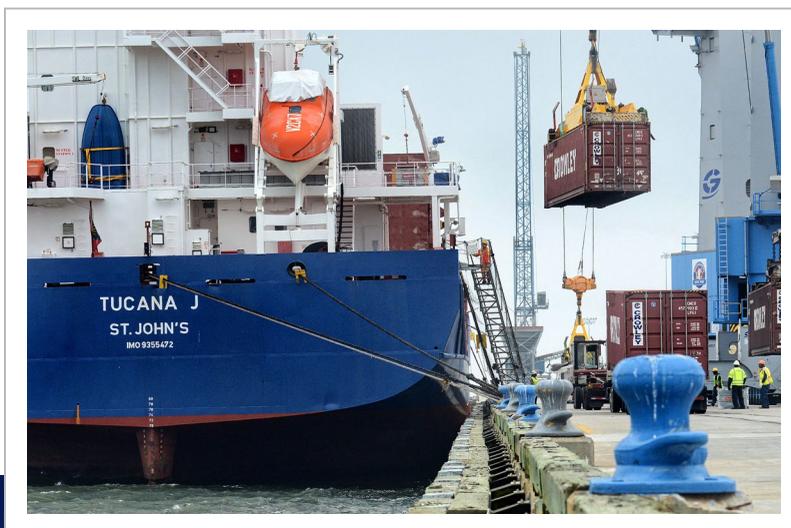


More Funds for Major Port

Post-Katrina Damage Assessments Fell Short by Tens of Millions

Two weeks before Hurricane Katrina, the Mississippi State Port Authority (MSPA), which operates the Port of Gulfport, announced it had set a new record for tons of cargo moving across its docks: more than 2.5 million for the fiscal year 2005.



DESCRIPTION

After Katrina, the port was left with more than \$100 million in disaster-related damages to hundreds of thousands of square feet of infrastructure, including destroyed warehouses, port offices, comfort stations, piers, wharfs, railways, catwalks, fender systems, high mast lighting systems and a commercial small craft harbor.

ISSUES

MSPA was one of many organizations that were not fully reimbursed in the early, chaotic days following the disaster. FEMA officials had used a basic construction cost-estimating methodology that did not provide a full and accurate scope of work or estimate of associated costs to repair the damage. MSPA business leaders retained Adjusters

International to coordinate its financial recovery for FEMA-eligible projects.

A solution to this very common issue in the Mississippi Gulf region was needed: How could applicants receive properly estimated repair or replacement costs for major projects in a post-hurricane environment?

SOLUTIONS APPLIED

Adjusters International's experience with FEMA's own "Cost Estimating Format" (CEF) — which takes into consideration a project's non-construction, or "soft costs," as well as post-disaster cost escalations — was the answer. Adjusters International authored a position paper to FEMA supporting the case for why the CEF methodology would more accurately estimate the costs of damage, and when the position was accepted, the estimated potential for increase in MSPA recovery funding was about \$40 million.

OUTCOME

Adjusters International's effort led to one of the most important changes in Mississippi's post-Katrina recovery. Adjusters International assisted the Mississippi Emergency Management Agency in convincing FEMA to implement CEF for alternate and improved projects throughout the state. By applying CEF, applicants across Mississippi saw their alternate and improved project funding estimates increase by 40 to 80 percent on average.

This is an exceptional accomplishment since the estimates for alternate and improved projects, per FEMA policy, are never corrected for cost overruns; funding stays capped at the original estimate.

