

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 3.3
(ID # 18218)

MEETING DATE:
Tuesday, February 08, 2022

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: American Rescue Plan Act (ARPA) 1st Installment Revised Funding Allocation

RECOMMENDED MOTION: That the Board of Supervisors:

1. Review and approve the revised American Rescue Plan Act (ARPA) funding first year installment allocation

ACTION:

A handwritten signature in blue ink, consisting of a large, stylized 'J' followed by a horizontal line and a flourish.

Juan C. Perez, Chief Operating Officer

2/3/2022

MINUTES OF THE BOARD OF SUPERVISORS

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| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost |
|-----------------------------|-----------------------------|--------------------------|---------------------------|---------------------|
| COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| NET COUNTY COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SOURCE OF FUNDS: N/A | | | Budget Adjustment: | No |
| | | | For Fiscal Year: | 21/22 |

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (H.R. 1319) in to law. The \$1.9 trillion package is intended to combat the COVID-19 pandemic, including the public health and economic impacts.

As part of the \$362 billion in federal fiscal recovery aid for state and local governments, \$65.1 billion is provided in direct aid to counties. Riverside County’s share of the American Rescue Plan funding is estimated to be \$479 million, of which the first installment of \$239,937,299 was received on May 10, 2021. The deadline for spending the ARPA funds is December 31, 2024, except for the category of infrastructure projects for which the deadline is December 31, 2026.

On April 27, 2021, the Executive Office presented the Board of Supervisors with a preliminary ARPA funding allocation and on October 19, 2021, presented a revised funding allocation after the U.S. Treasury released the ARPA interim funding guidelines. The revised allocation included a new category for Child Care.

On January 6, 2021, the U.S. Treasury issued the final funding guidelines. These guidelines further clarify the detailed eligibility criteria for use of these funds. As a result of the latest criteria, the Executive Office is recommending a shift in the prior allocations between categories. This is primarily driven by a \$12 million reduction in the Revenue Backfill category (reduced from \$22 million down to \$10 million), allowing a shift to other priority categories. The revised ARPA funding allocation distribution is reflected on Attachment A, and described as follows:

Infrastructure - \$82 million. Infrastructure is a new category that was not eligible under CARES. The legislative language specifically names water, sewer, and broadband as eligible infrastructure expenses. Individual priority projects are being identified in each District and being presented to the Board. The initial proposed

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

allocation was \$65 million. Infrastructure continues to be a very high need and priority for our County, as has been highlighted through our Unincorporated Communities Initiative (UCI), to enhance quality of life, support disadvantaged communities, and aid with our economic recovery. As a result of recommended reductions to the Revenue Backfill (\$12 million reduction), Economic Recovery (\$4 million reduction) and County Departments Response (\$1 million reduction) categories, staff is recommending an increase of \$17 million to the infrastructure category

As part of the County's Broadband strategy, a Broadband Affordability Program is being developed to support underserved households and help close the Digital Divide. The Executive Office will be presenting this program to the Board in the coming weeks. Funding for the program could come from a carve-out of \$5 -\$7 million from this Infrastructure category, since Broadband is one of the eligible infrastructure uses.

Housing and Homelessness Solutions - \$50 million. This one-time investment will significantly increase local sheltering capacity, permanent supportive housing units and affordable housing which are critical to addressing homelessness. Individual projects are being identified in each District and being presented to the Board for consideration.

Economic Recovery - \$36 million. Develop programs to assist businesses and industries struggling to rebound from the pandemic as well as focus on strategic investment projects for future economic growth and resiliency. The initial proposed allocation was in the amount of \$40 million and \$4 million was transferred to the infrastructure category, given the importance of infrastructure in our economic recovery, resulting in a revised allocation amount for this category. The Office of Economic Development will be bringing forward a more detailed allocation plan for the Board's consideration in the coming weeks.

County Departments Response - \$30 million. Our County Departments, in particular our health system (Public Health, Behavioral Health, Hospital, and health clinics), along with our Emergency Management Department, continue to be on the front lines of our response. We will be maximizing the use of FEMA and other ARP direct grants to fund these programs, but there will still be a need for use of County ARP funds to cover shortfalls. The initial proposed allocation was in the amount of \$31 million. Staff is proposing reducing the allocation to \$30 million. On January 11, 2021, the Board approved the allocation of \$5 million to the County Departments Response category, and additional recommended allocations will be presented to the Board for consideration.

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
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Revenue Backfill - \$10 million. ARPA provides eligibility for revenue backfill of lost revenue due to the negative economic impacts of COVID-19. The Final Treasury guidelines provide two options for calculation of revenue loss, a complex formulaic approach or standard allowable backfill of \$10 million. The Executive Office has carefully assessed the options provided and is recommending that the County elects to receive the standard \$10 million revenue backfill allowance.

Non-Profit Assistance - \$16 million. Our Non-profits provide essential community support services that will assist in our recovery and increase our resiliency as a County moving forward. On August 24, 2021, the Board approved the allocation of \$1 million for the establishment of the Coronavirus Recovery Community Improvement Designation Funds to support non-profit organizations responding to the public health emergency or the negative economic impacts of COVID-19 within Riverside County. A Non-Profit Roundtable has been formed and initiated, which will be providing recommendations to the Board on the most impactful use of the remaining \$15 million.

Child Care - \$15 million. ARPA also provides eligibility for programs and efforts supporting the return of working parents to the workforce including early care and education retention, recruitment, and expansion of workforce, providers, and facilities. On September 14, 2021, the Board approved the allocation of \$15 million for the establishment of Early Care & Education (ECE) Recovery Fund to stabilize and expand availability of ECE to support the return of working parents to the workforce.