

AMENDMENT NO. 4 TO AGREEMENT FOR SERVICES OF INDEPENDENT CONTRACTOR (CONTRACT NO. BC 19-212)

THIS AMENDMENT NO. 4 hereby amends the Agreement for Services of Independent Contractor (hereafter Agreement) dated May 7, 2019 between the County of Santa Barbara, a political subdivision of the State of California (hereafter COUNTY) and KPMG LLP (hereafter CONTRACTOR), as previously amended.

The Agreement is amended as follows:

1. Exhibits A.5, A.6, B.5, and B.6 are hereby added.
2. Section 4, Term, is hereby amended to read as follows: "CONTRACTOR shall commence performance on May 14, 2019 and end performance upon completion, but no later than December 31, 2021 unless otherwise directed by COUNTY or unless earlier terminated."
3. The revised total contract amount for services to be rendered under Exhibits A-A.6 and B-B.6, including cost reimbursements, is not to exceed \$2,284,320.

All other terms remain in full force and effect.

Counterparts. This Amendment No. 4 may be executed in several counterparts, all of which taken together shall constitute a single agreement between the parties.

(Signatures on following page)

Amendment No. 4 to Agreement for Services of Independent Contractor between the County of Santa Barbara and KPMG LLP.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 4 to be effective on the date executed by COUNTY.

ATTEST:

Mona Miyasato
County Executive Officer
Clerk of the Board

COUNTY OF SANTA BARBARA:

By: _____
Deputy Clerk

By: _____
Chair, Board of Supervisors

Date: _____

RECOMMENDED FOR APPROVAL:

County Executive Office

CONTRACTOR:

KPMG LLP

By: _____
Department Head

By: _____
Authorized Representative

Name: William Zizic

Title: Managing Director

APPROVED AS TO FORM:

Michael C. Ghizzoni
County Counsel

APPROVED AS TO ACCOUNTING FORM:

Betsy M. Schaffer, CPA
Auditor-Controller

By: _____
Deputy County Counsel

By: _____
Deputy

APPROVED AS TO FORM:

Risk Management

By: _____
Risk Management

EXHIBIT A.5
STATEMENT OF WORK

Purpose/Background

CONTRACTOR shall perform financial, organizational and operational performance reviews of COUNTY departments to assist the Board of Supervisors in identifying its budgetary priorities and allocations and operational effectiveness opportunities.

The purpose of the review is to provide a high-level assessment of the COUNTY departments, identify strengths, opportunities and weaknesses, compare financial and operational areas with similar jurisdictions, as well as identify baseline and enhanced levels of service and recommend evidence based best practices for implementation.

Project Outcomes and Objectives

- 1) For each department CONTRACTOR will examine, analyze, make findings and provide recommendations on the items below with a specific focus on staffing, workload and the identification of efficiencies and opportunities for reinvestment. Reviews will also assess the following aspects of operations:
 - a) Leadership Strategy and Vision, including
 - i) Clarity of vision, strategy and priorities,
 - ii) Management grip and effectiveness, and
 - iii) Cohesion of the leadership team;
 - b) Structure, Roles and Decision Authorities, including
 - i) Clarity of roles and accountability for decisions, and
 - ii) Organizational structures that supports departmental objectives;
 - c) People, including
 - i) Organizational and individual talent necessary for success,
 - ii) Workload and staffing alignment to demand; and
 - iii) Performance measures and incentives aligned to objectives;
 - d) Work processes, including
 - i) Superior execution of program level work processes,
 - ii) Cost effectiveness and fiscal management,
 - iii) Data management and usage, and
 - iv) Effective and efficient support processes, procedures, and systems;
 - e) Culture, including
 - i) High performance values and behaviors, and
 - ii) Capacity to change.
- 2) For each department, CONTRACTOR will also review and analyze publicly available or readily accessible background data on topics including, but not limited to, performance outcomes, mandatory and discretionary levels of service, current and prior year's budget, current programs and services, departmental policies, procedures and practices, staffing levels and resource allocation, and workload and workload trend information;
- 3) Review budget information including administrative overhead, and regular and special program administrative costs to assist in developing budgetary priorities and allocations;
- 4) Compare all of the above to Benchmark Counties; the Benchmark Counties are Sonoma, Tulare, Monterey, Solano, Placer, San Luis Obispo, Santa Cruz and Marin;
- 5) Evaluate core functions and determine baseline and enhanced departmental services based on evidence based best practices and federal, state and local requirements;
 - a) During this phase CONTRACTOR will assess departmental services for alignment of such requirements and generally accepted leading practices to identify possible recommendations and opportunities
- 6) Prepare cost benefit models for services and programs;

- a) During this phase CONTRACTOR will only assess, identify and/or recommend areas where cost benefit models for services and programs may be of benefit to enhance economy, efficiency, or effectiveness
- 7) Identify strengths, weaknesses and opportunities for improvement;
- 8) Recommend priorities and phasing of improvements;
- 9) Identify areas for further in-depth analysis;
- 10) Identify areas for collaboration and sharing of resources among COUNTY departments;
- 11) Recommend evidence based best practices, business models and strategies for implementation;
- 12) Develop financial and service delivery performance measures, matrixes, and benchmarks to measure progress and ensure sustainability; and,
 - a) During this phase CONTRACTOR will only assess, identify and/or recommend financial and service delivery performance measures
- 13) Prepare and deliver a final report. (Format to be agreed upon between COUNTY and CONTRACTOR during mobilization of engagement)

The CEO is undertaking these assessments by CONTRACTOR to assist the Board of Supervisors in weighing public needs and setting its priorities for the most effective utilization of the limited financial resources available. As part of the departmental review process it is assumed that COUNTY personnel will be available to provide assistance with administrative tasks to include: coordination of meetings, interviews and data requests, provision of access to county systems and information, and outreach to benchmark counties when required.

This is the second task order for the departmental reviews spanning year three, 2020-2021. Within year three KPMG will conduct departmental reviews of and complete and deliver reports regarding:

- Fire Department on or about November 16, 2020;
- Behavioral Wellness on or about February 1, 2021; and
- Social Services on or about June 1, 2021.

The remaining departments may be reviewed in year four, if requested by COUNTY, pursuant to an amended contract. Should COUNTY wish to engage KPMG to support the implementation, KPMG can work with the COUNTY to build capacity, facilitate knowledge transfer and, ultimately, deliver successful solutions where appropriate. While every implementation varies based on scope, availability of resources and timeline, KPMG has developed standard methodologies that can be applied and tailored for each department's needs which includes advanced data and analytics, target operating model strategies, performance improvement/management approaches, pilot testing and implementation and project management/benefit realization support.

Project Assumptions:

- Focus areas will be provided by the COUNTY for each department review, no more than five focus areas will be identified for each department, the scope of each department review will be limited to the focus areas identified.
- Each department review will be conducted over a twelve-week period, unless otherwise specified by the COUNTY. The twelve-week review cycle will be defined by the following activities:
 - Weeks 1 – 6: Data collection, analysis and staff interviews
 - Weeks 6 – 8: Theme development based on analysis, including requests for data clarification and follow up questions/interviews
 - Weeks 8 – 12: Recommendation and report development.
- KPMG will submit a data request to each department four weeks prior to the start of the department review and will be available to provide clarification and context at the request of the department.
- KPMG and COUNTY will clearly articulate to the department the structure of the review cycle and the requirements at each stage. All data and personnel must be made available to KPMG during weeks one through six, any data or personnel made available after this time may not be included within the report.

This will be subject to discussions regarding scope and effort between KPMG and the COUNTY.

- Data provided to KPMG will be of an appropriate quality and structure that allows for analysis to be conducted. Data provided in PDF or Word documents may not be analyzed dependent on the effort required to convert the data into a useable format.
- Following delivery of the department review reports KPMG will conduct a validation meeting with the COUNTY and department leadership. Feedback on the report should be received from the COUNTY and department leadership in a timely manner. KPMG will conduct a maximum of two rounds of validation by the department. There should be no new or additional data provided during validation period for further analysis unless the report is deemed to be inaccurate and requires amendment.

William Zizic shall be the individual(s) personally responsible for providing all services hereunder. CONTRACTOR may not substitute other persons without the prior written approval of COUNTY's designated representative.

Suspension for Convenience. COUNTY's designated representative may, without cause, order CONTRACTOR in writing to suspend, delay, or interrupt the services under this Agreement in whole or in part for up to 30 days. COUNTY shall incur no liability for suspension under this provision and suspension shall not constitute a breach of this Agreement.

EXHIBIT A.6
STATEMENT OF WORK

Purpose/Background

CONTRACTOR shall expand upon the work conducted under the Cannabis Permitting Process review to perform a review of the Cannabis Tax Revenue Process to include current and future state process review and recommendations for process improvements, roles and responsibilities, and opportunities to maximize outcomes.

Project Outcomes and Objectives

- 1) Interviews and data analysis, including;
 - a) Interviews and workshops with staff from the following departments: Treasurer-Tax Collector, County Executive Office, and relevant partners within the process
 - b) Review of current activities and workflow processes within each department as related to the cannabis permit and revenue collection process for opportunities to streamline and improve effectiveness
 - c) Review of roles and responsibilities within each department and relevant partners within the process
 - d) Review of leading practices from benchmark counties and feasibility for application to the County of Santa Barbara
 - e) Development of desired/future state activities and workflows within each department
- 2) The cannabis revenue process review will result in the provision of:
 - a) Future state structure to include activities across all departments and relevant partners
 - b) Delineation of roles and responsibilities and integration between stakeholders to help deliver desired goals
 - c) High level recommendations for enhanced integration and process improvements to maximize efficiency and effectiveness.

The CEO is undertaking this assessment by CONTRACTOR to broaden the depth of understanding of the cannabis tax assessment, revenue collection and taxpayer accountability process and help improve the efficiency and effectiveness of countywide processes. As part of the cannabis revenue review process it is assumed that COUNTY personnel will be available to provide assistance with administrative tasks to include: coordination of meetings, interviews and data requests, provision of access to county systems and information. The outcomes and objectives outlined above are dependent on the availability and timely provision of quality data.

The expected level of effort for the cannabis revenue process review is 4 weeks*.

*Level of effort assumes that data is available in the appropriate format and quality. In addition, personnel should be made available for interviews in a timely manner.

Should COUNTY wish to engage KPMG to support the implementation, KPMG can work with the COUNTY to build capacity, facilitate knowledge transfer and, ultimately, deliver successful solutions where appropriate. While every implementation varies based on scope, availability of resources and timeline, KPMG has developed standard methodologies that can be applied and tailored for each department's needs which includes advanced data and analytics, target operating model strategies, performance improvement/management approaches, pilot testing and implementation and project management/benefit realization support.

KPMG's role is limited to providing the services articulated in this SOW. In so doing, KPMG will have no contacts with legislative branch officials or legislative branch employees at any level of government that could be fairly interpreted as public policy advocacy, lobbying, or otherwise be perceived as impairing our independence or objectivity. In no event will KPMG undertake meetings with government officials on behalf of the COUNTY or otherwise appear in a public or private context that could be fairly interpreted as public policy advocacy, lobbying, or otherwise be perceived as impairing our independence or objectivity. In providing our services in general, KPMG professionals will take no view and cannot undertake any role that could be fairly interpreted as public policy advocacy and the firm's work is not intended to be used as such or in that context.

COUNTY represents to KPMG that COUNTY has the authority necessary to award this contract to KPMG without competition, and that award of this contract is made in accordance with all applicable law, regulations, rules, policies and requirements.

EXHIBIT B.5
PAYMENT ARRANGEMENTS
Periodic Compensation at Selected Milestones

- A. For CONTRACTOR services to be rendered under **EXHIBIT A.5** of this Agreement, CONTRACTOR shall be paid a total amount, including cost reimbursements, not to exceed \$748,125.
- B. Payment for services and/or reimbursement of costs shall be made upon CONTRACTOR’s satisfactory performance, based upon the scope and methodology contained in **EXHIBIT A.5** as determined by COUNTY.
- C. The COUNTY shall pay the CONTRACTOR 50 percent at the mid-point of each department review i.e. week six unless otherwise stated. Upon completion of the work COUNTY will pay the CONTRACTOR the remaining 50 percent following acceptance of work product by the COUNTY. For each milestone and delivery to COUNTY of item(s) specified below, CONTRACTOR shall submit to the COUNTY DESIGNATED REPRESENTATIVE an invoice or certified claim on the County Treasury for the service performed in accomplishing each milestone. These invoices or certified claims must cite the assigned Board Contract Number. COUNTY DESIGNATED REPRESENTATIVE shall evaluate the quality of the service performed and item(s) delivered and if found to be satisfactory shall initiate payment processing. COUNTY shall pay invoices or claims for satisfactory work within 30 days of receipt of correct and complete invoices or claims from CONTRACTOR.

| Milestone Description | Timeline | Maximum Amount Chargeable |
|---|-------------|---------------------------|
| Deliver Fire Department review | 3.25 months | \$170,625 |
| Deliver Behavioral Wellness Department review | 4 months | \$262,500 |
| Deliver Social Services Department review | 4 months | \$315,000 |

The “Deliver” milestone payments above shall be made based on CEO validation of satisfactory work in progress and work completed, as applicable, for the particular Department review in line with requirements specified in **EXHIBIT A.5** and **EXHIBIT B.5**.

- D. COUNTY’s failure to discover or object to any unsatisfactory work or billings prior to payment will not constitute a waiver of COUNTY’s right to require CONTRACTOR to correct such work or billings or seek any other legal remedy.

EXHIBIT B.6
PAYMENT ARRANGEMENTS
Periodic Compensation at Selected Milestones

- A. For CONTRACTOR services to be rendered under **EXHIBIT A.6** of this Agreement, CONTRACTOR shall be paid a total amount, including cost reimbursements, not to exceed \$58,756.
- B. Payment for services and/or reimbursement of costs shall be made upon CONTRACTOR's satisfactory performance, based upon the scope and methodology contained in **EXHIBIT A.6** as determined by COUNTY.
- C. Upon completion of the work and delivery of the report and recommendations, CONTRACTOR shall submit to the COUNTY DESIGNATED REPRESENTATIVE an invoice or certified claim on the County Treasury for the service performed in accomplishing each milestone. These invoices or certified claims must cite the assigned Board Contract Number. COUNTY DESIGNATED REPRESENTATIVE shall evaluate the quality of the service performed and item(s) delivered and if found to be satisfactory shall initiate payment processing. COUNTY shall pay invoices or claims for satisfactory work within 30 days of receipt of correct and complete invoices or claims from CONTRACTOR.

The payment shall not be made until all services for the particular Department review have been completed and item(s) as specified in **EXHIBIT A.6** and **EXHIBIT B.6** have been delivered and found to be satisfactory.

- D. COUNTY's failure to discover or object to any unsatisfactory work or billings prior to payment will not constitute a waiver of COUNTY's right to require CONTRACTOR to correct such work or billings or seek any other legal remedy.