

Department of Local Affairs  
Schedule 10  
FY 2009-10 Budget Request

Priority	Number	Division	Request	FTE	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
<b>Decision Items</b>									
1	DI-1	Emergency Management	Provide General Fund to Match Federal Pre-Disaster Mitigation Program Funds	3.9	\$289,736	70,874	\$0	\$0	218,862
2	DI-2	Property Taxation	DPT Training and County Assistance Budget Request	0.0	\$51,761	51,761	\$0	\$0	\$0
<b>Total - Decision Items</b>				<b>3.9</b>	<b>\$341,497</b>	<b>\$122,635</b>	<b>\$0</b>	<b>\$0</b>	<b>\$218,862</b>
<b>Non-Prioritized Items</b>									
NA	NP-1	Executive Director's Office	Fleet Operating Request (Increase in Fuel)	0.0	\$39,227	\$39,227	\$0	\$0	\$0
NA	NP-2	Executive Director's Office	Ombuds Program Increase less Annualization of CSEAP Program Increase	0.0	\$52	\$48	\$2	\$2	\$0
NA	NP-3	Executive Director's Office	Noxious Weeds	0.0	\$2,642	\$0	\$0	\$0	\$2,642
NA	NP-4	Various	Postage Increase and Mail Equipment Upgrade	0.0	\$8,067	\$4,327	\$643	\$873	\$2,224
NA	NP-5	Executive Director's Office	Vehicle Lease Payments	0.0	\$17,198	\$13,880	\$0	\$3,318	\$0
<b>Total Non Prioritized Items</b>				<b>0.0</b>	<b>\$67,186</b>	<b>\$57,482</b>	<b>\$645</b>	<b>\$4,193</b>	<b>\$4,866</b>
			<b>Grand Total November 3, 2008</b>	<b>3.9</b>	<b>\$408,683</b>	<b>\$180,117</b>	<b>\$645</b>	<b>\$4,193</b>	<b>\$223,728</b>

**CHANGE REQUEST for FY 2009-10 BUDGET REQUEST CYCLE**

Department:	Local Affairs
Priority Number:	#2
Change Request Title:	Training and County Assistance for Property Taxation

**SELECT ONE (click on box):**

- ☒ Decision Item FY 2009-10  
☐ Base Reduction Item FY 2009-10  
☐ Supplemental Request FY 2008-09  
☐ Budget Request Amendment FY 2009-10

**SELECT ONE (click on box):**

Supplemental or Budget Request Amendment Criterion:

- ☒ Not a Supplemental or Budget Request Amendment  
☐ An emergency  
☐ A technical error which has a substantial effect on the operation of the program  
☐ New data resulting in substantial changes in funding needs  
☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Property Tax Administrator, and by extension the Division of Property Taxation (DPT), exists to, among other things, *assist and cooperate in the administration of all laws concerning the valuation and administration of real and personal property*, 39-2-109, C.R.S (2008).

To better enable the DPT to fulfill these statutory requirements, we are requesting additional funding for three areas. Those areas are: 1) additional training for DPT staff, 2) classroom education for remote county assessors and staff, and 3) on-site assistance to county assessors and staff. Our request totals \$51,761 in General Fund.

General Description of Request:

**1) STAFF TRAINING**

Colorado law requires the Property Tax Administrator to conduct schools for assessors and their employees to *further improvement in appraisal and valuation procedures and methods and understanding and knowledge thereof* ..., 39-2-110, C.R.S. (2008) Additionally, 39-2-109 (1) (b), C.R.S. (2008), states that it is the duty of the Property Tax

*Administrator to assist and cooperate in the administration of all laws concerning the valuation and administration of real and personal property.*

Property taxation is not a static academic exercise. The tools assessors use and the theory and techniques they apply are continually being refined and changed. Division staff must go to outside sources to be exposed to this new information. Therefore, the Division needs additional funding in order to have staff that is adequately trained to meet these statutory requirements. In recent years the DPT has only been able to send staff to outside education opportunities when there were funds available at the end of the fiscal year. As a result, these opportunities have been very limited. The following list identifies conferences and classes that benefit all areas of the Division: Administration, Appraisal, Exemptions, and State Assessed. The list has not been placed in order of priority. In every situation, we have attempted to obtain the most cost effective training. For example, where appropriate, we have recommended sending only one staff member for training with the concept that the information learned would be brought back to share with other appropriate staff. Where there is a choice of obtaining the training locally or at other locations throughout the country, we have always recommended costs based on the local offering.

Providing a successful education program is one of the Performance Measures in the DPT budget narrative. The benchmark for this measure is a 95 percent pass rate for the tested classes and an 80 percent satisfaction rate for students and their assessors. It is important to have a training program for both technical skills and instructor skills to achieve these measures.

One of the primary objectives of the DPT education and assistance program is to insure that assessors do their job correctly. The Colorado Constitution in Article X, Section 3 (2)(a), et.seq. provides for an annual audit of the work of each county assessor. Failure to successfully comply with the requirements of this audit will result in a reappraisal order from the State Board of Equalization. These orders are typically completed at significant cost to both the state and to the county. For example, here are the costs of just one recent reappraisal. The 2004 ordered reappraisal of Commercial/industrial property for Fremont

County was conducted at a cost of \$54,751. An additional 550.5 hours of assistance was spent by DPT staff for Fremont County from October 2004 through September 2005, translating to a staff cost of \$18,552. Payback to the state for overpayment to schools was \$131,263 plus interest.

All 62 elected Colorado county assessors must run for re-election every four years. The next assessor election year is 2010. Experience has shown that because of term limits and other local circumstances, there is typically a 30 percent turnover of assessors in a re-election year. Frequently, turnover at the assessor level results in staff turnover as well. This occurrence increases the need for training and assistance for the assessors and their staff.

Colorado statute, 12-61-714 (2), C.R.S. (2008), requires that an appraiser employee of any county assessor shall be licensed. Because of this law, the DPT has added responsibilities in the area of appraisal education. The Uniform Standards of Professional Appraisal Practice (USPAP) Standards Rule 6-1 for mass appraisal and Standards Rule 1-1 for real property appraisal apply. The comment section of those rules summarizes their import: *Each appraiser must continuously improve his or her skills to remain proficient in real property appraisal.* USPAP has been incorporated into Colorado law. Therefore, Colorado law requires that appraisers take classes that keep them knowledgeable with current appraisal theory and techniques. At a minimum, Colorado has a requirement of 42 classroom hours of continuing appraisal education every three years (Colorado Board of Real Estate Appraisers Rule 7.2).

The department identified the following training that would allow DPT staff to obtain the skills necessary to fulfill the statutory requirements of their job. When classes are available within the state we have included the cost for the in-state class. Many of these classes are not available in Colorado. If there is airfare quoted in the cost for the class it is an out-of-state class not available locally.

It is also a requirement of Colorado law that to obtain an appraisal license the 15-hour National USPAP Course must be successfully completed (Colorado Board of Real Estate

Appraisers Rule 2) and that licensed appraisers must take the USPAP update course every other year, (Colorado Board of Real Estate Appraisers Rule 7.2). Not only are appraiser employees of county assessor offices required to become licensed, but property tax specialists who work for DPT are also required to have an appraisal license. The ability to provide those appraisers with the requisite USPAP education is important to fulfilling the DPT's education and assistance requirements. Strict criteria must be met before an appraiser can become a USPAP certified instructor. These criteria include attending a two day instructor training course and successfully completing the exam. USPAP certified instructors must also attend a one-day recertification class on an every other year basis. During the most recent two year period, the DPT provided USPAP education to 661 appraisers. We have concluded that the Division needs to have three USPAP certified instructors to meet the current and projected future demand. The cost figures presented in the assumptions and calculations section are based on qualifying two new instructors.

Colorado law 39-2-109 (1) (a), C.R.S. (2008), requires that the Property Tax Administrator value all public utility companies in the state. These are commonly known as state assessed properties. There is a separate section in DPT assigned to complete this task. One of the performance standards for this section in the DPT budget narrative is to *provide accurate, uniform, and defensible valuation of state assessed companies*. To properly fulfill the requirement of the budget narrative and of statute, it is important that staff in this section remain current with new theory and techniques for valuing this property type. Heretofore, outside education for State Assessed staff predominantly occurred when funds were available at the end of the fiscal year. We are requesting a budget increase to provide consistent funding for outside training for State Assessed staff allowing them to be aware of and provide their insight into the changing dynamics of valuation for state assessed properties. Outside training that we have identified as being appropriate along with the estimated cost of attending this training is listed in the assumptions and calculations section.

## **2. REMOTE EDUCATION FOR COUNTY ASSESSORS & ASSESSMENT STAFF**

In accordance with the statutory requirements discussed previously for education and assistance, the DPT has an extensive education program for county assessors and their staff. Because of cost saving considerations, the DPT instituted a policy in mid-2006 of offering classes at remote locations only by special request (we continue to offer classes in Grand Junction as part of our normal scheduling). The special request includes the counties making arrangements for the facility and paying for the instructor(s)' lodging and per diem. The result of this policy change has been a significant decrease in the days taught at remote locations. If we were able to once again offer classes at remote locations for no additional cost to the counties, we would expect a return to the 2005/2006 teaching levels. Days taught tends to increase in the even (intervening) years and to be less in the odd (revaluation) years. On average, 33 days\* of teaching at remote locations could be expected if we were able to offer this education at no additional cost to the counties.

Historical information on DPT provided classes at remote locations is summarized as follows:

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Days Taught at Remote Locations:	21	45	5

\* 33 days is the average of the 2005 and the 2006 numbers of days taught at remote locations,  $(45 + 21) \div 2 = 33$ . The average is appropriate because demand for remote education is cyclical – increasing in the intervening year.

## **3. ON-SITE COUNTY ASSISTANCE**

Classroom education is sometimes not adequate to meet the training needs of the assessor and their staff. On-site assistance provides hands-on training that is missed in the classroom and is specific to the needs of a particular county. Again, in accordance with the statutory requirements discussed previously, the DPT is frequently asked to provide on-site assistance to the counties. Largely because of budget considerations, the DPT began formulating revisions to its county on-site assistance policy in late spring 2006. Full implementation of this policy began by early summer 2006. The new policy

requests counties to help with the cost of on-site assistance by paying the cost of lodging and per diem for DPT staff.

The effect of this policy change on in-county assistance requests is indicated by the following figures. The number of on-site assistance days declined significantly. For the four years prior to implementation of this new policy the DPT averaged 138 days of on-site assistance annually. Subsequent to the policy change the average was 70 days.

Consequences if Not Funded:

Correct property values for purposes of assessment are the cornerstone from which all property tax dependent taxing entities build their decisions to fund the expectations of their constituencies. Property taxes are critical to the success of the services provided by most local government entities in the state of Colorado, including and perhaps especially school districts. Both the Colorado constitution and statutes anticipate and require the Division of Property Taxation and the Property Tax Administrator to train and assist counties in their efforts to appropriately value all property located within the state. Absent this funding request the division, and subsequently the counties, run a significant risk of falling behind on the most current mass appraisal practices and potentially incorrectly valuing property in the state.

The state of Colorado has not collected a direct property tax since 1965. However, the symbiotic relationship between local property valuation and state support of education has existed since the adoption in 1921 of a new method of providing state funds to support minimum teacher salaries when the county tax base was deficient. The passage of the “Minimum Education Program Act” in 1943, provided for a minimum amount of funding necessary to maintain a classroom unit. To meet this minimum, the Act directed that the county and school district would establish a certain levy. Any deficiency to meet the minimum was to be supplied from the State School Equalization Fund, funded from the state income tax. The state has a dramatic vested interest in county assessors getting “it” right.

Having correct values does not always mean an increased tax base. Yet, undervaluation can create a great burden to taxing entities that depend on property tax and on the state

budget, especially after the impacts of the 1992 amendment to the constitution commonly known as TABOR. As an example, in 2007 the total assessed value for all school districts state wide was over \$85 billion. If that assessed value was undervalued by just 1% (\$850 million) it would reduce the amount of property tax to school operating budgets by \$17 million. Most of that \$17 million would need to be backfilled by state general fund.

Calculations for Request:

Summary of Request FY 2009-10	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
Total Request	\$51,761	\$51,761	0	0	0.0
(2) Property Taxation: Division of Property Taxation	\$51,761	\$51,761	0	0	0.0

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
Total Request	\$51,761	\$51,761	0	0	0.0
(2) Property Taxation: Division of Property Taxation	\$51,761	\$51,761	0	0	0.0



Assumptions for Calculations:

**STAFF TRAINING:** Cost estimates are based on the best historical cost information available. In some cases these estimates are based on older information requiring a greater adjustment for inflation. Inflation adjustments are based on 3.0% for 2006, 5.0% for 2007 and 5.0% for 2008. This “inflation factor” is identified as “i.f.” throughout the assumptions for calculations.

**Instructor Training for Adult Education –**

The DPT hires appraisers and then requires them to become teachers. There are programs available, geared specifically to adult education, that train people to be better teachers of adults. In order to do a better job of achieving our statutory requirements, DPT needs to take advantage of these instructor training programs.

Assumption: One staff member should attend annually \$3,000  
(Based on June 2008 instructor training workshop in Minneapolis: \$1,400 registration, \$600 lodging and per diem, \$855 air and rental car = \$2,850 x 1.05 i.f. = \$2,992.50 rd)

**American Society of Appraisers (ASA) Classes –**

Personal property appraisal training.

Assumption: One staff member should attend one class annually \$2,020  
(Based on estimates for 2009, no inflation factor is required. \$700 registration, \$480 lodging, \$320 per diem, \$120 auto, \$400 air transportation = \$2,020)

**Multi-State Personal Property Conference –**

Assumption: One staff member should attend annually \$1,115  
(Based on actual 2007 cost of \$650 x 1.10 i.f. = \$715 + air fare estimated at \$400.)

**SPSS (Statistical Package for the Social Sciences) Training: Intro to New Version, Fundamentals of Modeling, Modeling Commercial Properties –**

Assumption: One staff member should attend each class annually \$2,000  
(Based on actual 2008 costs for these three workshops of \$800 + \$800 + \$300 = \$1,900 x 1.05 i.f. = \$1995 rd)

Appraisal Institute Class –

Assumption: One staff member should attend one class annually \$600  
(Registration only, assumes Metro area location. These costs are based on estimates for 2009; therefore, no inflation adjustment is required.)

IAAO (International Association of Assessing Officers) Class –

Assumption: Two staff members should attend one class annually \$5,220  
(\$500 registration, \$600 lodging, \$360 per diem, \$150 auto, \$1,000 air fare. These costs are based on estimates for 2009; therefore, no inflation adjustment is required.)

Manufactured Homes Conference –

Assumption: One staff member should attend annually \$765  
(\$225 registration, \$385 lodging, \$155 per diem. These costs are based on estimates for 2009; therefore, no inflation adjustment is required.)

GIS (Geographic Information Systems) Class –

Assumption: One staff member should attend one class annually \$750  
(Estimate based on 3 credit hour GIS class at Metro State, includes tuition, registration, fees, books. These costs are based on estimates for 2009; therefore, no inflation adjustment is required.)

Computer Training (Access, Excel, Word, Power Point, etc.)

Assumption: Seven classes annually \$1,750  
(Based on actual 2008 cost per class of \$240 x 1.05 i.f. = \$252 rd to \$250. Since this is a negotiated contract by the state, future costs may not need an inflation adjustment.)

USPAP (Uniform Standards of Professional Appraisal Practice)

Instructor Certification Course, \$2,000/course \$1,000  
(Based on actual 2006 expense of \$1,750 x 1.13 i.f. = \$1,978 rd \$2,000. This estimate is based on sending one person **every other year.**)

USPAP Instructor Recertification, \$1,500

(Based on 2008 actual expenses per person of \$295 registration, \$400 air transportation, \$150 per diem, \$100 lodging = \$945 x 1.05 i.f. = \$992 rd \$1,000. This estimate is based on the assumption that three instructors will require this course **every other year**.  
(3 x \$1,000) ÷ 2 = \$1,500.)

Wichita State Assessed Conference –  
Assumption: Two staff members should attend annually \$1,720  
(Based on actual 2007 costs \$783 x 1.10 i.f. = \$861 x 2 = \$1,722)

Wyoming State Assessed Class –  
Assumption: One staff member should attend annually \$1,450  
(Based on actual 2008 cost of \$1,380 x 1.05 i.f. = \$1,449 rd)

Logan State Assessed Conference –  
Assumption: One staff member should attend annually \$1,340  
(Based on actual 2007 cost of \$1,215 x 1.10 i.f. = \$1,337 rd)

**TOTAL STAFF TRAINING: \$24,230**

**REMOTE COUNTY EDUCATION:** It is estimated the necessary increase in funding for the Division to once again offer classroom education to the counties at no additional cost based on the assumption of 33 days of teaching at remote locations. The estimated the cost of this offering is developed as follows:

33 overnight stays required –  
Lodging @ \$85 = \$2,805  
Per Diem @ \$76 = \$2,508  
(1 breakfast, 1 lunch, 2 dinners, all at average state per diem rates)  
(assumption: transportation provided through the DOLA car pool at no additional cost.)

**TOTAL REMOTE COUNTY EDUCATION: \$5,313**

**ON-SITE COUNTY ASSISTANCE:** It is reasonable to assume that requests for on-site assistance would increase to the previous levels if there was no cost to the counties.

The number of days of on-site assistance is summarized as follows:

<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
78 days	161	102	211	65	76

We have estimated the needed increase in our budget for the DPT to once again offer on-site county assistance at no cost based on the assumption of 138 days of assistance. The estimated cost of this offering is developed as follows:

138 overnight stays required –

Lodging @ \$85 = \$11,730

Per Diem @ \$76 = \$10,488

(1 breakfast, 1 lunch, 2 dinners, all at average state per diem rates)

(assumption: transportation provided through the DOLA car pool at no additional cost.)

**TOTAL ON-SITE COUNTY ASSISTANCE: \$22,218**

Impact on Other Government Agencies:

N/A

Cost Benefit Analysis:

If assessors undervalue property in their counties it has a direct impact to the state's General Fund because of the State of Colorado's commitment to the School Finance Act. Additionally, there are numerous other local entities that depend on assessors' offices to do their work properly so that the property tax base from which they collect their mill levies is correct. Direct county assistance, complimented by classroom education, helps avoid the more costly impact of a reappraisal order.

Having a county do work a second time, better known as a reappraisal order, is also not cost effective. If one large reappraisal order can be avoided through better training and assistance up front, these situations can be mitigated. For example, here are the costs of just one recent reappraisal: The 2004 ordered reappraisal of Commercial/industrial property for Fremont County was conducted at a cost of \$54,751. An additional 550.5 hours of unplanned DPT assistance was provided to Fremont County while conducting the reappraisal order, translating to a staff cost of \$18,551. Payback to the state for overpayment to schools was \$131,263 plus interest.

Using this example of Fremont County, their incorrect assessment resulted in reappraisal costs of \$54,751 + immediate unplanned additional assistance of \$18,551 + initial General Fund backfill for schools of \$131,623 (eventually paid back in a subsequent fiscal year) = \$204,565. This budget request is \$51,761; approximately a 4:1 ratio of return.

Implementation Schedule:

Task	Month/Year
Start scheduling training courses	July 1, 2009
Notify Counties about increased assistance	Begin July 1, 2009

Statutory and Federal Authority:

Colorado law requires the Property Tax Administrator to conduct schools for assessors and their employees to *further improvement in appraisal and valuation procedures and methods and understanding and knowledge thereof* ..., §39-2-110, C.R.S.

Additionally, 39-2-109 (1) (b), C.R.S. (2008), states that it is the duty of the Property Tax Administrator to *assist and cooperate in the administration of all laws concerning the valuation and administration of real and personal property*.

Performance Measures:

The Department of Local Affairs first budget objective is to “Ensure equity for taxpayers and compliance with constitutional and statutory revenue limitations and budgetary practices of local governments in Colorado.”

This budget request for the Division of Property Taxation addresses the fundamental core of this department objective. The work of the county assessor is critical to each of the local property tax dependent entities within the county as they strive to stay within their statutory revenue limitations. Equity for property taxpayers throughout the state is only achieved when county assessors do their work using the same assumptions, methods and guidelines as all other counties.

Two different Division of Property Taxation performance measures are significantly enhanced by this budget request. The first is the Administrative Resources and Appraisal Standards Performance Measure of “Achieving a 95% student pass rate with 80% rate of student satisfaction and 80% rate of assessor satisfaction with student skill transfer back to the job.” To provide the very best education to the assessors and their staffs we need the DPT staff to be up to date on all assessment issues and hone their abilities to teach. To reach the assessors and staff most in need of our services we must be available to offer remote classes and on-site assistance.

The second DPT performance measure addressed by this budget request is the State Assessed goal to “Provide accurate, uniform, and defensible valuation of state assessed companies,” measured by the success of DPT value upheld when protested before the Board of Assessment Appeals. In 2007 the actual value of state assessed properties exceeded \$15 billion dollars. This value is allocated to counties throughout the state based on the amount of state assessed property contained within that county. Errors by state assessed staff can be very costly to an individual county and their taxing jurisdictions. Participating in education and training programs offered in this very specialized area are critical to the staff’s success in getting the value right the first time.

**CHANGE REQUEST for FY 2009-10 BUDGET REQUEST CYCLE**

Department:	Local Affairs
Priority Number:	1
Change Request Title:	Provide General Fund to Match Federal Pre-Disaster Mitigation Program Funds

**SELECT ONE (click on box):**

- ☒ Decision Item FY 2009-10  
☐ Base Reduction Item FY 2009-10  
☐ Supplemental Request FY 2008-09  
☐ Budget Request Amendment FY 2009-10

**SELECT ONE (click on box):**

Supplemental or Budget Request Amendment Criterion:

- ☒ Not a Supplemental or Budget Request Amendment  
☐ An emergency  
☐ A technical error which has a substantial effect on the operation of the program  
☐ New data resulting in substantial changes in funding needs  
☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

Local government needs and prerequisites for competing for Federal Emergency Management Agency mitigation funds have dramatically increased in recent years due to new requirements specified in the Disaster Mitigation Act of 2000. Specifically, each local government is now required to develop and adopt a local multi-hazard mitigation plan and compete nationally against all other applicants for construction project funds. Funding this request will allow the Division of Emergency Management to dedicate full time mitigation specialists to ensure Colorado communities develop mitigation approaches through planning and projects that protect citizens in the most effective manner possible. The Department is seeking \$70,874 in General Fund - authorization for 1.0 General Fund FTE and associated operating costs - for use as the required match for 3.0 new federally funded FTE and operating expenses from the Pre-Disaster Mitigation (PDM) program. The PDM program is a competitive grant program and therefore, General Fund support would be contingent upon receipt of federal funds.

Background and Appropriation History:

The PDM grant is a nationwide competitive grant that provides federal funding (75%) for projects that reduce risk from natural and manmade hazards prior to the occurrence of a disaster. This program saves lives, protects property, and reduces response and recovery costs by funding projects such as tornado shelters, flood protection, removal or relocation of property out of high-risk areas, protection of critical facilities, and wildfire mitigation projects including mechanical treatments in unhealthy forest areas around wildland\urban interfaces. Since the inception of the program in 2003, the State of Colorado has won a total of \$16.5 Million in federal awards; with local/state project match, this has resulted in approximately \$25 Million in project funds. Our most recent project award was \$3 Million to reduce flooding hazards to 170 houses, 37 businesses, 2 schools, and numerous municipal facilities in and near the Town of Wellington. The federal funds appear to be available to the state but the Division of Emergency Management needs the General Fund as a funding match to fully utilize all of the state and federal resources available. If the federal funds were to not become available, then the department would follow its historical tradition of providing a change request noting a corresponding General Fund reduction.

The Colorado Division of Emergency Management, with existing staff, has provided technical assistance and training to communities in developing the prerequisite mitigation plans and mitigation plan and construction project applications. However, due to staff limitations, not all communities have mitigation plans or are eligible for fund competition. FEMA construction project applications and mitigation plans have become extremely technical in nature and communities require considerable training and technical support during development. Currently, 2.5 full-time staff provide technical support at the front end for local government plan and project development, administer the grants that have been successfully competed for and awarded for the preceding years, and perform administrative, monitoring, and other duties for all other mitigation grants, including recovery grants now assigned to this section. In addition, FEMA has set the expiration of community mitigation plans at 5 years and the state mitigation plan at 3 years. This requires communities to restart the planning process in year 3, as this process includes extension multi-hazard vulnerability and risk assessment analysis during the planning process. Because the state mitigation plan is so extensive and requires updating every 3 years, time frames are even more constrained. Communities also need technical assistance and support throughout the life of the planning and construction projects.



National Competitive Pre-Disaster Mitigation Awards

<u>Local Governments*</u> <u>assisted with</u> <u>applications, including</u> <u>planning and</u> <u>construction projects</u>		
<u>Federal Fiscal Years</u>		<u>Federal Funds</u>
FFY 2003-2007	26	\$16.5 million
FFY 2008	14	\$3.1 million

Local Governments\* Assisted in the Mitigation Planning Process Since Inception of the Disaster Mitigation Act of 2000 Planning Requirement

<u>Local governments* in</u> <u>FEMA-approved, locally</u> <u>adopted plans</u>	<u>Local governments*</u> <u>currently in the planning</u> <u>process</u>	<u>New counties interested</u> <u>or counties with plans</u> <u>expiring in the next 3</u> <u>years**</u>
102	41	35

\*Local governments include incorporated areas and special districts.

\*\*All will require DEM technical assistance.

General Description of Request:

The Department is submitting this item to allow it to take a stronger role in providing to the communities more technical expertise, training, grants administration, planning, and project development. One general fund match and three federal fund positions would allow for personnel to specialize in community mitigation planning by providing training and facilitation; mitigation project development, including assisting with developing scopes of work, risk assessments for addressing vulnerable populations and critical infrastructure, environmental considerations, and cost estimates; cost/benefit analyses (BCAs), including reviewing methodologies, gaining expertise and keeping up on current FEMA BCA estimating modules for different hazards; grants management, including managing grants at the grantee level and providing training, support, and site and program monitoring at the subgrantee level; and conducting administrative requirements including creating PowerPoint presentations, database development and data entry, preparing documents and correspondence, taking meeting minutes,

setting up files, appointments, and schedules, and making necessary preparations and arrangements for training sessions.

Increased levels of staffing will ensure that the DEM provides necessary, required, or locally requested functions to support the communities and ensure their success in meeting their goals.

1. The General Professional III-Planners/Grant Managers' duties will include:

- Trainings and presentations to increase awareness of the program and generate potential applications,
- Manage all ongoing/open grants, review construction contracts and reimbursement requests for compliance with scope of work and federal regulations; provide grant management technical assistance to all recipients including going over requirements of the grant, review local and state files prior to audits for completeness and accuracy, conduct site inspections, and complete programmatic reporting requirements.
- Visit interested parties/potential applicants to review project proposals, visit potential construction work sites, identify potential environmental/historical property issues, and develop comprehensive scopes of work.
- Provide technical assistance on potential mitigation and comprehensive plans, including plan development processes, risk assessment requirements, vulnerability assessments, critical infrastructure identification, determination of appropriate mitigation strategies, goals, objectives, and actions.
- Participate in local planning workshops and sessions.
- Review and comment on all local hazard mitigation plans for compliance with FEMA requirements. Work with communities on getting the necessary FEMA and state approvals for plans and getting the plans adopted by various local elected officials.
- Evaluate all projects as part of the state mitigation team and assist with determination of which projects to pursue. Review construction cost estimates and preliminary construction designs for completeness and accuracy.

- Conduct technical assistance and desk monitoring visits to applicants and eventual awardees throughout the grant process. Conduct the required construction site monitoring visits as required by FEMA.
  - Ensure that the correct permits and warranty deeds are on record and correctly filed at the local level. Ensure environmental and historical conditions for each construction project were met and documented in the records.
2. The General Professional III-Cost/Benefit Analyst's duties will include:
- Work with state and local staff on developing viable loss scenarios and identifying, determining and documenting credible data sources, as required for analyses.
  - Train communities on concepts and applications of cost/benefits analyses.
  - Work with communities on developing accurate input. Review and analyze cost and benefit data for each project application.
  - Calculate or evaluate the cost/benefit ratio for each project application as required by PDM, documenting reasoning and assumptions for all calculations.
  - Prepare analysis and supporting documentation for presentation with the application to meet the requirements for the competitive process. Ensure all applications meet federal eligibility requirements.
  - Maintain and update expertise with all FEMA accepted benefit-cost analyses modules, including tornado, flood limited and flood full data, wildfire, wind, and landslide hazards.
  - Work with communities to develop scopes of work for hazard studies that may lead to construction project applications later on.
3. The Administrative Assistant III's duties will include:
- Data entry for FEMA modules.
  - Planning and scheduling all presentations and workshops and trainings, including organizing facilities, participant and staff lodging, supplies, equipment, and travel arrangements.
  - Create and maintain databases for the following: applicants' contact information, important project/milestone dates, tracking assistance requests and results and

researching and maintaining hazard declaration information and/or losses for project applications.

- Create and prepare PowerPoint and other presentation materials as needed for all meetings and presentations and trainings.
- Attend all presentations and meetings where minutes may be required. Take minutes and prepare and distribute as needed.
- Prepare correspondence with grantees and applicants. Enter information for state applications for submission. Remind grantees of quarterly report requirements. Work with administration/finance on preparing contracts for awarding. Maintain application and grant files for all projects.

Staff	Work	Hours	Number	Total Hours
2 General Professional III PDM – Planners/ Grant Managers	Attend community meetings to present information about the program and present application material - 5 each PDM planner x 2 planners	18	10	180
	Solicit and coordinate all ongoing/open grants, review reimbursement requests for compliance with scope of work and federal regulations; conduct grant management technical assistance programs for all recipients- 25% time for each of the 2 planners	10 hrs/week for 2 FTE	52 weeks	1,040
	Work one-on-one with grant applicants to create project proposals, visit work sites, and evaluate the readiness of comprehensive plans for submittal. Evaluate all projects as part of the state mitigation team and determine which projects meet the State's strategic plan. - 50% time for each of the 2 planners	20 hrs/week for 2 FTE	52 weeks	2,080
	Technical Assistance Visits to applicants and awardees throughout grant process	16	55	880
<b>Subtotal</b>				<b>4,180</b>
General Professional III Cost/Benefit Analyst	Federal government requires a review and analysis of Cost Benefit data. It is assumed that 20 projects will be granted and it takes 102 hours to complete each project application. Calculate the cost/benefit ratio for each, document reasoning for all calculations. Prepare analysis for presentation with application for competitive process.	102	20	2,040
	Ensure all applications meet federal eligibility requirements and that the requesting entity is an eligible sub-grantee.	4	20	80
<b>Subtotal</b>				<b>2,120</b>
Staff	Work	Hours	Number	Total Hours

*STATE OF COLORADO FY 2009-10 BUDGET REQUEST CYCLE: Department of Local Affairs*

Administrative Asst. III	Data Entry - Cost Benefit Model Entry for all applications	25%		520
	Plan/Schedule all presentations, book facilities, arrange lodging for all participants	10%		208
	Create and maintain database of all applications, successful awards, completed projects	15%		312
	Create and maintain database of all applicants' contact information, track services requests and results and input milestones met per award	15%		312
	Create and Prepare PowerPoint and other presentation materials as needed for all meetings and presentations	5%		104
	Attend all presentations/meetings where minutes may be required. Take minutes and prepare and distribute as needed	5%		104
	Prepare all correspondence with grantees and applicants. Compile and prepare applications for submission, contracts for awarding, and maintain application and grant files for each individual project.	25%		520
<b>Subtotal</b>				<b>2,080</b>

Consequences if Not Funded:

- The department will not be able to ensure adequate training and technical support for the communities or grant monitoring based on the successful growth of the program.
- Fewer communities will be eligible to request projects in the PDM program.

Calculations for Request:

<b>Summary of Request FY 2009-10</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Total Request	\$289,736	\$70,874	0	\$218,862	3.9
(1) Executive Director's Office: Vehicle Lease Payments	\$6,903	\$1,726	0	\$5,177	0.0
(1) Executive Director's Office: Leased Space	\$12,000	\$3,000	0	\$9,000	0.0
(5) Division of Emergency Management	\$253,229	\$66,148	0	\$187,081	3.9
(5) Division of Emergency Management Indirect Costs Assessment	\$17,604	0	0	\$17,604	0.0

Summary of Request FY 2010-11	Total Funds	General Fund	Reappropriated Funds	Federal Funds	FTE
Total Request	\$270,121	\$68,673	0	\$201,448	4.0
(1) Executive Director's Office: Vehicle Lease Payments	\$6,904	\$1,726	0	\$5,177	0.0
(1) Executive Director's Office: Leased Space	\$12,000	\$3,000	0	\$9,000	0.0
(5) Division of Emergency Management	\$237,833	\$63,947	0	\$169,667	4.0
(5) Division of Emergency Management Indirect Costs Assessment	\$17,604	0	0	\$17,604	0.0

Assumptions for Calculations:

STATE OF COLORADO FY 2009-10 BUDGET REQUEST CYCLE: Department of Local Affairs

OSPB Common Policy for FTE Requests													
FTE and Operating Costs											GRAND TOTAL		
Fiscal Year(s) of Request		FY 08-09	FY 09-10	FY 10-11	FY 08-09	FY 09-10	FY 10-11	FY 08-09	FY 09-10	FY 10-11	FY 08-09	FY 09-10	FY 10-11
PERSONAL SERVICES	Title:	General Professional III - GF			Administrative Assistant III - Fed Fund			General Professional III - Federal Fund					
Number of PERSONS / class title		0	1	1	0	1	1	0	2	2			
Number of months working in FY 08-09, FY 09-10 and FY 10-11		0	12	12	0	12	12	0	12	12			
Number months paid in FY 08-09, FY 09-10 and FY 10-11 <sup>1</sup>		0	11	12	0	12	12	0	12	12			
Calculated FTE per classification		0.0	0.9	1.0	0.0	1.0	1.0	0.0	2.0	2.0	0.0	3.9	4.0
Annual base salary			\$46,740	\$46,740		\$34,764	\$34,764		\$46,740	\$46,740			
Salary		\$0	\$42,845	\$46,740	\$0	\$34,764	\$34,764	\$0	\$93,480	\$93,480	\$0	\$171,089	\$174,984
PERA	10.15%	\$0	\$4,349	\$4,744	\$0	\$3,529	\$3,529	\$0	\$9,488	\$9,488	\$0	\$17,366	\$17,761
Medicare	1.45%	\$0	\$621	\$678	\$0	\$504	\$504	\$0	\$1,355	\$1,355	\$0	\$2,480	\$2,537
Subtotal Personal Services at Division Level		\$0	\$47,815	\$52,162	\$0	\$38,797	\$38,797	\$0	\$104,323	\$104,323	\$0	\$190,935	\$195,282
OPERATING EXPENSES													
Supplies @ \$500/\$500 <sup>2</sup>	\$500	\$0	\$500	\$500	\$0	\$500	\$500	\$0	\$1,000	\$1,000	\$0	\$2,000	\$2,000
Computer 1 Desktop\$825/\$0	\$825	\$0	\$0	\$0	\$0	\$825	\$0	\$0	\$825	\$0	\$0	\$1,650	\$0
Office Suite Software @ \$330/\$0	\$330	\$0	\$330	\$0	\$0	\$330	\$0	\$0	\$660	\$0	\$0	\$1,320	\$0
Office Equipment @ \$3,998/\$0 (includes cubicle and chair)	\$3,998	\$0	\$3,998	\$0	\$0	\$3,998	\$0	\$0	\$7,996	\$0	\$0	\$15,992	\$0
Telephone Base @ \$450/\$450 <sup>2</sup>	\$450	\$0	\$450	\$450	\$0	\$450	\$450	\$0	\$900	\$900	\$0	\$1,800	\$1,800
Travel Costs - Admin Asst 10 trips for Admin Asst. to assist and take minutes at mtgs	\$1,500	\$0	\$0	\$0	\$0	\$1,500	\$1,500	\$0	\$0	\$0	\$0	\$1,500	\$1,500
Travel Costs - 2 Traveling GP III: All in state - 40 trips to potential applicants to review likely projects before app and average of four trips to each of 20 applicants = 120 trips @ \$150/trip average													
	\$9,000	\$0	\$9,000	\$9,000	\$0	\$0	\$0	\$0	\$9,000	\$9,000	\$0	\$18,000	\$18,000
Printing Training Materials	\$4,200	\$0	\$0	\$0	\$0	\$4,200	\$4,200	\$0	\$0	\$0	\$0	\$4,200	\$4,200
Shipping Applications: Submit 20 LARGE Fed Ex Pkgs @ \$28 each (Application Submission)	\$560	\$0	\$0	\$0	\$0	\$560	\$0	\$0	\$0	\$0	\$0	\$560	\$0
Leased Space for new FTE at the Multi-Agency Coordination Center: 800 sq/ft. for 4 FTE@ \$15/sq ft	\$3,000	\$0	\$3,000	\$3,000	\$0	\$3,000	\$3,000	\$0	\$6,000	\$6,000	\$0	\$12,000	\$12,000
Operating at Leased Facility at the Multi-Agency Coordination Center: 800 sq.ft., \$4.81/sq ft	\$3,848	\$0	\$962	\$962	\$0	\$962	\$962	\$0	\$1,924	\$1,924	\$0	\$3,848	\$3,848
Two State Fleet Leased Hybrid Vehicles: Sedan (AH)	\$3,452	\$0	\$1,726	\$1,726	\$0	\$0	\$0	\$0	\$5,177	\$5,177	\$0	\$6,903	\$6,903
Travel Costs - Variable fleet costs for mileage. Travel 1,000 miles per month per vehicle	\$0.29	\$0	\$873	\$873	\$0	\$0	\$0	\$0	\$6,111	\$6,111	\$0	\$6,984	\$6,984
Laptops - \$2,220 - 1st yr only	\$2,220	\$0	\$2,220	\$0	\$0	\$0	\$0	\$0	\$2,220	\$0	\$0	\$4,440	\$0
Subtotal Operating Expenses		\$0	\$23,059	\$16,511	\$0	\$16,325	\$10,612	\$0	\$41,813	\$30,112	\$0	\$81,197	\$57,235
GRAND TOTAL ALL COSTS		\$0	\$70,874	\$68,673	\$0	\$55,122	\$49,409	\$0	\$146,136	\$134,435	\$0	\$272,132	\$252,517

1 - Initial year full salary is 11 months to account for Pay Date Shift if General Fund employee.

2 - The \$450 for Telephone Base and \$500 for Supplies will carry over each year as an acceptable expense. Items are prorated for partial FTE.

3 - Based on actual lease expenses for additional space in MACC building.

4 - Costs were based on DEM's most recent purchase of desktop replacement laptops.

1. Computers and furniture necessary for new FTE during year 1 will not be required in year 2.

2. It is expected that four (4) additional FTE are required to meet requirements: three General Professional IIIs and one (1) Administrative Assistant III.

Impact on Other Government Agencies: Department of Personnel and Administration, Fleet Management.

Cost Benefit Analysis: Successful competition for \$3 Million toward projects would equate to leveraging the state's first year investment to one state dollar for each thirty-three dollars. The PDM program requires a match of \$1 General Fund for \$3 of federal funds for state management costs. Authorized use includes personnel costs to assist local applicants and to manage the program. Therefore, the \$75,000 request (to use a round figure to clearly illustrate the calculation) in state General Fund could equate to a total of \$2,475,000 federal funds. (\$75,000 state management cost match+\$225,000 federal management cost+\$2,250,000 federal project funds+\$750,000 local project match = \$3,300,000).

The potential return on a relatively small investment of state funds is an outstanding opportunity to achieve many of Colorado's mitigation goals at a small fraction of what it would cost the state to achieve on its own. The Federal Emergency Management Agency (FEMA) focus is shifting from a post-disaster recovery to a pre-disaster mitigation stance as FEMA has determined that it will save taxpayer funds over the years to try to reduce the risk of damage before a disaster occurs. A study conducted by the Multi-Hazard Mitigation Council, a council of the National Institute of Building Sciences, in 2005 has determined that for every \$1 spent on mitigation, a community would receive an average of \$4 in future benefits. Future benefits were defined as losses to society avoided. The benefits considered in the analysis included: Reduced direct property damage, reduced direct business interruption loss, reduced indirect business interruption lost, reduced nonmarket damage, reduced human losses, and reduced cost of emergency response (ambulance service, fire protection). This shift in focus over the long term may result in increased funding availability in this program.

Implementation Schedule:



Task	Month/Year
FTE Hired	July/August 2009
New staff training	July/August 2009
Start training communities on FEMA grant programs	July 2009
Rotate staff into grant management and admin duties	July 2009
Benefit/cost analyses training	October 2009, November 2009
Mitigation plan training	August 2009, February 2010
Provide communities with technical assistance for applications	July through December 2009
Provide communities with technical assistance for grant administration	Ongoing
Provide communities with technical assistance for mitigation planning	Ongoing
Conduct benefit/cost analyses	July through December 2009

Statutory and Federal Authority:

1. The CDEM is authorized by the State Disaster Emergency Act of 1992, CRS 24-32-2101 et seq. One of the statutory requirements of the division is that it shall take part in the development and revision of local and inter-jurisdictional disaster plans.
2. The PDM program was authorized by Part 203 of the Robert T. Stafford Disaster and Emergency Relief Act (Stafford Act), 42 USC 5133.

Performance Measures:

This decision item directly supports the Department's overall Objective #2: Work with local governments to improve their capacity to plan for, respond to, and recover from natural and human-caused disasters. Provide comprehensive community, family and personal preparedness outreach programs on coping with emergencies in Colorado.

The decision item aligns the division of Emergency management with its performance measures #2 and #3. Division performance measure #2 is to build and maintain State and Federal partnerships for emergency management. The partnership relationship will be built by adding this strategic funding and staffing to meet the needs of the state while working closely with the federal government. The division performance measure #3 Hazard Mitigation states: Assist counties with developing and maintaining federally approved pre-disaster mitigation plans. Funding the pre-disaster mitigation program will

assist the division in strategically aligning state and local resources to develop and update a pre-disaster mitigation plan prior to a disaster.