

## Tetra Tech Disaster Recovery Contract FAQs

### 1. What is the purpose of this contract?

- a. Several hundreds of millions of dollars is available to the City for recovery and rebuilding after Harvey from the federal government. This contract is for the City's compliance with federal disaster grant regulations for Harvey. Tetra Tech is an expert in the full FEMA Public Assistance lifecycle process and has experience with the City since Hurricane Ike which has resulted in only \$1,800 in deobligations for debris removal. They make sure we get the money and keep the money.

### 2. Why did the City put this contract in place?

- a. The Finance Department saw the need for a "standby contract" in case a big disaster hit – the City would be ready. The City also has 3 other disasters that are being administered under the FEMA PA program.
- b. This is a new contract signed in February 2017. This is the first activation under this contract. Attached is the original FAQ provided in February 2017.

### 3. What is the past experience with contractors for Public Assistance consulting services?

During Hurricane Ike, Finance engaged two public assistance contractors. These engagements were significantly smaller in scope and damages. Due to the limitations of scope by the previous contractors, Finance procured a contract for comprehensive disaster public assistance services. Below are details for the previous engagements in comparison to the Tetra Tech contract and proposed request.

- a. *Past Financial Engagement* – Finance engaged with two separate firms for Hurricane Ike:
  - i. Witt O'Brien (formerly Global Options Inc.) - \$3,347,168
  - ii. Experis Financial Services (formerly Jefferson Wells) - \$1,667,284  
\$5,014,452

To date, FEMA reimbursement for Direct Administrative Costs (DAC) for Hurricane Ike is \$1,050,155.00 with additional reimbursements expected by the close out. Hurricane Ike has not yet been closed by TDEM/FEMA.

- b. *Estimated reimbursement comparison to total damages*

Disaster Event	Est. Damages	Est. Consultant Costs	Percentage of Costs/Damages
Hurricane Ike (2008)	\$180.3M	\$5.0M	2.8%
Hurricane Harvey (2017)	\$2.4B	\$67.2M*	2.8%

*\*FY18 Initial request is \$37M with the potential to increase up to \$67.2M in future fiscal years.*

c. *Services provided by firm(s) paid by either DAC or indirect costs*

Witt Associates	Experis	Tetra Tech
<ul style="list-style-type: none"> <li>Develop Internal Controls (Indirect)</li> <li>Assist with financial planning and projections (Indirect)</li> <li>Assist with researched related to reimbursement of expenses (Indirect/Direct)</li> <li>Assist with development of FEMA projects (Direct)</li> </ul>	<ul style="list-style-type: none"> <li>PW audits, closeouts and appeals (Direct)</li> <li>Training (Indirect)</li> <li>Assist with funding requests, monetary obligations, supporting documentation (Indirect/Direct)</li> <li>Financial reporting, operating reports, tracking models, analysis (Indirect)</li> </ul>	<ul style="list-style-type: none"> <li>Project development and data management (Direct/Indirect)</li> <li>Site Inspections – standard and technical (Direct)</li> <li>Project audits, closeout, appeals (Direct)</li> <li>Training (indirect)</li> <li>Analysis, general meetings, LGL (Indirect)</li> <li>Financial modeling and analysis, dashboards, projections (Indirect)</li> </ul>
<p><i>Note: Site inspections were not required from the previous contractors for Hurricane Ike. The level of site inspections/project development/data management for Hurricane Harvey is significantly more extensive.</i></p>		

4. **What is Tetra Tech going to be doing in the first year?**

- a. In Year 1, Tetra Tech is focused on:
  - i. Obtaining advanced funding from FEMA for \$163M within one month of the disaster and processing claims for \$350M in response costs through FEMA and FHWA (e.g. get money back quickly)
  - ii. Conducting over 500 site inspections and damage assessments for repairs (e.g. identifying road damage, flooded city owned community centers)
  - iii. Negotiating with FEMA on claims that may total at least \$2.4B (e.g. build it back better)
- b. Get damage assessment teams out with FEMA so that damages can be identified and repairs can begin quickly
- c. The breakout of funding for Year 1 is based on the major scoping areas.

Scope Area	Cost (M)	Breakdown (%)
Project Scoping	\$20.35	55%
Damage Assessments/site inspections	\$14.8	40%
Grant Administration	\$1.85	5%
<b>Total</b>	<b>\$37</b>	<b>100%</b>

5. **How does this overlap with Solid Waste Department – Tetra Tech contract?**

- a. It does not overlap. The contract with Solid Waste Department is specifically for monitoring of city wide debris removal. While this contract is for documenting all other types of Harvey damages/costs – FEMA groups these within 6 categories: Emergency

protective measures, Buildings, Roads & Bridges, Water control facilities, Public utilities, Parks, recreational and other facilities.

**6. What is the MWBE participation for this contract and who are the vendors?**

- a. The participation goal for this contract is 24%. Tetra Tech's proposal included a commitment of 30%.
- b. MWBE vendors include:
  - i. EJES Engineers
  - ii. Elite Tax & Staffing
  - iii. Gupta & Associates
  - iv. KIT Professionals
  - v. Mpact Strategies, Inc.
  - vi. TLC Engineers
  - vii. Trilogy Engineering
  - viii. SES Engineers
  - ix. United Engineers

**7. What makes disaster recovery consulting so specialized that it requires technical experts?**

- a. Disaster grants are highly complicated. We need experts who understand the fine print and to ensure that the City seeks reimbursement for all eligible damages/costs. We need to protect the City against costly de-obligations or audit findings from the Office of Inspector General.
- b. The City needs a representative that is looking out for the best interest of the City as our advocate at all times.

**8. Does this contract deal with disaster housing?**

- a. No, it is focused on reimbursement for public infrastructure like roads & bridges, water and wastewater facilities, parks and other City facilities.
- b. The City has put a separate bid out for disaster housing related work.

**9. What is the percentage of time and cost that will be spent on General Fund versus Enterprise Fund or Other funds.**

Based on the estimated damages the following time and cost will be charged to general, enterprise or other funds including Local Government Corporations.

Scope Area	Breakdown (%)
General Fund	30%
Enterprise Funds	60%
Other	10%
Total	100%

**10. What controls does the City have in place to provide oversight of Tetra Tech?**

- a. During each damage assessment, the City has representatives from the Finance Department and the appropriate department (GSD, PWE, SWMD, etc.). Once reports are generated by Tetra Tech, they are reviewed by the City prior to submission to FEMA. Tetra Tech provides weekly status reports to Finance highlighting key performance metrics and financials.
- b. The City has implemented processes for reviewing and auditing other deliverables developed by Tetra Tech including Project Worksheets, site inspections, financials and procurement reviews. These are reviewed during weekly meetings between Finance and Tetra Tech.

## **PROFESSIONAL DISASTER COST RECOVERY AND CONSULTING – TETRA TECH, INC.**

*Frequently Asked Questions  
(Provided Council Agenda in February 2017)*

### **What types of consulting services are provided / required by this contract?**

This contract provides specialized disaster cost recovery services that include developing and reviewing project worksheets (PW), maximizing allowable disaster cost recovery, and providing expert advice. The consultant will also assist with project applications, eligibility identification, strategic planning, financial analysis, developing and filing reports, and data management related to disaster recovery. The primary objective of this contract is to ensure that the City has the capability to effectively navigate the full life cycle of the complex and lengthy Federal Emergency Management Agency (FEMA) Public Assistance (PA) application and reimbursement process.

### **What are the key deliverables of such services?**

Key deliverables from such services include but are not limited to as follows:

- Assist City of Houston Finance Department following a disaster, to determine the proper amount of claims to submit to the State and Federal government and other reimbursing agencies. The most important aspect of this contract is to have the expertise on hand in order to maximize reimbursement potential to the City of a disaster event with the relevant Federal agencies (primarily FEMA).
- Develop PWs appropriately, accurately, and timely to file with the relevant reimbursing agencies.
- Ensure all applicable disaster related cost reimbursements are filed with appropriate agencies in a timely and efficient manner.
- Ensure appeals are filed and engage in other efforts to retain funds or seek reimbursement.
- Coordinate and provide audit responses and supporting documents as required by funding agencies and their auditors. Respond or help the City prepare the responses to audit inquiries and to provide supporting documentation appropriately during the FEMA/State or Office of Inspector General (OIG) audits.

### **How is this contract paid for?**

Fees for these services are paid out of the City's Disaster Fund which is written into a PW for reimbursement from FEMA passed through the State of Texas. Although the City cannot have any payment related contingency clauses in its contract with the vendor, based on previous experience with the FEMA PA Program it is expected that a portions of the expenses for the vendor will likely be reimbursable to the City. The portions that will be reimbursed are for Direct Administrative Costs (DAC) pertaining to each project worksheet.

### **Who manages these professional services contracts?**

The Financial Reporting and Operations Division of Finance Department will manage the contract.

**What procurement process was used to choose this professional disaster cost recovery consulting firm?**

The Request for Proposal (RFP) was advertised in accordance with the requirements of the State of Texas bid laws. A total of nine proposals were received from the following firms: Adjusters International, CB&I, CDR Maguire, DSI Group, GP Strategies, Hagerty Consulting, HNTB, Plexos Group, and Tetra Tech, Inc. An Evaluation Committee consisting of five (5) members from the Finance, Administration and Regulatory Affairs, General Service, and Public Works and Engineering Departments evaluated the proposals based on the following criteria: (1) Responsiveness of Proposal, (2) Technical Competence, and (3) Proposal Cost Fee. Tetra Tech, Inc. received the highest overall score and was deemed to be the best qualified contractor to perform the requirements as outlined in the RFP.

**Does Tetra Tech have other contracts with the City of Houston?**

Yes. Tetra Tech has two other contracts with the City:

- Tetra Tech was also contracted through Housing and Community Development to develop an infrastructure and economic development-related action plan for expending \$66M in Community Development Block Grant funds received from the U.S. Department of Housing and Urban Development (HUD). Tetra Tech's primary scope was to define a range of related projects and programs that the City could implement under the HUD grant. The H-GAC interlocal agreement with Council motion number 2016 0374 does not expire until 10th August 2017.
- Tetra Tech has been the disaster recovery contractor for Solid Waste Management (SWM) for nearly 10 years. The primary scope of the contract is to monitor activities and management of all documentation related to the removal, processing and disposal of storm debris.

The scope of this proposed contract is vastly different from SWM's debris monitoring contract. The Finance Department's Disaster Cost Recovery Management contract would include management of the City's efforts under the FEMA Public Assistance program. This will include assistance with the development of the project worksheets describing the disaster damage, monitoring the projects to repair the damage, grant accounting administration, assistance with grant closeouts, audit responses, and preparing appeals.

Previously, the Finance Department used James Lee Witt Associates (the parent company of Global Options, Incorporated as listed in the Ordinance) and Experis (a division of ManPower Group) for its citywide disaster cost recovery management services.

**How has Tetra Tech performed under the MWSBE requirements?**

The percentage requirement for MWSBE compliance varies depending on factors such as the category of the vendor contract. Currently Tetra Tech, for the SWMD, is achieving 21.68% compliance on a Consulting contract targeted with an 11% goal.

**How often are the disaster consulting services provided by the firm?**

Disaster Consulting Services are provided based upon need following a disaster event. Typically, long term services will be necessary following a Federal declaration of disaster. Both FEMA and Texas Division of Emergency Management (TDEM) encourages grantees/sub grantees to solicit pre-position contracts, not only for this type of services but other types as well so that in the event of a disaster, procurement issues

can be minimized and compliance with the FEMA guidelines are not overlooked or missed in the rush of responding to disaster recoveries.

**Why are legal services being requested in this contract?**

Expertise of legal services is being requested from the contractor which is specific to the FEMA PA process and not for litigation. The FEMA PA program is governed by a highly complex and specialized set of rules, regulations, and administrative requirements. Although the primary purpose of this contract is not related to legal services, the Finance Department wants to ensure that legal assistance, primarily with the filing of FEMA PW appeals, is available in the event that such services are needed. Moreover, in the event of litigation, or appeals the contractor is to coordinate with City's Legal Department. If there is any specific need, the task order relating to such services will be issued by the Legal and Finance Departments concurrently.

**Are the Disaster related cost, revenue reports and other deliverables available to the public?**

Subject to the Texas Public Information Act, the information is published every quarter reporting quarter to date expenses and reimbursements, as well as year to date expenses and reimbursements.

**Estimate Spending Authority**

Department	FY2017	Out Years	Total
Finance	\$ 1,250,000	\$3,750,000	\$5,000,000