



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 012
For Agenda Of: February 28, 2023
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: 4/5

TO: Board of Supervisors

FROM: Department Mona Miyasato, County Executive Officer
Director(s)
Contact Info: Jeff Frapwell, Assistant County Executive Officer

SUBJECT: **Agreement for Services of Independent Contractor with Ernst and Young for 2023 Storms Disaster Cost Recovery Consulting Services**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

- a) Approve and authorize the Chair to execute an Agreement for Services of Independent Contractor with Ernst & Young LLP for disaster cost recovery services for the period of February 28, 2023 through February 28, 2026 in an amount not to exceed \$956,000;
- b) Approve Budget Revision Request No. 0008746 to establish appropriations of \$108,000 for FY 2022-23's services and supplies funded by committed fund balance (4/5 Vote Required); and
- c) Determine that the proposed actions are administrative activities that do not involve commitment to any specific project, and are therefore not a project as defined by State California Environmental Quality Act Guidelines Section 15378 (b)(5).

Summary Text:

This item is on the agenda to seek the Board's approval of a three-year Agreement with Ernst & Young LLP to manage and coordinate the complex reimbursement process for response and recovery expenses incurred by the County in connection with State and/or federally declared local emergencies or disasters, including the recent 2023 Storm Events (January 2023, DR-4583). For this fiscal year and work under the Agreement related to the 2023 January Storm Events Disaster, the majority of contract costs should be reimbursable by FEMA's Direct Administrative Cost (DAC) program.

Staff recommends approval of the Agreement because FEMA's and the California Governor's Office of Emergency Services (CalOES) financial assistance programs are complex, with numerous financial, operational, administrative and environmental requirements, and subject to strict auditing standards over several years. The not-to-exceed contract amount of \$956,000 for the three-year term is an estimate based on historical spend from past disasters and the scope of the recent January 2023 Storm Events Disaster. However, staff will return to the Board for amendments to the Agreement based on need and any additional disasters that may impact Santa Barbara County and qualify for CalOES or FEMA reimbursement.

Background:

As exemplified by the significant costs and damage to the County from the January 2018 debris flow, 2019 winter storm events, COVID, and Alisal Fire CDAA disasters, it is good practice for the County to have a consultant under contract to maximize cost recovery of disaster-related costs. Accordingly, the County issued a Request for Proposals on January 25, 2023, for assistance compiling, documenting, and submitting all claims to FEMA and CalOES for the January 2023 Storm Events, and any future declared disasters that qualify for CalOES and FEMA reimbursement for the next three to five years. A panel of County professionals reviewed proposals from various firms providing disaster cost recovery services and selected Ernst & Young due to their qualifications and extensive experience in managing disaster cost recovery for local governments.

The scope of services being provided by Ernst & Young is detailed in Attachment A of the Agreement. Highly summarized, their role is to provide staff work, technical assistance, and guidance to ensure that all eligible costs incurred by the County in connection with declared disasters, including the January 2023 Storm Events, are submitted for federal and State reimbursement. In addition to maximizing cost recovery, one of their most critical roles is to ensure that our claims contain sufficient supporting documentation to withstand future Federal Office of Inspector General (OIG) audits. FEMA cost recovery takes years and management of the federal and State grants extend beyond the recovery period; staff will need to continue to manage documentation that meets audit standards.

The County may participate in FEMA's Public Assistance DAC program as an expedited method of recouping a portion of our administrative costs associated with the 2023 Storm Events disaster. This FEMA program allows the County to receive a flat percentage, between 4-5%, of all of the County's eligible emergency and permanent work to cover management and administration of public assistance awards, such as County staff time or consultant costs directly related to meeting federal award administrative requirements.

Contract Renewals and Performance Outcomes:

The three-year Agreement for Services may be later extended by the Board of Supervisors for two additional one-year terms.

Fiscal and Facilities Impacts:

Budgeted: No

Attachment B includes a Budget Revision for the anticipated \$108,000 of General Fund appropriations needed for the current fiscal year. The County Executive Department's FY 2023-24 Recommended Budget will include the estimated \$324,000 General Fund appropriation anticipated for next fiscal year.

All offsetting reimbursements received by the County under FEMA’s Direct Administrative Cost (DAC) program related to this agreement will be returned to the General Fund. For this fiscal year and work under the Agreement related to the 2023 January Storm Events Disaster, the majority of contract costs should be reimbursable by FEMA’s DAC program.

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund	\$ 108,000.00	\$ 324,000.00	\$ 956,000.00
State			
Federal			
Fees			
Other:			
Total	\$ 108,000.00	\$ 324,000.00	\$ 956,000.00

Narrative: Payments will be made on the rates set-forth in Exhibit B1 to the Agreement based on progress of work, up to a not-to-exceed amount of \$956,000 with a term expiring on February 28, 2026. The not-to-exceed contract amount of \$956,000 for the three-year term is an estimate based on historical spend from past disasters and the scope of the recent January 2023 Storm Events Disaster. Staff will return to the Board for amendments to the Agreement based on need and any additional disasters that may impact Santa Barbara County and qualify for CalOES or FEMA reimbursement.

Key Contract Risks:

The Agreement recommended for approval (Attachment A) can be terminated by the County for convenience upon 30 days written notice. The Agreement provides that time spent by EY shall be reimbursed monthly or quarterly by the County based on the Schedule of Fees attached to the Agreement as Exhibit B1.

Staffing Impacts:

Legal Positions: 0 **FTEs:** 0

Special Instructions:

Please email a digital copy of the executed Agreement and minute order to Ted Teyber at edteyber@countyofsb.org

Attachments:

- Attachment A: Agreement for Services of Independent Contractor
- Attachment B: Budget Revision Request No. 0008746

Authored by: Ted Teyber, Cost Recovery Manager