



**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:** June 4, 2024  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

**TO:** Board of Supervisors

**FROM:** Department Director(s) Contact Info: Mona Miyasato, County Executive Officer  
Wade Horton, Assistant County Executive Officer

DocuSigned by:  
*Mona Miyasato*  
41846F5C725B460...

**SUBJECT:** **Second Amendment to the Agreement for Services of Independent Contractor with Ernst & Young for Disaster Cost Recovery Consulting Services**

**County Counsel Concurrence**

As to form: Yes

Other Concurrence:

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Approve and authorize the Chair to execute a Second Amendment to the Agreement for Services of Independent Contractor with Ernst and Young (EY) for disaster cost recovery services related to the February 2024 storms in the amount of \$550,000 for a total contract amount not to exceed \$2,050,000; and
- b) Determine that the proposed action is an administrative activity that does not involve commitment to any specific project, and therefore is not a project as defined by State California Environmental Quality Act Guidelines section 15378 (b)(5).

**Summary:**

This item is on the agenda to seek the Board’s approval of an amendment to the County’s contract with Ernst & Young (EY) for disaster cost recovery work associated with the first February 2024 storm and increase the contract by \$550,000, for a total contract amount not to exceed \$2,050,000. EY is currently under contract through February 28, 2026 to assist the County in seeking federal and State

Board of Supervisors  
June 4, 2024  
Page 2 of 3

reimbursement from Winter 2023 storms and emergencies declared during the term of the contract, in addition to closing out some prior year projects from Thomas Fire, Debris Flow, and COVID. FEMA has just approved Public Assistance for the first February 2024 storm, and this amendment will allow the County to continue to utilize EY to strategically claim reimbursement from federal disaster programs while preparing and retaining appropriate documentation for future audits. As further discussed below, it is anticipated that all of EY's disaster cost recovery invoices will be eligible for FEMA and CalOES reimbursement.

### **Background:**

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 FEMA reimbursement through 2026. 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 Agreement for Services of Independent Contractor was approved by the Board on February 28, 2023. On January 23, 2024 the Board approved a First Amendment to the contract to account for February/March 2023 Storms, increasing the contract amount to \$1.5 million. The Second Amendment recommended for approval today is anticipated to be needed for the first February 2024 storm, for which FEMA just approved Public Assistance. Staff is seeking this amendment so that EY can assist County staff prepare projects for FEMA approval

### **Scope of Services**

The scope of services is detailed in the original Agreement for Services of Independent Contractor (Attachment C). Highly summarized, EY's role is to provide staff work, technical assistance, and guidance to ensure eligible costs incurred by the County in connection with declared emergencies or disasters are submitted for federal and State reimbursement. In addition to helping maximize cost recovery, one of their most critical roles is to ensure that our claims contain sufficient supporting documentation to withstand any future federal audits. Recovery will take years. Management of the federal and State grants will extend beyond the recovery period and staff will need to continue to manage documentation that meets the audit standards of the Federal Office of Inspector General (OIG).

### **FEMA Reimbursement of Administrative Costs**

The County will participate in FEMA's Public Assistance Direct Administrative Costs (DAC) program as an expedited method of recouping our administrative costs associated with disasters. This FEMA program allows the County to receive 5% of all of the County's eligible emergency and permanent work to cover management and administration of Public Assistance awards. Therefore, staff compares the anticipated administrative cost recovery (5% of eligible work) to the proposed cost of EY's work. In this case, the County's initial damage estimates for the first February Storm (Presidentially Declared Disasters DR-4769) is approximately \$14 million, potentially allowing a recoupment of \$700,000, which exceeds the \$550,000 cost to EY for this Second Amendment. FEMA cost recovery takes years, however, once all projects are obligated by FEMA, the DAC's 5% of total damages will be calculated.

Board of Supervisors  
 June 4, 2024  
 Page 3 of 3

**Fiscal and Facilities Impacts:**

Budgeted: The additional \$550,000 is anticipated to be needed next year and will be included in the FY 2024-25 Recommended Budget. Payment for work on this effort will not commence until after July 1, 2024. This money is available in a General County Revenues (990) fund balance set aside for Disaster Recovery.

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized On-going Cost:</u></b>	<b><u>Total One-Time Project Cost</u></b>
General Fund			\$ 550,000.00
State			
Federal			
Fees			
Other:			
<b>Total</b>	\$ -	\$ -	\$ 550,000.00

Narrative: The majority of contract costs should be reimbursable by FEMA and all offsetting reimbursements received will be returned to the General Fund. Payment for services under the Agreement are for services provided, not fixed cost, based on the Schedule of Fees attached to the Agreement as Exhibit B.

**Key Contract Risks:**

The Agreement (Attachment C) 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.

**Attachments:**

Attachment A: Second Amendment to Agreement for Services of Independent Contractor  
 Attachment B: First Amendment to Agreement for Services of Independent Contractor  
 Attachment C: Agreement for Services of Independent Contractor

**Authored by:** Ted Teyber, Principal Analyst Municipal Services