

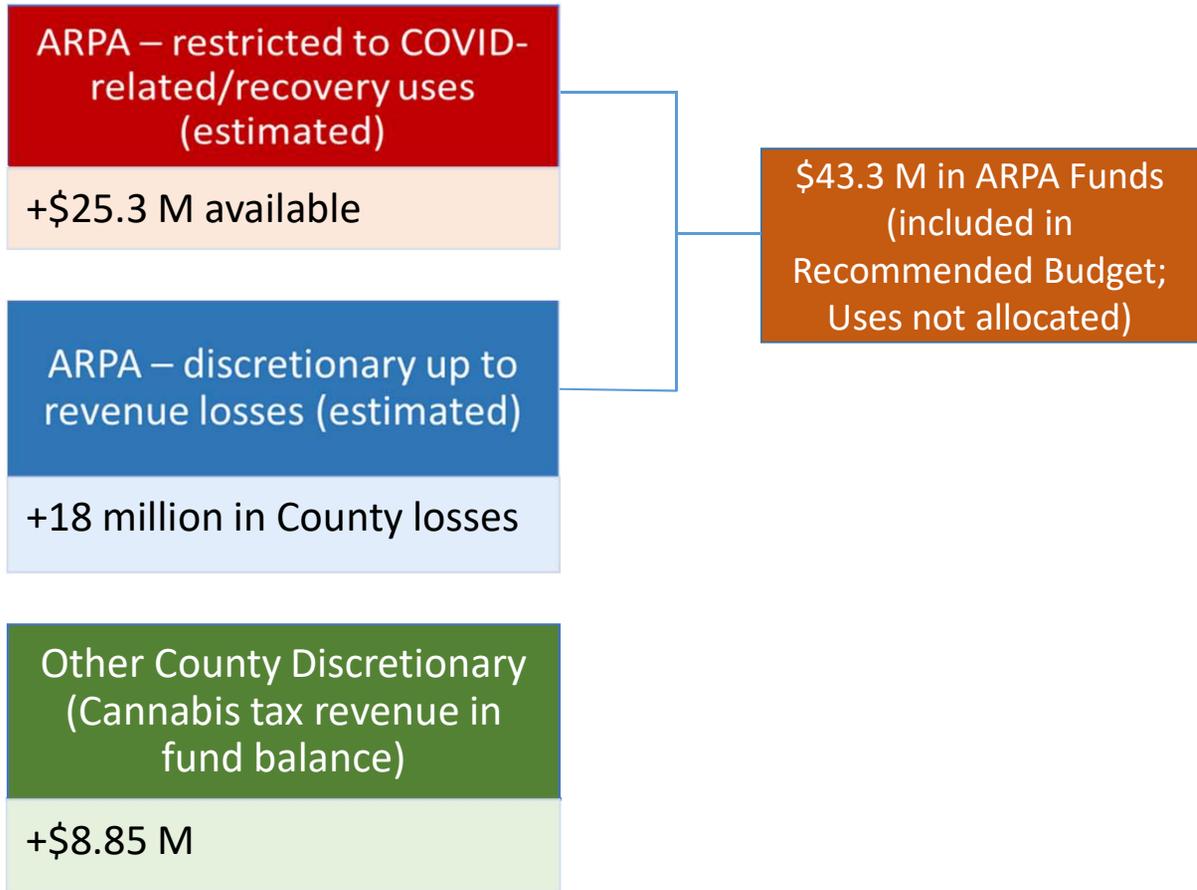
Consideration of American Rescue Plan Act of 2021 Funding and Other One-Time Resources for FY 2021-22

June 1, 2021



County
Executive
Office

FY 2021-22 Funding Sources for Discussion \$52.15 M



Background

- **County has received significant federal and State one-time funding for COVID-19 response and community support over the past year.**
 - CARES Act of 2020: \$46.1M
 - Consolidated Appropriations Act of 2021 (rent and utility cost relief provided to County residents): \$13.3M
 - CA Emergency Rental Assistance Program: \$14.3M
 - Federal/State/other revenues received directly by Public Health: \$37.0M
 - Federal Emergency Rental Assistance Program: \$16.6M
 - American Rescue Plan Act of 2021: \$86.6M
- **Other direct relief to small businesses and individuals via payment deadline extensions, tax credits, grants, and low-interest loans.**

ARPA Overview

- **County total allocation: \$86.6M**
 - 50% available to be budgeted in FY 2021-22
 - 50% available in FY 2022-23
- **Significant other local funding:**
 - \$88M for local cities
 - Additional funding for business and individual programs, including provisions for small businesses, housing, direct payments to citizens, expanded unemployment benefits, nutrition, education/childcare, and tax credits
- **Funding must be spent or otherwise obligated by December 31, 2024.**

Interim Guidance on Eligibility

- **Treasury's Interim Final Rule guidance:**
 - Released on May 10
 - 60-day comment period
 - Final guidance expected by September 1
- **Use of funds subject to annual Single Audit performed by County's external auditors.**
 - Pre-review to be coordinated with Auditor-Controller
 - Review by external auditors prior to funding commitment
- **Staff will return to your Board in October with final recommendations on use of funds.**

Interim Guidance on Eligibility (cont.)

- Interim Final Rule provides clarification on eligible uses, which include:
 - Response to public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and non-profits, or aid to impacted industries such as tourism, travel, and hospitality
 - Provision of government services to the extent of the reduction in revenue due to the emergency
 - To provide premium pay for essential workers
 - To make necessary investments in water, sewer, or broadband infrastructure

Restricted One-Time Funding Available

- **\$25.3M Restricted ARPA Funding** for response and recovery directly related to the public health emergency and its effect on our community
 - Response to public health emergency and economic impacts, including:
 - Expanding behavioral health services and programs to assist community recovery from pandemic impacts
 - Implementing interim and long-term solutions for housing relief and sustainability
 - Addressing the economic impacts of the pandemic
 - Improving access to community services, especially to underserved/under-resourced to bridge digital divide
 - Offsetting staffing, operational impacts, and facility modifications incurred by County due to pandemic
 - Enhancing community engagement, communications and data transparency
 - Aiding impacted industries, such as tourism, travel, and hospitality

Restricted One-Time Funding Available (cont.)

- **\$25.3M Restricted ARPA Funding** for response and recovery directly related to the public health emergency and its effect on our community
 - Homeless facility acquisition and renovation
 - \$7.0M property in Isla Vista; 10k+ shelter nights/year
 - Direct ARPA eligibility for investments that aid disproportionately impacted populations and communities, including programs and services that address housing insecurity, lack of affordable housing, or homelessness
 - Should other applicable State and federal funding become available before entering escrow, staff would recommend using the new funds in lieu of restricted ARPA funding

Discretionary One-Time Funding Available

- **\$18M Discretionary ARPA Funding** to replace “general revenues” lost as a result of the pandemic
 - May be allocated to provide general governmental services or fund eligible priority capital and one-time projects
- **\$8.849M Cannabis Tax Revenues** available for one-time projects or other critical needs
- Potential uses for discretionary funds include one-time prioritized capital and maintenance project and other critical needs, as well as budget workshop maintenance expansion requests

One-Time Prioritized Capital and Maintenance Projects

Description	Amount
CIP – Tier 1 Priority Projects	\$4,950,000
CIP – Tier 2 Priority Projects	\$6,080,000
CSD Pavement Expansion Request	\$1,000,000
PW Pavement Expansion Requests*	\$4,332,000
Subtotal	\$16,362,000
Homeless Facility Acquisition and Renovation	\$7,000,000
Total	\$23,362,000

*Eligible for use of discretionary ARPA funds related to lost Transportation revenues.

CIP Priority Projects: Tier 1

Tier 1 Priority Projects	Amount
Boiler System Replacement – SB Courthouse	\$2,000,000
Central Elevator Replacement, SB Main Jail	\$500,000
Tucker’s Grove Park, San Antonio Creek Bridge	\$1,350,000
Roof & Window Replacement, SB Engineering Building	\$400,000
HVAC Replacement, 4444 Calle Real	\$300,000
HVAC Replacement, Units 4, 5, 6 at SM Juvenile Hall	\$400,000
Total Tier 1	\$4,950,000

CIP Priority Projects: Tier 2

Tier 2 Priority Projects	Amount
Modoc Road Multiuse Trail	\$1,300,000
Repaving/Restriping Maintenance Program County Parks	\$400,000
Orcutt Community Ball Field, Lighting System	\$550,000
South County Demolition of Substandard Buildings	\$1,850,000
Countywide Building Energy Management Systems (BEMS)	\$450,000
Energy Efficient Lighting, SB Courthouse	\$300,000
Park Fitness Zones, Countywide	\$480,000
Office Interior Renovations, Santa Maria, Cook, and Miller	\$750,000
Total Tier 2	\$6,080,000
GRAND TOTAL	\$11,030,000

Budget Workshop Maintenance Expansion Requests

Department	Expansion	Amount
Public Works – Roads	Maintain PCI at 56*	\$4,332,200
Community Services – Parks	Pavement Refurbishment	\$1,000,000
Total		\$5,332,000

*Eligible for the use of discretionary ARPA funds related to lost Transportation revenues.

Direction Requested: Board Priorities for Potential Uses of ARPA Funding

- Building and supporting a strong child care network
- Acquisition of open space
- Development of multi-use and recreational trails
- Expansion of camping opportunities
- Subsidized Planning & Development fees for affordable housing projects
- Improvements, repairs, and equipment upgrades within regional and community parks
- Broadband improvements
- Renewable energy and battery storage projects
- Library construction
- Development of workforce housing
- Long Range Planning projects focused on improving tourism and economic vitality
- Improvements to specific local roads and intersections
- Participation in a regional study to define expansion of broadband to unserved or under-served communities
- Debris basin modifications and improvements
- Creek channel improvements
- Project Clean Water stormwater improvements (\$1.4M)
- CSA 12 sewer extension (\$2M)
- Laguna Sanitation system improvements (\$45M)

Recommended FY 2021-22 Use of ARPA and One-Time Cannabis Funds

ARPA – restricted to COVID-related/recovery uses (estimated)	ARPA – discretionary up to revenue losses (estimated)
<p>+\$25.3 M available (\$7 M) for homeless housing, unless other funding becomes available</p> <hr/>	<p>+18 million in County losses (\$4 M) to Transportation Fund/Projects (\$4.95 M) Tier 1 CIP Projects</p> <hr/>
<p>\$18.3 M for Allocation</p>	<p>\$9.05 M for Allocation</p>
<p>Recommendation: Allocate remaining funds after staff reviews priority uses with Auditors once final guidance is available; return in October</p>	
<p>Other County Discretionary (Cannabis tax revenue in fund balance)</p>	
<p>+\$8.85 M – Leave in Fund Balance or Allocate to additional priority CIP projects or other one-time uses</p>	

Key Recommendations

- Incorporate Tier 1 Capital Improvement Projects (\$4.95M) into the Recommended FY 2021-22 Budget from discretionary ARPA funds.
- Allocate up to \$7M in restricted ARPA funding to acquire and make improvements to real property for homeless housing unless other funding becomes available by November 2021.
- Identify other potential uses, including property acquisitions other than for homeless housing, for incorporation into the Recommended FY 2021-22 Budget.
- For the balance of ARPA funding, identify highest priority uses for referral back to staff for further evaluation and eligibility determination. Direct staff to return in fall 2021 for further direction.
- Provide other direction as appropriate.

Recommended FY 2021-22 Use of ARPA and One-Time Cannabis Funds

Available Sources	Amount
Restricted ARPA Funding	\$25,300,000
Discretionary ARPA Funding (Reimbursement of Lost Revenue)	\$18,000,000
One-Time Cannabis Tax Revenues	\$8,849,000
Total Funding Available	\$52,149,000

Recommended Uses	Category	Amount
Tier 1 Capital Improvement Projects	ARPA Discretionary	\$4,950,000
Housing Project Acquisition and Renovations	ARPA Restricted	\$7,000,000
Public Health Emergency Response and Economic Impacts*	ARPA Restricted	\$18,300,000
Reimbursement of Lost Revenue*	ARPA Discretionary	\$13,050,000
Unallocated One-Time Cannabis Tax Revenue	GF Discretionary	\$8,849,000
Total Recommended Funding Allocation		\$52,149,000

*Incorporated in the FY 2021-22 Budget, but final use deferred to October