

State officials tried to alter bid documents for multi-million dollar hurricane contract

Published: Monday, July 30th 2018, 12:22 pm EDT

Updated: Monday, July 30th 2018, 12:41 pm EDT

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RALEIGH, NC (WBTV) - Leaders in the North Carolina Emergency Management office attempted to change the outcome of a multi-million dollar bid for Hurricane Matthew recovery by re-writing a memo recommending the contract be awarded to three companies instead of one, documents obtained by WBTV show.

The attempt to change the outcome of the bid process meant another delay in a recovery effort that has been filled with them.

Ultimately, the attempt to alter the bid recommendation was unsuccessful. The contract was awarded in mid-June to the same company that was recommended by an evaluation committee in early March.

Request for proposals issued in January

State procurement officials issued a request for proposals in early January for a company to help administer a federal grant from the U.S. Department of Housing and Urban Development known as CDBG-DR.

At the time, the state was contracting with ESP, a firm that provides engineering and emergency management service, to help administer the grant.

According to a timeline included in the RFP, the contract was supposed to be awarded in February and the winning company was supposed to begin working immediately thereafter.

Three companies, including ESP, responded to the RFP in an effort to win the new contract, which is worth roughly \$15 million dollars.

Each company's bid was evaluated by a committee of career employees from NCEM and the Department of Commerce.

Documents obtained by WBTV through a public records request detail the discussion surrounding the process by which each of the three bids were evaluated. Ultimately, the committee recommended one of the three companies be awarded the contract.

The documents also show that after the evaluation committee made its recommendation, officials at NCEM drafted a new recommendation memo and created a paper trail to make it look as though the memo came from members of the evaluation committee.

‘Experience under existing state contract has had mixed results’

Emails produced in response to WBTV’s public records request show the evaluation committee began its review of the three bids in mid-February.

Three companies bid on the contract: ESP, who, at the time, held the contract to help administer the CDBG-DR funds; a North Carolina-based company known as IEM; and AECOM.

The evaluation committee scored each company’s proposal based on five set of criteria, with up to 20 points being awarded in each category. A proposal could score up to 100 points. The higher the score, the stronger the evaluation committee found the proposal to be.

Of the three companies that bid, ESP, who had won the previous contract, was scored the lowest, receiving 81 points. AECOM scored 85.2 points. IEM got the high score, obtaining 91.4 points.

A draft document prepared by the evaluation committee and later edited by an attorney from the Commerce Department shows the committee ranked ESP so low, at least in part, because of the company’s poor performance in its current contract.

“Experience under existing state contract has had mixed results,” one bullet point stated.

“The proposal pointed to work accomplished under an existing contract as being complete and exemplary when the state disagrees on both points,” another bullet point said of ESP.

A third bullet point included in the final justification document said the committee was concerned with ESP’s experience with a controversial project referenced in the company’s bid.

The evaluation committee prepared its recommendation memo on March 1, 2018.

“The above referenced Request for Proposal, having been competitively bid and evaluated by panel, has been awarded to IEM,” the memo to an administrator at the Department of Administration’s Purchase and Contract office said.

Second memo recommends award to all three companies

Two weeks after the evaluation committee's recommendation memo was sent to attorneys for final review, a different memo surfaced.

Nick Burk, who was then a deputy director at NCEM, sent an email to two members of the RFP evaluation committee—both of whom work at NCEM — on March 16 that makes it sound as though the committee had written a memo recommending all three companies be awarded the hurricane recovery contract.

"We are in receipt of the recommendation memo for the CDBG-DR Contract (sic), signed by Director Sprayberry," Burk's email said.

Attached to the email was the second contract, dated March 16, recommending all three companies be awarded the contract.

There are no emails to show the committee met after issuing its March 1 recommendation to discuss making a different recommendation.

In an interview arranged by staff from Governor Roy Cooper's office, Mike Sprayberry, the Director of Emergency Management, said he re-wrote the memo.

"I thought, as Director of Emergency Management, that we could possibly take advantage of some of the contractors that we had been using with the skillsets that they had and the capacity they had," Sprayberry said. "I found out that I didn't have that authority."

Sprayberry said he and he alone wrote the second memo but did not explain why he had Burk write the email in which it sounds as though the recommendation he signed off on had come from the committee. He also could not provide an explanation as to why he would try to steer a contract to a company that the evaluation committee found had not adequately performed under its current contract.

"It was my decision. I made it," Sprayberry said when pressed about his decision. He refused to answer multiple questions about why he made the decision.

Ultimately, the bids were re-evaluated and the contract was awarded to IEM in mid-June.

Sprayberry said no time was lost due to the delay in awarding the new contract because ESP stayed on the job until the new contract was awarded.

But state lawmakers from parts of eastern North Carolina ravaged by Hurricane Matthew said the delay uncovered by WBTV related to the attempt to alter a competitively bid contract award is just the latest in a string of delays that have set the state's recovery efforts back by at least a year.

“The frustration level for the citizens is at a boiling point,” Representative Brendan Jones (R-Columbus), who represents the hard-hit town of Fair Bluff, NC, said. “No answer, no relief and we’re asking for help.”

Jones and House Majority Leader John Bell (R-Wayne), whose district was also hit hard by the storm, have worked to re-establish a House oversight committee that will continue monitoring the state’s recovery efforts.

That committee is expected to meet again in mid-August.

Meanwhile, Sprayberry has vowed to move forward with recovery efforts.

One county impacted by the storm has now been cleared to start spending its share of the \$236 million CDBG-DR grant. Three more counties are expected to receive the same approval in August. There is no timeline for the remaining counties to be able to distribute their share of the funds to start rebuilding homes damaged by the storm.

“I’m not sitting here to make excuses. We are working hard and we’re committed as a team to get this DR money out,” Sprayberry said. “What’s changed since the last time I saw you is that we’ve awarded \$82M in hazard mitigation funds to over 600 household. I mean, I think that’s a pretty big accomplishment.”

<http://www.wbvtv.com/story/38766910/state-officials-tried-to-alter-bid-documents-for-multi-million-dollar-hurricane-contract>