

FLORIDA DIVISION OF EMERGENCY MANAGEMENT



OFFICE OF INSPECTOR GENERAL



State Logistics Response Center Audit

Audit Report Number 16-A001

December 20, 2016

Executive Summary

The Division of Emergency Management (Division), Office of Inspector General (OIG), conducted an audit of the State Logistics Response Center (SLRC) to determine if it is the most efficient and effective way for the Division to maintain the disaster supplies and equipment needed immediately following a disaster.

Our objectives were to:

- Determine Division standards for types and quantities of disaster supplies and equipment stored at the SLRC;
- Determine the annual operating cost of the SLRC; and
- Evaluate alternatives for timely delivery of disaster supplies and equipment immediately following a disaster.

Standards for Types and Quantities of Disaster Supplies

Section 252.35 (2)(g), Florida Statutes, requires the Division to:

- Ascertain the requirements of the state and its political subdivisions for supplies and equipment of all kinds in the event of a disaster; and
- Plan for and either procure supplies, medicines, materials, and equipment or enter into memoranda of agreement or open purchase orders that will ensure their availability.

The Division has not conducted an adequate analysis to determine the requirements of the state for the supplies and equipment needed in the event of a disaster. In the absence of this analysis, the Division has not established standards for the types and quantities of supplies and equipment that it will have available in the event of a disaster. The types of supplies and equipment currently stored at the SLRC are not based on an analysis of needs and the quantities are arbitrary. Although the supplies and equipment stored at the SLRC are available for use, it is uncertain whether these supplies and equipment are adequate to meet the state's disaster needs immediately following a disaster. Also, multiple vendor contracts related to the supplies and equipment stored at

the SLRC have expired or are not fully implemented. This could impact the availability of these supplies and equipment in the event of a disaster.

Annual Operating Cost of the SLRC

The operating cost of the SLRC for fiscal year 2015 was \$2,860,473; however, less than half of the facility was in use (only 42% of the total pallet positions and less than half of the office space). As of the May 2016 inventory, the SLRC warehouse had a total of 13,306 pallet positions. Based on the SLRC's annual operating cost, \$2,860,473, and the total pallet positions, 13,306, each pallet position in the SLRC costs the Division \$214.98 per year ($\$2,860,473 / 13,306 = \214.98).

Alternatives for Timely Delivery of Disaster Supplies

The Division has not determined the requirements of the state for the supplies and equipment needed in the event of a disaster, and has not established standards for the types and quantities of supplies and equipment it plans to make available. Until the Division establishes these standards, we are unable to determine the most efficient or effective method for ensuring the timely delivery of the supplies and equipment. Although we were not able to determine the most efficient or effective method for timely delivery of disaster supplies and equipment immediately following a disaster, we identified some possible alternatives, which are further discussed in the Results of Audit Section of this report.

Recommendations

We recommend the Division:

- Conduct an analysis to ascertain the requirements of the state for supplies and equipment of all kinds needed during a disaster;
- Develop standards for the types and quantities of supplies and equipment the Division will have available in the event of a disaster;
- Identify and implement the most efficient and effective method for ensuring the availability of supplies and equipment needed during a disaster; and
- Renew, replace, or modify contracts to ensure that the Division's current logistics plan can be executed in the event of a disaster. These contracts should be re-evaluated after the Division conducts an analysis to ascertain the requirements of the state for supplies and equipment of all kinds needed during a disaster.

Our findings and recommendations are further discussed in the Findings and Recommendations Section of this report.

We acknowledge and thank Division staff for their cooperation and assistance during this audit.

Introduction

The Division's OIG, conducted an audit of the SLRC to determine if it is the most efficient and effective way for the Division to the maintain disaster supplies and equipment needed immediately following a disaster. Our objectives were to:

- Determine Division standards for types and quantities of disaster supplies and equipment stored at the SLRC;
- Determine the annual operating cost of the SLRC; and
- Evaluate alternatives for timely delivery of disaster supplies and equipment immediately following a disaster.

The scope of the audit included the Division's processes and activities related to disaster supplies and equipment. This audit was conducted as part of the OIG's annual work plan.

Background

House Bill 7121¹ provided legislative findings, identified during the 2004 and 2005 hurricane seasons, with respect to the need for improvements in Florida's infrastructure to better protect the residents of the state. The Legislature found that improved logistical staging and warehouse capacity for supplies and equipment would help ensure adequate supplies and equipment would be available and accessible for responding to disasters.

Under House Bill 7121, the Legislature appropriated \$4.4 million from the Emergency Management and Assistance Trust Fund and a \$2.1 million recurring appropriation to the Division to improve the logistical staging and warehouse capacity of the supplies and equipment used following a disaster.² The appropriated funds were to be used for increasing storage capacity, improving technologies to manage supplies and equipment, and enhancing the state's ability to maintain in a safe and secure manner an inventory of supplies and equipment that would be needed in the immediate aftermath of a disaster.

In response to House Bill 7121, on July 26, 2007, the Division opened the SLRC, a leased warehouse and office facility located in Orlando, Florida. The SLRC is used to stockpile supplies and equipment necessary to plan for, respond to, and recover from disasters in Florida. In the immediate aftermath of a disaster, the Division relies on the stockpile of supplies and equipment stored at the SLRC, as well as certain vendor contracts, for a first push of supplies and equipment. After the first push, the Division relies on the Federal Emergency Management Agency (FEMA) and/or vendor contracts for additional supplies and equipment.

¹ Florida HB 7121 (2006), now part of Chapter 2006-71, Laws of Florida.

² The Division was under Department of Community Affairs (DCA) at the time and the funding was appropriated to DCA.

The SLRC is a 192,700 square foot facility which includes 168,000 square feet of warehouse space and 24,700 square feet of office space.³ The SLRC warehouse space is organized into four warehouses: Warehouse A, Warehouse B, Warehouse C, and Warehouse D. Warehouse A is 17,200 square feet, and is the only warehouse that is not air-conditioned. Supplies and equipment that do not require climate control, such as tarps, generators, and cable, are stored in Warehouse A. The other three warehouses, which comprise 150,800 square feet (89.7%) of the SLRC warehouse space, are air-conditioned. Supplies and equipment that are better preserved in air-conditioning are stored in Warehouses B, C, and D. These items include water, cots, and medical supplies. The SLRC warehouse space is equipped with pallet racks that have a total of 13,306 pallet positions.⁴

When the SLRC is activated for a disaster, supplies and equipment stored in the SLRC are transported to Points of Distribution (PODs) and/or shelters for distribution to the public. PODs are established in areas where retail merchants have not reopened to sell supplies to the public and there is a need for resources. PODs are organized so that disaster survivors can drive or walk through the POD to receive supplies such as food and water. The Division provides counties with the supplies and equipment necessary to open and stock PODs.

Shelters are facilities used to house general and special populations who are displaced from their homes during a disaster. Shelters are generally managed by individual counties and provide supplies such as food, water, cots, and hygiene kits.

³ According to the SLRC lease agreement, the SLRC is 187,196 square feet. However, during review of SLRC blueprints, we determined the SLRC is 192,700 square feet, including 168,000 square feet of warehouse space and 24,700 square feet of office space.

⁴ This total does not include x-pallet positions, which are the floor spaces in front of each pallet rack available for items to be stored.

Results of Audit

The objectives of this audit were to:

- Determine Division standards for types and quantities of disaster supplies and equipment stored at the SLRC;
- Determine the annual operating cost of the SLRC; and
- Evaluate alternatives for timely delivery of disaster supplies and equipment immediately following a disaster.

Standards for Types and Quantities of Disaster Supplies

Section 252.35 (2)(g), Florida Statutes, requires the Division to:

- Ascertain the requirements of the state and its political subdivisions for supplies and equipment of all kinds in the event of a disaster; and
- Plan for and either procure supplies, medicines, materials, and equipment or enter into memoranda of agreement or open purchase orders that will ensure their availability.

The Division has not conducted an adequate analysis to determine the requirements of the state for the supplies and equipment needed in the event of a disaster. In the absence of this analysis, the Division has not established standards for the types and quantities of supplies and equipment that it will have available in the event of a disaster. The types of supplies and equipment currently stored at the SLRC are not based on an analysis of needs and the quantities are arbitrary. The Division uses a spreadsheet created in the 1980s to help predict the amount of supplies and equipment that may be needed after a storm makes landfall, but this spreadsheet is not based on current statistical analysis and is not used to determine the types and quantities of disaster supplies and equipment to be stored at the SLRC. Although the supplies and equipment currently stored at the SLRC are available for use, it is uncertain whether these supplies and equipment are adequate to meet the state's disaster needs immediately following a disaster.

Without a needs analysis, we are unable to determine Division standards for the types and quantities of disaster supplies and equipment; however, we conducted interviews and reviewed Division contracts and documentation to identify the current expectations and capabilities of the Division to provide disaster supplies and equipment.

Local and Federal Expectations

In order to identify local and federal expectations of the Division during a disaster, we interviewed county emergency managers, Division staff, and FEMA staff from Region IV and FEMA headquarters. These interviews indicated that during a disaster, shelters

and/or PODs would be used to provide life-sustaining supplies such as food and water. Shelters and PODs are primarily the responsibility of counties within Florida, but the counties may rely on the Division for assistance with supplying the shelters and PODs. For presidentially declared emergencies, FEMA also provides Federal Direct Assistance⁵ to Florida, if needed. However, FEMA expects Florida to be self-sufficient for the first 72 hours.

In preparation for distributing Federal Direct Assistance to states, FEMA pre-stages supplies and equipment. For Florida, FEMA starts pre-staging 24 hours in advance of a notice event at either Albany, Georgia; Pensacola, Florida; or Homestead, Florida. FEMA is prepared to pre-stage 2,490,000 liters of water, 2,450,880 meals, and common shelter items for Florida in the event of a disaster.

Shelters

From interviews with county emergency managers, Division staff, and FEMA staff, we were unable to identify clear expectations of the Division to provide supplies and equipment to shelters. Counties often rely on non-governmental organizations, like the American Red Cross and Salvation Army, to manage and provide supplies to shelters; however, we found that these entities may not have enough resources to support a large disaster. For instance, American Red Cross staff stated that the American Red Cross may not have the capabilities to support multiple counties in a large disaster. County staff also acknowledged the potential to call upon the Division for shelter assistance in large disasters.

PODs

From interviews with county emergency managers, Division staff, and FEMA staff, we determined that the Division is expected to provide supplies and equipment to PODs quickly after a disaster. The equipment needed to open a POD includes items such as forklifts, pallet jacks, cones, tents, chairs, and trash cans. Typically, supplies provided to stock the PODs include water, shelf-stable meals, tarps, and ice. County emergency management staff stated that they rely on the Division to:

- Provide supplies and equipment necessary to set up PODs;
- Provide supplies to stock PODs; and
- Transport those supplies and equipment to the PODs within 12-24 hours after it is safe to enter a POD area.

Current Division Capabilities

The Division's current logistics plan relies on a stockpile of supplies and equipment stored at the SLRC, as well as certain vendor contracts, for a first push of supplies and

⁵ Assistance from the federal government in the form of services and/or supplies and equipment to be used in a disaster.

equipment needed by the counties in the immediate aftermath of a disaster. After the first push, the Division plans to rely on FEMA and/or vendor contracts for additional supplies and equipment. However, the Division does not have standards for the types and quantities of supplies and equipment stored at the SLRC. There are also multiple vendor contracts related to supplies and equipment stored at the SLRC that have expired or have not been fully implemented. This could impact the availability of these supplies and equipment in the event of a disaster. These impacts are further discussed below.

Shelter Supplies

While it is unclear whether the Division is expected to provide shelter supplies, the Division has a stockpile of shelter supplies at the SLRC. As of the May 2016 inventory, there were 10,776 cots, 1,020 blankets, and 10,244 pillows stored in the SLRC. The Division recently had a contract in place to obtain additional cots if needed in a disaster, but that contract has expired.

POD Setup Supplies and Equipment

The SLRC does not store the supplies and equipment needed to set up PODs. The Division had a stand-by state term contract for the delivery, set up, maintenance, and demobilization of POD setup supplies and equipment which included forklift operators to unload supplies from trucks at the PODs; however, this contract expired and has not been renewed.

Transportation

The Division does not currently have trucks on hand at the SLRC. The multi-modal transportation state term contract for the delivery of supplies and equipment stored at the SLRC to PODs expired and has not been renewed.

Water

The Division has a state term contract for a vendor managed inventory of water and ice. Under this state term contract, an inventory of water will be kept in the SLRC and any additional water and ice will be procured by the Division as needed. The contract for vendor managed water also provides for transportation of the water stored in the SLRC; however, the contract lacks specific terms requiring delivery within 24 hours. The Division previously had a supplemental contract between the Division and the water vendor which provided more terms and conditions to their vendor managed inventory, but that contract was not renewed. As of the May 2016 inventory, the SLRC stored enough vendor managed water to supply 646,900 people for one day, 323,450 people

for two days, or 215,633 people for three days.⁶

Shelf Stable Meals

The Division currently has a state term contract for a vendor managed inventory of shelf stable meals to be stored in the SLRC. Under the terms of the contract the vendor retains ownership of the meals until the Division purchases the meals, as they are needed for disasters. The contract is for 333,334 meal kits containing 3 meals per kit; however, the contract has not been fully implemented, and only a small amount of the shelf stable meals has been delivered to the SLRC.

Tarps

The Division does not have a state term contract to procure tarps. The Division stores 49,294 state owned tarps of various sizes at the SLRC.

The chart below summarizes the supplies and equipment stored at the SLRC as of the May 2016 inventory.

May 2016 SLRC Inventory Summary	
Supplies and Equipment	Availability at the SLRC
Water	646,900 gallons
Ice	None
Shelf Stable Meals	None ⁷
Tarps	49,294
POD Setup Equipment	None
Shelter Supplies	Availability at the SLRC
Cots	10,776
Blankets	1,020
Pillows	10,244

Summary of Deficiencies in Division Capabilities

- There is currently no contract in place to ensure the supplies and equipment needed to set up PODs will be delivered within 24 hours.
- There is currently no transportation contract in place to ensure that supplies and equipment stored at the SLRC will be distributed within 24 hours.

⁶ As of the May 2016 inventory, there were 2,722 pallets of bottled water in the SLRC. Each pallet of water has 1,800 - 16.9 fluid ounce bottles of water. In total, there are 4,899,600 bottles of water in the SLRC which equals 82,803,240 fluid ounces or 646,900 gallons of water. According to FEMA standards, each survivor of a disaster must have 1 gallon or 128 fluid ounces every day. The 646,900 gallons of water in the SLRC can provide enough water for 646,900 people for one day, 323,450 people for two days, or 215,633 people for three days.

⁷ After the May 2016 inventory, one truckload of shelf stable meals was delivered and stored in the SLRC.

- The contract for water and ice lacks specific terms and conditions to ensure delivery within 24 hours.
- The contract for shelf stable meals has not been fully implemented for vendor managed inventory in the SLRC.
- The contract to procure cots is currently expired.

The Division has not determined the requirements of the state for supplies and equipment in the event of a disaster as required by Section 252.35 (2)(g), Florida Statutes.

The Division also has not established standards for the types and quantities of disaster supplies and equipment to be stored at the SLRC. It is uncertain whether the supplies and equipment currently maintained at the SLRC are adequate to meet disaster needs or if maintaining a stockpile of disaster supplies and equipment at the SLRC is the best way to ensure the availability of disaster supplies and equipment immediately following a disaster.

Action is needed to determine the requirements of the state for supplies and equipment in the event of a disaster in order to ensure that adequate types and quantities of disaster supplies and equipment are available.

Annual Operating Cost of the SLRC

The total operating cost of the SLRC for fiscal year 2015 was \$2,860,473. This represents 6.7% of the Division’s total operating budget for the year, excluding pass-through funding for subgrantees. The primary element of the total operating cost of the SLRC is the lease at \$2,021,717 per year. The lease agreement also provides for a 7% yearly rate increase beginning on February 1, 2017.

SLRC Operating Cost Fiscal Year 2015		
Expense	Total	Percentage
Lease	\$2,021,716.80	70%
Information Technology	192,886.14	7%
Unallocated Budget ⁸	167,143.63	6%
Salary and Benefit Costs	159,922.06	6%
Utilities	118,935.28	4%
Telephone	76,633.06	3%
Security/Fire Systems	35,435.44	1%
Heavy Equipment Rental & Supplies	26,634.73	1%
Janitorial	18,540.00	1%
Travel	17,130.12	1%
Facility Supplies/Maintenance	8,352.46	0%
Office Equipment Lease/Maintenance	5,228.55	0%
Field Office Rental	3,784.80	0%
Elevator Maintenance	2,472.72	0%
Cable TV Service	2,356.73	0%
Insurance	1,930.84	0%
Mail/Postage	1,369.98	0%
Total	\$2,860,473.34	100%

Cost Per Square Foot

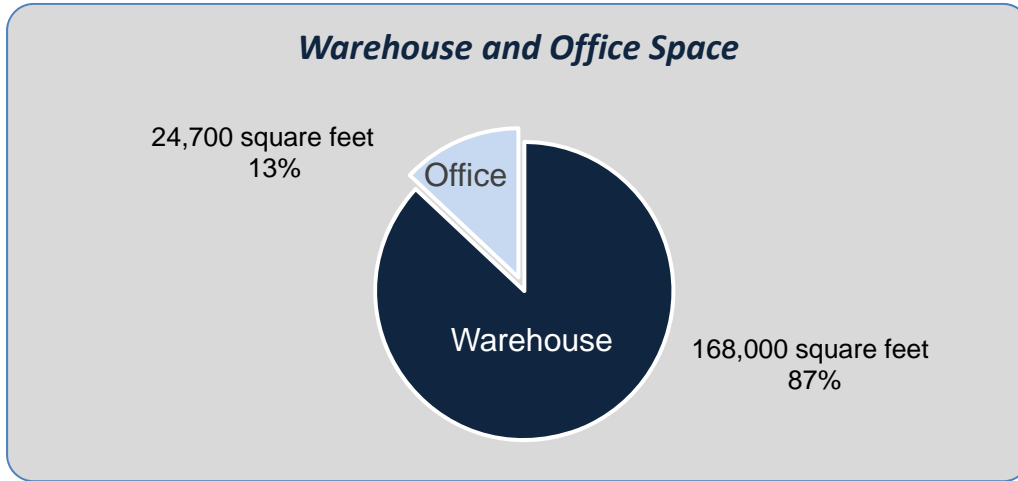
The SLRC has 168,000 square feet of warehouse space (87%) and 24,700 square feet of office space (13%) for a total of 192,700 square feet. Based on the SLRC’s annual

⁸ Pallet rack repairs comprised \$166,154.04 of the \$167,143.63 unallocated budget.

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operating cost of \$2,860,473 and 192,700 square feet of space, the SLRC costs \$14.84 per square foot per year ($\$2,860,473 / 192,700 = \14.84).

Based on the \$14.84 cost per square foot, the warehouse space costs \$2,488,612 per year and the office space costs \$371,861 per year.



Cost Per Pallet Position

As of the May 2016 inventory, the SLRC had a total of 13,306 pallet positions. The Division was using 4,664 pallet positions (35%), other agencies were using 938 pallet positions (7%), and 7,704 pallet positions (58%) were empty. Based on the SLRC's annual operating cost of \$2,860,473 and its total of 13,306 pallet positions, each pallet position in the SLRC costs \$214.98 per year ($\$2,860,473 / 13,306 = \214.98).

Using the \$214.98 annual cost per pallet position, the cost of pallet positions used by the Division was \$1,002,649 (4,664 pallet positions x \$214.98 = \$1,002,649), the cost of pallet positions used by other agencies was \$201,648 (938 pallet positions x \$214.98 = \$201,648), and the empty pallet positions cost \$1,656,176 (7,704 pallet positions x \$214.98 = \$1,656,176).

Pallet Positions Used				
User	Pallet Positions Used	Cost Per Pallet Position	Cost Per Year	Percentage
Division	4,664	\$214.98	\$1,002,649	35%
Other Agencies	938	\$214.98	\$201,648	7%
Empty	7,704	\$214.98	\$1,656,176	58%

SLRC Office Space

The SLRC office space, which occupies 24,700 square feet (13%) of the SLRC, costs the Division \$371,861 per year.⁹ The office space includes 27 offices, the Logistics Operations Center, a training center, and five other working areas. Only 14 of the 27 offices are used on a daily basis. These offices house 15 Division employees who work in the Bureaus of Mitigation, Response, Recovery, and one Department of Health (DOH) employee.¹⁰ The other 13 offices, Logistics Operations Center, training center, and five other working areas are not used on a daily basis, and may not be needed during disasters.

Some of the office space is occasionally used for meetings and training. During fiscal year 2015, 19 training sessions or exercises were held at the SLRC. The number of attendees at these training sessions or exercises ranged from 6-40 people. Only 8 of 19 training sessions or exercises were conducted by the Division. The other 11 training sessions or exercises were held by other state agencies or government entities. The Division's training sessions or exercises used SLRC facilities for 12 days and the other 11 training sessions or exercises used SLRC facilities for 14 days during fiscal year 2015.

Summary of Costs and Facility Utilization

- For fiscal year 2015, the operating cost of the SLRC was \$2,860,473,
 - \$14.84 per square foot per year¹¹
 - \$214.98 per pallet position per year.¹²
- The lease has a 7% escalation clause beginning on February 1, 2017.
- Of the total pallet positions in the SLRC, the Division is using approximately 35%, other agencies are using 7%, and 58% of the pallet positions, worth \$1,656,176 per year, are not being used.¹³
- Only 14 of the 27 offices are used on a daily basis. The other 13 offices, Logistics Operations Center, training center, and five other working areas are not used on a daily basis and may not be need during disasters.
- The SLRC is available as a training venue, but only 8 training sessions or exercises were conducted by the Division at the SLRC during fiscal year 2015.

For fiscal year 2015, the operating cost of the SLRC was \$2,860,473. As of the May 2016 inventory, only 42% of the total pallet positions were in use and less than half of the office space was being used.

⁹ Based on the \$14.84 annual cost per square foot.

¹⁰ DOH reserves an office in the SLRC for an employee permanently stationed in the SLRC. This office was included in the 14 offices used on a daily basis. Also, two of the 14 offices are shared by Bureau of Mitigation employees.

¹¹ Based on SLRC square footage of 192,700 square feet (\$2,860,473.34/192,700 sq. ft.= \$14.84/square feet).

¹² Based on the 13,306 pallet positions in the SLRC (\$2,860,473.34/13,306 pallet positions= \$214.98/ pallet position/year).

¹³ As of the May 2016 inventory.

Alternatives for Timely Delivery of Disaster Supplies

The Division has not determined the requirements of the state for the supplies and equipment needed in the event of a disaster, or established standards for the types and quantities of supplies and equipment it will have available. Until the Division establishes these standards, we are unable to determine the most efficient or effective method for ensuring the timely delivery of the supplies and equipment.

Although we are unable to determine the most efficient or effective methods for timely delivery of disaster supplies and equipment immediately following a disaster, we have identified some possible alternatives.

Potential Alternative 1: *Division Managed Facility*

Under this alternative, the Division would continue to manage its own warehouse facility. The SLRC is considered a flex property because it consists of both warehouse space, 168,000 square feet, and office space, 24,700 square feet. Based on market trend reports published by Cushman & Wakefield and Colliers International the current rental rates for flex properties are less than the current SLRC rate of \$10.49 per square foot.¹⁴

Market Report Rate Comparison Flex Properties			
	SLRC	Cushman & Wakefield	Colliers International
Square Footage	192,700	192,700	192,700
Annual Rate Per Sq. Ft.	\$10.49	\$9.75	\$9.44
Annual Rental Cost	\$2,021,423	\$1,878,825	\$1,819,088
Potential Savings		\$142,598	\$202,335

Based on market trend reports published by Cushman & Wakefield and Colliers International, potential savings could be realized by renting separate facilities for

¹⁴ The Cushman & Wakefield market report was based on properties in Orlando, Florida and the Colliers International market report was based on properties in Central Florida.

warehouse and office use. The chart below compares the costs of renting separate facilities for warehouse and office use. The potential savings from separating the warehouse space from the office space may exceed \$600,000 annually.

Market Report Rate Comparison Separate Warehouse and Office Space					
	SLRC	Cushman & Wakefield		Colliers International	
		Warehouse	Office	Warehouse	Office
Square Footage	192,700	168,000	24,700	168,000	24,700
Annual Rate Per Sq. Ft.	\$10.49	\$4.90	\$20.94	\$5.23	\$18.59
Total		\$823,200	\$517,218	\$878,640	\$459,173
Annual Rental Cost	\$2,021,423	\$1,340,418		\$1,337,813	
Potential Savings		\$681,005		\$683,610	

When the Division determines its standards for the types and quantities of supplies and equipment it will have available in the event of a disaster, it can then assess the amount of warehouse space that is required to maintain disaster supplies and equipment. Based on the current low utilization of office space within the SLRC, moving to a basic warehouse and relocating all Division staff, other than the support staff for the SLRC, may be much more efficient and cost effective than the current situation where approximately half of the facility is not used.

Potential Alternative 2: *Vendor Managed Warehouse*

Under this alternative a vendor would manage a stockpile of disaster supplies and equipment for the Division, and would be required to distribute the supplies and equipment within 24 hours of a disaster. This would eliminate the need for Division warehouse personnel and reduce the Division’s liability associated with operating a warehouse facility. The vendor would manage the warehouse using best practices and its own inventory management system. Under this arrangement, the Division would be responsible for managing the vendor contract and specifying the types and quantities of supplies and equipment that would need to be stored. A potential vendor for this alternative could be the Defense Logistics Agency (DLA).

Potential Alternative 3: *Just-In-Time Contracts*

Under this alternative, the Division would have procurement contracts in place before an event for vendors to supply and distribute supplies and equipment within 24 hours of a disaster. However, based on discussions with Division staff, FEMA, State of California, American Red Cross, and the International Water Bottlers Association, the feasibility of vendors distributing large quantities of supplies and equipment within 24 hours is questionable. According to Division staff, it typically takes vendors an average of three days to deliver supplies and equipment. Also, there is a risk that vendors may not be able to perform if they have contracts with multiple entities that need the same supplies and equipment during a disaster. This could create shortages or delays in delivery.

Potential Alternative 4: *Pre-Staging*

While just-in-time contracts may not be feasible, Division reliance on vendor contracts may be a viable option if the Division pre-stages supplies and equipment before a disaster. Under this alternative, the Division would start procurement three or more days before an event to ensure that the supplies and equipment would be available for distribution. FEMA and the American Red Cross use pre-staging to ensure timely delivery of supplies and equipment.

A cost consideration of pre-staging is the cost of an event that does not significantly impact Florida. For example, the Division procured supplies in advance of Hurricane Floyd then at the last minute the storm did not impact Florida. The Division returned the supplies to the vendors, and did not have to pay for them, but incurred shipping fees of \$285,000.00. However, a possible benefit of pre-staging supplies and equipment when Florida is not impacted is that it provides an opportunity for Division staff to train and exercise for future events.

Another consideration is that pre-staging is not an option for no notice events. The Division would need other methods to ensure the availability of supplies and equipment for no notice events. However, no notice events are typically smaller events, and the Division may be able to rely on a small stockpile of supplies and equipment or just-in-time contracts to ensure their availability.

Potential Alternative 5: *Grants to Counties*

Under this alternative, counties would maintain their own inventories of supplies and equipment. The State of California currently uses this model and uses pass-through grants from its Homeland Security Grants Program to help fund the counties to store disaster supplies and equipment.

Based on discussions with Division staff, FEMA, American Red Cross, and county emergency managers, we identified significant advantages associated with the Division retaining responsibility for ensuring the availability of disaster supplies and equipment. For example, the Division is better equipped than individual counties to ensure that

adequate supplies and equipment are available and equitably distributed during disasters.

Findings and Recommendations

Finding 1 – Analysis to Ascertain the Requirements of the State

The Division has not performed an adequate analysis to ascertain the requirements of the state for the supplies and equipment needed in the event of a disaster as required by Section 252.35 (2)(g), Florida Statutes. The Division uses a spreadsheet created in the 1980s to help predict the amount of supplies and equipment that may be needed after a storm makes landfall, but this spreadsheet is not based on current statistical analysis.

FEMA conducts a scenario based analysis to find optimal stocking quantities for supplies and equipment stored in its warehouses. The analysis is performed by statisticians, is statistically based. FEMA recently used the analysis to support the quantities of meals it plans to store in its warehouses as well as the quantities of meals it plans to include in its vendor contracts.

Recommendation

We recommend the Division conduct an analysis to ascertain the requirements of the state for supplies and equipment of all kinds needed during a disaster. The analysis should be performed by trained statisticians, or other qualified professionals, and should include a recommendation for the appropriate interval for repeating or updating the analysis.

Management Response

The Division's Management concurs and has contacted FEMA to obtain information about the methodology used to determine optimal stocking quantities for supplies and equipment stored in its warehouse. This information will be used in addition to information obtained from an Invitation to Negotiate to develop a Statement of Work for procurement of analysis services, to determine the requirements of the state for disaster supplies. The Division will include in the Statement of Work that the consultant shall include a recommendation for the appropriate interval for repeating or updating the analysis.

Estimated Completion Date

Completion of the procurement process by September 30, 2017 and execution of the analysis by December 31, 2017.

Finding 2 – Ensuring Availability of Supplies and Equipment

Pursuant to Section 252.35 (2)(g), Florida Statutes, the Division is required to ascertain the requirements of the state and its political subdivisions for supplies and equipment of

all kinds in the event of a disaster; and plan for and either procure the supplies and equipment or enter into agreements that will ensure their availability.

The Division currently uses the SLRC to maintain a stockpile of supplies and equipment to ensure their availability in the immediate aftermath of a disaster. However, the Division has not developed standards for the types and quantities of supplies and equipment to be stored in the SLRC. The Division also has not determined if the SLRC is the most efficient and effective method of ensuring the availability of supplies and equipment in the event of a disaster.

Recommendation

We recommend that once the state's requirements for supplies and equipment are ascertained, as recommended in Finding 1, the Division:

- Develop standards for the types and quantities of supplies and equipment the Division will have available in the event of a disaster; and
- Identify and implement the most efficient and effective method for ensuring the availability of the supplies and equipment.

Management Response

The Division's Management concurs and will incorporate this recommendation into the Statement of Work mentioned in the Management Response to Finding 1. The Division will work with the vendor, in Finding 1, to develop what should be the core types and quantities of supplies that the Division can plan for needing on a consistent basis to maintain a consistent first push capability. If the identification and implementation of the most efficient and effective method results in the SLRC remaining a part of this process, an understanding of its space and functional limitations will be incorporated.

Estimated Completion Date

By March 31, 2018.

Finding 3 – Vendor Contracts

The Division's current logistics plan relies on a stockpile of supplies and equipment stored at the SLRC, as well as certain vendor contracts, for a first push of supplies and equipment needed by the counties in the immediate aftermath of a disaster. After the first push, the Division plans to rely on FEMA and/or vendor contracts for additional supplies and equipment. However, the Division has not properly maintained those vendor contracts and the Division's ability to respond to disasters may be impaired. The following contract deficiencies were identified:

- There is currently no contract in place to ensure the supplies and equipment needed to set up PODs will be delivered within 24 hours.
- There is currently no transportation contract in place to ensure that supplies and equipment stored at the SLRC will be distributed within 24 hours.
- The contract for water and ice lacks specific terms and conditions to ensure delivery within 24 hours.
- The contract for shelf stable meals has not been fully implemented for vendor managed inventory in the SLRC.
- The contract to procure cots is currently expired.

Immediate corrective actions must be taken to correct these contract deficiencies so that the Division will be able to carry out its current logistics plan until it can assess the state's requirements for disaster supplies and equipment, and determine the most efficient and effective method to ensure their availability.

Recommendation

We recommend the Bureau of Response renew, replace, or modify contracts to ensure that the Division's current logistics plan can be executed in the event of a disaster. These contracts should be re-evaluated after the Division conducts an analysis to ascertain the requirements of the state for supplies and equipment of all kinds needed during a disaster, as recommended in Finding 1.

Management Response

The Division's Management concurs and the Bureau of Response and Finance-Procurement Unit will collaborate to develop, renew, replace, or modify emergency/disaster equipment and services contracts to ensure that the Division's current Logistics Plan can be executed in the event of a disaster. These contracts will be re-evaluated after the Division conducts the analysis recommended in Finding No. 1. As the Division develops and/or updates these contracts an analysis will be done to identify alternate, capable, pre-existing sources, such as FEMA to ensure that we do not unnecessarily duplicate effort.

Estimated Completion Date

By March 31, 2018.

Finding 4 – Procedural Documents

The Division's Standard Operating System (SOS) procedure requires each bureau to ensure current and effective policies and procedures are in place for its area of responsibility.

We identified the following documents that have not been reviewed and formally adopted using the requirements contained in the Division's SOS procedure:

- The Unified Logistics Plan;
- Florida Comprehensive Emergency Management Plan (CEMP); and
- Annex 11.

Recommendation

We recommend that the Bureau of Response use the requirements found in the Division's SOS (SOP-DO-001-001) procedure to review and adopt the following procedural documents:

- The Unified Logistics Plan;
- Florida CEMP; and
- Annex 11.

Management Response

The Division's Management concurs and will take advantage of the current CEMP review process and incorporate the necessary changes identified in all of the aforementioned findings. The Logistics Section will work with the Plans Section, Bureau of Preparedness and Document Custodian to accomplish these actions.

Estimated Completion Date

By December 31, 2018 (concurrent with the CEMP Review cycle).

ATTACHMENT 1 - Scope, Purpose, and Methodology

Pursuant to Section 20.055, Florida Statutes, the Division's Office of Inspector General conducts audits to promote accountability, integrity, and efficiency in government. This audit was performed as part of the Office of Inspector General's annual work plan.

The scope of this audit included the Division's processes and activities related to disaster supplies and equipment.

The purpose of the audit was to determine if the SLRC is the most efficient and effective way for the Division to maintain the disaster supplies and equipment needed immediately following a disaster. Specifically, our objectives were to:

- Determine Division standards for types and quantities of disaster supplies and equipment stored at the SLRC;
- Determine the annual operating cost of the SLRC; and
- Evaluate alternatives for timely delivery of disaster supplies and equipment immediately following a disaster.

The methodology used to accomplish our objectives included:

- Reviewing applicable laws, rules, regulations, and procedures;
- Reviewing Division procedural documents;
- Reviewing prior audit reports;
- Reviewing related industry information;
- Interviewing appropriate Division staff;
- Interviewing staff from the Department of Homeland Security OIG, FEMA, county emergency management offices, the State of California, the American Red Cross, the Salvation Army, and other organizations; and
- Observing the May 2016 SLRC inventory count.

ATTACHMENT 2 - Audit Team and Statement of Accordance

Audit Team

Amanda Campen, Auditor
Mandi Cohen, Senior Auditor
Ronnie Atkins, CPA, CIA, CMA, CIG, Deputy Inspector General

Statement of Accordance

Our audit was conducted under the authority of Section 20.055, Florida Statutes, and in conformance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General.

ATTACHMENT 3 - Addressee and Distribution List

Bryan Koon, Director
Jonathan Lord, Deputy Director
Wes Maul, Chief of Staff

Copies distributed to:

Leo Lachat, Response Bureau Chief

Melinda M. Miguel, Chief Inspector General
Sherrill F. Norman, Auditor General