



# AMERICAN RESCUE PLAN ACT WORKSHOP

August 3, 2021



# Agenda

- ▶ **Introductions and Opening Remarks** - *Monica Nino, County Administrator*
- ▶ **Overview & Major American Rescue Plan Revenue Streams** - *Timothy Ewell, Chief Assistant County Administrator and Dennis Bozanich, Senior Deputy County Administrator*
- ▶ **Health Services Department Update** - *Anna Roth, Director and Pat Godley, Chief Financial and Operating Officer*
- ▶ **Employment and Human Services Department Update** - *Kathy Gallagher, Director*
- ▶ **Closing Comments** - *Monica Nino, County Administrator*
- ▶ **Board Questions and Public Comment**
- ▶ **Board Discussion of Priority for Use of Funds**



# Approach to 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, FEMA, American Rescue Plan Act, 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
- Primarily concentrating on FEMA claims, but also assists with overall cost recovery strategy

## ➤ **Achievements During Emergency Response**

- County finances have remained stable (specifically social safety net functions)
- Minimal layoffs of County employees (all impacted employees offered employment in other areas of the County)
- CBOs remained fully funded during shelter in place
- County upgraded by Moody's during pandemic, in part, due to strong financial position



# Context is Key

## ➤ Comparison of Congressional Spending Packages

- \$2.2 Trillion - CARES Act (March 2020)
- \$1.9 Trillion - American Rescue Plan Act (ARPA) (March 2021)
- \$0.9 Trillion - Consolidated Appropriations Act, 2021 (December 2020 Stimulus)
- \$0.8 Trillion - American Recovery and Reinvestment Act (2009)
- \$0.7 Trillion - Emergency Economic Stabilization Act (aka TARP, 2008)

## ➤ Unprecedented levels of funding over the last 16 months

- Federal agencies slow to put out guidance regarding funding streams
- Most of the revenue sources flow through the States causing further bottlenecks in getting resources to local government

## ➤ Challenge is lining up funding to maximize cost recovery

- Requires constant coordination between departments
- Will continue for at least the next 3-5 years as funds from above legislation is spent down (e.g., certain ARPA revenue must be obligated by 2024 & spent by 2026)
- CAO will provide quarterly reports to the Board going forward commencing in November 2021





# Recap of Major Funding Sources

Program	Allocation
Coronavirus Relief Fund	\$227,827,652
ARPA Fiscal Recovery Fund	\$224,058,903
Emergency Rental Assistance Program	\$147,427,324
FEMA Public Assistance Program (Estimate)	\$39,648,430
<b>Total</b>	<b>\$638,962,309</b>

## ➤ Key Takeaways:

- Four revenue drivers impact vast majority the County's cost recovery
- Contra Costa receiving significant Federal assistance, including the cities!
- County responsible for pandemic response, including associated costs
- All COVID-19 revenue sources are one-time only funds!

CSLFRF Allocations Contra Costa County, By City		
	Population*	Allocation
Antioch	112,236	\$ 21,550,900
Brentwood	66,097	\$ 6,923,339
Clayton	11,268	\$ 2,934,049
Concord	129,273	\$ 27,040,883
Danville	43,906	\$ 10,647,738
El Cerrito	24,846	\$ 6,102,056
Hercules	25,864	\$ 6,285,778
Lafayette	25,358	\$ 6,372,376
Martinez	36,827	\$ 9,161,456
Moraga	16,820	\$ 4,254,072
Oakley	42,895	\$ 10,177,190
Orinda	19,078	\$ 4,766,723
Pinole	19,369	\$ 4,605,009
Pittsburg	74,498	\$ 16,290,477
Pleasant Hill	34,133	\$ 8,334,229
Richmond	110,130	\$ 27,740,723
San Pablo	31,041	\$ 7,416,467
San Ramon	83,863	\$ 8,115,425
Walnut Creek	71,317	\$ 8,327,653
<b>Total</b>		<b>\$ 197,046,543</b>

\* Population figures based on 2021 Estimates from the CA Department of Finance.



# Rental Assistance Update

## ➤ **\$147,427,324 for Contra Costa**

- ERAP 1: \$75,822,311
- ERAP 2: \$71,605,012

## ➤ **as of July 29, 2021**

- 7,141 active cases
- \$77,968,110 in relief requested
- \$28,259,948 in relief approved
- \$21,356,262 in relief paid

## ➤ **Broader Use Categories (ERAP 2)**

- Security Deposits
- Tenant Relocation Costs
- Potential to braid revenue with other federal and state housing dollars

	Contra Costa	Los Angeles	Ventura	San Mateo	Santa Cruz
Population	1,142,251	10,081,570	847,263	767,423	273,962
ERAP 1 Allocation	\$ 75,822,311	\$ 353,890,211	\$ 41,878,802	\$ 50,387,537	\$ 17,958,537
Active Cases	7,141	33,141	3,018	3,348	959
Relief Requested	\$ 77,968,110	\$ 374,101,528	\$ 33,248,529	\$ 44,111,342	\$ 9,366,439
Relief Approved	\$ 28,259,948	\$ 129,756,347	\$ 12,184,148	\$ 14,342,366	\$ 2,440,852
Relief Paid	\$ 21,356,262	\$ 99,106,512	\$ 9,802,961	\$ 11,439,144	\$ 1,769,294
% Cases/Population	<b>0.6%</b>	0.3%	0.4%	0.4%	0.4%
% Requested/Allocation	102.8%	<b>105.7%</b>	79.4%	87.5%	52.2%
% Approved/Allocation	<b>37.3%</b>	36.7%	29.1%	28.5%	13.6%
% Paid/Allocation	<b>28.2%</b>	28.0%	23.4%	22.7%	9.9%

*as of July 29, 2021*



# FEMA Cost Recovery Update

Claim Category	Estimate	Claimed	Obligated	Received
Non-Congregate Shelter (thru 5/15/2021)	26,265,517	4,052,865	0	0
Cleaning, Materials, PPE (thru 6/11/2021)	6,180,303	0	0	0
Great Plates (thru 6/13/2021)	5,982,610	3,609,873	3,229,499	0
Vaccination (Fire Mutual Aid)	820,000	0	0	0
Consultant Costs	400,000	0	0	0
<b>Total</b>	<b>39,648,430</b>	<b>7,662,738</b>	<b>3,229,499</b>	<b>0</b>

➤ **Reminders:**

- FEMA reimburses 100% of eligible costs, which does not mean 100% of actual costs (Salary and Benefit costs of permanent staff not eligible!)
- FEMA is the reimbursement source of last resort (after applying cascading funding)

➤ **What's it mean?:**

- FEMA reimbursement process cumbersome and could take years before reimbursement is received (typically 24-36 months)
- The County General Fund is fronting \$38,828,430 (does not include Fire Mutual Aid figure above) in FEMA eligible costs until reimbursement is received - this figure will continue to grow



# American Rescue Plan Act

- *“A constellation of funding sources”*
- On June 28th the County Administrator directed Department Heads to analyze the ARPA for department revenue impacts as well as report unfunded COVID 19 costs and one-time needs
- **Departments have identified...**
  - \$317,327,304 in known ARPA allocations coming into the County
  - \$16,882,139 in previously unfunded COVID-19 costs or underrealized revenues
  - \$71,655,531 in one-time needs

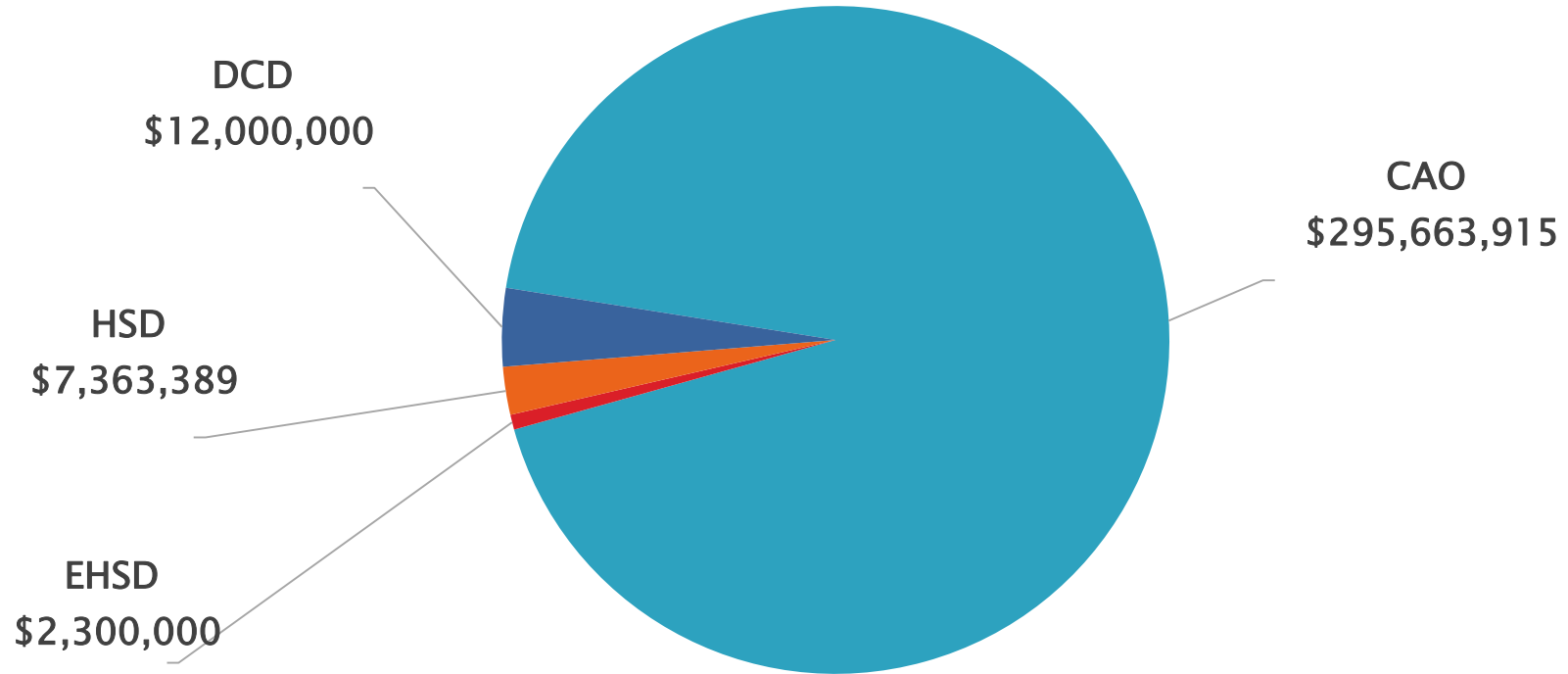






# Known ARPA Revenue Allocations

**Countywide  
\$317,327,304**

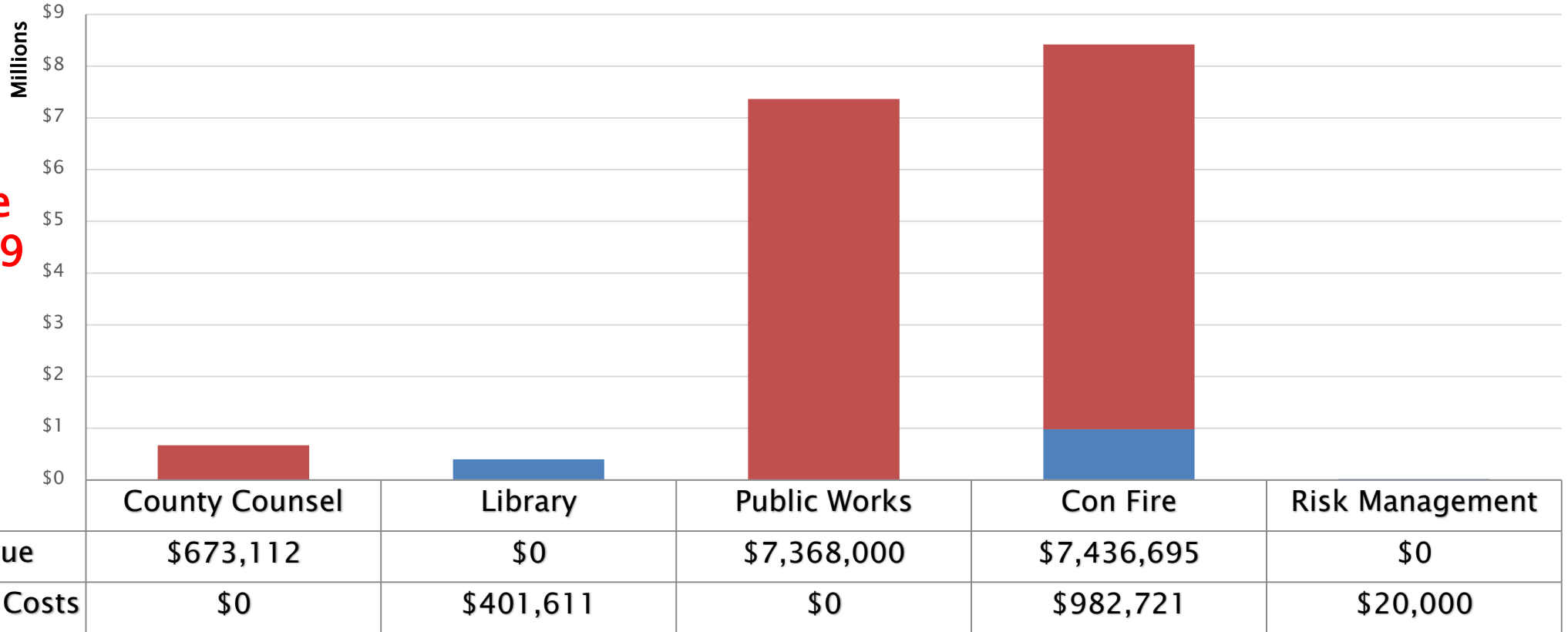


➤ Detailed analysis is available as Attachment B



# Unfunded COVID-19 Impacts

**Countywide  
\$16,882,139**

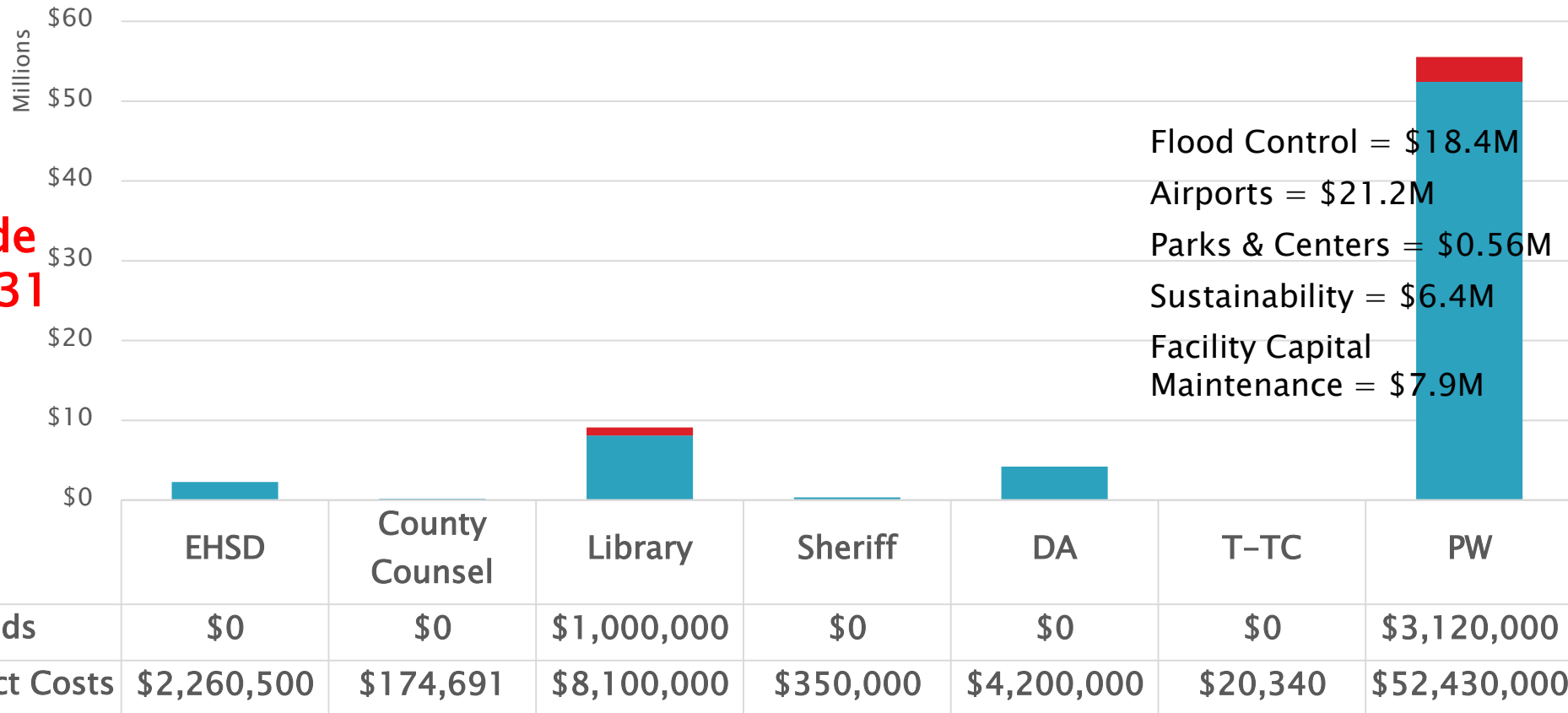


➤ Detailed analysis is available as Attachment C.1



# County One-Time Needs

**Countywide  
\$71,655,531**



➤ Detailed analysis is available as Attachment C.2



# State and Local Fiscal Recovery Fund

## ➤ Eligible Use Guiding Principles

- Unless otherwise noted, covered period is March 3, 2021-December 31, 2024 ([IFR p. 88](#))
- Costs can be incurred by December 31, 2024 but must be expended by December 31, 2026 ([IFR p. 122](#))
- Cannot spend funds on pension deposits ([IFR p. 71](#))
- States cannot spend the funds to reduce taxes or delay a tax increase ([IFR p. 69](#))
- May not be used as non-Federal Match for other Federal Programs ([IFR p. 86](#))

## ➤ Four Eligible Use categories

- COVID-19 or a negative economic impact
- Premium pay for eligible workers
- For government services to the extent of the loss of revenue
- Investments in water, sewer and broadband infrastructure



U.S. DEPARTMENT OF THE TREASURY



# COVID-19/Negative Economic Impact

## ➤ Eligible Uses

- Containing or mitigating COVID-19
- Behavioral Healthcare Needs
- Public Health and Safety Payroll for “...divisions primarily dedicated to the COVID-19 response”

## ➤ Examples of Negative Economic Impact Support

- Implement COVID-19 mitigation/prevention measures to enable safe resumption of tourism, travel and hospitality
- Rebuilding public sector capacity to pre-pandemic levels
- Small business support
- Hard-hit communities (investment in housing, disparities in education, etc.)



# Premium Pay for Eligible Workers

## ➤ Eligible Uses

- Premium pay to employees (public or private) within jurisdiction designated by Chief Executive as performing essential work consistent with definition in the Interim Final Rule. [\(IFR p. 43\)](#)
- “Essential work” defined as “...work involving regular in-person interactions or regular physical handling of items that were also handled by others. A worker would not be engaged in essential work and, accordingly may not receive premium pay, for telework performed from a residence.” [\(IFR p. 42\)](#)
- Premium pay can be retroactive and not subject to the March 3, 2021 covered period.

## ➤ Limitations

- \$13 per hour of additional premium pay max
- No more than \$25,000 for any single eligible worker
- If premium pay results in employee receiving 150% of statewide average annual wage for all occupations, then additional written justification must be made publicly available



# Gov't Services from Revenue Loss

## ➤ Eligible Uses

- “Government Services” in spending plan to the extent of revenue loss ([IFR p. 53-54](#))
- ✓ Provision of Services to residents
- ✓ Deferred maintenance costs on infrastructure
- ✓ Cybersecurity, healthcare services, police, fire and other public safety

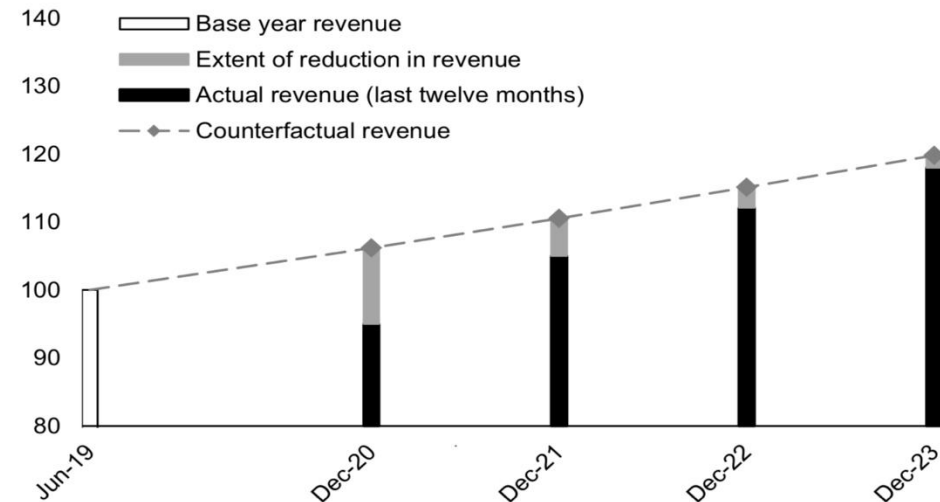
## ➤ Limitations

- Cannot spend on debt service costs
- Cannot replenish reserves or “rainy day” funds

## ➤ Calculation

- At the “Entity” level & over preceding 3 years as baseline
- Assumes at least 4.1% growth would have occurred annually

The overall methodology for calculating the reduction in revenue is illustrated in the figure below:





# Water, Sewer or Broadband Infrastructure

## ➤ Eligible Uses

- Building/upgrading of facilities and transmission, distribution and storage systems, including the replace of lead service lines.
- Investment in wastewater infrastructure
- Construction of reliable 100 Mbps broadband download/upload speeds unless impractical
- Prioritize investments in fiber optic broadband technology

## ➤ Limitations

- Not all infrastructure categories eligible
- Non water, sewer or broadband projects could be funded in “Revenue Loss” category







# Acknowledgements

1. ACKNOWLEDGE that on April 21, 2021, the Board acknowledged the intended use of approximately \$110 million from American Rescue Plan Year 1 funds for Health Services COVID-19 expenses, pending future discussion with the Board of Supervisors and final guidelines released by the US Treasury;
2. ACKNOWLEDGE that on May 11, 2021, the Board directed the County Administrator to return to the Board with recommendations regarding American Rescue Plan Act funding once definitive guidance is available;
3. ACKNOWLEDGE that the Health Services Department estimates FY 2021/22 COVID-19 response costs in the amount of \$135,311,296, which exceeds the Year 1 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) revenue allocation of \$112,029,451 from the U.S. Treasury;
4. ACKNOWLEDGE that County departments have identified \$16,882,139 in unreimbursed COVID-19 cost expenditures through June 30, 2021;
5. ACKNOWLEDGE that County departments have identified \$71,655,531 in one-time needs essential for the provision of County services to residents and reflect projects that could be obligated prior to December 31, 2024;
6. ACKNOWLEDGE that it is the intent of the Board to use one-time American Rescue Plan dollars to fund short term requirements and other one-time uses in compliance with Section 6 of the County Budget Policy;



# Recommendations

7. DIRECT the Year 1 allocation of American Rescue Plan – CSLFRF funds in the amount of \$112,029,451 to the Health Services department to defray the cost impacts of COVID-19 response activities to the County;
8. DIRECT the County Administrator to return to the Board of Supervisors with an appropriations and revenue adjustment to formally allocate the Year 1 allocation of American Rescue Plan – CSLFRF funds in the amount of \$112,029,451 to the Health Services department to the FY 2021/22 County Budget;
9. POSTPONE decisions related to the Year 2 allocation of American Rescue Plan - CSLFRF funds until more information is known about other American Rescue Plan revenue sources and the status of the COVID-19 pandemic response and related impacts on Contra Costa County; and
10. DIRECT the County Administrator to return to the Board of Supervisors quarterly, commencing in November 2021, with updates on use of American Rescue Plan funding by County departments responsible for administration of funds.



# Questions