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By [LESLIE EATON](#)

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PONCHATOULA, La. — When a big contracting company hired him to clean up this small town northwest of New Orleans after Hurricane Katrina, Matthew Lopez saw it as a way to help his neighbors and to make decent money: \$9 for every cubic yard of hurricane debris he delivered to a dump.

But as soon as he started clearing downed branches, there was a problem: out-of-town contractors that also worked for the larger company were sneaking into his territory and snatching up the loose debris.

"You'd push up a pile with a Bobcat, turn your back, and their truck would be right there," he said. That left him

and his small crew to do the hard, not very lucrative work of cutting up big trees with chain saws.

So Mr. Lopez did what a lot of small contractors here say they are trying to do: he found a lawyer and sued the big company that had hired him for breach of contract, saying it favored his out-of-town rivals and had let them steal his work.

The case is just one of dozens of courthouse disputes and public controversies that have erupted over the still-gargantuan task of removing tons of debris in Louisiana and Mississippi, almost six months after Hurricanes Katrina and Rita.

Government officials, contractors and workers all describe a complicated and bureaucratic process that wastes money, slows the cleanup and fails to ensure that the economic benefits of the work go to the people who need them most, the residents of the disaster areas.

Indeed, the problems are now so clear that even the Department of Homeland Security and its Congressional critics have decided that the entire process for cleaning up after storms — and paying for the cleanups — needs to be restructured.

Among the many problems that have plagued the \$1.3 billion cleanup program are these:

¶ Contractors and workers, ranging from individual laborers to a quality-control consulting firm, contend that they have been abused, underpaid or not paid at all. The Southern Poverty Law Center, which recently filed a federal lawsuit in New Orleans accusing two private cleanup companies of shortchanging hundreds of immigrant laborers, says the federal government is turning a blind eye to violations of labor law.

¶ Many local government officials complain about the slow pace of the cleanup, which federal officials concede is only half done in Louisiana. Local politicians are also fuming over their lack of control over what happens in their communities.

¶ Congressional leaders from Mississippi say that one large and politically connected debris-removal company, AshBritt Inc. of Pompano Beach, Fla., is trying to thwart a plan to give work to small companies in their state. The company says it is the victim of a politically motivated effort to take away its business.

¶ Louisiana contractors are so angry about the small quantity and low quality of the work they are getting that their trade organization is asking the state to take over federal debris-removal contracts being handled by the Army Corps of Engineers. Local people say that armies of middlemen do no work but siphon off money, while some big companies contend that they have been forced to hire contractors on the basis of their political connections.

Meanwhile, government investigators have opened at least five inquiries into debris removal, and federal prosecutors have filed two criminal complaints involving it.

Officials of the Federal Emergency Management Agency and the Army Corps of Engineers, which handle much

of the contracting for debris removal, say the agencies are satisfied with the cleanup's pace, given the magnitude of the task. They note that Hurricane Katrina created twice as much debris as the four 2004 hurricanes in Florida combined.

In Louisiana, of an estimated 60 million cubic yards of debris, about 32.7 million cubic yards of debris were picked up by early February, 18 million of them by contractors hired by the corps, according to FEMA data. In Mississippi, where local governments have been more prone to undertake their own removal, almost 32 million cubic yards out of 43 million have been removed.

The corps says it has spent about \$1.3 billion so far, and FEMA is spending hundreds of millions of dollars more reimbursing local governments for the debris removal for which they contract directly.

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But some outside experts agree with the local complaint that the pace has been far too slow. "I've been shocked," said Jane A. Bullock, a former senior official with FEMA who is now a consultant and a professor at George Washington University. "The recovery is going every bit as badly as the response did."

[Last week, Michael Chertoff, the secretary of homeland security, acknowledged that debris removal remained a problem. He vowed to Congress to improve the system by, among other things, "cutting out

middle-men and ensuring that states are quickly and cost-effectively supported by qualified local debris removal firms."]

Before Hurricane Katrina, the Army Corps of Engineers, which handles federal debris removal programs on FEMA's behalf, had a standing contract with AshBritt to clean up after emergencies in Louisiana and Mississippi. But in early September, facing the hurricane's enormous destruction, the corps opened the job to competitive bidding and awarded \$500 million contracts to four big out-of-state companies.

AshBritt was given Mississippi; Ceres Environmental Services of Brooklyn Park, Minn., was assigned Louisiana cleanup north of New Orleans; and the Environmental Chemical Corporation of Burlingame, Calif., and Phillips & Jordan of Nashville were given contracts to work in and around New Orleans.

Local governments were also allowed to hire their own debris-removal companies, with the cost to be picked up by FEMA. But many local officials complain they were discouraged from doing so by threats that they would be audited or have to cover some costs themselves.

It was in part a desire to get work for local people that prompted St. Bernard Parish, the devastated area east of New Orleans, to insist on hiring its own contractor, officials there say. But five months after basically every building in the parish was flooded, FEMA has yet to reimburse the government or its contractor for debris removal costs, which the public works department says have reached \$50 million. Local officials say they are being punished.

"This is blackmail; you can't tell me it's not," said Henry Rodriguez, the parish president. "They're trying to put our contractor out of business, to prove that you have to use the Corps." St. Bernard may borrow money to pay part of the bill, he said recently, adding, "FEMA will cause the parish to go bankrupt in six months or a year."

The Louisiana Office of Emergency Preparedness and Homeland Security, which is an intermediary between local governments and FEMA, said the federal agency contends that the parish was paying its contractor too much, particularly for demolition, according to an e-mail message from Mark C. Smith, the state agency's spokesman.

This argument infuriates Clyde P. Martin, Jr., who until he resigned on Feb. 10 was St. Bernard's director of public works. FEMA will not tell the parish what prices it considers reasonable, he said. And despite the best efforts of his staff, he said, they cannot find out what the Corps is paying in New Orleans, which had similar damage.

The Corps has refused to release many details of its contracts, including how much it is paying its main contractors, who say they cannot give out information without the Corps' permission. The debate over using local businesses may be even more intense in Mississippi as a result of the Corps's decision in September to award the \$500 million Mississippi contract to AshBritt of Florida. Members of Congress from both parties demanded to know why the work had not gone to a local company, which they said

was required by federal law.

In December, the Corps responded by seeking a new \$300 million contract with an unprecedented twist: only Mississippi companies would be allowed to bid. Up to \$150 million would be reserved for small or minority-owned businesses.

That angered Mr. Perkins, AshBritt's owner, who said the new contract would not benefit small companies, which he said were already getting more than 70 percent of money his company spent in Mississippi.

"I understand the political side that takes place probably better than any businessman in this business," said Mr. Perkins, a major donor to the Republican Party who is known for aggressive lobbying. (He has hired, among others, the firm founded by Gov. [Haley Barbour](#) of Mississippi.)

AshBritt has filed formal contract protests, prompting bipartisan criticism from Congressional leaders.

"After all that has happened to the Gulf Coast, I find it appalling that any company would resort to legal maneuverings to make a few dollars off of Mississippi's pain," Representative Bennie Thompson of Mississippi, the ranking Democrat on the House Committee on Homeland Security, said in a statement.

But Mr. Perkins remains defiant. "I'm way out on the end of a plank here with sharks circling around," he said, explaining his decision to file a protest to the new contract. "But I don't have a choice. They are taking my business away."

That is precisely the feeling expressed on a much smaller scale by Mr. Lopez, the dump truck owner, whose lawsuit against Ceres Environmental has been moved to Federal District Court in New Orleans.

Ceres has asked the court to dismiss the case or require it to go to arbitration or mediation. "Lopez seeks payment for work he was not promised, work he did not perform, and indeed, work he was not capable of performing," the company said in court filings.

Mr. Lopez maintains that he was sandbagged by Ceres, and hopes to be paid money he says the company owes him for work he did, as well as some compensation for the work he thinks was stolen by the favored out-of-town crew.

His suit seeks information about how much debris was removed and how much subcontractors were paid, said Jed Cain, a lawyer who represents him.

Mr. Lopez said he wanted answers to another question about debris removal. "You wonder," he said, "where the money's going."




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