

Purchase of Generators

Generator Purchase

ILEAS received a \$2,000,000 grant in FY 2009 for the purchase of trailer-mounted generators to be granted to local qualifying emergency management agencies. ILEAS retained \$60,000 for Management and Administration – leaving \$1,940,000 for the purchase of generators. This grant was overseen by the Illinois Terrorism Task Force (ITTF) Emergency Management Committee. ILEAS is providing fiscal responsibility and staff support for this grant. The budget for the generator project has already been approved in the FY 2009 budget by the Governing Board. ILEAS policy requires Governing Board authorization to exceed any individual purchase with a value over \$100,000.

The Emergency Management Committee developed specifications, bid and then re-bid the project. Bid documents are available upon request. They considered three vendors:

Roland – Springfield, Illinois

Altorfer – Springfield, Illinois

Baldor's – South Roxana, Illinois

The bid was awarded to Roland for \$1,434,670.

Requested Board Action

ILEAS staff requests that the Governing Board authorize the purchase of generators not to exceed \$1,500,000.

Proposal to Modify the ILEAS Organizational Structure to Accommodate Non-Law Enforcement Responsibilities

Background

The federal and state funding strategies have changed significantly since ILEAS' inception. Initially, ILEAS received few but large grants all directed towards local law enforcement. They were all from the federal Law Enforcement Terrorism Prevention Program (LETPP). As the years went by, LETPP funding levels were reduced and eventually it was eliminated entirely and rolled into the State Homeland Security Grant Program (SHSGP). The current rule is that there is an 80/20 split between local and state government. Of the local amount, 25% must be invested in local law enforcement. **For example, in FY 2010, Illinois received \$32,556,036. ILEAS is responsible for \$13,741,036 – or 42% of the total Illinois budget (53% of the total local share).**

When the LETPP was eliminated, ILEAS received the more versatile SHSGP funds instead. At the same time, ILEAS was gaining a reputation of organizational and fiscal professionalism with regard to grant management and oversight. As a result, ILEAS started to receive grants for other projects. This strategy has grown and evolved to today's current situation. ILEAS now has grants for several different organizations. In FY 2009 and 2010 ILEAS received the following non-law enforcement grants:

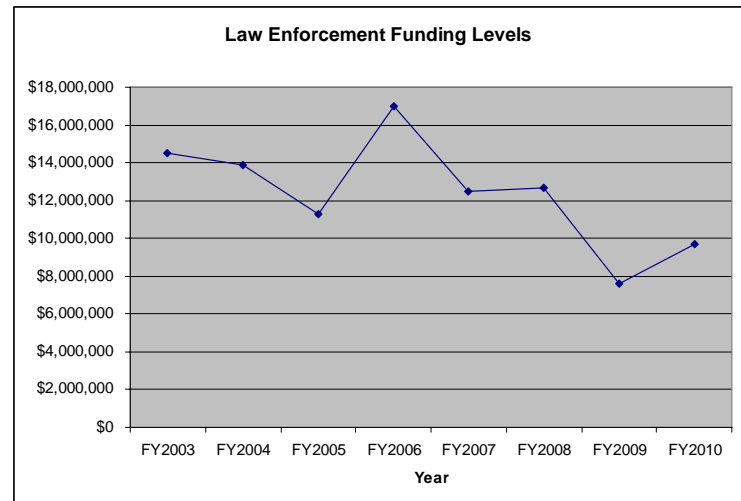
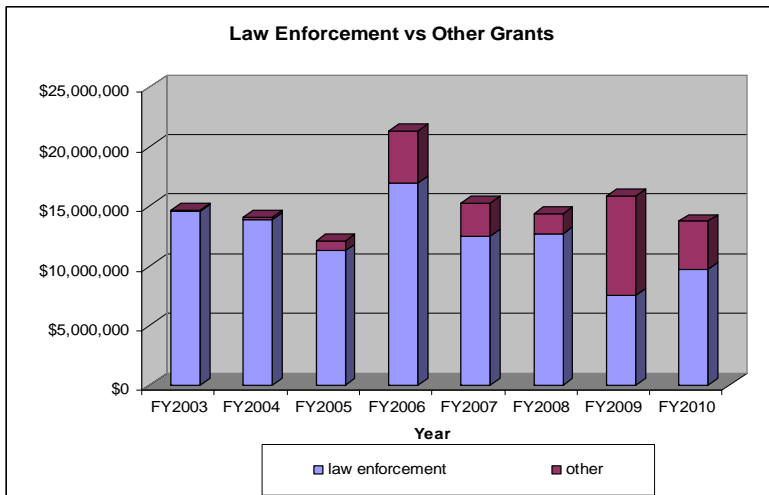
<u>Program</u>	<u>ITTF Committee</u>
Business Mutual Aid	Private Sector
Private Sector Alliance Programs	Private Sector
Mobile Command Post and ITECS Trailers	Communications
EMNET Licensing	Communications
StarCom21 Radio Cache	Communications
Emergency Management Mobile Support Teams	Emergency Management
Incident Management Teams	Emergency Management
Local EOC Grant 09	Emergency Management
Local EOC Technology 10	Emergency Management
Emergency Management Conference/Planning 09	Emergency Management
Emergency Management Conference/Planning 10	Emergency Management
Disaster Alert Radios	Emergency Management
Incident Management Teams	Emergency Management
CMS Communications Conference	ITTF
Education Program for Local Officials	ITTF
Exercise Assistance	ITTF
Great Lakes Consortium	ITTF
Harden Intermodal Facilities	ITTF
Interoperable Communications	ITTF
Data/Fiber	ITTF
K-12/Campus Safety 09	ITTF
K-12/Campus Security Workshop	ITTF
Public Awareness – IED	ITTF
Training EOC Technology	Training
Public Works Mutual Aid Network	Transportation
Radiological Detectors	Science and Technology

This totals approximately \$7.7 million. ILEAS receives 3% of the total for management and administration equaling \$231,000. Additionally, ILEAS currently reaps approximately \$150,000 for contractor costs.

History of Grant Types*

Year	Total	Law Enforcement	Other	% LE
2003	\$14,702,477	\$14,537,477	\$165,000	99%
2004	\$14,041,650	\$13,859,486	\$182,164	99%
2005	\$12,079,872	\$11,261,233	\$818,639	93%
2006	\$21,297,608	\$16,987,645	\$4,309,963	80%
2007	\$15,318,599	\$12,502,099	\$2,816,500	82%
2008	\$14,386,842	\$12,702,087	\$1,684,755	88%
2009	\$15,904,472	\$7,581,676	\$8,322,796	48%
2010	\$13,741,036	\$9,725,000	\$4,016,036	71%

(ICLEAR/Credentialing counted as law enforcement and radiation detector is counted as Other)



Effect of This Process

Clearly, law enforcement grant levels are dropping and other grants are increasing, both in overall levels and as a percentage of ILEAS’ total funding. It should be noted that the level of funding for the State of Illinois has dropped significantly since 2003. More importantly, however, during the same time period, ILEAS has received a higher percentage of Illinois’ total homeland security grant funding. In FY 2010, ILEAS received 42% of the total state homeland security grant budget.

ILEAS has adopted a strategy of being a homeland security team player and aggressively pursuing grant opportunities in the public safety arena which has resulted in the strengthening of ILEAS’ operational and service capabilities to our membership. This strategy also positions ILEAS to receive even more funding making it potentially more indispensable and ensuring its survivability. This strategy seems to be successful given the fact that ILEAS has grown in the last two years as the economy shrinks and other similar organizations have struggled or disappeared.

Strategy

ILEAS’ primary strategy has evolved to be:

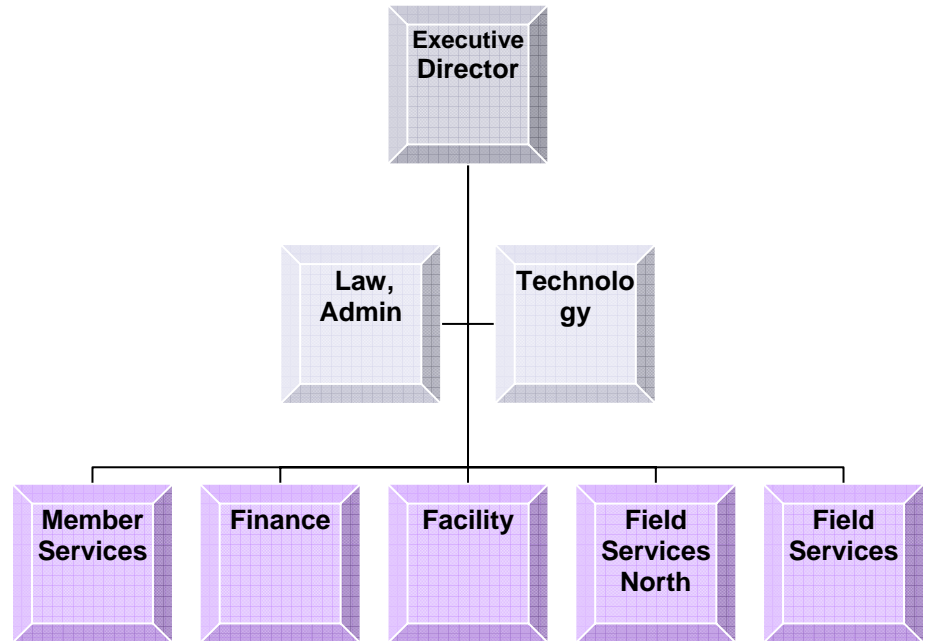
- Aggressive pursuit of grant funds in the public safety arena by finding smaller “niche” grants that require fiscal and administrative oversight

- Using the management/administrative and planning funds of those grants to put together a professional team
- Develop efficient systems of grant oversight resulting in ILEAS' reputation as being a good place to invest grant funds
- Developing a synergetic approach whereby apparently unrelated grant projects are used to complement each other. ILEAS tries to find ways to benefit law enforcement from seemingly disparate grants.

The bottom line is, the pursuit of public safety grant management basically as a “business,” ensures ILEAS' stability and continued existence. Local law enforcement directly benefits from this strategy.

Issues Regarding This Strategy

ILEAS has managed to grow as an organization in response to the level of funding it has received. Funds have been effectively invested efficiently, effectively and in compliance with legal and grant guidance. This has been accomplished through the contracting of high quality people, the utilization of advanced technology and a dedication of “doing things correctly” and in a spirit of cooperation with partners. Recently, however, ILEAS has reached a point in growth that required a rethinking of the original organizational approach. Until the last year, there had been no real organizational chart of responsibilities



and the span of control for the Executive Director was too wide. At the beginning of 2010, the Governing Board authorized this organizational chart.

The new structure assisted the Executive Director to focus activities and tie contractors to specific grants to administer. It has worked well; however, does not address a few needs. The most important is the flexibility to address “last minute” and short term planned projects and the potential dilution of law enforcement activities.

Since the adoption of this structure, other factors have come into play:

- The FY 2010 budget ITTF provided to ILEAS now includes:
 - The Illinois Public Works Mutual Aid Network (IPWMAN) grant
 - Communications Committee funds for EMNET and Mobile command Post upgrades
- The FY 2009 budget that ITTF provided to ILEAS has projects that have yet to begun:
 - Education for Public Officials
 - Great Lakes Homeland Security Consortium
 - Intermodal Facility Target Hardening
 - Public Awareness IED Detection
- The FY 2009 IESMA budget is proving to be a lot of work. This includes:

- \$3 million in EOC Technology Grants
 - Mobile Support Team vehicle bids and equipping
 - Incident Management Team vehicle and equipment bids and purchasing
- New law enforcement programs to include Intelligence Liaison Officers, Tier 2 Credentials, and the Interoperable Communications Grant for training StarCom21 statewide.
 - IESMA has determined that it requires more planning and M&A capabilities.

Additional requirements of having responsibility, even if it is fiduciary in nature and not programmatic, are:

- attending a significant amount of meetings, conferences, etc. to meet with those primarily responsible for administering the program
- processing a significant amount of funds – requiring more checks, more data entries, more purchase orders to process, etc.

Probably the most important reason to re-examine our current system is to provide for the seemingly never-ending increase in equipment for which ILEAS is responsible to track and inventory. Every year ILEAS grants millions of dollars of law enforcement equipment. That equipment is added to the tens of millions already deployed. ILEAS is legally required to inventory equipment until it no longer exists. Every year this increases significantly. Therefore, a system must be constructed that can properly build a foundation upon which expansion can grow in the future.

Mission Creep

Some Board members have expressed concern about “mission creep” and the potential dilution of ILEAS’ core duty to serve the Illinois law enforcement community by seeking and accepting ancillary grant responsibilities. The ILEAS contractors are also concerned about the same thing. Many of them were hired to administer law enforcement grants and programs and do not want to be distracted with what they consider to be programs “outside” of the core mission.

Where this is most evident is the Member Services Division led by Jim Luecking. The insertion of emergency management into their responsibilities tends to detract from the law enforcement focus. When new program such as IPWMAN are created, where to place that responsibility is not clear and it tends to go to who has the least to do at the moment.

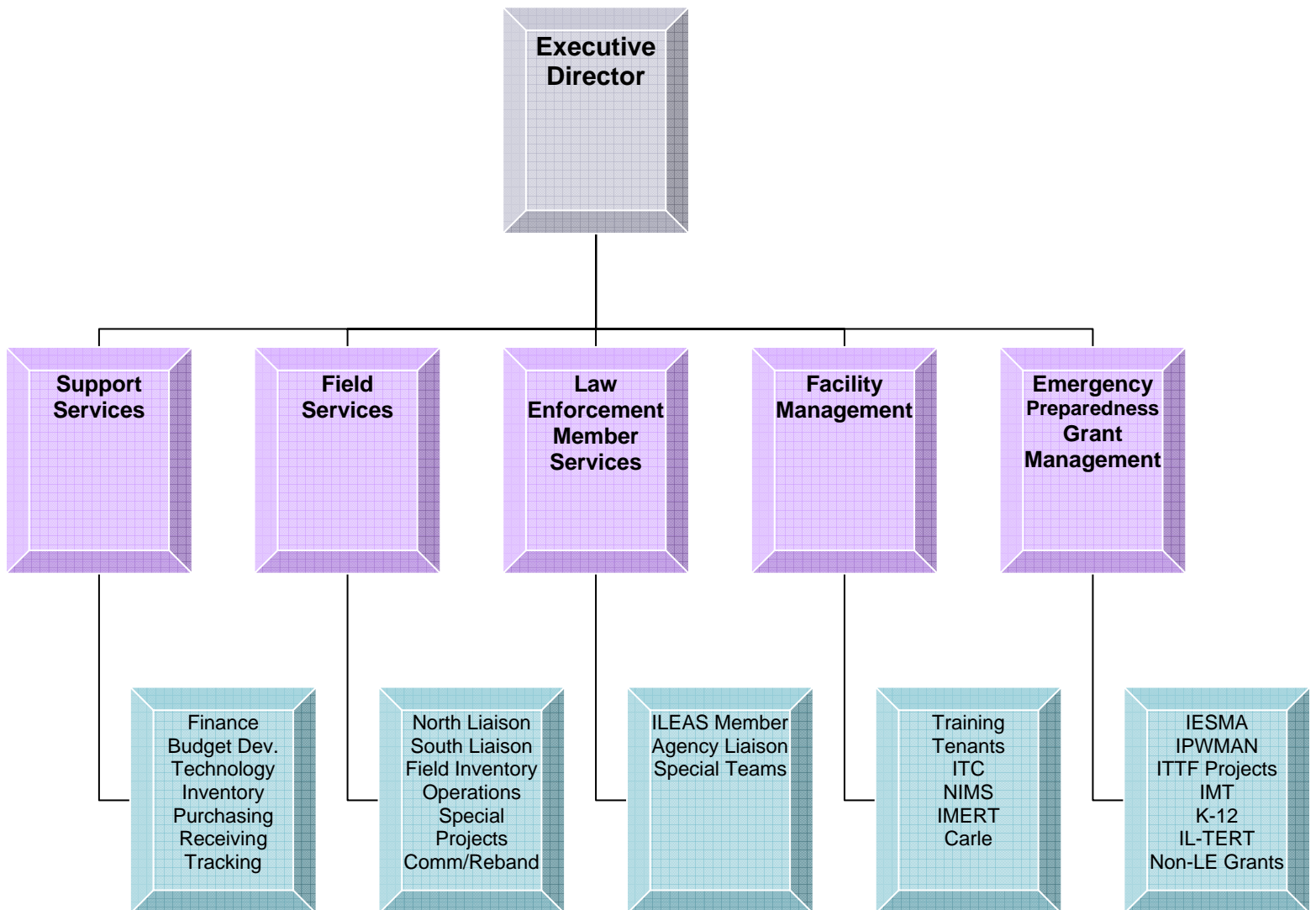
Organizational Adjustment

An adjustment to the organizational structure is necessary to:

- more clearly delineate what contractor is responsible for what grant
- keep the law enforcement focus the primary mission of a core group of contractors
- separate the funding and to offer clarity of what contract is paid from what grant
- to provide for an ever-expanding core support group for finance and inventory – a service that never decreases
- provide a methodology to determine how much it would cost to administer any grant based on capacity and organizational location

The proposal that the ILEAS contract staff are recommending is two-fold:

1. an adjustment of the current organizational structure by creating a specific work group dedicated to administering non-law enforcement grants and paying for it completely with funds from those grants, and,
2. enhancing the resources of the finance, inventory and support capabilities of ILEAS, and
3. establishing an expandable support system that links the purchasing system to the inventory system



Cost

Given the increased amount of M&A from the total number of grants and the internal transfer of contractor assignments when the current contracts expire in June, staff believes this change can be done within the current budget. The Emergency Preparedness Grant Management staff will be paid directly from the grants for which it is responsible.

Summary

In order to compensate for increased equipment inventory responsibilities and to minimize the dilution of focus on local law enforcement, an adjustment to the current ILEAS organizational chart is being recommended. This change involves the creation of the Emergency Preparedness Grant

Management Work Group that will be responsible for the administration of all non-law enforcement grants. It also involves the movement of primary inventory responsibilities to the finance group and renaming it the Support Services Work Group.

Board Action Requested

Staff recommends that the Governing Board officially:

1. Resolve that, as an operating strategy, ILEAS continues to manage public safety-related grants as authorized by the Executive Committee.
2. Resolve further that the Board adopt a policy that the administrative costs for managing these grants are paid from the grants themselves.
3. Authorize the creation of the proposed functional organizational chart.
4. Authorize the Executive Committee to work with the Executive Director and the other organizations to make contractor assignments as necessary so as to remain flexible and within budget.

Contractor Grant Payment Realignment

Issues

Programmed Income

ILEAS current has over \$400,000 in business account funds. These funds have been accumulated from a variety of sources which include but not limited to:

- Conference/Vendors Fees
- Training Center Leases
- Training Center Classroom Rentals
- Dues
- Rebanding
- Special Deployment Management Fees

The first three sources of income are legally considered to be “Programmed Income.” If we use federal grant money and end up making money, that profit must be spent back into the grant from which it came. Indeed, ILEAS has been spending some of that money on non-grant expenses at the Training Center. However, those expenses have been minor and have not made much of a dent in the fund. For example, ILEAS currently reaps approximately \$100,000 in lease fees from the training center annually.

One of the Executive Director goals has been to build up a business account fund to a healthy level so that ILEAS can continue to advance funds to pay for some equipment, contractor payments, etc. because of the delay in reimbursement by the federal/state governments. This is necessary to try and retain control of our credit rating. That fund is reaching nearly half a million dollars. ILEAS has reached the point where it needs to start spending it.

Management and Administration (M&A)

After consultation with ITTF staff and a detailed internal review of what contractor is paid from what fund, a determination has been made that every contractor that works from the ILEAS Training Center will receive payments from the Management and Administration grant in addition to the planning or training grants from which they are already compensated.

Proposal

The Finance Work Group and the Executive Director reviewed the contractor source payments and it appears that in the upcoming FY 11/12 budget year, ILEAS should utilize \$56,000 – a portion of which will go each contractor. This will accomplish several goals:

1. Indicate to the auditors that ILEAS is indeed starting to spend down the programmed income, and
2. Provide a legal means for all the contractors to assist ILEAS with direct non-grant activities, and
3. Provide a legal means for all contractors to assist in the day to day administration of the ILEAS Training Center. This can be as mundane as answering the phones and opening the secure doors, to staff meetings and attending the conference, and
4. By utilizing the business and M&A funds in this manner, more funds can be dedicated to planning/training activities and equipment purchases.

Requested Board Action

The staff requests that the Governing Board approve:

1. the use of programmed income for contractor payments
2. the application of M&A funds towards contractor payments for those contractors working at the ITC

Employee vs. Contractors

Issues

The issue of contractors vs. employees has been explored with multiple legal and tax authorities since ILEAS hired its first Executive Director. Historically, ILEAS has not employed staff as there was not source of funding for the Social Security co-pays, worker's compensation and unemployment insurance. ILEAS has structured the contracts so that there is no agreement to employment, the contracts routinely expire annually and are "at will" in nature.

The issue of whether they are legally employees are not has been debated for years. The staff in the field working from their homes and driving their own vehicles is less controversial than the staff at the ITC. Jim Page is working on a complete report on the issue for the Governing Board to consider at a future meeting. However, the costs and issues are difficult to determine given our current expertise. It is recommended that the Board authorize obtaining the services of a consultant in the human resources arena to examine our situation, determine the legal issues with our attorneys and estimate the financial cost of moving from contracting to employment. Based on these determinations, the Governing Board can make a determination as to how to proceed.

Requested Board Action

Staff requests that the Board authorize the engagement of a consultant to examine the issues and cost of contractors vs. employees. It is recommended that the process for engaging this consultant be overseen by the Executive Committee and paid for from business account funds. The vendor would report back to the Board:

- The legal issues regarding employees vs. contractors
- The labor law issues and implications
- The financial cost to ILEAS to make those co-payments and insurance
- A recommendation as to retain the current strategy or adopt an alternative