

FINANCIAL PLANNING DIVISION ANALYSIS FY 2012-13 Budget

Portland Bureau of Emergency Management

Analysis by: Yung Ouyang

I. Overview

| Budget Summary | Revised FY 2010-11 | Revised FY 2011-12 | Request Base FY 2012-13 | Request Total FY 2012-13 | Percent Change |
|---------------------------------|-----------------------|-----------------------|----------------------------|-----------------------------|-------------------|
| Resources | | | | | |
| Intergovernmental Revenues | \$5,945,058 | \$9,546,566 | \$7,393,914 | \$7,393,914 | -22.5% |
| Interagency Revenue | 14,000 | 17,000 | 0 | 0 | -100.0% |
| General Fund Discretionary | 670,170 | 671,186 | 706,854 | 650,306 | -3.1% |
| General Fund Overhead | 1,000,502 | 1,081,541 | 1,087,955 | 1,087,955 | 0.6% |
| Total Resources | \$7,629,730 | \$11,316,293 | \$9,188,723 | \$9,132,175 | -19.3% |
| Expenditures | | | | | |
| Personnel Services | \$1,668,217 | \$2,536,416 | \$1,790,316 | \$1,790,316 | -29.4% |
| External Materials and Services | 5,490,572 | 8,324,524 | 6,962,302 | 6,943,366 | -16.6% |
| Internal Materials and Services | 470,941 | 455,353 | 436,105 | 398,493 | -12.5% |
| Total Requirements | \$7,629,730 | \$11,316,293 | \$9,188,723 | \$9,132,175 | -19.3% |
| Total Bureau FTE | 19.00 | 19.00 | 17.00 | 17.00 | -10.5% |

Percent Change is the change from FY 2011-12 Revised Budget to FY 2012-13 Total Requested Budget.

II. Key Issues

Declining Grant Revenues

Grant revenues from the federal and Oregon State government agencies have been a major source of funding for the Portland Bureau of Emergency Management (PBEM). For example, the bureau's FY 2012-13 base budget is 80.5% grant funded, with only 7.7% supported by General Fund Discretionary and 11.8% funded by General Fund Overhead. These grant revenues are expected to decline significantly in the next several years as the granting governments face fiscal challenges of their own, but the bureau is unable to predict with any degree of certainty exactly how much the declines will be.

PBEM believes that it is unlikely to receive any additional Urban Areas Security Initiative (UASI) grant funds from the US Department of Homeland Security, much of which is spent on behalf of or passed through to other governments in the region, beyond the UASI 2012 grant. The 2012 award of about \$2.1 million is less than half of last year's award of \$5.6 million. The significant loss of funding will have impacts to the region and the bureau, decreasing PBEM staff by 4.5 positions. The potential staff reductions would affect the bureau's Contract Specialist for procurement; Accountant II (at half-time); two regional staff positions that support regional projects like the Public Alerts website and program development; and a senior program manager position that manages the Regional Disaster Preparedness Organization Project.

The State of Oregon has informed the bureau that the Emergency Management Performance Grant (EMPG) is likely to decline as well. PBEM still anticipates receiving EMPG funding to some extent, as well as some State Homeland Security Program (SHSP) grant funds. However, the amounts will

depend on the state allocations decided by the federal and state governments. EMPG currently subsidizes half of PBEM's office rent. The SHSP grant supports the FirstCall Community Emergency Notification System with additional funding coming from the Water Bureau.

If the grant funding from these sources decrease, PBEM will need to identify other avenues to support the associated services. And in case the bureau is unable to locate other resources, Financial Planning recommends that the bureau explore other arrangements.

New Emergency Coordination Center (ECC)

Of the six initial bids received in December for construction of the new ECC, the lowest responsive bidder was disqualified based on Procurement Services' review, and an intent-to-award letter was issued to the next lowest responsive bidder. The disqualified bidder has protested, and the City is now working on a response. Construction is planned to begin during the Spring of 2012 and is anticipated to take 18 months. Total cost of the project is \$19.8 million funded 46% (or \$9.1 million) by the Water Bureau and 54% by PBEM (\$10.75 million), with \$4.0 million of PBEM's portion coming from the Public Safety GO Bond funds approved by voters in November 2010.

West Side Emergency Operations Center

Note: This section is subject to revision since the Special Appropriation request has not been submitted by the Mayor's Office yet.

Through a Special Appropriation from the Mayor's Office, PBEM is requesting funds for a west side emergency operations center. The City had determined that it needs to have an emergency storage/response coordination facility on the west side of the Willamette River and is working on a lease agreement with the Department of Defense (DoD) in regards to the Jerome Sears Army Reserve Center in Multnomah Village, until such time that the DoD can complete a radiation and asbestos screening process, one of the final components before ownership transfer. The primary use of the facility will be storage for equipment, vehicles, and supplies, as well as serve as a back-up emergency coordination center.

On the expenses side, the request consists of \$185,613 of ongoing costs for Operations & Maintenance and \$173,000 of one-time costs for a conditional use permit/land use review, connecting the facility to the Internet, and splitting AC systems for telecommunications rooms. PBEM notes that the Internet connectivity cost is a low confidence estimate, while the figures for the conditional use permit and HVAC system split are educated guesses. The amounts for the O&M costs are also low confidence estimates; the bureau has indicated that it will not have better numbers until it starts using the building and gets a truer sense of usage (electricity, heat, etc.) based on occupancy. On the resources side, the Water Bureau is committing \$44,000 a year for two years, and its funds are committed so long as its staff is relocated to the facility. At this time, PBEM has no commitments from other bureaus such as CityFleet or the Bureau of Transportation. With the total expenses of the request for FY 2012-13 estimated at \$358,613, and a commitment of \$44,000 from the Water Bureau and \$5,000 ongoing from PBEM, the General Fund resources needed for FY 2012-13 is \$309,613.

PBEM notes that aside from getting the Internet/wireless connection, nothing else needs to be done to the building to make it operational for current needs. The building has already had some seismic upgrades. The first floor is ADA compliant, and any public activity will likely be limited to just that first floor. Other tenant improvements such as adding an elevator and sidewalks can be done over time as funds allow.

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

| | Bureau Priority | Bureau Requested | | | | | FPD Analyst Recommendations | | | | |
|--|-----------------|------------------|------------------|-----------------|----------------|-----------------|-----------------------------|------------------|-----------------|----------------|-----------------|
| | | FTE | Gen Fund Ongoing | Gen Fund 1-Time | Other Revenues | Total Expenses | FTE | Gen Fund Ongoing | Gen Fund 1-Time | Other Revenues | Total Expenses |
| Portland Bureau of Emergency Management | | | | | | | | | | | |
| <i>Reductions</i> | | | | | | | | | | | |
| EM_01 - 4% Reduction Package | 01 | 0.00 | (28,274) | 0 | 0 | (28,274) | 0.00 | (28,274) | 0 | 0 | (28,274) |
| EM_02 - 6% Reduction Package | 02 | 0.00 | (14,137) | 0 | 0 | (14,137) | 0.00 | (14,137) | 0 | 0 | (14,137) |
| EM_03 - 8% Reduction Package | 03 | 0.00 | (14,137) | 0 | 0 | (14,137) | 0.00 | 0 | 0 | 0 | 0 |
| <i>Total Reductions</i> | | <i>0.00</i> | <i>(56,548)</i> | <i>0</i> | <i>0</i> | <i>(56,548)</i> | <i>0.00</i> | <i>(42,411)</i> | <i>0</i> | <i>0</i> | <i>(42,411)</i> |
| Total Portland Bureau of Emergency Management | | 0.00 | (56,548) | 0 | 0 | (56,548) | 0.00 | (42,411) | 0 | 0 | (42,411) |
| <hr/> | | | | | | | | | | | |
| Summary by Decision Package Type | | | | | | | | | | | |
| <i>Total Reductions</i> | | <i>0.00</i> | <i>(56,548)</i> | <i>0</i> | <i>0</i> | <i>(56,548)</i> | <i>0.00</i> | <i>(42,411)</i> | <i>0</i> | <i>0</i> | <i>(42,411)</i> |
| <i>Total Unfunded Ongoing</i> | | <i>0.00</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0.00</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> |
| <i>Total Bureau Adds</i> | | <i>0.00</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0.00</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> |
| <i>Total Realignments</i> | | <i>0.00</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0.00</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> |
| Grand Total | | 0.00 | (56,548) | 0 | 0 | (56,548) | 0.00 | (42,411) | 0 | 0 | (42,411) |

III. Decision Package Analysis & Recommendations

Reduction Packages

4% Reduction Package/EM_01, (\$28,274), Bureau Priority #1

For its 4% reduction package, PBEM is proposing to reduce its Interagency Agreement (IA) with the Bureau of Technology Services (BTS) for server support by migrating the WebEOC failover to an off-site web-hosted solution. A regional system utilized by the Portland urban area, WebEOC is the web-enabled crisis information management system that provides secure real-time information sharing to help managers make sound decisions quickly. Financial Planning is recommending this reduction because PBEM believes that the risks and possible negative consequences of migration to an off-site hosting solution are manageable. In particular, PBEM has indicated that although the bureau will be dependent on an Internet connection to access WebEOC with the migration, it will have satellite Internet access as a back-up in the event of a catastrophic failure of local Internet access. BTS is also in agreement with the cost saving measure and the solution for off-site hosting moving to the vendor.

Although PBEM is realizing savings in its Internal Materials & Services budget with this request, it would have to pay additional costs to the vendor with funds out of its External Materials & Services budget. In FY 2012-13, the additional costs are \$8,650, an amount which includes set-up costs but is also net of a \$7,000 credit. The bureau does not have to pay set-up costs in FY 2013-14, making PBEM's payment to the vendor \$4,800, which is also net of a \$7,000 credit. The credit lasts for only two years, and so the payment to the vendor increases up to \$12,300 in FY 2014-15.

FPD Recommendation: (\$28,274)

6% Reduction Package/EM_02, (\$14,137), Bureau Priority #2

At the 6% level, the bureau is further reducing its IA with BTS by \$338 for server support and \$9,000 for video projects, as well as reducing its IA with Facilities by \$4,799 for paying down the bureau's portion of the ECC debt service. The amount for the video projects fluctuates from year to year and is set based on the prior year's use. PBEM does not anticipate having any video projects in FY 2012-13, and so the amount of the IA can be reduced. In regards to the ECC debt service, \$250,000 of debt was initially sold for the original project to have an Emergency Operations Center constructed in the Portland Communications Center. This debt was refinanced twice, with the last payment being made (and the debt ending) in FY 2011-12. See EM_03 immediately below for more details.

FPD Recommendation: (\$14,137)

8% Reduction Package /EM_03, (\$14,137), Bureau Priority #3

PBEM is proposing to further reduce its IA with Facilities due to the bureau paying down its portion of the ECC debt service. The last payment was for \$25,750, and PBEM's IA with Facilities for Space Rent decreased by almost \$27,000 between FY 2011-12 and FY 2012-13. The cumulative Facilities IA reduction contained in this package and that for the 6% reduction package totals \$18,936. Although the debt service has already been completely paid, Financial Planning is not recommending the reduction in this package in order to maintain consistency with the level of reductions that other bureaus are experiencing. Thus, the bureau now has extra funds that it can allocate to other purposes.

FPD Recommendation: (\$0)

V. Performance and Accountability

Program Summary Template

PBEM has four programs that are ranked in its Program Summary Template. The Emergency Operations/Emergency Coordination Center program and the Planning program are ranked either first or second in the Core and Community priorities, while the Finance and Grants program and the Exercise and Training program are ranked either third or fourth.

The Program Summary Template provides good descriptions of the bureau's programs, accurate financial figures, and adequate output/performance data. The bureau has allocated most of its grant funding to the Finance and Grants program, which can be confusing because the program consists of three staff persons working on the bureau's finances. However, the program is responsible for passing through UASI funds or goods purchased with UASI funds on the behalf of governments of the region of the initiative, and that is why the figures for that program are so high.

Performance Measures

PBEM's performance measures for FY 2012-13 are all new, making comparisons with prior years impossible. The bureau has targets that it hopes to achieve for these measures for both next year and the current fiscal year. Most of the measures pertain to workload, including measures for training a certain number of volunteers and completing a certain number of workshops or exercises, etc. One notable exception is the measure regarding the percent of time audit findings resolved within a year, with 100% being the bureau's goal.

Service Improvement

PBEM's Service Improvement Plan discusses three efforts for FY 2012-13: 1) Working with OMF, PBEM will complete a Citywide Continuity of Operations Plan to inform the identification and prioritization of resources needed to perform essential functions and achieve recovery time objectives in the event of a major emergency; 2) the bureau will continue to work closely with regional partners to coordinate information sharing and resource management, expanding the Public Alerts brand as a trusted source of official information; and 3) Continue work on the Emergency Coordination Center and the West Side Emergency Operations Center, as well as continuing to improve the work of the Neighborhood Emergency Teams by strengthening a shared understanding of the various roles and responsibilities of the various parties involved.

In support of PBEM's FY 2011-13 Strategic Plan, each program area has adopted specific work plans that incorporate customer service components. PBEM solicits comments and feedback from the public and targeted groups through various means, including online customer surveys. The bureau will soon migrate to a new website that will be more conducive to social media outreach and the posting of video content for mass consumption. By the end of the year, PBEM will adopt customer service measures as part of its annual performance evaluation process.