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Apr. 30, 2013

Three-quarters of the \$178 million in federal emergency grants awarded to Long Island towns, villages, schools and nonprofits in the first five months since superstorm Sandy struck were used for debris removal, government records show.

Debris removal grants alone made up 75.7 percent of the total that the Federal Emergency Management Agency authorized to pay on Long Island for various types of post-Sandy cleanup and repair as of April 4, when the agency last released the data.

State and county prosecutors are investigating if local government officials steered some of this lucrative cleanup work to certain contractors, as well as whether those workers were paid state-mandated prevailing wages.

Even as these criminal probes gear up, hundreds of millions of dollars are yet to come for large repair projects.

"This was an awful lot of money coming into local governments that they're not used to handling," said Richard D. Klein, a former criminal defense attorney and a law professor at Touro Law School in Central Islip.

"There have to be procedures in place to make sure that contracts that were entered into were appropriate and that there was no corruption and payoffs involved," he said. "It's entirely appropriate for the district attorney's office to be looking into this."

Public assistance grants

The debris removal and repair work, done either by local governments themselves, or

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Typically, FEMA pays 75 percent of the costs, and the municipality or state — or a combination of both — pays the remainder.

However, once \$2.5 billion in federal disaster relief money has flowed to New York State, the cost share may increase to 90 percent from FEMA, following presidential approval. So far, about \$1.19 billion has already been obligated for public assistance reimbursement in the United States, FEMA said.

A New York State total was unavailable.

In Nassau County, FEMA has reimbursed local governments, including the county, and nonprofits \$98,022,972 for debris removal costs. The federal agency reimbursed \$36,759,530 for debris removal in Suffolk.

According to the data:

Town of Hempstead received the largest single award, \$24.7 million for debris removal.

Town of Islip has received the largest public assistance grant awarded in Suffolk County — \$9.5 million for debris removal.

Nassau County also received the largest public assistance grants to date for work other than debris removal — \$14.9 million for repairs to damaged sewage treatment facilities and \$9.8 million in reimbursement to Nassau County police.

Long Beach Medical Center was the top nonprofit public assistance recipient, with a grant of \$497,946.

Mike Byrne, FEMA's top official for Sandy aid in New York, said last month that the agency understood the financial strain a disaster brought municipalities and made rapid dispersal of two categories of public assistance grants — debris removal and

other emergency protective measures needed at the storm's height — a priority.

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Rules not always followed

FEMA regulations require contracting to be competitive, although the agency allows some latitude in severe disaster situations. Depending on how severe the disaster, FEMA is willing to reimburse costs for emergency work that may not have been selected competitively, according to experts familiar with the regulations and FEMA's past practice.

But that time frame for emergency reimbursement is short and local governments are expected to revert to competitive selection. Applicants seeking reimbursement must be able to show the cost of the work was "reasonable" at that time and can be required to prove that, experts said.

"A lot of times, these are contractors who city or municipal officials feel they know and are competent," said Ed Blakely, the post-Katrina New Orleans recovery czar. "So they want to show the public that they are moving quickly, and they skirt the law and that's where they get into trouble."

Local governments don't always have a good understanding of federal rules after a disaster and debris removal, in particular, can often trip up local officials when it comes to following the rules, Blakely said. "The federal government regulations are very detailed and spell out the requirements very carefully," he said. "If you don't follow them, you're in trouble."

The Department of Homeland Security inspector general has uncovered millions in misspent FEMA funds paid to states and municipalities, said Bill Hillburg, spokesman for the Office of Inspector General.

An audit by the inspector general made public in February recommended FEMA recover \$8.5 million in grants awarded to the city of Gulfport, Miss., after Katrina.

Auditors found \$5.4 million in “unsupported” debris removal costs, \$1.6 million in

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