



DELIVERING
RESULTS &
SOLUTIONS

Sourcewell 

Optimizing Agency Federal Grant Potential

Essential FEMA procurement
strategies

May 13, 2025

Our guides



DELIVERING
RESULTS &
SOLUTIONS™
Division of Specialty Program Group, LLC



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Who are we?

Sourcewell

- A government organization granted legislative authority to competitively solicit and award contracts on behalf of 50,000+ agencies across the U.S. and Canada

Delivering Results and Solutions (DRS)

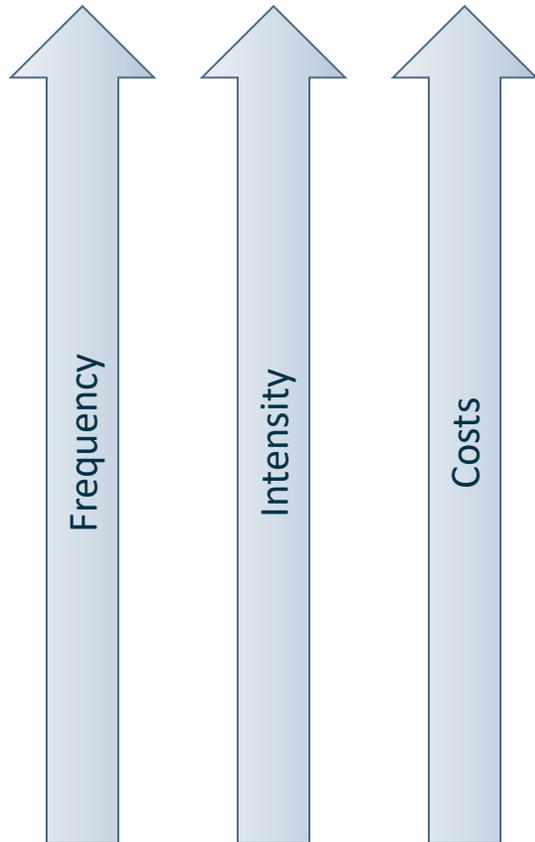
- Decades of experience in disaster preparedness and recovery



Trends in catastrophic disasters

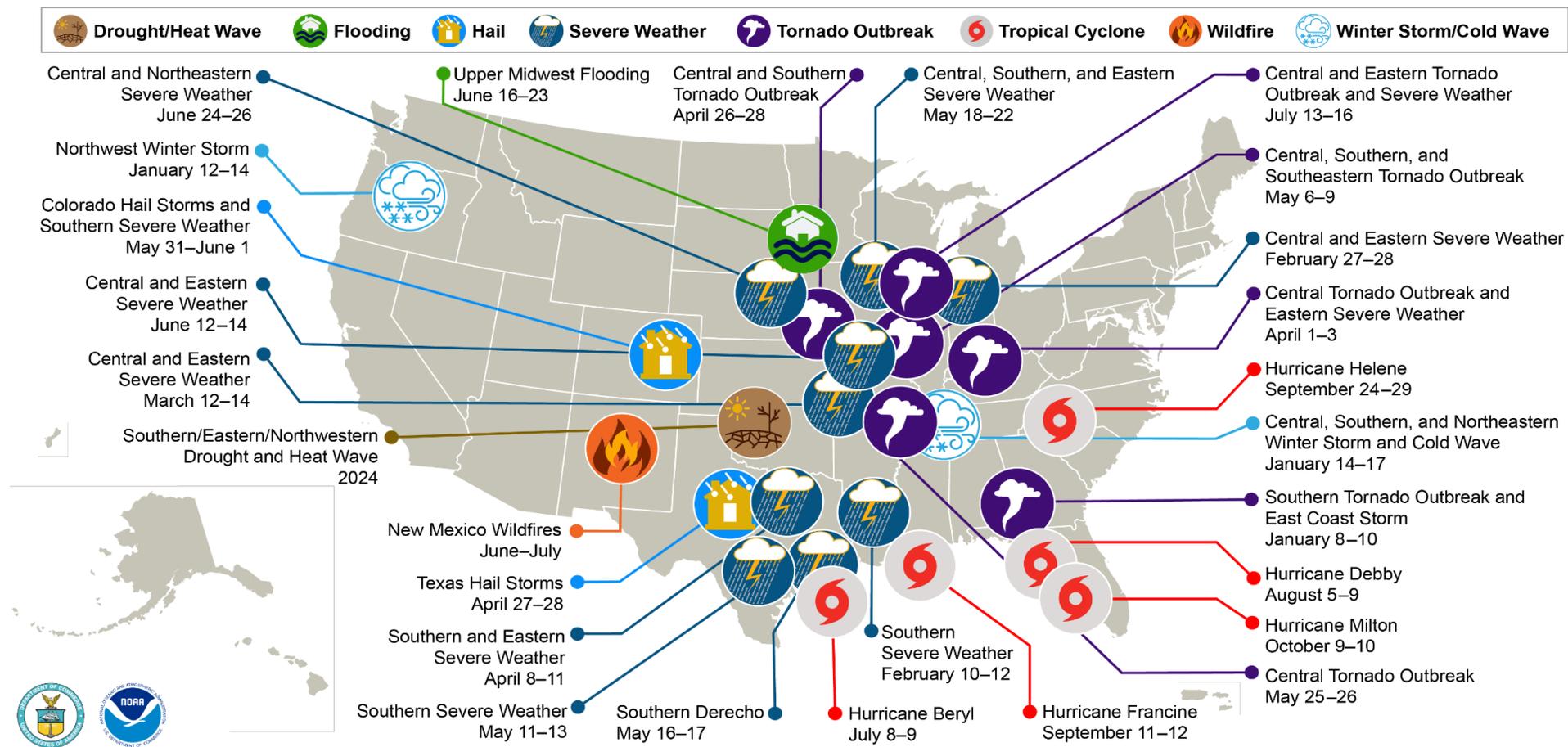


Current catastrophic disaster environment



- 1980 – 2021
Average number of \$1B disasters per year = 8
- 2022
Number of \$1B disasters = 18
- 2023
Number of \$1B disasters = 28
- 2024
Number of \$1B disasters = 27

2024 billion-dollar weather and climate disasters



This map denotes the approximate location for each of the 27 separate billion-dollar weather and climate disasters that impacted the United States in 2024.

Potential billion-dollar disasters for 2025

The following is a compilation of events in which damage costs potentially exceed the \$1 billion-threshold. This is only a preliminary list as calculations are not yet finalized and total costs have not been determined (as of April 8, 2025)

- **Los Angeles Wildfires:** The Eaton and Palisades wildfires in January destroy tens of thousands of homes, vehicles, businesses and other infrastructure in Los Angeles
- **Southern and Eastern Severe Weather:** Severe weather in early-March causes damage across many southern and eastern states
- **Central and Southeastern Tornado Outbreak and Severe Weather:** A mid-March tornado outbreak of more than 150 tornadoes damage homes, vehicles and businesses across central and southeastern states
- **Midwest / Southern Flooding and Tornado Outbreak:** In early-April, historic flooding and more than 100 tornadoes cause extensive damage across several Midwest and Southern states

DOGE and FEMA



What we know

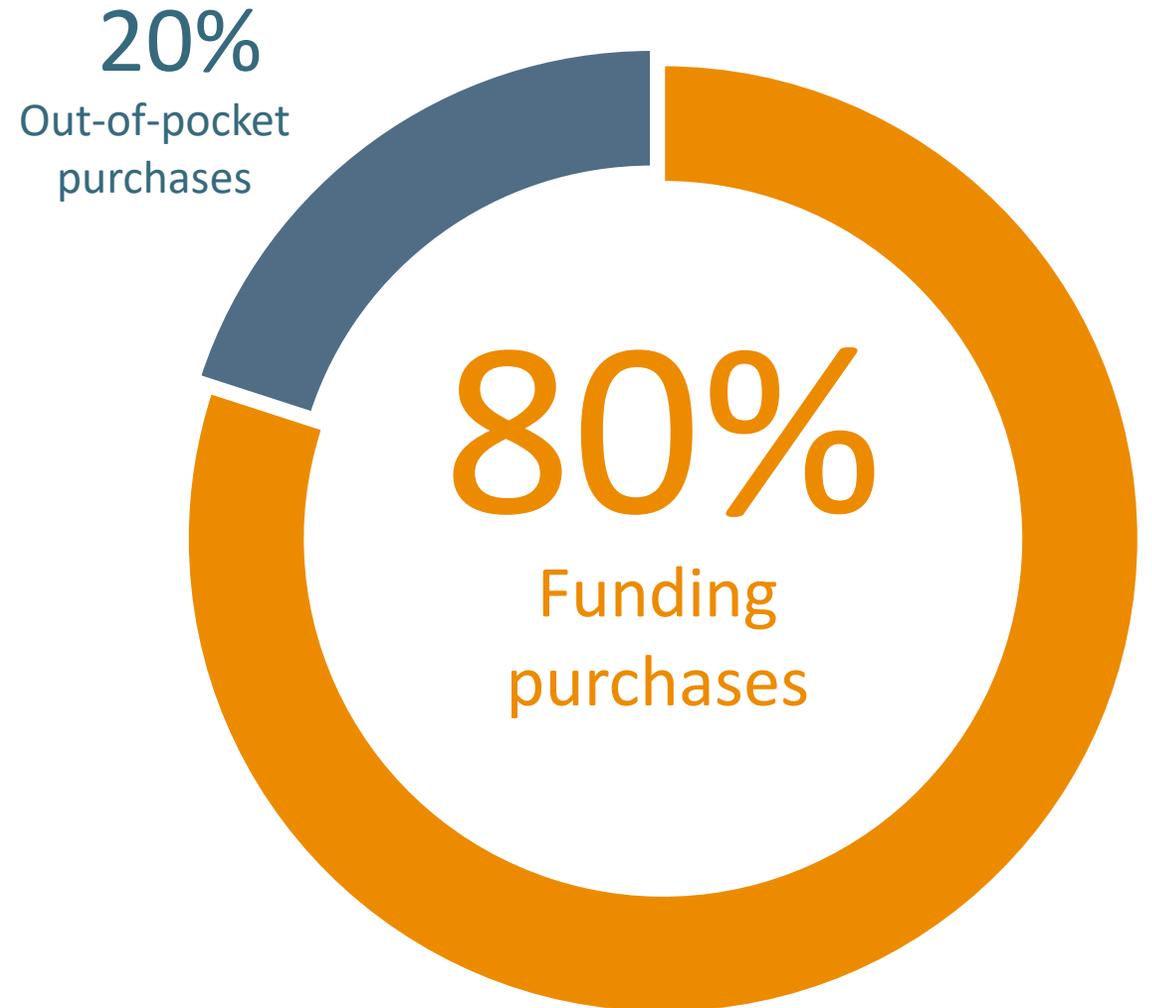
- **The Disaster Relief Fund continues to be funded**
- FEMA is still reviewing formulated projects
- **While there are reported discussions of moving FEMA disaster funding directly to the states, no formal action or recommended legislation has occurred**
- Some programs determined to be wasteful and not aligned with the current administration's objectives, such as FEMA BRIC, have been eliminated

Strategy tip:

*Get procurement a seat at the disaster recovery
planning table*

The role of procurement in disaster recovery

- Typically, over **80% of recovery funding** will be used to make purchases
- Without procurement's involvement in disaster planning, costly mistakes are likely to be made





Federal disaster
grant funding

Grant compliance reviewers

Are federal grant compliance reviewers really that strict?



OIG questioned costs

From October 1, 2008, to September 30, 2016, Office of Inspector General (OIG) audits questioned \$549.1 million in Public Assistance grant costs for noncompliance with **procurement** regulations

\$549.1 million

Top 10 procurement grants mistakes

1

Restricting
full and open
competition

2

Not performing
detailed **price or cost**
analysis for
procurements above
the simplified
acquisition threshold

3

Engaging in **sole-**
sourcing procurement
without documenting
emergency or exigent
situation

4

Continuing work
under sole-source
contract **after the**
urgent need has
ended

5

Not making and
documenting efforts
to take **all**
"affirmative steps"
for S/M/WBE
inclusion

6

Awarding "**time-and-**
materials" contract
without ceiling price
and documenting why
no other contract
type is suitable

7

Not including
the **required**
contract
clauses

8

Awarding a "**cost-**
plus-percentage-of-
cost" or "**percentage-**
of-construction-cost"
contract

9

Awarding a contract
to **contractors that**
are suspended or
debarred

10

Not **documenting all**
steps of a
procurement to
answer questions that
could arise months or
years after

FEMA public assistance strategy essentials



Compare procurement requirements

- Pre-solicitation requirements
- Cost and price requirements
- General procurement procedures
- Procurement methods
- Exception to procurement requirements
- Contract award requirements
- Local preferences
- Minority business requirements
- Domestic preferences for procurements
- Bonding requirements
- Contract provisions
- Access to records
- Record retention
- Disposal of property

COMPARISON OF FEDERAL PROCUREMENT REQUIREMENTS FOR FEDERAL GRANTS AND DISTRICT X CURRENT PROCUREMENT POLICIES			
FEDERAL	District		
Pre-Solicitation Requirements			
	Most Restrictive		
Maintain a contract administrative system for oversight of contract compliance. 2 C.F.R. § 200.318(b)	<input type="checkbox"/>	<input type="checkbox"/>	<ul style="list-style-type: none"> • The District department or division which requested a solicitation or contract shall be primarily responsible for maintaining diligent oversight of the contract.
Avoid unnecessary/duplicative purchases. 2 C.F.R. § 200.318(d)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<ul style="list-style-type: none"> • Not explicitly expressed in District policy
Consider consolidating or breaking out procurements to achieve a more economical purchase. 2 C.F.R. § 200.318(d)	<input type="checkbox"/>	<input type="checkbox"/>	<ul style="list-style-type: none"> • Consideration will be given to consolidating or breaking out procurements to obtain a more economical purchase.
Analyze benefits of purchase versus lease where appropriate. 2 C.F.R. § 200.318(d)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<ul style="list-style-type: none"> • Not explicitly expressed in District policy
Procurement of Recovered Materials <ul style="list-style-type: none"> • Applies to: <ul style="list-style-type: none"> ○ Items where the purchase price exceeds \$10,000 or the value of the quantity procured during the prior fiscal year exceeded \$10,000 ○ Items designated by the Environmental Protection Agency (EPA) at 40 C.F.R. part 247 • Requirement: <ul style="list-style-type: none"> ○ Procure such items that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition Solid Waste Management Services <ul style="list-style-type: none"> • Requirement: Procure solid waste management services in a manner that maximizes energy and resource recovery Affirmative Procurement Program <ul style="list-style-type: none"> • Requirement: Establish an affirmative procurement program for procurement of recovered materials as designated by the EPA 2 C.F.R. § 200.323	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> • The United States Environmental Protection Agency (EPA) guidelines will apply, plus the project manager from the requesting District Department or Division shall obtain a statement from the Contractor regarding the actual percentage of recovered materials utilized in the completion of the contract.

Strategy tip:

Gap analysis for the most restrictive rule

Case study

Campus recovery under pressure

- **What:** \$100M loss from Hurricane Harvey
- **When:** August 2017
- **Where:** Texas high school campus



Challenges to recovery

- **Issue #1:** School board mandated return to campus no later than March 2018
- **Issue #2:** Damages included structural, interior, MEP, exterior, playing fields, contents

Strategy tip:

Use all the tools in your toolbox

Using purchasing cooperatives

The use of state and local intergovernmental agreements and inter-entity agreements (cooperative contracts) for the expenditure of federal funds is **explicitly encouraged** for nonfederal entities receiving federal awards in **2 C.F.R. § 200.318(e)**:

- *“To foster greater economy and efficiency, and in accordance with efforts to promote cost effective use of shared services across the Federal Government, **the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.** Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements*

Purchasing cooperatives

- Prepare for added scrutiny by FEMA
- Best practice – get quotes from three awarded contractors, include one S/M/WBE supplier
- Must provide a written explanation to federal awarding agency showing how the original solicitation by cooperative met all federal procurement requirements



Purchasing cooperatives

- Provide due diligence documentation from cooperative
- Cost/price analysis
- Conduct federal suspension and debarment check
- Amend with federal terms and conditions found at 2 C.F.R. § 200 Appendix II

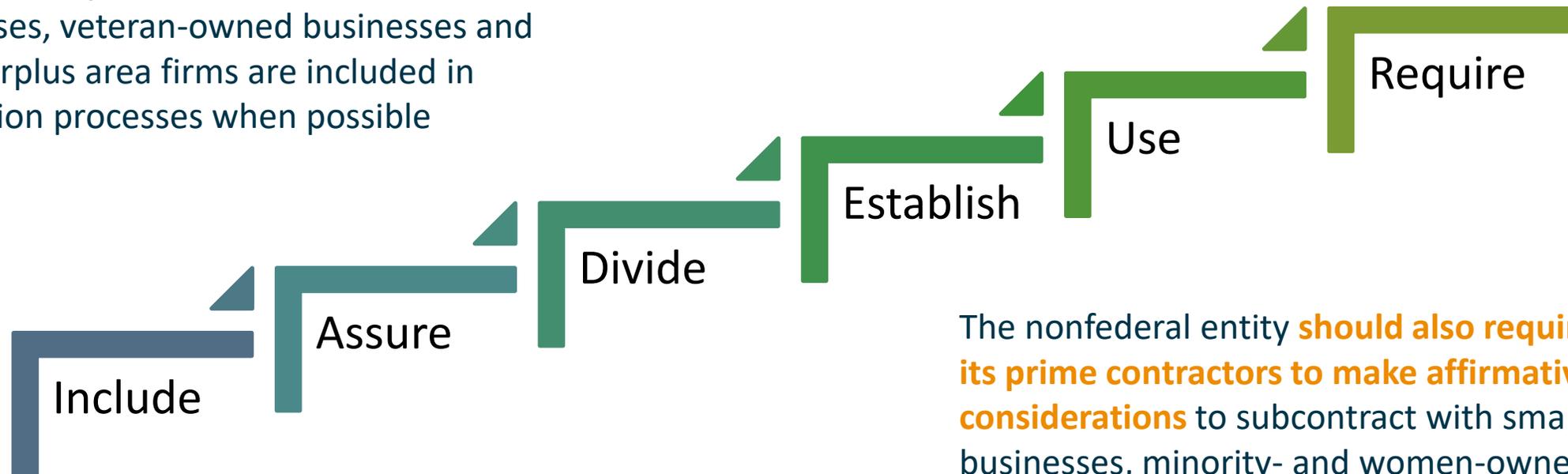


Strategy tip:

Understand the value of using small, minority-owned, women's business enterprise, and veteran-owned businesses in your disaster recovery projects

Socioeconomic – affirmative considerations

Nonfederal entities **must make all necessary affirmative considerations** to assure that small/minority-owned/women-owned businesses, veteran-owned businesses and labor surplus area firms are included in solicitation processes when possible

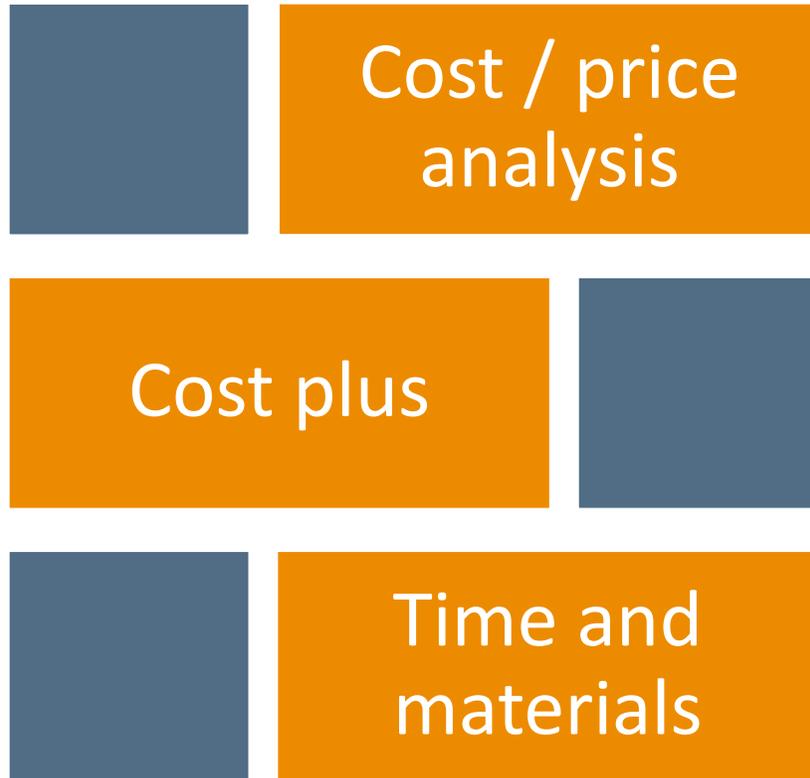


The nonfederal entity **should also require its prime contractors to make affirmative considerations** to subcontract with small businesses, minority- and women-owned firms, veteran-owned businesses, and labor surplus area firms

Strategy tip:

Don't overly rely on the noncompetitive, emergency purchase allowance

Contracts



Strategy tip:

Don't overly rely on the noncompetitive, emergency purchase allowance

! The lack of written justification for every use of a noncompetitive (sole source) procurement is a costly mistake in grant-funded procurement

Costly procurement and contracting mistakes

- Awarding a prohibited cost-plus-percentage-of-cost or cost-plus-percentage-of-construction-cost contract is a costly mistake in grant-funded procurement

- Improperly managing a time-and-materials contract is a costly mistake in grant-funded procurement

- Failing to include all applicable federal terms and conditions from 2 C.F.R. § 200, Appendix II, as well as other terms required by the federal awarding agency, is a costly mistake in grant-funded procurement

Strategy tip:

*Understand the requirements when using
pre-awarded contracts*

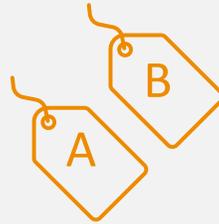
Understanding contract requirements

- Large special utility district (power)
- Currently seeking cost recovery for legacy and recent disasters
- Heavy use of pre-awarded contracts
- Costs questioned due to lack of cost/price analyses, federal and FEMA contract provisions, time and materials oversight
- Reimbursements are ongoing, but many are delayed

Determine fair and reasonable costs



Independent
estimate



Cost/price
analysis



Documentation

Fair and reasonable costs

Strategy tip:

Tell your agency's disaster procurement story

!

Advocate for your reimbursement to optimize recovery

Preparing your grant procurement “story”



Narrate



Create a procurement summary for your documentation



Navigate



Add a table of contents or bookmark your documentation package



Necessitate



Compel the reviewer to obligate funding by detailing 2 C.F.R. § 200 compliance

We are here to help



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Thank you!