



**BOARD OF SUPERVISORS
AGENDA LETTER**

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

Agenda Number:

Submitted on:
(COB Stamp)

Department Name: County Executive Office
Department No.: 012
Agenda Date: May 6, 2025
Placement: Administrative Agenda
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: 4/5

TO: Board of Supervisors
FROM: Department Director(s): Mona Miyasato, County Executive Officer
Contact Info: Wade Horton, Assistant County Executive Officer
SUBJECT: **Third Amendment to the Agreement for Services of Independent Contractor with Ernst & Young for Disaster Cost Recovery Consulting Services**

DocuSigned by:

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County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

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 Third Amendment to the Agreement for Services of Independent Contractor with Ernst and Young (EY) for disaster cost recovery services to increase the contract amount by \$500,000 for a total contract amount not to exceed \$2,550,000, extend the term of the contract to August 28, 2027, and revise Exhibit D, Federal Clauses;
- b) Approve Budget Revision Request BJE 0010381 (Attachment E) to establish appropriations of \$100,000 funded by committed fund balance (4/5); and
- c) 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:

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 to increase the contract by \$500,000, anticipated to be needed in FY 2025-26, for a total contract amount not to exceed \$2,550,000; extend the term by 18 months to August 28, 2027; and update certain federal contract clauses based on recent changes to them. In addition, \$100,000 in additional appropriation is requested in the current fiscal year to pay for accelerated work necessary to submit projects related to the 2023 and 2024

storms to Federal Emergency Management Agency (FEMA) by its deadlines; this work is within current contract authority.

EY is currently under contract through February 28, 2026 to assist the County in seeking federal and State reimbursement from Winter 2023 and 2024 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. This amendment will allow the County to continue to utilize EY to strategically claim reimbursement from past and future 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 California Governor's Office of Emergency Services (CalOES) reimbursement. To date, \$73 million (for 71 projects from three disasters) has been submitted to FEMA for reimbursement and \$1 million (for 14 projects) has been received related to these claims. Funding for this contract is from funds in General County Programs set aside for this purpose.

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. On June 4, 2024, the Board approved a Second Amendment to the contract to account for the January/February 2024 Storms, increasing the contract amount to \$2,050,000.

The Third Amendment recommended for approval today is anticipated to be needed for the continual support and assistance in ensuring projects get through the FEMA Public Assistance review and get obligated. Additionally, EY's services are critical to allow to managing documentation needs that meet the audit standards of the Federal Office of Inspector General.

Scope of Services:

The scope of services is detailed in the original Agreement for Services of Independent Contractor (Attachment D). 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. At this time, 5% of estimated Public Assistance awards totals \$3.6 million. Therefore, staff compares the anticipated administrative cost recovery (5% of eligible work) to the proposed cost of EY's work. In this case, from the 2023 and 2024 storms, even with the addition of this amendment, EY's work is expected to be

well within the 5% of eligible work. Payment is not expected for these costs until all projects related to these disasters are obligated and closed out, and the timeline for this is currently unknown.

Fiscal Impact:

Budgeted: The budget revision increases appropriations in the General County Programs General Fund for \$100,000 funded by release of Committed Disaster Recovery fund balance. In the current fiscal year, \$600,000 has already been appropriated for Ernst & Young disaster recovery consultant work and with this budget revision, brings the total fiscal year 2024-25 appropriations to \$700,000.

This amendment increases the contract by \$500,000 which is anticipated to be needed next year, and corresponding appropriations will be included in the FY 2025-26 Recommended Budget. This money is available in a General County Revenues (990) fund balance set aside for Disaster Recovery.

Fiscal Analysis:

| Funding Source | FY 2024-25 | FY 2025-2026 | Total |
|-----------------------|-------------------|---------------------|--------------------|
| General Fund | \$700,000 | \$500,000 | \$1,200,000 |
| State | | | |
| Federal | | | |
| Fees | | | |
| Total | \$700,000 | \$500,000 | 1,200,000 |

Key Contract Risks:

The Agreement (Attachment D) 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 – Third Amendment to Agreement for Services of Independent Contractor

Attachment B – Second Amendment to Agreement for Services of Independent Contractor

Attachment C – First Amendment to Agreement for Services of Independent Contractor

Attachment D – Agreement for Services of Independent Contractor

Attachment E – Budget Journal Entry 0010381

Authored by:

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