



To: Kirstjen Nielsen, Secretary of Homeland Security

Cc: William Long, Director of the Federal Emergency Management Agency
John Kelly, Acting Inspector General, Department of Homeland Security
Dustin Brown, Acting Deputy Director of Management, Office of Management and Budget

Date: December 7, 2017

Dear Secretary Nielsen:

On November 17, 2017, the Federal Emergency Management Agency issued RFI #70FA301BR00000008 soliciting public comment on a proposal to hire a single vendor to handle all of the shipping, transportation, logistics, and delivery of disaster relief to Puerto Rico and the U.S. Virgin Islands for the next 12 months. The contract represents a vital link in the delivery of over \$1 billion in disaster aid and will have an immense impact on the speed of recovery.

We believe the draft Performance Work Statement and the overall mega-contracting strategy for disaster aid delivery will result in the continuation of a pattern of delay and waste.

Therefore, we recommend that FEMA alter the draft Performance Work Statement (PWS) to better serve the people of Puerto Rico and the USVI, as well as this nation's taxpayers, with an emphasis on local business and hiring, collaborative partnership approaches, iterative requirements development with public engagement in quality assurance, and open data. Of immediate concern are FEMA's joining of sea based shipping with local transportation requirements and the lack of independent verification and validation (IVV) for contractor performance.

Our recommendations are based on the voice of industry and the general public, as well as our experience as leaders in the Federal government and within Puerto Rico. Among the many respondents to the RFI, thirty gave permission to "publish quotes from [their] response as part of our efforts to improve the quality of disaster aid delivery in Puerto Rico and USVI." Their responses to the RFI send a clear message that there is a better way for FEMA to ensure the efficient and cost effective delivery of life sustaining resources to the people of Puerto Rico and the USVI. (We have consolidated their comments below in the attached *Nine Points for RebuildPR Contracting*)

We recommend FEMA engage with the community through an iterative process that reflects the real facts on the ground. Respondents to the RFI agree: there is a better way for FEMA to deliver disaster aid to Puerto Rico and the USVI. Rather than award a single mega-contract

through rushed deadlines and secret channels, FEMA must communicate with local business, government, and non-governmental organizations, and work with public.

Breaking the immense task of rebuilding Puerto Rico into smaller, more manageable chunks will reduce risk and allow FEMA to track and iterate throughout its relief efforts. We acknowledge that distributing millions of dollars through dozens of contracts with small local businesses would require a more intense management strategy than FEMA has previously employed for disasters. But as small businesses report on their progress, FEMA will gain a more honest, on-the-ground view of the recovery from the members of the community themselves.

Evidence from recent natural disasters shows the risks of a highly centralized rebuilding model. After Hurricane Katrina, although FEMA said it wanted to prioritize small, local, and minority-owned businesses for contracts, most of the money was awarded in giant chunks, as large as \$500 million, to massive companies like Halliburton and Bechtel. These mega-contracts do not provide decent paying jobs to locals and instead bring in labor from outside the disaster zone, as happened after Katrina. Outside contractors also often fail to provide long term improvement in public service infrastructure because they lack the relevant experience and relationships.

The dangers of issuing a big contract to a single vendor are already evident in Puerto Rico. In late November 2017, The Associated Press reported that an unproven, Florida-based company had been awarded \$30 million in contracts from FEMA to deliver tarps for repairs to damaged homes. But the contract was terminated after the awardee, Bronze Star LLC, failed to deliver any of the supplies to the island. This would be the first of many unfulfilled and partially filled awards.

Local knowledge has been shown to be critical for rebuilding efforts. The challenge of rebuilding after a disaster is too great for a single Federal agency—or a single company—to handle alone. What we have learned from other hurricane rebuild efforts is hard to miss—that local input isn't a “nice to have,” but a “need to have.” After Hurricane Sandy, the New Jersey recovery was spearheaded by 30 local businesses with Federal contracts. Similarly, in post-Katrina New Orleans, repopulation picked up steam when Federal and local teams came together to share information about individual neighborhood blocks and collectively address the challenges of rebuilding.

Some of the most effective efforts in Puerto Rico over the past two months have been led by coalitions of innovators and activists on the ground. A partnership led by Chef José Andrés has served over 3 million meals. Lin Manuel Miranda has created a \$2.5 million hurricane relief fund. These local contributions have been leading the recovery fight and picking up the slack where the Federal government and contractors have fallen behind.

Unfortunately, based on the RFI, it is clear that the agency intends to go the opposite direction. The proposed strategy would not require that the chosen vendor possess any expertise or past performance relevant to the needs of local transportation or delivery, and it doesn't incorporate local input. With no incentive to solicit local knowledge or labor, a single-vendor contract could mean an army of unprepared mainland workers will descend for large payouts.

There's a better way for FEMA to award this federal money. The Rebuild Puerto Rico RFI Initiative asks FEMA to engage companies that hire locally; engage with the community and communicate with local business, government, and non-governmental organizations; and work with public participation to set quality standards and review overall performance. In addition, the initiative requests to make public all data on spending and deliveries.

Local businesses and NGOs can—and should—play a central role in the delivery of services and the rebuilding of their own community. As taxpayers, active citizens, and former Federal officials, we are asking you to make this possible. It's the only way for Puerto Rico to truly recover.

Signed,

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Addendum

Nine Points for #RebuildPR Contracting

Our recommendations are based on the actual voice of industry and the general public, as well as our profession experience as leaders in the Federal government and within Puerto Rico. Among the many respondents to the RFI, thirty gave permission to “publish quotes from [their] response as part of our efforts to improve the quality of disaster aid delivery in Puerto Rico and USVI.” We have summarized their responses in Nine Points:

1. Separate the Contract Requirements for On-The-Ground vs. Sea Operations

The draft PWS calls for a single vendor to handle all end-to-end transportation, from CONUS warehouses to final delivery in the hands of aid recipients. Separating the local delivery and transportation requirements from sea operations would encourage “local companies that have knowledge of the territory.” Companies with transportation capabilities affirmed that their local knowledge would allow them to provide better pricing and solutions if given the opportunity to compete apart from an overarching end-to-end contract. “As currently intended to be published,” wrote one contributor, “this contract would not consider local capacities to render services.” Another suggested that “assigning businesses regional responsibility will assist with speed to consumer.”

2. Ensure Fair Pricing and Transparency Through Competitive Bidding

The draft PWS does not include provisions for competition in selecting contractors or subcontractors. Respondents were consistent in their concerns that “sole source will not allow fair market competition for pricing and service.” In their experience, “multiple sources will also keep pricing and service levels in line with [local] market standards.” In addition to business concerns, contributors highlighted that a “lack of transparency” raises concerns about “equal opportunity” for business. “We are local companies,” one wrote, “that have knowledge of the territory.”

3. Improve Outcomes by Leveraging Local Knowledge

The draft PWS is silent on local subcontracting and hiring. Respondents viewed this as a lost opportunity to add value and reduce risk for FEMA and the overall recovery. Working with local vendors combines “forces [for a] stronger and more precise solution.” They cited challenges on the ground where local knowledge provides advantage, including “road conditions, traffic patterns,..[and]access in and out of ports.” Other spoke with pride that local companies “will do a much better job.”

4. Accelerate Economic Recovery with Local Contracting and Hiring

The draft PWS is not integrated with the overall Federal objective, which is recovery and self-sufficiency. Inclusion of economic recovery as an explicit goal will open a door to the strategic use of local preference to accelerate the return to economic health in Puerto Rico and the USVI. Local contracting “will provide work and an injection of dollars into the local economy.” Others spoke more strongly, saying that it “is not acceptable when Puerto Rico needs to lift its economy.”

5. Improve Results Through Local Partnership

The draft PWS lays out a “top down” strategy which contrasts with FEMA’s proven success when it collaborates with local business and community organizations. Partnership represents an “opportunity for our community to stand up and repair itself.” One respondent commented that “strategic alliance provide[s] FEMA with knowledge, which does not know [the situation] in its entirety and can reach through these [local] channels the people most affected.” Partnering also has the effect of ensuring “your message gets to folks as they need it.” Another suggested that FEMA “partner with businesses..., local trade associations, and business clusters to [help] local service providers...understand how to apply and what FEMA is seeking from them.”

6. Engage the Public in Requirements Development

The draft PWS provides little public engagement in the develop of requirements, delivery of results, or measurement of performance. Respondents suggested that ensuring that the “public have a say creates more ownership” and generates better results. Specific strategies included “iterative” requirements development process, a role for community “audit” in quality management, and “transparency” in service delivery. Respondents also raised concerns that a lack of public accountability may lead to “hoarding, ...favoritism, and theft.”

7. Establish Independent Verification and Validation of Results

The PWS places most of the responsibility for performance management in the hands of the vendor itself. Given the broad impact and significance of the contract, respondents recommended that “quality control should be provided by a separate, non-biased vendor/contractor to ensure transparency, quality data collection, and suggest improvements.” “It is important,” another wrote, “that FEMA establish a separate contract with a different vendor to provide quality control and reporting for this work to ensure the public that the best possible service is being given to the American citizens of Puerto Rico.” Concerns were also raised about the frequency of performance reporting and suggested “quarterly progress updates to the local business community.”

8. Incorporate Open Data Into Requirements

The PWS calls for the collection and transmittal of data to FEMA, but is silent on open data. Respondents expressed specific benefits from incorporating open data into the contracting strategy. They suggested “the mandatory production of open data sets on all aspects of the logistic processes...easily available to, accessible by, and usable by the public.” The public, in the view of

respondents, has an inherent need to know “where said goods will be used”. Other benefits cited included the overall reduction of “waste, abuse, and fraud” through transparency and specific returns to project efficiency. One noted that open data can result in “accurate working plan[s]...to produce an ideal logistic supply chain system.” Others highlighted the benefits of open data to “field operatives” in the development of “schedule and task management” and the “delivery of life sustaining resources.”

9. Provide Complete Information to Prospective Bidders

The PWS excludes critical information that prospective bidders would need in order to provide FEMA with valuable feedback on CLIN structure, requirements, or pricing. The list of questions that bidders want answered is extensive and is provided in greater detail below (See *Public Questions About FEMA’s #RebuildPR Contracting*). Several types of information were consistently requested: business justification for the strategy to award the contract to a single vendor, FEMA’s plans for engagement of local business and community groups, the extent of damage to local transportation infrastructure, performance and quality metrics, and data on the current deployment of FEMA personnel and contractors engaged in relevant tasks on Puerto Rico and the USVI.

Public Questions About FEMA's #RebuildPR Contracting

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The draft Performance Work Statement (PWS) included with the RFI lacks critical information that prospective bidders would need in order to provide FEMA with valuable feedback on CLIN structure, requirement, or pricing. Industry and the public submitted an extensive list of questions that should be answered by FEMA as part of the anticipated Request for Proposal (RFP). We have provided below highlights below that represent the breadth of information that would permit vendors to submit fair pricing and effective solutions:

Current deployment of FEMA personnel and contractors

- Can FEMA provide an exact number and role of FEMA personnel in Puerto Rico?
- How many project manager professionals are actually working with FEMA?
- Can FEMA provide an assessment of the quality of their current service providers performance in Puerto Rico?
- Where are FEMA individuals deployed? What other organizations were deployed along with FEMA (i.e. National Guard)? How many of those individuals were deployed and where?
- How much did each contractor get and for what?

Extent of damage to local transportation infrastructure and other factors that may impact price and solution

- What critical systems (e.g. water, electricity, Internet, etc.) need attention? What is the current access level, of the affected populations, to these systems? Can we get this information updated at least daily, if not real time?
- What roads are passable or impassable for the purpose of route optimization?
- What is the main risk/problem in the management procedures?
- Collection and delivery protocol?
- What permits are required?
- Can FEMA provide maps of roads that are unpassable?
- What are the algorithms used to automate damage assessments or logistics?
- What are the geocoded damage assessments? When were they assessed and how? How often are they updated?

Business justification for the strategy to award the contract to a single vendor and other aspect of contracting strategy

- Will you allow more than one company to help?

- Will you consider smaller grassroots community based organizations?
- What is FEMA's justification for not using local hiring preference, local contracting preference, or the use of prevailing wage standards?
- Why not give this job to locals?
- Why is FEMA not inclined to local hiring as a prime preference?

FEMA's plans for engagement of local business and community groups:

- Will there be local preference for hiring or subcontracting?
- Why have there not been established command posts in every town in Puerto Rico?
- Can FEMA ensure reliable and accessible on island contacts to work through red tape?
- How will FEMA bridge the gap in connecting bidders with local and community based organizations to understand and ensure most critical issues are prioritized and addressed.
- Where does the public find the authoritative source for information on the current state of recovery efforts? How often is this updated?

Performance and quality metrics

- How will the vendor/contractor be required to communicate and engage with the local community?
- How will the vendor/contractor be required to engage local small business owners?
- What is the FEMA goal for the rural areas?
- How will FEMA ensure that all the selected bidders must work with each other to achieve FEMA's goals and metrics?
- What is the current inventory before the event, during the event, and after the event? How do inventory move through the system?
- How does FEMA intend to provide operational transparency that is easy to understand and consume to citizens who depend on the success of this contract?
- How does FEMA intend to incorporate the use of operational metrics in the award to insure that past mistakes are not repeated?
- How does FEMA intend to collect, review and publish operational metrics in order to iteratively improve performance?

Other contracting strategy and requirements questions

- Why has FEMA given the public only 6 business days to respond to a proposal that will impact millions of people on the islands of PR and USVI?
- What kind of material or supplies to carry?
- What kind of storage area do you need? open or roofed?
How will the suppliers make data accessible to the public in real time for accountability and quality assurance to make sure that errors of the past are not repeated?
- How long does it take from initial interaction to the individual receiving aid and what actions occur along the way?
- How does FEMA intend to collect and review performance on a periodic basis and at the end of the Period of performance so that future awards can leverage the findings and insights of this award?