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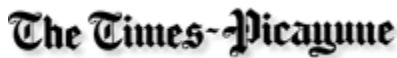


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## Towing contract going to joint venture

**Alabama, N.O. firms submit winning bid**

Wednesday, May 17, 2006

**By James Varney**  
Staff writer

CORRECTION APPENDED

The state appeared poised late Tuesday to award a contract for towing storm-ruined cars to a joint venture between a multinational company in Alabama and a New Orleans firm, almost nine months after Hurricane Katrina turned the Crescent City into a graveyard for rotting, muck-splattered vehicles.

The \$33.8 million bid, submitted by DRC Inc. and Southern Scrap Material Co., was the second-lowest offer of nine proposals Louisiana received, officials said. The low bid, for \$28 million, was disqualified because the vendor failed to meet stricter bonding requirements.

That bar was raised after controversy dogged the state's previous effort to rid itself of the tens of thousands of cars. In the first round, an obscure janitorial outfit from Georgia joined forces with a flood-wrecked 9th Ward contractor and appeared to have secured the work with a \$62 million bid. However, that arrangement collapsed amid doubts about the partnership's ability to do the job and its failure to secure a performance bond.

Since that time, officials said, the State Police has whittled its estimate of the total number of abandoned cars left in the state to 100,000, resulting in a lower price for towing them. The cars will be dragged to locations in south Louisiana, and a second contract for their final disposal will be awarded, according to the Department of Environmental Quality.

In theory, that second contract should produce revenue for the state, because the cars have scrap-metal value. Indeed, an uproar arose over the revelation that New Orleans Mayor Ray Nagin ignored offers from car-crushing companies to pay for the ruined vehicles and instead pursued a pricey contract with a big engineering company. The city later moved away from that deal, and

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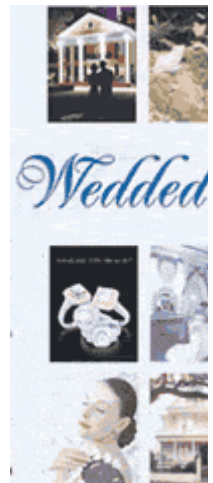
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the job has been folded into the state contract, according to state and city officials.

But because the state is seeking full reimbursement for the towing from the Federal Emergency Management Agency, any money made in disposing of the cars must be turned over to FEMA, officials said.

To avoid the problems that surrounded the earlier bid from TruSource Facility Solutions and L&L Steel Builders, state officials required the most recent bidders to include a letter from a bonding agency guaranteeing that the agency would issue a performance bond equal to the work amount, said Denise Lea, state purchasing director. That stiffer requirement should mean the DRC/Southern Scrap venture won't need the seven calendar days it has to produce the bond, so theoretically towing could begin in a week. DEQ officials last week checked out the locations where the vehicles temporarily would be stored.

Though DRC is based in Mobile, Ala., its Web site details operations in the Middle East and lists an office in Honduras. The Louisiana secretary of state's incorporations database shows DRC has had an in-state presence through a River Ridge office since 1997, and documents filed with the bid reflect a New Orleans office, too, Lea said. Robert Isakson, listed as the DRC point person on the project, could not be reached for comment late Tuesday.

But Scott Sewell of Southern Scrap Material in New Orleans, DRC's partner, said he hopes work would begin soon.

"Now it's a question of fleshing out the contract, delivering the bond and coordinating with the State Police to figure out how this will work in reality," he said.

Sewell declined to predict a date when work would begin or to say how long it might take to complete. Southern and DRC will use five locations statewide to store the cars and about 50,000 abandoned boats that are included in the contract. Two of those locations will be local: one in Orleans Parish and the second in Plaquemines or St. Bernard Parish.

"We've been ready to start work on this for six months now, and the only thing that will restrict the work is how fast the State Police can tag the cars and notify us to tow them," Sewell said. "Everything is moving in the right direction, and the attitude of everyone has been, 'Let's cut out all the crap and get down to work.' "

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#### CORRECTION / CLARIFICATION

Companies not in agreement: An article in some Tuesday editions incorrectly identified the relationship of a local company and an Alabama company that won a state contract to tow storm-damaged cars. Joel Dupre, head of Southern Scrap Material Inc. of New Orleans, said his company was not involved in the bid for the work and does not at present have any agreement with DRC Inc. of Mobile. Dupre said Southern is interested in recycling the cars' metal, a process that will be the subject of a separate bid. (5/18/2006)

Librarian's note: The story to which this correction refers was published Wednesday, May 17, 2006.

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