

**INTERNAL CONTROLS OVER THE  
EMERGENCY DISASTER RELIEF  
TRANSPORTATION SERVICES CONTRACT**

*Office of the Secretary of Transportation*

*Report Number: AV-2006-032*

*Date Issued: January 20, 2006*




# Memorandum

**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: **ACTION:** Report on Internal Controls  
Over the Emergency Disaster Relief  
Transportation Services Contract  
Office of the Secretary of Transportation  
AV-2006-032

Date: January 20, 2006

From: David A. Dobbs   
Assistant Inspector General  
for Aviation and Special Program Audits

Reply to  
Attn. of: JA-10

To: Acting Director, Office of Intelligence,  
Security, and Emergency Response

This is the first in a planned series of reports to assess internal controls over the emergency disaster relief transportation services contract with Landstar Express America, Inc. Under the Federal Government's National Response Plan, the Department of Transportation is responsible for coordinating and providing Federal and civil transportation support, as directed by the Federal Emergency Management Agency (FEMA) during times of national emergency. The Office of Intelligence, Security, and Emergency Response coordinates those efforts within the Department.

To support the Department's responsibilities during national emergencies, the Federal Aviation Administration's (FAA) Southern Region awarded a contract to Landstar in 2002 to provide the bulk of transportation services designated to the region by FEMA. When activated during national emergencies, FAA's Southern Region Emergency Transportation Center, with support from FAA contracting personnel, coordinates activities of the contract under the direction of FEMA. Among the services provided by Landstar are transportation of commodities such as water, ice, and food to disaster distribution sites and the transport of people to and from hurricane-affected areas.

The objectives of our review are to determine if FAA Southern Region's internal controls over the contract are sufficient to ensure that (1) prices paid by the Government are fair and reasonable given the nature of the emergency services provided and (2) the Government received the goods and services it paid for. We did not assess the policies, procedures, or systems used by the contractor. We visited FAA's Southern Region the weeks of October 10, 2005, October 24, 2005, and November 28, 2005, as part of this assessment.

## **RESULTS IN BRIEF**

In the aftermath of Hurricane Katrina, the immediate transportation of vital supplies and people to and from hurricane-affected areas was critical to save lives. The circumstances surrounding that disaster were both dire and extraordinary, and FAA Southern Region management and the contractor provided an unprecedented response to the crisis as it unfolded. For example, in the aftermath of the hurricane the Emergency Transportation Center and Landstar arranged for over 11,000 trucks to move more than 14,000 truckloads of goods.

The purpose of our assessment is to identify opportunities for improving administration of the contract during future emergencies, regardless of who or what entity within the Department of Transportation may have ultimate responsibility for the contract. We are in the preliminary stages of our assessment but had two observations during our initial site visits, which FAA Southern Region management took immediate actions to address.

- First, contracting officers needed better information to evaluate contractor price quotes. During our initial visits, we observed that estimated price quotes were accepted by FAA without requesting documentation from the contractor showing that the prices were fair and reasonable. Price quote comparisons are important because there are no fixed prices associated with this contract and each task is separately bid. FAA Southern Region management took corrective action and now receives copies from Landstar of its subcontractor price quotes for each service bid, as well as Landstar's justification for its selection.

We observed that this process had been implemented and was being followed for initial disaster relief services after Hurricane Wilma. However, in our opinion, this is only an interim solution. The Department needs to establish a benchmark of quotes for certain services to compare future price quotes against before the next emergency.

We recommended that the Department conduct a detailed market survey to establish a baseline of prices for various transportation services to use during the next emergency.

- Second, better documentation of the actual amount of goods or services provided was needed before authorizing invoices for payment. At the time of our initial visits, only 6 tasks (out of approximately 570) had invoices from the contractor that had been paid, and those were only partial payments. However, the partial payments made on those tasks resulted in an overpayment to the contractor of approximately \$33 million, which was promptly repaid.

During our initial site visit, we met with the senior contracting officer and inquired about documentation used to support invoices. The senior contracting officer subsequently requested documentation from Landstar regarding the partial payments made to date. Landstar compiled the requested documentation, which showed that the actual services required by FEMA and the resulting costs actually incurred were less than originally envisioned.

For example, one task (to provide buses for evacuating victims from New Orleans) resulted in an overpayment to the contractor of approximately \$32 million. This occurred because the initial quote and partial payments were based on initial task estimates of providing approximately 1,100 buses per day at a cost of over \$5,000 per bus per day. Ultimately, the cost per bus (approximately \$1,550 per day) and the number of buses actually required by FEMA (approximately 400 buses per day, on average) were significantly less than originally envisioned when the partial payment was made by FAA without documentation to support the amount of services actually provided to date.

We recognize that the circumstances surrounding the services that were needed for evacuating hurricane victims from New Orleans were extraordinary. However, the nature of those types of exigencies illustrates the need for careful and thorough review of all associated paperwork after the emergency has passed. The example of the bus services in New Orleans underscores the need to ensure that all pending invoices are accompanied by some type of documentation that substantiates that the goods and services were provided as billed. In this instance, actions taken by the contractor to provide the requested documentation identified the overpayment and led to the prompt recovery of funds.

The contract specifically allows the contracting officer to require the contractor to provide documentation for the goods and services actually provided. Given the nature of the exigencies, we believed it was necessary for FAA Southern Region management to establish that requirement as a standard policy and require documentation for all goods and services actually provided as a prerequisite to payment for future invoices.

We raised our concerns about establishing this policy to the attention of FAA Southern Region management on October 26, 2005, which took immediate action. On October 27, 2005, the Manager of the Acquisitions Branch for the Southern Region Logistics Division issued a directive requiring that either all invoices from the contractor be certified by Government personnel who can verify that the work was performed or the contracting officer must obtain proof of delivery from the contractor for the goods or services billed.

Those actions should significantly improve controls over forthcoming payments. However, in our opinion, a process needs to be established that links the payment of invoices to receiving documentation certified by Government personnel at the point where the service was provided. While we are making no recommendations at this time, we plan to further review this issue as we continue our internal control assessment.

We provided the Office of the Secretary of Transportation (OST) with a copy of our draft management advisory on November 30, 2005. On December 15, 2005, OST provided us with its formal response to our draft, which is contained in its entirety in the Appendix. In general, OST agreed with the findings and facts as discussed in our report and proposed alternative corrective actions to address our recommendation. Our recommendation and OST's response can be found on pages 10 and 11 of this report.

## **BACKGROUND**

Under the Federal Government's National Response Plan, the Department of Transportation is responsible for coordinating and providing Federal and civil transportation support, as directed by FEMA, during times of national emergency. To support those efforts, FAA's Southern Region awarded a contract to Landstar in 2002 to provide the bulk of transportation services designated to the region by FEMA. When activated during national emergencies, FAA's Southern Region Emergency Transportation Center, with support from FAA contracting personnel, coordinates activities of the contract under the direction of FEMA.

The 4-year competitively awarded contract with Landstar Express America, Inc., provides nationwide transportation, logistical support, and other services to meet the Department's emergency transportation requirements. Among the services provided by Landstar are transportation of commodities such as water, ice, and food to disaster distribution sites and the transport of people to and from hurricane-affected areas. The following narrative describes the flow of events currently used to administer the Emergency Transportation Services Contract.

- To activate the contract, the Emergency Transportation Center must first receive a Mission Assignment from FEMA. A Mission Assignment notifies the Emergency Transportation Center that a service or delivery of goods in support of relief efforts will be needed. It also establishes obligation limits in support of these efforts.
- FEMA then submits tasks orders off the Mission Assignment to the Emergency Transportation Center that require specific actions to be taken, such as arranging for trucks to deliver water to a local distribution point.
- The Emergency Transportation Center reviews each task order and then forwards it to Landstar for a price quote on the needed services. There are no fixed prices associated with the contract, and each task is separately bid.
- For each task order, Landstar solicits bids from transportation subcontractors and sends an initial price quote to the Emergency Transportation Center for performing the task.<sup>1</sup> This quote is reviewed and approved by a contracting officer.
- Once the quote is approved, Landstar authorizes the selected subcontractors to perform the work required under the task.
- When the work is complete, Landstar submits a final quote to the Emergency Transportation Center for the work actually performed. This final quote is reviewed and approved by a contracting officer.
- During the relief efforts for Hurricane Katrina, once the final quote was approved, the Emergency Transportation Center would then prepare a purchase requisition for the service provided and include the final quote as the price of the service. The purchase requisition was then sent to a contracting officer, who prepared the purchase order that was sent to Landstar.

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<sup>1</sup> The contract requires Landstar to perform at least 15 percent of all services using its own assets.

However, in response to our October 12, 2005 memorandum to the Assistant Secretary for Budget and Programs regarding the accounting and financial reporting of related hurricane costs, this portion of the process changed beginning with Hurricane Wilma emergency relief efforts. FAA now requires the purchase requisition and the purchase order to be completed once the initial quote is approved. This is to ensure that the obligation is established before the work is started.

## **OBSERVATIONS**

In the aftermath of Hurricane Katrina, the immediate transportation of commodities such as food and water was critical to save lives. The circumstances surrounding that disaster were extraordinary and the Emergency Transportation Center and the contractor provided an unprecedented response. For example, at the time of our site visits, there were approximately 570 task orders against the Landstar contract to provide emergency transportation services after Hurricane Katrina.

We are in the initial stages of our assessment of the Landstar contract but had two preliminary observations. First, better procedures were needed for evaluating contractor price quotes. Second, better documentation of the actual amount of goods or services provided was needed before authorizing invoices for payment. We brought those issues to the attention of FAA Southern Region management, which took immediate corrective action. The actions taken should improve controls over forthcoming billings for services provided following Hurricane Katrina. More importantly, the actions taken should significantly improve the process for administering the contract during future emergencies.

### **New Documentation Requirements Should Provide Contracting Officers With a Better Basis for Evaluating Price Quotes**

During our initial visits, we observed that estimated price quotes were accepted by FAA without requesting documentation from the contractor showing that the prices were fair and reasonable. We statistically selected and reviewed 30 task orders out of approximately 570 issued against the Landstar contract following Hurricane Katrina. For all 30 task orders reviewed, we found that the contracting officer accepted price quotes from the contractor even though no documentation had been requested or provided to show that some type of price comparison between suppliers had been conducted.

For example, for one task, FEMA requested transportation services to provide vehicles and drivers to move 1,443 trailers from Atlanta, Georgia, to Baton Rouge, Louisiana. The contracting officer agreed to a quoted price of almost \$3 million even though no documentation was requested to show that bids for services were competitively obtained. Under provisions of the contract, Landstar solicits and receives bids from transportation providers to provide the services required by the task order.

FAA's Acquisition Management System establishes the policies, guiding principles, and internal procedures for acquiring goods, services, and property needed to carry out the functions of FAA. One method provided by FAA's Acquisition Management System to ensure that prices are reasonable is to conduct a market analysis survey. This analysis can be as informal as placing a telephone call to obtain market pricing information and documenting the results in the contract files.

During our site visit, the senior contracting officer stated that market surveys had not been done because there was insufficient time. While Landstar may have done a pricing comparison through soliciting bids, no documentation was included with the price quotes submitted by the contractor. Without that documentation, the contracting officer had no way of knowing that the prices quoted to the Government were fair and reasonable. FAA Southern Region management took corrective action and now receives copies from Landstar of its subcontractor price quotes for each service bid, as well as Landstar's justification for its selection. We observed that this process had been implemented and was being followed for initial disaster relief services after Hurricane Wilma. However, in our opinion, this is only an interim solution. FAA Southern Region needs to consider other methods for establishing a process for conducting more comprehensive price comparisons during emergency relief efforts.

An internal review conducted by FAA's Internal Control Division on October 20, 2005, after our initial visit, came to similar conclusions. That review recommended that the FAA Southern Region conduct a random sample of taskings to determine the comparative market value and the reasonability of the costs quoted. The review also recommended that the FAA Southern Region create a system to track the costs of similar emergency transportation services provided during disaster relief efforts to conduct a trend analysis of those costs.

Either solution would be acceptable. However, in our opinion, the most important factor is for the Department to establish some type of system that will benchmark price quotes for certain services to compare future quotes against before the next emergency. We are recommending that the Department conduct a detailed market survey in order to establish a baseline of prices for various transportation services to use during the next emergency.



## **Procedures Have Recently Been Established Requiring Documentation To Support the Actual Amount of Goods or Services Provided**

During our site visits to FAA's Southern Region, we observed that invoices were authorized for payment without documentation to support the actual amount of goods or services provided. At the time of our visit, only 6 tasks (out of approximately 570) had invoices from the contractor that had been paid by FAA, and those were for partial payments. However, payment on two of those tasks resulted in overpayments to the contractor. For example, as detailed below, one task (to provide buses for evacuating victims from New Orleans) resulted in an overpayment to the contractor of approximately \$32 million, which was promptly repaid.

- On September 4, 2005, Landstar issued a quote to provide 1,105 buses each day from August 31, 2005, through September 6, 2005, to transport victims of Hurricane Katrina from New Orleans to various locations (as required by FEMA) at a total estimated cost of \$38,528,000.
- On September 6, 2005, Landstar revised the quote to extend the services for an additional 30 days through October 7, 2005, as requested by FEMA, at an estimated total cost of \$136,934,728. Landstar also submitted an invoice requesting \$59,082,000 as partial payment for the extensive amount of services anticipated.
- On September 23, 2005, FAA Southern Region paid the \$59,082,000 requested; however, the payment was made with no documentation showing the actual amount of services provided to that date.
- On October 13, 2005, we met with the senior contracting officer and inquired about documentation to support invoices from the contractor. On the same day, the senior contracting officer contacted Landstar and requested documentation to support the partial payment made against the task order.
- On November 7, 2005, Landstar provided the FAA Southern Region with documentation showing that the actual number of buses required by FEMA was substantially less than what the original task order had envisioned. According to Landstar, the total cost for actual services provided through October 7, 2005, was \$27,081,859, which meant that the partial payment made by FAA Southern Region exceeded the total costs by \$32,000,141 (\$59,082,000 – \$27,081,859). Landstar also submitted a check to FAA for the overpayment on the same date.

**Table. Landstar Contract Timeline of New Orleans Bus Evacuation Services**

Date	Action	Charges/ Payment/ Adjustments
9/04/05	Landstar issues quote for to provide 1,105 buses each day for Katrina evacuations between 8/31 and 9/6.	\$38,528,000
9/06/05	Landstar revises quote to extend the services by 30 days through 10/07/05 as required by FEMA.	+\$98,406,728 \$136,934,728
9/06/05	Landstar invoices for partial payment due to the extensive amount of services anticipated. FAA pays this amount on 9/23/05.	\$59,082,000
10/13/05	We met with the senior contracting officer and inquired about documentation to support invoices from the contractor. On the same day, the senior contracting officer contacted Landstar and requested documentation to support the partial payment made against the task order, which led to the subsequent recovery of Federal funds.	
11/7/05	Landstar provides documentation showing the services required by FEMA and the resulting costs incurred through 10/07/05 were much less than originally envisioned on the task order.	\$27,081,859
11/7/05	Landstar issues FAA a check for the difference between the partial payment of \$59,082,000 made on 9/23/05 and the actual cost of services provided through 10/7/05 (\$27,081,859).	\$32,000,141

In total, the contractor issued a check for \$33,291,701 to FAA, which included repayment against the task order for the bus services, as well as an overpayment for another task order to provide chartered aircraft services.

We recognize that the circumstances surrounding the services that were needed for evacuating hurricane victims from New Orleans were extraordinary. However, the nature of those types of exigencies illustrates the need for careful and thorough review of all associated paperwork after the emergency has passed. The example of the bus services in New Orleans underscores the need to ensure that all pending invoices are accompanied by some type of documentation that substantiates that the goods and services were provided as billed.

In this instance, actions taken by the contractor to provide the requested documentation identified the overpayment and led to the prompt recovery of funds. The contract specifically allows the contracting officer to require the contractor to provide adequate documentation for the goods and services actually provided. Given the nature of the exigencies, we believed it was necessary for FAA to establish that requirement as a standard policy and require documentation for all goods and services actually provided.

We raised our concerns about establishing this requirement to the attention of FAA Southern Region management on October 26, 2005, which took immediate action. On October 27, 2005, the Manager of the Acquisitions Branch for the Southern Region Logistics Division issued a directive requiring that all invoices from the contractor be certified by Government personnel who can verify that the work was performed or the contracting officer must obtain proof from Landstar that the goods or services were provided.

During our site visit the week of November 28th, we observed that invoices from Landstar were being reviewed and certified by personnel from the Emergency Transportation Center and that Landstar was providing documentation, such as subcontractor invoices, as proof of the services delivered.

The actions taken by FAA Southern Region management are a step in the right direction and should significantly improve controls over forthcoming payments. However, in our opinion, a permanent process needs to be established that links the payment of invoices to receiving documentation certified by Government personnel at the point where the service was provided. While we are making no formal recommendation concerning this issue at this time, we plan to further review the issue as we continue our internal control assessment.

## **RECOMMENDATION**

We recommend that the Department conduct a detailed market survey to establish a baseline of prices for various transportation services to compare future quotes prior to the next emergency.

## **AGENCY COMMENTS**

We provided OST with a copy of our draft management advisory on November 30, 2005, and met with representatives from OST and FAA Southern Region management on December 12, 2005. On December 15, 2005, OST provided us with its formal response to our draft, which is contained in its entirety in the Appendix.

OST partly concurred with our recommendation. According to OST, while there is additional information that can be assembled to help FAA Southern Region management and the Department better understand the reasonability of price quotes in future emergency response situations, it would prefer to obtain data through alternative means. In its response, OST stated that “a market survey is of limited utility because it is not possible to know in advance of an emergency situation, its location, scope, the resulting needs created, the impact on transportation infrastructure, or the availability of transportation providers.”

According to OST, as an alternative, FAA Southern Region management is in the process of creating a system to track the costs of like services actually provided, to offer a benchmark for comparing future price quotes and for conducting trend analysis. OST also stated that “while this approach is also limited by the variables described above, it is nonetheless based on actual data accumulated during real emergency situations and could potentially offer greater predictive value than data based completely on assumptions.” FAA Southern region anticipates that this system will initially be up and running by June 2006, in time for the next hurricane season.

## **ACTIONS REQUIRED**

We consider the Department’s planned actions responsive to the intent of our recommendation. As we stated in the report, other solutions are acceptable, and the most important factor, in our opinion, is for the Department to create some type of system that establishes a benchmark of quotes for certain services to compare future price quotes against before the next emergency. We consider the recommendation resolved pending a June 2006 implementation date.

We appreciate the courtesy extended to our staff during our site visits to FAA’s Southern Region. If you have any questions or need further information please contract me at (202) 366-0500 or my Program Director, Dan Raville, at (202) 366-1405.

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cc: Assistant Secretary for Budget and Program/  
Chief Financial Officer  
Carolyn Blum, ASO-1  
Martin Gertel, M-1

## **EXHIBIT. SCOPE AND METHODOLOGY**

This review was conducted in accordance with Generally Accepted Government Auditing Standards prescribed by the Comptroller General of the United States and included such tests as we consider necessary to provide reasonable assurance of detecting abuse or illegal acts.

We performed our initial internal control assessment the week of October 11 through October 14, 2005, the week of October 24 through October 28, 2005, and the week of November 28, 2005 through December 2, 2005. During this period, we performed fieldwork at FAA Southern Region in Atlanta, Georgia, and various FEMA warehouses and distribution centers in Louisiana, Mississippi, and Texas.

We interviewed officials from the FAA Southern Region Emergency Transportation Center to discuss the nature of the Landstar contract and specific provisions within the contract governing each party's roles and responsibilities. We also discussed how FEMA task orders are received, tracked, processed, and paid.

We interviewed the manager of the FAA Southern Region's Acquisitions Branch and the senior contracting officer assigned to the contract to determine if FAA logistics had developed standard operating procedures for (1) reviewing price quotes provided by Landstar and (2) certifying invoices prior to payment.

We obtained a copy of the Excel spreadsheet maintained by the Emergency Transportation Center to track FEMA task orders associated with disaster relief during Hurricane Katrina. From the universe of approximately 570 task orders, we drew a random, stratified statistical sample of 30 task orders. For each task order in our sample, we reviewed the official task order file, as well as supporting documentation in the file to determine if (1) Landstar provided a quote for the task order, (2) the contracting officer reviewed and approved the quote, (3) there was evidence of receipt of goods or services in the file, and (4) whether any invoices had been received, certified, or paid.

We also observed daily operations at several FEMA warehouses and distribution centers in Louisiana, Mississippi, and Texas to identify the controls in place over the receipt of goods and services.

## APPENDIX. MANAGEMENT COMMENTS



# Memorandum

U.S. Department of  
Transportation  
Office of the Secretary  
of Transportation

**ACTION:** Comments on Office of Inspector General (OIG)  
Discussion Draft Management Advisory: Internal Controls  
Over the Emergency Disaster Relief Transportation Services  
Contract

Date: DEC 15 2005

  
Roger Bohnert

Acting Director, Office of Intelligence, Security,  
and Emergency Response

Reply to  
Attn. of:

David A. Dobbs  
Assistant Inspector General for  
Aviation and Special Program Audits

Under the National Response Plan and Emergency Support Function (ESF) #1, the Department of Transportation is responsible for providing transportation support in response to domestic Incidents of National Significance. The Department's absolute top priority at the time of an emergency is placed on delivering goods, equipment, and services as quickly as possible to those in need of assistance. It is important to remember DOT's role focused on providing transportation support, such as buses for moving people and trucks for moving commodities, for the Federal Emergency Management Agency (FEMA) and other Federal agencies.

We appreciate the OIG's recognition of the exceptional performance by the Federal Aviation Administration (FAA) and its contractor for providing emergency transportation services (Landstar Corporation) during the difficult times leading up to and after the Gulf Coast hurricanes of 2005. We agree that it is important to properly document services as precisely as possible during the emergency. Further, once the immediate emergency has passed it is imperative to ensure that all of the transactions associated with the services we facilitated were appropriately conducted and documented. The OIG's efforts, including those conducted as the basis for this management advisory, are very helpful to us in this regard.

### **FAA Process for Contracting Transportation Services is Sound**

FAA's contract with Landstar for providing emergency transportation services in accordance with ESF #1 is based on sound, well established contracting principles. While FAA initially awarded the contract to provide emergency transportation services for disasters in its Southern Region, it has made these services available to the Department as a whole for fulfilling emergency transportation requirements. Whenever the National Response Plan and ESF #1 are activated, there is a well established process for receiving tasks from FEMA and using the contract to fulfill emergency transportation needs. A key aspect of the contract is the requirement for the contractor to select subcontractors, including suppliers, on a competitive basis to the maximum practical extent consistent with the objectives and

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requirements of the contract. This will ensure that we are receiving the best possible prices for services under the circumstances.

FAA's implementation of the contract also makes provisions for verifying the services provided prior to making payment. The process calls for final settlement with the contractor based on documentation of services provided, as described in the management advisory; however, the process takes time to complete after the initial emergency passes. FAA is now considering whether there might be a way to improve this process and better link the documentation from the field with the authorization to make payment. Further, while interim payments may be authorized, it is with recognition by all involved that final settlement amounts are subject to full documentation, review and possibly audit.

#### **Process Improvements Quickly Implemented**

FAA recognized it could further improve its process for evaluating contractor price quotes to ensure prices were fair and reasonable given the nature of the emergency services provided. In response to the OIG's suggestion, FAA immediately implemented a permanent solution of requiring the contractor to provide documentation of quotes from its subcontractors for each service bid. This procedure provides some assurance that price bids were obtained competitively where practicable under given conditions. This process was fully implemented during the response to Hurricane Wilma. Providing emergency transportation services has special aspects, particularly in light of the fact that it is not possible to know in advance of the emergency, its location, the transportation needs that will result, or its impact on the availability of transportation resources and infrastructure. As a result, it is not possible to set fixed prices in advance, inasmuch as it would result in either a lack of bids, or bids that are unreasonably high in order to cover all contingencies. While we remain open to approaches that might facilitate even greater competition under the difficult circumstances of a national or regional emergency, they must be based on realistic expectations and a thorough understanding of not only potential limitations, but also a clear focus that job one in an emergency is getting the potentially lifesaving goods, equipment, and services to those who need them.

#### **Recommendation and Response**

**Recommendation:** OIG recommends that FAA conduct a detailed market survey in order to establish a baseline of prices for various transportation services to compare future quotes during the next emergency.

**Response:** Concur-in-part. While there is additional information that can be assembled to help FAA and the Department better understand the reasonability of price quotes in future emergency response situations, we would prefer to obtain data through alternative means. A market survey is of limited utility because it is not possible to know in advance of an emergency situation, its location, scope, the resulting needs created, the impact on transportation infrastructure, or the availability of transportation providers. As an alternative, FAA is creating a system to track the costs of like services actually provided, to offer a benchmark for comparing future price quotes and for conducting trend analysis. While this approach is also limited by the variables described above, it is nonetheless based on actual

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data accumulated during real emergency situations and could potentially offer greater predictive value than data based completely on assumptions. We note that the draft report indicates this alternative is also acceptable, and we anticipate this system will initially be up and running by June 2006, in time for the next hurricane season.

We appreciate this opportunity to offer comments on this discussion draft report. Separately we offered a set of technical corrections which we understand have been implemented, unless otherwise noted. Please contact my office on x66525, or Carolyn Blum, FAA Southern Region Administrator, on 404-305-5000 with any questions, or if we can be of further assistance.

cc: Mr. Szabat, S-1  
Ms. Stefani, B-2  
Mr. Gertel, M-1  
Ms. Blum, FAA  
Mr. Williams, FAA