

STATEMENT

OF

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BEFORE
THE

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON HOMELAND SECURITY
SUBCOMMITTEE ON EMERGENCY PREPAREDNESS, RESPONSE & RECOVERY
SUBCOMMITTEE ON OVERSIGHT, MANAGEMENT & ACCOUNTABILITY

“FEMA Contracting: Reviewing Lessons Learned from Past Disasters to Improve Preparedness”

Submitted

By

Federal Emergency Management Agency
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Introduction

Good morning, Chairman Payne and Chairwoman Torres Small, Ranking Members King and Crenshaw, and Members of the Subcommittees. My name is Brian Kamoie, and I am the Associate Administrator for Mission Support at the Federal Emergency Management Agency (FEMA). On behalf of FEMA Acting Administrator Peter Gaynor, I appreciate the opportunity to speak with you today about the agency's disaster contracting program and its key role in achieving FEMA's mission to help people before, during, and after disasters.

Office of the Chief Procurement Officer

FEMA's Office of the Chief Procurement Officer (OCPO) manages the agency's contracting needs. OCPO negotiates high-quality, cost-effective, and timely contracts to improve the delivery of FEMA's mission. Since 2016, FEMA has executed 32,716 contract actions, resulting in over \$10.5 billion in contract obligations.

Whether before, during, or after a disaster, we adhere strictly to, and assesses contractors in accordance with, the Federal Acquisition Regulations (FAR). As part of the acquisition process, contracting officers evaluate proposals based on the award criteria set forth in the solicitation and a series of factors required by federal regulations, along with vetting potential contractors. Contracting officers obtain performance information about potential contractors from the Federal Awardee Performance and Integrity Information System, which is the government-wide system used to collect contractor and grantee integrity information.

Contracting in Disasters

In times of presidentially-declared disasters, the FAR and the U.S. Department of Homeland Security (DHS) provide FEMA with specific authorities and flexibility to expedite contracting actions so that our agency and our partners can obtain resources and services quickly to help disaster survivors. These authorities allow for streamlined procurements and increased contract dollar thresholds while adhering to applicable procedures outlined in federal and agency regulations. Contracts can range from providing commodities, such as meals and water, to temporary housing and disaster case management.

Under the FAR (48 CFR § 6.302-2), unusual and compelling urgency can be used to justify using options other than full and open competition, though contracts awarded under these circumstances are limited in duration to less than 150 days. FEMA may also issue rated orders under the *Defense Production Act*, use preliminary contractual instruments, such as letter contracts authorizing the contractor to manufacture supplies or perform services immediately, or award sole-source contracts to specific subsets of small businesses.

Our disaster contracting can also include the use of pre-positioned Indefinite Delivery Indefinite Quantity (IDIQ) contracts, DHS strategically-sourced contracts, General Services Administration schedules, and other mechanisms to simplify and expedite procurement activities.

Above all, FEMA's pre-negotiated and disaster contracts are tools to help the agency provide the resources and services necessary to help survivors during and after disasters.

Pre-Positioned Contracts

Each year, we enter into pre-positioned contracts to enable the agency to meet immediate disaster response needs before additional longer-term contracts are put into place. Pre-positioned contracts provide a variety of services, including technical assistance for our Individual and Public Assistance programs, lodging, crisis counseling, housing inspection, and air transportation services. We also have pre-positioned contracts in place for critical commodities like generators, water, meals, cots, and infant and toddler kits. These commodity contracts are in addition to the inventory kept on hand in strategically placed warehouses across the country for immediate use.

As of April 2019, FEMA has 87 pre-positioned contracts, 23 of which were awarded to small businesses. We have executed and/or modified existing contracts to account for increased dollar ceilings, appropriate performance periods, and geographic coverage. FEMA has also reviewed all pre-positioned contracts to make sure that none will expire during the hurricane season, including adjusting the periods of performance where necessary.

Locally-Sourced Contracts

Following a presidentially declared disaster, as required in Section 307 the *Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended*, FEMA's goal is to seek local companies within a declared disaster area to meet the needs for that disaster response. Locally-sourced contracts stimulate the local economy, create job opportunities, and support long-term viability and recovery for communities affected by a disaster. Since 2017, of the more than \$6.9 billion obligated for contracts awarded in support of disasters, locally-sourced contracts made up more than \$842 million, representing 12.2 percent of total disaster dollars obligated.

To reach local companies, we can give contract preferences through a local area set-aside solicitation to allow only local firms within a specific geographic area to compete, or FEMA can give local firms preference in the evaluation of proposals. If a local preference is not a viable option at the onset of a disaster, such as when no local businesses can provide a needed resource or local companies temporarily lack the capability after a disaster, the *Stafford Act* mandates the transition of disaster requirements at the earliest opportunity from non-local vendors, where feasible and practicable, to organizations, firms, and individuals residing or doing business primarily in the area(s) affected by a major disaster or emergency.

Small Business Considerations

While there is no regulatory requirement for small business participation in disaster contracting, FEMA creates an environment that stimulates maximum participation for small businesses in

federal government contract awards for companies that are disadvantaged or owned by women or veterans. FEMA participates in small business conferences to promote these opportunities.

In response to Section 307 of the *Stafford Act*, FEMA established Local Business Transition Teams. We deploy these teams to help with the transition of contracts to the local economy, co-locating a team with local, state, and federal disaster leadership, private sector liaisons, and most importantly, the local businesses that could provide support to their communities. These teams facilitate the transition of disaster requirements by assisting the FEMA Joint Field Office (JFO) acquisition staff with identifying requirements, assessing transition feasibility, and creating acquisition packages for contract award. These teams also educate local vendors through procurement education seminars to foster successful business participation during recovery efforts.

By encouraging local procurement wherever feasible, the Local Business Transition Team assists in the restoration of local economies, employment opportunities, tax bases, and ultimately, the recovery of affected communities.

Industry Liaison Program

FEMA's Industry Liaison Program (ILP) establishes strategic relationships with suppliers and stakeholders, serves as an information provider for suppliers seeking to do business with FEMA, and connects suppliers with program offices in support of our mission. The program's goal is to support the availability of the right resources and services, at the right time, to local and state governments and disaster survivors.

The program achieves this mission by coordinating vendor presentations and industry days, conducting market research, and performing vendor analysis reporting at FEMA Headquarters. Industry liaisons also coordinate the flow of vendor inquiries across FEMA Headquarters, Regions, and JFOs.

In the aftermath of Hurricanes Irma and Maria, ILP staff participated in North Miami's Minority Enterprise Development Week (MEDWeek) Government & Commercial Contracting Panel in Florida. More than 125 vendors attended, mostly consisting of minority businesses, as well as state and local officials. Additionally, ILP participated in, and helped to facilitate, outreach events in Puerto Rico. Our staff spoke to over 700 vendors about FEMA's procurement needs and doing business with the agency. These events were held across Puerto Rico during February and March 2018. ILP also participated in the Federal Business Opportunity Conference, held in Puerto Rico in December 2018. The objective of this conference was to foster business relationships between the government and local businesses. ILP provides continual support to internal partners and vendors seeking to do business with FEMA. Since October 1, 2017, ILP has processed more than 5,000 email and 1,900 phone inquiries.

5-Year Master Acquisition Planning System (MAPS)

Since 2016, we have used the Master Acquisition Planning System (MAPS) for all mission-critical acquisitions and acquisitions that are more than \$5 million. FEMA's senior leadership recognized the need for a tool to track major and mission-critical acquisitions, including pre-positioned contracts. This system is designed to alert the procurement organization and program office leadership of upcoming acquisitions. This allows for adequate planning of resources and personnel for the project, resulting in acquisitions that are more cost-effective and best meet FEMA's needs. It also reduces the need for bridge or non-competitive contract awards. MAPS uses a time estimator to plan dates for awards of major and mission-critical contracts. Since its deployment, MAPS has helped FEMA improve acquisition planning, which ultimately increases the use of competitive acquisition procedures, leading to more competitive pricing.

Continuous Improvement of FEMA Disaster Contracting

During the historic 2017 hurricane and wildfire seasons, FEMA executed more than 3,500 disaster-related contract actions, for a total obligation of \$2.6 billion. In addition, the agency executed more than \$1 billion in non-disaster contracts. This is more than a 100 percent increase in our annual expenditures and a 50 percent increase in the number of contracting actions from the prior year.

Based on internal lessons learned, as well as recommendations from our partners at the U.S. Government Accountability Office and DHS's Office of Inspector General, FEMA has improved our contracting processes. The improvements include:

- ***Increasing the Dollar Ceiling*** on some pre-positioned contracts (such as water, meals, and infant toddler kits) to increase capacity and help facilitate the process of getting goods/services to disaster survivors more expeditiously while complying with regulations.
- ***Adjusting Periods of Performance*** on pre-positioned contracts to make sure they do not expire in the middle of hurricane season.
- ***Enhancing the Transportation Capabilities for Island Responses*** by working to solicit additional shipping and air transportation services across the Pacific and Alaska. This includes awarding a contract in March 2019 that will provide a full suite of shipping and cross-docking services for Puerto Rico and the U.S. Virgin Islands.
- ***Increasing the Number of Contracting Personnel to Support Disasters*** by instituting a robust rotation of contracting personnel in the National Response Coordination Center to respond to disaster incidents, improving the agency's ability to acquire commodities in support of disasters quickly.
 - ***Increasing the Number of Disaster Acquisition Response Team Staff*** to increase the availability of acquisition personnel to support field activities and JFOs. FEMA also entered into a contract for acquisition support, providing additional acquisitions capability for the upcoming hurricane season. We will continue to add personnel who promote sound business decision-making in support of disaster survivors.

- *Increasing the Number of Senior-Level Acquisition Personnel* in the quality review process.
- *Filling Critical Vacancies* to replace departing employees to make sure sufficient acquisition capabilities remain in place to meet the needs of the agency.

In addition to implementing lessons learned, we continue to provide training to acquisition personnel to deliver high-quality contracting to disasters, with an emphasis on past performance. FEMA conducts disaster contracting webinars with a continually evolving curriculum to incorporate lessons learned and past performance, share information, and improve the process.

We also have a Procurement Disaster Assistance Team to provide necessary contracting outreach and education. The purpose of this team, in part, is to provide training to state, local, tribal and territorial partners to ensure they are familiar with the Federal procurement standards applicable to FEMA's Public Assistance disaster grants. Additionally, we are developing a procurement toolkit that will facilitate our partners' ability to develop their own pre-positioned contracts to facilitate their response to events, which allows for the community and its economy to recover more quickly.

Lastly, FEMA will continue to transition from pre-positioned contracts to the use of locally-sourced contracts as soon as is practicable during disaster response and recovery.

Conclusion

Every day, I am grateful for the opportunity to work with a program dedicated to supporting FEMA's mission to help people before, during, and after disasters. Thank you for your interest in the program and your support. We look forward to collaborating with your subcommittees moving forward. I am happy to answer any questions you may have at this time.