Background

In large scale natural disasters, the magnitude of damage and scope often requires Federal Emergency Management Agency (FEMA) to step in and provide a large scale relief effort and assistance to rebuild the area. There are two federal programs administered by FEMA including the Road Home program providing funds for residential construction and the Recovery Grant program providing funds for reconstruction of infrastructure.

At the start of the Recovery Grant program, FEMA officials begin the process of assessing the damages and determining whether each building met FEMA’s 50/50 ruling which compares FEMA estimates for costs to repair versus replace the structure. Many applicants including school districts, university systems, regional hospitals, and hospital systems have all disputed the FEMA rulings. Since FEMA performed estimates using RSMeans data and models, clients have determined RSMeans to be the most appropriate firm to provide the third-party validation research required.

Client Requirements

The client engaged RSMeans to perform very specific tasks for each building which would replicate FEMA’S Construction Estimating Form (CEF) as follows:

- Perform a site visit and document with written notes and photos the current condition, meet with architectural and engineering teams, gather plans and specifications and related documentation as well as the age of original building.
- Review all site visit documentation, building codes for the year of the disaster and develop a detailed scope of work to repair the structure back to pre-hurricane condition.
- Develop a unit price estimate to repair the building as indicated in the RSMeans developed scope.
- Using the appropriate RSMeans square foot model for the building/system in dispute, develop a replacement cost estimate with special assembly and/or unit price adjustments for specialty items (ex: custom cabinetry, windows and foundation adaptation for specific soil conditions).
- Compare RSMeans generated scopes and estimates with FEMA’s CEF to draft a comparative variance report indicating RSMeans’ findings and conclusions.

As a result of RSMeans’ initial third-party validation for an elementary school in Louisiana, clients have brought forward additional projects including: Sumter Regional Hospital, Charity Hospital and Southern University of New Orleans (SUNO).

RSMeans Methodology

RSMeans engineers visited the disputed sites to meet with relevant construction professionals to obtain clarification on local building codes and building conditions prior to “forces majeure” as well as to gather construction documents. Once the scope was completed, the RSMeans team performed a unit price estimate as well as a square foot model replacement estimate to meet current building codes. A final report from RSMeans’ generated scope and estimates compared to the FEMA CEF.
Client Results & Impact

RSMeans conducted a cost engineering analysis of the various disputes charged by FEMA officials. RSMeans’ analysis indicated that the repair and replacement costs in the existing site would exceed FEMA’s threshold policy of fifty percent. Subsequently, the Charity Hospital case was appealed by the State of LA to a federally sponsored binding arbitration panel which resolved in favor of the state. Approximately $495 million was allocated to rebuild in another New Orleans location. By engaging RSMeans, clients have been able to present a third-party validation of the true costs to repair or replace these large buildings. The benefit to the client has been reliable verification of construction costs, and a process whereby the clients can negotiate reasonable financial commitments from FEMA for the reconstruction of its infrastructure prior to going out to bid.

About RSMeans

RSMeans was acquired by The Gordian Group in July 2014, and is North America’s leading supplier of construction cost information. RSMeans offers dependable cost data that is locally relevant, accurate and up-to-date. Available in convenient book, ebook, CD and online formats, RSMeans tools give owners, developers, architects, engineers and contractors the information they need to build competitive cost estimates. RSMeans also provides consulting services including custom cost engineering, third-party legal resources and custom analytics.

About The Gordian Group

The Gordian Group is the pioneer of Job Order Contracting and a number of related construction-procurement systems. Gordian combines industry leading expertise, cutting-edge software and the world’s largest, locally-priced construction task database to deliver rapid deployment and long-term cost savings in the repair, alteration and construction of buildings and infrastructure. Over $1.4 billion per year construction work is now being completed annually with Gordian’s intelligent solutions.