



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
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Santa Barbara, CA 93101
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Department Name: County Executive Office
Department No.: 012
For Agenda Of: September 20, 2022
Placement: Departmental
Estimated Tme: 15 Minutes
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors
FROM: Department: Mona Miyasato, County Executive Officer
Directors
Contact Info: Nancy Anderson, Assistant CEO
SUBJECT: American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds Update and Adjustments

County Counsel Concurrence

As to form: Yes

Other Concurrence:

As to form: NA

Auditor-Controller Concurrence

As to form: NA

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Receive a presentation on the American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds (ARPA) funding update;
- b) Approve offsetting funding adjustments to identified ARPA projects for cost estimate changes and direct staff to return to the Board with the necessary budgetary adjustments at a subsequent Board meeting;
- c) Provide other direction as appropriate; and
- d) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA), because pursuant to sections 15378(b)(4) and 15378(b)(5) the recommended actions consist of organizational, administrative, or fiscal activities of government that will not result in direct or indirect physical changes in the environment.

Summary

The purpose of this agenda item is to approve funding adjustments, resulting in a zero net overall change, for certain County of Santa Barbara ARPA projects previously approved by the Board based upon actual project costs and updated needs of departments and partners to meet Board-established priorities. There are five recommended project adjustments with offsetting cost increases equaling cost decreases. The result is zero net change in overall ARPA allocations with no additional ARPA funds available to allocate. As many more projects are in the planning and procurement phases it is anticipated that more adjustments will be necessary as projects progress. Staff will periodically update the Board on the progress of ARPA projects and any necessary allocation adjustments. As of June 30, 2022, the County had incurred \$5,491,441 in expenditures for ARPA projects currently underway.

A list of all 58 Board-approved ARPA projects, expenditures incurred through June 30, 2022 and staff recommended adjustments are included with this staff report as Attachment A.

Background

The County of Santa Barbara was allocated \$86.7 million in American Rescue Plan Act funding to address COVID-19 related costs, economic impacts, lost revenues and water, sewer and broadband infrastructure needs. The Board considered the allocation of these funds through public meetings held June 1, 2021, October 19, 2021 and April 14, 2022.

The ARPA funds are divided into two categories: 1) Lost Revenue – Discretionary, and 2) Restricted. The Lost Revenue – Discretionary amount was calculated by the Auditor-Controller at \$26,574,618 using the Treasury’s prescribed methodology. The restricted category includes response and recovery efforts directly related to the public health emergency and its effect on our communities, as well as water, sewer, and broadband infrastructure needs.

U.S. Treasury guidance allows some flexibility to use ARPA restricted funds in the ways that best suit the needs of the community, provided the use fits into one of the following five major statutory categories:

- 1) To respond to the COVID-19 public health emergency or its negative economic impacts or services to disproportionately impacted communities;
- 2) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to such eligible workers of the recipient, or by providing grants to eligible employers that have eligible workers who performed essential work;
- 3) For the provision of government services, to the extent of the reduction in revenue of such recipient due to the COVID-19 public health emergency, relative to revenues collected in the most recent full fiscal year of the recipient prior to the emergency;
- 4) To make necessary investments in water, sewer, or broadband infrastructure; and
- 5) For administrative expenses, evaluation and data analysis or transfer to other government units as necessary.

In addition to the restricted eligible categories of funding, the County relied upon certain guiding principles and desired outcomes, consistent with the intent of the ARPA funding, which may continue to provide a framework for prioritizing funding as adjustments are made:

- 1) Provide support interventions to most affected: Address the most significant primary and secondary impacts of COVID-19. Provide needed support to individuals so there is better access to high quality services and resources to support individuals and the broader population’s recovery.

- 2) Incorporate equity and inclusion in service delivery: Integrate Whole Community practices to identify capacities and gaps in achieving equitable recovery and resiliency; focus on initiatives that make Santa Barbara County a place where all people can recover and thrive regardless of race, ethnicity, gender, age or economic circumstances
- 3) Ensure capacity to deliver recovery services, continuity of critical County services and facilities, and sustainability of programs if continued beyond ARPA. Build recovery team to drive recovery strategies and monitor trends. Harness advancements and capitalize on Renew '22 and what we have learned from COVID-19 to sustain and enhance a continuation of crucial County services and resources to our community. For services that may extend beyond 2026, identify other sources of funding if possible. If funding cannot be identified, assume the service will cease with the completion of ARPA funding or seek Board direction to prioritize above other needs.
- 4) Develop innovative, rapid and inclusive recovery activities. Seize opportunity to modernize County services, strategically deploying resources efficiently and responsively in accordance with organizational values.

Final Rule

On January 27, 2022, the Treasury Department released the Coronavirus State and Local Fiscal Recovery Funds Final Rule (Final Rule). The Final Rule made certain changes to the eligibility criteria and established several new eligibility criteria than that set forth in the previously released Interim Final Rule. While most changes merely renumbered previous eligibility criteria or moved sub-categories of eligibility into other categories, there was additional guidance regarding IT Infrastructure and Data, with clarification of greater flexibility for eligible categories addressing court backlogs, crime intervention, and rehiring public service staff.

Compliance and Reporting

On February 28, 2022, the U.S. Treasury Department released Compliance and Reporting Guidance, a supplemental document to the Interim Final Rule guidance issued in May 2021 and updated in February 2021. On January 27, 2022, Treasury issued its Final Rule expanded guidance, and on July 27, 2022, Treasury updated the associated frequently asked questions (FAQs) that confirmed eligible expenses under the Final Rule.

Reporting requirements include the following:

- Project and Expenditure Reports (Quarterly) – Due beginning with the award date through December 31, 2026.
- Recovery Plan Performance Report (Annual) – Counties with a population that exceeds 250,000 are required to submit and publish a Recovery Plan that must be posted on the County's public-facing website.

On April 19, 2022, the Board approved an agreement with Ernst and Young for ARPA consulting services to assist departments with reporting compliance. The County's current Recovery Plan is available for review on the [County of Santa Barbara ARPA Funding webpage](#).

Discussion

ARPA Expenditures Through June 30, 2022

Several projects are underway and incurred expenses through fiscal year-end. Many of the more recently approved projects are still in the planning and procurement phases. At this time, departments estimate fully expending designated allocations by the APRA deadline. However, Staff will update the Board

periodically as projects progress, and if funding becomes available for allocation. The table on the next page reflects the projects with expenditures reported to the Treasury as of June 30, 2022.

Summary of Project Activity:

Program/Project	Allocated Amount (as of 6/30/22)	Total Expenditure (as of 6/30/22)
Administration, Compliance, and Reporting	\$ 500,000	\$ 190,606
CIP Tier 1 - Roof & Window Replacement, SB Engineering Building	\$ 400,000	\$ 43,841
Road Maintenance	\$ 4,000,000	\$ 5,200
CIP Tier 1 - Central Elevator Replacement, SB Main Jail	\$ 500,000	\$ 17,325
CIP Tier 1 - Boiler System Replacement, SB Courthouse	\$ 2,000,000	\$ 5,365
HHS Plan: Housing & Homelessness (Bridge House)	\$ 1,200,000	\$ 15,025
Homeless Encampment Strategy, Year 1	\$ 1,482,500	\$ 510,142
Hedges House of Hope (fka El Colegio)	\$ 1,424,043	\$ 1,424,043
Community Recovery Resource Hub	\$ 200,000	\$ 18,000
Comprehensive Economic Development Strategy (CEDS)	\$ 150,000	\$ 150,000
HVAC Replacement, SM Juvenile Hall	\$ 400,000	\$ 400,000
COVID -19 Response - Testing	\$ 1,596,480	\$ 400,244
Mental Health Services and Assessment	\$ 1,500,000	\$ 206,790
COVID-19 Response - Vaccination	\$ 1,706,735	\$ 1,706,735
COVID-19 Response - PPE	\$ 150,376	\$ 150,375
COVID-19 Response - Prevention in Congregate Settings	\$ 99,445	\$ 99,445
COVID-19 Response - Vaccination Incentive	\$ 10,000	\$ 10,000
HVAC Replacement, Admin Building Basement	\$ 500,000	\$ 76,446
IV Community Center Sewer Replacement	\$ 100,000	\$ 61,858
Total Project Activity	\$ 40,204,196	\$ 5,491,441

Project/Program Adjustments

As anticipated, some project cost estimates need to be adjusted based on recent information or changing circumstances. Staff is recommending changes on the table below which demonstrate increases and decreases to costs for various projects. The result is zero net change in overall APRA allocations for these

projects. All of these ARPA projects are within the restricted category. The most significant change is related to the approved Clean Water Toro Oil/Water Separator for \$1.5 million. Public Works requested an alternate less restrictive funding source to expedite the complex procurement process for this project. Staff worked with the Ernst and Young consultants to identify qualifying General Fund costs (GFC) incurred that could be used to exchange sources for the critical project with no additional General Fund resources needed.

Summary of Adjustments:

Project or Program	Original Funding Amount	Recommended Adjusted Funding	Recommended Total	Explanation
Community Recovery Resource Hub	\$200,000	(\$182,000)	\$18,000	Project completed by internal staff with some website consulting hours resulting in project costs coming in less than estimated. The resource hub can be found at https://www.countyofsb.org/699/COVID-Recovery
HVAC Replacement, SM Juvenile Jail	\$400,000	\$79,000	\$479,000	Project over budget
Homeless Encampment Strategy	\$1,424,043	\$63,466	\$1,487,509	Increase funding to add security services
Clean Water Toro Oil/Water Separator	\$1,500,000	(\$1,500,000)	\$-0-	Alternate funding needed to expedite project procurement
Public Sector Capacity Backfill Positions	\$2,134,266	\$1,539,534	\$3,673,800	Qualifying salaries and benefits costs for various positions funded with GFC exchanged to fund Toro Oil/Water Separator
Net Change		\$-0-		

Staff recommends the Board consider these adjustments and, if approved, will return to the Board with the necessary budgetary adjustments in accordance with policy. Staff anticipates returning to the Board periodically for additional funding adjustments to programs and projects based upon actual project costs, available other funding opportunities, and updated needs of departments and partners to meet Board-established priorities, through the December 31, 2026 expenditure deadline.

Fiscal Impacts:

The purpose of this agenda item is to approve offsetting funding adjustments to ARPA projects. There is no net fiscal impact as these are offsetting adjustments. The total ARPA allocation remains \$86.7 million. The \$1.5 million Toro Oil Water Separator project will be funded with the General Fund dollars made available by backfilling eligible positions with ARPA.

Attachments:

Attachment A – ARPA Project Detail

Authored By:

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