



**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: January 23, 2023
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: 4/5

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
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SUBJECT: **First 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: Budget & Research

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 an amendment to Agreement for Services of Independent Contractor with Ernst and Young (EY) for disaster cost recovery services to increase funding in the amount of \$544,000 for a total contract amount not to exceed \$1,500,000;
- b) Approve Budget Revision Request No. 0009493 to establish appropriations of \$350,000 for FY 2023-24 services and supplies funded by the Disaster Recovery fund balance (4/5 Vote Required); 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:

This item is on the agenda to seek the Board’s approval of an amendment to the County’s 2023 \$956,000 contract with Ernst & Young (EY) to increase funding in the amount of \$544,000, for a total contract amount not to exceed \$1,500,000. EY is currently under contract through February 28, 2026 to assist the County in seeking federal and State reimbursement from last winter’s storms and emergencies

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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 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 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 Agreement for Services of Independent Contractor was approved by the Board on February 28, 2023.

Scope of Services

The scope of services is detailed in the original Agreement for Services of Independent Contractor (Attachment B). 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 the 2023 Storm Events disaster. 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. FEMA cost recovery takes years, however, once all projects are obligated by FEMA, the DAC's 5% of total damages will be calculated. For the total \$1.5 million contract amount to be reimbursable, the County would need to have eligible work of at least \$30 million. The County's initial damage estimates for the two Presidentially Declared Disasters comprising Winter 2023 Storms (DR-4699 and DR-4683) is \$100 million.

Fiscal and Facilities Impacts:

Budgeted: No Attachment C includes a Budget Revision for the anticipated \$350,000 of General Fund appropriations needed for the current fiscal year. This money is available in a General County Revenues (990) fund balance set aside for Disaster Recovery. The FY 2024-25 Recommended Budget will include the estimated remaining \$194,000 General Fund appropriation anticipated for next fiscal year.

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Funding Sources	Current FY Cost:	Annualized On-going Cost:	Total One-Time Project Cost
General Fund			\$ 544,000.00
State			
Federal			
Fees			
Other:			
Total	\$ -	\$ -	\$ 544,000.00

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 and First Amendment 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 B) 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: First Amendment to Agreement for Services of Independent Contractor
 Attachment B: Agreement for Services of Independent Contractor
 Attachment C: Budget Revision BJE # 0009493

Authored by: Ted Teyber, Principal Analyst Municipal Services