

COMPLETE STATEMENT OF

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Deputy Commander**

U.S. ARMY CORPS OF ENGINEERS

DEPARTMENT OF THE ARMY

BEFORE THE

**Committee on Small Business and Entrepreneurship
UNITED STATES SENATE**

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Madam Chair and Members of the Committee, thank you for the opportunity to be here today. I am Major General Ronald L. Johnson, Deputy Commander, United States Army Corps of Engineers and I would like to share with you some information about our contracting activities in response to Hurricane Katrina, and our efforts to involve small and disadvantaged businesses in the work we are doing in the region.

The U.S. Army Corps of Engineers is continuing to work primarily in support of the Federal Emergency Management Agency, carrying out a wide variety of missions in response to Hurricane Katrina. Under the leadership of the Chief of Engineers, LTG Carl A. Strock, we practice a concept of openness. We strive to maintain transparency in our contracting activities and welcome oversight of our activities.

I fully recognize the value that small businesses play in our national economy, and LTG Strock and I are personally committed to using small businesses in performing our work, both in the normal course of business, and in times of major natural disaster. We strive to use Small, Small-Disadvantaged, Women-Owned, HUBZone and Service-Disabled Veteran Owned firms to the maximum extent possible, and typically, the Corps of Engineers awards more than 40 percent of its prime contract dollars to small firms.

As a part of the National Response Plan, the Corps of Engineers supports FEMA when natural disasters such as hurricanes occur. We use a combination of pre-positioned contracts and contracts specifically developed in response to mission assignments from FEMA or other customers for urgently needed supplies and services. The pre-positioned contracts used to support Hurricane Katrina for ice, water and some of the initial debris removal services were awarded competitively in 2003. Many of these awards were to small firms. Unfortunately, the magnitude of a devastating event like Hurricane Katrina, required extensive and immediate response beyond the capability of our pre-placed

contracts. When, as in this case, the needs are greater than our ability to respond with preplaced contracts, we begin by awarding additional contracts using emergency procedures.

Drafters of the Federal Acquisition Regulation (FAR) realized that emergency situations sometimes require emergency actions. In our efforts to support relief efforts in response to this emergency situation, the Corps considered and used the entire suite of available contracting options authorized under the FAR, including verbal and letter contracts. It is our goal, however, to return to standard procurement operations as soon as possible. The Corps is currently moving in that direction. We are currently advertising our requirements for longer periods than we did under the urgent situation, we are attempting to give prospective contractors as much time as possible to prepare their proposals, and we are using FAR principles and competitive awards to the maximum extent possible.

For work associated with major disasters or emergency assistance activities, another special consideration is added to our normal contracting procedures. That is an additional preference for local firms established by the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5150) as implemented in Federal Acquisition Regulations Part 26.201. That provision states that “preference shall be given, to the extent feasible and practicable, to those organizations, firms, or individuals residing or doing business primarily in the area affected by such major disaster or emergency.” In accordance with the Stafford Act, we require our prime contractors to give preference, to the maximum extent feasible and practicable, to organizations, firms, or individuals residing or doing business primarily in the area affected by the disaster. Our large firms have been hiring people, some of whom have been living in shelters and have been actively working to locate small firms to assist in operations. Based on very preliminary data, large firms are reporting that they are awarding more than 50 percent of subcontracted dollars to local firms.

We are continuing to award new contracts as additional needs are identified, as well as overseeing the ongoing work. Meanwhile, we are concurrently reviewing activities of our own staff, reviewing our contracts, assessing performance, and capturing “lessons learned” that can improve our response and our contracts in the future.

From the earliest days of the event, the Corps of Engineers moved quickly to assure we could provide information to the public, and established a resource page for our private sector partners. We immediately began posting information to our USACE home page (www.usace.army.mil) and provided points of contact for our prime contractors so that local and small firms could apply to do work for them. We established a registration site, where firms who wished to help could provide information on their capabilities; this site can be reviewed by government contracting officers seeking vendors, and by companies seeking subcontractors. We also developed a site where vendors could list the equipment they have available including items such as storm water pumps, generators, and transformers. The database was searchable and could be used by government agencies or contractors who need those products. We are publishing a listing

of our contract awards as well. Now, we are supporting the Hurricane Contracting Information Center as they provide a “one stop” communications portal for the public.

We are enhancing opportunities for small and local firms by requiring any large business that is awarded a contract to develop and implement a strategy for subcontracting to small firms and report their level of success. An example of our efforts is related to our need to remove the enormous amounts of debris left by Hurricane Katrina. The initial value was estimated at nearly \$2 billion, far beyond the value of our pre-positioned emergency response debris contracts. The urgency of the situation required immediate award, and we advertised the procurement for a reduced time period, receiving 22 proposals. On September 15, 2005, we awarded four debris removal contracts. Each contract also requires large business prime contractors to submit a subcontracting plan with goals for each small business category.

I have asked my team to divide work wherever practical so that we can target work for appropriate small business and other programs. For upcoming levee repair work, we hope to contract some of the work to minority, Service-Disabled Veteran-Owned, or HUBZone small business prime contractors. Other small firms may win additional contracts under the Small Business Competitiveness Demonstration Program. My staff provides me with frequent status updates on Corps of Engineers contract awards including socioeconomic data.

In summary, the Corps of Engineers is committed to assuring that small firms play a vital role in the award of contracts, that we are alert to areas that we can improve on for the future, and that we are responsive to FEMA as it orchestrates disaster response efforts. Madam Chair, this concludes my statement.