



Contra
Costa
County

To: Board of Supervisors
From: Monica Nino, County Administrator
Date: November 8, 2022

Subject: COVID-19 COST RECOVERY UPDATE & AMERICAN RESCUE PLAN ACT (ARPA) FY 2022/23 1st
QUARTER UPDATE

RECOMMENDATION(S):

1. ACCEPT report on status of COVID-19 cost recovery response efforts and the American Rescue Plan Act (ARPA); and
2. PROVIDE direction to staff on next steps.

FISCAL IMPACT:

As of September 30, 2022, the County has identified \$343,051,683 of known ARPA revenue allocations across 22 unique grant programs. Of that amount, the County has received \$315,198,924 and spent \$201,801,712. A full accounting of the above figures, by unique grant program, is included in the "American Rescue Plan - Quarterly Report Worksheet", included as Attachment B to this staff report.

Of the amounts indicated above, the portion of ARPA Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) dollars received is \$224,058,903 and \$186,514,508 has been spent or allocated leaving \$37,544,395 available for allocation. A reconciliation of this

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **11/08/2022** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: November 8, 2022

Contact: Timothy Ewell,
(925) 655-2043

Monica Nino, County Administrator and Clerk of the Board of
Supervisors

By: , Deputy

cc:

figure is included in the Background section in a table titled "ARPA-CSLFRF Allocation, Project Expenditures, thru 6/30/24".

BACKGROUND:

ARPA was signed into law on March 11, 2021 by President Biden. The ARPA is a broad and far-reaching funding package totaling \$1.9 trillion, which provides direct stimulus to taxpayers, advances on child tax credit payments, direct allocations to State and Local governments as well as a myriad of competitive grant programs administered by federal agencies. A summary of the ARPA, including national funding figures, is included as Attachment A for reference.

BACKGROUND: (CONT'D)

County History of American Rescue Plan Act Actions

During the fiscal year 2021/22 budget development process, the County Administrator's Office requested information from departments about known impacts from the ARPA for context in assembling the fiscal year 2021/22 Recommended Budget. Because the passage of the ARPA occurred late in the County's budget process, there was very little information to share in subsequent budget presentations, with the exception of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF), which was widely being tracked throughout the legislative process by state and local government professional organizations such as the National Association of Counties (NACo). At that time, the County was estimated to receive slightly more than \$220 million over a two-year period.

On June 28, 2021, the County Administrator sent correspondence to department heads establishing guidance for reporting impacts of the ARPA on their respective departments. This included an initial assessment of ARPA impacts by program area, a request for information about unreimbursed COVID-19 costs incurred, a survey of one-time needs and templates of required quarterly reporting documents. The results were reported on during a public ARPA workshop hosted by the Board of Supervisors on August 3, 2021. In summary, departments reported the following information at that time:

- **Known ARPA Revenue:** \$317,327,304, of which \$127,606,232 has been received by the County
- **Unreimbursed COVID-19 Costs:** \$16,882,139, including \$7,368,000 of unrealized gas tax revenue due to Shelter in Place orders
- **One-Time Needs:** \$71,655,531, including \$4,120,000 that could be leveraged from non ARPA funding sources

It is important to note that the One-Time Needs figure above reflected projects that could be obligated prior to December 21, 2024 consistent with CSLFRF guidelines discussed further below.

At the conclusion of the August 2021 public workshop, the Board directed the full \$112 million allocation of Year 1 CSLFRF funding to the Health Services Department to defray the cost impacts of COVID-19 response activities. Subsequently, on January 25, 2022, the Board acknowledged that the fiscal year 2022/23 Recommended Budget would include \$53 million of Year 2 CSLFRF funding in the Health Services Department budget. On April 12, 2022, the Board approved the fiscal year 2022/23 Recommended Budget as presented, including the additional \$53 million of Year 2 CSLFRF funding. At the conclusion of fiscal year 2021/22, the Health Services Department had not spent the entire \$112 million allocation. \$30 million of that amount was rebudgeted in fiscal year 2022/23 making the total amount budgeted \$83 million (\$53 million of Year 2 funds + \$30 million of unspent Year 1 funds).

Review of Primary ARPA Revenue Drivers

There are two ARPA grant programs that provide the majority of funding to the County; specifically, the CSLFRF and a second allocation of Emergency Rental Assistance Program (ERAP) funds. Below are additional details about both revenue streams.

Coronavirus State and Local Fiscal Recovery Fund - \$224,058,903

Contra Costa County has been allocated \$224,058,903 of CSLFRF funds directly from the U.S. Treasury. The funding has been allocated in two, 50% tranches the first of which was received by the County on May 18, 2021 in the amount of \$112,029,451. The second tranche was distributed to the County in an equal amount on June 8, 2022. The ARPA outlines four specific eligible uses for CSLFRF funding:

- COVID-19 response activities or its negative economic impacts;
- Premium pay to eligible workers performing essential work during COVID-19;
- Government services to the extent of the reduction in revenue due to COVID-19; and
- Infrastructure investments specifically for water, sewer and broadband.

Each category above has several nuances associated with it, which staff intends to present in more detailed during

today's PowerPoint presentation. The ARPA requires CSLFRF recipients with populations over 250,000 residents to submit an annual Recovery Plan Performance Report, including descriptions of projects and information on performance indicators and objectives of each award. CSLFRF expenditures must be incurred by December 31, 2024 and ultimately spent by December 31, 2026.

Emergency Rental Assistance Program 2 - \$71,605,012 (\$38,941,950 Federal + \$32,663,062 State)

Contra Costa County was been allocated an additional \$71,605,012 in ERAP 2 funds directly from the U.S. Treasury and via the State of California through the State's ARPA funding allocation. This funding complements ERAP 1 funding previously received both from the U.S. Treasury and via from the State in the amount of \$75,822,311 making a total of \$147,427,324 rental and utility assistance funding available to Contra Costa residents, landlords and utility providers. The State of California requested letters of intent from counties and cities slated to receive State allocations of ERAP 2 funds, subject to final approval by governing boards, to secure funding allocations. The County Administrator's Office filed the letter of intent with the State on July 27, 2021 and subsequently received Board approval to continue participating in the State's Housing is Key program, providing coordinated rental and utility assistance throughout the state, including to Contra Costans.

ERAP 2 funds were to be used largely in a similar fashion to ERAP 1, but also allowed for relocation cost and security deposit assistance to eligible residents. ERAP 1 funds were to be expended by September 30, 2022 and ERAP 2 funds must be expended by September 30, 2025. The State program has concluded and all funds were distributed prior to the deadlines outlined above. For reference the total amount of ERAP assistance provided in Contra Costa County, among all funding programs, is \$220.2 million serving 16,797 households.

Fiscal Year 2022/23 1st Quarter (July-September) ARPA Status Report

As of September 30, 2022, the County has identified \$343,051,683 of known ARPA revenue allocations across 22 unique grant programs. Of that amount, the County has received \$315,198,924 and spent \$201,801,712.

A full accounting of the above figures, by unique grant program, is included in the "American Rescue Plan - Quarterly Report Worksheet", included as Attachment B to this staff report.

Status of ARPA CSLFRF Funding

As of September 30, 2022, the County had received the entire CSLFRF allocation of \$224,058,903 and expended \$121,632,013. A summary of revenue, expenditures and fund balance, by fiscal year, is included in the table below for reference:

ARPA - CSLFRF Allocation			
Actual Expenditures, thru 9/30/22	FY 2021/22	FY 2022/23	Total
Funding Sources:	\$ 112,029,452	\$ 112,029,452	\$ 224,058,903
Funding Uses:			
Health Services Department (COVID-19)	79,214,397	18,117,505	97,331,902
Pandemic Service Relief Payment	0	24,300,111	24,300,111
Total Claimed	\$ 79,214,397	\$ 42,417,616	\$ 121,632,013
Fund Balance	\$ 32,815,055	\$ 69,611,836	\$ 102,426,890

As previously mentioned, the Board of Supervisors has taken action to allocate \$83 million to the Health Services Department in fiscal year 2022/23. During a presentation by the department to the Board of Supervisors on September 13, 2022 related to transitioning the COVID-19 response, the department anticipated actual fiscal year 2022/23 expenditures of approximately \$60 million* with the remaining \$23 million being rebudgeted in fiscal year 2023/24. Based on actual expenditures in fiscal year 2021/22, anticipated expenditures in fiscal year 2022/23 and the anticipated rebudget of unused funds in fiscal year 2023/24, the current amount of CSLFRF funds unallocated is approximately \$37.5 million.

ARPA - CSLFRF Allocation				
Projected Expenditures, thru 6/30/24	FY 2021/22	FY 2022/23	FY 2023/24	Total
Funding Sources:	\$ 112,029,452	\$ 112,029,452	0	224,058,903
Funding Uses:				
Health Services Department (COVID-19)	79,214,397	60,000,000	23,000,000	162,214,397
Pandemic Service Relief Payment	0	24,300,111	0	24,300,111
Total Claimed	\$ 79,214,397	\$ 84,300,111	\$ 23,000,000	186,514,508
Fund Balance				\$ 37,544,395

*Note that HSD provided a range of \$60-\$70 million in fiscal year 2022/23 expenditures; however, this does not change the projected, unallocated amount of \$37,544,395 since any unspent balance is assumed to carryover into and spent during fiscal year 2023/24 by the department.

FEMA Public Assistance Program

Throughout the COVID-19 response, the County has focused cost recovery efforts on maximizing the amount of funding recovered from all available revenue sources. This requires constant review of new federal funding packages that have been adopted since the outset of the COVID-19 emergency, including the CARES Act, Consolidated Appropriations Act, 2021, ARPA and others. Specifically, once legislation is passed the rulemaking process takes time to occur, which ultimately informs how jurisdictions are able to spend that funding. This was the case with the CARES Act and ARPA.

Once the rulemaking process is complete, County staff is able to determine which funding stream is most appropriate to match up eligible expenses to recover costs. The funding source of last resort in emergencies is the FEMA Public Assistance program. Currently, the County anticipates \$78.4 million of project claims to be submitted to FEMA for reimbursement due to COVID-19. To date, the County has submitted \$64.9 million and received \$6.4 million. Below is a table illustrating anticipated costs by claim category for reference:

Claim Category	Estimate	Claimed	Obligated	Received
Non-Congregate Shelter (thru 3/31/2022)	32,425,961	32,425,961	0	0
COVID-19 Testing (thru 6/30/2022)	23,204,301	15,814,082	0	0
Cleaning, Materials, PPE (thru 6/30/2022)	12,784,204	10,197,540	0	0
Great Plates (thru 7/9/2021)	6,415,043	6,415,043	6,415,043	6,415,043
Consultant Costs (Ernst & Young)	1,500,000	0	0	0
Materials (PPE, Cleaning Supplies)	1,452,293	0	0	0
Vaccination (Fire Mutual Aid)	637,756	0	0	0
Total	\$78,419,558	\$64,852,626	6,415,043	6,415,043

Public Outreach

In anticipation of today's presentation, the County Administrator's Office held meetings with representatives from the Budget Justice Coalition on September 28th and October 28th to provide updates on projected ARPA funding available for allocation.

Conclusion

Today's action is to accept an update from the County Administrator's Office and provide direction to staff on potential next steps related to allocating the remainder of ARPA CSLFRF funds in the amount of \$37,544,395.

To assist with this, the County Administrator's Office conducted an internal process to update the One-Time Needs Survey of county departments originally presented to the Board at the August 2021 ARPA Workshop. The updated One-Time Needs Survey is included as Attachment C to this staff report.

CONSEQUENCE OF NEGATIVE ACTION:

The COVID-19 cost recovery update and fiscal year 2022/23 1st Quarter Report for ARPA will not be formally accepted by the Board of Supervisors.

CLERK'S ADDENDUM

Gigi Crowder; Rachel; Peter Wilson, Pittsburg; No name given; Dan Geiger, Budget Justice Coalition; I'm Mariana Moore, Senior Director for the Ensuring Opportunity Campaign and Budget Justice Coalition; Wanda; Anthony; Phil Arnold; Caller 6770; Stephen Smith; Stephanie.

ACCEPTED the report on status of COVID-19 cost recovery response efforts and the American Rescue Plan Act (ARPA); and DIRECTED staff to return to the Board with additional information:

- 1. Updated information on the \$50M in claims already submitted;**
- 2. Updated information on the \$14 Million in claims not yet submitted and the likelihood of reimbursement for those housing leases entered into for non-congregate housing;**
- 3. The expected timeline for receipt of funds from accepted claims;**
- 4. Information on what funding opportunities may exist from the newly passed legislation on infrastructure funding;**
- 5. A listing of community based organizations that have requested funding;**
- 6. More comprehensive information on the guidelines for allocation of the funds by the administration and treasury department.**

ATTACHMENTS

PowerPoint Presentation

Attachment A - American Rescue Plan Act Summary

Attachment B - American Rescue Plan Act, FY 2022/23 1st Quarter Report (July-September)

Attachment C - One-Time Needs Survey of Departments, Revised November 2, 2022