



To: Bay Area UASI Approval Authority

From: Teresa Serata, Director of Strategy and Grant Compliance

Date: January 20, 2012

RE: Item #2: Status Report on the 2012 Funding Allocation and Methodology

Recommendation:

Approve Option 1 (Appendix 8: 2012 UASI Allocation Methodology Policy Options) as recommended by the Advisory Group. Option 1 is as follows:

1. Implement Federal Requirements
2. Approve Regional Sustainment Priorities at no less than \$10,633,355
3. Approve 5% for Management and Administration
4. Provide \$1M for each major city (Oakland, San Francisco, and San Jose)
5. Distribute remaining funds for regional projects based upon percentages through work groups established by the General Manager

Action and Discussion Item:

Discussion and Possible Action.

Background:

On December 17, 2011, Congress passed the Department of Homeland Security FY 2012 budget. \$1,349,681,000 was allocated for all state and local homeland security grants- a major funding cut for these programs. In addition, funding was allocated in a single block from which the Secretary of Homeland Security, at her discretion, must fund all the various grant programs. Within 60 days of the bill's signing, the Secretary must make her allocation and distribution decisions and it is expected that the Bay Area will know its UASI allocation by mid-February. This will leave the Bay Area UASI with less than 80 days to prepare and submit its application to the State for submittal to FEMA. The Bay Area UASI Management Team has developed an FY 2012 UASI grant process schedule that aligns with the necessary timelines to meet federal deadlines (Appendix 1). One of the activities included in the schedule is the development of the FY 2012 UASI funding allocation and methodology.

Strategy Alignment

DHS/FEMA requires all urban areas to develop and submit for review and approval by FEMA an Urban Area Homeland Security Strategy (Strategy) as the basis for requesting funds to support investments identified in grant applications. There must be clear correlation between the goals, objectives, and priorities identified in the Strategy and the grant projects requested for funding. In addition, the Strategy must be consistent with and supportive of the State Homeland Security Strategy, State Preparedness Report, National Priorities, National Preparedness Guidelines, and Target Capabilities.



2007, 2008, and 2009 Project Goals

In grant years 2007, 2008, and 2009, the Bay Area UASI grant application used the FY 2006 Bay Area Homeland Security Strategy. Appendix 2a, 2b, and 2c delineates the projects, project allocations, and project allocation as a percent of the total UASI allocation. The projects reflect the Bay Area UASI's funding priorities.

In the summer of 2009, the Bay Area UASI initiated a Risk Management Program to update its Strategy using regional risk and capability assessment data. The revised Strategy identified 8 goals and their associated objectives, which tie to the 37 target capabilities, and set forth implementation steps to guide future investments that enhance and sustain risk relevant capabilities. These 8 goals essentially align with the 2007, 2008, and 2009 UASI project initiatives. The Approval Authority adopted the Strategy in March, 2010. The FY 2010 and 2011 UASI grant projects are delineated in Appendix 3a and 3b.

The FY 2011 UASI grant guidelines required all grantees to develop and maintain a Threat Hazard Identification and Risk Assessment (THIRA) and incorporate the THIRA data into their homeland security strategies. In addition, the FY 2011 UASI grant guidance required the urban areas to update their Strategy every two years using capability-based planning. The Bay Area UASI recently updated its Strategy and incorporated the region's risk data and capability assessment. The Strategy includes the same 8 goals that link to the National Priorities, National Preparedness Guidelines, as well as the recently revised State Homeland Security Strategy. There are a few minor changes to the Strategy that reflect the changes in the Bay Area UASI governance structure (i.e., the addition of five members on the Approval Authority and expansion of the UASI footprint, the establishment of the BayRICS Joint Powers Authority, and the incorporation of the Regional Catastrophic Preparedness Team as a work group).

Appendix 4 provides a high level overview of the grant year, strategy year, federal and state UASI grant requirements, and the Bay Area UASI allocation methodology. In grant years 2007 and 2008, UASIs requested four to five times more grant funds than FEMA awarded them. In 2009, DHS/FEMA provided target allocations to eligible urban areas with the possibility of receiving a 10% increase or decrease in targeted allocation. This allocation methodology was problematic because urban areas essentially developed two grant applications (one asking for the moon and the second, based on the actual award amount) each grant cycle. This process delayed the start date of projects and left a very short performance period for completion.

2010 and 2011 Project Goals

In grant years 2010 and 2011, DHS/FEMA provided grant allocations based on DHS' risk methodology, which allocated funds through an analysis of relative risk of terrorism faced by the 100 most populous metropolitan statistical areas in the United States. The Bay Area UASI used a similar risk-based formula at the regional level to allocate funds to four planning hubs after taking funds for regional initiatives (e.g., funding for the fusion center, project planning, regional exercise/training, and management and administration) off the top. Each of the three major cities received \$1 million as part of their respective planning hub allocation. The projects, including those for the major cities, were submitted on the Project Proposal Template, and vetted through the Planning Hub process. To be eligible for funding all Planning Hub projects were required to meet the following criteria:



Overarching UASI Grant Funding Policies

Investment in UASI grant funds must:

- Have a high threat, high density urban area terrorism focus
- Build regional capabilities (defined as capabilities for two or more counties)
- Enhance regional preparedness and directly support the national priority on expanding regional collaboration
- Align with the Bay Area Homeland Security Strategy and demonstrate a clear correlation between the goals, objectives, and priorities identified in the strategy
- Support the federal investment strategy
- Incorporate the DHS grant program funding priorities as well as the relevant national priorities

These overarching UASI grant funding policies have been incorporated in the Bay Area UASI By-laws (Article VIII Section 8.2) adopted by the Approval Authority on August 18, 2011.

Discussion/Description:

On October 27, 2011 and December 1, 2011, the Advisory Group met to discuss various issues and options related to the FY 2012 Funding Allocation and Methodology. At the December 1st meeting, the Advisory Group requested that, based on information gathered at both this meeting and the October 27th meeting, the Management Team draft an FY 2012 Interim Bay Area Homeland Security Strategy Implementation Guidance (Guidance) setting forth a methodology to be used to allocate FY 2012 funding. On January 5, 2012, the Advisory Group met to discuss the draft Guidance and make recommendations. Chairperson Mike Sena reported on the Advisory Group's recommendations at the January 12, 2012 Approval Authority meeting.

The Approval Authority requested additional information on the regional sustainment projects, major city allocation, and work groups and planning hubs.

Regional Sustainment Projects

The Advisory Group requested that the UASI Management Team identify regional capabilities that the UASI has invested in and that should be maintained in order to sustain this enhanced capability. Below are the review criteria for a regional sustainment project:

Sustainment Project Review Criteria

- The project has a direct nexus to enhancing terrorism preparedness – the project will directly sustain capabilities to either, prevent, protect against, mitigate the damage from, respond to or recover from threats or acts of terrorism, **and**
- The proposed project provides clear linkage between the project and the listed Strategy objective(s) and how the project will support implementation of the objective(s), **and**
- Each project is regional insofar as it directly benefits all 12 twelve OAs in the Bay Area region, **and**
- The project budget is reasonable and each element of the project is tied directly to a funding amount specified in the project budget section of the template.

At the January 5, 2012, the Advisory Group recommended that the UASI Management Team vet the Regional Sustainment Projects (Appendix 5) to ensure the projects meet the review criteria.



In addition, the 5% Management and Administration, allocated from the grant will fund an administrative assistant to handle the Approval Authority meetings, and grants management staff to develop MOUs and contracts, review and reconcile sub-recipient reimbursement requests, manage the State's financial management forms workbook (i.e., modifications, cash requests, and inventory tracking), and conduct sub-recipient monitoring and audits.

Major City Allocations

The Advisory Group recommended \$1 million for each major city (Oakland, San Francisco, and San Jose). Each major city would complete the project template and submit it to the UASI Management Team to ensure the projects meet the criteria below:

Major City Project Review Criteria

- The project has a direct nexus to enhancing terrorism preparedness – the project will directly sustain capabilities to either, prevent, protect against, mitigate the damage from, respond to or recover from threats or acts of terrorism, **and**
- The proposed project provides clear linkage between the project and the listed Strategy objective(s) and how the project will support implementation of the objective(s), addresses capability gaps from the regional 2011 Bay Area capability assessment, and buys down regional risk, **and**
- Each project is regional insofar as it directly benefits 3 or more OAs in the Bay Area region, **and**
- The project budget is reasonable with each element of the project tied directly to a funding amount specified in the project budget section of the template.

Other Regional Projects

In the event additional funding is available after funding the sustainment projects and allocating \$1 million to each of the 3 major cities, the Advisory Group unanimously agreed to allocate additional funding to those projects developed by the region's **work groups** and based on the 2011 Bay Area regional risk validation analysis and capabilities assessment. Funding for these projects will be based on a percentage basis of the regional risk and capability assessment data and prior funding allocations to each goal in previous grant cycles (2010 and 2011) (Appendix 6). As previously discussed at both the Approval Authority (November 11, 2011) and Advisory Group meetings (October 27, 2011, December 1, 2011, and January 5, 2012), projects would be developed and vetted through the work groups formed by the General Manager.

Appendix 7 identifies the work groups and the corresponding strategic goals in the Bay Area Homeland Security Strategy. Subject Matter Experts (SMEs) are an advantage in the work group method as they are knowledgeable and have the ability to review, analyze, vet, and prioritize large regional projects that require additional funds to complete. The SMEs can review gaps and vulnerabilities and analyze the best alternatives for mitigating regional risk. Once the projects are developed by the work groups within their allotted budget, the Advisory Group would review those projects using the following criteria, which shall be applied on a pass/fail or yes/no basis:

Work Group Project Review Criteria

- The project has a direct nexus to enhancing terrorism preparedness – the project has a direct nexus to either preventing, protecting against, mitigating the damage from, responding to or recovering from threats or acts of terrorism, **and**



- The project maintains an existing priority capability, e.g., maintains a NIMS Typed response team, or is a self-contained project that will be completed or completes a phase of a larger initiative or completes the overall initiative already underway, e.g., completing equipment upgrades for a Regional Communications System Authority, **and**
- The proposed project provides clear linkage between the project and the listed Strategy objective(s) and how the project will support implementation of the objective(s), addresses capability gaps from the regional 2011 Bay Area capability assessment, and buys down regional risk, **and**
- Each project is regional insofar as it directly benefits 3 or more OAs in the Bay Area region, **and**
- The project budget is reasonable with each element of the project tied directly to a funding amount specified in the project budget section of the template.

Alternatively, the remaining funds could be allocated by **planning hub** using the risk formula. The Planning Hubs would review, vet, and prioritize projects using the Work Group Project Review Criteria.

2012 UASI Allocation Methodology Policy Options (see Appendix 8)

Option 1: Advisory Group Recommendation.

1. Implement Federal Requirements
2. Approve Regional Sustainment Priorities at no less than \$10,633,355
3. Approve 5% for Management and Administration
4. Provide \$1M for each major city (Oakland, San Francisco, and San Jose)
5. Distribute remaining funds for regional projects based upon percentages through work groups established by the General Manager

Option 2: If award decreased from Advisory Group recommendation.

1. Implement Federal Requirements
2. Reduce Regional Sustainment Project by percentage reduction of the award amount
3. Approve 5% for Management and Administration
4. Provide a range of \$500,000 to \$1M for each major city (Oakland, San Francisco, and San Jose)

Option 3: If award increased from Advisory Group recommendation.

1. Implement Federal Requirements
2. Approve Regional Sustainment Priorities at no more than \$10,633,355
3. Approve 5% for Management and Administration
4. Provide \$1M for each major city (Oakland, San Francisco, and San Jose)
5. Distribute remaining funds for regional projects based upon percentages through work groups established by the General Manager OR by risk formula through Planning Hubs

Budget or Fiscal Impact:

To be determined

Advisory Group Comments:

The Advisory Group unanimously approved Option 1.