debris removal and emergency work done by County employees is not reimbursed by FEMA. However, if the same work is done by contract with non-County employees the cost is fully reimbursable even though the contracted cost exceeds the cost of using County employees. We recommend that the ruling on reimbursement of emergency work done by applicants’ force account labor be changed back to pre-1993 eligibility criteria when such work was fully funded by FEMA. We believe reimbursement for County employees using regular time to perform emergency work will ultimately save time, money and effort for Federal, State and local government.

In recognition of the protracted approval process, we would like to congratulate Mr. Witt and his team for developing an alternate approach of using mitigation money in place of the traditional damage reimbursement funds in order to expedite our hospital claims.

Mr. Witt places a high priority on hazard mitigation and this approach recognizes that it is cost effective to restore damaged buildings to current design and code after each disaster, as the Stafford Act mandates. In the long run it makes financial sense to seismically retrofit earthquake-damaged buildings which house essential public services, such as jails, hospitals, and schools during restoration so that they can withstand a future major magnitude earthquake. In our view, this approach should be expanded and used for all public buildings.
FEMA Reimbursement (con’t.)

We believe that the negative press that FEMA has received in the past is undeserved, particularly given the frequency of disasters throughout this country and enormous burdens placed upon very limited staff. After the Northridge Earthquake, Mr. Witt and all of the FEMA officials made every effort to meet the needs of our earthquake victims as quickly as possible. We are extremely grateful to all of them.

Coordination

The County Board of Supervisors recognized the need for a coordinated approach to recovery following the Northridge Earthquake and created the County Office of Recovery (COR). COR consisted of representatives from the County departments and agencies experienced in facilities issues, finance and social recovery. These representatives were assigned on a full-time basis to work in one centralized location on nothing but earthquake recovery issues. COR operated during the first nine months following the earthquake and was very successful in initiating and expediting some of the critically needed early recovery operations and programs.

We firmly believe that greater coordination and cooperation is needed among all levels of government, community-based organizations and the private sector. Community-based organizations and local, state and federal agencies all did a good job in responding to the Northridge Earthquake. In the future, we will even do better.

Thank you again for providing me with this opportunity to share some of the County’s concerns.
Mr. HORN. Thank you. Now it is my pleasure to introduce Major General Brandt. Major General Robert J. Brandt is the Assistant Adjutant General and the Commander of the California Army National Guard. Welcome.

Major General BRANDT. Mr. Chairman, I am extremely happy to have the opportunity today to appear before you and this body to explain the California National Guard's part in the recovery from the January 17th earthquake.

First, I would like to point out for clarification that the National Guard has three missions. We look at it as three missions in California.

We have our Federal mission. Our Federal mission, of course, is to protect and defend the United States. Our State mission is, pure and simple, public safety, and we in the California National Guard are involved in public safety throughout the year with respect to earthquakes, snow removal, fires, wildfires, whatever. Our primary California mission is public safety and assisting the citizens of California.

Then we have a third mission that we have been involved in throughout our history, and that's community support and youth programs in those communities where the National Guard is based.

With respect to military support to civil authorities, a point often confused is that we hear comments that, well, maybe we ought to organize the National Guard to support their State missions.

In actual fact, a close look at the situation points out that it is just the opposite. What makes the California National Guard efficient and readily available in emergencies such as the earthquake is the equipment, the organizations, the units, the staffs that we have in the California National Guard, and the National Guard of the United States for our Federal mission, because it is our Federal mission that provides us with the trucks, with the communications systems, with the medical equipment, supplies, medical personnel, aircraft.

These are all provided to the State of California and to the citizens of the United States at a very nominal cost and that preparation for the Federal mission allows us to respond adequately for these State missions.

It is not organize the Guard for State missions. It is the Guard should be organized for the national defense mission, and that quite adequately has provided the citizens of California with a professional response.

I would like to also point out that the California National Guard has responded on an average of a little over 33 percent to all MSEA mission support in the United States. In 1994, we responded to over 51 percent.

We have a great deal of expertise in various areas, working under the direction of the State governmental agencies that we work with to support them. As you know, we work with and for the Governor through Dr. Andrews, and the Office of Emergency Services.

We have an excellent relationship and an excellent communications system that allows us to operate and activate our organizations in a very short period of time. As a matter of fact, on the morning of January 17th, we received a call at our headquarters,
our staff duty officer, within 1 hour of the earthquake. Within 2 hours, our emergency operations center was in operation in Sacramento, and at the same time, within that 2 hours, the 40th Infantry Division headquarters in their emergency operations center had been activated at Los Alamitos Armed Forces Reserve Center, which is also southern California's disaster support area, and has performed in that capacity during the L.A. riots as well as the Olympics and other emergencies.

The requirements that we received based on the needs of the communities through the Office of Emergency Services required us to activate about 2,600 Air and Army National Guard personnel, and they were activated basically—I think most of them—within that first few hours.

We were prepared and we were fully prepared to follow on with considerably larger forces and a considerable amount of equipment that fortunately was not required.

The California National Guard in the Northridge earthquake had sufficient supplies, equipment, personnel available to meet the needs.

Challenges to our operation are basically on the taxable level and that is a matter of merely activating our personnel, getting our key liaison officers and personnel to the various county, city emergency operations centers and establishing our communications system and then linking that with the civilian communications system.

One problem that we do run into is the integration of Federal and State forces during emergencies. It was a major problem during the L.A. riot. It was a minor problem during the Northridge earthquake.

I just mention that because what happens is if the Federal Government comes in and if the National Guard is Federalized and brought into Federal service, immediately the advantages we have as under the control of the State are reduced considerably.

For instance, in the L.A. riot, our 10 primary missions that we could form in a State active duty status were reduced to 1 when the Federal Government took over when we were Federalized.

Mr. Horn. Would you explain what those specific missions were?

Major General Brandt. Well, yes. When we were in State status and we had 11,000 plus National Guardsmen deployed on the streets of L.A., working in conjunction with the L.A. County Sheriff's Department and Los Angeles Police Department, under their direction and control, we were able to secure large areas and allow the police and the Sheriff's Department to better utilize their resources in other areas, but once we were Federalized, we were restricted to protecting Federal property and there were other restrictions placed on us where we had to contract the size of the areas that we could secure.

[The prepared statement of Mr. Brandt follows:]
1994 Northridge Earthquake

Mr. Chairman and members, it is a pleasure to appear before you to discuss the California National Guard's emergency response to the Northridge Earthquake and some alarming trends that may impact our ability to provide essential resources during future state emergencies.

This report is divided into three parts:

PART I.
Military Support to Civil Authority

PART II.
Response to Northridge Earthquake

PART III.
Resource Trends
Part I

Military Support to Civil Authority

The National Guard is a unique organization and the only military service with three missions, National Defense, State Public Safety, and Community Support. The National Guard is organized and equipped for national defense as part of the Departments of the Army and Air Force. Army and Air National Guard units are a vital part of the Total Force and have served in every major national security mission in this century.

Training for our primary mission of National Defense prepares us for our secondary mission, State Public Safety. Each year the California National Guard is called to help civil authorities protect life and property during state emergencies. California averages 33 percent of our nation’s military support to civil authority missions. In 1994, year of the Northridge Earthquake, the California National Guard responded to 51 percent of the nation’s military support to civil authority missions. A chart comparing California’s response with other states is provided below.

Our third mission is Community Support. Youth Programs and community service projects are the principle focus of our Community mission. Our programs target inner-city youth, providing education and training in various formats that build self-esteem, discipline, and leadership skills. National Guard units also support recreation activities and public service events that benefit all members of the community.

The personnel and equipment required for our national security mission also supports community-based programs throughout California and provide essential resources to the State for public safety.

Part II

Response to the Northridge Earthquake

On January 17, 1994, Northridge, California experienced a magnitude 6.7 earthquake at 4:31 AM (Pacific Standard Time). The epicenter was about one mile south of Northridge and shaking lasted more than 30 seconds. The intense ground shaking caused in excess of $25 billion in damages, 57 fatalities, and 8,716 serious injuries. More than 50,000 people were left homeless.

Within one hour of the earthquake, the Governor’s Office of Emergency Services contacted the California National Guard and we activated our Crisis Action Center in Sacramento. In less than two hours, the 40th Infantry Division Emergency Operations Center was activated at Los Alamitos Armed Forces Reserve Center and subordinate National Guard units were placed on alert. Liaison officers were sent to critical civil authority operation centers to coordinate military support and provide damage assessment. Two hours after the earthquake a command and control and planning staff were fully operational in Northern and Southern California to receive missions from the Office of Emergency Services. Over 2,600 members of the California National Guard were activated to ensure public safety, distribute food and water, assess damage, house victims and provide air transportation to damaged areas.

The California National Guard had sufficient resources to provide timely support to civil authorities. The missions performed are described below.

- Airborne command and control for State, Federal, and Local Government Agencies
- Soldier deployment for public safety, and security missions
- Urban area search and rescue support
- Area Damage assessment
- Air transportation support for medical supplies, deployment of law enforcement officers, government officials and military support equipment
- Ground transportation of personnel and equipment (military and civilian).
- Setup and security of temporary mass care and tent shelter complexes.
- Armories used for temporary shelters for quake victims.
- Air ambulance medical evacuation support.
- Logistical and Linguist support to disaster assistance centers
- Potable water supply and distribution services

NOTE: The charts on pages 4 and 5 identify the key California National Guard commands involved in the emergency response and a brief description of the mission request process.

Challenges

A challenge that we faced at the unit level in responding to this disaster was the lack of tactical communications interoperability with local law enforcement and fire response agencies. The military communications equipment available to National Guard units is not compatible with civilian radios. We overcame this hurdle during the earthquake response by dispatching liaison officers to local Emergency Operations Centers. We must, however, develop and acquire technological solutions to allow National Guard units in the field to communicate directly with the local agencies that they support. Inter-agency planning and training must also be resourced to maintain an effective statewide emergency response team.

Part III

Resource Trends

The resources the California National Guard had in 1994 were adequate to meet the needs of civil authorities in responding to the Northridge Earthquake. Each year since the quake, however, the California National Guard has experienced significant resource cuts. The continuation of this trend could impact our ability to respond to future large scale emergencies. As the enclosed chart indicates, the California National Guard has experienced reductions in money for training, full time technician personnel, medium lift helicopters, and transport aircraft. In the next three years, these resource reductions will be accompanied by the elimination of several key units from the National Guard’s force structure. Our emergency response capabilities will be impacted by the loss or reduction of transportation, medical, military police, air traffic control, and engineer units. The units we will lose are of the type that we historically have relied heavily upon during emergencies. These force structure changes will degrade our response time and will challenge our ability to fully respond to the needs of civil authorities during a major disaster.
In addition to the loss of key support units, the Department of the Army is considering a proposal to eliminate or restructure National Guard Combat Divisions. Elimination or restructuring of California's largest unit, the 40th Infantry Division, will have a devastating impact upon the availability of critical Guard equipment and personnel.

The 40th Infantry Division forms the core of the California Guard's emergency response capability. This organization's warfighting structure provides aviation, transportation, engineer, mass care and shelter, riot control, and command and control elements that are essential emergency response entities. All of California's plans for response to massive emergencies rely on the units of the 40th Division. Soldiers from the 40th Division have been the backbone of the Guard's response to every major disaster in the state, including the Watts Riots, the Loma Prieta Earthquake, the 1992 Los Angeles Riots, and the Northridge Earthquake.

We are asking your assistance in retaining and fully resourcing the California National Guard's force structure, with emphasis on retaining California's 40th Infantry Division.

NOTE: The charts on page 6 provide information regarding the reductions affecting the California National Guard.
### Army National Guard Units Activated

| Southern California Disaster Support Area - Los Alamitos Armed Forces Reserve Center | Maintenance Support |
| 40th Infantry Division | Quick Response Forces  
| | Emergency Tent Shelters  
| | Security Forces  
| | Damage Assessment  
| | Logistics Support |
| 100th Troop Command | Tents & Supplies  
| | Linguists |
| 175th Medical Brigade | Medical Supplies / Support  
| | Transportation / Medical Evacuation |
| G-140th Aviation | Medical Evacuation  
| | Law Enforcement  
| | Transportation |
| 69th Public Affairs Detachment | Media Coverage |

### Air National Guard Units Activated

| 144th Fighter Wing | Transportation  
| | Tent Shelters |
| 146th Airlift Wing | Transportation  
| | Tent Shelters |
| 163rd Air Refueling Wing | Tent Shelters/ Command and Control  
| | Transportation  
| | Urban Search and Rescue Team Transport |
| 162nd Combat Communications Group | Command and Control  
| | Communications Support |
MISSION REQUEST PROCESS

The National Guard receives emergency missions directly from the Governor's Office of Emergency Services. Requests for assistance from local government officials are processed through county or regional offices of emergency services to the state for approval. Missions appropriate for military support are referred to the California National Guard for action.
Resource Trends

**Funding Reductions** Dollar figures are not indexed for inflation.

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<th></th>
<th>% Lost</th>
<th>1994</th>
<th>1995</th>
<th>1996</th>
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<td>Training Funds</td>
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<td>Equipment Repair Parts</td>
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**Personnel Reductions**

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<th>1996</th>
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<td>Air National Guard</td>
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<td>Personnel Strength</td>
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<td>Army National Guard</td>
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<td>Full Time Technician</td>
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<tr>
<td>Personnel</td>
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**Aircraft Reductions**

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<tr>
<td>Medium Lift Helicopters</td>
<td>50%</td>
<td>16</td>
<td>8</td>
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<td>C-130 Aircraft</td>
<td>20%</td>
<td>20</td>
<td>16</td>
<td>16</td>
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Mr. HORN. Who restricted you simply to cover Federal property?
Major General BRANDT. Under Federal law and as members of
the active Army we could not protect personal private property in
the same way we can in under State status.
Mr. DAVIS. Mr. Chairman, can I just ask a followup on that?
Mr. HORN. Sure.
Mr. DAVIS. Talk about pay during that time. You had 2,600 per-
sonnel called up. If the State calls them up, does the State pay?
Major General BRANDT. Well, we—it depends.
Mr. DAVIS. I was an 8-year member of the Virginia National
Guard and I never knew who paid me. I just——
Major General BRANDT. Well, that was a serious problem for our
soldiers during the L.A. riot, because we went on State active duty.
When we were Federalized we had to go into a different pay sys-
tem and it did create problems.
Additionally, our enlisted personnel below the Privates, Cor-
porals, the bulk of our Army basically, under State pay we pay
them a minimum of Sergeant E–5 pay.
Mr. HORN. Even E–3s and E–4s?
Major General BRANDT. Right—to help defray the cost of their
not being at their normal jobs.
Mr. HORN. Right.
Major General BRANDT. Once we were Federalized, in essence
they had a pay cut when they went back there.
Mr. DAVIS. I see. Then they are paid their regular U.S.——
Major General BRANDT. That's right.
Mr. DAVIS. But who pays? The Federal Government pays if it is
Federalized, the State government finds money otherwise?
Major General BRANDT. Yes. We routinely conduct emergency op-
erations throughout the year that are conducted in State active
duty status and it's State pay.
Mr. DAVIS. Let me just ask—this is kind of an aside.
Mr. HORN. Get this in the record at this point. That's an excel-
lent question. Could you file for the record the differentiation on
pay between those two situations, as to what did the State of Cali-
ifornia put up and what did the Federal Government put up?
Since you are such an expert on this, I am going to step out a
minute and let you get hold of the question.
[The information referred to follows:]
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<th>P.A.#</th>
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<th>FEMA Cost Share of Approved DSRs</th>
<th>STATE Cost Share of Approved DSRs</th>
<th>FEMA Ineligible Costs</th>
<th>Possible Funding Cost</th>
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CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: Report to be Released 12-11-96

To: The Ad Hoc Committee on Earthquake Recovery

From: Keith Comrie, City Administrative Officer

Subject: NORTHBRIDGE EARTHQUAKE FINANCIAL STATUS REPORT AND INFORMATION UPDATE

FINANCIAL STATUS REPORT

Estimated City Government costs for the Northridge Earthquake response and recovery now total approximately $1.05 billion.

To date the Federal Emergency Management Agency (FEMA) and the Governor’s Office of Emergency Services (OES) have approved $897.4 million in disaster assistance grants for the City of Los Angeles. FEMA records show an additional $13.8 million in process and pending approval. As of November 25, 1996 the City has received cash payments of approximately $439 million in combined FEMA and OES funds.

STATUS OF CITY FACILITIES REPAIR PROJECTS

City Hall: All federal approvals for the $140 million earthquake repair and seismic rehabilitation grant for City Hall have been received. The FEMA share is $126 million; the ten percent OES match amounts to $14 million. The City Engineer is now involved in obtaining the required historic review clearances and FEMA/OES review of construction documents.

Bridges: Construction on the four FEMA-eligible bridge projects has been completed.

Street Projects: Construction is complete on 19 of the 20 FEMA-funded street projects. The last FEMA-funded project, involving crack sealing, will be going to bid shortly.

Utilities: The Bureau of Engineering estimates that about 300 projects (1,834 Damage Survey Reports (DSRs)) will be FEMA-eligible, at a total reconstruction cost exceeding $260 million. To date, FEMA has approved $192 million in funding for sewer repairs. Construction is complete on 91 projects; 22 projects are in progress.

Tillman Water Reclamation Plant: Construction on the plant-wide repair project is now 100-percent complete. The Bureau of Contract Administration is preparing the Acceptance Report.
Minor Cosmetic Repair Program: This program includes minor patch and paint work for City facilities, including fire and police stations. A total of 141 projects were combined into thirteen groups and advertised and bid in blocks to increase efficiency. Construction has been completed on this group of 141 projects. Approximately 25 additional projects will be assembled and prepared for bid in the near future.

Architectural and Engineering Studies: Of the 26 projects (including City Hall) requiring architectural and engineering reports, 17 projects now have received approval for construction funding (seven additional projects since our last report). Construction has been completed on six projects: the Foothill Police Parking structure, the Granada Hills and the Vermont Square Libraries and the three Getty House projects. Eight projects are still in the FEMA/OES review and approval process. The Bureau of Engineering is preparing to contract out for the design of these projects. Attachment B shows the status of the projects.

Recreation and Parks facilities: A total of 173 DSRs have been submitted to OES and FEMA with an estimated repair cost of $21.3 million. The facilities repair status is as follows:

- 105 projects completed/closed out
- 34 projects in progress
- 11 projects pending funded construction DSRs
- 3 projects under appeal
- 2 projects pending change of scope
- 3 projects reassigned new numbers
- 15 projects where no damage was found and a "0" dollar DSR was issued

Department of Water and Power/Water System: DSRs totaling $46.6 million have been submitted to FEMA and OES. Funding in the amount of $12.8 million has been approved to date (no change since our last report of July 1996). Cash payments of $5.5 million have been made to the Water System.

An additional $33 million in Architectural and Engineering Reports and Hazard Mitigation applications are still pending (no change since the July 1996 CAO report)

Major Project Status:

Under Construction:

- Macay Reservoir

Construction completed:

- Citywide Main Lines/Services Repairs 04/94
- Citywide Trunk Line Repair 05/94
- Lower San Fernando Dam 10/95
- Lower San Fernando Drain Line Repair 06/95
- Solano Reservoir Lining 12/96
Architectural and Engineering Studies Awaiting Approval:
- Beverly Glen Tank Permanent Repairs
- Coldwater Canyon Tank Permanent Repairs
- Granada Trunk Line Relocation
- Mulholland Drive Pipe Replacement
- San Fernando Valley Generating Plant Building

Projects Awaiting Approval:
- Terminal Hill (Hazard Mitigation Project)
- Retrofit DWP Drinking Water Storage Tank
  (Hazard Mitigation Project)

Department of Water and Power - Power System: DSRs at an estimated repair cost of $160.7 million (no change since July 1996 report) have been submitted to FEMA and OES. Funding in the amount of $105.1 million has been approved to date (an increase of $1.5 million since the July 1996 report). Cash payments in the amount of $69.1 have been made to the Power System.

Major Project Status:

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<td>Rinaldi Receiving Station</td>
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<td>Anthony Office Building (phase II)</td>
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Recommendation

Note and file

Fiscal Impact Statement

No General Fund fiscal impact. Northridge Earthquake repair costs will be funded with federal and state disaster grant funds.

KC:M1B:jl
Attachments
29791b94
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<th>PROJECT TITLE</th>
<th>A&amp;E DEPT.</th>
<th>PROJECT(S)</th>
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** NOTES:**
* If both an A&E DSR and a construction DSR have been written and approved, the construction DSR is listed.
** All A&E DSR listed have an DSR written for the A&E report. The amounts listed here represents all DSR amounts including construction DSR's.
Mr. DAVIS. I've got the question for everybody, sir. But let me ask you just another question on it. What about summer camp counting toward leave and all of that being State versus Federalized, in terms of retirement.

Is there a difference?

Major General BRANDT. In State active duty there is no pay or retirement earned for Federal retirement.

Mr. DAVIS. You don’t get any credit?

Major General BRANDT. No.

Mr. DAVIS. It’s not paid but you don’t get the credit when you are called up at the State level?

Major General BRANDT. No.

Mr. DAVIS. Do you get to replace the summer camp and maybe do away with that, which is, I think, Federal?

Major General BRANDT. No. We try to keep them separate and one thing I want to make perfectly clear is that we—in the California National Guard—our policy is we lean forward and we work with Dr. Andrews and his people very, very closely, so when we get word that there has been an earthquake or some problem is developing, we activate our key personnel immediately and we are ready to expand beyond that as necessary.

If we receive no tasking from the Office of Emergency Services, then we very quickly just crank that down and in some cases we have had brought soldiers in on a drill status, a Federal drill status, and they will conduct their drill but they are ready to respond.

Mr. DAVIS. Thank you.

Mr. HORN. I didn’t mean to interrupt you if you had more to say in your formal remarks.

Major General BRANDT. No, I——

Mr. HORN. Did you want to conclude or had you already concluded?

Major General BRANDT. The only other thing I would like to say in my formal remarks is that the real problem we have now is the downsizing of the military, which is having a tremendous impact on the California National Guard in particular and the entire California delegation has been working very hard to mitigate the downsizing to a certain degree but what this means is that basically our training funds for the California National Guard, Army National Guard, have been cut just shy of 78 percent this year.

So between the maintenance cuts of dollars for maintenance of about 19 percent, what that all equates to is in losses of equipment and the threatened loss of the 40th Infantry Division in California means that in the future the California National Guard, even though we may have the equipment and may have the soldiers, they won’t be trained to the standard that they should be and the equipment will not be—we will not be meeting the operational readiness standards because we simply don’t have the money.

I would like to add on that that—this is an advertisement while I have got the chance—the National Guard of the United States, Army National Guard, is 5 percent of the Army’s budget and one active Army Division can pay for eight Divisions in the National Guard.

The thing that has saved California time and time again, and this Nation because the 40th Infantry Division fought in World
War I, World War II, and Korea, and on the streets of L.A.—it’s been there time and time again, and the thing that has allowed them to do that is the fact that we have the support, the equip-
ment, and the organization to meet the needs of California. Thank you.

Mr. FLANAGAN [presiding]. A crisis has developed. Your vice chairman is in charge. Be afraid. Be very afraid. [Laughter.]

I have two questions for Mr. Andrews.

I have read your testimony and it was very interesting in and of itself, but if I could ask you to expound further, it is my under-
standing that $600 million were allocated by the Federal Gover-
ment to the State of California; $100 million have been imple-
mented.

Can you give us some idea of when the additional funds will be forthcoming or how they are allocated?

Mr. ANDREWS. This is for the hazard mitigation grant program?

Mr. FLANAGAN. Yes.

Mr. ANDREWS. The total amount of Federal money that is in the pool is basically 15 percent of the amount of other Federal funds that are provided for the disaster assistance, so the current esti-
mate of FEMA is about $650 million.

We anticipate—we received approximately 550 applications from school districts, local governments, State agencies, hospitals for various projects, totally about $1.8 billion. It is a competitive grant program process. We would anticipate that within the next 5½ months all of the grants according to the current estimate will be awarded against a 75–25 cost share arrangement.

Mr. FLANAGAN. There is a timeliness question which I am sure you are very sensitive to, but these are questions that need to be asked because there are folks in need waiting——

Mr. ANDREWS. Exactly.

Mr. FLANAGAN [continuing]. For the disbursements.

Mr. ANDREWS. Right.

Mr. FLANAGAN. Two other questions of a near-perfunctory fash-
ion, but such are the nature of hearings. You indicated that one of the keys to California’s successful response to the earthquake was that Governor Wilson waived many of the State regulations.

In your opinion, and please be as frank and candid as you please, are States, California particularly, hindered by Federal regulations during times of emergencies?

We explored some of these questions with Mayor Riordan, but is it possible to—one hesitates to use the term martial law, but to al-
leviate many of the regulatory difficulties outside of a police nature or a military nature, to have a better and more adequate response in the very close and defined confines of an emergency?

Mr. ANDREWS. I think the one area that we have encountered the most conflict with some of the initial emergency response demands and some of the initial public safety demands and the regulatory environments has been in the area of environmental regulations.

In some cases, and this has not just been in earthquakes. It’s been in some of the flooding situations and in some of the wildfires that we have encountered where the objective of the regulatory re-
quirements seemed to conflict with the needs of public safety—
whether this is over protection of endangered species in the wild
land or clearing flood channels or designation of areas that were clearly intended to be flood channels for which various kinds of habitat areas might have just occurred over time—those have been real areas of conflict and we think, as the Governor attempted after the flooding that we had earlier in 1995, there needs to be a period of time when there can be a waiver for those in order to accomplish public safety objectives.

Mr. FLANAGAN. It is a difficult process to even wrestle with conceptually because among less noble people than those before us today, it would seem like a golden opportunity to accomplish that which the law would not otherwise permit.

I know that in my own State, I assume the same here, wetlands are both necessary and wonderful and terrific to preserve, but are also a great economic burden in a specific way on specific people, and to turn a locality loose, exempting them from all of those laws would be problematic.

Perhaps you could provide us, if you are able, a written dissertation of what you believe a happy medium may be to accomplish that.

Mr. ANDREWS. I'd be happy to do that.

Mr. FLANAGAN. To accomplish the goal of helping people in desperate need and at the same time not using some sort of relief from the law as a way to circumvent what you—to accomplish what you otherwise could not accomplish.

Mr. ANDREWS. We'll be happy to do that, sir.

Mr. FLANAGAN. Terrific. Also in your testimony, it indicated that some $12.5 billion in losses were sustained that were covered by insurance.

Just from your point of view, how responsive have the insurance companies been in responding to individual claims?

Mr. ANDREWS. I think they have been very responsive in responding to individual claims.

Their initial estimate of the losses were approximately $2.5 billion, so they have expended far above what they thought they initially would. What happened here in California is analogous to what happened in Florida after Hurricane Andrew and Hawaii after Hurricane Iniki.

It's caused a real crisis in the insurance industry and that is why we are very interested in the various proposals for a national natural disaster insurance. We think we need to find a way to use the insurance mechanism and the market mechanisms of the insurance to both prefund losses, as well as provide incentives for people for risk reduction measures and that we really need to take a look at the question of repetitive losses.

Again I say this as the Director of Emergency Services in California, where we have repetitive disasters. We think we need to be very tight on the question of repetitive losses and there is no reason either for local government or State government or the Federal Government to have to continue to subsidize risk-taking behavior when there are other alternatives available.

Mr. FLANAGAN. That is a nice way of putting it, but it would be put more bluntly where I come from—you got bit by the dog once and you get bit again and expect to be recompensed constantly for it, and I don't think the Federal taxpayer—Americans are wonder-
ful, generous, loving, giving people, and we don't like to see anyone in pain, and we work very hard to make sure no one is, but if it is a repetitive loss, as you have termed it, again and again, you have built a house where there are floods and mud slides and your house keeps falling down and the Federal taxpayer grows weary in a hurry of putting your house back up, particularly where you have not provided for your own insurance or take measures to protect yourself.

That is very insightful. I am glad to see that the State government has a similar attitude.

I have nothing further. Mr. Davis.

Mr. DAVIS. Thank you. Let me try to get a question for each of you.

General Brandt, it's a pleasure to see you here. I was in the Guard for 8 years. The closest I usually got to the officer was on Saturday afternoon. We used to cut the grass at the officers' quarters.

As you pointed out in your testimony, the California National Guard has felt the effects of the downsizing of the U.S. military. Further downsizing and restructuring appears likely and if the 40th Infantry Division were disestablished, for example, this would result in much of the Guard's support capabilities, and if that were to occur, what organization or organizations are there that could perform the missions that have been performed in the past by Guard and your Division?

Major General BRANDT. There are active Army and the active military, you know. There are other reserve components. There are civilian agencies that might be able to help, but primarily that has been our role throughout history.

Mr. DAVIS. Let me ask a question if I can, Dr. Andrews. The GAO report in June, I think it was of 1994, that the California Office of Emergency Services stated that FEMA's requirement to issue fixed price contracts wasn't always appropriate because at times the scope of the work was so broad and the cost determination so difficult that contractors were reluctant to bid on a fixed price contract. They didn't know what they might get stuck with.

Do you know if FEMA is continuing that or are they showing greater flexibility of these prices or not?

Mr. ANDREWS. I am not familiar, but will get back to you with an answer on that specific question.

Mr. DAVIS. OK. I meant to ask the FEMA representative on that. Following that, and I will ask both of you, Ms. Perett and Dr. Andrews, it seems to me that FEMA has developed a criteria for providing assistance in most disasters, but following mega-disasters like the Northridge earthquake, wouldn't a different criteria, perhaps a waiver of some of the other criterias, be more practical when you get into a mega-disaster?

Mr. ANDREWS. I think clearly large scale catastrophic disasters, if you will, do place special requirements on local, State as well as on the Federal Government.

I think the fundamental problem that we have faced is just the inherent technical complexity that results from earthquake disasters. You know, fire, floods, other kinds of disasters, it is fairly easy to determine the damage, but there is a great deal of latitude and
room for professional judgment with regard to earthquakes, and I think we need to find a way to quickly involve independent third party review.

We spend far too much money at every level including the Federal level simply administrating these protracted programs that go on for years and years and years after the disaster.

Again, FEMA has done a lot to try to shorten it, but it is still a problem. Whether some kind of initial grant to the States to administer these programs with audits to follow—I think again if we cut the administrative costs, we are going to be a long way ahead.

Mr. DAVIS. You are saying cut the red tape and the bureaucracy and the procurement rules which—I mean you have to have most of the time, but when you get into these mega-emergencies where the magnitude is so great and you have got to get results in a hurry, basically these processes slow down the kind of result we all want to get—is that what I hear?

Mr. ANDREWS. Exactly. Exactly. And again, there may be a relaxing of rules in the first days and weeks, but again we are 2 years after the disaster and we still have a long way to go, and the tendency is for all those rules to begin to creep back, and I think many of the things that the city did, the State did, that FEMA did in those first days we need to do that on a consistent basis, again with absolute fiscal accountability for how those dollars are being spent.

Mr. DAVIS. The rules are important but we spend so much of our time, it seems to me, passing rules and procurement regulations to make sure somebody doesn’t give a contract to their brother-in-law that sometimes you prevent that, but you prevent doing anything else either in a timely manner.

In mega-emergencies I think you have got to have adequate waiver provisions.

It’s not FEMA’s fault. Maybe that is our fault for not dealing with them a little differently, but I just had wanted to get your reaction.

Ms. Perett, any comment?

Ms. PERETT. Thank you. I agree that you do need to be able to act swiftly following a mega-disaster.

Being the ones who are the victims or are at the end of the chain, if you will, we naturally want to be able to have a fast response and see anything that would be characterized as red tape be done away with as quickly as possible.

One of the things that is really important, I believe, is because there are a myriad of Federal programs, sometimes one program will actually have regulations that are in conflict with another and it ends up stymie-ing us and we can’t use the service or the benefit that was intended.

Excuse me, my voice is going. It would be so helpful if Federal Government could take a look at ways to coordinate some of those regulations and make sure that even if something is being waived in an emergency, they have talked to their counterparts and their other agencies to make sure that it will be productive for all concerned.

Mr. DAVIS. You know, I think everybody did work well together from what I gather.
I was sitting in Virginia but coming back here and talking, reading the backup material, but this is an honest time for us before, heaven knows, another disaster like this happens, that we be prepared in a proactive way to deal with it and can honestly assess what worked and what we can improve on.

I think we are hearing that from all sides today—not trying to pit one group against another and pointing fingers, as some Members might have thought—so I think this is helpful in that regard and hopefully we can go back to Washington to make appropriate changes, working with FEMA and the people who really want these things to work better.

That’s all my questions and thank you all very much.

Mr. FLANAGAN. General Brandt, I have one last question for you, I have been asked by counsel. There are always at any given hearing, I don’t know if you know this or not, there are a laundry list of questions that must be asked, so they kind of get passed around amongst the Members to ask them, apart from the stuff that interests us, and I have one such question here for you.

Will the integration of the Army Reserve Medical and Logistic Units, which have obligations only to the Federal Government, enhance your readiness, the Guard’s readiness and the ability to deal with future disasters?

I put you in a hard spot there because you have to divorce yourself from it but—

Major General BRANDT. Actually, I don’t think it is a hard spot, because I think going back to what Dr. Andrews has pointed out right at the outset was that, you know, the local people and the local responsible authorities are the best ones to deal with the problem, and as it expands out there is an appropriate time for other agencies and organizations to be included in and to match the requirement that we are faced with once we understand the full dimension of it.

I think in most emergencies we have in California, the system we have works very well. We work it every day. We expand to that requirement.

When we run into a larger requirement and specifically with medical units because the National Guard here in California we have lost two hospitals that were formerly part of the California National Guard. The Army Reserve has some hospitals that are located in California.

There would be an appropriate time where those organizations could come in under the supervision and control of the State or the county or city that is really trying to manage the problem.

There is room for everybody but the issue is, from my perspective, is when they come in and how they come in, because it can be very disruptive and confuse the issue if the response is self-generated, as we have had in some cases in the past.

Now everybody wants to help. We all understand that right upfront. But California, due to our uniqueness and the fact that we have the four seasons—fires, floods, earthquakes, and riots—you know, we get involved in this all the time and we do have a system, a very good system for handling this.

Mr. FLANAGAN. So can the Army Reserve and the active Army and Air Force and other agencies come in?
Major General BRANDT. Yes, they can. It's when they come in and how the command and control system is set up at the time which will facilitate or retard the progress on restoring——

Mr. FLANAGAN. I think you have actually put your finger on the button. I was a field artillery officer for 5 years and I happen to know that Presidents are loath to hand active duty Federal troops, for whatever good reason, to a Governor. In fact, more times than not, you have the reverse happening, where the National Guard is Federalized or activated for Federal service, and so consequently your command and control problems of who is in charge today, as these units come in to help, can be extremely difficult.

It is a difficult problem to wrestle with, to be sure.

Major General BRANDT. I would like to add one comment. During the L.A. riot, a serious command and control problem took place between the way when the Federal forces came in and activating the Guard created a serious problem.

That was corrected during Hurricane Andrew and the Florida National Guard basically stayed in a State status and the active Army and the Guard worked very well together.

My recommendation is any time there is an emergency that the local responsible authorities and the National Guard be—the National Guard be kept in that State status where they can have the full range of responsibility and authority to work with the agencies that they are used to working with.

Mr. FLANAGAN. I doubt that there can be any argument with the validity of that, but to hand the Guard Federal units that would be under your command and control is a difficult situation insofar——

Major General BRANDT. Well, it would be difficult for them, but it is not difficult for us.

Mr. FLANAGAN. That's what I mean. That is what I am talking about—and there are way more of them than there are of you, unfortunately, so that is the difficulty with that.

It is unfortunate. The reason these questions are generated—because, well, even after the close of Fort Ord there are enormous numbers of active troops in California which seem to be a resource that could be used on this very limited emergency basis, but because command and control is in the way, that is retarded, and it is regrettable and there ought to be a way to fix that, perhaps with defined tasks in different spheres—one could do one and the other could do the other.

Integrating them is just so difficult unless you are Federalized and you have identified all the problems with doing that and extracting you from the chains—not chains of command but with the relationships you have with the agencies and consequently making it extremely hard to do that. It is a difficult problem to wrestle with.

Major General BRANDT. I think one of the real problems that you are faced with is it is the same as the city of Fresno has a serious fire and the fire department from Monterey responds. Well, they are all trained firemen. They have the equipment. They have standardized equipment, but they are in a community that they don't know—the radio communications, the police—all those things
have to be established and the time to establish those is definitely not during an emergency. It has to be before.

The other thing is I think the active Army coming in and the National Guard—there are command relationships that can work very well to allow them to do their things and us to do ours in a concerted, concentrated, coordinated manner.

Mr. FLANAGAN. Tremendous. Mr. Davis, do you have questions?
Mr. DAVIS. No questions.
Mr. FLANAGAN. We have nothing further. I thank the panel. Your testimony has been most enlightening.

We have the last panel today—fourth panel, I'm sorry—next-to-last panel.

We have Mr. Donald W. Jones—how are you, Mr. Jones—is the vice president for disaster services of the American Red Cross. We have Mr. James T. Haigwood. Mr. Haigwood is the CEO of the Los Angeles chapter of the American Red Cross. We have Ms. Terri Jones, director of special projects for the California Community Foundation; and Mr. John Suggs, the director of public policy and government affairs for the United Way of Greater Los Angeles.

If I could ask you to all stand and take the oath.

[Witnesses sworn.]

Mr. FLANAGAN. Having been sworn, we will start with Mr. Jones and work across and take your prepared statements.

If you can keep them within 5 minutes, that would be very helpful.

Mr. JONES. We will definitely keep it within 5 minutes, Mr. Chairman.

Mr. FLANAGAN. Apiece.

Mr. JONES. As a fellow field artillery officer for 35 years, I wouldn't dare do that.

Mr. FLANAGAN. I saw those red legs a mile away.

Mr. JONES. Time on target—which you are very familiar with.

Mr. FLANAGAN. Steel on target. That's it.

Mr. JONES. I never thought I would travel 2,300 miles up here before my own Representative, Mr. Davis, from Fairfax County, but I am delighted to see him here.

**STATEMENTS OF DONALD W. JONES, VICE PRESIDENT FOR DISASTER SERVICES, AMERICAN RED CROSS; JAMES T. HAIGWOOD, CEO, LOS ANGELES CHAPTER, AMERICAN RED CROSS; TERRI JONES, DIRECTOR, SPECIAL PROJECTS, CALIFORNIA COMMUNITY FOUNDATION; AND JOHN SUGGS, DIRECTOR, PUBLIC POLICY AND GOVERNMENT AFFAIRS, THE UNITED WAY OF GREATER LOS ANGELES**

Mr. JONES. You mentioned I am the vice president of disaster services for the American Red Cross and Mr. Gene Dyson, the acting president, asked me to come in. I thank the panel conducting this hearing and for giving the American Red Cross the opportunity to appear and report out.

On the second anniversary of the Northridge earthquake, the American Red Cross again expresses its heartfelt sympathies to those victims who were affected by this disaster and we hope that what we learned in doing the operational reviews—and what we have heard this morning, the things that have been accomplished—
we can take lessons from those to preclude future suffering that took place in this specific one.

I will provide my full statement, but what I will do this morning is to highlight some of the key points.

First of all, we are very proud of the fact that the American Red Cross’s response to the Northridge earthquake and the role it played. Joining me this morning is Mr. Jim Haigwood, as you mentioned, the CEO of the Los Angeles area. The way the structure of the American Red Cross is set up, the local chapters play a very vital role, and Mr. Haigwood has a major chapter in our organization and also serves as a lead chapter for disaster in the State of California and coordinates all activities for the Red Cross throughout the State. He will report on some of the actions of the chapters involved in the response.

Now the American Red Cross is a non-profit organization and our funds for our program come from individual donations and from corporate America.

We are very proud of the fact that 92 cents of every $1 that comes in to the Red Cross goes to assist victims. The reason that we are able to do this, that when we respond to disasters, 85 percent of those responders are volunteers and so we are very proud of that fact.

During the Northridge earthquake we had over 14,000 volunteers that responded to the earthquake here.

The American Red Cross is also a signatory to the Federal Response Plan which FEMA produces. Under that mission, we are given responsibilities for emergency support function six, which is mass care. It’s food, it’s shelter, it’s distribution of bulk goods. It can be clothing. It can be disaster welfare inquiries where families from throughout the country call to see if their families are safe and secure.

We also have responsibilities under the Federal Response Plan for coordinating the activities of other charitable organizations. We do this through a group called Voluntary Organizations Active in Disaster—VOAD is what we refer to in the State. We do think that worked extremely well during the Northridge earthquake.

Now immediately following the earthquake within just a matter of minutes the shelters were opened by the local chapters, but over the next few days the American Red Cross opened 47 shelters and we had over 22,000 people, different people, that stayed in our shelters during those times—some for up to as much as 6 weeks, so we had several hundred thousand shelter nights in those 47 shelters.

We provided over 1.7 million meals to not only the victims but to many workers, State and Federal workers, who were here restoring infrastructure, getting utilities turned back on. That is one of the missions that we have assumed also.

We deployed 128 emergency response vehicles to do mobile feeding operations because victims often couldn’t get to a fixed feeding site, so we use this to try to take the food products to the victims—if they can’t leave their house, if they are fearful that something will happen to their belongings, if they can’t secure it—then we can take it to them.
We had 46 fixed feeding sites that we were supporting these mobile operations from as well as feeding people in all of those.

We treated over 1,100 people for injuries that were sustained in the earthquake and our Disaster Mental Health line of service counselled 40,000—a little over 40,000 victims. You heard Mayor Riordan talk a little bit about that this morning. There were a lot of what I refer to as fright victims out here and we did some very unique things, I think, to try to accommodate those needs.

One of the things that Mayor Riordan and we did in cooperation with the city was to set up reassurance teams. These were teams that were comprised of American Red Cross Disaster Mental Health workers, clergy, building inspectors that would go into the parks and talk to the people who were living in cars, under plastic during those rainy situations out there, and tried to convince them that their homes were safe for re-entry.

Again, we had over 15,000 people here during the period of time that we are responding—14,000 volunteers and 1,000 paid staff members.

Now approximately 1 week after the earthquake we opened what we referred to as service centers. These are facilities when victims come in. They tell us this is what we lost and this is what we need. We had a needs-based system. At that point in time, we would provide what we referred to as a disbursing order, a piece of paper that they could take to a vendor. It may be food. It may be shelter, clothing. It may be rent. It may be some utilities money. It may be assistance in medical bills. It could go for various things.

We did things such as replace household items, limited home repairs, paid some medical bills, replaced prescriptions, hearing aids, dentures, things of that nature—anything that the victim needs at that point in time we try to assist them in meeting those needs.

When we have completed that phase of the operation, there may be groups of people out there that are kind of hanging out that there are no Federal, State or local facilities or resources to assist them. If needs are still there, we have one more phase of assistance called "additional" assistance. That is kind of a safety net. They have no savings. They have no insurance. There are still needs there and then we step in and do that.

But as you would imagine, all disasters are very, very expensive and certainly the Northridge earthquake was no exception. In fact, the cost of this disaster to the American Red Cross was the third largest in our 113-year history. We spent a little over $38 million in service to people. That does not include any value placed on the in-kind services that we provide to the people, nor does it include any value for those 14,000 volunteers who came out and worked.

But I talked about those complex efforts and unique needs that we tried to deal with. I talked about the reassurance teams. We did do something else. Because many people here were fearful of aftershocks we had excess space in dry shelters, but because of the fear of aftershocks, they would not go in those, so because the weather was bad we were able to set up tents and we housed several hundred people until the bad weather had passed.

But I think one of the strengths of the American Red Cross is that we are in the area. Mr. Haigwood and his chapters here are in the area. We stay after the mishaps. We form these community
groups to try to meet needs of victims, not just immediate needs, but bring people together to meet those needs over the long term.

If I ask myself were we successful, certainly we could have done better in all areas. We learned a lot of lessons. We do a lot of operational reviews in what we do, but I do believe that we were successful.

We had a quick response team out here the day of the event to do damage assessment and needs assessment, working with Mr. Haigwood and his people. We established liaison with the Federal Emergency Management Agency, with Mayor Riordan's office, with the State Emergency Management Office as well as the voluntary agencies.

But we were not without challenges. The damage on the roads caused delays in getting people and supplies to the areas where we needed them most. Access to those areas, again due to the heavy traffic—the backlogs of traffic to those roads—limited or slowed down our process in doing the damage assessment and doing the needs assessment.

I think the relationships that we had with the organizations, Federal Government, State government, local agencies, was very good. We do outreach teams. If there are people who cannot get to a center to get our services, we have teams rotating through the community trying to see are there clusters of victims that we have not reached yet, and we are continuing to do that.

Certainly the organizations, the volunteer organizations, we had team meetings. We shared information. We attempted to keep from duplicating effort, but still meeting the needs of people and trying to provide service in the most cost-effective and responsive means possible.

One of the things that I would like to make one comment on that was brought up earlier this morning by one of the previous members, that we have a very active program in community disaster education and in mitigation, we really do try to make the community aware of what the threats are. We have a course that we teach, "Living on a Fault Line," for volunteers. We have the same thing for floods and other types of things, so I do think I would like to reinforce the comment this morning that that is extremely important.

But I would be remiss if I didn't take a moment and to thank all the organizations and the agencies that did provide support to us. We are very appreciative of that and without their help, we would be unable to provide that service, so thank you very much, Mr. Chairman.

[The prepared statement of Mr. Jones follows:]
Donald W. Jones  
Vice President, Disaster Services  
American Red Cross  
Washington, D.C.

MISTER CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE: I AM DON JONES, VICE PRESIDENT OF DISASTER SERVICES FOR THE AMERICAN RED CROSS. MISTER GENE DYSO, ACTING PRESIDENT OF THE AMERICAN RED CROSS, ASKED ME TO COMMEND YOU FOR CONVENING THIS IMPORTANT HEARING AND TO THANK YOU FOR THE OPPORTUNITY FOR RED CROSS TO PARTICIPATE.

ON THIS SECOND ANNIVERSARY OF THE NORTHRIKE EARTHQUAKE, THE RED CROSS AGAIN EXPRESSES HEARTFELT SYMPATHY TO THOSE AFFECTED BY THE DISASTER AND EXPRESSES THE HOPE THAT ALL WHO COULD BE AFFECTED BY ANY FUTURE DISASTER, HEED THE LESSONS LEARNED FROM THIS AND OTHER DISASTERS.

THE RED CROSS IS VERY PROUD OF ITS RESPONSE DURING THE NORTHRIKE EARTHQUAKE AND THE ROLE IT PLAYED IN ASSISTING THOSE AFFECTED BY THIS DEVASTATING DISASTER. JOINING ME TODAY IS MR. JAMES T. HAIGWOOD, CHIEF EXECUTIVE OFFICER OF OUR LOS ANGELES CHAPTER WHICH IS ALSO THE COORDINATING CHAPTER AND THE LEAD CHAPTER FOR DISASTER SERVICES OF THE RED CROSS IN THE STATE OF CALIFORNIA. IN THIS DUAL ROLE, MR. HAIGWOOD COORDINATES ALL RED CROSS ACTIVITIES FOR DISASTER PLANNING, PREPAREDNESS AND RESPONSE WITHIN THE STATE.

I WILL BEGIN MY REMARKS BY GIVING AN OVERVIEW OF THE AMERICAN RED CROSS. ITS SOURCE OF AUTHORITY, RESPONSIBILITIES ASSIGNED BY THE FEDERAL RESPONSE PLAN, HOW IT IS FUNDED, AND ACTION IT TOOK TO ASSIST THOSE AFFECTED BY THE NORTHRIKE EARTHQUAKE. I WILL THEN MAKE SOME SPECIFIC REMARKS CONCERNING THE EFFECTIVENESS AND TIMELINESS OF OUR EFFORTS, AS WELL AS RELATIONSHIPS WITH FEDERAL, STATE AND LOCAL GOVERNMENTS, AND OTHER CHARITABLE ORGANIZATIONS.

THE AMERICAN RED CROSS WAS CHARTERED BY CONGRESS IN 1905. IN THAT CHARTER, WE WERE GIVEN TWO SPECIFIC MISSIONS. THE FIRST MISSION IS TO ESTABLISH AND CARRY ON A SYSTEM OF NATIONAL AND INTERNATIONAL RELIEF IN TIME OF PEACE AND APPLY THE SAME IN MITIGATING THE SUFFERING CAUSED BY PESTILENCE, FAMINE, FIRE, FLOODS AND OTHER GREAT CATASTROPHES, AND TO DEVISE AND CARRY ON MEASURES FOR PREVENTING THE SAME. THE SECOND MISSION OF OUR CHARTER IS TO PROVIDE A MEDIUM OF COMMUNICATION BETWEEN THE PEOPLE OF THE UNITED STATES OF AMERICA AND THE ARMED FORCES. ALL OF OUR OTHER PROGRAMS SUCH AS BLOOD-TISSUE, HEALTH AND SAFETY SERVICES, HIV/AIDS EDUCATION, AND AQUATICS HAVE BEEN ADDED SINCE RECEIVING THIS CHARTER.

THE AMERICAN RED CROSS IS A NON-PROFIT ORGANIZATION. FUNDS FOR OUR PROGRAMS COME FROM DONATIONS OF THE AMERICAN PEOPLE, AS WELL AS CONTRIBUTIONS FROM THE CORPORATE COMMUNITY. WE ARE VERY PROUD OF THE FACT THAT 92 CENTS OF EVERY DONATED DOLLAR GOES TO SERVICE DELIVERY. WE ARE ABLE TO ACHIEVE THIS EXCEPTIONAL STANDARD, IN LARGE PART, BECAUSE OF THE FACT THAT 85 PERCENT OF OUR DISASTER RESPONDERS ARE VOLUNTEERS.

THE AMERICAN RED CROSS IS A SIGNATORY TO THE FEDERAL RESPONSE PLAN OF THE 39 AGENCIES THAT ARE SIGNATORY MEMBERS. THE AMERICAN RED CROSS IS THE ONLY NON-GOVERNMENT ORGANIZATION. WE ARE NOT REIMBURSED FOR OUR PROGRAM SUPPORT AS ARE THE OTHER 27 AGENCIES WE CAN, HOWEVER, RECEIVE REIMBURSEMENT FOR PERFORMING FUNCTIONS OUTSIDE OF OUR NORMAL DISASTER PROTOCOLS UNDER THE FEDERAL RESPONSE PLAN. THE AMERICAN RED CROSS IS ASSIGNED THE RESPONSIBILITY FOR EMERGENCY SUPPORT FUNCTION #6, MASS CARE. UNDER THIS TASKING, WE COORDINATE THE PROVISION OF FOOD, SHELTER, EMERGENCY FIRST AID, THE DISTRIBUTION OF BULK EMERGENCY RELIEF SUPPLIES, AND DISASTER WELFARE INFORMATION—CHECKING ON THE WELFARE OF FAMILY MEMBERS IN THE AREA AFFECTED BY DISASTER. WE ALSO WORK WITH OTHER CHARITABLE ORGANIZATIONS AND SOMETIMES ARE ASKED TO COORDINATE THEIR ACTIVITIES. WE GENERALLY DO THIS THROUGH A GROUP CALLED THE VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER (VOADS) AND OTHER AGENCIES WITH WHICH RED CROSS HAS STATEMENTS OF UNDERSTANDING. THE VOADS ARE ESTABLISHED BOTH AT THE LOCAL AND STATE LEVELS.

IMMEDIATELY FOLLOWING THE NORTHRIKE EARTHQUAKE, THE AMERICAN RED CROSS OPENED 47 SHELTERS AND HOUSED MORE THAN 22 THOUSAND PEOPLE. SOME CLIENTS STAYED IN THESE SHELTERS FOR UP TO SIX WEEKS. WE PROVIDED MORE THAN 1.7 MILLION MEALS FOR THOSE AFFECTED BY THE
DISASTER AND FOR WORKERS WHO WERE REPAIRING THE INFRASTRUCTURE OR RESTORING UTILITIES. ONE HUNDRED AND TWENTY-EIGHT EMERGENCY RESPONSE VEHICLES WERE USED TO DISTRIBUTE THESE MEALS. WE ALSO HAD 46 FIXED SITES SUPPORTING THE OVERALL FEEDING EFFORT. DURING THIS SAME PERIOD OUR PHYSICAL HEALTH SERVICES STAFF TREATED APPROXIMATELY 1,100 PERSONNEL FOR INJURIES, AND OUR MENTAL HEALTH SERVICES STAFF PROVIDED COUNSEL TO ABOUT 40,000 CLIENTS. DURING THE COURSE OF OUR RELIEF EFFORTS, WE RECEIVED AND SUCCESSFULLY CLOSED MORE THAN 16,000 INQUIRIES ABOUT PEOPLE AFFECTED BY THE DISASTER. MORE THAN 15,000 PAID AND VOLUNTEER STAFF RESPONDED TO THE DISASTER.

FOLLOWING THE ASSISTANCE PROVIDED DURING THE INITIAL RESPONSE, THE RED CROSS CONCENTRATES ITS EFFORTS ON THE NEXT PHASE OF SUPPORT WHICH IS REFERRED TO AS FAMILY ASSISTANCE. DURING THIS PERIOD, WE OPEN SERVICE CENTERS WHERE THOSE AFFECTED BY THE DISASTER MEET WITH TRAINED, EXPERIENCED CASE WORKERS FOR ASSISTANCE FOR DISASTER-CAUSED BASIC NEEDS.

APPROXIMATELY ONE WEEK AFTER THE NORTHRIDGE EARTHQUAKE, WE OPENED 18 SERVICE CENTERS, GEOGRAPHICALLY DISPERSSED, TO BETTER SERVE THOSE AFFECTED BY THE DISASTER. APPROXIMATELY 34,000 CASES WERE OPENED TO MEET THE DISASTER-CAUSED NEEDS OF INDIVIDUALS AND FAMILIES. CLIENTS WERE PROVIDED DISBURSING ORDERS FOR FOOD, CLOTHING, TEMPORARY HOUSING, HOUSEHOLD ITEMS, TOOLS FOR WORK, LIMITED HOME REPAIRS, MEDICAL BILLS AND OTHER NECESSITIES SUCH PHARMACEUTICAL PRESCRIPTIONS, DENTURES, GLASSES AND HEARING AIDS. RED CROSS CASE WORKERS ALSO ARE TRAINED TO SERVE AS COUNSELLORS AND TO BECOME ADVOCATES FOR COORDINATING OTHER ASSISTANCE, WHEN NECESSARY.

FOLLOWING OUR INDIVIDUAL AND FAMILY ASSISTANCE, OUR RELIEF EFFORT IS REFERRED TO AS ADDITIONAL ASSISTANCE. WHEN THOSE AFFECTED BY THE DISASTER HAVE NEEDS THAT CANNOT BE PROVIDED BY THE ESTABLISHED PROGRAMS OF THE FEDERAL GOVERNMENT, STATE OR LOCAL AGENCIES, THEN THE RED CROSS SERVES AS A KIND OF SAFETY NET. WE PROVIDE ASSISTANCE, FOR EXAMPLE, WITH MEDICAL BILLS, FUNERALS, AND BUILDING AND REPAIR OF PRIVATE RESIDENCES — AND WE CONTINUE TO PROVIDE ADVICE AND COUNSEL AS TO WHERE OTHER FORMS OF HELP MAY BE AVAILABLE.

BUT WE ALL KNOW HOW VERY WELL THAT DISASTERS ARE EXPENSIVE ... AND THE NORTHRIDGE EARTHQUAKE WAS NOT EXCEPTION. IN FACT THE COST TO THE RED CROSS FOR ASSISTANCE IN RESPONSE TO THIS DISASTER WAS THE THIRD MOST EXPENSIVE IN OUR HISTORY. DURING THE RESPONSE TO THE NORTHRIDGE EARTHQUAKE, WE SPENT MORE THAN 38 MILLION DOLLARS IN PROVIDING SUPPORT TO THOSE AFFECTED BY THE EARTHQUAKE. THIS DOES NOT INCLUDE CASES IN WHICH WE PROVIDED SERVICES THAT DID NOT INCLUDE MONETARY ASSISTANCE. NEITHER DOES IT INCLUDE ANY VALUE FOR THE TIME DONATED BY THE SEVERAL THOUSANDS OF VOLUNTEERS.

THROUGHOUT THIS ENTIRE EFFORT, WE DEALT WITH SOME VERY COMPLEX REQUIREMENTS AND UNIQUE NEEDS OF THOSE AFFECTED BY THE DISASTER. FOR EXAMPLE, WE HAD EXCESS SHELTER SPACE AVAILABLE, BUT MANY CLIENTS WOULD NOT ENTER THE DESIGNATED SHELTERS DUE TO FEAR OF DAMAGE FROM AFTERSHOCKS. THERE ALSO WERE PERIODS OF UNSEASONAL STORMS WITH HEAVY RAINS; CONSEQUENTLY, TENTS WERE ERECTED IN PROXIMITY OF THE FIXED SHELTERS. AND WE WERE ABLE TO GET THE FRIGHTENED PEOPLE INTO A DRY, WARM ENVIRONMENT TO ASSIST IN THIS EFFORT. WE ESTABLISHED REASSURANCE TEAMS COMPRISED OF AMERICAN RED CROSS MENTAL HEALTH WORKERS, CLERGY, AND BUILDING INSPECTORS TO CONVINCE PEOPLE LIVING IN PARKS OR IN AUTOMOBILES THAT THEIR HOMES WERE SAFE TO REENTER. THESE PROVED TO BE VERY SUCCESSFUL ACTIVITIES.

ONE OF THE STRENGTHS OF THE AMERICAN RED CROSS IS THAT WE REMAIN IN THE AREA TO ASSIST THOSE AFFECTED BY THE DISASTER. LONG AFTER MANY OTHER AGENCIES HAVE DEPARTED. THIS WAS THE CASE AFTER THE NORTHRIDGE DISASTER. WITH THE HELP OF SEVERAL OTHER CHARITABLE ORGANIZATIONS, WE FORMED RESOURCE COORDINATION CENTERS TO FIND GOODS AND SERVICES FOR THOSE WITH UNRESOLVED PROBLEMS. THROUGH THIS PROCESS WE WERE ABLE TO FIND SEVERAL MILLION DOLLARS WORTH OF ASSISTANCE FOR THOSE WHO HAD UNMET NEEDS. OUR LOCAL RED CROSS CHAPTERS COORDINATED THIS EFFORT.
WERE WE SUCCESSFUL AND TIMELY IN OUR RESPONSE TO THE NEEDS OF THOSE AFFECTED BY THE DISASTER? IN MY OPINION WE WERE IN EVERY RESPECT — THANKS TO CONCERTED EFFORTS THROUGHOUT THE ORGANIZATION, DURING THE PAST THREE YEARS OR SO, TO REVITALIZE DISASTER SERVICES AND BETTER POSTURE THE RED CROSS TO MORE EFFECTIVELY RESPOND TO DISASTERS SUCH AS THE NORTHRIDGE EARTHQUAKE THROUGH IMPROVED DISASTER PLANNING, PREPAREDNESS, COMMUNITY DISASTER EDUCATION, AND RESPONSE ACTIVITIES. THE RED CROSS CHAPTERS IN THE AREA RESPONDED IN A MATTER OF MINUTES TO THE DISASTER (MR. HAIGWOOD WILL REPORT ON THAT). THE NATIONAL HEADQUARTERS QUICK RESPONSE TEAM BEGAN ARRIVING IN THE AREA WITHIN A MATTER OF HOURS TO ASSESS THE DAMAGE AND CONDUCT A NEEDS ASSESSMENT. WE IMMEDIATELY ESTABLISHED LIAISON WITH THE FEDERAL GOVERNMENT, LOS ANGELES CITY AND COUNTY GOVERNMENTS, OTHER AFFECTED GOVERNMENTS, AND VOLUNTARY AGENCIES. WE PLACED A LIAISON TEAM AT THE STATE EMERGENCY OPERATIONS CENTER AND PROVIDED A SIX-PERSON TEAM TO THE FEDERAL DISASTER FIELD OFFICE. THROUGHOUT THE PERIOD, WE HAD EXTREMELY GOOD RELATIONS WITH THESE AGENCIES.

ALTHOUGH WE WERE SUCCESSFUL IN OUR RESPONSE, WE WERE NOT WITHOUT CHALLENGES. THE DAMAGE TO THE ROADS CAUSED DELAYS IN GETTING OUR PEOPLE AND SUPPLIES TO THE AREAS WHERE MOST NEEDED. ACCESS TO THE AREA TO CONDUCT DAMAGE ASSESSMENT AND MOBILE FEEDING OPERATIONS OFTEN WAS DELAYED DUE TO HEAVY TRAFFIC. HOWEVER, WE DID MAINTAIN CLOSE CONTACT WITH FEMA AND OTHER GOVERNMENT AGENCIES. DIRECTOR WITT AND I HAD NUMEROUS TELEPHONE CONVERSATIONS AND MEETINGS, AS WELL AS MEETINGS WITH THE STATE EMERGENCY MANAGEMENT PERSONNEL. DAILY MEETINGS ALSO WERE HELD WITH CITY AND COUNTY GOVERNMENTS. A COMPETENT NETWORK OF VOLUNTARY AGENCIES WAS ESTABLISHED, AND THE RESOURCES OF ALL AGENCIES WERE USED EFFECTIVELY. HUD ASSISTED BY PROVIDING A LIST OF AVAILABLE HOUSING FOR USE BY CLIENTS WHOSE HOMES WERE DAMAGED TO THE DEGREE THAT THEY REQUIRED MAJOR REPAIRS. IN THE NORMAL COURSE OF ACTION, WE HAD LIMITED INTERACTION WITH THE SMALL BUSINESS ADMINISTRATION, ALTHOUGH OUR CASE WORKERS WILL MAKE CLIENTS AWARE OF THE FACT THAT ASSISTANCE MAY BE AVAILABLE THROUGH THIS SOURCE.

THROUGH THE NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, WE ESTABLISHED GOOD RELATIONSHIPS WITH ALL CHARITABLE ORGANIZATIONS PARTICIPATING IN THE RELIEF EFFORT. MEETINGS WERE SCHEDULED AND CONDUCTED, AND INFORMATION WAS SHARED EFFECTIVELY. THE AMERICAN RED CROSS HAS EXISTING MEMORANDUMS OF AGREEMENT OR STATEMENTS OF UNDERSTANDING WITH MOST OF THESE AGENCIES. CONSEQUENTLY, ALL WE NEED TO DO IS TO IMPLEMENT THESE AGREEMENTS, AS WE DID IN THIS INSTANCE.

THE AMERICAN RED CROSS HAS EXTENSIVE EXPERIENCE IN RESPONDING TO DISASTERS. WE STILL HAVE SOME AREAS IN WHICH ASSISTANCE IS NEEDED TO ENSURE THE SUCCESS OF OUR FUTURE RELIEF EFFORTS. WE HAVE BEEN ATTEMPTING TO GET THE FEDERAL COMMUNICATIONS COMMISSION TO ASSIGN SOME FREQUENCIES IN THE 220 MEGAHertz RANGE TO THE RED CROSS FOR USE IN BOTH TRAINING AND DISASTER RESPONSE. THIS EFFORT HAS BEEN ONGOING FOR ALMOST FIVE YEARS. WE HAVE FOLLOWED GUIDANCE GIVEN TO US BY THE FCC, BUT WE HAVE BEEN UNABLE TO GET FINAL ACTION FROM THEM. RECENTLY CONGRESSMAN JACK FIELDS FROM TEXAS WROTE A LETTER TO THE COMMISSION ASKING THEM TO RESPOND TO OUR REQUEST. IF YOU CAN ASSIST IN ANY WAY IN GETTING THIS MOVING, IT WOULD BE GREATLY APPRECIATED AND CERTAINLY FACILITATE THE AMERICAN RED CROSS ACTIVITIES IN RESPONSE TO FUTURE DISASTERS.

LET ME TAKE THIS OPPORTUNITY TO PRAISE THE THOUSANDS OF VOLUNTEERS WHO TIRELESSLY PROVIDED RELIEF TO THE VICTIMS OF THE NORTHRIDGE EARTHQUAKE AS WELL AS THOSE WHO RESPOND ON A DAILY BASIS IN CITIES AND TOWNS EVERYWHERE. THE AMERICAN PEOPLE AND BUSINESS COMMUNITY ALSO ARE TO BE COMMENDED FOR THEIR FINANCIAL AND IN-KIND DONATIONS THAT CONTRIBUTE TO THE RELIEF OF DISASTER VICTIMS THROUGH THE EVER-READY RED CROSS NETWORK OF PAID AND VOLUNTEER STAFF THROUGHOUT OUR GREAT NATION. THE SUCCESS OF THE RED CROSS IN MEETING THE DISASTER-CAUSED NEEDS OF ITS CLIENTS IS DEPENDENT ON THE SUPPORT OF THESE PEOPLE AND COMMUNITIES -- FOR WHICH WE ARE GRATEFUL.

THIS CONCLUDES MY REMARKS, AND I NOW ASK MR. HAIGWOOD TO PROVIDE HIS REMARKS ON WHAT THE CHAPTERS AND THE STATE DID TO ASSIST IN MEETING THE NEEDS OF DISASTER VICTIMS. AFTER HE CONCLUDES HIS REMARKS, WE WILL BE PLEASED TO ANSWER ANY QUESTIONS YOU MAY HAVE.
Mr. FLANAGAN. Before Mr. Haigwood begins, I have one very quick, very brief question.
You said 92 percent of the moneys that is disbursed by the American Red Cross go to victims?
Mr. JONES. That is correct.
Mr. FLANAGAN. Are those national figures?
Mr. JONES. That is national, throughout the organization. Since we are chartered by Congress, we are audited by the Army audit agency every year.
Mr. FLANAGAN. That is not a localized number, that is a national figure?
Mr. JONES. That is a national average, yes.
Mr. FLANAGAN. Thank you, Mr. Haigwood.
Mr. HAIGWOOD. Thank you, Mr. Chairman, we are pleased to be here to have an opportunity to address the committee.
As Mr. Jones pointed out, some of the major assets of the American Red Cross are the fact that we are indeed a community-based organization and we rely heavily on volunteers to do our work.
Because we are a community-based organization, our relief volunteers were able to respond quickly to Red Cross chapter locations throughout the affected area. Staff from our San Fernando Valley location were on the scene within minutes after the shaking to assist in the recovery efforts in a building that had virtually all of its windows blown out and broken by the earthquake, but once we cleaned up that damage, we were in operation.
That became a focal point for our disaster response in the initial days to follow.
The relief efforts by the Red Cross were accomplished by a large number of volunteers who were indeed victims themselves—the people who in many cases responded to our Van Nuys location and other areas of heavy impact—had suffered damage in their own homes. Once they had assessed the situation, secured their homes and made arrangements for their families, they responded immediately.
The relief efforts were started independently by many chapters based on their own local needs, but through our State Disaster Response Plan, which had been recently developed prior to the earthquake, these individualized efforts became part of a coordinated plan very early on in the operation.
Don mentioned the number of shelters that we opened and the speed at which that was accomplished. One of the things that certainly occurred in this disaster which is unusual for us as it relates to most disaster operations is the shelter population changed in location and in size. Many buildings were perceived by those who resided in them to be safe, but once the local governmental agencies were able to get out and really take a look at the facility, and tag it as either needing some major repair or needing to be demolished and reconstructed, that added to our shelter population.
Don addressed the other issues, which was the one where being in an area where we have many new arrivals from countries where the building codes are considerably different than they are here in California, there is great concern about being inside after a major earthquake has occurred. In those cases, we were able to work with other agencies, Government, and non-profits to go out into the
areas where people were staying to visit with them and even to identify where they lived and to go with them, with the building inspector, with mental health workers, with others, and look at their specific place of residence and encourage them to go back, which did help decrease our shelter population over time.

One of the problems that I think all of us face in earthquakes is the difficulty of damage assessment. Because of the nature of the disaster and magnitude of the disaster, we had a problem that is different than we might experience in other types of disasters. We do work closely with all Governmental agencies and shared information as we were identifying it on damage, as did the State, local and Federal agencies as they were identifying damage information. This sharing was very helpful to us in developing our plan to provide disaster relief.

The State plan that I addressed earlier worked extremely well for us. We had a tremendous number of disaster staff, both volunteer and paid, responding throughout the State of California to the southern California area.

Most of those responded within the first 12 hours of the operation, and so we were able to have several hundreds of Red Cross staff on scene within the first 12 hours. Those individuals were supplemented over the days and weeks to come with, as Don pointed out, 14,000 volunteers and a thousand staff from other parts of the country.

We learned many lessons after the disaster. Those lessons have been put into place in the form of revisions to our training, revisions to our planning, and we are in the process of developing new procedures based on the lessons from the Northridge earthquake of 1994 and expect that we will be in even a better position to respond to future disasters, not only here in California but nationally.

[The prepared statement of Mr. Haigwood follows:]
January 18, 1996

James T. Haigwood  
CEO, Los Angeles Chapter  
American Red Cross

Statement to the House Committee on Government Reform and Oversight, Subcommittee on Government Management, Information and Technology  
January 19, 1996

I would like to preface my remarks with a statement about the nature of the Red Cross response, that the Red Cross relief effort is a partnership between volunteer and paid staff. Often, those working on a relief operation are referred to as "staff". Staff refers to both volunteer and paid personnel. Leadership positions during the relief effort were filled with a variety of volunteer and paid staff from the Los Angeles and other California Chapters as well as staff brought in from across the county.

Items to be addressed include the following topics:

♦ Relief workers responded quickly to Red Cross Chapter locations throughout the affected area. Staff in the Van Nuys office were on scene within minutes of the shaking organizing assistance efforts from a building that had virtually all its exterior windows broken.

♦ Relief efforts were being accomplished largely by workers who were themselves disaster victims. Many workers left homes (and families) heavily damaged by the quake; they secured the immediate safety of their households and went to help others.

♦ Relief efforts were started independently by many Red Cross Chapters, based on their local needs, but those efforts quickly became part of a coordinated effort to better meet the demands imposed by the quake throughout the affected areas.

♦ More than 15 shelters were opened the first day, but the peak numbers of shelters opened wasn't reached until six days later when about 35 shelters were operating. (Shelters remained opened until February 19th.)
A shelter was opened and operated in response to victim needs in Las Vegas, about one tank-full of gas away from Los Angeles.

Shelter populations (and the need for shelters) changed as apartments were red-tagged by inspectors creating an immediate need for shelter for yet another group of victims.

Typical Red Cross damage assessment activities weren't possible based on scope of the damage. This event focused attention on the need for agencies to exchange basic information in a timely manner so that all responding agencies have the best information regarding specific damage.

As Don Jones pointed out, 18 service centers were opened to provide Red Cross assistance. In what I consider to be a very remarkable organizational effort, those service centers opened in a variety of locations including several in large tents. (Tents became a necessity when no buildings could be located in those areas most heavily damaged by the quake to house service center activities.)

Red Cross is comprised of a network of Chapters that can provide mutual-aid to affected areas. Response by trained and experienced Red Cross relief workers from California to assist in Northridge was indeed extraordinary. A majority of California workers in the Red Cross system responded at some time during the relief operation.

Planning and preparedness efforts continue in the wake of Northridge. Planning efforts to mount large scale operations continue on a state-wide basis; efforts center our need to feed and house tens of thousands of individuals made homeless by such a disaster.
Mr. FLANAGAN. Wonderful. Thank you, Mr. Haigwood.

Ms. Jones.

Ms. JONES. Mr. Chairman, members of the committee, my name is Terri Jones and I am director of special projects for the California Community Foundation. On behalf of the community and its Board of Governors, thank you for your invitation to offer our thoughts and experience on the needs and conditions of non-profit organizations in the aftermath of a community-wide disaster like the Northridge earthquake.

We in the private funding community are well-accommodated to viewing non-profits as the senior partners in any effort that we make to address human needs. Increasingly and appropriately, non-profits have also come to be recognized as a key ingredient in community disaster response and recovery.

I would say that there is a greater role and more recognition of the role that non-profits have played in each successive emergency in southern California, from the civil disturbances in 1992, to the fire storms that followed in 1993, to 3 months later the Northridge quake. In some ways I would like to observe that we have the luxury of suggesting improvements in those relationships and ways of working together because we have come such a long distance in recognizing that non-profit organizations are an integral part of community response and recovery.

It is good that the non-profit community has really shown up on the radar screen at this point.

After the Northridge earthquake, the California Community Foundation's Board of Governors took the unprecedented step of invading principal on our endowment for the first time in our 80 year history in order to establish the Los Angeles Earthquake Recovery Fund, through which grants could be made to help non-profits recover and in turn provide relief and recovery services in neighborhoods devastated by the quake.

With $800,000 thus raised directly from our own coffers and $900,000 more raised through the generosity of our donor advisors, other foundations and corporations, and the general public, we were ultimately able to distribute $1.7 million in grants and loans for earthquake response to 111 non-profit agencies. Most of those dollars were disbursed within the first 3 months after the quake and I would add that the first dollars were out of the door within the first week.

You have got an attachment to the copy of the testimony that has been distributed to you of all of those grants and loans, and I won't belabor them now.

The grantmaking process, however, and the community needs assessment that preceded it, revealed certain broad themes that we believe have implications for the Federal disaster response planning in the future.

They may specifically have some bearing on determining what kinds of non-profit services and agencies should be declared eligible for disaster relief before a disaster hits—in the way you were discussing this morning.

Generally, the points I would like to mention today fit into two broad categories—what we can call case load and service issues that confronted non-profits in the aftermath of the quake, and
what we can call direct and indirect impacts of a disaster and the relief efforts on the non-profits themselves.

To summarize some key points, starting with the case load issues, community clinics and counseling agencies needed help to deliver primary medical and mental health services prior to the execution of Federal reimbursement contracts with the county, maybe rather than execution, a better word would be activation of those contracts, and the county's corresponding execution of service agreements with those agencies.

Clinics and other agencies that have suffered damage themselves needed high priority emergency assistance within the first few hours of the earthquake to affect running repairs and return to operational status. Others saw short-term increases in client load because they were the most accessible service providers. People couldn't get to the local emergency room—that kind of thing.

Those clinics in some cases found themselves scrambling for basic supplies to meet the volume of clients.

Problems were predictably worse and at a much longer duration in neighborhoods with high percentages of uninsured residents.

Very high demands were placed on any agency whose primary clients were older adults—and I might add, people with disabilities—who tended to suffer higher degrees of disorientation, isolation, frustration with bureaucratic processes, and transportation and mobility problems. Those agencies, rather hard-hit, were among those who came to us asking for private assistance to help them meet their client needs.

Child care services were both critically needed and significantly disrupted in a couple of significantly different ways. Extended day services were essential, especially in communities like the Santa Clarita Valley where transportation systems and commuting patterns were disrupted, and agencies had to extend hours significantly longer than they would otherwise be providing care.

Also, there was a dearth of service available in neighborhoods where damage to housing stock displaced significant numbers of home-based child care workers. This last group was particularly isolated and in need of assistance, often even more than the families that relied upon them for child care because they had really been hit twice. Their homes were damaged and their way of earning a living was also disrupted.

Those people, I would note, are a little harder to reach through non-profit mechanisms than many of the other disaster relief victims we dealt with.

Regional food banks found themselves in the delivery business to an unprecedented degree. Transportation system disruptions meant that client agencies were often unable, at least in the first weeks after the quake, to follow their normal pattern, which was to go to the food banks to pick up food that they could then distribute in neighborhoods and communities, so the food banks needed assistance with transportation.

Similar patterns were seen in agencies where clients, often developmentally disabled folk or children with special needs or accustomed to being delivered to them for full-day services—those delivery patterns were disrupted as well.
Moving to direct impacts on non-profits, and let me just state the obvious. Emergency case loads displaced ongoing client services and sometimes regular income streams for non-profit agencies, and not in all cases was that reimbursable.

Forgive me, gentlemen. I am fighting a cold. I usually sing soprano, and today I could do tenor really easily.

Non-profits housed at low or no cost in facilities like churches or in one or two cases public schools found themselves indefinitely displaced when those facilities suffered serious damage, which meant that the tenant non-profits suddenly needed money to rent space elsewhere, and sometimes the host agencies, particularly in the case of churches, couldn't qualify for rebuilding loans very easily at all.

I can remember a couple of very specific cases, one in the San Fernando Valley and one in Santa Monica, where we were providing rental assistance or the hire of temporary portable buildings for the non-profits to be able to continue their services.

Even agencies that were FEMA-eligible had to find front money to begin structural repairs, since the nature of the Federal process is to reimburse expenses.

Non-profits historically have a hard time obtaining funds from commercial lending institutions and few of them have adequate cash reserves. The California Community Foundation made no-interest loans to 12 agencies, mostly to help them with that rebuilding process and it's useful to note that 2 years later only 5 of them have progressed far enough to pay us back.

Non-profits had a hard time understanding when they were eligible for public assistance or even reimbursement for the provision of emergency services, which simply echoes something that you have heard several times during the course of the day.

We made several grants to legal services and other kinds of advocacy organizations to prepare materials, coordinate pro bono services, and provide direct assistance to non-profits who were having a hard time dealing with the maze of Government procedures and the ambiguities of the regulations.

Community clinics and other smaller non-profits have found themselves carrying for months or years what they hope will be receivables in the form of Government reimbursements for services, but their cash-flow and operating reserves is seriously strained in the meantime. Generally speaking, the smaller the agency, the more burdensome the wait.

Memoranda of Understandings, or some other kind of contractual mechanisms, need to be put in place for those kinds of non-profits ahead of time so that they can receive timely payment for basic disaster relief services they render when there is an emergency.

Even in nondisaster situations in southern California, we lack adequate forces of bilingual health and human services personnel to assist clients in all the primary languages that are spoken here. After the earthquake, some culturally specific non-profit agencies whose missions have little to do with basic social services divert significant resources to translation and other disaster-relief work and had little or no success in recovering their costs.

Generally, in light of our experience, it would help if we could codify a broader definition of what may, given the particular disas-
ter, constitute essential reimbursable relief services so as to reduce the need for time-consuming local interpretation when an emergency strikes.

Mr. Chairman, it's been fairly noted by more than one commentator that Los Angeles functions best as a community in genuine crisis situations.

In the interests of time I have not spoken about the considerable efforts made by private funders, the United Way, local government, other non-profits to coordinate our response and our planning to meet future emergencies. That activity has been enhanced by our greater understanding of how State and Federal disaster response works and by relationships we have developed with key agency leadership over the course of multiple calamities.

We hope that this experience, which we really wouldn't have chosen to acquire, will be valuable in helping to realize the potential and address the limitations of our disaster response mechanisms, particularly as they involve or they rely upon the non-profit community.

I will be happy to answer any questions that you may have. Once again, thank you for the opportunity to be heard.

[The prepared statement of Ms. Jones follows:]
STATEMENT FOR THE RECORD

Submitted to the House Committee on Government Reform and Oversight Subcommittee on Government Management, Information and Technology

by Terri Jones, Director of Special Projects, California Community Foundation

Friday, January 19, 1996

Mr. Chairman, Members of the Committee, and of the Southern California Congressional delegation: my name is Terri Jones, and I am Director of Special Projects for the California Community Foundation. On behalf of the foundation and its Board of Governors, thank you for your invitation to offer our thoughts and experience on the needs and conditions of nonprofit organizations in the aftermath of a community wide disaster like the Northridge earthquake. Nonprofit organizations are the senior partners in any foundation's efforts to address human needs, and increasingly and appropriately they have come to be recognized as a key ingredient in community disaster response and recovery. Less appreciated, however, are the particular problems that can afflict nonprofit agencies even as they attempt to provide disaster relief. In the worst cases, these difficulties can threaten the long-term stability of nonprofits and the services they provide.

For the record, the California Community Foundation is now celebrating its 80th year of activity in Los Angeles County. With assets that now exceed $170 million, we manage, invest, and administer well over 500 charitable funds established by donors who wish to contribute to a perpetual endowment fund for the benefit of the region. Last year, we awarded $3.5 million in discretionary grants and distributed an additional $9.6 million in donor-advised gifts and distributions to charitable beneficiaries.

After the Northridge earthquake the California Community Foundation's Board of Governors took the unprecedented step of invading principal in order to establish the Los Angeles Earthquake Recovery Fund, through which grants would be made to help nonprofits recover— and in turn, provide relief and recovery services—in neighborhoods devastated by the quake. With $800,000 thus raised directly from the foundation's coffers, and $900,000 more raised through the generosity of our donor advisors, other foundations and corporations, and the general public, we were ultimately able to distribute $1.7 million in grants and loans for earthquake response to 111 nonprofit agencies. Most of those dollars were disbursed within the first three months after the quake. (Please see Attachment A for a list of earthquake grants and loans.)
The grantmaking process, and the community needs assessment that preceded it, revealed certain broad themes that, we believe, have implications for Federal disaster response planning in the future. Generally they fit into two categories: what we can call caseload and service issues that confronted nonprofits, and direct and indirect impacts of the disaster and relief efforts on nonprofits themselves. To summarize some key points:

Caseload issues:

- **Community clinics and counseling agencies needed help to deliver primary medical and mental health services prior to the execution of Federal reimbursement contracts with the county, and the county’s corresponding execution of service agreements with these agencies.** Clinics and other agencies that had suffered damage themselves needed high priority emergency assistance within the first few hours of the earthquake to effect running repairs and return to operational status; others saw short-term increases in client load because they were the most accessible service providers, and had to scramble for basic supplies to meet the volume of clients. Problems were predictably worse and of longer duration in neighborhoods with high percentages of uninsured residents.

- **Very high demands were placed on any agency whose primary clients were older adults, who tended to suffer higher degrees of disorientation, isolation, frustration with bureaucratic processes, and transportation and mobility problems.**

- **Child care services were both critically needed and significantly disrupted.** Extended day services were essential, especially in communities where transportation systems and commuting patterns were disrupted; there was a dearth of service available in neighborhoods where damage to housing stock displaced significant numbers of home-based child care workers. This last group was particularly isolated and in need of assistance, often even more than the families that relied upon them for child care, and they are hard to reach through nonprofit mechanisms.

- **Regional foodbanks found themselves in the delivery business to an unprecedented degree:** transportation system disruptions meant client agencies were often unable, at least in the first weeks after the quake, to pick up commodities for distribution in the hardest-hit communities. The same principle applied to agencies like sheltered workshops, whose clients ordinarily traveled to them each day, often across significant distances.

Direct impacts on non-profits:
California Community Foundation Testimony
January 19, 1996
Page 3

- Emergency caseloads displaced ongoing client services—and sometimes, regular income streams—in nonprofit agencies.

- Nonprofits housed at low or no cost in facilities like churches—or in one or two cases, public schools—found themselves indefinitely displaced when those facilities suffered serious damage. The tenants suddenly needed money to rent space elsewhere, and sometimes the host agencies, particularly in the case of churches, couldn't qualify for rebuilding loans.

- Even agencies that were FEMA eligible had to find "front money" to begin structural repairs, since the nature of the Federal process is to reimburse expenses. Nonprofits historically have a hard time obtaining funds from commercial lending institutions, and few have adequate cash reserves. We made no-interest loans to 12 agencies to help them with the rebuilding process; two years later, only five have progressed far enough to pay us back.

- Nonprofits had a hard time understanding when they were eligible for public assistance or even reimbursement for the provision of emergency services. We made several grants to legal services and other advocacy organizations to prepare materials and provide direct assistance to nonprofits lost in a maze of government procedures.

- Community clinics and other smaller nonprofits have found themselves "carrying" for months or years what they hope will be receivables in the form of government reimbursements for services, but their cash flow and operating reserves are seriously strained in the meantime. (The smaller the agency, the more burdensome the wait.) MOU's or some other contractual mechanism need to be put in place for them ahead of time, so that they can receive timely payment for basic disaster relief services they render.

- Even in non-disaster situations, we lack adequate forces of bilingual health and human services personnel to assist clients in all the primary languages that are spoken in Los Angeles. After the earthquake, some culturally specific nonprofit agencies whose missions have little to do with basic social service provision divined significant resources to translation and other disaster relief work—and had little or no success in recovering their costs.

- Generally, in light of our experience, it would help if we could codify a broader definition of what may—given the particular disaster—constitute essential (reimbursable) services, so as to reduce the need for time-consuming local interpretation.

Mr. Chairman, it has been fairly noted by more than one commentator that Los Angeles
functions best as a community in genuine crisis situations, and indeed, we’re getting better and better at it. In the interests of time, I have not spoken about the considerable efforts made by private funders, the United Way, local government, and others at the time of the quake and since to coordinate our response and plan to meet future emergencies. That activity has been enhanced by our greater understanding of how state and federal disaster response works, and by relationships we’ve developed with key agency leadership over the course of multiple calamities.

We hope that this experience—which we really wouldn’t have chosen to acquire—will be valuable in helping to realize the potential and address the limitations of our disaster response mechanisms, particularly as they involve—or rely upon—the nonprofit community. I’ll be happy to answer any questions you may have. Once again, thank you for the opportunity to be heard.
EARTHQUAKE GRANTS AND LOANS

A. Grants for Repairs, Equipment Replacement, and Relocation Expenses

Agency: Almansor Center, South Pasadena
Grant: $275 to replace television used in educational center.

Agency: Actor's Alley Theatre, North Hollywood
Grant: $12,000 for first and last month's rent on a temporary location.

Agency: Al Wooten Jr. Heritage Center, Los Angeles
Grant: $4,500 to repair damaged walls and replace two computers that were broken beyond repair.

Agency: Aman Folk Ensemble, Los Angeles
Grant: $3,000 for first and last month's rent on a new space.

Agency: Assistance League of Santa Monica
Grant: $10,670 for repairs, equipment replacement, and clean up costs at the preschool, which serves low-income families.

Agency: Boys and Girls Club of the Santa Clarita Valley, Newhall
Grant: $8,000 toward unreimbursed repair costs, and to help replace equipment lost at any of the four club sites.

Agency: Boys and Girls Club of the San Fernando Valley, Pacoima
Grant: $20,000 toward repairs to the roof, gymnasium, lighting fixtures, and interior walls of the building, which were damaged in the quake.

Agency: California Council for Veterans' Affairs, Los Angeles
Grant: $6,800 to relocate South Central Los Angeles office to a new site in the area because of structural damage due to the earthquake.

Agency: Camp Fire, Glendale-Crescenta-Canada Council
Grant: $400 to relocate children's sport programs from facilities that were damaged in the earthquake.

Agency: Community Corporation of Santa Monica, Santa Monica
Grant: $20,000 for emergency repairs and overtime salaries for maintenance workers at a number of the low-cost apartment buildings owned and managed by the organization.

Agency: Community Counseling Services, Hollywood
Grant: $12,500 to repair roof and other structural damage at residential home for severely mentally ill in Hollywood.
1994 Earthquake Response Funding

Agency: Families in New Directions, Los Angeles
Grant: $1,000 to replace equipment damaged in the earthquake.

Agency: The Gathering Place, Los Angeles
Grant: $7,000 to replace the earthquake-damaged refrigerator with a lockable industrial refrigerator to support the meal program for people with AIDS, as well as to replace the television and VCR used for children's programs.

Agency: Glendale Family YMCA, Glendale
Grant: $12,500 to assist with emergency repairs and clean-up at the residence and low-cost housing sites.

Agency: Haven Hills, Inc., Canoga Park
Grant: $8,000 to replace photo copier damaged beyond repair; and for materials necessary to repair six small apartment units.

Agency: Hollygrove (L.A. Orphans), North Hills
Grant: $10,000 for repairs to the group home.

Agency: Los Angeles Commission on Assaults Against Women, Hollywood
Grant: $7,000 to add counseling staff for the increased patient load due to the earthquake, as well as funds to repair and replace office equipment (printer, typewriter, bookcases, doors).

Agency: Lula Washington Contemporary Dance/Los Angeles Contemporary Dance Foundation, Los Angeles
Grant: $5,000 to replace dance studio mirrors shattered in the earthquake.

Agency: Martin Luther King Legacy Association, Los Angeles
Grant: $6,000 to replace equipment and furniture damaged or destroyed at the Rosa Parks Rape Crisis Center and other agency sites.

Agency: MEND (Meeting Each Need with Dignity), Pacoima
Grant: $5,200 toward three months rental of space and purchase of chalkboards for agency's ESL program, which had to be moved from its original site because of earthquake damage.

Agency: Mid Valley Family YMCA, Van Nuys
Grant: $7,500 toward repairs, equipment replacement, and the costs of extending child care hours and providing showers for families displaced by the earthquake.

Agency: National Multiple Sclerosis Society, Glendale
Grant: $9,800 to replenish the Emergency Needs fund, used to assist MS patients with uninsured costs of medications and "necessities of life," exhausted by unusually numerous demands due to economic dislocations caused by the earthquake.
1994 Earthquake Response Funding

Agency: North Valley Family YMCA, Mission Hills
Grant: $8,700 toward unreimbursed clean-up and repair costs as well as the cost of providing free child care at two disaster centers immediately after the quake.

Agency: Nursery Nature Walks, Santa Monica
Grant: $2,500 to help cover expenses for two months due to lost revenue following the cancellation of all school-related programs for several weeks.

Agency: Ocean Park Community Center/Turning Point, Santa Monica
Grant: $20,000 to set up three trailers to replace temporarily the 35-bed homeless shelter destroyed in the earthquake.

Agency: Optimist Youth Homes, Highland Park
Grant: $7,000 to demolish and rebuild the exterior wall at the Altadena group home, which sustained $13,000 of damage in the earthquake.

Agency: Pacifica Radio Archive, North Hollywood
Grant: $1,000 for tape restoration and clean up in Reseda and North Hollywood.

Agency: Parent Institute, Inc., Los Feliz
Grant: $2,500 to replace two computers (critical to their education program) that were destroyed.

Agency: Plaza de la Raza, East Los Angeles
Grant: $1,000 for equipment damaged in the earthquake.

Agency: Regis House, Pico Union
Grant: $5,900 to relocate programs to the building next door, and to cover the cost of purchasing milk (not provided by foodbanks) for the additional children needing nutritious meals.

Agency: San Fernando Valley Association for the Retarded, North Hills
Grant: $7,250 for office equipment, machinery and produce losses in the Ceramics Workshop, which employs and trains clients with developmental disabilities.

Agency: San Fernando Valley Girl Scout Council, Chatsworth
Grant: $20,000 toward repair costs incurred and not covered by insurance.

Agency: SEA (Soledad Enrichment Action), Pacoima
Grant: $13,890 for rental and installation of two mobile units to continue an alternative education program for youth at-risk in Pacoima after SEA’s original site was destroyed in the earthquake.

Agency: Senior Health and Peer Counseling, Santa Monica
Grant: $17,217 for furniture, equipment, and supplies damaged in the earthquake.
1994 Earthquake Response Funding

Agency: Southern California Indian Center, Los Angeles
Grant: $15,000 to assist with costs of relocating and re-equipping the destroyed Van Nuys office.

Agency: St. Barnabas Senior Center, Los Angeles
Grant: $1,226 for repairs.

Agency: Tree People, Beverly Hills
Grant: $3,500 to replace television used for training and school programs; and to help replace damaged stone walls along educational outdoor trails at agency's park headquarters.

Agency: United Liver Association, Los Angeles
Grant: $2,000 to replace printer.

Agency: Vista Del Mar Child and Family Service, West Los Angeles
Grant: $4,500 to replace damaged equipment.

Agency: Wellness Community, Santa Monica
Grant: $26,187 towards moving costs, increased rent, and tenant leasehold improvements necessary to relocate the agency's programs from quarters destroyed by the earthquake.

Agency: West Hollywood Homeless Organization, West Hollywood
Grant: $9,600 for security deposit on a 12-unit apartment complex where WHH0 will move its 60-bed shelter program for 4-6 months while its present site is being rehabilitated.

Agency: West Valley Family YMCA, Canoga Park
Grant: $6,000 for cost of relocation to and rent of temporary trailers, where most services have continued to be provided on site.

Agency: YWCA of Santa Monica
Grant: $20,000 for the immediate conversion of a disused men's locker room into offices for administration and the child care and vocational counseling programs. The building that previously housed these functions suffered major structural damage, and will require many months to repair. (A loan has been recommended to help with the latter process.)

Subtotal - Repairs, Equipment Replacement, and Relocation (43 grants) . . . . . . . . . . $372,115
1994 Earthquake Response Funding

B. Grants for Services Affected by the Earthquake

Agency: African Community Refugee Center, Los Angeles
Grant: $12,000 to replace computer and printer, and to cover a substantial rise in expenses due to the increase in clients' requests for assistance. Many of the center's low-income, recent immigrant clients were displaced from their apartments. Because of language and cultural barriers, most of the affected clients need assistance from center staff to help them relocate and to determine what resources may be available to them.

Agency: American Thai Institute, Los Angeles
Grant: $16,000 for Thai-speaking outreach worker and to replace equipment damaged in the earthquake.

Agency: Bet Tsedek, Los Angeles
Grant: $30,000 to hire additional legal staff in the North Hollywood office to help clients obtain earthquake relief.

Agency: Boy Scouts of America-Western L.A. Council, Sherman Oaks
Grant: $8,000 for special camp program provided to children in three emergency shelters.

Agency: Bridge Focus, Inc., Burbank, CA
Grant: $8,000 to support increased crisis intervention counseling services for children in the Valley.

Agency: CARECEN, Pico Union
Grant: $15,000 for repair and replacement of computers and printers, staff assistance and outreach for distribution of food and clothing, and to reimburse agency for food purchased for earthquake victims.

Agency: Clinica Para Las Americas, Pico Union
Grant: $25,000 for increased medical and mental health services following the quake.

Agency: Community Coalition for Substance Abuse Prevention & Treatment, Los Angeles
Grant: $12,000 to help meet critical staffing needs caused by the quake, and expand the substance abuse support groups for four months. (This South Central agency relies heavily on senior citizens as volunteers and many of the volunteers' homes suffered serious earthquake damage, necessitating paid temporary help to replace lost volunteers.)

Agency: Community Counseling Services, Pico Union
Grant: $1,500 for outreach efforts to quake victims in San Fernando Valley and Pico-Union.
1994 Earthquake Response Funding

Agency: Computer Access Center, Santa Monica
Grant: $6,300 to replace income from membership fees lost during closure of this adaptive technology center for people with disabilities.

Agency: Educational Resources and Services Center, Inc., Culver City
Grant: $10,000 in extended staff time for day programs for children in the San Fernando Valley.

Agency: El Centro de Amistad, Canoga Park
Grant: $20,000 toward costs of an outreach project to deliver trauma counseling services to low-income Spanish speakers in seven San Fernando Valley communities.

Agency: El Nido Family Centers, Pacoima
Grant: $2,000 to replace baby blankets and diapers provided to displaced families immediately following the earthquake. (Depleted supplies were reserved for the pregnant teen and teen family life parenting programs.)

Agency: El Rescate, Pico Union
Grant: $4,500 for social service delivery and food allocations to more than 200 families, plus some equipment and supplies expenses.

Agency: Foodbank of Southern California, Long Beach
Grant: $10,000 to assist with costs of supplying food to outlets in the San Fernando and Santa Clarita valleys.

Agency: Friends of the Family, Van Nuys
Grant: $2,700 to cover staff overtime expenses, caused by a 60% increase in client load related to earthquake stress.

Agency: Hollywood Sunset Free Clinic, Hollywood
Grant: $4,000 to hire a bilingual mental health professional to provide counseling to patients affected by the earthquake.

Agency: Humane Animal Rescue Team, San Fernando Valley
Grant: $7,500 to help cover three months of boarding expenses, pound rescues, vet bills, transportation and telephone costs. This agency provides services to low-income and elderly San Fernando Valley pet owners displaced by the quake.

Agency: Jewish Family Service of Los Angeles
Grant: $12,500 for taxi coupons for needy seniors for travel to earthquake relief centers and other related social service offices; and for added 3/4 time social worker.
1994 Earthquake Response Funding

Agency: Jewish Family Service of Santa Monica
Grant: $10,000 for additional staff for bilingual case managers serving frail elderly who are displaced and in need of services and counseling.

Agency: Koryo Health Foundation, Los Angeles
Grant: $15,000 for three months' follow-up screening and medical services for earthquake victims, particularly those with hypertension and stress-related disorders.

Agency: L.A. Works, Los Angeles
Grant: $13,000 to hire two additional staffers for two months to handle enormous quake-related demand for volunteers and to replace the badly damaged photocopier.

Agency: Latino Resource Organization, Santa Monica
Grant: $11,260 for the delivery of groceries, and short-term case management to homebound, Spanish speaking senior citizens effected by the earthquake.

Agency: Library Foundation of Los Angeles, Los Angeles
Grant: $59,000 to help replenish the bilingual reading materials and other inventory in the four bookmobiles that are in use six days a week since 12 branch libraries were closed by quake damage in San Fernando Valley; to maintain the bookmobiles during the six months of extremely heavy use until most of the branches are repaired; and to replace materials destroyed in the Pacoima branch library.

Agency: Los Angeles Free Clinic, Los Angeles
Grant: $25,000 toward the costs of providing additional services to the frail elderly, clients living with AIDS, homeless youth, people living in the Hollywood Red Cross shelter, and others requiring primary medical care or counseling as a result of the earthquake. (A portion of this grant is a designated contribution from Doctors Without Borders.)

Agency: Los Angeles Regional Foodbank, Los Angeles
Grant: $25,000 toward purchase of truck and driver salary to distribute food in the San Fernando Valley and other areas of the county where local agencies are unable to come to the Foodbank to pick up their weekly food allocations.

Agency: Lutheran Social Services of Southern California, Van Nuys
Grant: $10,810 for one month's salaries, space costs, and administration of post-quake counseling services, food distribution, case management and the Family Assistance Program, all extended through at least the end of May, 1994.

Agency: Mission City Community Network, Sepulveda
Grant: $12,000 to purchase medications and laboratory services otherwise unavailable to uninsured patients seeking medical assistance in the family medicine clinic in the aftermath of the quake.
### 1994 Earthquake Response Funding

<table>
<thead>
<tr>
<th>Agency</th>
<th>Grant:</th>
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<tbody>
<tr>
<td>National Council of Jewish Women, Los Angeles</td>
<td>$23,700 toward the direct costs of providing information, referral, and counseling services in seven languages, and emergency financial aid and household goods, to earthquake victims, through Women Helping Women Services; as well as to help offset revenue losses due to the destruction of the Canoga Park Thrift Shop.</td>
</tr>
<tr>
<td>North Valley Family Counseling Center, San Fernando</td>
<td>$10,000 to meet requests for additional trauma counseling services.</td>
</tr>
<tr>
<td>Northeast Valley Health Corporation, San Fernando</td>
<td>$15,000 toward nonreimbursable expenses incurred providing medical services to the community in the aftermath of the earthquake.</td>
</tr>
<tr>
<td>Organization for the Needs of the Elderly, Van Nuys</td>
<td>$7,000 for additional staff to conduct in-take services for the homebound frail elderly who need assistance with paperwork, translation, and information and referral at home.</td>
</tr>
<tr>
<td>PAWS/LA, West Hollywood</td>
<td>$1,000 to cover the costs of pet food and emergency, quake-related vet and animal boarding expenses.</td>
</tr>
<tr>
<td>San Fernando Valley Child Day Care Resource Center, North Hollywood</td>
<td>$5,115 for additional mailing costs for outreach into the community of disaster/emergency related information to families and day care providers.</td>
</tr>
<tr>
<td>San Fernando Valley Interfaith Council, Chatsworth</td>
<td>$5,000 to help cover the costs of a major post-quake caseload increase in program services to seniors.</td>
</tr>
<tr>
<td>Santa Clarita Valley YMCA, Valencia</td>
<td>$15,000 for balance of costs of extending child care hours at 12 sites to accommodate the increased commuting times of parents, and toward uninsured repairs to the sites.</td>
</tr>
<tr>
<td>Valley Community Clinic, North Hollywood</td>
<td>$15,000 toward the costs of providing primary medical care to additional individuals and families suffering economic hardship as a result of the earthquake.</td>
</tr>
<tr>
<td>Venice Family Clinic, Venice</td>
<td>$20,000 to support lab costs and x-ray fees for the remainder of the fiscal year (until St. John's Hospital is able to resume full service for the clinic.)</td>
</tr>
<tr>
<td>Venice Family Clinic, Venice</td>
<td>$7,000 to assist with increased demand for medical services in the aftermath of the quake. (This grant is a designated contribution from Doctors Without Borders.)</td>
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## 1994 Earthquake Response Funding

<table>
<thead>
<tr>
<th>Agency</th>
<th>Grant</th>
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<tbody>
<tr>
<td>Wilmington Community Free Clinic, Wilmington</td>
<td>$20,000 to help offset the unreimbursed costs of providing primary medical care, counseling, and social service referrals to &quot;overflow&quot; patients referred from quake-damaged clinics in the South Bay area.</td>
</tr>
<tr>
<td>WISE Senior Services, Santa Monica</td>
<td>$25,000 toward elderly client relocation costs, staff redeployment and extended hours, hiring of additional staff, and office relocation costs.</td>
</tr>
<tr>
<td>Women's Care Cottage, North Hollywood</td>
<td>$5,000 for temporary staffing, to replace volunteers dealing with personal losses from the earthquake.</td>
</tr>
<tr>
<td>Youth Development Fund, Antelope Valley</td>
<td>$2,200 for additional food purchased for the overflow of children using the Pacoima site, and radios and emergency flashlights for five sites.</td>
</tr>
<tr>
<td>Youth News Services, Los Angeles</td>
<td>$16,000 to replace two computers, cover increased distribution costs, and staffing expenses connected with working with students from damaged public schools, where activities were halted or curtailed.</td>
</tr>
</tbody>
</table>

Subtotal - Services Affected by the Earthquake (44 grants) .......... $580,085
1994 Earthquake Response Funding

C. Grants for Special Projects

Agency: Chinatown Service Center FBO Asian Pacific Planning Council, Los Angeles
Grant: $32,100 for a staff person to coordinate earthquake, relief referrals and services of APPCON -- a consortium of Asian-Pacific Islander service providers.

Agency: Community Partners FBO Los Angeles Volunteerism Project, Los Angeles
Grant: $24,900 toward the costs of screening and deploying volunteers countywide to respond to needs caused by the earthquake.

Agency: Habitat for Humanity-San Fernando/Santa Clarita Valleys, Van Nuys
Grant: $22,600 for purchase of a network server and six work stations to handle the increased work volume resulting from HFH’s long-term earthquake response building program.

Agency: Hollywood Community Housing Corporation, Hollywood
Grant: $20,000 for the first six months’ salary of a project manager to assist with the acquisition and rehabilitation of approximately 240 units of low-income housing in the East Hollywood area damaged during the earthquake and presently uninhabitable.

Agency: Info Line, Baldwin Park
Grant: $25,000 toward $75,000-80,000 estimated extra staffing and printing costs incurred handling disaster referral calls.

Agency: KCRW-FM
Grant: $4,000 to support "The Earthquake Report" from January 24 to February 16, 1994.

Agency: Local Initiatives Support Corporation (LISC), Los Angeles
Grant: $40,000 for outreach, assessment, and implementation of a training/technical assistance program for nonprofits in the San Fernando Valley area interested in affordable housing development.

Agency: Los Angeles Earthquake Arts Recovery Fund
Grant: $10,000 toward a pool of funds to assist individual artists and arts organizations make repairs and replace supplies and materials damaged in the earthquake. (This fund will be jointly administered by the California Community Foundation and the Cultural Affairs Department of the City of Los Angeles.)

Agency: National Council of La Raza, Los Angeles
Grant: $20,000 toward the provision of technical assistance and interagency coordination for Latino community-based organizations in the San Fernando Valley whose services have been stretched by the earthquake.
1994 Earthquake Response Funding

Agency: Operation USA
Grant: $25,000 to revitalize free and community clinics in Southern California.

Agency: Operation USA/National Health Foundation, Los Angeles
Grant: $35,000 to support the development of a "Hazard Mitigation Plan" (HMP) to enable improved coordination and preparation for medical services during disaster situations. The plan will enable local groups to compete for a portion of $700,000 available from FEMA for competitive hazard mitigation grantmaking in Los Angeles, Orange, and Ventura Counties. Relevant partners for the plan include community clinics, school-based health programs, hospitals, parish nursing programs, and other related programs. Funding covers the six month planning and writing period (including costs for consultants/staff to facilitate the process, provide disaster expertise, and write the plan).

Agency: Public Counsel, Los Angeles
Grant: $40,000 for the salary of an attorney to coordinate post-quake disaster assistance to nonprofits, including training and intervention around FEMA, SBA, and other reimbursement programs. (Project duration will be 12-18 months.)

Agency: Southern California Association for Philanthropy
Grant: $5,000 toward costs of the strategic assessment commissioned following the January 17, 1994, Northridge earthquake.

Agency: Valley Economic Development Center, Van Nuys
Grant: $35,000 for six-month salaries of a loan packaging position and an administrative assistant position to assist small businesses in the Reseda area damaged or destroyed by the earthquake.

Subtotal - Special Projects (14 grants) .................. $338,600

Total - Earthquake Response Grants (100 grants) .................. $1,290,800
1994 Earthquake Response Funding

D. Earthquake Loans

Agency: Community Corporation of Santa Monica
Loan: $50,000 to begin structural repairs to numerous low-income housing units damaged during the earthquake.

Agency: Los Angeles Free Clinic, Los Angeles
Loan: $50,000 to begin structural repairs to two of its social service facilities, in Hollywood and West Hollywood.

Agency: Lula Washington Dance Ensemble, Los Angeles
Loan: $40,000 to repair or relocate the dance studio, and help with disrupted cash flow caused by cancellation of performances.

Agency: Northeast Valley Community Health Corporation, San Fernando
Loan: $35,000 to begin structural repairs and replace equipment/supplies damaged or destroyed in the earthquake.

Agency: Plaza de la Raza Community Cultural Center, Los Angeles
Loan: $40,000 to begin structural repairs to the Boathouse Gallery.

Agency: San Fernando Valley Association for the Retarded, Sepulveda
Loan: $38,000 to begin structural repairs to sheltered workshop facilities.

Agency: San Fernando Valley Child Guidance Clinic, Northridge
Loan: $40,000 to begin repairs at the facility.

Agency: San Fernando Valley Girl Scout Council, Chatsworth
Loan: $30,000 to help cover the deductible from their earthquake insurance, and to assist with revenue shortfall caused by loss of income from cookie sales.

Agency: Senior Health and Peer Counseling, Santa Monica
Loan: $35,000 to begin structural repairs to this social services center.

Agency: T.H.E. Clinic for Women, Los Angeles
Loan: $50,000 to begin structural repairs to the clinic building.

Agency: YWCA of Santa Monica
Loan: $40,000 to begin structural repairs to the Amaranth Home.

Total - Earthquake Response Loans (11 loans) ......................... $448,000
Summary

1994 Earthquake Response Funding

Grants for Repairs, Equipment Replacement, & Relocation (43 grants) . . . $ 372,115
Grants for Services Affected by the Earthquake (44 grants) ............... $ 580,085
Grants for Special Projects (14 grants) ....................................... $ 338,600

Total - Earthquake Response Grants (101 grants) ......................... $ 1,290,800

Earthquake Response Loans (11 loans) ................................. $ 448,000

Grand Total - Earthquake Response Grants & Loans ...................... $ 1,738,800
Mr. FLANAGAN. Certainly—and for your edification and all the members of the panel, future panels and past panels, your written testimony will be included in its entirety, so it isn't necessary to read it. A summary of it will do very nicely—not that you were reading it, Ms. Jones, but a summary will get us through because we have all read it. We have been there. Mr. Suggs.

Mr. SUGGS. Mr. Chairman and members of the committee, I am John Suggs, the director of public policy and government affairs for the United Way of Greater Los Angeles.

As you have already heard from the previous testimony of my colleagues that the non-profit sector has an enormous resource and availability for responding to disasters, that often the community-based organizations are the first ones on the scene and the first ones that local communities turn to because they are known and they are respected and they understand the particular needs.

At United Way, what I would like to talk about besides in dealing with our core competencies, because we raised $1.7 million and allocated that within the first few weeks of the earthquake, we also co-sponsored with the Interfaith Hunger Coalition a publication on how to get food, disaster assistance and money, and had that distributed to the DACs, the Red Cross shelters, churches, hospitals, the schools, et cetera.

What I would like to talk to you about briefly in my time with you today is greater detail about a long-term project that United Way in conjunction with the Los Angeles Emergency Food and Shelter Program local board developed in response to the Northridge earthquake.

It is not well-known that non-profits, certain non-profits, are eligible for Federal reimbursement. However, they are, and that is under the Federal Code of Regulations. It stipulates that private non-profits which provide qualified food, shelter, and/or similar immediate disaster relief as well as those agencies with building and equipment damages qualify for public assistance reimbursements if the services are open to the general public and are of an essential governmental nature.

The regulations include under this such agencies as homeless shelters, community centers, senior citizen centers, rehab agencies, food pantries, et cetera, among those agencies that are qualified under this.

What we attempted to do was, recognizing that the "mom and pop" agencies out there that were providing these services that were legally eligible for Federal reimbursements, knowing that they would have enormous difficulties if they applied on their own and worked through the maze of the relief recovery bureaucracy, we attempted to bundle their claims and to be able to provide our organization as a liaison for the community.

There were more than 90 organizations that were ultimately bundled into the United Way claim for a total of approximately $30 million. What we found there was that this is an excellent exercise that bears replication throughout the country as disasters are prone to hit anywhere throughout the United States.

Because the service being that the non-profit sectors with the funders having in pre-existing relationships with them and with the community-based organizations being very familiar with the
funders' organizations and coming down to our offices rather than going into a Federal office and a State office, that we were able to serve as a vital liaison to the entire process.

In fact, at our high point we were basically a Federal disaster office with a dozen State and Federal inspectors working out of the United Way building. I cannot stress enough the value of this type of organization and response. However, the two problems that we have seen that bear noting is the delay in getting the reimbursements—there are still a very large number of non-profit agencies still awaiting receipt of their reimbursements—and this has caused tremendous hardships for them—and also in the organization of this, that as has been stated earlier today on several occasions is we recognize that there is a need to have a pre-existing Memorandum of Understanding because what we found is that based on word of mouth and written correspondence back and forth that as we went forward with this effort to bundle disaster claims that a lot had to be worked out over the course of the process.

This is a successful process that I think everyone can point to with pride, both FEMA, the Governor's Office of Emergency Services, and the non-profit sector.

I would strongly urge you to consider having FEMA and the State agencies throughout the country to look at ways in which MOUs can be established prior to disasters so that these facilitations can continue. Thank you.

[The prepared statement of Mr. Suggs follows:]
STATEMENT FOR THE RECORD

Submitted to
Committee On Government Reform and Oversight
Subcommittee on Government Management, Information and Technology

by

John F. Suggs, Director, Public Policy & Government Affairs
United Way of Greater Los Angeles

January 19, 1996

Mr. Chairman and Members of the Committee, I am John Suggs, the Director of Public Policy & Government Affairs for United Way of Greater Los Angeles. Thank you for inviting me here today to speak on behalf of United Way of Greater Los Angeles' (United Way) and the nonprofit community's recovery efforts following the January 1994 earthquake.

To respond to the devastating earthquake, United Way worked closely with our network of over 250 member nonprofit agencies and partners, thousands of corporate supporters and other United Ways across the nation. Both short- and long-term projects were put in place by United Way to provide relief to the agencies and residents of the affected communities.

Relief projects implemented by United Way included the establishment of an Earthquake Relief Fund which raised and distributed more than $1.7 million to 71 nonprofit agencies which had earthquake-related damage and those which provided relief services. This included more than $450,000 distributed to the American Red Cross and $40,000 to the Salvation Army's relief programs. In addition United Way linked volunteers in relief programs with community services agencies in need of assistance and sponsored the Interfaith Hunger Coalition's publication and distribution of 200,000 English and Spanish guides "How to Get Food, Disaster Assistance and Money" to Disaster Assistance Centers (DACS), Red Cross Shelters, churches, service providers, hospitals, legal advocates, and schools. The guide provided essential information to quake victims on how to obtain food, income, housing, health care and legal services.

Today, however, in light of this committee’s charge, I would like to discuss in greater detail United Way's experience after the 1994 earthquake with filing an umbrella Disaster Claim with the Federal Emergency Management Agency (FEMA) and the Governor's Office of Emergency Services (OES) on behalf of more than 90 nonprofit community organizations.

It is not well known that certain nonprofit organizations qualify for public assistance reimbursement of disaster related services. However, 44 CFR 206.221 stipulates that private nonprofit organizations which provided qualified food, shelter and/or similar immediate disaster relief as well as those agencies with building and equipment damage qualify for public assistance reimbursement if the services provided are open to the general public and are of an essential nature otherwise provided by the government. Homeless shelters, community centers, senior citizen centers, rehabilitation agencies and food pantries are among those services that qualify.
As a result of that regulation, United Way, in conjunction with the Los Angeles Emergency Food and Shelter Program Local Board (EFSP), immediately moved to assist the nonprofit sector severely impacted by the 1994 earthquake by facilitating the filing of their disaster reimbursement claims. The more than 90 organization claims that were ultimately bundled into the United Way claim totals approximately $30 million.

The ability of nonprofit organizations to obtain federal reimbursement in order to provide governmental related essential services during a disaster is vital to the community’s ability to recover from such a catastrophic event. Nonprofit agencies have a unique role during a disaster for, with their direct link and knowledge of the community they serve, they are, in many instances, the first ones on the scene and the best situated in providing food and shelter to those in need. At the same time, however, these nonprofit agencies are undergoing their own difficulties with organizational and structure damage as a result of the disaster.

I, therefore, can not stress enough the value of providing disaster reimbursement to nonprofits so that they can effectively serve the community in the time of a disaster. However, I would like to share my thoughts and recommendations for increasing the effectiveness of the program.

Recommendations

- Two years after the earthquake, a number of nonprofit agencies are still awaiting receipt of their reimbursement. This delay has caused tremendous hardships among the agencies. Recognizing the unique role the nonprofit community has to play in the community, I recommend in future disasters that these claims be processed in a more timely manner.

- Throughout the filing and determination process, United Way consistently encountered difficulties in coordinating the claims through both state and federal agencies. Continual effort to strengthen and improve the coordination between these agencies is greatly needed. One specific action that could be taken to improve such efforts is to develop a standard memorandum of understanding between the state, the federal government and designated nonprofit representatives before a disaster occurs.

Thank you, Mr. Chairman, for this opportunity to testify before your committee. I will be happy to answer any questions you have. We look forward to working with you to enhance future disaster response.
Mr. HORN [presiding]. Who's next? Anybody? We thank each of you. We are going to now proceed with the questioning. I had read the testimony in advance. I found it immensely helpful and I appreciate all of you coming here to share those ideas with us.

I will first yield 5 minutes to Mr. Flanagan, the gentleman from Illinois.

Mr. FLANAGAN. Thank you, Mr. Chairman. Happy to see you back.

Ms. Jones, does your organization receive any of the Federal moneys involved in disaster relief at all, in any way, shape, or form?

Ms. JONES. No, not at all.

Mr. FLANAGAN. That's terrific. I want to commend you on the laundry list of fabulous services you have provided, but being from Chicago I would be remiss if I didn't ask you about one of them.

Ms. JONES. Certainly.

Mr. FLANAGAN. On page 4, third one down, who are the "tree people of Beverly Hills"—I just want to know.

Ms. JONES. Tree People is an organization that provides environmental—

Mr. FLANAGAN. Sounds like a bad "B-movie," like from the 1950's.

Ms. JONES. Well, it sort of does, but they are a very much valued organization. They provide environmental education in urban settings around the city for both children and adults. They are responsible for assisting in the sort of greening—particularly of low-income neighborhoods and the preservation of natural resources in some of our urban parks lands.

Mr. FLANAGAN. Tremendous. Well, I will not ask a question but offer gratuitously that the work that you do collectively in helping out in any disaster is indispensable.

It is the model upon which we should work for future disaster relief efforts, as opposed to relying upon you as an augmentation.

The public-private partnership that must develop is developing. The first line of defense in the public portion should be at the local level, but with heavy emphasis on the private portion.

The infinite capacity of Americans to give in time of emergency and filter through your various agencies and hands quite often should be put in position of more than being just helpful. It should be relied upon. We should put you more in a position of authority in these matters rather than in an augmentation pose.

I commend you all. I thank you all and I thank you for your testimony today. I yield back, Mr. Chairman.

Mr. HORN. Mr. Jones, Mr. Haigwood, perhaps you could help me with the overhead cost problem.

I am sure you have covered some of this. That seems to be a bone of contention with the university and with others in relation to FEMA is the degree to which overhead would be covered in some of these areas.

What has been the experience of the Red Cross in other disasters across the country as to the amount of overhead, administrative costs that were covered?
Mr. JONES. As far as I can speak primarily to what it cost us, our overhead cost normally runs between 14 and I have seen it go as high as 40 percent. It will depend on the nature of the disaster.

For example, if you had—we just recently responded to floods in Alabama that covered 57 counties. It took a lot of people to get out and do damage assessment and deliver services, versus where you had a large cluster, so you can't say that—I don't think that from one disaster you can set any specific figure.

I am not familiar with the discussions that went on this morning between FEMA and the State, but I think your recommendations that you have a standard procedure in place is the way to deal with that and then don't have to deal with the variations prior to the event occurring, but we do vary in it and I have seen it go as high as 14, I have seen it go as far as 50 percent.

Mr. HORN. My experience in other incarnations—I was once a dean of research and graduate studies for a year and then president of the university for 18 years. What you run into in a university, Federal Government overhead is the whole range, from zero to the Department of Education historically at about 8 percent—take it or leave it—and then of course to the National Science Foundation's set rate, which would be anywhere from 40 percent for a public university to almost 100 percent for some private universities.

Cynically I could feel that the private universities were gouging the Federal Government, but if you are private university president you don't feel that way, and the fact is people have a choice of whether they take the overhead or not when they apply for these grants, so maybe that isn't a fair analogy, but you and I both know that overhead covers a whole multitude of items.

Mr. JONES. Absolutely.

Mr. HORN. Some inclusive, some not—

Mr. JONES. Yes.

Mr. HORN. In the case of a university, you take a percent of the executive office, the library, you name it, toss it in the bin, and see if it will stand an audit, so I am just curious what you feel the standard ought to be, or is that just flexible based on the resources you used in the disaster?

Mr. JONES. Yes, I think so, and we even take it one step further and get into a dialog on what is administrative and what is support cost. The cost of my salary when I go to disasters is an administrative cost. If I was out there driving a vehicle, it would be support costs, so it really gets a little cloudy when you start doing it.

The reason that we are able to return so high a percent of our donated dollars back to the victims is no salaries follow all of those volunteers, and our costs would increase significantly if we did not have the kind of donated—you know, the commitment from those volunteers.

Mr. HAIGWOOD. But the overhead or administrative costs do vary depending on the type of disaster. A highly concentrated disaster is much more efficient for us to respond to, where we have a smaller number spread over a much larger geographic area, it drives up the cost, so we do have a great deal of flexibility and from our perspective if flexibility was there, it would be beneficial to us, but
that is also difficult I think and leaves a lot to interpretation on the part of the administration of the program.

Mr. HORN. Yes, certainly if you had to move staff from central Los Angeles to some of the outlying places and pay hotel rooms and transportation costs and all that, that obviously increases the overhead just as, say, coming out from Washington to help supervise and add other resources does the same thing.

Mr. JONES. I even probably contribute to overhead because of the need in the States that some of you mentioned this morning, some of the States have very few disasters, but in order to maintain a capability, I have to give them on the job experience, and so I may move someone from the State of Alaska here or from Hawaii here to get operational training and that gets very expensive. An airline ticket from Hawaii to here is much more expensive than bringing someone from Arizona.

Mr. HORN. Do either Ms. Jones or Mr. Suggs have comments on this issue of overhead? Is that at all involved with your particular operations?

Ms. JONES. The most I heard about overhead expenses in the context of disaster response issues was from at least one non-profit that approached us with some concerns, and I think the issue I really want to report is a certain amount of confusion about what kinds of activities were to be considered as direct disaster relief expenses and what kinds of things were to be considered as administrative overhead because they were concerned about the limitation.

In fact, they were a subcontractor for the county and they were confused about what they could charge off and what they couldn't charge off and be reimbursed for under the disaster relief issues.

I think again that is an issue of education, rather than a problem with the system per se. You know, I didn't hear—I didn't hear a widespread difficulty, although John may have.

Mr. SUGGS. No, I would say that basically the whole issue around labor costs and so forth, that there was a great deal of confusion around that for the agencies providing the services, but other than that I did not hear any major issues.

Mr. HORN. Yes, we certainly had that problem with some governmental units where they would reimburse for governmental staff, but not for contracts made by Government doing the same thing, so there could be. We need to look at that very carefully and clarify it so that comparable actions regardless of entity are comparably reimbursed.

Ms. Jones, I notice in your testimony, page 3, you said non-profits "had a hard time understanding when they were eligible for public assistance or even reimbursement for the provision of emergency services. We made several grants to legal services and other advocacy organizations to prepare materials and provide direct assistance to non-profits lost in a maze or that grant was lost in the maze of Government procedures," and the question is obviously your testimony spelled out the problems in understanding when non-profits were eligible for public assistance and can the Federal Government create some sort of a notification process, and would that be helpful to you?

Ms. JONES. I think it would be very helpful.
Again, the more notification that can take place in advance of an emergency, the better.

I mean that is a recurring theme. You are now hearing it from the non-profit perspective. You heard it this morning from Mr. Witt's perspective and from various Government agencies' perspective.

Something that I said off the cuff while you were out of the room, Mr. Chairman, was that to some degree I think that the problems that we are reporting and the issues that could stand some fine tuning are a result of FEMA's and generally speaking Government's recognition of, increased recognition of the role of non-profits in providing disaster relief.

We didn't have the luxury of complaining about whether or not non-profits were eligible for reimbursement in 1992. Generally they weren't.

In 1994 when the regulations had changed significantly, as John reported, then the question got to be of interpretation of new regulations with which people were unfamiliar, and that again is one of the reasons I think that a strategic grant to public counsel to develop materials to acquaint non-profits with the new regulations was a particularly useful thing.

Mr. HORN. I wonder, Mr. Suggs—or did you want to add to that? Go ahead.

Mr. SUGGS. One of the things is with each of these disasters we have gotten better at our jobs. No question about it.

A point of history is in the social unrest in 1992, the United Way and the local board of the Emergency Food and Shelter Program did file umbrella claims for impacted agencies and that totaled approximately $1 million.

It was based on that first experience that when the earthquake hit that there were still enough people around that within the 2-year period both in the Government sector as well as in the non-profit sector that we were able to come together to be able to launch a similar response to do that.

We were all amazed when the claim that we filed came up to over $30 million. None of us expected it to go that high.

But one of the nice things about working in collaboration has been that the California Community Foundation makes available, and you heard in her testimony from Ms. Jones, bridge loans, and so how we have been able to work together is when the non-profit agencies have been obligated finally at that stage of the process, we have been able to serve as a reference to the California Community Foundation for agencies that were desperate for the funding, and the California Community Foundation provided bridge loans for a handful of those agencies.

Mr. HORN. That is very helpful.

I was going to ask you, Mr. Suggs, because Congressman Dixon made some comments in this area and I have talked with a number of people both privately and in this hearing about mitigation, education, and so forth, of the potential impact on a particular population given certain types of disasters.

Could you expand on any of the educational programs that United Way has that will educate the public as to what the United Way
can do to assist disaster victims? Has that been given some thought?

Mr. SUGGS. Yes, it has, and in fact it is not only the United Way, but the larger body that this disaster has really brought out the best in all of us and has really developed strong collaborative efforts.

The case in point is the Los Angeles VOAD, which was pretty much moribund in the years preceding the earthquake. Now it boasts a membership of over 700 CBOs and it has been renamed the Emergency Network Los Angeles. Out of that as the main entity and which has been recognized by the county of Los Angeles and by the city of Los Angeles, and which has county and city, State and Federal representation on the board, that there's been a great deal of organizing around CBOs.

One of the major issues that ENLA has tackled and as a member of ENLA's board, I can tell you that that is the issue of hazard mitigation. A lot—a great deal of non-profit organizations, the "mom and pop" variations, are in church basements, are in poorly structured buildings, and one of the things that ENLA is attempting to do is to receive mitigation funding so that they can go in and mitigate for the CBOs because the CBOs are not going to be good to anyone if their building has collapsed and if they are not functional and up in operation.

United Way also collaborated with the Interfaith Hunger Coalition and others to publish a "how to get food, disaster assistance, and cash" guide and that also included—this is a historical precedent because it was the first time that the food stamp applications were allowed to be published outside of the regular norm of the Government bureaucracy and so there were over 200,000 of these guides distributed within 6 days of the earthquake, through all the DACs and so forth.

This was very helpful to individuals who were going to the DACs for assistance plus organizations—

Mr. HORN: Going to the what?

Mr. SUGGS: DACs, the Disaster Assistance Centers.

Mr. HORN: Yes, I just wanted you to spell it out. It's like the inside-the-Beltway crowd in Washington. There is the inside-the-non-profit sector crowd.

Mr. SUGGS: Exactly.

Mr. HORN: I just wanted to get it so we laymen can understand it.

Mr. SUGGS: And not only did we make sure that those got to the Disaster Assistance Centers and the churches and the hospitals and so forth, but we also made that available to human resource officers throughout the corporate structure, because a lot of corporations were finding that their workplace was being disrupted because their employees were impacted by the earthquake, and so their personnel departments were able to give them the necessary information, so that got widespread dispersal.

Mr. HORN: Did you file that pamphlet as part of your testimony?

Mr. SUGGS: No, I didn't but I would be happy to make that available.

Mr. HORN: Good. If you would, we'll insert it in the record at this point without objection.
Having been a former—one of the five regional chairs for United Way Los Angeles, I know the terrific job you do and I know the terrific job the Red Cross does and I also know the terrific job that California Community Foundation does—since my wife has served on that board, so I congratulate all of you for what you have done in this particular situation.

I think any suggestions that come to your mind as you drive home today or fly back to Washington, as the case may be, please feel free to write us. We will insert them in the record—keep the record open for about several days, weeks, whatever—because we are interested in ideas and we are interested in your experiences in how we improve this process, because very frankly, regardless of where that disaster occurs it cannot be mediated without the help of fine non-profit, good will organizations such as yourself that have lived through these, worked through these, experienced these, and we need to share those experiences in advance of disasters, and that is what our last panel was going to talk about is mitigation, education, and so forth.

We would certainly welcome your thinking as you listen to some of the things that panel particularly says.

I now yield to Mr. Davis.

Mr. DAVIS. Thank you. I am not going to ask any questions. I want to get to our next panel.

I think you have been very inclusive with what you said.

Let me just make one comment. Without all of you, the Government would not have been successful in working through this disaster and many, many others. We are kind of a means to an end, but the bottom line is having groups like the United Way and the Red Cross and Community Foundations out there.

You get much more bang for the dollar working through all of you. It's just been proved time and time again and I think in this particular instance it helps stretch those Federal dollars farther and you were really the margin of excellence in this, in making that bridge between what was going to be a tough time and making it a lot better for a lot of people, so I thank all of you and thank you for your testimony. Hopefully, Government can learn from some of the experiences that you have had.

Mr. HORN. Well, thank you so much for coming and sharing a busy Friday afternoon.

This is about the time the freeways are becoming packed, so drive safely.

OK, we now have our final panel, Blenda Wilson, who we heard earlier, president of California State University, Northridge; her colleague, Dr. Robert Maxson, president of California State University, Long Beach; and Dr. Richard Williams, dean of engineering at the College of Engineering, California State University, Long Beach.

Welcome.

[Witnesses sworn.]

Mr. HORN. All three have affirmed and we will proceed with Dr. Wilson, the very able president of California State University, Northridge, who knows what an earthquake can do to an institution.

Ms. WILSON. Indeed.
Mr. Horn. Welcome.

STATEMENTS OF BLENDA J. WILSON, PRESIDENT, CALIFORNIA STATE UNIVERSITY, NORTHRIDGE; ROBERT MAXSON, PRESIDENT, CALIFORNIA STATE UNIVERSITY, LONG BEACH; AND J. RICHARD WILLIAMS, DEAN OF ENGINEERING, CALIFORNIA STATE UNIVERSITY, LONG BEACH

Ms. Wilson. Thank you, Congressman Horn.

Since January 1994, members of the Cal State Northridge community have had many opportunities to reflect on our experience and share what we have learned with other organizations and certainly with the University. This is one of the most welcome opportunities to do that, because we have experienced a full cycle of recovery, from emergency response to, what I called this morning, almost normalized operations. I believe we can contribute some useful insights into the emergency response from an institutional applicant's perspective.

I would start at the outset, however, by stating that FEMA and OES, without question, made it possible for almost 24,000 students to continue their education following the January 17th earthquake. Because of the expertise and availability and talent of the FEMA staff, over 6,000 students graduated in June 1994 from Cal State Northridge. And all of my remarks are with the spirit of gratitude and partnership, which characterized our working together to make that possible.

We believe the initial FEMA/OES response to Cal State Northridge was exemplary. Within hours of the earthquake FEMA Director, James Witt, and OES director, Richard Andrews, were in contact with the chancellor of the CSU system and officials of the CSUN campus.

Everyone has spoken about the technical aspects of disaster recovery. I would want to have you note that the encouragement and assurances and advocacy of experienced disaster personnel were also relevant, in that they gave us the confidence that we could overcome what appeared to be, at that time, an overwhelming challenge.

There are only two areas that I would mention as possibilities for revision in FEMA regulations. I think they might facilitate full recovery for institutions like ours from these kinds of disasters. Both have been mentioned before, so I will not belabor the point except to mention them.

The two areas are human resource deployment and the damage survey report or the DSR process. With regard to human resource deployment, we have gone through what I would call three phases in our relationships with FEMA.

Early in the disaster, Cal State Northridge was fortunate to receive the assistance of experienced FEMA and OES personnel. They sent a Federal coordinating officer, a public assistance officer, a deputy public assistance officer and various staff members from the Region IX office in San Francisco. These individuals were well informed on Federal regulations, policies and procedures. They were knowledgeable about construction and engineering. They understood the academic enterprise, which is, again, a unique talent within these disaster relief agencies and they had many years of
experience in preparing DSRs and related funding policies. They became intimately knowledgeable about the nature of the damage and the technical and managerial capacity of the university and they had the kind of onsite authority to make decisions.

Chief among those was an early decision to provide the university with advance funding, without which we would have been unable to open this university.

As a result of a Federal policy regarding per diem eligibility, however, this pattern of effective collaboration and decisionmaking was interrupted when Region IX FEMA representatives were required to return to their homes, because they no longer qualified for travel status and per diem after 1 year at the Northridge site. I understand that the per diem and travel for FEMA staff beyond this time would be categorized at taxable income to the employees.

What occurred then is that these experienced employees, knowledgeable about this disaster, were replaced with either contract employees or temporary help and that ensued a period of difficulty for us in our recovery, a slow down in the processing of DSRs and some confusion.

Many of these individuals, as you would understand, had no prior experience or knowledge about the basic regulations under which FEMA operates. And they did not in all cases, honor decisions that had been made by their predecessors. We experienced a period of delay, where DSRs were in review or suspended pending further documentation. Disparate interpretations of standards and codes occurred and that is the kind of testimony you heard from other organizations today.

Our recommendation is—and I should say that period fortunately has ended since the arrival of Federal coordinating agent Leland Wilson, the issue of continuity in the office of the Federal Emergency Management organization has been superbly and effectively addressed. So we are now in a period where we are working, I believe, most effectively.

To think about this issue from a policy perspective, for your subcommittee, we would recommend that FEMA review its hiring and staffing policies to ensure continuity, efficient processing of required documents, and smooth collaboration for disasters of this magnitude. At least one member of the emergency response team should continue at a disaster site throughout the several phases of recovery. That person should be an experienced FEMA officer who is empowered to make decisions and provide effective orientations for new employees or even for temporary borrowed employees.

The second area, again, briefly, and it has been mentioned, is the DSR process itself. In the emergency phase of disaster response FEMA agreed to write DSRs based on cost estimates provided by campus consulting engineers. In actual experience these estimates were consistently lower than actual costs, so there is no evidence that FEMA was subject to overfunding repair costs. Later, however, these consultant reports were criticized as being too gross in their estimates.

The documentation required to support each DSR has become increasingly onerous and exacting and, from our point of view, sometimes appears to go beyond the scope of established DSR requirements.
As Director Witt testified this morning, one of the areas which would benefit greatly from a review of FEMA policy is the DSR process itself and the degree of bureaucratization and, not the necessity of documentation, but the degree to which documentation can be questioned from one FEMA official to another.

Similarly the decision to provide advanced funding for the campus, as I indicated, was absolutely critical. There can be no doubt in your minds that the California State University system and the Northridge campus in particular did not have a working capital reserve to be able to advance moneys for repair and other reconstruction needs.

While we understand that FEMA is established as a reimbursement program, we noted Director Witt's comment about the viability of an advance as well as a reimbursement program. We think FEMA might consider an explicit advance program, particularly for public agencies and local governments as was requested by Director Andrews. This approach could result in eliminating a lot of time delays and confusion. And, in our experience, would result absolutely in cost savings to the Federal Government because processing and oversight could be streamlined.

The applicant would also realize cost savings because the reconstruction program could be completed much faster. In that regard, we are eager to receive the balance of the funding needed to complete our repairs and to restore the kind of academic environment that our students and faculty deserve.

Mr. HORN. Excuse me, at this point what is the balance of funding? Is there an estimate on that?

Ms. WILSON. Yes, the balance that we have requested of FEMA is approximately $139 million.

Mr. HORN. $139 million?

Ms. WILSON. Correct. Our request, which Congressman McKeon referred to earlier, is supported by full documentation, which is indeed the work of an extraordinary effort of Leland Wilson and his staff with our staff. This would complete the repair of what we call the major buildings, the central part of the campus, and enable us to be completely restored to full operations by December 1997.

Relative to the benefit of this final close-out grant—which I would say we have been pleased today that both Director Witt and Leland Wilson are considering the request and considering it in a, what I hope and what I have experienced, very sensitive and positive way.

The benefit to both the applicant and to the Federal Government would be that doing that now would save an additional $60 million. The longer we are paying costs for temporary facilities, the more costly the total outcome of the repair. Our original estimate was that Northridge damage would be $350 million. We are now clear that if we were to receive a final close-out grant now, we could complete our repairs for $301 million.

I would like to leave the subcommittee with two videos which capture the accomplishments which were made possible by this partnership between FEMA, OES and the CSU. The first is a short 8-minute account of the early days immediately following the earthquake. The second is a lengthier 46-minute depiction of the quake's long-term effects at Cal State Northridge and the kinds of
decisions we had to make. It was done to help other universities or other organizations, for that matter, prepare for similar disasters. Produced by Sue Ellen Hirschfeld, who is a professor of geological sciences at Cal State Hayward, with a grant of $100,000 from FEMA and OES, so it would be used as a training film by those agencies as well.

The second film is entitled Academic Aftershocks and includes a variety of technical information, as well as campus-wide and disaster response roles. I request that these video tapes be placed in the record.

Mr. HORN. Without objection they will be placed in the files of the committee and those parts that we can excerpt, in terms of either charts, tables, some pertinent comments, not only will the staff review them, but I will take them and see them this weekend.

So I thank you. I know you have a very excellent media service here and I thank you for submitting those, because they are going to graphically show us what all the reading will not really tell us. So we appreciate it.

Ms. WILSON. You would be interested in knowing that, several days ago, the video Academic Aftershocks was shown, through compressed video technology, to 17 campuses, simultaneously, in the CSU, even for those of us at Northridge who knew what it was like, it did trigger a memory that we had forgotten.

Mr. HORN. Sure.

Ms. WILSON. I hope these videos and my comments will be of some benefit to you in supporting the extraordinary men and women of FEMA whose personal sacrifice enabled us to repair buildings and to repair lives after this disaster.

Thank you very much for giving me the opportunity to address you.

[The prepared statement of Ms. Wilson follows:]
Field Hearing conducted by the
Subcommittee on Government Management, Information and Technology
Chair: Rep. Stephen Horn

January 19, 1996

"The CSUN Experience"

TESTIMONY of Blenda J. Wilson
President, California State University Northridge

Since January of 1994 members of the Cal State Northridge community have had many opportunities to reflect on our experience and to share what we learned about disaster planning and response with other Universities throughout the country. We have done so as generously and helpfully as we could recognizing that most institutions of higher learning are as unprepared as we were for a disaster of this magnitude.

The testimony you will be receiving today will address your interest in improving the federal response to disasters; we commend you for taking this initiative to learn from the experience of the Northridge earthquake. I should state at the outset, however, that FEMA and OES made it possible for almost 24,000 students to continue their education. Because of the expertise and encouragement of your staff over 6,000 students graduated in June of 1994.

Cal State Northridge and the CSU system are very appreciative of the assistance given to us by FEMA and OES; we have made great progress since 1994, which in large measure, is attributable to their advocacy and funding. However, because we have experienced a full cycle of recovery, from emergency response to “normalized” operations. I believe we can contribute some useful insights to the emergency response from an institutional applicant's perspective. Our suggestions for improvement are offered in gratitude and with the spirit of partnership which has characterized our working together.

We believe the initial FEMA/OES response to the University was exemplary. The most important aspect of their effectiveness was establishing immediate
communication and on-site visibility. Within hours of the earthquake, FEMA Director James Lee Witt and OES Director Richard Andrews were in contact with Chancellor Barry Munitz and campus officials. Regional field officers visited the campus soon thereafter, evaluating the damage and offering total and unwavering advice and assistance. Throughout the early weeks and months, these officials and their deputies met with University officers on the campus regularly. They were available to us by telephone to discuss major problems and to resolve them quickly. Most importantly, their encouragement and assurances of support gave us confidence that we could overcome what appeared to be an overwhelming challenge.

I should like to focus my remarks today on two specific areas where revisions in FEMA regulations might facilitate full recovery from catastrophic disasters. In each area I will be focusing on the difference between what we perceived to be extremely effective operations in the earliest stages of disaster recovery which were later replaced by procedures that impeded efficient recovery. The two areas are human resource deployment and the Damage Survey Report (or DSR) process.

**Human Resource Deployment**

Early in the disaster, Cal State Northridge was fortunate to receive the assistance of experienced FEMA and OES personnel. FEMA sent the Federal Coordinating Officer, a Public Assistance Officer, a Deputy Public Assistance Officer, and various staff members from its Region IX office in San Francisco. Similar roles were represented by the state's Office of Emergency Services from its regional and executive offices in Sacramento.

These experienced officials and staff were well-informed on federal regulations, policies, and procedures. They were empowered to make decisions on issues surrounding the recovery. They were knowledgeable about construction and engineering, understood the academic enterprise, and had many years of experience in preparing DSRs and related funding matters. Thus, long delays and uncertainties were eliminated, and our ability to respond literally to thousands of
after-shocks and to make crucial academic scheduling decisions was facilitated.

The deployment of experienced people, who became intimately knowledgeable about the nature of the damage and about the technical and managerial capacity of the University was a second strength of the inter-agency process. During this time a critical decision was made to provide the University with advance funding1 without which we would have been totally unable to reopen the University. **On-site decision-making is critical for effective and swift response.**

As a result of the federal policy regarding per diem eligibility, however, this pattern of effective collaboration and decision-making was interrupted when Region IX FEMA representatives were required to return to their home offices because they no longer qualified for travel status and per diem after one year at the Northridge site. As I understand it, per diem and travel reimbursements for FEMA staff beyond this time frame are categorized as taxable income.

In mid- and late-1994, experienced FEMA and OES employees were replaced with either contract employees or temporary help.2 Many of these individuals had no prior experience in or knowledge about the basic regulations under which FEMA operates [Code of Federal Regulations], and they did not, in all cases, honor decisions made by their predecessors.

The Federal Coordinating Officer was replaced by other regional officers, sometimes as often as twice per month, when the national office took over the administration of the recovery effort. DSRs, on which we depended for funding, were delayed “in review” or “suspended pending further documentation.” Disparate interpretations of codes and standards in the repair process emerged, resulting in confusion and some conflict among the agencies. The organizational hierarchy appeared to us to become

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1 Cal State Northridge received $24.7 million; CSU systemwide received $10.0 million.

2FEMA contracted with Construction management firms for staff. OES used temporary help.
more rigid, more vertical, and less able to make timely decisions. In some circumstances, the hierarchical structure led to counter-productive discussions surrounding some of the earlier decisions that had already been made.³

Early in the disaster, knowledgeable FEMA and OES officials were involved in the decisions we made about proposed repairs and structural calculations, and determined them to be reasonable and eligible for FEMA funding. Later, however, replacement officials raised questions about the efficacy of those decisions and their eligibility for funding. All of these frustrating experiences, many occurring at critical stages in our recovery, appear to be related to the many changes in personnel at the Disaster Field Office.

I would like to say, however, that since the arrival of Federal Coordinating Officer, Mr. Leland Wilson, the issue of continuity in the office of the Federal Emergency Management Agency has been superbly and effectively addressed. The comments that I have made regarding transitory directors are still germane within the scope of disaster management, but our personal situation is vastly improved.

To address the problem for future emergency situations, we would recommend that FEMA review its hiring and staffing practices to ensure continuity, efficient processing of required documents and smooth collaboration for disasters of this magnitude. It would be desirable for at least one member of the emergency response team to continue at a disaster site throughout the several phases of recovery. This individual should be an experienced FEMA officer who is empowered to make decisions and provide effective orientation for newer employees so that a consistency in interpretations and decisions is maintained.

³ For example, the early decision by FEMA/OES that 5% of construction cost was eligible for campus project management and another 5% for campus project-related costs. This decision was challenged in October 1994 and required a report from the State Controller’s Office in March 1995 to resolve the issue. In the meantime, all DSRs in process were on hold.
DSR PROCESS

In the "emergency" phase of disaster response FEMA agreed to write DSRs based on cost estimates prepared by the campus' consulting engineers. In actual experience these "estimates" were consistently lower than actual costs, so there is no evidence that FEMA was subject to over-funding repair costs using this methodology. The consultants' reports were praised, the time required to produce a DSR was significantly reduced, and thus the time required to process payments was shortened as well.

Later, however, these consultants' reports were criticized as containing "gross cost estimates," and rejected as not being specific enough to be acceptable to FEMA reviewers as the basis for preparing the DSRs. The documentation requested to support each DSR has become increasingly onerous, exacting, and, at times, appears to us to go beyond the scope of established DSR requirements.4

We have been engaged in a prorated discussion this past year regarding the early decision to provide advance funding for repairs to the campus. There can be no doubt that the California State University system, and the Northridge campus in particular, did not have working capital reserve funds to advance for repairs and other reconstruction needs--especially in light of our total need of over $300 million. While we understand that FEMA is established primarily as a reimbursement program, we also know that the Code of Federal Regulations allows for both an advance and a reimbursement program.5

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4 For example, at one time we were asked to identify the total number of linear feet of different types of cable used for our communications system, along with identifying each relay and other small parts used in each building to support the DSR for communications restoration.

5 44 CFR, para. 13.21, "Payment: (c) Advances. Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of funds and their disbursement by the grantee or subgrantee. (d) Reimbursement. Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met...."
We believe that FEMA should consider developing an explicit advance program for repairing facilities owned by public agencies. We believe this approach would eliminate time delays and confusion. It would also result in cost savings to the federal government because processing and oversight could be streamlined and administration would be simplified. The applicant would also realize cost savings because the reconstruction program could be completed faster, and many of the ongoing costs, such as facility rental, construction management, and inflation of construction costs, would be avoided.

While I hope nothing like the Northridge earthquake ever occurs again, we too have learned a great deal from this experience.

Ms. Lorraine Newlon, Director of Admissions and Records, observed three months later that the earthquake

"...led us to take more risks. We've realized we can have an organization without walls and that we don't always need pieces of paper. As a result, we're taking a fresh look at our procedures and jettisoning some steps.

"If you can plan a registration while standing in a field with a cellular phone and a hard hat, it gives you the confidence to make smaller changes."

During the past two years, we've continued to make changes—in the academic program, the delivery of counseling, financial aid, and other student services, in our disaster preparedness plans, in our communications both internally and externally, and in our administrative operations. We have learned, as I've said in previous testimony about the earthquake, that the true gift of education is the ability to think our way through a circumstance we have never experienced before. We're a stronger community, a better university, and our facilities, once repaired, will be state of the
We are, of course, eager to receive the balance of the funding needed to complete
the repairs to our major buildings and to restore the kind of academic environment
that our students and faculty deserve.

In closing, I'd like to leave with the subcommittee two videos which capture the
accomplishments which were made possible by the partnership between FEMA, OES
and the CSU. The first is a short 8-minute account of the early days immediately
following the earthquake, when we were definitely in an "Urgency" mode. The
second is a lengthier, 46-minute depiction of the quake's long-term effects at CSUN
and is intended to help other Cal State campuses prepare for similar disasters. It
was produced by Sue Ellen Hirschfeld, Professor of Geological Sciences at Cal State
Hayward, with a grant of $100,000 from FEMA and OES. Entitled "Academic
Aftershocks," the video includes important steps for all campuses to take in
developing or updating emergency plans, training all employees in their disaster
response roles, holding regular campus-wide exercises, and reducing potential
structural and nonstructural hazards.

I hope these videos and my comments will be of some benefit to you in supporting the
extraordinary men and women of FEMA whose personal sacrifice enabled us to
repair buildings and lives after this extraordinary disaster. Thank you very much for
giving me the opportunity to address you this afternoon.
Mr. Horn. Well, we are delighted to have your first-hand opportunity. We know you are an outstanding president and I think you have demonstrated that twice today.

So we now turn to another outstanding president, Robert Maxson, the president of California State University at Long Beach.

The next two gentlemen will give us a perspective that I think every key official has mentioned should occur and that is mitigation and education and what do we do to get a broader constituency educated, regardless of the type of disaster.

So, Dr. Maxson, it is all yours.

Mr. Maxson. Thank you, Mr. Chairman.

I, too, want to thank you for this opportunity to be here and want to commend you and your colleagues for holding this hearing. Of course, everyone in Long Beach knows you quite well and, as I went about my campus yesterday and this morning and told people where I was going to be, almost to a man and a woman, they said, please give Steve my best regards and thanks for all he has done for us. Though you have, certainly, an outstanding and spectacular record of service to the Long Beach area, I do commend you for holding these hearings on this campus.

Dr. Wilson and I had lunch today, and I was telling her something that she already knew and many people have said: There has not been a president in American history that has ever been through what this president has been through nor a campus that has been through what this campus has been through. Of course, it is through her strong and steady hand that the young men and young women have received and continue to receive the quality of education that they have been accustomed to here.

So I think you picked the absolute right spot to hold this hearing, because it dramatizes what these hearings are about; and also I think it is one of the great American success stories that happens to be on this campus.

You are here, I know, because you are interested in doing what you can for the men and women who were directly impacted by the Northridge earthquake, but I also know that you are here to try to learn a lesson from this and to learn what we can from this so we might do something to mitigate the devastation of natural disasters, and that is what we are interested in. I will be very brief because you do have our written testimony.

As you know, we have an interest in developing centers that will protect us against the devastation of natural disasters. And we all know the only and the real purpose of any mitigation is to protect people. It is the lives and the property and welfare of people that we are concerned about. We are very interested, Mr. Chairman, in collaborating with some of the major universities around the country in developing these centers and then, some way, through using technology—and not just technology to be developed, but also technology that exists today—using these technologies to some way mitigate against the devastation that takes place in occurring with natural disasters.

This is not a research project that we are talking about, this is an action project. It is my understanding that there have been bills introduced in both the House and the Senate that carry funding for
such centers as this. We are very interested at Cal State, Long Beach, in being a part of this process.

We believe that this is something that, through relatively small expenditures compared to what we spend taking care of the devastation of natural disasters, that we can prevent some of this devastation.

So this is the testimony that we want to give to you and your committee; and we want to talk to the part about where we go, what did we learn from this and what can we do. I was interested in hearing the people that preceded us from the volunteer organizations, talking about where they have to house themselves and saying that we desperately need to protect the volunteers. And this is exactly what we are talking about with these centers. It is to use the technology that we have and use the education that we have to try to mitigate against the devastation of these natural disasters.

[The prepared statement of Mr. Maxson follows:]
Natural disasters and the devastation they unleash are becoming a more frequent and more costly threat to our country. Coupled with this is a growing crisis of insurance in disaster-prone areas such as Southern California. With increasing frequency, the United States is being subjected to natural disasters ranging from severe winter storms and hurricanes in the East to volcanoes and earthquakes in the West. We cannot control the natural events that produce these disasters, but we can protect people from them by aggressively applying appropriate technologies that are now available to reduce damage to people and property.

Protecting people and reducing damage from natural disasters must be principal goals of any national natural disaster mitigation program. In such a program, preventative measures to reduce damage caused by natural disasters, such as the earthquake that struck here in Northridge, are essential because they help reduce the number of victims, property loss, environmental damage, disruption of the economy and insurance rates. In addition, damage prevention and reduction should be viewed as the means to decrease demands for disaster response resources. They reduce the principal causes of injury and death; they enable a quicker lifesaving response and economic recovery because the community infrastructure remains intact, and they reduce the societal impacts of natural disasters because they result in less disruption of the social environment. In essence, damage prevention and protection of the public are foundations of sustainable community development.

Regardless of their cost or frequency, the fact is that catastrophic natural disasters are inevitable. According to the United States Geological Survey, 39 states are prone to damaging earthquakes and related seismic disasters. There is a 67% chance for a catastrophic earthquake in the San Francisco Bay Area and a 60% chance in Southern California during the next 25 years. Also, the odds of a destructive earthquake striking central or eastern portions of the United States are at least 40% within the same period.

Other types of natural disasters are also striking this country with increasing frequency. Hurricanes, in particular, are recognized as nature’s most destructive phenomena. More hurricanes of at least the magnitude of Andrew and Hugo will strike vulnerable United States coastlines in the near future. At least 18 Gulf and East Coast states are hurricane-prone. Sixty-seven million Americans live in coastal counties where hurricanes are most destructive. In addition, flooding is another natural peril which regularly inflicts substantial damages, as underscored by the Great Floods of 1993 in the upper Mississippi and Missouri River valleys. Other natural disasters include volcanic eruptions, tornadoes, cyclones, wildfires, land and mud slides, sink holes and severe winter storms.

Beyond the tragic human destruction, the economic losses from catastrophic natural disasters are devastating. The United States, prior to 1989, had never experienced more than $1 billion in insured losses from a single natural disaster. Since then, there have been several natural disasters—including the Northridge earthquake—that have exceeded $1 billion. Over the past seven years, the taxpayers’ bill for disaster relief just in the form of special supplemental appropriations bills exceeded $34 billion. The appropriations supplemental to aid victims of the Midwest floods totaled $5.7 billion. The total federal aid package, including subsidized loans for Hurricanes Andrew and Iniki was over $8 billion, and the relief funds appropriated for the 1989 “World Series/Loma Prieta” earthquake topped $3 billion. In 1994 Congress passed an $8.6 billion emergency appropriations aid package for the victims of the Northridge earthquake. The losses to state and local governments and to individuals and corporations were many
times greater than the amounts cited. There is a growing lack of insurance in disaster-prone areas—and when insurance is available, the rates are often prohibitive.

As a result of the Northridge earthquake, many of California’s largest property insurers are restricting their writing of new policies in the state for both residential and commercial clients. The lack of homeowner’s insurance is having an impact on home sales that is further dampening California’s slow economic recovery. California adopted a state earthquake insurance fund following the 1989 Loma Prieta earthquake, but the California program didn’t have the resources needed to capitalize its fund. Similar efforts following the Northridge earthquake have also been unsuccessful. The insurance availability crisis is not limited just to consumers in California, Florida and Hawaii. Property owners from Cape Code to New Orleans report that coverage is harder to find and increasingly more expensive. A major cause of the insurance availability crisis is the lack of availability of catastrophic reinsurance for property and casualty insurers. Due to the increasing frequency of major natural disasters, reinsurance availability has declined dramatically over the past seven years.

Many cost-effective technologies exist that can substantially reduce the damage caused by natural disasters and, therefore, hold down insurance rates. However, many of these technologies have not been deployed significantly for a variety of reasons including adverse codes and regulations and a lack of potential beneficiary and end-user knowledge. The Centers for Protection Against Natural Disasters (CPAND), a not-for-profit corporation, has been formed by a group of universities and a large private non-profit technology transfer firm with extensive experience in the application of the relevant technologies. CPAND is dedicated to ensuring the rapid and widespread deployment of established and new technologies that will significantly reduce the damage caused by natural disasters and will, therefore, greatly reduce costs incurred by the federal government, states, local communities, private sector insurance companies and uninsured individuals as a result of a natural disaster. CPAND will focus on established and new technology deployment, not on research. CPAND will use modern telecommunications technologies and management techniques to function effectively as a virtual, agile organization with service centers strategically located throughout the United States.

We must act now to reduce the damaging consequences of earthquakes, hurricanes, floods, fires and other natural disasters in order to protect the citizens of the United States, their homes and businesses, and the nation’s infrastructure and industrial facilities. A great deal of technology exists that can dramatically reduce both the loss of life and damage to property caused by major natural disasters, and the cost of deploying these technologies would be a tiny fraction of the savings achieved through the reduction of death, injury and property damage resulting from a major natural disaster. However, the deployment and implementation of many of these available technologies have been delayed for a variety of reasons, including the following:

- Lack of comprehensive understanding of the cost drivers for damage losses
- Lack of widespread knowledge of available natural disaster damage prevention/reduction technologies
- Lack of information on the cost-effectiveness of damage prevention/reduction technologies
- Lack of strategies to effectively and efficiently deploy damage prevention/reduction technologies
• Ill-conceived regulations that prevent or discourage the use of damage prevention/reduction technologies
• Lack of incentives for implementing damage prevention/reduction technologies

The overall objective of CPAND is to achieve a large reduction in the damage caused by major natural disasters by implementing cost-effective technologies that will lead to damage reduction. Life-cycle cost-effectiveness analyses will be performed, and suitable cost-effective technologies will be identified and disseminated. We will literally be spending "pennies to save dollars." CPAND will provide leadership and technical support for implementation of these technologies on a local, state, and national level. CPAND will be under the direction of FEMA and will work closely with governmental agencies and insurance carriers to develop and implement policies that will provide the necessary incentives and technical support to businesses, industries, contractors and homeowners to implement proven, cost-effective damage prevention/reduction technologies. CPAND will also work closely with existing private sector organizations and federal, state and local government agencies to overcome barriers to the deployment of damage prevention/reduction technologies, and will ensure the rapid deployment of cost-effective technologies to reduce the damage caused by natural disasters. CPAND will thereby help to save lives and substantially reduce the cost of natural disasters to federal, state and local governments, to insurance companies and to the affected individuals.

CPAND will operate outreach centers that will support the rapid deployment of both established and new damage prevention/reduction technologies. Each of these Centers will focus on the rapid deployment of both established and new technologies throughout their respective regions, but with particular emphasis on those geographic regions most susceptible to natural disasters. Through modern telecommunications and networking, CPAND will function as a single organization.

The mission and objective of CPAND will be attained by a combination of the following approaches:
• Prioritize the demand-driven needs for process and technology change
• Identification of currently available technologies that can be deployed for damage reduction
• Identification of technological gaps or needs for natural disaster protection technologies
• Based on past natural disaster damage patterns, identification of critical areas where technology deployment for damage reduction is most badly needed
• Dissemination of information on natural disaster protection technologies through seminars, publications, the media and by modern telecommunications technologies
• Promotion of hazard reduction technologies through coalitions among, and liaison with, manufacturing, insurance, government and educational organizations
• Identification and assessment of practices of other countries that would be beneficial for application in the United States
• Assisting local, state and federal agencies in developing relevant policies for reducing natural disaster damage and in responding to the requirements of federal and state legislation

• Demonstration, verification and promotion of reciprocity for rapid transition of appropriate processes and technologies

• Development and implementation of strategies for motivating the public to adopt natural disaster hazard reduction practices

• Interaction with code-enactment bodies to influence the extent to which technological products are specified within codes, including training programs.

• Establishing a technology clearinghouse from which potential users can obtain information

• Assuring that reconstruction following a natural disaster utilizes cost-effective, appropriate technologies to protect people and property as well as the government and insurance companies against future losses

• Assuring that effective action is taken to maintain critical communications links following a major natural disaster

• Developing international liaisons to effect the transfer of technologies developed abroad to the United States

Owners and managers of public and private facilities must be provided the incentives to retrofit existing structures with damage reduction technologies as well as to incorporate these technologies into new or reconstructed facilities. There are a number of ways to provide incentives and remove disincentives, including tax deductions, lower insurance premiums, reduced overall life-cycle costs and building code modifications. CPAND will explore and assist with the implementation of a system of incentives that will vastly increase the utilization of natural disaster damage reduction technologies.

First of all, creating and operating CPAND would save many lives and greatly reduce injuries in a major natural disaster. In addition, CPAND would save a substantial part of the future cost of natural disasters to the federal government and insurance companies, conservatively estimated to be in the range of $3 billion to $10 billion a year. For this purpose CPAND will evaluate the life-cycle cost-effectiveness of the application of appropriate technologies to determine which of them will provide the greatest benefit for the largest number of people at the least cost. The cost-effectiveness of the establishment and continued operation of CPAND will be measured by well-documented real and projected natural damage reductions directly attributable to CPAND activities.

A plan to protect the people of this country against major natural disasters must be established before the “Big One” hits. The time for action is now! There is a great deal of work to be done. The Natural Disaster Protection Partnership Act was introduced last year in the House and a companion bill introduced in the Senate. Both bills include funding for CPAND. This legislation should be strengthened to assure aggressive and effective deployment of damage prevention technologies. The Centers for Protection Against Natural Disasters stand ready to assist.
Mr. HORN. Thank you, Dr. Maxson.
Dean Williams, would you like to add to that?
Mr. WILLIAMS. Thank you, Mr. Chairman.
I was pleased to participate a few days ago in the Academic Aftershocks—
Mr. HORN. Put the mic a little closer.
Mr. WILLIAMS. I was pleased to participate a few days ago in the Academic Aftershocks teleconference. Those of us who viewed the 46-minute video and participated in that teleconference are certainly aware of the tremendous damage caused by the Northridge earthquake. It certainly refreshed our memory of what happened 2 years ago. We can imagine the damage that would result from a major earthquake a magnitude larger. An earthquake of this magnitude is certain to strike California.
In order to prepare for such an eventuality, FEMA and the Office of Emergency Services have embarked upon a program to increase the earthquake resistance of schools, hospitals, public service buildings and other critical facilities.
As these projects are undertaken, it is imperative that we learn how effective these projects really are in protecting the public against the destruction caused by future earthquakes.
As an example, the city of Long Beach proposes to upgrade its public safety building to seismically strengthen the structure in order to protect personnel, prisoners and the public from risk of injury, loss of life, and damage to property, and also reduce the risk of incapacitating the city's public safety infrastructure as a result of a major earthquake. City engineers have developed plans for seismic bracing to make this building seismically safe and for other modifications required to ensure safety to occupants and facilities, during and following a major seismic event.
Since there are many buildings of this type around the United States, the city has proposed that the building be instrumented and analyses performed to determine the effectiveness of the seismic hardening and provide information to facilitate future seismic retrofits of this type.
We believe that projects to protect buildings against earthquakes should demonstrate the use of modern technologies and ensure that the modifications are done in the most cost effective manner and that the benefits of the modifications are carefully measured and analyzed. The projects should result in cost savings, by ensuring that the modifications are cost effective, and provide opportunities for interaction with code enactment bodies to influence the extent to which applications of appropriate damage prevention technologies are specified within codes and that these codes are enforced.
The Long Beach Public Safety Building houses the police and fire departments of the city. A team of architects and engineers concluded that the building is in extremely delicate condition, that is a quote, and would be in danger of structural failure in a major earthquake. That would leave the city without fire or police protection. Seismic hardening is needed to ensure that the city is not without police and fire protection following a major earthquake.
This building, which is an example of many similar buildings around the country, will also play a pivotal role during the period
after a strong seismic event. It must, therefore, remain intact and be completely functional, since it will be used as the emergency management center after a major earthquake.

In view of the pivotal importance of the Public Safety Building to the city of Long Beach, the city proposes to carry out the necessary modifications to ensure that police and fire protection are not disrupted in the event of an earthquake, but an integral part of this project is establishing a monitoring capability to ensure the adequacy of these modifications. This includes comprehensive instrumentation installed and operated for continuous monitoring and assessment, state-of-the-art sensors embedded in the building at critical locations, as well as surface mounted instruments will be used to measure the structural performance characteristics, dynamic response and other characteristics.

The proposed program involves computer modelling and simulation, life cycle cost/benefit analysis, placement of sensors prior to retrofit, structural bracing of the building, instrumentation of the building following retrofit, and data collection and analysis for a period of 3 years to determine the effectiveness of the modifications.

This project and others of this type demonstrate the effectiveness of employing existing technologies to reduce earthquake damage to critical facilities. Based on our experience here in Northridge, it is imperative that we learn how to prevent this kind of damage from reoccurring in the future.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Williams follows:]
Testimony Before the Government Reform and Oversight Committee
J. Richard Williams, Ph.D., P.E.
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The damage from the Northridge earthquake, as great as it was, was minuscule compared to the damage that would result from a major earthquake a magnitude larger. An earthquake of this magnitude is certain to strike California. In order to prepare for such an eventuality, the Federal Emergency Management Agency (FEMA) has embarked upon a program to increase the earthquake resistance of schools, hospitals, public service buildings, and other critical facilities. As these projects are undertaken, it is imperative that we learn how effective these projects really are in protecting the public against the destruction caused by future earthquakes.

For example, the City of Long Beach has submitted a proposal to the California Office of Emergency Services for funding from FEMA through the State of California Hazard Mitigation Grant Program. The funding source is the $600 million which Congress provided the State of California after the Northridge earthquake to support this program. The City of Long Beach proposes to upgrade its Public Safety Building to seismically strengthen the structure in order to protect personnel, owners, and the public from risk of injury, loss of life, and damage to property, and also reduce the risk of incapacitating the city's public safety infrastructure, as a result of a major earthquake. Structural bracing in the building is minimal, and the building fails well below current seismic code standards. City engineers have developed plans for seismic bracing to make the building seismically safe, and for other modifications required to ensure safety to occupants and facilities during and following a major seismic event. Since there are many buildings of this type around the United States, it is proposed that the building be instrumented and analyses performed to determine the effectiveness of the seismic hardening and provide information to facilitate future seismic retrofits of this type.

The proposed project to protect this building against earthquakes represents a major opportunity to demonstrate the use of modern, existing technologies to ensure that the modifications are done in the most cost-effective manner and that the benefits of the modifications are carefully measured and analyzed. The project as proposed will result in considerable cost-savings by ensuring that the retrofit is cost-effective, by greatly extending the life of the building, by providing a database for making similar future retrofit projects more cost-effective, and by mitigating damage to the Public Safety Building before it occurs—and more importantly, by ensuring continued fire and police protection for Long Beach following a major earthquake. This project will also provide an opportunity for interaction with code-approval bodies to influence the extent to which applications of appropriate damage prevention technologies are specified within codes.

The City of Long Beach is a major seaport, transportation, communications center for the United States and a major center for commerce in the Los Angeles area. The Long Beach Public Safety Building, dedicated in 1958, houses the police and fire departments of the City of Long Beach. A team of architects and engineers from the offices of HOK/A (architects), KPFF (structural engineers), and Syska and Hennessy (mechanical/electrical engineers), assessed the Public Safety Building and concluded that the building is in "extremely delicate condition" and would be in danger of structural failure in a major earthquake. This would leave the City of Long Beach without fire or police protection. The City is not able to demolish and replace the building at this time. Seismic hardening is needed now to ensure that the City is not without police and fire protection following a major earthquake.

In addition to structural hardening, other modifications that are needed to bring the building up to code and make it seismically safe include bracing of ceiling elements, asbestos abatement, and bracing of equipment. Areas of suspended acoustic tile ceiling have been collapsing within the facility. Also, there is virtually no bracing of ceiling elements, such as ductwork, piping and lighting fixtures. Failure of ceiling elements due to an earthquake could result in a shutdown of operations. There is little bracing of building mechanical or electrical equipment, and electrical switchgear and mechanical components, such as chillers and roof cooling towers, are unanchored. The facility includes unbraced records storage units and equipment in the area of the crime lab on the first floor, and evidence storage racks on the fifth floor. Seismic bracing for these elements is needed. Likewise, the wiring is old and subject to shorting in an earthquake, possibly setting the building on fire. In order to effect the structural reinforcing and install the instrumentation and replace wiring, the asbestos in the building must be abated.

This building will play a pivotal role during the period after a strong seismic event. It must therefore remain intact and be completely functional, since it will be used as the emergency management center after a major earthquake. In view of the pivotal importance of the Public Safety Building to the City of Long Beach, the City proposes to carry out the necessary modifications to the building to ensure that police and fire protection for the City are not disrupted in the event of a major earthquake. An integral part of this project is establishing a monitoring capability to ensure the adequacy of these modifications. This will include a comprehensive
instrumentation network installed and operated for continuous monitoring and condition assessment. State-of-the-art sensors, imbedded in the building at critical locations, as well as surface-mounted instruments, will be used to measure the structural performance characteristics such as strain in critical columns (using conventional and fiber-optic strain gages), dynamic response at critical locations (using strong motion accelerometers), structural deflections across the seismic gaps (using LVDTs), and ground settlement (using sensitive tiltmeters). Sensitive seismic instruments will also be used for monitoring the ground shaking at different locations in the vicinity of the Public Safety Building.

The proposed program involves: (1) computer modeling and simulation of the dynamic response of the building, and experimental modeling using a scale model of the building, to determine optimum retrofit strategies and sensor placement, (2) a life-cycle cost-benefit analysis of the project, (3) placement of sensors in carefully selected locations prior to structural retrofit to determine a baseline, (4) structural bracing of the building and other modifications as required to protect the building, occupants, and critical equipment in an earthquake, (5) thorough instrumentation of the building following retrofit, and (6) data collection and analysis for a period of three years following retrofit to determine the effectiveness of the modifications to the building. This project will demonstrate the effectiveness of deploying existing technologies to reduce earthquake damage to critical facilities.

The cost of this project has been determined to be at least 50% lower than the cost of demolishing the building and constructing a new building with equivalent seismic hardening.

This project would be carried out by the City of Long Beach in partnership with the Centers for Protection Against Natural Disasters (CPAND). CPAND is a not-for-profit corporation formed by the California State University, Long Beach, several other major universities, and a large private non-profit technology transfer firm with extensive experience in the application of the relevant technologies. CPAND is dedicated to ensuring the rapid and widespread deployment of established and new technologies that will significantly reduce the damage caused by natural disasters and therefore greatly reduce mitigation costs incurred by the federal government, states, local communities, private sector insurance companies, and uninsured or inadequately insured individuals and small businesses.

Representatives of CPAND have had several discussions with executives at FEMA in regard to the urgency of widespread deployment of established and new technologies that will significantly reduce the damage caused by natural disasters. FEMA has indicated that this is a necessary, but presently inadequate, component of its mitigation program. Executives at FEMA have indicated that the seismic upgrading of the Long Beach Public Safety Building would be an excellent opportunity for CPAND to demonstrate the ability to achieve a large reduction in the damage caused by earthquakes utilizing existing, cost-effective technologies. This is the type of pilot project that FEMA is presently interested in pursuing.

This pilot project will demonstrate that impediments to deployment of existing natural disaster protection technologies can be overcome. It will also demonstrate that a large reduction in the damage caused by a major earthquake can be achieved by implementing cost-effective technologies that will lead to damage reduction. Suitable cost-effective technologies will be identified and utilized for this pilot project. The project will help to fulfill the urgent need to reduce the damaging consequences of natural disasters in order to protect the citizens of the United States, their homes and businesses, and the nation's infrastructure and industrial facilities. A great deal of technology exists that can dramatically reduce both the loss of life and damage to property caused by natural disasters. However, the deployment and implementation of this available technology has been delayed for a variety of reasons, including the following:

- Lack of widespread knowledge of available natural disaster damage prevention/reduction technologies
- Lack of information on the cost-effectiveness of damage prevention/reduction technologies
- Lack of strategies to effectively and efficiently deploy damage prevention/reduction technologies
- Inappropriate regulations that prevent or discourage the use of damage prevention/reduction technologies
- Lack of incentives for implementing damage prevention/reduction technologies

The proposed project to protect this building against earthquakes represents a major opportunity to demonstrate the use of modern, existing technologies to ensure that the modifications are done in the most cost-effective manner and the benefits of the modifications are carefully measured and analyzed.

CPAND has been included for funding in the Natural Disaster Protection Partnership Act of 1995 as introduced in the House and in the Natural Disaster Protection and Insurance Act of 1995 as introduced in the Senate. These bills have more than 250 co-sponsors in Congress and are expected to pass this year.

I respectively request that the Government Reform and Oversight Committee urge the California Office of Emergency Services to select this project and recommend that the Federal Emergency Management Agency fully fund it as a demonstration project.
Mr. HORN. Thank you, Dean Williams.

Dean, as I recall, you are fairly knowledgeable in the use of early warning systems and advances when it comes to this type of disaster. Would you share with the committee some of the advances that are occurring in this area?

Mr. WILLIAMS. Yes, there is an early warning system in Mexico City, which is kind of traditional. Basically, an earthquake starts at one location and spreads outward at the speed of sound. So you can have a network installed, so whenever an earthquake starts alarms immediately go off everywhere and people know an earthquake is coming.

Technology exists today to develop and install a cost effective early warning system using modern telecommunications technology that would literally allow you to install inexpensive alarms in homes and buildings and, with the system in place, when an earthquake starts at some location, you would then have—your alarm would go off and a countdown would be heard. You might say, beep—15, beep—14.

You would know an earthquake is coming and you would know when it is going to hit and how much time you have got. You would have half a minute or a minute, depending on how far away you are from the epicenter, but this would provide time for people to duck and cover and protect themselves and their children, to grab the child, get under the table and be prepared before the earthquake hits.

This could greatly reduce, and there have been assessments, you could dramatically reduce death and injury from earthquakes with an early warning system of this type. Twenty years ago this couldn't be done in the manner I have described, but it can be done today.

Mr. HORN. Some have argued, when they have tried various civil defense measures and warnings, that it might just create panic and everybody gets in their car and clogs the highways and you have chaos. What do you think about that reaction?

Mr. WILLIAMS. An early warning system without training and education, of course, could be counterproductive. People have to know, they have to plan, they have to practice. They have to know what to do and they have to understand that with an early warning system for an earthquake there will be no time to get in the car and go anywhere. An earthquake comes rather quickly, at the speed of sound, and they do need to duck and cover and they will have time to do that, but there won't be time to clog the highways.

Mr. HORN. If you had these natural disaster centers in operation, what are the priorities you see in terms of the use of those centers to reach the potential disaster constituency, if you will, and educate them and help them with mitigation? How would you go about it? What do you see on that front?

Mr. WILLIAMS. Well, the Centers for Protection Against Natural Disasters, which is proposed as a partnership between the universities and a major non-profit technology transfer firm that has a lot of expertise in the relevant technologies would focus on working with FEMA and with all State and local entities in deploying; not developing new technologies, but in deploying the technologies that
need to be put into place. We see many examples of cost effective technologies that have been developed and are not being used.

In conversations with executives at FEMA and others who are knowledgeable, it has been pointed out again and again that this is not currently being done as effectively as it needs to be done. There is a great deal of new technology that is being developed in some very good research facilities, but there is no organization really devoted purely to deployment. It has been pointed out that it is not a good idea to have a research organization also focus on the deployment, because of the tendency to naturally try to deploy the things that you have developed, but to have an organization that does not do research, but that interfaces and—that interfaces with the community, State, local and Federal officials and focuses on doing whatever needs to be done in the way of education and helping to get the technologies from the research labs, from foreign countries where many have been developed, into the United States and get them used by the public.

Mr. HORN. Let me give you an example. There are, as I understand it, some cities, Long Beach is one of them as I recall, try to put in the gas company bill, how do you turn off the gas when one of these occurs? Because we all know with the San Francisco earthquake, the earthquake while it did damage was not responsible for all of the deaths and the destruction of the city of San Francisco in 1906. It was the water mains cracking the gas mains, all the rest, they couldn't put out the fires. And so you try to teach people where is that gas switch or whatever. There are also automatic shutoff switches one can have. What else along that line can you think of?

Mr. WILLIAMS. Well, you have hit on a classic example of existing technology that could be used very easily that would prevent most of the fires resulting from earthquakes and, of course, as we know, most of the damage from major earthquakes come from the fires. That is seismic shutoff valves on gas lines, and they can be installed inexpensively.

Mr. HORN. What is the cost of something like that?

Mr. WILLIAMS. One hundred to one hundred and fifty installed. The problem is that there are a number of things that inhibit that from happening, which we, of course, don't have time to go through right now. But one of the problems is that the gas company would have a problem if we used standard seismic shutoff valves if you had a small earthquake which didn't cause a lot of damage, and a lot of these valves activated. Then they have to go out and turn them back on. But if you used modern electronically actuated valves, which could be turned on and off, perhaps by the early warning system could be shut off. Then, the minute that you are confident that it is safe to turn them back on, this could be done by sending a signal from a central point. Then it becomes practical, and some of the problems associated with doing that disappear.

Mr. HORN. Well, one of your problems if you deal with each individual is, your neighbor might not buy the shutoff valve.

Mr. WILLIAMS. Right. That is one thing.

Mr. HORN. On the other hand, the gas company can always add that cost to its rate structure that it goes to the public utilities commission to cover. Wouldn't it be simpler to have the gas com-
pany deal with a major shutoff per block or something like that, where the gas would stop flowing?

Mr. WILLIAMS. That would definitely be the correct approach and, as you have pointed out, the problem with individuals buying shutoff valves is, if you get one and your neighbor doesn’t—

Mr. HORN. Right, he burns, you burn.

Mr. WILLIAMS. He burns, you burn, yes. Yes, having the gas company do it would be the best way to do it. Again, they have been reluctant to do it because of having to go out. You can’t shut off back at the source. You have to, as you say, shut off on each block, because there is a lot of gas in those lines. You could shut off, certainly, on each block or each group of houses.

This is one of the things CPAND would work on, how do we overcome the regulatory inhibitions or provide incentives to the gas companies to actually deploy this very simple existing technology, which is an example of many. There is structural bracing you can put on overpasses that are at risk. It is just a matter of which ones need it and how to do it, which ones are cost effective, which ones are likely to be damaged in a probable earthquake.

Therefore, you are paying pennies to save dollars. It is the ounce of prevention versus a pound of cure, when it is applicable. That is what CPAND, the Centers for Protection Against Natural Disasters, C–P–A–N–D, would focus on.

Mr. HORN. Let me ask each of the other witnesses, before I yield to Mr. Davis, do you have anything in addition to add to this dialog on how we go about early warning, educating constituencies to mitigate the damage that might be done to the particular structure, house, apartment, whatever?

Any thoughts, Dr. Wilson?

Ms. WILSON. Not profound ones, Mr. Chairman.

Mr. HORN. Those are sometimes the best ones that aren’t too profound, but are common sense. So go ahead.

Ms. WILSON. There was a time when the schoolrooms, elementary and secondary schoolrooms, were the places in which children learned how to protect themselves about a whole variety of things. I am a newcomer to California, but people who have lived here have told me about the habits that were ingrained in school children and over time, for reasons I am not quite sure about, stopped. It is clear to us that so many people did not have the faintest clue of what to do and not only at home, but in our offices.

It wouldn’t surprise you that I am an advocate for education being the solution to so many of our problems. A public education campaign, somewhat like the city of Los Angeles began to do around earthquake preparedness—unfortunately after the disaster—seems to me has to be a standard way of life.

If that is the case, the consumer will be requiring the gas company to think of ways to have the gas shut off or to have the kinds of products in homes and in offices that would enable people to survive for 2 or 3 days without water or without—so I think education, as with many things, is the place to start.

Mr. HORN. I think you are right. Now, when you have 70 languages spoken in the Los Angeles and the Long Beach school system, you have a good chance to at least get the youngster to understand some of these things, take it home and hopefully commu-
nicate with their parents who might not be speaking English. There is no way you are going to translate 70 languages into various pamphlets. Yet you need to reach them. The 6-year-old and the 10-year-old, if they repeat it enough, could be pretty good Ambassadors to solve some of those problems.

Mr. WILLIAMS. Absolutely.

Mr. HORN. Dr. Maxson, do you want to add anything?

Mr. MAXSON. Mr. Chairman, I think the questions you have asked are just the very questions that the centers, strategically located at universities and other places around the country, would respond to. There are a number of policy questions. When is it the obligation of the individual or when is it the obligation of the company for the greater good?

Everyone has to submit their will to the greater good for all the people. We are not just talking about earthquakes, whether we are talking about floods in the Midwest or we are talking about fires, we just know there is a lot of technology out there that is not being used.

Mr. HORN. Right.

Mr. MAXSON. You have to develop a set of incentives or maybe even disincentives to make sure these technologies—I was intrigued when the mayor, whom I really admire, of Los Angeles was talking about, as a builder, simply putting blocks in the construction and I thought, how simple that sounds. But of all the technologies out there if we can get this information and we can get this done, some of it on an individual basis, some of it on a governmental basis, some of it on a business basis. That is what these centers propose to do and, as the deans says, we view it as spending pennies to save dollars, but the most important is this is the conservation of human life.

Mr. HORN. I now yield to the former mayor of Fairfax County, which might someday be as large as Los Angeles.

Mr. DAVIS. I don't think we will ever be there, but we are 900,000 and growing.

Let me ask you, this plays on something the mayor addressed earlier today and I asked in earlier questions, but I'll ask you. You have a more dispassionate viewpoint on it. That is, do the current building codes ensure that structures withstand modern earthquakes? Are the laws on the books now adequate for new construction, do you think, or should we constantly be looking at ways to improve in light of the magnitude of quakes we are getting in?

Mr. MAXSON. I think I would probably have to defer to the dean on that. My graduate in Georgia Tech would probably be more able than I to answer that.

Mr. HORN. With a good civil engineering department.

Mr. DAVIS. I am not going to touch that. That's all right.

Mr. WILLIAMS. OK. Could you restate that?

Mr. DAVIS. The question was, to date, building codes and standards in the State of California, and local standard, are they really adequate to ensure for new construction?

Mr. WILLIAMS. You know, if you look at it, the Japanese have some of the best building codes in the world and you look at what happened in Kobe. They simply weren't being enforced and the buildings that collapsed deviated strongly. So there are two issues,
one to have right codes and, second, to make sure they are really enforced. They both need to be examined, because we know that there are shortcomings, there are shortcomings in the code, although they are stronger than they used to be, and there are shortcomings in the enforcement of the codes.

Another issue comes up in the use of new technologies. I will just pick one, base isolation of buildings. You can base isolate a building so the ground shakes and the building doesn't or doesn't shake very much. The problem is, that is not in the code and if you do that you are taking a risk, because if a builder does base isolation and anything goes wrong, the builder is liable. Whereas, if the builder sticks strictly by the code, which does not include base isolation, they are not liable.

So we need to work very hard to ensure that the appropriate technologies are included in the codes in the right way. If you do it the wrong way you have created a worse problem.

So the codes need to be updated, modernized, the codes need to require technologies, such as base isolation and many others, that are proven to be cost effective. These are things you can do that will actually reduce your insurance premiums by more, in the long term, by more than the cost of doing it, because you have reduced the damage that is going to ultimately occur.

Mr. Davis. That is beyond the building code?

Mr. Williams. That needs to be upgraded, they also need to be enforced.

Mr. Maxson. The codes are sort of interesting, too, and it seems to me, from a layman's standpoint, they fit in almost every area except earthquakes, in the sense that—well, 2 years ago when I arrived at Cal State, Long Beach, as president, we were getting ready to open an $11 million parking deck.

That parking deck—before we opened that parking deck—as we were getting ready to open it the earthquake hit this campus. It was built to the exact same code which was the accepted code that caused the collapse here on this campus. We put a stop—now, it met the code. We were in full compliance with the codes of the State of California. We then spent another $3 million and opened it up this fall, a year later, based on what we learned from this experience.

So, in some ways it is the nature of natural disasters, they are so unpredictable and uncontrollable, when are codes, when do we learn that they no longer work. Again, I know why it sounds like I am making a pitch, but that is why we are here, that is where I think centers like this can respond quickly to that and can make judgments on that and not go through the slow machinery of watching it happen someplace else.

My university, at no encouragement of anyone, spent $3 million, just to make sure that parking deck was safe before we let a car in it, based on what happened to this woman and her campus. Literally weeks before we were to open.

Mr. Davis. You may spend that $3 million and in our lifetimes we never realize the benefit of that.

Mr. Maxson. Exactly.

Mr. Davis. Let me just ask another question I think you will want to answer. In a July 1995 report, FEMA's Inspector General
proposed eliminating the eligibility of costs for repairing or restoring the facilities of private, non-profit organizations that generate income, such as universities, as one option for reducing Federal public assistance costs. What is your response to that option?

I mean, could the repair of damage caused by the Northridge earthquake be paid for out of the university's existing funds or raised tuitions?

Ms. WILSON. No, sir. Not at all.

Mr. DAVIS. I thought you might like this question, but I put some distance between yourself and the IG report.

Ms. WILSON. I would say two things, as a State agency, State-supported university, the assumption that has been made within the CSU is that, as with the State, we are self-insured, meaning that there would be funds available in the State coffers for any kind of disaster that would befall a Cal State University campus. In these economic times, that was obviously not true. Probably, for a disaster of this magnitude, assuming the entirety of the Northridge area magnitude, it wouldn't be true in any case.

It is interesting because I have heard Federal officials worry that we have become a country that is always depending on the Federal Government for these kinds of things. But unless we have broad-based insurance-type programs, whether it is for a private university or for a public university system like Cal State, we don't have the means to move rapidly enough, because there is not funding available, just sitting there, and we don't have the means to provide funding to cover this large a cost, anywhere in the country.

So, no.

Mr. DAVIS. I thought that is what you might say.

Mr. HORN. That is an example of Mile's law, where you stand depends on where you sit. You are now sitting on this side and, as a mayor, you would have said the same thing, right?

Ms. WILSON. Yes.

Thank you.

Mr. HORN. Well, we have appreciated your testimony. Are there any other points you would like to make before we go to the next event, which is public response?

Any thoughts any of you have from the testimony anybody else made this morning?

Dean Williams.

Mr. WILLIAMS. I would just say, with regard to these projects, retrofit projects, a lot of money is being spent and I am talking not replacing panels in a ceiling, but major retrofit projects. When the public taxpayers spend a lot of money, I do urge we would be willing to spend a little bit more to learn from that project, so we can do it next time. That is what my remarks were directed toward. That is, if we are going to do this, let's do it right, let's instrument it and let's learn from it so we can do it better next time.

Mr. HORN. I think that you made some excellent suggestions and I would hope, either on a stand-alone basis or as part of the proposed insurance legislation that is before the Congress and has over 200 sponsors, that something can be worked out where we don't simply think about how we pay money after the disaster, but how we minimize that disaster, whether it be fire, flood, hurricane or earthquake, in advance. So that we will be able to have remedi-
ation with less money being paid out of either the Federal, State or local governments and, more important, minimize the tragedies and the loss of life that come with these disasters. All the money in the world doesn’t make up for a life.

On the other hand, some sensible program, education mitigation, which will minimize the effect on human beings of these disasters which we can’t stop anyway. Earthquakes are going to be earthquakes no matter what we do. The fact that the cows in San Benito County sense them long before the U.S. Geological Survey, we quite haven’t captured how the cows do that, but they do it.

So thank you very much for coming and we appreciate it.

Now we will move to our public forum, where those of you that have any suggestions and have listened to the testimony or haven’t listened to the testimony, we would welcome you to come forward, use the microphone and give us your suggestions. If they are a particular point about a Federal, State or a local agency, we will ask that agency, we will ask that agency to respond at the point you comment in the record.

So does anybody want to come forward and make some comments or suggestions?

I see the distinguished associate chancellor for planning and physical development of the California State University System. This is the first time he has been at a loss for words in the 25 years that I have known him.

Mr. DAVIS. We know how to tempt him.

Mr. HORN. I think he is worried about me swearing him in and taking the oath.

But anybody else that wants to come forward?

[No response.]

Mr. HORN. Well, if not, let me thank a lot of people that have had a hand in putting this hearing together, as is our custom for the majority staff.

Well, let me first thank, again, the president of California State University, Northridge, and a lot of her staff, which I will get into, for the fine facility in which we are meeting.

Then the leader of the majority staff, J. Russell George, the staff director and general counsel; Andrew Richardson, the subcommittee clerk; from the full Committee on Government Reform and Oversight; Kevin Sabo, the general counsel; and Jeff Wilmot, professional staff member on the full committee.

For the minority staff, we thank Cheryl Phelps, professional staff member, and we thank our official reporter, Dennis Davis.

Then the thank yous on the Government Relations staff, here in Northridge, Dorena Knepper and Gail Lafrendien, and video taping, the instructional media center did a great job, and Tony Hilbrenner, we thank you.

Let’s see, we have also the university student union facilities, Marty Cox, Louis Martiz, Stella Lopez. The physical plant management, with the signs and the easels. I must say even I could find the parking lot, which is more than I can say I usually am able to do. Bill Chaddam, Marty Holsman, Mike Witner, parking; Mary Cooley, Carol Lowing, security; Marlin Hines, Chief Ed Harrison and Lieutenant Mark Kausinc.
Also my staff director and district director in Lakewood who worked closely with the Northridge faculty and staff and also with our subcommittee staff, Connie Szieble.

We also had a couple of interns as I remember, helping in this, Lori was one of them and I have forgotten the other one, but we will put it in the record, Connie, since I don't have a sheet before me on that.

So, with that, we adjourn this session and thank you all for coming.

[Note.—The report entitled, "Status of the Northridge Earthquake Recovery" can be found in subcommittee files.]

[Whereupon, at 3:10 p.m., the hearing was concluded.]