

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	August 11, 2014
	Agenda Item No.	27
	Roll Call No.	<u>14-1229</u>
	Communication No.	<u>14-384</u>
	Submitted by:	John F. TeKippe, Fire Chief

AGENDA HEADING:

Approve and adopt the 28E Agreement for the Administration and Funding of the Polk County Emergency Management Commission (Commission) for Fiscal Years (FY) 2015, 2016, and 2017.

SYNOPSIS:

Approve and adopt the 28E Agreement for the Administration and Funding of the Commission for FY2015, 2016, and 2017. The per capita assessment for FY2015 is \$0.25 and the per capita assessment for FY2016 and 2017 is increased to \$0.50, as approved by the Commission members on May 28, 2014.

FISCAL IMPACT:

Amount: FY2015 \$50,854.75; FY2016 \$101,709.50; FY2017 \$101,709.50

Funding Source: FD105000 FD Emergency Management Services

ADDITIONAL INFORMATION:

In Brief

The Polk County Emergency Management Commission Executive Committee recommended, and the full Commission unanimously approved adoption of the proposed 28E Agreement regarding the administration and funding of the Commission on May 28, 2014. The agreement has been adopted and renewed by the Board of Supervisors and all the municipalities in Polk County in years 2005, 2008, and 2011.

The Commission is currently funded on a \$0.25 per capita basis. The new agreement calls for continuing the \$0.25 per capita cost for FY2015 and increasing the per capita cost to \$0.50 for FY2016 and 2017. The City of Des Moines share will increase from \$50,854.75 to \$101,709.50 based on this formula. Explained in greater detail below, the following are the reasons and key points regarding the increase:

- The ending of federal grants.
- No increases in per capita over the past nine (9) years.
- The City of Des Moines cannot perform these services for either the current per capita cost (\$50,854.75) or the FY16 and 17 cost (\$101,709.50). One (1) full-time employee (FTE) performing this work would be \$127,400.00. Currently four (4) FTE are performing this work.
- Current capabilities are necessary and routinely used.

- Increases in the cost of doing business.
- The return on investment for Polk County communities has been +3,552% over the past nine (9) years.
- The Commission will go into deficit without an increase.
- Even with the increase, the Commission cost will compare favorably to other Iowa emergency managements.
- Eligibility for hazard mitigation and other grants require membership and participation in the Commission.

History and Background

In 2004, the Commission began discussions with the Metropolitan Advisory Committee (MAC) to develop an equitable method for funding the multi-jurisdictional services of the Emergency Management Commission. The resulting 28E agreement included a three (3) year term beginning in FY 2006 that assessed each city and the County at \$0.25 per capita according to the most recent federally-certified census for the jurisdiction's population in Polk County.

This agreement has been unanimously approved and adopted by the Commission a total of three (3) times since FY2006. There has been no increase in the assessment amount during this nine (9) year period. The cumulative total of these assessments over the past nine (9) years equals \$911,185. The Emergency Management Agency has successfully secured (or provided the compliancy required to acquire) \$33,283,279 in non-local grants during this same time period. The financial value of these services, equipment and supplies secured represent a 3,552% return on investment.

The Commission's revenue from this source is largely used to pay for personnel costs and a small percentage of operating costs such as fuel, office supplies, and telephone services. State statutes require the Commission's compliance with planning, training, and exercise requirements in order to receive grants and to be eligible for the state's 10% cost-share on presidentially declared disasters. In Polk County, this 10% amount alone totals more than \$1.9 million during this same time period.

In comparison to other emergency management commissions across Iowa, the Commission's per capita assessment of \$0.25 is currently the lowest in the state with the average being \$1.86. Compared to other commission's budgets across Iowa, the Commission has the second lowest budget per capita at \$0.93 per person. The average per capita budget for local emergency management commissions in Iowa is more than 4 ½ times that of Polk County's at \$4.55 per person.

Polk County and the State of Iowa are representative examples of the national trend in the significant decline in distribution of federal homeland security and emergency management funding. The funding allocated to Polk County from grant sources has gone from \$2,599,870 in 2004 to \$128,700 in 2013.

Three (3) critical maintenance agreements and service contracts that have previously been funded through grant sources can no longer be sustained through those sources. This includes: Code Red Automated Notification System (\$66,000 per year); CEC maintenance agreement for EOC technology support (\$20,000 per year); and Buffalo Computer Graphics for incident management software support (\$22,000 per year). An additional expense that exists today that did not exist when the original 28E agreement was calculated is the property/liability insurance policy that the Commission purchases annually (\$15,000 per year). These costs total approximately \$123,000 of expenses and were not part of the operating budget when the original 28E was signed more than a decade ago.

Due to the reduction or elimination of the federal grant sources, coupled with the need to maintain the critical and often used services such as Code Red, DLAN, and EOC technology, the Commission's operating reserves have been nearly depleted and are expected to be fully exhausted in FY2016 if an adjustment in the assessment is not adopted.

Proposed Solution

The Polk County Emergency Management's Executive Committee discussed the multi-year budget projections and the existing 28E agreement for the administration of emergency management with the Emergency Management Director for several months.

The Polk County Emergency Management Executive Committee also discussed the vulnerability of the Commission's fiscal health by operating without a reserve fund available to survive the financial impact of a significant incident such as a flood, tornado, or other disaster that would place unscheduled, but costly demands on the Commission, the Agency, and its budget. Through research and discussion with other local municipal and county political subdivisions, it is common practice for an entity such as the Commission to establish and maintain a reserve contingency fund equal to 25% of the Commission's expected annual operating expenses. Over the past several years, the Commission has had non-grant expenses of approximately \$640,000 annually. Using the 25% reserve goal would indicate the Commission should have approximately \$160,000 in reserves. The current \$20,000 balance in FY14/15 will quickly be consumed resulting in a \$0 reserve balance if the 28E agreement is not adjusted.

The Executive Committee discussed phased-in options that could be considered to rectify the decline/expiration of the grants as well as the establishment of a reserve budget goal. Under this proposed assessment, the Commission would be the fourth lowest in the state at \$0.50; remaining much below the statewide average of \$1.86 per capita. The scope and level of services provided at this proposed rate would be very difficult if done independently by each jurisdiction and would conflict with the practice and vision of collaboration reflected in the Capital Crossroads projects with which many have been involved.

Alternatives Considered

Smaller Increase in Assessment Phased in Over a Longer Period - A smaller increase does not meet the needs described earlier in this document. The increase in the assessment amount is just enough to cover the projected costs of the Commission. The estimated \$15,000 annual surplus will be used to build a very modest reserve slowly over time. The 25% reserve goal is an accepted standard by many local governments. At the growth projected, it will take approximately 10 years to establish the reserve goal. This assumes no disasters or significant increases in costs during the next 10 years. Recognizing that there have been four (4) major disasters in the past 10 years in Polk County, the conservative odds are that the rate of growth will be 10 years at a minimum.

Special Assessment

The use of special assessments as needed are addressed in Iowa Code Chapter 29C.17(3) - "A political subdivision may appropriate additional funds for the purpose of supporting commission expense relating to special or unique matters extending beyond the resources of the agency." Using the special assessment for annual budget operational needs would seem to be beyond the "special or unique matter" allowed for under this statute. For those matters truly "special or unique," the special assessment could be invoked by the Commission under statute or the Commission's By-Laws and

would not require the language to be placed in the 28E agreement discussed here. Additionally, the “only as needed” environment created by the use of a special assessment would not allow for the long-term budgeting necessary to establish and maintain the capabilities required over time. As with other municipal services such as fire, law enforcement, emergency medical services and public works, emergency management depends upon the interim periods between disasters to plan, train, and exercise in order to be capable and have the capacity to respond when emergencies and disaster occur.

PREVIOUS COUNCIL ACTION(S):

Date: March 14, 2011

Roll Call Number: [11-0480](#)

Action: [28E](#) Agreement with Polk County Emergency Management Commission for funding the Polk County Emergency Management Agency and reappointing Chief of the Fire Department as the City’s representative. ([Council Communication No. 11-143](#)) Moved by Mahaffey to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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