



Coronavirus Relief Fund (CARES Act)

Topics

CARES Act Funds Claimed

Why Claiming Categories were Chosen

Clarifying the Extra Funds Issue

Examples of COVID Cost Drivers

FEMA Claiming Limitations

Timing of American Rescue Plan Act Funding

County Approach to COVID-19 Cost Recovery

Primary Financial Goals During Pandemic

- Keeping County financial position stable (avoid layoffs, keep CBO contracts funded)
- Maximizing cost recovery from all eligible revenue sources (CARES Act, American Rescue Plan, FEMA, etc.)

Contract with Cost Recovery Consultant

- Board approved contract with Ernst & Young LLP on June 2, 2020
- Cost Recovery Working Group has been meeting bi-weekly
 - Auditor-Controller
 - Chief Assistant County Administrator
 - Health Services Chief Operating Officer
 - Ernst & Young representatives

Achievements During Emergency Response

- County finances have remained stable (specifically General Fund and Enterprise Fund I)
- Minimal layoffs of County employees
- CBOs remained fully funded during shelter in place
- County upgraded by Moody's during pandemic, specifically citing financial position and CARES Act
 - "The impact of the coronavirus is also a social consideration because of the substantial implications for public health and safety; however, we do not see it as a material credit risk for Contra Costa County. The county has a strong financial position to help offset unanticipated expenditures related to the coronavirus. In addition, the county has received \$227.8 million CARES Act funding to help cover costs related to the pandemic."

Fund	Dept	Department	Total
145000	0540	Hospital/Clinics	\$ 93,607,580
100300	0467	Mental Health	\$ 2,245,658
100300	0466	Alcohol & Other Drugs	\$ 155,139
100300	0301	Detention Health	\$ 18,827,051
100300	0450	Public Health	\$ 40,957,224
100300	0451	Conservator/Guardian	\$ 70,774
100300	0452	Environ Health	\$ 2,590,126
100300	0454	Public Administrator	\$ 24,038
100300	0460	Ca Child Svcs	\$ 425,720
100300	0463	Health, Housing, Homeless	\$ 4,726,929
Total Health			\$ 163,630,238

112000	0280	Conservation and Development	\$ 173,759
120600	0620	Library	\$ 227,229
100300	0300	Martinez Detention Facility	\$ 21,520,132
100300	0300	West County Detention Facility	\$ 20,330,667
100300	0300	Marsh Creek Detention Facility	\$ 3,587,560
100300	0300	Detention Transportation	\$ 4,292,571
100300	0300	Custody Svcs Admin	\$ 2,104,442
100300	0309	Juvenile Hall	\$ 662,754
100300	0362	Emergency Svcs	\$ 2,367,011
100300	0335	Agriculture	\$ 1,169
100300	0030	County Counsel	\$ 541,361
100300	0242	DA Special Ops	\$ 427,774
100300	0150	Risk Management	\$ 68,612
100300	0650	Public Works	\$ 171,130
100300	0020	Public Works-Purchasing	\$ 84,682
100300	0079	Public Works-Bdg Mtn	\$ 103,295
100300	0150	Risk Management	\$ 7,533,265
Total Non-Health			\$ 64,197,413

Summary by Agency	
Health Services	\$ 163,630,238
Sheriff's Office	\$ 54,202,383
Risk Management	\$ 7,601,877
Probation Department	\$ 662,754
County Counsel	\$ 541,361
District Attorney	\$ 427,774
Public Works	\$ 359,107
Library	\$ 227,229
Conservation & Development	\$ 173,759
Agriculture	\$ 1,169
Total	\$ 227,827,651

Coronavirus Relief Fund Summary, All Claims by Department

Coronavirus Relief Fund (CARES Act)

CLAIMS by FUND

	State Allocation	Federal Allocation	Total
Funding Sources:	\$ 26,546,260	\$ 201,281,392	\$ 227,827,652
Funding Uses:			
General Fund (includes Public Health and H3)	26,546,260	107,272,824	133,819,084
Enterprise Fund I (Hospital/Clinics)		93,607,580	93,607,580
Land Development Fund		227,229	227,229
Library Fund		173,759	173,759
Total Claimed as of December 31, 2020	\$ 26,546,260	\$ 201,281,392	\$ 227,827,652
Balance Available	0	0	0

Key Takeaways:

1. No additional funds available for County COVID response programs funded with Coronavirus Relief Funds (CRF) after December 31, 2020
2. It will be necessary to use American Rescue Plan funds to bridge the gap over the next two years

Where funds were claimed

- The chart on the previous page identified the categories of how funds were claimed to maximize COVID-19 resources taking into account all the funds within the County.
- The U.S. Treasury guidance was very prescriptive by category.
- Public health and public safety had a presumption that costs were 100% eligible for reimbursement.
- This means that funds could be claimed for positions even if they were already budgeted.
- This allowed the County to easily drawdown the maximum allocation from these sources.
- The County had many other items that could have been claimed as well, however, we reached the claiming maximum using mainly presumptive costs.
- Again, it does not necessarily mean that this is where increased COVID-19 costs were generated.
- In this way we could smooth out all of the extra costs within the General Fund and other funds regardless of claiming eligibility, including making up for significant losses of revenue.

Public Health & Safety Presumption

Administrative Convenience = Flexibility

- No documentation of the work being performed for **public health and public safety staff** (category L).
- CARES Act does not allow backfill of lost revenue: the “administrative convenience” provides a tool for these staff to be paid for by the CRF, potentially freeing up general purpose funds (or offsetting lower receipts).
- Actual payroll and benefits (including pension costs) can be paid by CRF – Must keep payroll records for five years.



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2. The Guidance says that funding can be used to meet payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. How does a government determine whether payroll expenses for a given employee satisfy the “substantially dedicated” condition?

The Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. For this reason, and as a matter of administrative convenience in light of the emergency nature of this program, a State, territorial, local, or Tribal government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.

Source: CA Dept. of Finance Presentation, March 10, 2021

Clarifying the Extra Funds Issue

(Sheriff's Detention Example)

Using the U.S. Treasury's guidance and recommendation from the CA Department of Finance, the County used the Public Health and Safety "administrative convenience" presumption to claim \$54.2 million in CRF

The \$54.2 million claimed was deposited into the General Fund freeing up general purpose revenue previously budgeted in the Sheriff's Office for use across the General Fund

This further maximizes cost recovery since CRF is the only source of revenue that allows significant claims for public safety reimbursement

- Rather than claiming FEMA eligible costs via CRF, County can instead claim public safety costs via CRF, then claim other eligible costs with FEMA
- Consistent with goal of maximizing COVID-19 cost recovery and stabilizing County financial position during the pandemic response

FY 2019/20 Single Audit included significant audit of CRF claims and approach to claiming with no audit findings or material weaknesses identified

- Single Audit Report will go to Finance Committee June 7

Examples of COVID Cost Drivers & Lost Revenue

(In Millions)

Allocation of 64 hours of extra sick leave to County employees	\$	32.59
Use of up to 80 hours of extra COVID leave	\$	31.14
Overtime although used was not tracked for hours specific to COVID (amount was <u>not</u> zero)	\$	0.00
Under-realized revenue FY 2019-2020 - Various Departments		
- Employment & Human Services (\$70.75 million)		
- Community Development Department (\$25.9 million)	\$	111.39*
Under-realized revenue FY 2019-2020 – Volume Based Medi-Cal in Health Services	\$	40.10
Under-realized revenue projected for FY 2020-2021 (excludes Health)	\$	130.55
Juvenile Hall Intake and Quarantine	\$	0.66
Countywide expenses charged to Risk Management	\$	7.53
Emergency Services (OES)	\$	2.37
County Counsel	\$	0.54
DA Special Ops	\$	0.43
Purchasing and Building Maintenance	\$	0.19
	\$	357.49

* Unclaimed COVID costs were not tracked separately from other costs during the pandemic, neither were under-realized revenues. The revenue figures shown for FY 2019-2020 were specifically identified by departments per the Board's direction of April 20, 2021 and are unaudited.

FEMA Public Assistance Program

Why it would not be prudent to claim FEMA first:

1. Other COVID Relief funding streams have spend deadlines requiring County to claim those funds first
2. FEMA reimbursement applications due up to 60 days after the incident period ends (once Federal government removes public health emergency)
3. FEMA guidance has been constantly changing – waiting for final guidance minimizes risk of amended claims
4. County will not receive cash reimbursement for 24-36 months. (General Fund would have to bridge that period)
5. FEMA covers eligible costs, NOT actual costs.
 - Eligible costs are typically unbudgeted costs only
 - Eligible personnel costs are typically only temporary salaries and overtime

Timing on American Rescue Plan Act Funding

(Estimate \$223.7M)

- Guidance not yet released, but anticipated any day
- U.S. Treasury must distribute ½ of County allocation by Mid-May 2021 (60 days after enactment)
- Second ½ of County allocation to be distribution in May 2022
- County Administrator prepared to file certification to receive funds once available
- Acknowledge the intended use of approximately \$110 million from the American Rescue Plan Act, from the known local award of \$223.7 million, for Health Services pending future discussion with the Board of Supervisors and final guidelines by the relevant Federal Agencies.