

Hurricane Irene has come and gone. She left a trail of damage from North Carolina to Canada. The recovery phase has started with much anticipation. We ended the Hurricane Katrina recovery with important lessons learned. In all, Black contractors performed over \$3 billion in contracts and I am most proud to have been a part of that. However, this Hurricane Irene recovery has started with unforeseen controversy already.

It has been reported to me that FEMA(Federal Emergency Management Agency) is demanding that contractors wait at least six months for payment of any work performed during this recovery. The only corporations that could survive that would be large, mega corporations. Small businesses and certainly Black owned businesses could not possibly participate in that arrangement and expect to survive. So why is FEMA doing this? Could they be trying to block out Black business participation? That is certainly the effect. Or maybe they are broke. That's right. It is certainly possible with the lack of an official federal budget that they may have been caught unprepared. Maybe, they are "selling contracts" by eliminating competition from those who do not make sizeable political contributions.

Either way, it is a disaster that needs to be addressed immediately. It probably violates procurement law. We have started action through correspondence to federal officials and Congress including the Congressional Black Caucus. We pray that this will be addressed immediately and that our businesses will be included in the recovery. Small business is the biggest creator of jobs and jobs are in a serious downward spiral as you all know. The following is the letter I sent out to FEMA Administrator Fugate:

Dear Administrator Fugate:

I have received a complaint from a reputable member of my association. It is alleged that FEMA, in response to the recovery process of Hurricane Irene, is electing not to utilize the expertise of the Army Corps of Engineers in issuing contracts. Rather than that, they are sole sourcing private firms such as SAIC for recovery contracts within North Carolina. Allegedly SAIC is telling potential subcontractors that they will not be paid by FEMA for at least six months after completion of work. Therefore, all subcontractors should not expect payment for work done until sometime after that six month timeframe.

Requiring contractors to wait six months for payment eliminates any possibility of small

businesses participating in this recovery. The seriousness of this matter is quite obvious. I, therefore, respectfully request answers to the following questions:

1. Is the above claim accurate?

- 1. What is the reasoning for sole sourcing and delaying payment of work for at least six months?*
- 2. Is there a small business goal for this recovery?*
- 3. Is FEMA working with the SBA in the procurement process?*
- 4. Does FEMA have budgeted funds to manage this recovery?*
- 5. What is the percentage of Black business participation with FEMA procurement fiscal year to date?*

Your rapid response to this inquiry is dearly appreciated.

Sincerely,

Harry C. Alford

President/CEO

Cc: DHS Secretary Janet Napolitano, Congressman Darrell Issa, Congressman Peter King, Congressman Bennie Thompson, Congressman Emmanuel Cleaver, Congressman G. K. Butterfield, Congressman Mel Watt, Congressman Sam Graves, Governor Beverly Perdue, SBA Administrator Karen Mills

If the above is accurate it is a sad turn of events for our nation. Scandalous at least and it screams for a major clean up in morals and in responsibility of federal officials. As I write this it is flooding in Louisiana and Mississippi. In addition to that Hurricane Katia is gaining strength and is starting to move towards our east coast in a manner reminiscent of Irene. Hopefully, we can rectify the above and, if needed, FEMA will get additional funding before the next disaster.

What is most disturbing is that Black unemployment is approaching 18%; double that of the national average. This is not the time to start blocking more job opportunities. It is callous and irresponsible. Job opportunities are the silver lining in regards to disasters. Let us not waste this opportunity. Hopefully, our congressional leaders will step up and see that we don't.

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