

**FIRST AMENDMENT  
TO PROFESSIONAL SERVICES AGREEMENT NUMBER F001625  
WITH ERNST & YOUNG, LLP**

This First Amendment to Agreement number F001625, dated December 12, 2017 ("Agreement") is made as of this \_\_\_\_\_ day of \_\_\_\_\_, 2018, by and between the City of Santa Rosa, a municipal corporation ("City"), and Ernst & Young, LLP ("Consultant").

**RECITALS**

- A. City and Consultant entered into the Agreement for Consultant to provide post-fire comprehensive disaster recovery management services.
- B. City and Consultant now desire to amend the Agreement for the purpose of increasing compensation and supplementing the scope of recovery management services provided under the Agreement.

**AMENDMENT**

**NOW, THEREFORE**, the parties agree to amend the Agreement as follows:

1. Section 1. Scope of Services

Exhibit A to the Agreement is supplemented by Exhibit A-1 to this Amendment.

2. Section 2. Compensation

Section 2(c) is amended to increase the compensation payable to Consultant under the Agreement by \$1,000,000 to read as follows:

"Notwithstanding any other provision in this Agreement to the contrary, the total maximum compensation to be paid for the satisfactory accomplishment and completion of all tasks set forth above shall in no event exceed the sum of one million five hundred thousand dollars and no cents (\$1.5 million). The City's Chief Financial Officer is authorized to pay all proper claims from Charge Number 020100-5320."

All other terms of the Agreement shall remain in full force and effect.

Executed as of the day and year first above stated.

**CONSULTANT:**

Name of Firm: ERNST & YOUNG, LLP

TYPE OF BUSINESS ENTITY (*check one*):

- Individual/Sole Proprietor
- Partnership
- Corporation
- Limited Liability Company
- Other (please specify: \_\_\_\_\_)

*Signatures of Authorized Persons:*

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CITY OF SANTA ROSA**  
a Municipal Corporation

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Office of the City Attorney

ATTEST:

\_\_\_\_\_  
City Clerk

Attachment: Exhibit A-1 - Scope of Services

### **Statement of Work for the City of Santa Rosa Recovery**

The City has identified Neil Bregman as their contact with whom Contractor should communicate about these services. The City's contact at Contractor for these services will be Matt Jadacki. The project work plan follows a three phased approach as follows:

#### **Phase I: Project Kickoff**

This phase includes Kickoff meetings, damage assessments and key meeting support intended to understand and document the City's loss areas, establish tracking mechanisms, and identify and summarize relevant information and documentation. The project will begin with an all-hands kickoff meeting.

Management of Key Milestones- assisting the City of Santa Rosa with tracking deadlines for on-time submission of documents and representation at meetings will include:

1. Assisting the City with identifying and meeting deadlines, submission requirements for documents within established Federal Emergency Management Agency (FEMA) and California Office of Emergency Services (CalOES) timelines for filing requirements. Examples of this include:
  - December 21, 2017 — Request for Public Assistance due to FEMA
  - December 22, 2017 - Notice of intent (NOI) deadline for FEMA mitigation funds for non-competitive grants addressing flood damage prevention measures in fire impacted areas and loss reduction strategies for soil stabilization, erosion control and revegetation,
  - January 1, 2018 (City deadline is December 31, 2017)- for local hazard mitigation planning
  - January 30, 2018 —NOI for 404 Hazard Mitigation Grant Program applications
  
2. Kickoff Meeting - Will be held with key contacts in City departments to identify:
  - Contractor will work with the City's Contract Manager to request / obtain Immediate Needs Funding or cash advances by project, if eligible and needed.
  - To gain an understanding of both the City's structure and personnel in the management of the wildfire recovery efforts, meet with key City contacts in impacted departments. These areas may include risk management, emergency management, department of public works, water, transportation and any other relevant departments to gain an understanding of the potential funding sources (insurance, FEMA, CDBG—DR grants, etc.), the scope (both permanent and emergency related work) and description of damages necessary for developing the City's future Project Worksheets (PWs) and insurance claims.
  - Focus will be on identifying key areas of loss cost categories and the relevant documentation. This will shape the development and tracking of the City's Project Worksheets.
  - Establish reporting mechanisms for periodic status reports that identify and track progress of key issues.

- Provide guidance with document reporting requirements mandated by FEMA and Cal OES.
3. Damage Assessments - Contractor will work with the City to shape the development and tracking of the Project Worksheets which may include:
    - Documenting and summarizing how damage assessments are developed.
    - Reviewing the damage assessments received from various departments for consistency and validity (e.g. confirming duplicate damage assessments for the same facility are not submitted).
    - Consolidating information received into a presentable, well organized, and easy to follow format for FEMA and Cal OES.
  4. Key Meeting Support - Throughout the engagement, Contractor will attend and participate in meetings at the request of the City. Contractor will document meeting minutes, information discussed and provided by the City, FEMA, and Cal OES.

### **Phase II: Project Formulation, Project Worksheet Submission, and Review**

The primary goal of this phase is to prepare and document claims for submission to FEMA, Cal OES and insurance carriers, review and to provide guidance on all available insurance adjustments, provide assistance and guidance as needed related to mitigation proposals and efforts, and any other funding sources. The three main steps in Phase II are indicated below. Depending on the number of Project Worksheets, responsiveness of FEMA and Cal OES, and the availability and readiness of documentation, these steps may overlap.

#### **1. Project Formulation**

- **Damage Description & Scope Development** - Contractor can assist the City to develop draft project worksheet damage and scope descriptions to help set expectations with FEMA/ Cal OES and, if needed, serve as a starting point for the Project Worksheet to be developed.
- **Compliance and Cost Substantiation** - Contractor will work with the City, FEMA, and Cal OES to discuss and implement the processes for the PWs to be organized, as one type of cost may occur in multiple PWs (e.g. City labor and equipment). Organize, summarize, and document the key areas of loss “cost categories” that were identified during Phase I and tie each cost to its relevant Project Worksheet.  
Depending on discussions with the City’s Contract Manager and the associated documentation, Contractor will work to customize the cost substantiation and compliance testing specific to the City’s needs. For example, if during past disasters, the City had issues with reimbursement from FEMA for force account equipment costs, Contractor can focus on this cost area. In addition, Contractor can evaluate cost areas based on potential de-obligation risks and can focus on priority cost categories from a risk-based perspective.
- **Insurance Proceeds Reconciliation** - Provide support of strategic planning and coordination of recovery efforts related to Federal and state disaster relief programs and with private insurers. Assist the City with reviewing its property insurance policies to confirm the appropriate insurance proceeds are applied to the relevant PW(s) to include review of the insurance policies that were in effect during the disaster, insurance deductible information, proof of payment, and if applicable, work with the City to determine the insurance

allocation by PW. Assist in reconciling the proceeds as appropriate to maximize all avenues of recovery. Provide assistance to the City with its development, presentation and oversight of insurance claims, including preparation of supporting analyses and collection of relevant documentation. As requested by the City, participate in discussions and correspondence with insurance representatives and adjusters, from claim initiation through resolution.

- **Funding Gap Analysis** - Contractor will summarize the potential funding deficiencies for discussion with the City's Contract Manager and work with the City to identify, discuss and apply for any other potential sources of grant funding that may be available.

Mitigation assistance begins in Phase I and continues throughout Phase II. Contractor can work with the City to identify eligible mitigation funding options, including FEMA Hazard Mitigation Grant Program (HMGP) "404 Mitigation," and assist in prioritizing requests to be submitted as the State receives an overarching allotment of mitigation funds.

404 Mitigation Assistance may include -

- Working with the City to confirm potential and eligible mitigation projects are included in the prioritization listing.
- Discussing potential eligible projects based on HMGP scope requirements.
- Submitting new projects for consideration of priority.
- Assisting with the State of California application process.
- Coordinating information requests with relevant City departments.
- Assisting with additional information requests received from the State of California.

Once funding is received, Contractor can assist with HMGP grant compliance services.

406 Hazard Mitigation — Eligible 406 mitigation projects may be written into associated PWs for mitigation of damaged elements that are cost effective for permanent work. Contractor's support may include:

- Discussing potential eligible projects based on the City's permanent PWs.
- Drafting "whitepapers" to discuss with Cal OES and FEMA on potential 406 mitigation projects.
- Working with Cal OES and FEMA on cost benefit analyses, if applicable.
- Supporting the City through mitigation funding challenges specific to an electric utility (e.g. typically 406 mitigation is performed during restoration).
- Coordinating information requests with relevant City departments.

Once funding is received, Contractor can assist with 406 mitigation grant compliance services.

## **2. Project Worksheet Submission**

Contractor will review costs for compliance and cost substantiation, then summarize into an "electronic workbook" by each PW. The workbooks will clearly identify each specific cost (e.g. invoice, payroll record, inventory material, etc.) as it relates to its relevant PW.

Assist the City to present the PW information in an easy-to-follow, organized format for more timely review by FEMA and Cal OES. Due to the detailed nature of the documentation, Contractor

will be available to attend and participate in any meetings that are required during the Project Worksheet Submission stage.

### **3. Project Worksheet Review**

Once the PWs are developed and received from FEMA / Cal OES, Contractor can assist the City with reviewing its PWs for accuracy and completeness. Some key areas that Contractor will specifically focus on are:

- Reviewing the language included in the PW's damage description and scope of work for accuracy and eligibility.
- Understanding the period of performance included in the PW and confirm costs submitted are eligible.
- Reviewing the percentage of work completed.
- If applicable, reviewing the language included for Hazard Mitigation proposals.
- Tying out costs submitted to FEMA / Cal OES in the PW electronic workbook compared to amounts included in the PW received. If any amounts differ, Contractor will review and work with the City to provide additional information or documentation to support these costs.
- Reviewing amounts included for anticipated insurance proceeds.
- Understanding the language included for Direct Administrative Costs.
- After reviewing the PW, Contractor will address any specific concerns or questions with the City's Contract Manager. Contractor can assist the City with following up with FEMA and Cal OES for further clarification if needed.

### **Phase III: Project Closeout**

As FEMA and Cal OES review the electronic workbook and associated documentation for each PW, they will typically issue additional information requests. These requests are an opportunity for FEMA and Cal OES to clarify and understand the information and documentation associated with each PW. The closeout process may involve appeals, special requests for information, audit assistance, mitigation, and a variety of other related activities. Contractor's support may include:

- Assisting the City in responding to FEMA, Cal OES, DHS OIG, and insurance document requests and questions.
- Assisting with project extension requests.
- Assisting the City throughout the complete closeout process.
- Assisting the City with documentation production to the City's public accounting firm in support of A—133 and / or year—end financial statement audits and related queries.
- Assisting the City to facilitate review of documentation by FEMA and Cal OES related to final closeout.
- Reviewing documentation for the appropriate application of insurance proceeds to reduce grant funding.
- Assisting the City throughout the process of audits or appeals by regulatory bodies such as the OIG.

Below depicts a timeline to achieve the above work plan. The items marked with an asterisk reflect potential on-site work by our team members. In addition to the steps identified below, Contractor will

## Exhibit A-1

provide support and attend meetings with the City, FEMA and Cal OES as needed throughout the recovery process.

Following Phase I and initial meetings with key City departments and the City's Contract Manager, we will be able to provide the City with a more detailed timeline specifically related to the disaster and the City's needs.