



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: December 10, 2019
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s) Mona Miyasato, County Executive Officer
Contact Info: Jeff Frapwell, Assistant County Executive Officer
 Matt Pontes, Assistant County Executive Officer
SUBJECT: **Second Amendment to the Agreement for Services of Independent Contractor with Ernst and Young for Thomas Fire and 1/9 Debris Flow Disaster Cost Recovery Consulting Services**

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- a) Approve, ratify, and authorize the Chair to execute an amendment to Agreement for Services of Independent Contractor with Ernst and Young (EY) for disaster cost recovery services extending term through June 2020 without an increase in funding.
- 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 Text:

The County of Santa Barbara continues to actively pursue the recovery of all eligible costs associated with the disaster response and initial recovery efforts necessitated by the Thomas Fire and the resulting 1/9 Debris Flow. The County has identified approximately \$50.1 million dollars in damages, of which \$42.7 million dollars has been submitted to the Federal Emergency Management Agency (FEMA) for reimbursement through the Public Assistance Program (\$7.4 million of ineligible costs primarily non-overtime labor).

Ernst and Young’s existing contract is to provide resources and comprehensive technical assistance with the FEMA public assistance program and hazard mitigation. The firm has been an invaluable partner in navigating through the complex set of federal regulations and procedures. The County has successfully compiled and submitted 49 projects across multiple county departments related to debris removal, emergency protective measures and permanent projects.

This item is on the agenda to seek the Board’s approval of a second contract amendment with Ernst & Young extending the term through June 2020. No additional funds are needed at this time. While significant progress has been made, additional time is needed for FEMA review and to close out projects with the State. All additional or extended work fall within the original RFP and scope of services within the original agreement. FEMA’s public assistance programs are complex, with numerous financial, operational, administrative and environmental requirements, and subject to strict auditing standards over several years.

Background:

Thomas Fire & 1/9 Debris Flow: Due to the significance of costs incurred and the degree of damage to County infrastructure, in late January 2018, the County sought the assistance of a qualified accounting firm with experience in FEMA programs and reimbursement protocols to help compile, document, and submit all cost recovery claims to FEMA and the California Governor’s Office of Emergency Services (CalOES). The County does not currently have this specialized type of experience or staffing. A panel of County financial professionals requested and 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.

Since the Thomas Fire and 1/9 Debris Flow, County departments, with technical assistance from Ernst & Young, have worked diligently to identify, quantify, and compile all documentation required for their cost recovery claims. Documentation requirements for FEMA are extensive and to date over 20,000 documents have been reviewed and compiled into project folders. All identified project costs have been submitted to FEMA. The County has already been approved by FEMA for \$35.3 million dollars’ worth of reimbursements of the \$42.7 million expected. Ernst & Young has provided much needed guidance navigating federal regulations and providing resources compiling documentation, maximizing the County’s ability to recover disaster costs. While a significant portion of the cost recovery process for the Thomas Fire and 1/9 Debris Flow has been completed, permanent capital projects are anticipated to continue through December 2020.

Claim Status

Claim Status	Costs
Projects Approved by FEMA	\$35.3M
Projects Submitted to FEMA	
<i>Review in Progress</i>	\$7.4M
Total	\$42.7M

Winter 2019 Storm Costs: In January and February 2019, the County experienced additional storm events. The most significant of these storms was the recent February 2, 2019 storm that caused the closure of Hwy 101 and the continued closure of Hwy 154, as well as damage to multiple homes and roads. Fortunately, the debris basins have been performing well capturing the bulk of the debris and protecting the community. However, it was and is critical that the County, following each significant storm, immediately

clear each debris basin before the next storm. These events however, have associated fiscal impact to County Departments related to:

- First Responder repositioning, evacuation and emergency response
- Emergency Operations Center (EOC) activation
- Debris removal of debris basins, creek channels and public roads

These costs resulted from damages under the Thomas Fire burn scar and are estimated those costs to be approximately \$5.2 million dollars. The County is in the process of compiling these costs. Ernst and Young will provide technical assistance with the application of California Disaster Assistance Act funds from the California Office of Emergency Management.

2017 Storm Project Closeouts and Compliance Reviews: The County is in the process of closing FEMA public assistance projects related to 2017 Storms. These projects total approximately \$2.8 million predominantly in Public Works and the Community Services Department. Ernst and Young will provide technical assistance and federal compliance review of documentations to reduce audit risk.

Hazard Mitigation Grant Program Technical Assistance: The County has utilized Ernst & Young to provide technical assistance in conjunction with requests for federal funding under FEMA's Hazard Mitigation Grant Program (HMGP). The FEMA HMGP is a competitive program and requires a highly technical benefit cost analysis. On August 28, 2018, your Board authorized the Public Works Department to apply for six hazard mitigation grants, with a combined grant value of \$31.3 million and on November 14, 2018, your Board authorized additional HMGP applications for two projects, with a net additional value of \$6.75 million. These projects are currently under review by FEMA and Cal OES.

Compliance Review of Existing County Emergency Procurement Practices: In an effort to ensure that the County's procurement practices and procedures during exigent periods meet stringent FEMA/Cal OES requirements, Ernst and Young was asked to review our current County procurement manual and procedures. Over the next few months, the County will focus on standardizing procedures, emergency project files, documentation organization, and compliance in order to mitigate future audit risks.

Fiscal Analysis:

Budgeted: Yes, these funds were established and set aside within the General Fund as part of the Fiscal Year 2018-19 Adopted Budget. All offsetting reimbursement received by the County under the DAC program related to this agreement will be returned to the General Fund.

In December 2018, the Board of Supervisors approved a total contract of \$1,180,000. Staff is recommending an amendment to agreement extending the term through 6/30/2020. No additional funds are being requested at this time.

Attachments:

- Attachment A: Second Amendment for Services of Independent Contractor
- Attachment B: First Amendment for Services of Independent Contractor - executed
- Attachment C: List of FEMA Public Assistance Program Projects (DR-4353)

Authored by:

Andrew Myung, Cost Recovery Manager