



OFFICE OF INSPECTOR GENERAL

*Catalyst for Improving the Environment*

## Audit Report

# New Housing Contract for Hurricane Katrina Command Post Reduced Costs but Limited Competition

Report No. 2007-P-00015

March 29, 2007



**Report Contributors:**

Michael Petscavage  
Andres Calderon  
Jean Bloom

**Abbreviations**

EPA	U.S. Environmental Protection Agency
OIG	Office of Inspector General
SOW	Statement of Work

**Cover photo:** EPA's incident command post in Metairie, Louisiana, for dealing with the aftermath of Hurricane Katrina. Trailers are in the foreground. (EPA photo)



# At a Glance

*Catalyst for Improving the Environment*

## Why We Did This Review

The objective of our audit was to determine whether the requirements for Contract EP-R6-06-03, for providing office space and housing at the Hurricane Katrina incident command post, were well-supported and justifiable, and whether the contract was awarded fairly using full and open competition.

## Background

On August 29, 2005, Hurricane Katrina caused catastrophic damage in the Gulf Coast area. In October 2005, the U.S. Environmental Protection Agency (EPA) Region 6 established a command post in Metairie, Louisiana, for emergency response operations. Through several contracts, EPA obtained office space and trailers for housing staff. After the contracts expired, EPA competitively awarded a new contract in March 2006 at an estimated value of \$980,765.

**For further information, contact our Office of Congressional and Public Liaison at (202) 566-2391.**

**To view the full report, click on the following link:**  
[www.epa.gov/oig/reports/2007/20070329-2007-P-00015.pdf](http://www.epa.gov/oig/reports/2007/20070329-2007-P-00015.pdf)

## ***New Housing Contract for Hurricane Katrina Command Post Reduced Costs but Limited Competition***

### **What We Found**

Contract EP-R6-06-03 contained several improvements over the previous housing contracts for the Metairie incident command post. The new contract terms were more flexible, allowing for various options regarding the numbers of trailers to be leased. It also resulted in a price reduction for each trailer (including some services) to \$95 per day per trailer compared to over \$300 under the prior contracts. We found that both EPA Office of Administration and Resources Management personnel and Region 6 procurement staff worked together diligently to attempt to refine the statement of work and make sure that the requirements did not limit competition. These personnel performed admirably and deserve much of the credit for reducing costs.

However, the contract's statement of work could have been improved to ensure that it did not contain unnecessary and ambiguous requirements that limited competition. Full and open competition is required by Federal Acquisition Regulations and EPA's Contracts Management Manual. Specifically, EPA:

- Overstated the need for land
- Sought unneeded kitchen space, refrigerators, and microwaves
- Did not consider multi-story office space
- Unnecessarily required a 6-foot fence
- Did not clearly indicate whether private rooms per person were needed

The contract requirements made it difficult for hotels and apartment complexes to compete for EPA's business. EPA largely based its requirements on what it already had as opposed to future requirements, making it difficult for anyone but the incumbents to win the contract. Also, contract requirements were often undocumented and unverifiable. As a result, EPA had limited assurance that it received the best value for its money because similar or better facilities may have been available at a lower price.

Because EPA plans to award two national blanket purchasing agreements to provide emergency technical support and logistical services as a result of one of our prior reports, no recommendations are being made. We are providing this report to ensure similar occurrences are avoided in the future. Region 6 did not agree that its contract requirements limited competition and asked that the report reflect that contract requirements *may have* limited competition.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

OFFICE OF  
INSPECTOR GENERAL

March 29, 2007

**MEMORANDUM**

**SUBJECT:** New Housing Contract for Hurricane Katrina Command Post  
Reduced Costs but Limited Competition  
Report No. 2007-P-00015

**TO:** Richard Greene  
Regional Administrator, EPA Region 6

This is our report on the subject audit conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. This report represents the opinion of the OIG and does not necessarily represent the final EPA position. Final determinations on matters in this report will be made by EPA managers in accordance with established resolution procedures.

The estimated cost of this report – calculated by multiplying the project's staff days by the applicable daily full cost billing rates in effect at the time – is \$108,420.

**Action Required**

Because this report contains no recommendations, you are not required to respond to this report. We have thus closed this report in our audit tracking system. We have no objections to the further release of this report to the public. This report will be available at <http://www.epa.gov/oig>.

If you or your staff have any questions regarding this report, please contact Melissa Heist, the Assistant Inspector General for Audit, at (202) 566-0899 or [heist.melissa@epa.gov](mailto:heist.melissa@epa.gov); or Carl Jannetti, Director of Contract Audits, at (215) 814-5800 or [jannetti.carl@epa.gov](mailto:jannetti.carl@epa.gov).

A handwritten signature in black ink, appearing to read "Bill A. Roderick", written over a horizontal line.

Bill A. Roderick  
Acting Inspector General

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## **Purpose**

The objective of our audit was to determine whether the requirements for Contract EP-R6-06-03, for providing office space and housing at the Hurricane Katrina incident command post, were well-supported and justifiable, and whether the contract was awarded fairly using full and open competition.

## **Background**

On August 29, 2005, Hurricane Katrina made landfall in southeast Louisiana, causing catastrophic damage along the coastlines of Louisiana, Mississippi, and Alabama. The U.S. Environmental Protection Agency (EPA) quickly deployed emergency response personnel. These personnel, along with the Federal Emergency Management Agency and others, assessed the damage and initiated cleanup operations.

Initially, EPA Region 6 established an incident command post in Baton Rouge, Louisiana. In October 2005, EPA relocated the incident command post to Metairie, Louisiana. The Metairie post was established on the grounds of the Louisiana Technical College and used part of one building and some of the surrounding grounds. The command post included 78 trailers for housing up to 130 EPA personnel.

EPA procured the 78 trailers via two sole source purchase orders. EPA leased 66 trailers from one vendor at \$325 per trailer per day (\$125 per trailer per day, plus \$200 per trailer per day for related services). Another vendor provided the other 12 trailers at a cost to EPA of \$350 per trailer per day (\$150 per trailer per day, plus \$200 per trailer per day for related services). EPA leased the office space, parking area, and the land that the trailers sat on from the Louisiana Technical College under a separate sole source purchase order.

Both EPA's acquisition staff and the Office of Inspector General (OIG) had concerns with the initial contracts awarded for office space and trailers (plus related services). These contracts, awarded under catastrophic conditions in the aftermath of Hurricane Katrina, were allowed to expire on April 11, 2006 (office space) and March 31, 2006 (trailers). In January 2006, the Region 6 Superfund program office told us they intended to extend these contracts or award a sole source follow-on contract. At that time, we convinced EPA officials to competitively award new contracts. On March 17, 2006, EPA awarded Contract EP-R6-06-03 to obtain 35,000 square feet of office space in the same building at the Louisiana Technical College and 77 trailers for housing from the contractor that had provided the original 66 trailers. In the new contract, the incumbent who had provided the original office space and the other incumbent who had provided the majority of the trailers under the prior contract joined together in bidding on the new contract. The initial estimated value of the contract was listed as \$980,765.

Federal Acquisition Regulation, Part 6, describes Government policy on competition. It states contracting officers shall promote and provide for full and open competition in soliciting offers and awarding Government contracts. The EPA Contracts Management Manual, Chapter 11, states that any statement of work (SOW) "must contain only those requirements necessary to meet the Agency's needs and not be unduly restrictive of competition."

## **Noteworthy Achievements**

Contract EP-R6-06-03 contained several improvements over the previous housing contracts for the Metairie incident command post. The new contract terms were more flexible, allowing for various options regarding the numbers of trailers to be leased. It also resulted in a price reduction for each trailer (including some services) to \$95 per trailer per day compared to over \$300 under the prior contracts. We found that both EPA Office of Administration and Resources Management personnel and Region 6 procurement staff worked together diligently to attempt to refine the SOW and make sure that the requirements did not limit competition. These personnel performed admirably and deserve much of the credit for reducing costs.

## **Scope and Methodology**

We performed this audit from March 2006 to October 2006 in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We visited EPA Headquarters in Washington, DC, and the EPA Region 6 office in Dallas, Texas. We reviewed our working papers related to Hurricane Katrina procurements, since these working papers contained data related to the EPA Region 6 command post in Metairie, Louisiana, including correspondence and procurement data. We had previously reviewed EPA procurements in Metairie and noted concerns regarding the original procurement of trailers, as discussed in prior Report No. 2006-P-00038, *Existing Contracts Enabled EPA to Quickly Respond to Hurricane Katrina, Future Improvement Opportunities Exist*, issued September 27, 2006.

We interviewed EPA officials in the Office of Solid Waste and Emergency Response and Office of Administration and Resources Management, as well as Region 6 contracting office and facilities personnel involved in awarding Contract EP-R6-06-03. We also reviewed the contract file and other correspondence related to award of the contract.

In planning and performing our audit, we reviewed management controls related to our objectives. We examined the Agency's stewardship plan issued on September 26, 2005. This plan outlined EPA's controls and monitoring procedures that would be used to review costs incurred related to Hurricane Katrina. Additionally, we interviewed employees involved in weekly meetings between EPA Headquarters and Region 6. These meetings discussed procurement and program related issues, one of which was awarding Contract EP-R6-06-03.

## **New Housing Contract Reduced Costs but Limited Competition**

Contract EP-R6-06-03 substantially reduced costs over the previous housing contracts to \$95 per trailer per day compared to over \$300 under the prior contracts. However, the contract's SOW could have been improved to ensure that it did not contain unnecessary and ambiguous requirements that limited competition. Full and open competition is required by Federal Acquisition Regulations and EPA Contracts Management Manual. The SOW requirements made it difficult for hotels and apartment complexes to compete for EPA's business. EPA largely based its requirements on what it already had as opposed to future requirements, making it difficult for anyone but the incumbents to win the contract. Also, contract requirements were often undocumented and unverifiable. As a result, EPA had limited assurance that it received the

best value for its money because similar or better facilities may have been available at a lower price. Details on the various concerns that limited competition follow.

### ***Need for 6 Acres of Level Land Overstated***

The SOW required a contractor to provide 6 acres of level land surrounded by a security fence with a single point of entry. In a written response to the OIG dated May 18, 2006, Region 6 explained that it needed 6 acres of land, even if a hotel/apartment had been selected, to store equipment and park vehicles. Region 6 also indicated the land for the trailers was not included in this acreage. The executed contract and EPA's contract files did not contain any drawings, blueprints, measurements, or descriptions of the 6 acres of land that EPA was to use.

When we requested additional information to identify the 6 acres, Region 6 personnel could not initially provide it. Several weeks later, Region 6 provided us drawings obtained from the Louisiana Technical College that identified the land provided under the contract. Using these drawings, we calculated the acreage provided, excluding the land on which the trailers sat, to be approximately 4.1 acres. During subsequent discussions, Region 6 identified land that increased the acreage being used to over 6 acres. However, one added section of land, the west side parking lot, was shared with the college and was not for the exclusive use of the Federal government. Moreover, that parking lot had to be accessed through a second entrance. As a result, the additional land provided by the contractor did not meet the contract requirement for 6 acres, although this requirement was used to disqualify other bidders that could not provide 6 acres.

### ***Unneeded Kitchen Space Sought***

In early January 2006, the kitchen at the Metairie facility discontinued meal service, and EPA indicated it had no future plans to provide food service. EPA personnel said that after they discontinued meals the kitchen area was only used to provide ice. However, they wanted the new contract to provide kitchen space to keep their options open. The SOW did not specify the size of the space and the number of people the space needed to accommodate. Also, ice could be obtained from other sources. While food service was initially needed at Metairie immediately after Hurricane Katrina struck because restaurants and other eateries were closed, local conditions had improved substantially by the time the new contract was awarded, and EPA personnel were receiving per diem to eat at restaurants.

### ***Unnecessary Small Refrigerator and Microwave Required***

The SOW required each housing unit to include a small refrigerator and microwave. While some hotels do provide such amenities, many do not. Requiring a small refrigerator and microwave in each unit eliminated many hotels that could not provide this amenity. Travel regulations do not require accommodations to provide a refrigerator and microwave during Federal Government travel. As noted, the travelers were on per diem.



### ***Multi-Story Office Space under One Roof Not Considered***

The SOW required all 35,000 square feet of office space to be on one floor and under one roof. EPA personnel told us they needed this because of the information technology equipment being used. However, the contract file did not contain any data regarding the different options, what additional technology equipment was needed, or cost. While multiple story office space may have required additional technology expense, EPA eliminated that option without knowing whether additional technology expense would have been offset by a less expensive multiple story office space. Further, additional costs and/or other layouts could have been considered as part of the best value determination.

### ***Alternatives to 6-Foot Metal Fence Not Considered***

The SOW required a 6-foot-high metal fence with a single point of access around the office space, housing facility, and parking lot. EPA personnel said the fence was needed for security purposes. However, other forms of security, such as more security guards, were not provided as an option to bidders. In a written response, Region 6 personnel contended that a no-fence option was rejected as being more costly and inefficient, although they did not provide data to support their contention. The inflexibility of this requirement likely eliminated or discouraged most hotels and apartment complexes from bidding. A fence would have been costly for a hotel or apartment complex to erect, and also would have likely interfered with the facility's normal operations and obligations.

### ***Need for Private Rooms Not Clear***

The SOW required "housing to accommodate a maximum of 132 personnel with one person per private bedroom area." The term "private bedroom area" was not further defined. Hotels that bid on the solicitation apparently interpreted this to mean that they needed to provide 132 separate rooms, since that is what they bid. However, the incumbent (and ultimate winner of the contract) only bid and provided 77 trailers. People would have to share trailers to accommodate 132 people, with some people sleeping in a bunk (see photo). We are not sure how non-incumbents would know that it was permissible for people to share trailers, but the trailer contractor was allowed to interpret the private bedroom requirement as allowing people to share trailers. OIG personnel stayed in the trailers during November 2005, and the trailers' bedrooms provided two or three beds in different parts of the trailer and one bath. Hotel rooms give each person a private room and bath. Regional personnel held hotels to higher standards. The cost analysis included in the contract file reflected a ratio of between 1.5 and 2 people per trailer, while hotel rooms were calculated based on 1 person per room.



At left, several trailers used at Metairie; at right, a trailer bunk area. (EPA OIG photos)

## Conclusion

Many of the conditions noted occurred because the Region 6 Superfund program office and Region 6 facilities group developed requirements based on the incumbent's facilities in Metairie instead of what the future needs would be. They did not adequately document the requirements with verifiable data. Despite the restrictive requirements, EPA's cost per trailer was reduced from over \$300 to \$95 per trailer per day (for trailer costs and various services). We believe that this reduction was due largely to the contract being competed. However, because of the restrictive nature of the SOW requirements, EPA cannot be certain it achieved the lowest possible price or received the best value. Other facilities could not compete for the contract because they could not meet all the restrictive requirements. It appears that Region 6 personnel created requirements based largely on the incident command facility that EPA already occupied.

Because of other concerns discussed in our prior report on Katrina procurements (2006-P-00038), EPA planned to award two national blanket purchasing agreements to provide emergency response technical support and logistical services (food, housing and facilities, etc.) for responding to future disasters. This arrangement should prevent the reoccurrence of the issues discussed in this report. Therefore, no recommendations are being made at this time. We believe this report will assist the EPA contracting community in promoting competition in future contract actions.

## EPA Region 6 Comments

Region 6 maintains that the OIG reached a somewhat ambiguous conclusion that, "EPA **cannot be certain** it achieved the lowest possible price or received the best value." The region maintained its efforts yielded substantial savings in lodging costs. Region 6 noted that its efforts, such as advertising in a Sources Sought Notice and issuing a request for quotes, resulted in Region 6 receiving proposals from several hotels. Considering that one hotel offered lodging at slightly over \$2 million, the awardee's (trailers) price of \$660,000 represents a savings of almost \$1.4 million. Moreover, this savings was only for the initial 3-month period. The savings over the potential life of the contract would be more than \$2.5 million. Region 6 also concluded that the hotels' proposals were non-responsive because they did not address all requirements of the SOW, such as the need for 6 acres of land. Region 6 stated that at no time, under any circumstance, did a comparison between the trailers and hotels support a decision to structure the

housing contract differently. Lastly, market research on Hotels.com by the Region's Contracting Officer found no comparable pricing to that proposed by the awardee. Region 6 also stated that:

- EPA had unlimited use of all of the property provided by the Louisiana Technical College and used the entire 6 plus acres;
- Kitchen facilities were needed for coffee breaks, lunch breaks, informal gatherings, and ad hoc meetings to ensure the morale of employees;
- Refrigerators and microwaves were essential for the comfort and convenience of its staff;
- A multi-story building may have required installing a second Information Technology/Communication system at increased cost;
- Security fencing was required to provide for the security of personnel and equipment and would be less costly than paying for security guards; and
- Offerors could have proposed alternatives to the fencing requirement, but no offeror raised fencing as a problem or offered alternatives.

As a result, Region 6 believes that the OIG should not conclude that the Region's actions limited competition, only that competition **may have been** limited. Accordingly, Region 6 believes the OIG should revise the report's title and references to limiting competition in the body of the report.

The complete Region 6 response is included in Appendix A. However, contractor names have been redacted by the OIG.

## OIG Evaluation of Comments

Region 6 maintains it could not find housing at prices comparable to the awardee. While six different hotels submitted bids (several hotels were combined into one bid), Region 6 eliminated all six hotels before fully evaluating their proposals because they did not meet contract requirements. Our evaluation found comparable pricing was available. For example, one hotel proposed providing free office space if EPA maintained a certain level of occupancy and paid for parking. When we compared this bid to the awardee's bid for a 6-month period, the cost of the hotel was \$20,000 less. Our comparison was based on using 77 trailers and 77 hotels rooms because the average occupancy for the trailers during February 2006 was 74 people. Occupancy in March 2006 was similar. We also note that the Region's \$1.4 million estimate of savings for lodging is based on the highest bid received.

We do agree that the recompeted contract saved substantial amounts over the previous contract. The cost of trailers went from more than \$300 per trailer/day to \$95 per trailer/day. However, we continue to believe that the contract terms limited competition because only one bidder, the incumbent, was considered. Region 6 based its requirements largely on what it already had instead of considering other options that may have saved additional funds and still met mission needs. Region 6 recognizes in its response that the contract requirements could have been improved. The Region suggested we revise our report to read, "the contract . . . could have been improved to ensure that it did not contain unnecessary and ambiguous requirement that **may have** limited competition." We cannot agree that competition **may have** been limited when only one bidder (the incumbent) qualified for the contract and other bids were disqualified.

More competition would have increased EPA assurance that it received the best value and realized all of the savings possible.

## ***Status of Recommendations and Potential Monetary Benefits***

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status <sup>1</sup>	Action Official	Planned Completion Date	Claimed Amount	Agreed To Amount
No recommendations							

<sup>1</sup> O = recommendation is open with agreed-to corrective actions pending;  
 C = recommendation is closed with all agreed-to actions completed;  
 U = recommendation is undecided with resolution efforts in progress

## ***Agency Response to Draft Report***

**March 9, 2007**

### **MEMORANDUM**

**SUBJECT:** EPA Region 6 Comments on the Draft OIG Report for Assignment No. 2005-001721

**FROM:** Lynda R. Carroll  
Assistant Regional Administrator for Management  
EPA Region 6

**TO:** Carl Jannetti  
Director of Contract Audits  
EPA Region 3

Attached hereto are EPA Region 6 Comments on the Draft OIG Report for Assignment No. 2005-001721.

If you have any questions about this case, you may call me at (214) 665-2100 or David Gillespie at (213) 665-7467.

Attachment

March 8, 2007

**EPA Region 6 Comments on the Draft OIG Report for Assignment No. 2005-001721**

**General Comment**

Having undertaken a deep and comprehensive review of the Region 6 contract for office space and housing, reviewed numerous documents and conducted many interviews, the report ultimately reaches a somewhat ambiguous conclusion: “EPA **cannot be certain** it achieved the lowest possible price or received the best value” (page 5, emphasis added).

Indeed, as we detail at length below, the efforts of our contracting officer yielded a very substantial savings in lodging costs. With one hotel offering us lodging at \$2,032,311 (and another hotel also bidding high), the awardee (██████, Inc.) priced its lodging at \$658,350 -- a savings of \$1,373,961 over ██████. Moreover, this \$1.3 million difference was just for the initial three month period. The potential savings over the potential life of the contract -- considering just the lodging in trailers over the hotel's proposed price -- was \$2,527,436. Lastly, our contracting officer undertook market research on Hotels.com, and found no comparable pricing to that proposed by ██████, Inc.

Region 6 thus, asks that the Title of the report, and the “At a Glance” section, merely reflect the uncertainty that the report itself explicitly concedes. We believe that the following language does so, and suggest that it be used:

**Title**

The title of the report should be revised to say: **New Housing Contract Reduced Costs and Did Attract Competition**. If, however, this language is not acceptable to the OIG, Region 6 would accept the alternative title: **New Contract for Hurricane Katrina Reduced Costs, but Less Restrictive Requirements May Have Potentially Increased Competition**.

**“At a Glance” (and page 2)**

Region 6 suggests that the “At a Glance” section, and page two, first sentence of the last paragraph read: “However, the contract’s statement of work could have been improved to ensure that it did not contain unnecessary and ambiguous requirements that **may have** limited competition” (emphasis added).

**Competition (page 2)**

The report should reflect the following information: A Sources Sought Notice was issued for the Hurricane Katrina Command Post and Lodging requirement. The Statement of Work advertised in the Sources Sought Notice was similar to that advertised in Fedbizopps. Four responses were received from the Sources Sought Notice with questions received from other sources. No source submitted concerns that the requirements were too limiting. With the responses and questions

received from the Sources Sought Notice, it was firmly believed there would be competition for the requirements.

The Request for Quote subsequently advertised in Fedbizopps was also sent to the New Orleans Chamber of Commerce and the New Orleans Metropolitan Association of Realtors in an attempt to try and reach as many sources as possible. No information was received during the advertisement period stating the requirements were too limiting. Additionally, two hotels did submit quotes, however, the hotel quotes did not address all requirements of the Statement of Work and were therefore deemed non-responsive by the Contracting Officer. For informational purposes, the hotel costs were used to support the fair and reasonable price determination of the ultimate awardee as those proposed by the hotels were significantly higher than the per person rate of the awardee.

Under the first housing contract, pricing for the 66 trailers was \$3,915,600 or \$21,450 per day, which equated to \$325.00 per trailer. This cost included ancillary services. This rate was \$224.17 less than the FEMA allowable per diem of \$332.50. It should be noted the FEMA allowable per diem represented 250% of the typical \$133.00 per day allowance for lodging. This FEMA allowable increase was directly attributed to the costs being charged for hotels, motels and apartments during this time. Using 2 persons per trailer, the lodging rate equated to \$162.50 per person per day. Even using this rate, it was still \$170.00 less than the FEMA allowable per diem of \$332.50. The point we wish to illustrate with this comparison is, although EPA was limited in its ability to build flexibility into the initial emergency housing contract, it did not deter EPA from ensuring the price paid per person represented the best value to the Government.

As market conditions changed and flexibility could be built into the solicitation, the contracts were re-competed. At the time of the competitive bidding for the second combined command post and housing contract, FEMA per diem rate was still at the high rate of \$299.25. Although more availability of hotels, motels and apartments existed at this time, there was absolutely no justification for moving personnel from housing trailers when the re-negotiated price per trailer was reduced to \$95.00 including ancillary services. With only 1 person assigned to a trailer at this point in the response, this rate still equated to \$204.25 less than the FEMA allowable per diem of \$299.25. It should be noted the FEMA allowable per diem represented 225% of the typical \$133.00 per day allowance for lodging. This FEMA allowable increase was directly attributed to the costs being charged for hotels, motels and apartments during this time.

At no time, under any circumstance, would a comparison between trailers and hotels/motels illustrate and/or support a decision other than the one that was made to structure the housing contract as it was.

Offers were received from [REDACTED], Inc. (the awardee) and two other local area hotels -- [REDACTED] and [REDACTED]. The Katrina Contracting Officer reviewed the three proposals and excluded the [REDACTED] and [REDACTED] hotels from award consideration because their proposals failed to meet the salient requirements cited in Part II, Section 1, Paragraph E, of the SOW ("Statement of Work for Louisiana Unified Hurricane Response Incident Facility"). The requirement is: "The contractor must provide, at a minimum, six acres of level land that must support a facility, with a



minimum of 35,000 square feet of office space.” The Contracting Officer sent a letter to each of the offerors excluded from further award consideration notifying each offeror of its exclusion.

The Contracting Officer performed an evaluation of [REDACTED], Inc.’s proposal in accordance with the solicitation provision FAR 52.212-2, “Commercial Items”, and found that the price proposed by [REDACTED], Inc. was fair and reasonable. For example, the pricing provided by [REDACTED] reflected a three-month price for lodging -- totalling \$2,032,311.60. The pricing proposed by [REDACTED], Inc. totalled \$658,350.00 for housing. Thus, the Government realized a **housing cost-savings of \$1,373,961.60** by awarding the contract to [REDACTED], Inc.

Moreover, this \$1.3 million difference was just for the initial 3-month period. The potential savings over the potential life of the contract -- considering just the lodging in trailers over the hotel’s proposed price -- was \$2,527,436.10. [REDACTED] proposed price for housing was also higher than the price proposed by [REDACTED], Inc.

Lastly, the Katrina Contracting Officer also performed a market research on Hotels.com for other hotel prices and did not find any pricing comparable to the housing price proposed by [REDACTED], Inc.

### **Need for 6 Acres of Land (page 3)**

In order to be more accurate, the heading for this issue should be revised to the following: **Need for 6 Acres of Level Land Demonstrated**

The OIG report uses the heading: Need for 6 Acres of Level Land Overstated

Further, the report should reflect the following information: EPA had unlimited use of all of the property provided by the Louisiana Technical College and made use of the entire 6 plus acres.

### **Need for Kitchen Space (page 3)**

In order to be more accurate, the heading for this issue should be revised to the following: **Kitchen Space Was Desirable to Support Staff and Morale**

The OIG report uses the heading: Unneeded Kitchen Space Sought

Further, the report should reflect the following information: EPA staff assigned to the IMT had developed a base of knowledge of operational efficiencies and needs to meet the Agency’s mission. These needs included providing for the welfare and morale of the staff. The Incident Command requested that kitchen facilities be maintained for coffee breaks, lunch breaks, informal gatherings as well as for ad hoc meetings.

### **Need for Refrigerator (page 3)**

In order to be more accurate, the heading for this issue should be revised to the following: **Small Refrigerator and Microwave Were Necessary Support Given Long Hours**

The OIG report uses the heading: Unnecessary Small Refrigerator and Microwave Required

Further, the report should reflect the following information: EPA's Incident Commanders, in consideration of the welfare and morale of the staff, requested that the housing accommodations include facilities for storing food and for warming food. Restaurant facilities were limited and staff worked long hours, most of the time arriving back at the facility long after restaurants closed. These accommodations were needed and essential for the comfort and convenience of the field staff.

### **Office Space (page 4)**

In order to be more accurate, the heading for this issue should be revised to the following: **Multi-Story Office Space Not Considered to Save IT/Communication System Costs and to Avoid an Unacceptable Delay to the Mission**

The OIG report uses the heading: Multi-Story Office Space under One Roof Not Considered

Further, the report should reflect the following information: FEMA had already purchased one IT/Communication System for the Incident Command Post and there was no indication that they would reimburse the cost of installing a second system. Further, substantial IT/Communication downtime would have occurred had it been necessary to install another system. Assuming that the necessary vendors, equipment and supplies were readily available; a downtime of seven to 21 days was very probable. ICP operations could not have tolerated even a seven day period of compromised or non existent IT/Communications resources.

### **Need for Fence (page 4)**

In order to be more accurate, the heading for this issue should be revised to the following: **Metal Fence Sought by Region 6 as Important to Security**

The OIG report uses the heading: Alternatives to 6-Foot Metal Fence Not Considered

Further, the report should reflect the following information: Security of staff and equipment was of significant importance. Therefore, fencing was required in the Statement of Work to provide for the security of personnel and equipment as it was believed to be the most cost effective guarantee of security. The temporary fencing market rate was approximately \$22.00 per foot and was a one-time cost. Security Guard support services ranged from an hourly rate of approximately \$20.00 to \$31.00. The number of security guards would have been dependent on the size of the area to be secured. The number of guards required would have to be enough to

visually inspect entrances, perimeters, and areas of lodging and the command post. The market hourly rate of \$20 per hour for 24 hours per day equated to \$480 per day per security guard. A minimum of two security guards was required, but more would be needed if there were no fencing to secure vehicles and government property. The period of performance for the Statement of Work was approximately a minimum of three months with options for an additional three months. Therefore the costs of \$480.00 per day for each security guard (with multiple security guards needed) far exceeded the one-time cost of a fence. Additionally, it was possible some offerors may already have had fencing and these additional costs may not have been needed. Finally, the requirements listed in the Statement of Work could be addressed by an offeror if the offeror chose to propose an alternative to the fencing requirement. Discussions could have been held with offerors proposing an alternative, however, no offeror raised fencing as a problem and no one offered alternatives.

#### **Privacy (page 4)**

In order to be more accurate, the heading for this issue should be revised to the following:  
**Region 6 Sought One Person Per “Private Bedroom Area” in Order to Ensure Privacy.**

The OIG report uses the heading: Need for Private Rooms Not Clear

Further, the report should reflect the following information: If private rooms were needed, the Statement of Work would have used the word “rooms.” Instead, the statement of work used the term “area” so that alternatives to one room per person were possible. Of the 77 trailers, 70 of them had separate, private sleeping areas with a shared common area. The smaller trailers (7) that did not have separate, private sleeping areas had only one person staying in them at a time.

## ***Distribution***

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