

**GOVERNMENT PROCUREMENT MARKET INFORMATION  
FOR CANADIAN COMPANIES  
REGARDING THE RESPONSE TO HURRICANE KATRINA  
UPDATE: 28 OCTOBER 2005**

*This supplement to the initial report focuses on contracting issues, identifies current requirements, provides contacts among prime contractors seeking suppliers, and highlights emerging opportunities to watch concerning the recovery of the US Gulf Coast region.*

*It also recommends, based on observations of items most urgently needed and difficulties experienced by agencies responding to disaster, potential business development strategies for Canadian companies that wish to position themselves today to respond to future urgent requirements.*

The \$63.1 billion appropriated for hurricane relief so far is over triple that approved by the Congress for Iraq reconstruction, and nearly twice as much as the annual budget for the entire Department of Homeland Security.

### **Contracting Issues**

US government contracting authorities were temporarily given the extraordinary ability to procure goods and services worth up to US\$250,000 without competition. After a couple weeks, when the most urgent needs had passed, the sole source thresholds were returned to their normal US\$2,500 and US\$15,000. Each head of an executive agency was required to identify in writing individuals who are authorized to use the higher threshold and said individuals must be working on Hurricane Katrina-related acquisitions.

All cardholders and ordering officials must nonetheless determine that prices are reasonable, even if they are purchasing without competition, in accordance with FAR 13.104(b).

FEMA works closely with Acquisition Solutions of Oakton, Virginia to augment its small contracting staff and advise on technical matters related to procurement. Acquisition Solutions holds a contract with FEMA that was valued at US\$1.4 million in fiscal 2004. The firm encouraged FEMA to maximize use of existing contract vehicles rather than to hold new competitions.

*For Canadian companies*, this underscores the importance of being a known supplier long before a crisis hits. Suppliers in the right place at the right time can be the vendor of choice when buyers have exceptional needs and unusual powers to sole source.

### **Current Contractors Positioned to Win New Business**

In the first two weeks after Hurricane Katrina struck, over 6,300 firms called the Army Corps of Engineers to offer their goods and services. Companies that hold US government contracts moved employees or goods into position to assist immediately after the hurricane included:

- Dewberry LLC, an engineering firm in Fairfax, Virginia and URS, its San Francisco-based partner, sent 600 of their home inspectors to Houston, Texas and Mobile, Alabama. This firm often dispatches staff under existing contracts to distressed areas to assist with a government requirement and negotiate the specific contract terms later. The firm holds a contract to help evacuees apply to FEMA for aid in rebuilding their homes or finding interim lodging, will conduct damage assessment, and hopes to provide engineering, architecture and construction services. The firm was FEMA's top contractor in 2004.
- The US Coast Guard called up Core Engineering Services of Herndon, Virginia, to deliver fuel tanks and generators to New Orleans.
- FEMA called at least one of the US government's top IT contractors, GTSI of McLean, Virginia, to suggest products and services it might provide to configure and network wireless laptop computers.
- Bearing Point of McLean, Virginia, a US\$3 billion company that holds contracts with FEMA's parent agency, the Department of Homeland Security, reportedly set up a 40-person team to seek disaster recovery business.
- **FEMA's Top Contractors in 2004:** Of the \$681.5 million that FEMA spent through contractors, about half that amount was shared among its top ten contractors.

Company	Total Contracts (in US\$M)
Dewberry & Davis, Fairfax, VA	\$84.1
Michael Baker Jr. Inc, Beaver, PA	\$76.7
Alltech Inc., Herndon, VA	\$56.2
Nistac, Fairfax, VA	\$33.3
Verizon Communications Inc., Arlington, VA	\$24.7
Fluor Enterprises Inc., Viejo, CA	\$24.1
All American Poly Corp., Piscataway, NJ	\$22.7
URS Group Inc., Gaithersburg, MD	\$17.1
Manufactured Plastics and Distribution, Palmer Lake, FL	\$15.7
Post, Buckley, Schuh & Jernigan Inc., Miami, FL	\$14.9

Source: Eagle Eye

*For Canadian companies*, these examples emphasize the importance of building relationships with American firms that have current contracts with the US government, particularly those who regularly do business with agencies – including but not limited to FEMA – involved with disaster response.

## Contract Awards & Subcontract Opportunities

FEMA intends to award a variety of five-year contracts in the months ahead. Some will be set-aside for small business, and others open to firms regardless of size. The winners will be **eligible to provide goods and services on future disasters** as well as the recovery from Katrina.

Local political and business leaders criticized the award of 90% of the value of the first wave of federal contracts, worth over US\$2 billion, to companies outside the stricken region. Only 6% of the funds have gone to companies in Louisiana, Mississippi and Alabama, where the majority of companies are small businesses. 72% of an early tranche of contracting, worth a total of \$1.6 billion, was awarded to firms defined as “small” in US government contract regulations.

<i>Companies in the State</i>	<i>Amount of contract awards</i>
Indiana	\$577 million
Georgia	\$326 million
Texas	\$289 million
Florida	\$273 million
South Carolina	\$112 million
Alabama	\$78 million
Virginia	\$67 million
Louisiana	\$58 million
Missouri	\$41 million
Mississippi	\$37 million

## ***Reconstruction***

Of the US\$62.3 billion allocated for disaster recovery, \$23.3 billion will be spent on housing projects. FEMA has selected four prime contractors -- Bechtel, Fluor, CH2M Hill, and Shaw -- to provide emergency relief to Gulf Coast families. CH2M Hill and Fluor, both of Colorado, held FEMA contracts before Hurricane Katrina struck. Updates on this information is published at <http://www.rebuildingthegulfcoast.gov/subcontracting/index.html>.

### **Bechtel**

5275 Westview Drive

Frederick, MD 21703

Companies are advised to register with Bechtel's Supplier and Contractor Portal

<http://supplier.bechtel.com/>

For further information, contact Jeannie Houston

Office: (865) 220-2240 Fax: (865) 220-2107

Email: [jmhousto@bechtel.com](mailto:jmhousto@bechtel.com)

In search of:

- Furnishings
- Provisions For Mobile Office/Living Space
- Electrical, Mechanical, Civil Bulks
- Bulk Materials (PVC)(Water & Sewer Connections)
- Consumables For FEMA Trailer Hookups
- Handicap Access Consumables
- Tools and Consumables
- Portable Generators
- Treated Wood Products
- Site Prep (Clear, grub, install u/g utilities)
- Fencing
- Concrete (Trailer Pads)
- Asphalt (Roads & Driveways)
- Landscaping (Incl. Hydro-seeding)
- Electrical (Lighting and Power to Trailers)
- Communications (Telephone / Cable)
- Remedial Trash Removal
- Sanitary Waste Disposal
- Debris Removal
- Other Operating and Maintenance Type Services

**CH2M Hill**

9191 S. Jamaica Street  
Englewood, CO 80112  
Phone 303-771-0900

Register your company with CH2M Hill's FEMA Supplier Information Portal at  
[http://projects.ch2m.com/fema\\_Public/prequal.asp](http://projects.ch2m.com/fema_Public/prequal.asp)

For further information, contact: [Katrina.proc@ch2m.com](mailto:Katrina.proc@ch2m.com)

In search of:

- Travel trailer and mobile home haulers and installers
- General Construction
- Electrical
- Janitorial services
- Operations and maintenance
- Food Service
- Facility Management
- Logistics
- Security
- Transportation
- Shuttle services

**Fluor Enterprises, Inc.**

100 Fluor Daniel Dr., C302E  
Greenville SC 29607

Register your company with Fluor's Supplier and Contractor Online Registry at  
<http://www.fluor.com/about/supplier.asp>

For further information, contact:

Rachel Etzkin           Office: (864) 281-6181  
Roxanne Brooks       Office: (864) 281-5833

Small Business Point of Contact:

Doug Shoaf           Office: (864) 281-4013  
                          Email: [doug.shoaf@fluor.com](mailto:doug.shoaf@fluor.com)

General email address: [fema.ia.subcontract@fluor.com](mailto:fema.ia.subcontract@fluor.com)

In search of:

- General Construction Services
- Temporary Construction Materials/ Supplies/ Consumables (all types)
- Support/Construction Equipment Rental/Lease
- Catering Services
- Civil , Electrical, Mechanical, Installation
- Services (all types)

**Shaw Group**

4171 Essen Lane  
Baton Rouge, LA 70809

For further information, contact:

Small Business Liaison:

Ms. Jackie Hacker, SBLO  
4400 College Blvd., Suite 350  
Overland Park, KS 66211

Office: (913) 317-3573

Fax: (225) 987-3530

Email: [smallbusiness@shawgrp.com](mailto:smallbusiness@shawgrp.com)

In search of:

- General construction services
  - A/E Services
  - Hauling/Installing Trailers
  - Surveying
  - Electrical Subcontractors
  - Mechanical Subcontractors
- 
- Kellogg Brown and Root Services, a division of KBR Halliburton, is providing damage assessments on naval facilities in New Orleans, and restoring power and repairing roofs in three Navy locations in Mississippi, as an extension to a contract it already holds with the US Navy. Over 75% of Halliburton's subcontractors are from Louisiana or Mississippi.

## ***Recovery***

- Baton Rouge-based Shaw Group, which has about 18,000 employees and \$3B in revenue, is the largest local prime contractor. They are providing services on a US\$100 million contract to pump out New Orleans, build temporary housing, and repair levees. Over 80% of Shaw Group's subcontractors are from Louisiana, and approximately 60% of those are small businesses.
- Hydrogeologic already does 85% of its business with the US Department of Defense and Environmental Protection agency, and is pursuing toxic waste cleanup contracts.

## ***Debris removal***

- On 15 September, the Army Corps of Engineers hired four companies from among 22 competitors to remove debris from hurricane-damaged areas. While none is located in the stricken region, each must give preference to subcontractors based there. Each contract is worth \$500 million, with another \$500 million option, for a potential total value of US\$4 billion.
  - Ashbritt Inc of Pompano Beach, Florida holds another Army Corps contract, and will clear areas of Mississippi.
  - Environmental Chemical Corp of California,
  - Ceres Environmental Services of Minnesota, and
  - Jordan Inc of Zephyrhills, Florida will work in Louisiana.

## **Upcoming requirements**

US Dept of Commerce announced the formation of a Hurricane Contracting Information Center, <http://www.rebuildingthegulfoast.gov/index.html>. The most useful part of the site names the four largest prime contractors -- Bechtel, Fluor, CH2M Hill, and Shaw -- and lists the products and services these primes are looking for and whom to contact, at <http://www.rebuildingthegulfoast.gov/subcontracting/index.html>.

## **General Disaster requirements to anticipate**

### ***Contracting Through the Military***

Items provided to FEMA by US Department of Defense included but were not limited to: Meals ready to eat; temporary hospital beds for 2,500 patients; field kitchens with capacity to serve 500,000 meals per day.

Vendors who met these requirements were already established suppliers to the US armed services.

***Canadian companies*** already supplying Canada's Department of National Defence might consider whether the US Defense Logistics Agency or other branches of the US military could be potential customers. Your Trade Commissioners can assist with contacts and strategies to approach this market. See [www.infoexport.gc.ca](http://www.infoexport.gc.ca).

### *Items Sold Through GSA Schedule Contracts for Disaster Relief*

FEMA and other US government agencies used GSA schedule contracts to purchase these items and more. As with the military, contractors who met these requirements were already established vendors long before the disaster struck.

<b>Item</b>	<b>Quantity</b>
Meals Ready to Eat	32 million
Bedsheets	114360
Pillows	109236
Cots	16000
Folding chairs	4800
Folding tables	2400
Canopies	272
Satellite phones	150
Material handling equipment	40
Refrigerated trailers	32
Modular office trailers	20
Mobile kitchens	15
Adult and baby/diaper wipes	3 tractor-trailer loads

### *Assisting Through the Red Cross*

Steve Cooper, senior vice president and chief information officer of the American Red Cross, sought the help of northern Virginia technology companies to provide specific technology solutions needed for Hurricane Katrina relief efforts. Cooper detailed three specific areas where the technology community could assist the Red Cross immediately:

- Provide work stations and data entry personnel to expedite shelter registration and client intake.
- Devote volunteers with expertise in Siebel and SQL to ramp up call center capability and improve the ability to dispense financial assistance.
- Integrate information from 50 independent Web sites to reunite lost family members through [www.katrinSAFE.org](http://www.katrinSAFE.org).

In its relief efforts for Hurricane Katrina, the American Red Cross projected a total of 750,000 to 900,000 cases. It opened 902 shelters across the U.S., provided over 2.3 million shelter nights to evacuees and served over 14 million meals. To support this relief effort, the American Red Cross has 138,651 workers on the ground.



The Red Cross expects the need to maintain these support services through spring of 2006. The Northern Virginia Technology Council and its members pledged to work closely with the Red Cross to meet those needs.

Answering the call, three NVTC members pledged their support immediately. Bart Snell of TechBooks offered to provide data entry support, Sudhakar Shenoy of IMC will forego his company's 25th anniversary celebration and donate the money to the Red Cross and Dan Bannister offered facilities, personnel and financial assistance.

*Canadian technology companies* wishing to assist in disaster recovery (and incidentally build relationships with the major players in the contractor community) might consider contacting the [Northern Virginia Technology Council](#) or seek further guidance from Trade Commissioner [Lindsay Margenau](#) at the Canadian Embassy in Washington, DC.

### ***Supplying Through Faith-based Groups Authorized for Federal Funds***

Faith-based groups, including churches and other religious organizations, were eligible for reimbursement if they operated emergency shelter, medical facilities, or food distribution centres at the request of state and local governments. FEMA outlined its reimbursement policy in a memo of September 9, 2005. Similar policies might be used in the future.

*Canadian companies* already doing business in the United States and offering goods that might be used in such situations might consider building contacts and relationships with key officials in such groups as part of their overall marketing strategies.

### **Experience Suggests...Potential Opportunities for the Future**

In the response and recovery to Hurricanes Katrina and Rita, FEMA and the agencies with whom it cooperated needed items including but not limited to those listed below.

#### ***Within FEMA***

As FEMA's own 2,500 employees are not enough to manage or respond to disasters, FEMA relies heavily on up to 5,000 reservists – volunteers who train with FEMA and are ready to be deployed in case of disaster.

- News reports suggest that FEMA has had difficulty updating and maintaining its database of reservists.
- FEMA also hires temporary workers to staff call centres for disaster victims seeking assistance. Canadian companies offering call centre services might wish to cultivate relationships within FEMA or its prime contractors.

*Canadian companies* offering related services might want to follow up with FEMA or one of its prime contractors.

#### ***With Other Government Agencies***

News reports suggest that vendors with established relationships, supply lines and contract vehicles are well - positioned to supply such emergency requirements. Canadian companies that provide these items might wish to research the buyers, their requirements, and how they buy – that is, whether directly or through prime contractors – items including:

- small watercraft – boats and personal watercraft
- mobile computing / telecommunication centres – for both government AND for evacuees to communicate
- disaster response modelling tools
- temporary flood control systems and solutions
- generators
- fuel tanks
- hip waders & other waterproof gear

### **Opportunities With or Through Private Sector Channels**

*Property insurance companies* – the largest of which are State Farm and Allstate – use mobile units and field centres for their claim adjusters.

*Canadian companies* offering mobile offices / trailers, and office and telecommunication equipment suitable for such offices, might consider pursuing contacts with insurance companies' disaster response teams.

Government agencies as well as, many private sector companies found they had inadequate systems for finding out where their employees were after the hurricanes. Canadian companies offering solutions to meet this need would find prospects at the federal, state, and local government levels.

### **More To Come**

- ***State and Local Infrastructure:*** Watch for passage of additional federal funds that would flow down to state and local governments. Louisiana's Senators David Vitter and Mary Landrieu have led Congressional efforts to propose an additional \$250 billion in recovery funds. If passed, the Pelican (Protecting Essential Louisiana Infrastructure , Citizens and Nature) Commission would study flood protection projects.

The bill's proposals also include \$31.7 billion for state infrastructure (of which \$20 billion would be for improved hurricane protection), \$14 billion for ecosystem restoration, \$750 million for the New Orleans Industrial Canal, improvements to the Port of Iberia, \$50 billion for grants to stricken communities, \$13 billion for the Louisiana Department of Transportation, \$8 million for alligator farms, \$35 million for seafood industry marketing, and payments to hospitals, ports, shipbuilding, fishermen and schools.

- **Education:** The Department of Education will seek cash assistance for school districts taking in evacuee students, funding for new schoolbooks, establishment of temporary schools and reconstruction of new ones.
- **Water Supply:** The Environmental Protection Agency is anticipated to focus on repairing and rebuilding drinking water systems, efforts estimated to cost US\$3-10 billion.
- **Military Facilities:** The US Air Force may seek up to US\$4 billion to repair its facilities in the Gulf states. The National Guard will require an additional US\$2-4 billion for mobilization, evacuation of personnel, and military family support.
- **Housing** is a controversial issue. While many pre-fabricated homes have been ordered, officials at all levels of government have emphasized the importance of getting people into permanent homes as quickly as possible. Many are leery of creating a “permanent temporary” community of mobile homes, like those found in Florida years after a being set up as interim housing for evacuees displaced from a major hurricane.
- **Environmental Restoration:** State and local officials reported three weeks after Hurricane Katrina that environmental toxic pollution, first expected to be utterly catastrophic, is not as bad as anticipated. Many petroleum spills were either cleaned up or evaporated, except in Meraux, a suburb southeast of New Orleans. There, one refinery tank leaked 72,000 gallons of oil and six smaller ones will also need cleanup. EPA inspectors are assessing the sites. Damage to national parks, forests and wildlife refuges may exceed US\$300 million.

This report was prepared for International Trade Canada  
by Judy Bradt, Principal & CEO, Summit Insight LLC

[www.summitinsight.com](http://www.summitinsight.com)

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