



Board Agenda Item 9

DATE: November 8, 2022

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, County Administrative Officer

SUBJECT: State Local Fiscal Recovery Funds - Progress Report and Options

RECOMMENDED ACTION(S):

1. **Receive progress report on the County's American Rescue Plan Act - State Local Fiscal Recovery Fund programs/projects previously earmarked by your Board for funding, including identified remaining funds;**
2. **Discuss and provide direction for additional programs/projects to be funded with American Rescue Plan Act - State Local Fiscal Recovery Funds, subject to confirmation of eligibility by County staff;**
3. **Direct staff to further vet each earmarked program/project application for eligibility under American Rescue Plan Act - State Local Fiscal Recovery Funds, and return with proposed subrecipient agreements for the Board's approval for the programs/projects determined to be eligible for funding; and,**
4. **Direct staff to return to your Board before the end of March 2023 with a progress report on American Rescue Plan Act - State Local Fiscal Recovery Fund earmarked program/project agreements, spending, and remaining funds to be earmarked**

Approval of the recommendation actions would provide a progress report, and present funding needs for existing earmarked county service area (CSA) and community service district (CSD) programs and projects. Collectively, approval of the recommended actions enables your Board to discuss, provide direction, and/or revise your Board's approved American Rescue Plan Act - State Local Fiscal Recovery Funds (ARPA-SLFRF) expenditure plan, and earmark additional funding to either previously earmarked or new projects to be funded with ARPA - SLFRF.

On October 25, 2022, your Board requested the County Administrative Officer (CAO) to coordinate with the Department of Public Works and Planning (PWP) to present an ARPA-SLFRF progress report, identify potential funding availability within the approved expenditure plan that may be redistributed (approximately \$10 million) by your Board and assess potential financial need to address the increased cost to fully implement earmarked CSA and CSD projects.

Your Board may choose to redistribute available ARPA-SLFRF funds to fully fund previously earmarked or to create new CSA or CSD projects, increase funding availability for existing subrecipient projects, or fund new projects, as shown in Attachment A. Once earmarked, staff will prepare a written scope of work to evaluate each program for SLFRF eligibility and return to your Board for final funding approval. Staff will return to your Board on or before the end of March 2023 with a progress report of County and subrecipient projects and recommended earmarking of remaining funds from the County's \$194,063,657 allocation. This item is

countywide.

ALTERNATIVE ACTION(S):

Your Board may modify Attachment A, which includes the program/project increases and new proposals by the Ad-Hoc Committee.

FISCAL IMPACT:

There is no increase in Net County Cost associated with recommended actions. PWP will return to your Board with a budget resolution detailing costs for implementation of each program/project to be funded with SLFRF, along with a subrecipient agreement with each entity, for your Board's approval. Subrecipient drawdown requests submitted to the CAO shall be in writing and include detailed purchase orders, receipts, and reimbursement requests, detailing items purchased, and expenses incurred/anticipated to be incurred in support of the completing the awarded program. The CAO and Auditor-Controller/Treasurer-Tax Collector (ACTTC) will review all drawdown requests to ensure compliance with ARPA-SLFRF prior to releasing payments to the subrecipients. Costs for the awarded programs/projects will be funded through ACTTC Org 1033 - Disaster Claiming, Fund 0026, Subclass 91021.

DISCUSSION:

The United States Department of the Treasury's (Treasury) Title 31, Code of Federal Regulations, Part 35 Coronavirus SLFRF Interim Final Rule ("Interim Final Rule") and Final Rule ("Final Rule") establish a framework for determining the types of programs and services that are eligible under the ARPA. SLFRF may be used for eligible activities under the following general categories:

- A. Respond to the COVID-19 public health emergency or its negative economic impacts;
- B. Provide premium pay for essential workers;
- C. Replace public sector revenue loss, subject to certain limitations; and
- D. Make necessary investments in infrastructure such as in water, sewer, and broadband.

The Final Rule permits SLFRF to be used to cover costs for eligible activities within the four general categories for the period that begins March 3, 2021 and ends on December 31, 2024. Recipients and its subrecipients, must return any funds to the Treasury which are not obligated by December 31, 2024, and any funds not expended to cover such obligations by December 31, 2026.

On February 1, 2022, your Board approved the Ad-Hoc Committee's expenditure plan, which earmarked funds for proposals that may be funded either in whole or in part by the County's allocation of SLFRF. The approved expenditure plan included \$19.6 million for the County's PWP to implement 10 regional projects. Additionally, the approved expenditure plan included \$37.3 million to fund subrecipient programs that would be managed by entities other than the County. Within the \$37.3 million item, your Board approved \$14,105,219 in SLFRF to be made available to qualifying entities for eligible uses and programs, and to be selected through a 30-day open application period and subsequent selection process.

On February 4, 2022, staff notified and provided additional information to over 250 representatives consisting of several community-based organizations (CBOs), small businesses, and special districts to announce the County's first round subrecipient application solicitation period (February 7 through March 9, 2022). At the conclusion of the application period, the County received a total of 47 applications representing an estimated total value of \$57 million: \$45.6 million for Category A and \$11.3 million for Category D.

On June 21, 2022, your Board approved the First Round Subrecipient Priority List and earmarked funds for 22 specific subrecipient programs with an estimated value of \$13,954,929. Each program is subject to confirmation of SLFRF eligibility by County staff, and entering a written subrecipient agreement with the County, which would be approved by your Board. Subrecipient agreements related to these authorized

earmarks continue to be brought to your Board for approval.

On October 25, 2022, during the Board of Supervisors' Committee Reports and Comments section of the Board agenda, your Board gave direction to staff to return to your Board with a brief report on the ARPA - SLFRF programs/projects, including identified remaining funds and a list of potential programs/projects that include CSA and CSD drinking water, storage, and sewer treatment projects for your Board's consideration, to be funded with identified remaining funds (approximately \$10 million). Once your Board reviews and considers these potential programs/projects, those earmarked by your Board will be subject to confirmation of eligibility by County staff. Staff will prepare a written scope of work to evaluate each program/project, further vet each earmarked program/project application for eligibility under ARPA - SLFRF, and return to your Board to request final approval. Approval of the recommended actions would direct staff to return to your Board before the end of March 2023 with a progress report on ARPA - SLFRF earmarked program/project agreements, as well as spending and remaining funds to be earmarked.

REFERENCE MATERIAL:

BAI #7, June 21, 2022
BAI #3, February 1, 2022

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment A

CAO ANALYST:

Sonia M. De La Rosa