Office of Emergency Services:

Has Met Most of Its Emergency Management Responsibilities Despite Administrative Problems

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Summary

Audit Highlights ...

OES is very effective at coordinating responses to disasters and does a good job of helping state and local governments prepare for future emergencies. However, OES must improve its disaster recovery efforts by:

- ☑ ***Working with FEMA to modify certain federal practices and policies; and***

- ☑ ***Adequately managing recovery information.***

In addition, OES has serious administrative inefficiencies, including its:

- ☑ ***Inability to demonstrate its staffing needs;***

- ☑ ***Failure to manage contracts and information technology adequately; and***

- ☑ ***Failure to budget and estimate its cash flow needs accurately.***

Results in Brief

This report presents the results of the California State Auditor's comprehensive performance audit of the Office of Emergency Services (OES), determining its effectiveness in fulfilling its mission and its administrative efficiency. OES is responsible for administering the State's emergency management program. This program includes preparing for emergencies before they occur, organizing the immediate response to emergencies, and overseeing the recovery from disasters after they have occurred. Our audit revealed that OES is very effective in responding to emergencies, quickly directing state and local resources to assist areas struck by disaster. In general, OES is also doing a good job assisting the State and local governments prepare for emergencies to help mitigate the effects of disasters.

However, OES's effectiveness in coordinating the disaster recovery effort is significantly impaired by certain policies and practices of the Federal Emergency Management Agency (FEMA), which provides most of the funding for state and local government recovery efforts, and by its own inadequate practices. FEMA's inconsistent funding policies and slow system for resolving disagreements make an already cumbersome process for claiming federal funds even more difficult. OES's lack of an adequate system for managing documents created during the recovery process, tracking related costs for each disaster, and identifying its costs for reimbursement from FEMA delays access to important information needed for effective management of the recovery process.

Although it is able to meet its emergency management responsibilities, OES has serious administrative problems. A series of major disasters in California since 1989 has overwhelmed OES's ability to perform some of its basic functions, such as budgeting, hiring, and using information technology, exposing many inefficiencies in its administration. These inefficient practices have resulted in an administrative crisis in which OES uses more resources than necessary and incurs extra costs for the State.

For example, in part because OES does not estimate its budget needs accurately, lacks an information system to support billings and account for pending claims, does not ensure that
costs it incurs will be reimbursed, and is late in billing for federal reimbursements, the State's General Fund had to lend $3.3 million to OES in November 1995 so that it could meet its November payroll. Additional loans or deficiency funding will be needed for the remainder of fiscal year 1995-96. Although federal funds may ultimately be received, the interest costs on the loans from the General Fund will be borne by state government. Federal reimbursements may never be received for some costs OES incurred, such as $770,000 for 140 laptop computers and related equipment purchased during the winter storms of 1995, because it failed to receive assurance of federal reimbursement before purchasing the computers.

Until recently, OES has not had a strategic plan for information technology. The resulting problems include incompatible computer hardware and software and a poorly defined and managed information technology contract. The incompatibility that has resulted from the lack of central planning needlessly consumes employees' time. Also, OES has spent over $5 million on a contract to automate the management of recovery documents that does not yet meet its needs. Although it needs a replacement for the inefficient manual system it currently uses, better planning of this automation project could have saved the time and financial resources used to correct avoidable problems.

OES also does not consistently practice good contract management, failing to assess the reasonableness of costs on sole-source contracts and ensure that services for which it contracts are received. Weaknesses in contract management can be costly to the State in the form of undelivered contract services and the payment of contract rates that may exceed the "going rate" for such services.

In addition, OES has significant problems with staffing, which contribute to inefficiencies. Its inability to demonstrate its staffing needs with reliable workload analyses has contributed to understaffing and high overtime costs. Because FEMA does not reimburse OES for overtime costs, the State loses money on those costs that would have been reimbursable if the employees were working regular time. Other staffing problems have led to inefficiencies that are beyond OES's control. When a

major disaster strikes and OES needs large numbers of additional employees, the number of employees in its own personnel unit is not adequate to process personnel documents, resulting in delayed hiring of needed employees. Also, most of the employees OES hires for the recovery process have a limited term of only two years at the same position. Because the recovery from a major disaster such as the Northridge earthquake takes longer than two years, OES clearly needs these trained employees beyond the two-year limit.

Recommendations

Several changes are needed to improve the effectiveness with which OES fulfills its mission and the efficiency of its administration. Specifically, to ensure that OES has adequate facilities and equipment, the Legislature should provide funding for facilities that meet the requirements of an essential services building and for the replacement of aging equipment, such as fire engines.

To remove federal impediments to the efficient recovery from disasters, OES, with the support of the Legislature, should negotiate with FEMA to make such changes as the following:

- Allow OES to review damage claim documents from applicants affected by the winter storms of 1995 before FEMA determines whether it will approve costs; and

- Set up a procedure for an independent third party review of major funding issues when FEMA, OES, and the applicant cannot agree on the propriety of FEMA's decisions.

If these negotiations fail, the Legislature should memorialize the Congress to amend federal codes to address these issues.

To maximize reimbursements obtained from FEMA through appeals, OES should solicit an opinion from the State's Attorney General that defines options available to OES and applicants for challenging the propriety of FEMA's funding decisions and the circumstances under which each option can be exercised.

We recommend that OES do a number of things to improve its administrative efficiency. To provide greater flexibility in hiring and retaining trained employees to work in the recovery phase of emergency management:

- The Legislature should amend the California Government Code to allow OES to retain limited-term employees for the recovery process; OES should work with the Department of Personnel Administration or State Personnel Board to establish a task force of trained personnel employees from other departments to help OES hire employees when the workload exceeds the capacity of its own personnel unit during emergencies. Further, OES and the Department of Personnel Administration or State Personnel Board should work together to establish a cadre of trained employees from other departments that would be consistently available to assist with the recovery from disasters for periods of up to a year; and

- OES should establish a comprehensive time-reporting system that will enable it to demonstrate staffing and budgeting needs.

To ensure sufficient funds for OES to operate for the remainder of the fiscal year:

- The Legislature should appropriate sufficient General Fund moneys for fiscal years 1995-96 and 1996-97 to fund approximately 600 positions for OES's Disaster Assistance Branch;

- The Legislature should consider increasing OES's General Fund support appropriation for the remainder of the 1995-96 fiscal year to levels determined after a thorough analysis of federal and other reimbursements and cash needs; and

- OES should establish a system for monitoring requests for reimbursements of all eligible costs from FEMA and ensure that such requests are made at least every quarter.

To improve its contract management, OES should:

- Exercise discretion in the use of executive orders authorizing the suspension of contracting requirements

for competitive bidding and for justifying the costs of sole-source contracts; and

- Monitor contract performance to ensure the contractor complies with contract agreements.

Finally, to address its information technology needs, OES should place the highest priority on the implementation of effective systems for the management of documents created in the recovery process, maintaining an automated ledger for disaster assistance costs, and completing implementation of the Emergency Response Information Management System for tracking emergency resources.

Agency Comments

OES agrees with most of the findings in our report, noting that it has already begun to address some of our recommendations and is committed to addressing the remainder. However, OES does not believe that it overused its emergency contracting authority. Nevertheless, OES has accepted our recommendations for its contracting practices in the future.

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Introduction

The Office of Emergency Services (OES) was established within the office of the Governor of the State of California in 1970. Its primary missions are to coordinate emergency activities to save lives and limit the loss of property during disasters, to prepare for and mitigate the effects of future disasters, and to expedite the State's recovery from the effects of disasters after they have occurred. In each of these activities, OES coordinates its work with local governments, including cities, counties, and special districts; other state departments; and federal agencies, mainly the Federal Emergency Management Agency (FEMA).

Although OES has its headquarters in Sacramento, it also has offices throughout the State. The headquarters houses the State Warning Center, which receives notifications of emergencies all over the State; the State Operations Center, which directs the response to emergencies requiring a statewide effort; the law enforcement and fire and rescue branches; the inland regional branch; the Disaster Assistance Branch; and the northern offices for planning and disaster assistance, as well as most of the administrative offices for OES. OES staffs two additional regional branches, the center for coastal operations in Oakland and the center for southern operations in the Los Angeles area. During the recovery from disasters, OES employees also help run disaster field offices. Currently, OES has employees in the disaster field office in Pasadena. OES also operates the California Specialized Training Center in San Luis Obispo, where it provides training in various aspects of emergency response and preparedness to employees from OES and other state agencies, local governments, and other states and countries.

OES's proposed budget for fiscal year 1995-96 is $1.51 billion, consisting of $63 million for state operations and $1.45 billion for local assistance.

OES's Role in Responding to Emergencies

One of OES's most visible roles is to organize the immediate response to a disaster once the disaster has escalated beyond the local area's ability to effectively respond. Its goal is to control the specific disaster, save lives and property, and minimize the effects of the disaster.

OES plays a central role in emergency response in the State. It acts as an information broker between local governments requesting assistance in responding to emergencies and the actual state departments, other local governments, and federal agencies that have the resources to assist in the response. For example, when the firestorms of 1993 broke out in southern California and escalated beyond the capacity of the local governments to control the fires, OES coordinated the delivery of additional help from other local governments' fire departments and the California Department of Forestry (CDF). OES's role was to assess the requests for assistance, determine whether local governments and CDF had the appropriate personnel and equipment, and then direct them to supply the needed personnel and equipment. The responsibility of the local governments and CDF was to direct their own operations and employees once the orders to respond were issued. OES itself did not actually supply or supervise most of the personnel and equipment used to fight the fires.

OES's Role in Preparing for and Mitigating the Effects of Future Disasters

In general, the more effective the State's efforts are to prepare for and mitigate the effects of disasters, the more effective its response to emergencies is. OES helps to prepare the State and local governments for dealing with future disasters and minimizing the effects of those disasters.

To meet its responsibility to prepare for disasters, OES reviews emergency plans for local governments to ensure their adequacy, integrates to the fullest extent possible these local emergency plans with the federal and state emergency plans, and trains OES personnel and employees from other state agencies and local governments in emergency preparedness and response. In addition, OES is currently coordinating state and local efforts to establish a standardized emergency management system (SEMS) for use by all emergency response

agencies. The California Government Code, Section 8607, requires the full implementation of SEMS by December 1996.

OES also administers the hazard mitigation grant program for the State. This program, authorized by federal legislation and implemented after federally declared disasters, provides
moneys to the State and local governments that have identified structures or environments at risk from the kinds of disasters that affect their areas. The goal of the program is to modify these structures or environmental conditions before another disaster strikes, limiting damage and loss of life. Because the grant requests exceed the amount of money available, OES assesses and prioritizes the grant proposals it receives and submits the prioritized requests to FEMA for approval.

OES's Role in Recovering From Disasters

Even before OES has finished coordinating the response to an emergency, it begins recovery procedures. OES's primary responsibility during recovery is to administer the disaster assistance program. The program provides federal and state moneys to the State, local governments, and certain nonprofit organizations for the repair and restoration of public real property. This includes civic buildings or hospitals damaged during disasters and allows the restoration of necessary services to the citizens of the affected areas. It also reimburses affected entities for personnel and operating costs incurred during the response and recovery and for the costs of cleaning up after disasters.

For federally declared disasters, the federal government provides moneys for approved projects through the Disaster Assistance grant, which FEMA administers at the federal level. Generally, the federal reimbursement rate is 75 percent of costs it approves, but this rate can be increased. The State helps fund the remainder of these approved costs and any additional costs that OES considers acceptable. OES administers the Disaster Assistance grant at the state level, working closely with local governments and state departments affected by the disasters and with FEMA. The process of performing the damage surveys, preparing the requests for reimbursement

to FEMA, processing appeals of FEMA's denials, and monitoring approved projects is labor intensive for all parties.

Lack of Standards for Measuring Performance in Emergency Management

Evaluations of OES's performance are hampered by the emergency management community's lack of formal standards for measuring performance for any of the major functions of an emergency management agency. Our interviews and review of reports issued by the United States General Accounting Office and other federal organizations indicated that they were not aware of any such standards. In addition, OES has not prepared a strategic plan for its own operations to define its goals for the future. Although it has attempted to organize strategic planning meetings, repeated disasters have required it to cancel the meetings. Without these formal standards and defined goals, we have relied on anecdotal information, written comments in General Accounting Office and other reports, and our own observations to evaluate OES's effectiveness in meeting its responsibilities to respond to immediate disasters, help entities within the State prepare for and mitigate the effects of future disasters, and assist in the recovery from past disasters.

Scope and Methodology

The Bureau of State Audits was requested by the California Legislature and through language in the Supplemental Report of the 1995 Budget Act to perform a comprehensive fiscal and performance audit of OES. The purpose of our audit was to develop recommendations that, if implemented, would improve operations, enabling OES to operate more effectively in addressing recent and future disasters. The review was required to encompass the following areas:

- The effectiveness of OES's fiscal controls and reporting;

- The efficiency and propriety of OES's contracting and hiring practices;

- OES's organizational effectiveness, including its performance in carrying out its statutory responsibilities; and

- The adequacy of OES's other administrative support, specifically for information technology and planning.

To gain an understanding of OES's responsibilities and the environment in which it operates, we reviewed the laws, rules, and regulations relevant to OES in general and to the audit mandate in particular. We also interviewed employees in each of OES's branches, employees involved in emergency response at six state departments, 15 emergency response employees at various cities and counties, administrators with FEMA, and two American Red Cross representatives. In addition, we reviewed various public reports that dealt with the effectiveness of the national and state emergency management communities.

To determine the effectiveness of OES's fiscal controls and reporting, we interviewed OES employees about the nature of the system it uses to accumulate financial costs and request federal reimbursement for these costs for each disaster. We also reviewed the accounting records that comprise this system.

To assess the efficiency and propriety of OES's contracting practices, we reviewed selected contracts and interagency agreements that OES entered into during fiscal years 1993-94 and 1994-95. We tested OES's compliance with contracting requirements in the Public Contract Code, as modified by executive orders, with the State Administrative Manual, and with good contract management practices.

To determine the efficiency and propriety of OES's hiring practices, we identified the hiring options available during the response to and recovery from emergencies, determined the extent to which OES used these hiring options, and assessed its compliance with related laws and regulations. We also quantified OES's overtime costs during fiscal year 1994-95.

To assess the extent of OES's staffing needs, we reviewed a partial workload study completed by the Department of Finance in June 1995 for OES. We also reviewed OES's own workload analysis that formed the basis for its proposals for staffing budgets for fiscal years 1995-96 and

1996-97. We determined the reasonableness of the workload analysis and reviewed related documentation. We also prepared our own analytical reviews of the reasonableness of OES's staffing requests by comparing its current workload and proposed staffing levels to those of prior periods.

We evaluated OES's effectiveness in preparing for disasters by assessing the reliability of the facilities housing the Regional Emergency Operations Centers and the State Operations Center. We determined whether the buildings were constructed to comply with requirements for essential services buildings and located in areas not prone to disasters. We also determined whether OES had established backup facilities. To assess the reliability of selected emergency response equipment, we obtained the equipment inventories and the applicable standards for replacement and determined whether the equipment was being replaced according to the recommended schedule. In addition, we documented the status of the implementation of the SEMS program and the status of the hazard mitigation program.

We determined OES's effectiveness in responding to emergencies by reviewing various national reports that discussed disaster issues and conducting interviews with representatives of various emergency service organizations. We reviewed selected requests for assistance that OES processed and determined whether and how promptly the requests were met.

To evaluate OES's effectiveness in the recovery from disasters, we identified legal and regulatory requirements and the standard procedures for processing damage survey reports (DSR). We also examined files for selected DSRs to determine whether OES and FEMA followed required procedures and timelines and to identify conditions that can lead to delays in processing the DSRs.

We assessed the adequacy of OES's management of information technology and planning by reviewing its strategic plan for information technology, completed in September 1995. We also compared the problems and needs identified in this strategic plan to those we identified through our interviews with OES employees and our own observations during the audit, evaluating the propriety of the strategic plan. We then reviewed evidence indicating

that OES is beginning to implement proposed changes in its management of information technology. Our examination included reviewing OES's budget proposals for fiscal years 1995-96 and 1996-97 that request additional funding to implement its strategic plan.

Chapter 1

OES Is Effective in Organizing Immediate Responses to Disasters and Preparing for Emergencies

Chapter Summary

The Office of Emergency Services' (OES) responsibilities in emergency management include organizing the immediate response to disasters and helping to prepare the State and local governments for future disasters. The preparation for disasters includes OES's administration of the hazard mitigation program, which provides funding for the modification of facilities or environments that could be damaged in disasters before those disasters actually strike.

Although we found areas in which it could improve, OES is very effective during the immediate response to emergencies. Specifically, OES quickly and effectively organizes the distribution of emergency response resources. It also does well in much of the preparation for disasters. For example, OES offers a wide variety of highly respected courses in the management of emergencies at its California Specialized Training Center. However, its future ability to respond to disasters effectively is threatened by its own substandard facilities and aging equipment needed during emergency responses. In addition, OES does not currently have a system in place for independently calculating funds available for hazard mitigation. Instead, it relies on the Federal Emergency Management Agency's (FEMA) estimate of amounts available. As a result, the State and local governments may not be receiving all the funds for hazard mitigation to which they are entitled.

Response to Disasters

One of OES's primary functions is to organize the response to disasters, with the purpose of minimizing the loss of life and damage to property. OES's role consists of receiving requests for emergency assistance from the areas affected by disasters and promptly directing the delivery of

requested resources. During an emergency, the director of OES, acting as a representative of the governor, heads California's emergency management staff. This emergency management staff performs its duties from one of OES's Regional Emergency Operations Centers (REOC) or the State Operations Center (SOC) and is responsible for coordinating the State's response to disasters, including the allocation of essential supplies and resources. For example, this staff receives, evaluates, and disseminates information regarding the status of a disaster. In addition, the staff coordinates the mobilization of resources in the affected area.

In organizing emergency responses, OES works closely with local governments, other state agencies, and federal agencies. These entities help OES manage the response, and they supply most of the resources for assistance. OES draws upon other entities' resources to satisfy requests for assistance because it has few resources of its own for this purpose. OES has a very limited supply of equipment that can be used to respond to a disaster. For example, it has 106 fire engines distributed throughout California, although the response to the southern California fires of 1993 required over 1,500 fire engines. Additional resources are supplied by local governments, state agencies, the federal government, or commercial vendors through the mutual aid system in California.

OES organizes local, state, and federal resources to respond to disasters in California.

A Statewide Mutual Aid System Exists

The response to disasters in California is based on a statewide system of mutual aid, which ensures that emergency resources, including personnel and equipment, are provided to local jurisdictions whenever their own resources are inadequate during an emergency or disaster. The California Master Mutual Aid Agreement is the basis for this system and has been adopted by most cities and all 58 counties in California. This system provides a formal arrangement within which each jurisdiction retains control of its own personnel and facilities while giving and receiving assistance. This mutual aid system for disasters is similar to but separate from the mutual aid systems used in the fire and law enforcement communities in California. California also has mutual aid agreements with Oregon, Arizona, and Nevada.

The California Master Mutual Aid Agreement requires local jurisdictions to rely first on their own resources to respond to an emergency and then to rely on the resources of other local governments in their area. As an emergency escalates beyond the capacity of local governments to respond, resources may be drawn from increasingly larger geographical areas, moving from city to city, then to the county or "operational area," and to the region.

Although OES is alert to the existence and progress of local emergencies and may have staff at the local operational areas during emergencies, it does not become heavily involved in the response until the regional areas are called upon for state or federal assistance. OES staffs and operates the REOCs. An REOC coordinates the emergency response either independently or with the SOC in Sacramento, which is activated until the REOC is ready to assume responsibility for the response activities or when more than one
REOC is activated. To allow a more effective response, representatives from FEMA and state agencies, such as the California National Guard, the California Department of Forestry, and the California Conservation Corps, are generally present in the REOCs and the SOC during the emergency.

To provide examples of how the response to a disaster may progress, we have included profiles of three disasters—the Southern Wildfire Siege of October and November 1993, the Northridge Earthquake of January 1994, and the Winter Storms of March 1995—in the Appendix.

OES Is Effective in Responding to Emergencies

FEMA considers OES one of the best state emergency management agencies in the nation.

While we found no formal standards for measuring the effectiveness of an organization's emergency response performance, 18 of 19 interviews we conducted with representatives of emergency response staff for FEMA and local governments, as well as observations in a national report, indicated that OES is excellent in meeting its duty to respond to emergencies or disasters. For example, FEMA's Region IX officials consider California's emergency management to be among the best in the nation. The Los Angeles Sheriff's Department, which operates the

county's Emergency Operations Center, regards OES's response performance as very effective, and Sonoma County Emergency Services officials stated that OES is excellent at supporting and advising the county during the response phase of a disaster.

In a 1991 report, *Disaster Assistance: Federal, State, and Local Responses to Natural Disasters Need Improvement*, the United States General Accounting Office indicated that California's emergency response organizations responded to the Loma Prieta earthquake in 1989 with relatively few problems. The Capability and Hazard Identification Program (CHIP), which is FEMA's primary information source for determining the status of state and local emergency management capabilities to respond to any emergency, indicated in June 1994 that OES ranged from substantially to fully capable of responding to any disaster.

California's FIRESCOPE program is a national model for firefighting response.

Another indication that OES is effective in responding to all types of emergencies as well as major disasters is the federal government's interest in using two programs developed by California as models for national programs. California's FIRESCOPE Program (Firefighting Resources of California Organized for Potential Emergencies) is being used as a national model for disaster response. The FIRESCOPE Program is designed to develop ways to improve the management of multiagency firefighting resources during an emergency. OES, which administers the FIRESCOPE Program in cooperation with the California Department of Forestry (CDF) and the State Fire Marshal, has expanded FIRESCOPE's two key components so they can be applied to emergencies other than fires. These two key components, the Multi-Agency Coordination System and the Incident Command System, are included in FEMA's 1992 Federal Response Plan, which is used for national emergency responses. Also, the national urban search and rescue program, which is used to rescue people trapped in structural collapses, is being modeled after the California urban search and rescue program. California has 8 of the nation's 25 urban search and rescue task forces, and California's task forces respond to incidents anywhere in the United States or its territories. The California urban search and rescue program was developed by OES's Fire and Rescue Branch.

Lastly, to assess how effectively OES responded to requests for assistance, we reviewed selected requests for

assistance that came to the REOCs and the SOC for three separate disasters. Many factors, such as assessment of the actual need, availability of resources from other departments and governments, and the priority of requests for similar resources, affected the time it took OES to process a request for assistance. If a request was not met very quickly, OES, in general, was able to demonstrate that one of these factors affected the promptness.

In summary, OES has performed well in responding to disasters in the past and has adequate capabilities to respond favorably to any emergency in the future. In addition, OES has a proven system for responding to all types of emergencies or disasters that has drawn positive attention from the federal government. OES also processes requests for assistance as quickly as possible, given the circumstances of a particular disaster.

OES Can Improve Its Effectiveness During Responses

Although OES has an excellent reputation for meeting its duties to respond to emergencies or disasters, we identified two areas in which it could improve its management of emergency response. Specifically, OES has not fully developed and tested an automated system for processing requests for assistance and the assignment of responsibility for meeting the requests. In addition, OES does not sufficiently coordinate the transition from immediate response to emergencies to the recovery phase of emergency management.

The lack of an automated system for tracking requests for emergency assistance results in inefficiencies, confusion, and possible loss of federal reimbursements.

Until recently, OES did not have an automated system for tracking and assigning requests for assistance during emergencies, resulting in inefficiencies, potential confusion, and the possible loss of federal reimbursement dollars. For example, under the manual system which OES is in the process of replacing, when requests for assistance were received, an OES employee manually filled out a message form, contacted representatives of agencies that might have the resources available to respond, and ultimately assigned the responsibility for responding. Once the responsibility was established, an OES employee manually filled out a separate mission number log, which indicated that an agency was formally authorized to respond to a particular request. Matching of the two manual documents ensured that OES was aware

that the request for assistance was answered. However, the preparation and matching of two separate manual documents was time-consuming. In addition, if the mission number log was not completed promptly, the possibility existed that OES would either issue the same mission number more than once or assign the responsibility for responding to a request more than once.

OES has completed a pilot project to automate information management to improve disaster response.

The California Government Code, Section 8589.1, requires OES to automate the collection and dissemination of essential information during an emergency. OES has recently completed a pilot project on the Emergency Response Information Management System (RIMS) to address the mandate. RIMS is an automated system for tracking requests, the availability of resources to meet requests, and the status of the response to a disaster. RIMS should further improve the timeliness of responses and provide OES with better information on which to base its decisions for answering requests.

For example, RIMS has a screen that has a detailed list of questions that accompany a request, which when answered will provide more detailed information for OES to use in deciding the type and number of emergency personnel and equipment to use in response to the request. According to our interviews with an OES regional administrator and employees from the California Conservation Corps, this is one of the most important aspects of the system because OES's response effectiveness can be limited by the quality of information it obtains during a disaster. In addition, RIMS can sort information in a wide array of categories, such as by the various organizations that can be assigned the responsibility to fill a request. This greatly improves OES's ability to coordinate and prioritize scarce resources. Although the component of RIMS which tracks missions is complete and has been used to track all missions in California since September 1995, the full system has not been tested in a major disaster.

Another problem related to OES's response to emergencies was identified by state and local government representatives, who indicated that there is confusion during the transition from the response to the recovery phase of a disaster. In particular, Ventura County stated for the Northridge earthquake that many different officials from FEMA requested information that had already been submitted to OES. Although this duplication of effort added some administrative burdens on the local disaster

officials, it is a relatively minor issue that could be remedied with better communication and sharing of information between FEMA and OES. Notwithstanding these areas that can be improved, OES was characterized by FEMA, many state and local emergency organizations, and its own staff as performing at its best when coordinating a response to a disaster. On the whole, the interviews indicated that OES's response efforts are quick and effective.

Preparedness

One reason for OES's success in organizing responses to disasters is its program to maintain preparedness for these events. This preparedness program is intended to minimize the devastation and loss of life that can accompany any disaster. OES's role in the statewide preparation for disasters is to develop, implement, and maintain the necessary state plans for responding to emergencies; assist local governments with their own emergency plans; coordinate federal, state, and local emergency plans; provide training in emergency management for state and local emergency staff; and maintain facilities and equipment essential to the management of emergencies. In general, OES effectively administers the State's preparedness program.

OES Is Generally Effective in Preparing for Emergencies

No formal standards exist for the measurement of the effectiveness of emergency response organizations in preparing for disasters. Consequently, we relied on information from interviews, information in national reports, and the effectiveness of the State's response to emergencies as evidence that OES generally does a good job of helping to prepare the State and local agencies for emergencies. However, OES's headquarters building is substandard, and some equipment that is used in emergency response is older than replacement schedules recommend.

Three organizations with knowledge of the emergency response community beyond California's borders give high ratings to the State's commitment to its emergency programs and OES's effectiveness in preparing for

emergencies. In its 1991 report, *Disaster Assistance: Federal, State, and Local Responses to Natural Disasters Need Improvement*, the United States General Accounting Office compared California's level of preparedness to that of other states. Noting that California conducted essential emergency training courses and exercises, the report concluded that its emphasis on disaster preparedness resulted in few coordination problems during the immediate response to emergencies. The National Academy of Public Administration issued a report in February 1993, *Coping With Catastrophe: Building an Emergency Management System to Meet People's Needs in Natural and Manmade Disasters*, which noted that, of all the states, California had the largest financial commitment to its programs for building and administering emergency management capability. In an October 1995 assessment of OES's capabilities, the regional director for FEMA Region IX, which includes California, indicated that OES is among the best state emergency organizations in the country in preparing for disasters. Interviews with representatives of some local emergency organizations also indicated that OES staff were helpful and actively involved in the local preparedness programs.

The California Specialized Training Institute has an international reputation for excellence in emergency management training.

The training that OES provides, particularly the classes and exercises available through the California Specialized Training Institute (CSTI), met with consistent praise in the interviews we conducted. CSTI provides a wide variety of emergency management classes. They include training in public safety, state and federal emergency management, handling of hazardous materials, and criminal justice. More than 4,000 professional employees from other states, California state departments, and local governments participate in CSTI's courses annually. The FEMA Region IX regional director considers the training institute one of the best in the country, noting that it has a national and international reputation for excellence. Representatives of OES, other state agencies' emergency units, and local government emergency organizations uniformly lauded the quality of the training institute.

Implementation of SEMS Is Progressing

One of the current goals of the preparedness program is to help establish the statewide emergency management

system (SEMS). SEMS is intended to standardize the statewide approach, procedures, and principles used in responding to emergencies involving multiple jurisdictions and define the roles of staff at the emergency site, local government, operational area, regional area, and state level. Most local governments have complied with the requirement to organize into operational areas. However, representatives of local governments indicated they were confused about the nature and extent of the training needed for SEMS and were concerned about the availability of formal classes in its implementation. The California Government Code, Section 8607, requires all state agencies to use SEMS for multiple jurisdiction responses to emergencies by December 1, 1996. To be eligible for reimbursement under disaster assistance programs for costs related to emergency responses, local agencies must also comply with SEMS by this date. OES's role in the implementation of SEMS has been to organize the committee of representatives from all levels of emergency response in the State to develop it, design and provide training in its implementation, and assist local governments in planning and implementing it.

SEMS is a management system to standardize procedures and principles used in responding to emergencies involving multiple jurisdictions.

Although statutory deadlines have not always been met, the implementation of SEMS appears to be progressing satisfactorily. OES coordinated the work of the SEMS advisory committee, which was established in 1993 and consists of representatives from some local emergency management agencies and some of the state agencies with emergency response roles. The committee developed SEMS and wrote the proposed regulations for its implementation. The California Government Code, Section 8607(a), required that the regulations become effective by December 1, 1993, but the regulations actually became effective in September 1994. Additional regulations on training and compliance became effective in January 1996.

OES has also developed and offered an approved course of instruction in SEMS. This training includes a SEMS introductory course, a field course, and a course in the management of emergency operations centers. Our interviews with employees at OES and representatives of local governments indicated some concern over the availability of these courses. However, the list of courses offered through CSTI between October 1994 and September 1995 indicates that 49 courses in SEMS were offered in locations throughout the State. CSTI reports

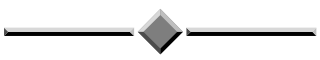
that
1,897 trainees took these classes. In addition, CSTI makes available sets of diskettes containing the approved courses. CSTI reports that it has distributed over 600 sets of the training diskettes to local governments and others. This information suggests that the availability of SEMS training is adequate.

The interviews also indicated some confusion over what courses were required before a local government would qualify for reimbursement of costs related to emergency responses after December 1, 1996. In March 1995, OES distributed a notice to emergency officials statewide, including proposed regulations. These regulations state that the emergency response agencies shall determine the appropriate levels of SEMS training for each member of their staff based on their potential assignment during an emergency response. They also indicate that the local governments must comply with SEMS when responding to emergencies or risk losing reimbursement. The extent to which staff take formal training in SEMS is a local decision.

Local governments in 54 of the 58 counties in California either complied with the requirement of SEMS regulations to organize into operational areas by December 1, 1995, or were in the process of organizing. Operational areas are an intermediate level of the state emergency services organization, consisting of counties and all the political subdivisions of those counties. By the deadline, 39 of 58 counties had formed operational areas and 15 others were actively organizing. OES has assisted local governments by providing workshops and examples of methods for successful organization of operational areas.

OES Can Improve Its Preparedness Program

Despite the current effectiveness of its preparedness program and related response to emergencies, OES's future capacity to respond well to emergencies is threatened by inadequate facilities and aging equipment. In particular, OES's headquarters facility, which houses the State Operating Center and the State Warning Center, is substandard, and some fire engines and radio equipment are vulnerable to failure or obsolescence.



OES's headquarters facility is substandard and fails to meet requirements for essential services buildings.

Section 16001 of the Health and Safety Code describes the intent of the California Legislature that essential services buildings be designed and constructed to minimize fire hazards and resist, as much as practicable, the effects of earthquakes, winds, and other natural elements. In addition, the code requires new essential services buildings to have communications systems, transformers, and emergency backup systems that are adequate to ensure, as much as practicable, continued operations during an emergency.

Although OES's emergency response activities clearly constitute essential services as defined by the Health and Safety Code, Section 16007, the building which houses OES's headquarters, State Warning Center, and State Operations Center does not meet the current requirements for essential services buildings. The headquarters building is located within the 100-year floodplain in Sacramento. The floods of 1986 provide a measure of the seriousness of this problem. During that disaster, the California National Guard (CNG) had troop vehicles standing by to evacuate OES headquarters in the event the levees failed.

In reports issued in 1990 and 1992, the Department of General Services described the following inadequacies of the current facilities:

- Failure to meet the requirements of the minimum fire and safety codes;
- Inadequate power to meet existing or anticipated needs;
- Health hazards for employees working in the building, including the presence of asbestos insulation;
- Insufficient heating, cooling, and ventilation; and
- Overcrowded conditions, with inadequate storage for general as well as special supplies and equipment.

We observed many of the same conditions during our audit. For example, OES uses the halls of the building for storage and housing its library, and even though no major emergency that would require additional electrical capacity occurred during our audit, the electricity failed several times, requiring the activation of the backup generator.

OES has attempted to obtain funding for either the construction of new facilities or leasing more appropriate facilities. For example, OES sought approval for the construction of new facilities for fiscal year 1995-96, but the request was rejected because the proposed funding mechanism was not appropriate. OES has submitted a budget request for a move to new facilities for fiscal year 1996-97.

Despite these problems with its facilities, OES has no formal backup plans should the SOC become inoperative during an emergency response. However, the director of OES has indicated that it would relocate its emergency operations to one of its other offices in Sacramento, one of the REOCs, or the facilities of another state agency. One of the objectives in developing the REOCs has been to make each capable of taking over the responsibilities of another REOC or the SOC. All the REOCs and SOC use standardized staffing and procedures. The director also indicated that OES has held informal discussions with the CNG about the transfer of emergency operations. Nevertheless, a formal backup plan is not in place.

Some of the fire engines that OES provides for use in emergencies throughout the State have exceeded their recommended replacement life of 20 years. These engines are housed with local governments throughout the State and are available for the use of these local governments, as well as during more widespread emergencies. Of OES's 106 engines, 47 are more than 20 years old. OES has begun to replace some of its outdated fire engines, purchasing a total of 14 new engines in fiscal years 1990-91, 1991-92, and 1993-94. However, 1993-94 is the last year that OES replaced fire engines, leaving many outdated engines still in the fleet.

Some of OES's emergency equipment is outdated.

OES has similar problems with the potential obsolescence of its radio equipment. The radio equipment is primarily used for communication between emergency operation centers and field units. Over 45 percent of this radio equipment has exceeded its replacement life, which ranges from six to ten years, depending on the type of equipment. Although OES has purchased a satellite system for communications throughout the State, radio equipment is still used during emergency responses. Aging radio equipment may increase the chances for equipment failure and impair communications during emergencies. OES has had approved funding for the radio equipment since fiscal

year 1990-91. However, the funding for this equipment has been diverted to other uses.

The Hazard Mitigation Program

An important part of preparing for disasters is to anticipate the kind of damage that can occur with each type, determine what steps can be taken to avoid the anticipated damage, and modify facilities and environments in areas likely to be struck by disaster. The hazard mitigation grant program provides funds for these purposes. With each federally declared disaster, OES prepares a mitigation plan specific to that disaster and the area in which it occurred that describes the kind of projects to be funded. During a subsequent application period, local governments in the disaster area and state agencies apply for grants to fund mitigation projects in their jurisdictions. Because the grant requests exceed the funds available, OES evaluates, prioritizes, and submits the prioritized requests to FEMA for approval. OES disburses funds to grantees who demonstrate that they have qualified for funding on approved projects.

We noted a problem with OES's administration of this program. Specifically, OES does not independently estimate the amount of grant moneys that will be available for the federal portion of the program, relying instead on information provided by FEMA. Without an independent assessment of FEMA's estimates, OES has little assurance that the State and local governments are receiving all of the funds allowed under the program.

Approval of Hazard Mitigation Projects Takes Time

Table 1 provides OES's October 1995 summary of FEMA's estimate of grant moneys available for hazard mitigation and amounts obligated and remaining to be obligated by FEMA for selected federal disasters since the Loma Prieta earthquake. Because the period of application for the winter storms of 1995 had not opened at the time OES summarized this information, the table shows no amounts obligated for this federal disaster. Because several years can elapse between the disaster and the receipt of grant funds, few projects have been approved for more recent disasters.

Table 1

OES's Summary of Selected Hazard Mitigation Grant Programs

Name of Disaster	Federal Estimate of Hazard Mitigation Funds[a]	Amount Obligated by FEMA	Amount Not Yet Obligated by FEMA
Loma Prieta Earthquake, 1989	$ 53,110,000	$30,000,000	$ 23,110,000
East Bay Hills Fire, 1991	1,200,000	1,047,155	152,845
Winter Storms, 1993	14,934,000	238,757	14,695,243
Southern California Fires, 1993	10,983,000	4,667,658	6,315,342
Northridge Earthquake, 1994[b]	650,000,000	7,031,250	642,968,750
Winter Storms, 1995[c]	51,000,000	0	51,000,000

[a] The amounts in this column represent FEMA's estimate of 15 percent of disaster assistance funds for recovery efforts for the Southern California Fires, Northridge Earthquake, and Winter Storms of 1995, and 10 percent for other disasters.

[b] Applications currently being reviewed; applications from state agencies were due on October 31, 1995.

[c] Application period has not yet opened; Notices of Interest have been received in the amount of $1.6 billion.

The Hazard Mitigation Program Is Primarily Funded by the Federal Government

Funding for the hazard mitigation program is primarily federal, but also includes local funds. The Code of Federal Regulations, Title 44, Chapter 1, Section 206.432, currently provides that the total federal funding for the hazard mitigation program can be up to 15 percent of the funding it provides for the costs of recovery for the specific disaster under the disaster assistance program. For example, if $100 million of federal funds was spent in California to repair the damage that occurred during a disaster, then the area affected by the disaster would be eligible for an additional $15 million in federal funds for hazard mitigation. We discuss the disaster assistance program in Chapter 2.

FEMA provides estimates of amounts available, which change as the funding for the disaster assistance program changes. For example, FEMA estimates of amounts

available for the hazard mitigation program related to the Northridge earthquake have ranged from approximately $568 million to $651 million. The federal government funds up to 75 percent of the approved costs for each individual grant, with the local governments funding the remainder.

OES Does Not Verify FEMA's Estimate of Funds Available

Relatively little money was available for the hazard mitigation program until the Northridge earthquake. According to information provided by OES, FEMA's estimates of total federal funds available for the Loma Prieta earthquake of 1989, the East Bay fires of 1991, the 1993 winter storms, and the 1993 southern California fires combined was $80 million. However, for the Northridge earthquake alone, the federal estimate of moneys available for hazard mitigation is $650 million.

OES does not independently calculate the amount of federal funds available for hazard mitigation.

We noted a shortcoming of the hazard mitigation grant program that we believe should be addressed. OES does not independently calculate or estimate the amount of federal funds available under this program. In addition, OES does not have the detailed information describing how FEMA arrived at its estimate that would allow OES to assess the accuracy of the federal estimates. Without an independent assessment of FEMA's estimates, OES has little assurance that the State and local governments are receiving all the funds allowed under the program.

Conclusion

OES is effective in organizing state and local response to emergencies. It also is generally effective in helping the State and local governments prepare for future emergencies, but it has not addressed two issues to maximize preparation and mitigation efforts. First, OES has not ensured that its substandard facilities and the aging equipment relied upon during emergency responses are replaced. Second, while OES is responsible for managing hazard mitigation funds, it does not independently assess FEMA's calculation of hazard mitigation funds that are available to the State and local governments. As a result, it has no assurance that all funds available for the hazard mitigation projects are received from FEMA.

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Chapter 2

OES's Management of the Recovery Process Must Be Improved

Chapter Summary

Another of the Office of Emergency Services' (OES) missions is to expedite California's recovery from the effects of disasters after they have occurred. OES is responsible for helping applicants, including the State, local governments, and certain private nonprofit organizations, claim federal and state disaster assistance funds. OES disburses these funds to applicants once their projects have received the approval of both OES and the Federal Emergency Management Agency (FEMA) and repairs to damages have begun.

The process of claiming costs can be lengthy, paper-intensive, and difficult, and OES has had limited success in meeting its responsibilities in this area. Its current performance is threatened both by some of FEMA's policies and procedures and its own administrative shortcomings. Specifically, FEMA has:

- Not developed an effective system with OES to promptly resolve disagreements about requests for assistance on repairs to critical facilities such as hospitals;
- Been inconsistent in allowing reimbursements for certain costs;
- Not promptly processed claims for assistance with damage repairs; and
- Eliminated OES's review of claims for the winter storms of 1995 before FEMA approves them, rendering a lengthy appeal process more likely.

Each of these policies and practices aggravates the already difficult process of claiming costs.

In addition, OES does not have an adequate system for managing the large volume of documents created during the process
of claiming costs. Its current system is manual and outdated, requiring an inordinate amount of time to access necessary information and exposing OES to the loss of documents. As a result, it does not have readily available information about the status of individual claims or total claims for each disaster and is not able to promptly summarize costs associated with each

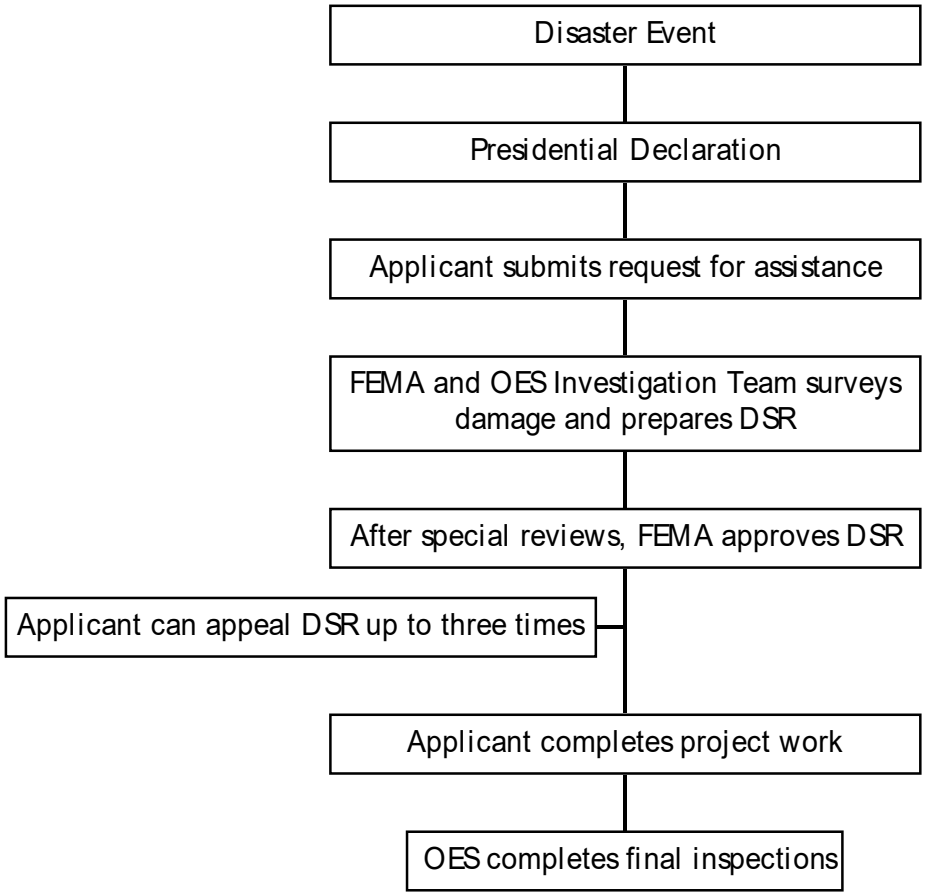
disaster. Because the governor, Legislature, other state agencies, and applicants all need this information, OES's ineffective system limits its ability to satisfy their need for the information.

Normal Process for Claiming Costs

FEMA establishes the rules for claiming costs from the federal government, and state reimbursements are claimed using similar procedures. The flowchart below depicts the federal procedures. As the flowchart indicates, the central document for claiming costs is the damage survey report (DSR), which establishes the scope of damage to be covered by the disaster assistance
program and provides an estimate of the related costs. Once FEMA approves the DSR, the federal and state governments obligate funds to cover the estimated costs. In general, the applicants do not receive funds until after they have incurred costs to repair damage described in the DSR. Applicants are allowed to appeal FEMA decisions on funding for a DSR.

Figure 1

Disaster Assistance Program



When FEMA approves a DSR, it normally obligates, or agrees to pay, 75 percent of the approved costs, and the State obligates 75 percent of the remainder. For example, for a DSR with $100,000 in approved costs, FEMA will obligate $75,000 and the State will obligate 75 percent of $25,000, or $18,750. Applicants provide the remaining funds. However, either the federal share or the state share can be increased.

Some differences exist between the state and federal programs. For example, the state program does not provide benefits to state departments and generally does not provide benefits to private nonprofit organizations. In addition, OES prepares the DSRs and evaluates the appeals for the state program, with no involvement from FEMA.

Difficulties Are Inherent in the Federal DSR Process

Preparing, processing, and closing damage survey reports is labor intensive and can take years.

Even when there are no disagreements that can lead to appeals, the process of preparing DSRs, approving the scope and estimated costs, and claiming reimbursements for costs incurred can be lengthy and labor-intensive. Although some claims are processed and paid quickly, many require months, even years, before the applicant completes the project and receives final reimbursement on a DSR. Several factors contribute to the length of time and amount of effort required, including requests for extensions of time to complete part of the claim process, the need for special reviews, the size of the project and the need to involve additional parties in the process, changes in the scope of the project, and the requirement that applicants have the appropriate insurance to help cover future costs.

Requests for extensions of time on projects can add months to the time needed to complete the projects. For example, the City of Ukiah requested an additional two years to complete work on flood damage, and the Peralta Community College District requested a time extension of 18 months to complete work related to 26 DSRs.

Special reviews, such as historical and environmental reviews, add to the normal time required to complete a project. Section 106 of the National Historic Preservation Act (NHPA) requires all federal agencies with undertakings affecting historical properties in California to consult with the California State Historic Preservation Officer and the Advisory Council on Historic Preservation to determine the effects of their projects on historical structures. FEMA cannot fund projects until the requirements of the National Environmental Policy Act (NEPA) have been met. Federal funding may be denied if the applicant cannot comply with the NHPA or NEPA before work begins on a disaster assistance project.

The largest DSRs take more employee time and are complicated for other reasons. For example, with large projects FEMA often reviews the bidding process for contractor selection and building plans. FEMA, OES, the applicant, and other interested parties such as contractors hold regular meetings about progress on large project plans. Also, to formalize and provide clarity about agreements they have reached for a major project, FEMA, OES, and applicants may prepare and sign a memorandum of understanding. Reaching an agreement and preparing a memorandum of understanding may take years. For example, FEMA, OES, and the Watsonville Community Hospital took over four years to decide on the scope of the DSR and the nature of work the federal government would fund. They finally determined that the hospital, which was damaged during the Loma Prieta earthquake in 1989, would be replaced as an improved project.

Project scope changes also add to the time and effort required to process DSRs.

Changes in the scope of projects also add to the length of time and amount of effort required to process DSRs for an applicant. For example, three supplemental DSRs were written because of an increase in scope of work on repairs for the American Conservatory Theater building damaged in the Loma Prieta earthquake. The third was approved in July 1994, almost five years after the earthquake. When the applicant requested an expansion of the scope of the DSR, FEMA and OES approved a supplemental DSR for the additional eligible costs. During the assessment of the need for a supplemental DSR, FEMA again reviews the original scope of the project, as well as the additional request.

FEMA requires applicants to maintain insurance appropriate to the disaster, such as flood or earthquake insurance, to protect against future loss. Uninsured applicants must contact brokers to determine the cost of insurance to meet this condition. If the cost is prohibitive, the applicants must request and receive a waiver from the state insurance commissioner. In either case, additional time is required before the DSR process can be completed.

Although each of these procedures is important in ensuring that the scope of DSRs adequately answers the needs of the applicant while limiting costs to the State and federal government, they do contribute to the length of time and amount of effort required for the completion of the DSR processing.

OES's Recovery Activities Show a Need To Improve

Despite the inherent difficulties in the recovery process, OES is moderately successful in meeting the needs of applicantsand FEMA. However, it has some significant problems with its recovery operations, including its inability to appropriately manage the volume of information created.

Although moderately successful in meeting the needs of applicants and FEMA, OES has some significant problems with its recovery operations.

We found no formal standards for measuring the effectiveness of an organization's recovery efforts. However, several interviews with members of the emergency management community indicated that OES was generally meeting the needs of those it serves. For example, the FEMA Region IX administrator stated that OES was among the best state emergency management agencies in meeting its responsibilities in the recovery process, noting in particular OES's effectiveness at notifying potential applicants about the availability of disaster assistance funds and educating the applicants about what constitutes reimbursable costs.

Local government representatives also indicated that OES has been essential in their recovery from the effects of disasters.

For example, like the FEMA administrator, the commander of the Office of Research and Planning of the California Highway Patrol (CHP) noted that OES is good at notifying them about the availability of funds and the nature of the costs that are reimbursable as a result of CHP's response to disasters. In addition, representatives of two local governments indicated that OES acts as their advocate in dealings with FEMA, and they appreciated OES's support. One of these representatives also noted that OES helps the recovery process move more quickly by helping to resolve disputes with FEMA. Even applicants who have been through several disasters and have experience working with FEMA appreciate OES's role as a central source of information about the disaster assistance program and coordinator of responses to FEMA. For example, the emergency services manager of the City of Oakland stated that OES was very helpful in negotiations with FEMA for the funding of repairs for the Oakland city hall. In addition, in our review of numerous DSR files, we noted several instances in which the applicants expressed their appreciation for OES's effectiveness in helping them prepare and defend their requests for assistance.

OES's high staff turnover has caused delays and inefficiencies.

Not all comments during the interviews were positive, however. Specifically, five of the interviewees indicated dissatisfaction with the high staff turnover at OES. The lack of continuity in employees resulted in delays in processing DSRs while the new employees learned about past decisions. Our own observations confirmed that turnover is high among OES employees working in the recovery process. We discuss OES staffing issues more fully in Chapter 3. In addition, one of the state agency representatives expressed dissatisfaction with the "management skills" of OES recovery staff, noting that they do not always follow the established chain of command.

Our own observations also showed that OES had more significant problems with the recovery efforts than the interviews revealed. For example, OES and FEMA have had disagreements about certain FEMA policies and practices that have impaired OES's effectiveness in the recovery process. In addition, OES has not developed a reliable system for managing documents related to the recovery process and for tracking related costs. We discuss each of these issues in the following sections.

Certain FEMA Policies and Practices Hamper the Recovery Process

OES's effectiveness is hampered by some of FEMA's policies and practices. FEMA's slowness in resolving disagreements about requests for assistance on repairs to critical facilities, its recent changes to the process for preparing DSRs for the winter

storms of 1995, its inconsistency in allowing reimbursements for certain costs, its failure to promptly process DSRs, and some of its other practices aggravate an already difficult process.

In January 1996, we submitted questions about these problems to the FEMA Region IX regional director for FEMA's perspective. FEMA indicated that our questions concerned issues of agencywide policies and practices, and FEMA's response would require coordination among several FEMA offices and divisions. Providing a thorough and adequate summary of FEMA's official position was impossible given the competing demands of our deadlines, FEMA's backlog of work resulting from the recent government shutdown, and disaster activity in the eastern United States. FEMA also indicated that it is receptive to suggestions to expedite the delivery of disaster assistance.

Critical Facility Repairs Were Delayed

Although FEMA has established the appeals process to resolve disagreements about the scope and eligibility of costs for reimbursement, FEMA and OES do not have an effective system for promptly resolving such disagreements for critical facilities. As a result, the repair or replacement of these critical facilities can be delayed. The damages to the San Francisco city hall during the Loma Prieta earthquake in October 1989 and to 21 medical centers, each with multiple buildings, in the Los Angeles area during the Northridge earthquake in January 1994 illustrate the inadequacies of the current process.

FEMA and the City and County of San Francisco disagreed about two significant issues affecting the repair of the city hall. First, FEMA questioned which building codes were applicable for the repair. The other issue concerned whether FEMA would fund the full seismic upgrade. The city and county's position was that the facility should be seismically upgraded at a cost of approximately $180 million. FEMA, on the other hand, determined that repair of the facility would still comply with the building code and be less costly. As of December 1994, more than five years after the earthquake, FEMA had obligated $79 million in federal moneys for repair of the city hall.

A plan to resolve disagreements on hospitals damaged in the Northridge earthquake was not in place until 21 months after the disaster.

Several hospitals in the Los Angeles area that were damaged during the Northridge earthquake experienced similar difficulties. A number of hospitals were closed or partially closed because of the extent of damage to the facilities, threatening the prompt delivery of essential health services to the Los Angeles community. FEMA, OES, and the applicants did not reach agreement on the building code interpretation that would be the basis for determining the scope and estimating the costs of DSRs until October 1995, almost 21 months after the earthquake. The actual scope and estimated costs of DSRs and decisions about whether to repair or replace each hospital could not be made until this issue was resolved. In October 1995, FEMA presented a second option to approximately 20 medical centers, offering to pay a predetermined amount per square foot of space in the damaged hospitals. Applicants taking this option would receive funds more quickly, avoiding the lengthy process of evaluating all damages, but would forfeit their right to ask for supplemental DSRs if additional damages were discovered. Although FEMA acted more quickly to resolve disagreements about critical facilities damaged by the Northridge earthquake than it did with the San Francisco city hall, a plan for addressing the disagreements was not in place until October 1995, 21 months after the disaster struck.

In each of these cases, the delivery of vital services was either threatened or less available to the affected communities for extended periods of time. Because of the critical nature of these services, a faster, more equitable method of resolving differences between FEMA and applicants is needed.

FEMA Procedural Changes May Cause Additional Appeals

FEMA's recent decision to change the procedures for the initial preparation of DSRs has the potential for increasing the amount of time and effort FEMA, OES, and the applicants spend on the recovery from disasters. The change, which FEMA's federal coordinating officer announced in a July 1995 letter, eliminates OES's review of DSR files for the winter storms of 1995 before FEMA approves them. As a result, OES does not have as much preapproval input about the scope and estimated costs of the DSRs as it did in the past. FEMA's expressed intent in making the change was to expedite the preparation of the DSRs, allowing applicants access to funds more quickly. Although the change clearly would reduce the amount of debate about the DSRs during their initial preparation, we believe it merely postpones that debate.

Because the change is so recent, it is too early to determine its long-term effects. However, we believe that this less

collaborative process is likely to result in significantly more appeals of DSRs. Because the appeals process is lengthy and labor-intensive, we expect that the increase in administrative effort and costs for all participants in the process could be significant, outweighing any benefits to applicants from receiving funds earlier. Also, those applicants who choose to accept these expedited DSRs without appeals may be losing funds to which they are entitled.

FEMA Has Changed the Eligibility of Certain Costs

FEMA has apparently changed its position on the eligibility of certain costs for reimbursement under the disaster assistance program. In addition to causing confusion and uncertainty about funding for OES and applicants, these changes result in appeals and additional work for all participants. Our review of DSR files revealed inconsistency in allowing the reimbursement for local governments' costs of processing new building permits and for certain repairs on drainage channels damaged during floods, as well as reversal of previous decisions by deobligating funds.

FEMA was inconsistent in its treatment of two requests from Los Angeles County for reimbursement of costs for processing new building permits. After the firestorms in the fall of 1993, FEMA agreed to provide the county approximately $76,000 for its costs for assessing properties damaged or completely destroyed in the fires. However, after the Northridge earthquake, Los Angeles County requested approximately $4.9 million for the same kinds of costs. Although it initially indicated that these costs were eligible for reimbursement, FEMA changed its position and refused to approve the county's request.

Between 1993 and 1995, FEMA also changed its assessment of the eligibility of costs for using rip rap to repair drainage channels. Rip rap is 12- to 18-inch rock placed on the side of earthen channels to prevent erosion and is more expensive than the use of native materials, such as tightly packing the dirt of the channel. FEMA made approximately $1.8 million in federal funds available to Orange County for rip rap repairs required after the 1993 winter storms. In contrast, FEMA disallowed Orange County's request to use $1.3 million of rip rap to repair earthen channels after the January storms of 1995, obligating only $17,400 to restore the channels to pre-disaster condition using compacted native materials.

Another practice that can create problems for applicants is FEMA's reversal of previous decisions to reimburse certain costs, called the "deobligation" of funds. According to administrators in FEMA Region IX, it deobligates funds for three reasons: to offset moneys advanced to applicants once actual

costs are incurred, to eliminate the unused costs on DSRs if the actual costs are less than the DSR estimates, and to correct DSRs that included ineligible costs that FEMA did not notice when it originally approved them.

FEMA's reversals of decisions and policy changes cause distrust and confusion.

The third reason for the deobligation of funds can be the source of significant problems for applicants. Once DSRs are approved, the applicants can reasonably expect to receive these funds and prepare their budgets and financial plans accordingly. When the applicants do not receive the funds, they must adjust their financial plans to compensate. For example, OES requested almost $14 million to operate disaster assistance centers after the Northridge earthquake. In March 1994, FEMA approved a DSR for these costs. However, in June 1995, more than a year later, FEMA deobligated the funds. We more fully discuss the effect of FEMA's deobligation of these funds on OES's current cash flow problems in Chapter 3.

Consistency in policy is crucial to the effective administration of the recovery process. Inconsistencies can result in confusion and cause distrust of the process, as indicated recently in Sonoma County's assessment of its recovery from the winter floods of 1995. The county reported that changes by FEMA to long-established rules for reimbursable costs "created havoc" among county departments and, in some cases, changed the way in which the departments responded to disaster operations.

Other FEMA Policies and Practices Make the Recovery Process More Difficult

Several other FEMA policies and practices unnecessarily complicate the already difficult recovery process. Following are descriptions of these policies and practices that we noted during our review of DSR files.

- FEMA requires that a separate DSR be prepared for each applicant for each category of damage at each damage site. This policy contributes to the large number of DSRs that have to be written for some disasters. For example, OES has estimated that as many as 60,000 DSRs will be written for the Northridge earthquake. As of November 1, 1995, the Los Angeles Unified School District alone had over 6,800 DSRs for this disaster. Because each DSR must be prepared and processed, more DSRs contribute to increased administrative time and effort for the recovery process.

FEMA's requirements for processing small DSRs with the same effort as those that are far larger are too costly.

- FEMA's basic procedures for preparing small DSRs differ very little from those for large ones. We noted many DSRs for amounts under $10,000 that required much the same work as DSRs for substantially more money. For example, a City of Modesto DSR for $6,000 for the winter floods of 1995 had 36 pages of supplementary information. Because the process of assessing damages and preparing the DSRs takes the combined efforts of FEMA, OES, and the applicant, we question the cost-effectiveness of using DSRs for small projects. A similar condition exists with appeals on small DSRs. A faster method for agreeing on costs, assessing appeals, and expediting payment to the applicants would reduce the amount of work for each of these participants in the process, allowing them to concentrate their efforts on the more difficult and costly projects.

- FEMA frequently does not meet its established deadlines for reviewing and approving DSRs. It failed to process 126 of the 230 DSRs we reviewed within 55 days, 10 days longer than the 45-day deadline included in federal regulations. As a result, the availability of federal funds to applicants was delayed.

Inspector General Raises Similar Concerns Regarding FEMA's Policies and Practices

Some of our concerns about FEMA's policies and practices have been voiced before. In a February 1993 report*, Public Assistance Program Administration in FEMA Region IX Following the Loma Prieta Earthquake*, FEMA's inspector general (IG) also noted some of the same issues. For example, the IG reported that determining when restoration of a damaged facility required seismic strengthening in accordance with applicable local codes and standards was a primary cause of project delays following the Loma Prieta earthquake. The IG added that FEMA's procedures required a time-consuming interpretation for each building code. The IG used the San Francisco city hall as an example when discussing these delays. Three years after the IG's report was issued, repairs to the city hall are not yet complete. Furthermore, we continue to see these delays affecting critical facilities damaged in the Northridge earthquake. The IG also noted that FEMA's deobligation of a previously approved DSR led to controversy and delays, undermining confidence in the FEMA inspection processes and increasing challenges and appeals. We also found that changes in FEMA's determination of eligible costs, whether by deobligating a previously approved DSR or by changing the eligibility of certain costs from one disaster to a subsequent disaster, continues to undermine the confidence that OES and applicants have in FEMA's decisions.

Each of these FEMA policies or practices can have a significant negative impact on either the availability of recovery funds to applicants or on the amount of effort required to deliver those funds to applicants. As a result, OES has a clear interest in working with FEMA to modify the policies and practices.

OES Has Not Determined All Legal Options

OES must know all the available options for challenging FEMA to be an effective advocate for applicants when serious concerns arise about policies and practices. Although it has consulted with the State's Attorney General about options for challenging specific FEMA decisions, the OES has not sought or received a formal opinion from the attorney general about all the options it and applicants have and under what circumstances each option can be exercised.

OES does not know whether it has the right to challenge FEMA's policies or practices.

Based on communications from OES, the attorney general, and FEMA's general counsel, it appears that legal options may be very limited. The attorney general has indicated to OES that a legal challenge to FEMA's use of "discretionary" funds might be unsuccessful, and FEMA's general counsel argues for a broad interpretation of "discretionary" funds in FEMA's disaster assistance program. However, OES has not received a formal opinion from the attorney general on either the right to legally challenge FEMA's use of discretionary funds or the definition of what constitutes discretionary funds for the federal disaster assistance program. FEMA's general counsel has also opined that FEMA cannot delegate its statutory obligation to determine which repairs it will fund, as would be the case with third party arbitration. Again, OES does not have an opinion from the attorney general on this subject.

Legal challenges may also be an inefficient method of resolving disputes. In disputes over specific FEMA rulings on findings for individual DSRs, both OES and the applicant must consider the factor of timing. OES has noted that protracted disputes in the courts may delay action on damaged facilities beyond what either OES or the applicant considers acceptable. This is particularly true if challenges through the appeal process must be exhausted before legal challenges can be made.

Although legal options may be limited and inefficient, they can be important tools in resolving differences. OES cannot be certain what options exist for challenging FEMA's funding decisions until it receives a formal opinion from the attorney general. Without this information, OES will not be able to negotiate as effectively with FEMA as it could.

OES's Operational Inefficiencies Contribute to the Recovery Problems

OES's internal operational problems diminish its effectiveness in helping with the State's recovery from disasters. Primary among these problems is OES's failure to develop an adequate system for managing the volumes of documents and correspondence generated during the recovery process and for tracking the status of DSRs individually and collectively for each disaster. Other problems, which we discuss in Chapter 3, include inappropriate contract management and inability to demonstrate staffing needs.

The Current System Is Manual and Outdated

OES's current system for managing recovery documents is outdated, with paper documents filed by applicant for each disaster. All the DSRs and related documents and correspondence about a disaster are included in the applicant's manual file. For example, the 6,800 DSRs written for the Northridge earthquake for the Los Angeles Unified School District are all part of one applicant file, which fills more than five filing cabinets. Not only is this system cumbersome but it also lacks the capability for tracking component parts of a file or a whole file. For example, we noted instances in which there was no record of who was using a missing file, and no one was able to locate the file. Complicating the system even further, OES does not house all DSR files in one location. Files relating to southern disasters, such as the Northridge earthquake and the firestorms during the fall of 1993, are kept in Pasadena, whereas files for northern disasters, such as the Loma Prieta earthquake and the East Bay Hills fires, are housed in Sacramento.

OES Cannot Manage Information With the Current System

The current system for organizing and storing recovery documents does not meet OES's most basic needs for information management. For example, because the files consist of paper documents, they are available to only one person at a time, and the separate locations can cause inefficiencies. If employees in the northern California offices need data about a DSR written for the Northridge earthquake, they must contact employees in Pasadena, who have to find the needed information in the files and transmit it to them. The form of transmittal, such as a telephone conversation, FAX, or overnight mail, depends on the volume and nature of the requested information.

Even when they are in the same location as the files, OES employees cannot quickly access information. Following are some examples of the kinds of problems resulting from the current system.

- OES does not track the status of DSRs. Questions arising about a particular DSR require a search of the paper files.

The lack of an effective system for managing damage survey reports diminishes OES's ability to perform routine work efficiently.

- OES does not track information by disaster. If questions arise about the total number or type of DSRs written for a disaster or a summary of the status of those DSRs is requested, OES must manually collect this information. When we requested information about the status of DSRs for three disasters, OES estimated that it would take between 80 and 160 hours of staff time to accumulate the information for just the Northridge disaster.

- OES also does not have a convenient system for tracking costs associated with DSRs. It maintains only manual ledgers organized by applicant for each disaster, without summaries for each disaster and without separate detail for each DSR. If questions arise about the amount disbursed for a particular DSR, the information is not readily available.

- OES does not keep a library of information about the resolution of issues or disagreements affecting DSRs. In addition, it does not routinely track DSRs with similar issues. If the applicant and FEMA reach an agreement about eligible costs, OES has no system for identifying other DSRs that could be affected by the decision.

In each of these cases, the limited access to information diminishes OES's ability to perform routine work effectively.

OES sometimes uses FEMA's database for information about a DSR or an applicant. This reliance, in turn, causes problems. Specifically, OES does not control the information and has little assurance about its completeness or reliability. For example, we noted an instance in which FEMA eliminated a DSR from its database rather than indicating that the DSR was void. If the applicant had questioned the disposition of the DSR, OES would not have had a record of its existence and the applicant would not be able to exercise the right of appeal. The FEMA database is also not adequate for OES because it only starts tracking DSRs after they have been initially reviewed and is not always available to OES. For example, when some of FEMA's employees were furloughed during the federal budget crisis in November and December 1995, OES's employees were not able to access the database.

OES must have the capacity to quickly provide accurate information to a variety of users. After a major disaster, the governor, the Legislature, and other state agencies have to know the financial impact of that disaster. Applicants must be able to obtain reliable information about the status of their DSRs. OES itself is seriously hurt by its inability to quickly summarize the status of DSRs and related costs. Without such information, OES cannot present its own budget needs effectively, a subject that we discuss more fully in Chapter 3.

OES Has Attempted To Address Its Need for Better Information Management

OES's administration is well aware of the problems caused by its lack of an operational, effective automated system for tracking recovery documents and related costs and has attempted to create such a system. After the Northridge disaster, OES contracted for the services of a consultant to design and implement the Public Assistance Damage Survey Report Management Information System (PADMIS). However, the implementation of PADMIS has not gone smoothly, and OES remains without a reliable DSR tracking system almost two years after the earthquake. We also discuss this subject more fully in Chapter 3.

Conclusion

Although there are inherent difficulties in the recovery process, OES has generally met the needs of applicants and FEMA. However, OES's management of the State's recovery from disasters can be significantly improved. Certain policies and practices of FEMA and OES's inadequate management of the volumes of information related to the recovery process cause delays and potential loss of funds to the State and other applicants for federal moneys.

Chapter 3

OES Has Serious Administrative Problems

Chapter Summary

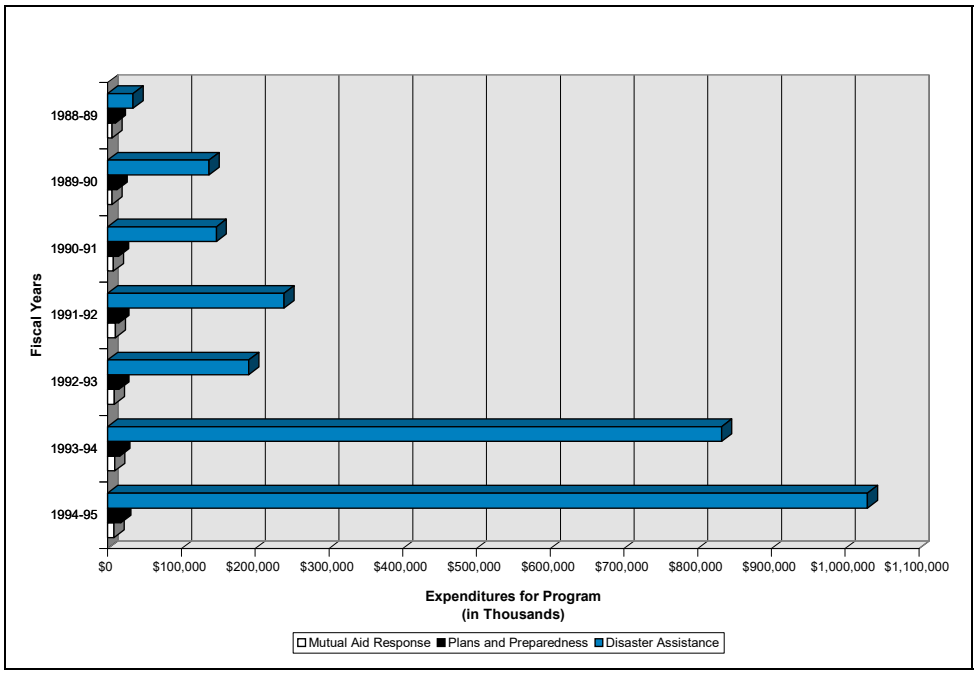
Although it is able to meet its emergency management responsibilities, the Office of Emergency Services (OES) has serious administrative problems that, if uncorrected, threaten the continued effectiveness of the organization as a whole. The recent series of disasters to strike California has exposed the inherent weaknesses in OES's administration and overwhelmed its capacity to cope with the resulting workload. Beginning with the Loma Prieta earthquake in 1989, California has endured a significant number of major emergencies, including 15 federally declared disasters and an additional 17 disasters declared by the State. Among these are the most widespread in California history—the winter storms of 1995, which affected all 58 counties in the State—and the most expensive—the Northridge earthquake, with an estimated $20 billion in damage.

As a result of these disasters, the staffing levels and budgeted expenditures for OES have increased dramatically. Figure 2 below, which is based on the governor's budgets, indicates that OES's total budget grew almost 2,000 percent between fiscal years 1988-89 and 1994-95. In addition, OES staff grew 150 percent in the same period.

However, the increase in staffing has not compensated for the impact of the many disasters on OES's performance of its routine functions. When OES responds to an emergency, employees in all parts of the organization contribute to the response efforts. Normal, day-to-day activities are, therefore, disrupted. As the response effort wanes, OES employees are faced with backlogs in their routine work, such as processing claims, maintaining financial records, and providing emergency management training to local governments. The recovery from disasters, which can last for years, is an even greater drain on OES employees' time.

Figure 2

History of OES Expenditures by Program



Significant problems caused by the combination of numerous disasters and inadequate administrative procedures are OES's:

- Inability to identify clearly and justify its staffing needs;
- Lack of a strategic plan before September 1995 that identified OES's information technology needs and established a methodology for addressing those needs;
- Serious cash flow problem, exacerbated by inaccurate budgeting and late billing of the federal government; and
- Inadequate contract management, resulting in expenditures of state and federal funds without evidence of the benefits received for those expenditures.

Both immediate and long-term solutions for these problems are crucial to OES's continued effectiveness. A weakened OES will diminish the effectiveness of emergency management throughout the State. Without these solutions, OES will remain in an administrative crisis,

diverting scarce resources from its emergency management needs to its administrative problems.

OES Has Problems With Hiring Employees Rapidly and Retaining Trained Employees

OES has serious problems in hiring and retaining employees to deal with the workload needed for recovery from disasters. The problems include high employee turnover and significant overtime costs for which the State does not receive federal reimbursement. Causes of these problems include the limitations that come with the hiring options OES has, the temporary nature of the positions within OES's Disaster Assistance Branch, and the lack of a complete time-reporting system. Without such a time-reporting system, OES has been unable to assess and demonstrate its staffing needs, which hinders its ability to prepare meaningful budgets.

OES Has Several Hiring Options During Disaster Recovery

The law allows OES to use emergency and limited-term appointments and contracts to hire staff.

When a disaster occurs, OES must be able to hire staff very quickly for immediate recovery from the disaster. When the disaster devastates an urban area, damaging many public buildings and facilities as the Northridge earthquake did, OES must be able to hire and retain professional employees for extended periods to help with the recovery. OES has several options for hiring employees to meet the immediate and longer-term needs of recovering from the disaster. The options include making emergency appointments, using the employees of other state agencies, contracting with employment agencies, and hiring limited-term employees.

The California Government Code, Section 19888.1, and the California Code of Regulations, Title 2, Article 12, Section 302.1, address OES's need to hire employees very quickly during emergencies by giving it the authority to make emergency appointments. Emergency appointments allow OES to hire employees for short periods without following civil service procedures. This hiring process is quick and convenient. However, because the emergency hiring

process is so fast and candidates do not go through normal civil service testing, there may be less assurance of the candidates' competence.

Generally, an emergency appointment is limited by the California Code of Regulations, Title 2, Article 12, Section 303, to 60 working days in a 12-month period. However, this rule can be waived. The Standing Order Number One, issued by the governor under the Government Code, Section 8567, and activated with the governor's proclamation of a state of emergency, waives the general 60-working-day limit and gives OES authority to determine the period of employment up to the termination date of the state of emergency. However, the California Constitution, Article 7, Section 5, limits all temporary employment, including emergency appointments, to 9 months in a 12-month period. Therefore, it can only retain emergency hires for the period of the declared state of emergency or 9 months, whichever comes first. If it needs these employees for a longer period, it must go through an additional hiring process.

OES can also use employees from other state agencies under the Emergency Services Act, Sections 8596(a) and 8649, but the amount of time these employees are available is limited because the agencies they officially work for also need their services. The Government Code, Section 19130(b), also allows OES to use contract employees under emergency conditions. Although this is a quick way to get temporary help, using contract employees may be more expensive, requiring the payment of an administrative fee to the employment agency.

OES can also make limited-term appointments. Under the Government Code, Section 18530, the limited-term appointments must be made using civil service employment lists. Therefore, OES must follow civil service procedures, which require more time for hiring than making emergency appointments. In addition, limited-term appointments last for only two years according to the Government Code, Section 19080.3. Although Section 19080.4 allows certain limited-term appointments to be extended for up to two additional years, this extension applies only to construction projects still in progress and does not include the hiring that OES does to recover from a disaster. The California State Personnel Board's Personnel Management Policy and Procedures Manual, Section 331, explains that the two-year maximum may not

OES's hiring options do not meet its needs to quickly hire and retain large numbers of competent staff.

be exceeded through any combination of extensions or reappointments or by using a different limited-term employee to complete the same work. However, it does not preclude an individual from accepting another limited-term appointment to another position.

These options give OES more flexibility and efficiency in hiring than do the civil service procedures it is required to follow in nonemergency circumstances. However, the options individually and jointly still present limitations that prevent OES from meeting its current staffing needs.

Recently, OES has attempted to resolve the problem of hiring large numbers of competent employees quickly. According to its lead personnel analyst, OES gave three civil service examinations during fiscal year 1994-95 to meet current and future demand and to avoid making emergency hires or using contracted employees as much as possible if another disaster occurs. By administering these examinations, OES established a list of Disaster Worker Specialty Services candidates, the most commonly used classification of employees needed for the recovery process. As of December 1995, at least 200 candidates remained on the list and were available should OES need them. In addition, OES is currently working on a "Disaster Field Office (DFO) in a box" concept that would allow it to
expedite the hiring process when a disaster occurs. Much of
the recovery work for disasters occurs in the DFO, and the DFO-in-a-box concept establishes predetermined DFO organizational charts, depicting the number of employees required at each level, for various sizes of disasters. When a disaster occurs, OES can project the number of hires for each civil service classification quickly as soon as the type of disaster and size of DFO is determined.

OES also has ongoing problems with its staffing needs for recovery from the approximately 20 currently open disasters, many of which are more than six years old. This clearly illustrates that OES's need for employees to assist with these longer-term recovery efforts extends well beyond the two
years that limited-term employees can work. For example, OES records show that work remains on most of the damage survey reports (DSR) written for the Loma Prieta earthquake six years after the disaster.

The Northridge Earthquake Added More Staffing Problems

The staffing needs for recovery from the Northridge earthquake illustrate the inadequacy of OES's hiring options. The magnitude of the Northridge earthquake created some hardships for OES in retaining trained employees. For example, OES had to hire more employees than were on their employment lists at that time. It had to make many emergency appointments immediately and then go through civil service procedures to establish employment lists for limited-term appointments. At that time, OES's personnel office was staffed to accommodate the normal volume of hiring. According to OES's personnel officer, the normal volume averaged less than 50 hires per disaster for disasters prior to the Northridge earthquake, excluding the Loma Prieta earthquake. To determine the volume of hiring created by the Northridge earthquake, we looked at OES's personnel records, which show that in calendar year 1994, a total of 1,194 personnel action requests were received, and among those requests, 557 appointments were made.

The large number of additional staff required for the Northridge earthquake overwhelmed OES's personnel unit.

To accommodate the increased volume of hiring, OES's personnel office itself had to hire and train additional personnel specialists, which required time. In addition, according to the personnel officer, the office was not initially informed about the extent of OES's hiring needs when the disaster occurred. As a result, it was slow to anticipate the number of additional personnel specialists required to process hiring documents for the new employees. The establishment of the civil service employment lists was not completed before approximately 55 lead employees who were on emergency appointments reached their employment limit of nine months.

Had OES been unable to retain these trained employees, a significant disruption to the recovery from the Northridge earthquake would have occurred because new employees would have had to be trained. Consequently, OES contracted with an employment agency, which in turn hired the emergency hires when their employment with OES reached the 9-month limit. Through this contract, OES was able to continue to use the 55 trained emergency hires and other emergency hires who subsequently reached their 9-month limit. The contract met OES's immediate needs but was costly because the employment

agency charged an administrative fee to hire and supply the employees to OES.

OES Does Not Always Comply With Emergency Appointment Laws and Regulations

We also analyzed OES's hiring practices to determine whether it complied with legal and regulatory requirements. We reviewed the applicable laws, regulations, and rules in the California Constitution, the Government Code, the California Code of Regulations, and the State Personnel Board's Personnel Management Policy and Procedures Manual regarding limited-term and emergency appointments. We tested OES's compliance with hiring procedures for 15 hires during fiscal years 1993-94 and 1994-95. OES generally complied with the requirements for emergency and limited-term hiring. However, it did not exhaust all administrative and civil service alternatives before making an emergency appointment to fill one of two established clerical positions when the position was temporarily vacant. In addition, OES did not release all emergency hires when the state of emergency declaration was revoked on September 1, 1995, as required by laws and regulations.

On October 30, 1995, however, OES took steps to remedy this situation. The personnel officer notified the appropriate managers, supervisors, and branch chiefs that the governor's revocation of the states of emergency meant that OES no longer had the authority to keep emergency hires beyond the 60-day maximum.

The Temporary Nature of the Positions Contributes to High Staff Turnover

Staff turnover causes loss of productivity and additional training and personnel costs.

OES has experienced high turnover in part because its Disaster Assistance Branch, which administers the recovery process, is largely staffed with limited-term employees. For example, OES's personnel records show that while 485 employees were appointed during the period from January 1994 through July 1994, 173 were separated. Most of those appointed and separated during that period were employed in a disaster field office within the Disaster Assistance Branch. OES believes that some limited-term hires use the OES experience as an opportunity to get into state employment with other agencies that can offer

permanent positions. High staff turnover causes problems such as loss of productivity, additional costs of training, and the need to conduct multiple examinations to keep lists of potential candidates available.

The turnover has caused some concern for the local governments that deal with OES. A few of our interviews with local emergency management representatives indicated their belief that high turnover among OES's staff contributes to delays in processing DSRs. In addition, one expressed frustration with having to contact several different people just to find out the status of a DSR. He attributed the problem to the high staff turnover at OES's disaster field offices and noted several instances where a DSR had to be reviewed over again because the OES employee who had been reviewing it left before the review was complete and the new OES employee was unaware of what had already been reviewed.

OES Could Not Demonstrate Its Staffing Needs

A $19.8 million request for 340 additional positions was denied because OES could not document its needs.

In January 1995, OES submitted its budget request for fiscal year 1995-96 to meet its staffing needs for long-term recovery
from the Northridge earthquake and other previous disasters. OES requested approximately $19.8 million to establish
340 limited-term positions in addition to the approximately 15 permanent positions that existed at that time in the Disaster Assistance Branch. The Legislative Analyst's Office, which assesses and makes recommendations on budget requests for the Legislature, withheld its recommendation in part because OES could not provide adequate justification for the request. The Final Change Book prepared by the Department of Finance shows that OES's budget request was funded for only nine months of fiscal year 1995-96. As a result, OES had to do additional work to demonstrate its staffing needs.

This work consisted of a workload analysis prepared by OES's Disaster Assistance Branch. The workload analysis was based on the assumption that there would be no new disasters.
The initial result showed that the Disaster Assistance Branch needed a staffing level of 763 positions in fiscal year 1995-96 to carry out its necessary program objectives. When OES's management reviewed the assessment, it

directed the employees who had prepared the workload analysis to reduce the number of positions requested, and as a result, part of the project workload was postponed. In September 1995, OES submitted a revised budget proposal for the Disaster Assistance Branch, requesting 601 total positions, an increase of approximately 245 positions from the original budget request, and spreading the current workload over more than five years. The revised budget proposal for fiscal year 1995-96 addresses the workload created by the two newest federally declared disasters, the January 1995 and March 1995 winter storms, which were not addressed in the original budget request for fiscal year 1995-96. The Department of Finance did not approve this revised budget request, and, as of the end of December 1995, the OES budget request was going through another revision, continuing to divert OES employees from performing their normal work.

OES's Request for 600 Employees for the Disaster Assistance Branch Is Defendable

In an attempt to assess the current staffing needs for the Disaster Assistance Branch, we reviewed the workload analysis that formed the basis for the revised budget request. Our assessment was complicated by the absence of historical data on the use of employee time. For example, OES does not have a time-reporting system in place that allows it to track the amount of time each employee spends on specific tasks. In addition, OES does not have a system to effectively track the number and status of DSRs, the primary component of its workload in the Disaster Assistance Branch.

Our assessment of OES's workload concurs with its estimated staffing needs.

However, we consider the basic methodology used by the Disaster Assistance Branch to create its workload analysis reasonable. The methodology consisted of the following procedures.

- The employees identified their workload by tasks and subtasks related to their activities and program objectives and quantified their workload by deliverable units, such as the number of DSRs and projects.

- To determine the number of positions needed, they estimated the average time required to complete a

workload unit and identified the hours by various civil service classifications.

- The employees also estimated the total number of workload units to be completed for a specific disaster and spread the workload units over a five-year time frame, with expected changes in the nature of the work from fiscal year to fiscal year. For example, OES anticipated that it would finish writing all the initial DSRs for the winter storms in fiscal year 1995-96, so the estimated number of initial DSRs generated in fiscal year 1996-97 was zero.

- To calculate the total staffing needs for an operating unit during a specific fiscal year, the employees multiplied the average time per workload unit by the number of workload units to be completed, by classifications, by tasks, by disasters, and by fiscal years.

- Finally, the employees compiled all the hours and translated them into the number of equivalent positions, using a formula of 1,800 hours per position for a year.

After determining the reasonableness of the Disaster Assistance Branch's basic methodology, we also reviewed in detail the workload analyses for the two units in the Disaster Assistance Branch that requested the largest number of employees. Our review focused on the workload for fiscal years 1995-96, which was the subject of the revised budget request, and 1996-97. We recalculated the number of positions needed; interviewed participants in the process; and reviewed selected tasks, the estimated average time per workload unit, and the number of workload units to be completed.

Although the workload analysis methodology was reasonable, it had numerous errors and little supporting documentation.

Additional reasons exist for our conclusion that the process for creating the workload analysis is reasonable for these two units. For example, the workload analysis was a committee effort. The participants in the process had knowledge of the work and came from varied perspectives. Moreover, based on our knowledge of the work involved, we considered that for selected tasks, the average time per workload unit was reasonable. Specifically, the Disaster Assistance Branch estimated that the average time to complete a DSR for the Northridge earthquake was 30 hours. The estimate was based on the program review completed by the California Department of Finance

Office of State Audits and Evaluations in June 1995. We vouched the employee hours during fiscal year 1993-94, when the earthquake struck, to the actual time sheets and determined that we could rely on that portion of the program review.

However, we found numerous mathematical inaccuracies in OES's workload analysis, which made it less reliable. Many other factors could affect the accuracy of the workload projection, as well. For example, OES estimated the average time per workload unit for most tasks based on the participants' experience and based estimates of the number of workload units partially on participants' experience and partially on historical data. Some participants provided extremely limited information about their workload analysis for certain tasks. For example, the only information for which the southern region could provide any supporting documentation for its field operation workload for the winter storms of 1995 and Northridge earthquake was the number of projects it expected to monitor. Finally, some of the supporting documents contain data entry errors that affect the projection of the number of positions needed for fiscal year 1996-97.

As a result of these limitations on reliability, we could not conclude that OES's request for 601 employees for the Disaster Assistance Branch was reasonable based on the workload analysis alone. Therefore, we performed additional audit procedures.

To independently assess the reasonableness of OES's request, we compared the average hours needed during a month in 1994 to the estimated DSR workload for December 1994. The Disaster Assistance Branch's activities during the months we selected closely paralleled its current activities, with its workload primarily devoted to long-term recovery work. Based on the 1994 ratio of the estimated DSR workload to staff hours paid, we calculated hours needed as of July 1995 to address OES's workload at this time. Our ratio analyses show that OES's request for 601 employees for the Disaster Assistance Branch for fiscal year 1995-96 is reasonable.

Because the reliability of OES's workload analysis was limited, we performed an independent assessment.

None of these methods of analysis alone had sufficient supporting documentation to justify such a conclusion, but the analyses had similar results, leading us to believe that OES's request for 601 employees for fiscal year 1995-96 for the Disaster Assistance Branch is defendable.

However, the Disaster Assistance Branch's staffing needs for fiscal year 1995-96 have not been met. According to OES's personnel records, as of November 1995, the Disaster Assistance Branch had only 490 employees, including 200 working under special provisions without established positions. OES currently has instituted a hiring freeze because of a cash flow problem, which we discuss later in this chapter. Consequently, a portion of the workload projected for fiscal year 1995-96 will be postponed to fiscal year 1996-97. Although the Disaster Assistance Branch requested 510 positions for fiscal year 1996-97, it is reasonable to believe that its need for 600 employees will extend into fiscal year 1996-97. Our analyses do not attempt to assess the staffing needs for the period beyond fiscal year 1996-97 due to the limitations on the reliability of data.

Our conclusion about OES's staffing needs makes no attempt to assess how many of these positions should be permanent and how many should be part-time. The data we reviewed provided no reliable basis for such judgments. The Disaster Assistance Branch currently has approximately 20 permanent positions and 330 limited-term positions, a ratio of one to 16.5. To avoid the problems with turnover among limited-term employees and retraining new employees, OES clearly needs more permanent positions. However, it has not yet demonstrated effectively how many permanent positions it needs.

The Amount of Unreimbursed Overtime Is Significant

Accounting records show that OES incurred over $2.25 million in overtime costs during fiscal year 1994-95. Some of these costs were incurred while staff were performing work normally eligible for reimbursement from the Federal Emergency Management Agency (FEMA). However, FEMA does not reimburse the State for the costs of overtime for state employees. If OES had additional

employees, overtime could have been reduced, and federal reimbursement could have increased significantly.

OES Needs Adequate Information Technology

In September 1995, OES completed the information technology strategic plan.

Adequate information technology is vital to OES's continued or improved effectiveness in meeting its mission. For example, without a well-designed and fully implemented system for processing and tracking DSRs and related fiscal transactions, the disaster assistance program consumes additional fiscal resources and employee time, threatening to diminish the overall effectiveness of the organization. The growth of the hazard mitigation program, with processes similar to those in the disaster assistance program, indicates that a similar information technology capability is needed for that program. Until recently, OES did not have a strategic plan identifying its information technology needs and outlining a methodology for meeting those needs. In September 1995, OES completed its first strategic plan that clearly identifies its information technology needs and proposes a reasonable approach to addressing those needs. Our conclusions about OES's information technology are primarily based on OES's Information Management Strategic Plan, which was completed in September 1995, and our own observations.

Lack of a Strategic Plan for Information Technology Caused Problems

Numerous problems have resulted from the lack of a strategic plan with a coordinated program for meeting short- and long-term goals for information technology. For example, OES did not have documented standards, policies, or procedures for acquiring, issuing, and tracking its computer equipment.

In the absence of such standards, policies, and procedures, OES entered into a contract for its Public Assistance Damage Survey Report Management Information System (PADMIS) system without the benefit of careful planning and oversight. As a result, the system was developed without a stable work plan, project budget, review of the contractor's prior experience, consideration

for alternative solutions, or experienced project manager. PADMIS is an automated system that was intended to replace OES's current time-consuming manual process for tracking the DSRs and related correspondence and documents used in the recovery process, which we discuss in Chapter 2. The PADMIS system also includes a ledger component for tracking disbursements for the DSRs and includes applications for the Geographical Information System.

Because OES did not thoroughly define its manual DSR process, completely test the automated system, or exercise good control over the contract, the PADMIS system has experienced many problems. For example, OES employees have experienced difficulties with scanning documents into the system, network failures, and incompatibility among software packages. In addition, the system does not meet OES's storage needs, and data from the DSRs are consuming storage capacity more quickly than anticipated. As a result, the storage capacity originally expected to be adequate for the records of several disasters may be fully consumed by the winter storms of 1995.

OES has spent over $5 million on an automated system that does not meet all of its needs.

As of September 1995, OES reported having invested over $5 million in PADMIS, with $3.3 million used for hardware and software and the remaining $1.7 million for services. FEMA originally helped fund the PADMIS system but withdrew its support in April 1995 for several reasons, including the technical problems with PADMIS and PADMIS's effect on FEMA's responsibilities. As of mid-January 1996, OES had not decided whether to continue to implement PADMIS or develop a new system.

An additional problem arising from the lack of a strategic plan was OES's lack of oversight in the purchase of information technology equipment. Individual units purchased equipment based on their own needs without consistent reference to the needs of OES as a whole. As a result, OES uses many different types of incompatible computer hardware and software. For example, OES has a total of 662 personal computers that use the MS DOS operating system and 288 that use the Macintosh operating system. A strategic plan, such as the one completed in September 1995, can improve OES's purchasing decisions because it calls for standards and policies for the acquisition of computer hardware and software, a steering committee to provide direction and oversight of the use of

information technology, and technical solutions that consider the needs and expectations of all users as well as OES as a whole.

OES's Strategic Plan Was Completed in September 1995

OES's administration recognized the need for improved management of its information technology capabilities and contracted with a consultant to help prepare a strategic plan. The strategic plan, which was completed in September 1995, identifies the significant information technology problems at OES. The definition of the problems reflects the conditions we observed during our audit. For example, the plan addresses the need for a reliable, fully implemented system for tracking DSRs and the related correspondence and fiscal transactions, as discussed above and in Chapter 2.

OES recognizes the problems with its management of information technology and has begun to address those problems.

The strategic plan also proposes a general approach to address the problems. The first steps are to create a separate information technology branch in OES and form a management information technology steering committee. The purpose of these two groups is to provide a mechanism for centralized decision making on information technology, eliminating the ad hoc decisions by individual units. The plan further proposes the following actions for OES to take during fiscal year 1995-96:

- Decide which computer hardware and operating systems to use and develop a methodology for the transition to a single, compatible system;

- Establish standards and policies for the development of new applications and the acquisition and use of hardware and software;

- Acquire and implement a system for asset inventory control for computer hardware and other equipment; and

- Develop a system for tracking and reporting the use of staff time.

The plan also proposes to establish guidelines for use of long-term projects, such as an automated claims and grant processing system and the Geographical Information

System, and emphasizes the need for planning and prioritizing projects.

Steps Have Already Been Taken To Implement the Strategic Plan

OES has begun implementing some of the initial steps proposed in its strategic plan. For example, it has submitted a budget request for fiscal year 1996-97 for the funding to create a separate information technology branch. OES has requested funding for 23 positions, 15 of them new, and $1.3 million, $0.9 million more than it is currently spending on its information technology staff. In addition, OES has hired an administrator to set up an inventory control system for assets, including information technology assets, and conduct an inventory of the assets currently held. The strategic plan calls for a steering committee to direct its information technology plans. For example, the committee will formulate policies and standards for the development of new information technology applications and the acquisition and use of new software and hardware. However, as of December 1995, the committee had not yet convened, and any actions requiring the committee's direction have not been initiated.

OES has taken steps to identify its information technology needs and is beginning to respond to those needs. The adoption of the strategic plan, the continued implementation of the Emergency Response Information Management System and Geographical Information System, and the hiring of an administrator to set up controls over the inventory of information technology assets are all important steps. Although it is too early to determine how successful these steps will be or what alternatives might be equally appropriate, the proposed strategic plan appears to be a reasonable approach to meeting OES's information technology needs.

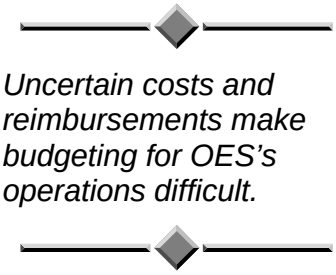
OES Has Had Serious Cash Flow Problems

In the fall of 1995, OES experienced serious cash flow problems with its operating expenditures. The cash flow problems resulted from its inability to estimate its budget needs accurately, which was exacerbated by FEMA's

decision to withdraw its approval to reimburse certain costs OES incurred. In addition, OES failed to get assurance that FEMA and the State would reimburse certain types of costs before they were incurred and to identify all reimbursable costs incurred and promptly bill FEMA.

It Is Difficult To Anticipate Budget Needs

OES's budget for its operating costs, which includes expenditures for personnel, equipment, and supplies, is established assuming that some of the costs will be reimbursed, primarily from federal disaster assistance funds. For example, the budget act for the state fiscal year 1995-96 anticipated that OES would incur operating costs of approximately $60 million, with $35 million in federal reimbursements. When its costs are greater than budgeted or the reimbursements are less than anticipated or delayed, OES exhausts its budget, or spending authority. This causes a cash flow problem, and OES is not able to pay its vendors and employees until it either gets an allocation from the General Fund or receives additional cash from reimbursements.



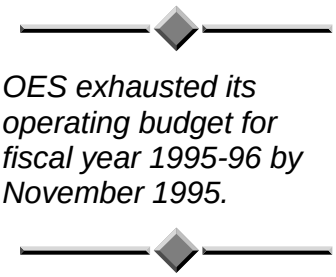
Uncertain costs and reimbursements make budgeting for OES's operations difficult.

Because it cannot anticipate the number and nature of disasters that will occur during any fiscal year, OES submits its budget requests for its operating costs assuming that no major disasters that would dramatically affect its expenditures will occur. When such a disaster does take place, OES incurs the necessary costs to respond to that disaster and begin recovery procedures. A major disaster can also interrupt the normal flow of federal reimbursements because OES's staff are busy responding to the disaster and do not take time to request the reimbursements. In either case, OES needs additional funds or a loan to cover its cash flow needs.

If OES expects that the costs will be reimbursed by FEMA, it requests a loan of state moneys through the Department of Finance for the period until the reimbursement is expected. For example, in May 1995, OES received a loan of $11.3 million because its requests for federal reimbursements were delayed when staff were busy with the response and recovery from the winter storms of 1995. For costs it does not expect FEMA to reimburse, OES requests additional funds from the State's General Fund. Both the deficiency funding and the loan of

state funds are authorized under the Government Code, Section 8690.

A Severe Cash Flow Problem Occurred in the Fall of 1995



OES exhausted its operating budget for fiscal year 1995-96 by November 1995.

In the fall of 1995, OES experienced cash flow problems so severe that it had already exhausted its budget to support its operations through the following June. As a result, it was not able to meet its November payroll costs without a $3.3 million loan of state moneys. The Department of Finance authorized the loan with the expectation that federal reimbursements would allow repayment by June 30, 1996. In addition, OES's administration established a freeze on travel and hiring, leaving it unable to fill many vacant positions.

However, the loan was merely a temporary solution to a much more significant problem. OES still needed funding for its operating costs for the remaining seven months of the fiscal year. By late December 1995, it had accumulated over $1 million in vendors' invoices that it was unable to pay. Some of these invoices dated from July 1995, five months earlier. This caused financial distress to some of the vendors, one of whom threatened to sue the State.

On December 26, 1995, OES received $5.2 million in federal reimbursements of costs incurred for the winter storms of 1995. It used these funds to pay vendors and to meet its December payroll. However, as with the loan for the November payroll, the reimbursement is not sufficient to meet OES's long-term cash flow needs.

Cash Flow Problems Have Several Causes

A circumstance that contributes greatly to OES's cash flow problem is its inability to provide accurate and timely estimates of its budget needs. This has several causes. First, OES has limited control over the decisions FEMA makes about costs it will reimburse. Costs that OES expects to be reimbursed may not actually be approved by FEMA. In addition, FEMA may reverse its decisions to reimburse costs. We discuss this issue in detail in Chapter 2. In particular, FEMA's decision to deobligate almost $14 million in OES costs for the operation of disaster

assistance centers for the Northridge earthquake had a major effect on OES's anticipated reimbursements. Even if OES successfully appeals FEMA's decision, the appeal process could be lengthy and the timing of the reimbursement unpredictable.

OES inaccurately estimates its funding needs and incurs costs without first ensuring that they will be reimbursed.

OES also does not respond quickly to changes that could affect its budget. For example, although FEMA's reversal of its decision to fund the costs of the disaster assistance centers came too late for the initial budget proposal, FEMA did announce its decision in June, before the State's 1995-96 fiscal year began. OES could have anticipated the effect of FEMA's decision and tried to resolve its budget problems before they threatened its ability to meet its payroll and pay its vendors.

OES also does not have an adequate system for getting assurance that FEMA will reimburse certain costs before it incurs those costs. For example, it purchased 140 new laptop computers and related equipment, at a cost of $770,000, for use in the field during the recovery from the winter storms of 1995. This purchase was made without prior confirmation of reimbursement from FEMA, and it is still not clear whether FEMA will agree to pay a share of those costs. OES similarly did not get state approval to purchase the laptop computers. We realize that it is difficult to balance the need to respond immediately to an emergency with the State's need for fiscal accountability. However, to achieve this balance, OES needs a better system for rapidly assessing and communicating its needs to FEMA and the State and getting assurance that major costs it incurs will be approved.

OES aggravates its cash flow problems by failing to identify all reimbursable costs and bill FEMA for those reimbursements on a routine basis. OES's lack of an adequate cost accounting system contributes to the failure to identify all reimbursable costs and routinely bill for reimbursements. In a workload study it completed for OES in June 1995, the Department of Finance noted that OES's records for reimbursable costs were incomplete. The Department of Finance recreated the records manually, allowing OES to identify $3.8 million in reimbursable costs incurred from 1989 through July 1994 that OES had not previously identified or claimed. Other delays in requests for federal reimbursements during 1995 have resulted from FEMA's decision not to reimburse costs for the Northridge earthquake and winter storms of 1995

until the completion of an independent audit of Northridge earthquake costs.

Without more effective systems for estimating its budgeted costs and reimbursements, getting assurance that major nonroutine costs will be approved for funding before it incurs the costs, and identifying and routinely billing for reimbursable costs, OES will continue to have serious cash flow problems.

OES Has Weaknesses in Contract Administration

OES entered into contracts for goods and services worth $62 million in fiscal year 1993-94 and $12.5 million in fiscal year 1994-95. These contracts purchased computer equipment, software, and assistance on information technology projects. OES also entered contracts that involved training for its staff, assistance on legal matters, and assistance from consultants in planning for future disasters.

OES could not document that it justified costs on some of its sole-source contracts.

We reviewed 20 contracts and 3 interagency agreements that OES entered into in fiscal years 1993-94 and 1994-95. Of the 20 contracts, 12 were awarded on a sole-source basis. Executive orders allow OES to suspend state laws and regulations governing the award of contracts, allowing OES to quickly obtain the goods and services needed during the response and recovery stages of a disaster. However, OES still has the responsibility to properly justify the costs associated with sole-source contracts. We found that OES had overused the waivers allowed by the executive orders, awarding contracts without competition when this was not always warranted. In addition, OES could not always provide evidence that it had justified the costs for the sole-source contracts that we reviewed. We also found other weaknesses in OES's award and management of contracts and interagency agreements. More specifically, we found the following:

- OES hired two contractors too inexperienced in the type of work being contracted; and

- OES did not always detail how the contractors would report progress. In the absence of such controls, OES did not receive all of the deliverables that it was supposed to receive from these contractors.

OES Overused Its Emergency Contracting Authority

In accordance with the executive orders issued by the governor during major disasters, OES is allowed to suspend its compliance with those state laws and regulations that cover the award and management of state contracts. The intent of these executive orders is to enable OES to quickly procure the goods and services needed during the response and recovery phases of a disaster. However, the governor has made it clear that OES can only suspend these contracting laws and regulations when the contracts involved are for specific services. We found three instances in our review where OES suspended the State's contracting requirements even though the specific conditions set forth by the governor's executive order had not been met.

In each of the executive orders issued for major disasters, such as the winter floods of 1995 and the Northridge earthquake of 1994, the governor specified that before OES could suspend the State's laws and regulations for awarding and managing contracts, the services being contracted must be one of the following:

- The investigation and technical analysis of the damage and the correction thereof;

- The evaluation of response and recovery and emergency management systems; or

- The restoration of facilities and services damaged or interrupted by the disaster.

In one instance, OES hired a contractor to develop an automated claims processing system (PADMIS) that would enhance its ability to process, review, and pay claims of organizations that suffered damage as a result of the disaster. In our view, it was not proper for OES to suspend the State's contracting requirements for this contract, since it was not for one of the three specific services set forth in the governor's executive order. When we discussed our concern with OES administration, they pointed to the urgent need to computerize the processing of claims. We certainly do not argue that OES has a valid need to automate the claims processing system. However, we do not think it prudent for OES to embark on

OES did not always follow appropriate state contracting procedures.

the procurement of a major information technology system without first taking all the steps that should be a part of any such procurement. In its haste to get the project underway, OES failed to assess the feasibility of the approach adopted. It also failed to determine whether the contractor had prior experience in designing and implementing this type of project and did not appoint a project manager with prior experience on the development of this type of project. In the absence of these and other controls, PADMIS, which we also discuss on pages 48 and 49, has not yet achieved all of the objectives set out for it. OES acknowledges that the contractor has not yet provided all of the deliverables set out in the contract.

One of the other two contracts that should not have been exempted from the State's contracting requirements was to assist OES in fulfilling its hazard mitigation responsibilities. The Northridge earthquake hazard mitigation plan provides funding to prepare for future disasters, which is certainly an important part of the department's responsibilities but is not specifically related to the response to or recovery from a specific disaster, as specified in the executive order. The third contract was for the training of employees in the use of new software just purchased by OES and for "troubleshooting" during the pilot stage of an information technology project. This contract also did not meet the specifications of the governor's executive order.

OES Does Not Control Contract Award and Management Adequately

State departments are responsible for establishing sufficient controls to ensure the proper award and management of contracts. It is important that OES assess the reasonableness of the price it pays for goods or services purchased under a sole-source contract. The State Administrative Manual (SAM) recognizes the importance of the proper justification of costs for sole-source contracts by requiring that state departments conduct a market survey. For 4 of the 20 contracts that we reviewed, however, OES contract managers could not provide evidence that they had surveyed the market to assess whether the prices being proposed by these contractors were appropriate and reasonable. OES hired contractors for 2 of these 4 contracts who it later learned were inexperienced in the type of work being contracted. Since these contracts were for significant outlays of OES

moneys, ranging in cost from $54,000 to $1.13 million, it was imperative that OES take steps to determine the reasonableness of the costs of these contracts and review the record of the consulting firms and the qualifications of their key personnel.

When we discussed these matters with OES's administration, they told us that they base the reasonableness of contract costs on the experience and expertise of staff who manage contracts, similar costs from current and past years' contracts, and rates accepted by the Departments of General Services and Personnel Administration. OES's administration also told us that obtaining a comparison of the costs of a contract would have delayed the immediate disaster recovery efforts and thwarted the intent of the governor's executive order. However, the four contracts that concern us involved the accomplishment of work designed to produce long-term benefits to OES and others in the disaster response community. Also, the time that it would have taken OES to justify the costs for these sole-source contracts and to review the record of the proposed contractors would have been minimal and certainly warranted given the dollar value of each of these contracts.

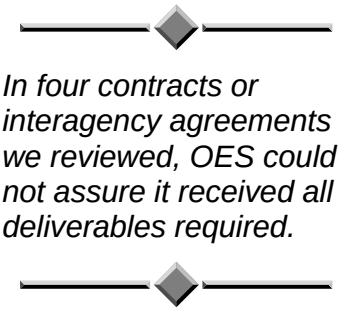
OES does not always ensure that the costs of contracts are reasonable or that contract agreements are met.

OES cannot ensure that it is getting the best price for contracted goods or services when it has not taken steps to determine that the costs for a proposed contract are reasonable. During our review, we noted at least one contract in which OES was paying above-market rates for services. In this contract, OES agreed to pay $73 per hour for the clerical support employees of a consultant on a project for OES. We compared this rate to the rate that OES paid for the clerical support employees of other consultants on contract. We also reviewed the rates that we have paid this past year for clerical support employees of consultants that we have hired. The going rate for clerical support employees in the Sacramento area ranges from $25 to $45 per hour. This contractor also charged OES $114 per hour for editing services, when the market rate for editing services in this area is $46 per hour.

The controls that should be in place to ensure the proper management of state contracts are set forth in the Public Contract Code (PCC) and the SAM. The PCC and the SAM detail those essential provisions that each contract should contain, such as specifying how the contracting department will periodically review the progress of the

contractor working on longer-term contracts. These procedures also detail the steps that the contracting departments are to take in making progress payments to the contractor. However, OES did not always detail how the contractors would report their progress. It is especially important that this be done so that progress can be monitored.

When OES does not take steps to ensure that all of the controls associated with proper award and management of contracts are in place, it is at risk of not receiving all of the contract deliverables. In 2 of the 20 contracts and 2 of the 3 interagency agreements that we reviewed, OES either did not receive all of the deliverables or could not show us that all the deliverables had been received.



In four contracts or interagency agreements we reviewed, OES could not assure it received all deliverables required.

OES has acknowledged that in two contracts it did not receive all of the deliverables for which it had contracted. Both of these contracts had to do with the implementation of an automated claims processing system. OES attributed some of the problems with this system to the inexperience of these two contractors on this type of information technology project. According to another information technology consultant OES hired and who also reviewed this project, one of the contractor's employees had no previous experience in this type of project. The inexperience of these contractors is not the only reason that they were not fully successful. OES also had responsibilities on these projects that were not fulfilled and which impacted the contractors' ability to deliver.

In another instance OES entered into an interagency agreement with the State Controller's Office (SCO) to perform audits. OES is not sure it has received all of the audits for which it contracted. The agreement called for SCO to complete 251 audits of entities that had received financial assistance through the federal and state disaster assistance programs. However, the interagency agreement did not specify how SCO would report its progress to OES. Nor did the agreement stipulate that SCO would invoice OES in a manner that would allow OES to track how many and which audits were completed. As a result, OES was unable to tell us which of these audits had been accomplished. So far, $4.1 million of this $4.7 million contract has been paid to SCO. Recognizing this problem, OES has recently implemented a tracking system to identify audits started, in progress, and already completed.

Conclusion

OES has experienced significant administrative problems because of the increase in workload from the numerous disasters that have recently struck California and because of its own administrative weaknesses. Specifically, OES has not been able to justify its requests for staffing increases for budgeting purposes, has not adequately managed the acquisition of its information technology equipment or the implementation of an information technology project, has not anticipated its cash flow needs, and has not effectively managed its contracts. These administrative problems threaten to diminish OES's effectiveness in emergency management by needlessly diverting scarce resources from these essential activities.

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Chapter 4

Recommendations

The Office of Emergency Services (OES) has generally been effective in meeting its primary responsibilities in the management of emergencies in California. However, the series of major disasters that has struck the State since 1989 has overburdened OES's staff and exposed inherent weaknesses in many of its administrative policies and practices. The combination of this increased workload and the inefficiency caused by OES's administrative problems has the potential for seriously undermining OES's continued effectiveness in meeting its responsibilities in emergency management. Therefore, we are making recommendations to OES that address both its immediate and long-term problems.

Because OES will need the assistance of the Legislature in addressing the problems arising from its current workload and administrative inefficiency, we are also recommending that the Legislature amend state law to provide more flexibility to OES in meeting its staffing needs and appropriate more funds for certain OES needs.

OES will also need the assistance of other state agencies when hiring employees for the recovery from emergencies. Accordingly, we have made recommendations to address this need.

To meet OES's needs for an increased level of staffing, greater flexibility in hiring options and more effective budgeting, the Legislature should:

- Amend the California Government Code to allow OES to retain limited-term employees longer than two years for the recovery effort; and

- Appropriate sufficient General Fund moneys to fund approximately 600 employees for the Disaster Assistance Branch for fiscal years 1995-96 and 1996-97.

OES should:

- Work with the Department of Personnel Administration or State Personnel Board to establish a task force of employees trained in personnel matters to be available to help OES hire employees when the workload exceeds the capacity of its own personnel employees during emergencies;

- Work with the Department of Personnel Administration or State Personnel Board to develop a cadre of employees trained in disaster recovery that would be consistently available to assist with the recovery from disasters for periods of up to a year;

- Continue its efforts to maintain civil service lists of at least 200 candidates who can be available during an emergency;

- Establish a time-reporting system that documents resources spent on specified tasks for each disaster; and

- Determine the number of permanent staff it needs in the Disaster Assistance Branch and document its rationale for the number.

To address its information technology needs, OES should:

- Continue to implement its strategic plan, placing a high priority on convening the steering committee for information technology to set priorities for implementation of projects and selection of hardware and software; and

- Place the highest priority on the implementation of effective systems for managing documents for the recovery process, maintaining an automated ledger system for Damage
  Survey Report (DSR) costs, compiling reimbursable costs, and completing the Emergency Response Information Management System (RIMS) for tracking emergency resources.

To meet OES's needs for improved cash flow and budgeting, the Legislature should increase its General Fund appropriation for the remainder of this fiscal year to levels justified by a thorough cash flow analysis. In addition, OES should:

- Establish a system for identifying costs and monitoring requests for reimbursement of all eligible costs from the Federal Emergency Management Agency (FEMA) and ensure that such requests are made regularly, no less frequently than once each quarter;

- Develop a thorough analysis of anticipated expenditures and reimbursements for annual budgeting purposes; and

- Work with the Department of Finance and FEMA to establish a system to allow the immediate and binding approval of reimbursement for costs related to emergency response.

To improve its contract management, OES should:

- Exercise discretion in the use of executive orders authorizing the suspension of the State's contracting requirements;

- Ensure the costs of contracts awarded on a sole-source basis are reasonable;

- Ensure that its contractors have experience in the work required under contracts; and

- Monitor performance to ensure the contractor complies with the contract.

To correct federal impediments to the effective recovery from disasters, the Legislature should support OES in negotiations with FEMA to:

- Establish an alternative method for requesting reimbursement and appeals of disaster-related project costs that are less than $10,000;

- Allow OES to review DSRs for the winter storms of 1995 before FEMA determines whether it will approve any costs; and

- Set up a procedure for an independent, third party review of major funding issues when FEMA, OES, and the applicant cannot agree on the propriety of FEMA's decisions.

Should the negotiations with FEMA fail, the Legislature should memorialize the Congress to amend federal codes to address these issues.

To improve the effectiveness and thoroughness of appeals of FEMA's determination of the allowability of costs for DSRs, OES should:

- Consistently track DSRs with similar issues, so that when the issue is resolved for one DSR, OES will know what other DSRs are affected;

- Establish a library of FEMA's decisions on major funding issues to use as a reference when similar issues arise; and

- Solicit an opinion from the State's Attorney General that defines options available to OES and applicants for challenging the propriety of FEMA's funding decisions and the circumstances under which each option can be exercised.

For a smooth transition from the response to recovery phase in its emergency management, OES should ensure that data gathered from local governments for response purposes are shared with both OES and FEMA recovery staff, avoiding duplicate requests for information.

To ensure that OES has adequate facilities and equipment during responses
to emergencies, the Legislature should provide funding for facilities that meet the requirements of an essential services building and for the replacement of vital equipment, such as fire engines. Until OES has appropriate facilities, it should have a formal back-up plan should the current facilities be unable to function during an emergency.

To ensure that all possible hazard mitigation funds are available to the State and local governments, OES should independently calculate the amounts available and assess the propriety of FEMA's allocations. Further, OES should investigate any significant differences in the amounts calculated.

We conducted this review under the authority vested in the state auditor by Section 8543, et seq., of the California

Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope of this report.

Respectfully submitted,

KURT R. SJOBERG
State Auditor

Date: January 31, 1996

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Appendix

Profiles of Three Disasters

The Northridge Earthquake—1994

Described below is a summary of the response to the Northridge earthquake, which struck southern California on January 17, 1994, at 4:31 in the morning. The earthquake had a magnitude of 6.8 on the Richter scale and resulted in an estimated $20 billion in damage.

Date	Disaster
1/17/94	An earthquake with a preliminary magnitude of 6.8 on the Richter scale struck southern California at 4:31 a.m. The epicenter was about one mile south-southwest of the City of Northridge. By noon, the California Institute of Technology reported one aftershock of magnitude 5.5, 2 others with a magnitude of about 5.0, 7 more between 4.0 and 4.5, and 26 with magnitudes greater than 3.0. Substantial disruption occurred to the highway network due to downed overpasses and elevated freeway sections. There was widespread damage to water systems, particularly in Northern San Fernando Valley and Simi Valley. The Los Angeles Department of Water and Power reported five major breaks in their system. Building collapses were reported in Los Angeles and Ventura Counties. Numerous fires were reported, but were under control. In Los Angeles County, five hospitals conducted total evacuations, one conducted a partial evacuation, three others were accepting walk-in patients only, and ten others were damaged but still functional. All Ventura County hospitals were on emergency power. There were utilities outages over a wide area of Los Angeles and Ventura Counties; at one point, about 850,000 people were without electricity. At this time, there were 14 confirmed fatalities. • Governor Wilson declared a “state of emergency” for Los Angeles County within hours of the earthquake. This activated the State’s emergency action plan, which was developed by OES following the Loma Prieta earthquake in 1989. • President Clinton issued a presidential declaration for Los Angeles County by the afternoon, which made available federal funding, equipment, and personnel.

Date	Disaster

1/17/94

Response:

OES's State Operations Center (SOC) was activated around 6:15 a.m.. In addition, OES's southern Regional Emergency Operations Center (REOC), as well as many other state agencies, operational areas, and local emergency operations centers (EOC) around the Los Angeles area, were activated. FEMA's Region IX EOC and its Disaster Field Office (DFO) in Pasadena were activated.

California Urban Search and Rescue (US&R) teams from Los Angeles, Orange, and Riverside Counties rescued 29 people from damaged buildings and vehicles by
mid-afternoon. The City of Los Angeles instituted a dawn-to-dusk curfew.

The following efforts were coordinated by OES during the response phase of the disaster:

- **Medical—**The California National Guard (CNG) dispatched nine air ambulances with water buckets, and seven additional helicopters with water buckets were on standby at Los Alamitos.

- **Law Enforcement—**The Los Angeles Police Department (LAPD) and the Los Angeles Sheriff's Office (LASO) were on tactical alert.

- **Transportation—**Caltrans conducted damage assessments. Anheuser-Busch Company was contacted to provide bottled water and the Southern Pacific Lines to transport it.

- **Dam Safety**—The Department of Water Resources (DWR) sent two teams to investigate selected dams within 45 miles of the epicenter. There were
120 jurisdictional dams within that area. Three additional teams were to be in the area within 24 hours.

- **Fire and Rescue—**The need for resources was being evaluated and, if not needed, demobilization was to begin. The other four state US&R teams were to provide relief for the four that were currently on duty.

- **Miscellaneous—**The California Conservation Corps (CCC) had approximately 300 crew members available immediately for the debris clearance, shelter assistance, and other tasks. An additional 600 to 700 CCC crew members were available within 24 hours.

Date	Disaster

Date	Disaster
1/18/94	Additional aftershocks were expected to continue for the next several weeks, with the strongest anticipated during the first 72 hours following the earthquake. The Weather Service reported an incoming weather front for Saturday, the 24th, with a chance of rain. Severe disruption of the highway network continued, especially in the northern portion of Los Angeles County. Several oil pipeline breaks were also reported. Confirmed fatalities rose to 30. In Los Angeles County, there were 1,867 confirmed injuries. In addition, 564 patients were evacuated or transferred from hospitals. Ventura County obtained a verbal presidential declaration and governor's proclamation of a state of emergency. **Response:** Response activities were conducted from the DFO in Pasadena, instead of OES's southern REOC in Los Alamitos. Although this speeded up the processing of most requests, it virtually cut the REOC out of the decision-making loop. This periodically caused confusion at the local level as to how reports and requests to the State were to be processed. The following efforts were coordinated by OES during the response phase of the disaster: • **Medical—**Eight California National Guard (CNG) air ambulances were sent back to base because they were no longer needed. • **Fire and Rescue—**US&R task forces were to continue to operate over the next 24 to 48 hours as needed. The major search and rescue sites were a collapsed apartment building and the Northridge Mall parking garage. The OES had 45 fire engine strike teams mobilized for mutual aid purposes. • **Hazardous Materials—**The Department of Toxic Substances Control (DTSC) had four hazardous materials specialists, two vans, and equipment located in Ventura County ready to assist local hazardous materials teams. The Department of Fish and Game deployed approximately 12 people to work on the oil pipeline spills. Environmental damage was also being assessed. • **Law Enforcement—**The California Highway Patrol deployed 215 officers and 31 sergeants to help with medical aid, rescue, escorts, and traffic control. The CNG had 1,500 personnel deployed for street forces and approximately 500 support personnel to support the LASO.

1/19/94 through 1/21/94

No aftershocks occurred.

The unincorporated area of Los Angeles County had 6,000 to 10,000 customers without water. The number of confirmed fatalities rose to 46.

A presidential declaration and a governor's proclamation of a state of emergency were issued for Los Angeles, Ventura, and Orange Counties.

Response:

Ventura County hospitals were all back to normal status except for those in Simi Valley, which were still having to truck in their supply of water. Twenty-four-hour water distribution centers were set up at 14 high schools. Sanitation facilities were located at many of these locations. A total of 37 shelters were open with an estimated population of 7,088 inside and 4,051 outside.

The following efforts were coordinated by OES during the response phase of the disaster:

- **Law Enforcement—**The OES law enforcement coordinators were sent to assist at the federal DFO and the southern REOC.
- **Department of Toxic Substances Control (DTSC)—**At the request of Los Angeles County Hazardous Materials department, DTSC sought trained staff to begin inspecting 1,000 facilities within the San Fernando Valley that contain hazardous materials.
- **Fire and Rescue—**All US&R teams were released.
- **DGS—**Sent 6,000 blankets for people not staying in shelters.

1/22/94 through 1/27/94

Three major aftershocks occurred on January 24, 1995.

These aftershocks created the need for additional inspections of previously inspected structures. Confirmed fatalities rose to 57. There were a total of 8,649 confirmed injuries and 1,567 hospital admissions in Los Angeles, Ventura, and San Bernardino Counties.

Date	Disaster

1/22/94 through 1/27/94

Response:

About 21,903 people were living in 37 shelters and 5 temporary facilities. An unknown number of people were at temporary facilities at 13 park sites in the City of Los Angeles. In Los Angeles County, two hospitals were still closed. Mobile treatment vans provided medical support to the earthquake victims located in the parks.

Alternate commute routes were identified by Caltrans and maps made available.

The LAPD provided a squad for each Department of Public Social Services (DPSS) office in Los Angeles because major crowds began gathering at several of these locations. It appeared that these crowds were the result of FEMA's decision to authorize emergency food stamps for earthquake victims.

1/28/94 through 2/4/94

No aftershocks were noted.

There were a total of 57 confirmed fatalities to date, 8,649 confirmed injuries, and 1,567 hospital admissions in Los Angeles, Ventura, and San Bernardino Counties. These statistics were from January 27, 1994, which was the last day Los Angeles County maintained these figures.

Response:

The CNG dispatched 86 linguists, speaking Spanish, Korean, Russian, Mandarin, and Japanese, to serve in the Disaster Assistance Centers. The two remaining 5,000-gallon water tankers from CNG were demobilized on February 3, 1994.

The City of Los Angeles requested that CNG remove the tents at certain parks. These sites were still occupied by many victims, and the City was concerned that people would not go into the shelters. Los Angeles Unified School District indicated that 14 schools were open while another 33 were to remain closed while repairs were made. Utilities were mostly restored in Los Angeles County; however, boil-water orders were still in effect in some areas.

The OES SOC closed at 5 p.m. on January 28, 1994. The southern REOC was deactivated at 9 p.m. on February 4, 1994.

The Southern Wildfire Siege October and November 1993

The following is a summary of the response to the Southern Wildfire Siege that occurred in the fall of 1993. By the end of this 11-day disaster, 22 fires had burned nearly 200,000 acres in southern California. Reimbursement costs for mutual aid responders exceeded $12 million and, in total, the disaster was estimated to cost almost $1 billion.

Date	Disaster
10/26/93	Three fires broke out in San Diego County, and Ventura, Orange, and Riverside Counties each had one fire break out. **Response:** Various local fire departments and Ventura and Orange County EOCs were activated to initially handle the breaking fires.
10/27/93	Eleven new fires broke out in six southern California counties. San Bernardino, Los Angeles, and the four original counties had a total of 17 fires to fight simultaneously. About 56,000 acres were burned and about 250 homes were destroyed in southern California. • The governor's proclamation of a state of emergency was issued for all six counties. • The governor requested a presidential declaration for the same six counties. Humidity levels were extremely low and no rain was forecast for the next seven days in southern California. Also, the Santa Ana winds were gusting up to 40-50 mph. **Response:** OES's SOC and southern REOC were activated to provide assistance to local jurisdictions and operational areas during the response to the disaster. Coordination and communication were established by OES between its SOC, southern REOC, and Fire and Rescue Branch, as well as with the California Department of Forestry (CDF), the CNG, the California Conservation Corps, and the governor's staff. Overall coordination was accomplished through conference calls.

Date	Disaster
10/27/93	Eighty firefighting companies from Los Angeles responded to the fires. Sixty strike teams from OES and 40 from CDF headed for southern California. UNOCAL Corporation donated 8,000 gallons of diesel fuel for fire engines. All available air tankers were committed to the southern California fires. CDF requested six additional air tankers from Boise, Idaho, to be en route within 24 hours.
10/28/93	No new fires began. Three of the 17 fires in southern California were under control and in "mop-up." Three other fires were 80 percent or more contained. During the previous two days, fires burned more than 127,000 acres and damaged or destroyed over 500 structures. The potential for more large, damaging fires was expected to continue until the winds ceased. **Response:** Nearly 700 fire engines and more than 3,000 firefighters from throughout the State were rushed to fight the wildfires in southern California. OES dispatched 79 of the strike teams from its SOC. At least 60 additional strike teams were dispatched by regional mutual aid coordinators in southern California. Projections showed 37 air tankers available in California within 24 hours. This increased to 40 over the next 48 hours.
11/1/93	Of the 17 existing fires, 13 were 100 percent contained. • Over 173,000 acres burned. • To date, 53 injures were reported. **Response:** To date, a total of 7,453 personnel were assigned to the southern California fires, and over 40 agencies were supporting the fire suppression efforts.
11/2/93	Los Angeles, Riverside, and San Diego Counties each reported one new fire. This brought the total number of fires in southern California since October 26, 1993, to 20. The previous presidential declaration remained in effect for these new fires.

Date	Disaster
11/2/93	**Response:** All available air tankers were in use or on standby awaiting assignment. In addition, the mutual aid system provided 70 strike teams. Fifteen came from the affected area and OES arranged for the other 55 strike teams to come from the rest of the State. Four disaster assistance centers remained open.
11/3/93	No new fires began. Of the three new fires that broke out on November 2, 1993, one was 95 percent contained. The National Weather Service (NWS) discontinued its red flag warning at 2 a.m. **Response:** As of 11 a.m., it was estimated that all available Fire and Rescue resources within California were responding to the southern California fires (total "draw-down"). In addition, aircraft in the U.S.A. were at total draw-down. If any additional aircraft were needed, they would be requested from Canada. Over 1,000 engines were deployed to the Topanga fire in Los Angeles County. The southern REOC was deactivated on this day.
11/4/93	No new fires began. All of the fires, except for the Topanga fire in Los Angeles County that broke on November 2, 1993, were expected to be 100 percent contained by the end of the day. **Response:** The Department of Corrections reported that it had 1,800 inmates, who were specially trained, fighting the fires.
11/5/93	No new fires began. The Topanga fire was about 80 percent contained with full containment expected at 6 p.m.. • There were one confirmed fatality and 12 injuries. • About 350 homes were destroyed and 17,027 acres burned. • Preliminary estimates on losses were over $100 million.

Date	Disaster
11/5/93	For all the fires statewide from October 26, 1993, through November 5, 1993, there were: • Four fatalities. • Over 1,200 structures destroyed. **Response:** Demobilization began. In response to this disaster, the California Mutual Aid System brought together more resources than had ever been used in its 44-year history, including 15,000 personnel from the fire services and 1,525 fire engines. Most of these resources were supplied through the fire and rescue mutual aid system, which was coordinated by and operated through OES.

Below is a summary of the statewide response to the winter storms that occurred in March 1995. Although this disaster appeared to be a continuation of the winter storms that started in January 1995, officially it was considered a separate disaster. This second wave of storms caused massive agricultural damage throughout the State and left tens of thousands of people without electricity for several days. Ultimately, 57 of the State's 58 counties received a presidential disaster declaration. Most of the response efforts during these storms were handled at the local level. However, OES was heavily involved during the recovery phase of this disaster.

Date	Disaster
3/8/95 and 3/9/95	Persistent rains reached the northern California coast, and a flash flood watch and strong Pacific storms were expected for northern California. The storm also continued to move towards southern California. Interstate 5 was closed between Williams and Arbuckle. Highways 99 and 20 were closed in Colusa, and numerous local roads were closed as well. Napa County expected the Napa River to rise equal to or greater than it did during the 1986 flooding. Some localized flooding and evacuations occurred. The City of Napa had mud flows in downtown. In Sonoma County, 100 roads were closed. A mudslide closed Highway 89 between Truckee and Squaw Valley. Three southern California petroleum pipelines were shut down due to possible mudslides. At this point, about 10,000 Pacific Gas & Electric (PG&E) coastal range area customers were without service, but service was expected to be restored by the next day. Eight counties submitted local emergency declarations. Sonoma County requested a gubernatorial declaration. **Response:** OES's SOC and all three of its REOCs were activated to provide assistance to local jurisdictions and operational areas. The following efforts were coordinated by OES during the response phase of the disaster: • The CNG sent five troop-hauling trucks and three helicopters to Sonoma County. • The CDF sent support to the three REOCs and had handcrews working throughout California. • The Department of Water Resources opened its Flood Center operations and was monitoring levees and rivers throughout the State.

Date	Disaster

3/8/95 and 3/9/95	• Eleven shelters opened in six northern California counties and four more were on standby. • The CCC had 35 crews in Yolo County and six flotation pumps in Orange County.
3/10/95 through 3/12/95	The rainfall moved into the Los Angeles basin, affecting Los Angeles and Orange Counties. Rainfall of 2 to 5-1/2 inches was predicted in a 12-hour period. Northern and central storm patterns continued. Flooding occurred in downtown Susanville. Downtown Cambria had up to five feet of water. Clear Lake was expected to reach flood stage on March 10, 1995, and the Salinas River was expected to crest above flood stage that evening. Pacific Bell and Contel reported critical facilities were out in northern California. Sacramento Municipal Utility District (SMUD) also reported extensive outages. PG&E reported that 120,000 customers were without electricity in northern California. In Lake County, two wastewater facilities were discharging into Clear Lake. The Arroyo Bridge, which is close to the Kings/Fresno County line, collapsed and four vehicles went down, with four confirmed fatalities. On March 12, 1995, OES received word that the President declared 39 counties as disasters. **Response:** • OES sent two strike teams to Sonoma County. • A boil-water advisory was put in effect for Guernville and Monte Rio. • In 23 counties, 29 shelters were opened and 5 were on standby. By March 12, 1995, many of these shelters had closed. The shelters had an overnight population of 1,459 people. • FEMA activated its REOC and a FEMA liaison was at the DFO. • Mexico requested Caltrans' services. The request was referred to FEMA. • Sierra County called for sandbags. OES found 79,000 available sand bags and the supplier stated that it would contact Sierra County. CNG delivered 10,000 of those sand bags to Sierra County and 40,000 to Colusa County. • The CHP and Caltrans were sent to search for survivors at the Arroyo Bridge. • The southern REOC was deactivated at 5 p.m. on March 12, 1995.

Date	Disaster
3/13/95 through 3/17/95	Rainfall in southern California ceased. However, northern California was expecting more rain. On March 15, 1995, the NWS forecast a drying trend for California for the next three days. As of March 14, 1995, 10 fatalities were confirmed and 5 were unconfirmed. As of March 17, 1995, 16 fatalities were confirmed and 6 were unconfirmed. SMUD was expected to make all storm damage repairs by March 24, 1995. The presidential declaration for the March 1995 storms was effective beginning February 13, 1995. As of March 17, 1995, 49 of the State's 58 counties were granted gubernatorial declarations. As of April 3, 1995, 57 of the State's 58 counties received a presidential declaration. **Response:** • Some evacuated communities were allowing people back to their residences. • The Red Cross reported that seven shelters were still open on March 17, 1995, with a population of 969. • Flooding was expected to continue around the Clear Lake shoreline for at least another week. • The SOC and inland REOC scaled down operations and prepared to transition into recovery issues on March 14, 1995. • The coastal REOC began demobilizing at 5 p.m. on March 17, 1995. • Some flood response missions were still being conducted throughout the State, performing activities such as debris removal, road clearing, and levee monitoring.