



## Legislation Text

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**File #:** 21-1680, **Version:** 2

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Chief Administrative Office recommending the Board:

- 1) Receive a presentation from the Economic Development Division relative to the Small Business Protection funding request, Health and Human Services, Environmental Management, the El Dorado County Water Agency and the County's Broadband Consultant regarding their request for American Rescue Plan Act funding; and
- 2) Consider and approve all or a portion of the Chief Administrative Officer's recommendations for allocation of the funding. (Cont. 11/2/2021, Item 6)

**FUNDING:** American Rescue Plan Act.

### **DISCUSSION / BACKGROUND**

#### American Rescue Plan Act

On March 11, 2021, President Biden signed into law the American Rescue Plan Act (ARPA), which allocated \$1.9 trillion to assist in the recovery from the impacts of the COVID-19 pandemic. Included in this amount is a direct allocation to counties and cities. A summary of funding amounts and purposes is available on the U.S. Department of Treasury website here:

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>.

El Dorado County is receiving a direct allocation of \$37.46 million. Approximately \$18.7 million was received in June 2021 and the second payment totaling an additional \$18.7 million is scheduled to be delivered in June or July 2022.

For reference purposes the City of South Lake Tahoe was allocated approximately \$5.3 million and the City of Placerville was allocated approximately \$2.6 million. In addition, the Governor allocated \$100 million in ARPA funds to be used to support special districts throughout California that were impacted by COVID. Special Districts were permitted to submit their funding requests to the Department of Finance during the period of October 1 - 15, 2021.

In general, ARPA funds can only be used for expenses incurred between March 3, 2021 and December 31, 2024. There are five categories of eligible use for ARPA funding:

- 1) Support Public Health Response
- 2) Address Negative Economic Impacts
- 3) Replace Lost Public Sector Revenue
- 4) Provide Premium Pay for Essential Workers
- 5) Invest in Infrastructure specifically related to clean drinking water, improving wastewater and storm water infrastructure and providing high-quality broadband service. Further clarification from the Department of Treasury's Interim Final Rule indicates that outdoor spaces like (e.g. parks) may also be eligible to use ARPA funding if they are within Qualified Census Designated Tracts that have

disproportionately been impacted by the pandemic.

All funds are to be obligated by December 31, 2024 and fully expended by December 31, 2026.

### July 13, 2021 Board Meeting/Direction

On July 13, 2021, the Board directed the CAO to return by the end of October with recommendations regarding the use of ARPA funds. The Chief Administrative Office received requests from County departments and outside agencies which total approximately \$118 million, and has reviewed these requests for compliance with ARPA allowable usage. Based on an initial review of requests, some are either not allowable or likely pose an audit risk. A summary of all funding requests is included in Attachment A. As a reminder, at the time of this presentation County staff had not received all of the funding requests from community stakeholders and partners. At that time, the Board directed the following:

- 1) Use ARPA funds to replace lost revenue as a result of the COVID pandemic. Since the July 13, 2021, Board meeting, the U.S. Treasury provided additional guidance relative to how to calculate lost revenue. In summary, lost revenue must be calculated as an entire organization and not based on specific funding streams. (**Since this item was presented to the Board on July 13, 2021, and based on the formula from the US Treasury, El Dorado County, as an entire organization, did not lose revenue as a result of the COVID pandemic. Therefore, this option is no longer available.**)
- 2) Allocate funding that is consistent with the County's Strategic Plan goals and priorities.
- 3) Assistance for small business and nonprofits.
- 4) Avoid a complex distribution of ARPA funds, as this will increase the administrative burden of managing these funds over the next five years and increase the audit risk.
- 5) Departments and community partners should pursue other ARPA funding sources and only request funds from the County's direct allocation as a last resort.

In addition, the Board directed the CAO to hire two ARPA positions: One ARPA Ombudsman and one administrative staff to oversee reporting. The Ombudsman was classified as a Sr. Administrative Analyst and the administrative position was classified as a Supervising Administrative Analyst after consultation with Human Resources.

Depending on the Board's direction and funding distribution plan, the ARPA Ombudsman position may not be needed. The CAO recommendations as presented here would not require the ombudsman, and that funding (\$750,000) has been reallocated among the CAO's recommended

uses. If the Board approves the recommendations as presented, the CAO will return to the Board with a resolution to remove the Sr. Administrative Analyst ARPA Ombudsman position. If the Board chooses an alternative recommendation, staffing resources will need to be reconsidered.

### Chief Administrative Officer Recommended Funding Allocations

Considering the above criteria that were approved at the July 13, 2021, Board meeting, the Chief Administrative Officer is making the following recommendations, with the primary emphasis being to provide long term, community-wide benefits to El Dorado County while avoiding a complex distribution of funds so that more funds can be allocated to programs/services rather than administrative overhead.

- 1) Broadband: Amount Requested: \$10 million. Amount Recommended: \$5 million

Strategic Plan Component: Infrastructure: Broadband/Technological Connectivity considered into County projects.

Justification: The ARPA request for Broadband projects is for final design and engineering work for the densely populated and priority areas that were previously designated by the Board. We estimate the costs to be approximately \$5 Million dollars. The completion of the design and engineering work will put the County in a stronger position to attract various grant funding to complete the construction portion of the projects. This work, in combination with the Economic Development Administration (EDA) grants already in process, would enhance the County's ability to extend broadband services to its population in currently under-served areas.

The Chief Administrative Officer and the Economic Development Manager should be directed to provide a report to the Board of Supervisors of actual expenses incurred on the 15<sup>th</sup> of each month following the end of the quarter (e.g, January 15<sup>th</sup>, April 15<sup>th</sup>, July 15<sup>th</sup>, etc.).

- 2) Parks: Amount Requested: \$6.67 million. Amount Recommended: \$3 million

Strategic Plan Component: Infrastructure - Analyze need, coordinate and plan for County facilities, parks and trails including ongoing maintenance, operations and equipment.

Justification: The U.S. Treasury Department Recovery Funds FAQs clarify that funds can be used for investments in outdoor spaces to support populations within Qualified Census Tracts (QCTs) to build stronger neighborhoods and communities. Within the community of Pollock Pines, Forebay Community Park is located in a QCT.

The Forebay park is the only one in the area and is in need of many improvements. The FY 2021-22 budget contains several sources of funding for improvements at Forebay Park. \$300,000 has been allocated from the State Parks Prop 68 Per Capita funds to install the restroom, and fund a portion of the conceptual plan and environmental analysis as part of this larger project. The budget also includes \$50,000 in General Fund for a playground, and \$43,000 for ADA improvements. In addition, the Community Economic Development Association Pollock Pines (CEDAPP), a volunteer community group not affiliated with the

County, has been actively fundraising with the intent to fund the playground and build a bike park on the north side of Forebay Park. In order to develop the park with each of these elements, a conceptual design, and environmental analysis, and approximately \$3,000,000 in additional funding is needed. A grant application was submitted for this site for Prop 68 Round 4 funding but no grant awards have yet been announced. Parks will also be requesting Board approval to submit an application for this park for two other State Parks grant opportunities. Should any of this grant funding be awarded, no ARPA funding would be needed for Forebay. However, should no grant funding be awarded, these funds are eligible for use in a disadvantaged area within the County.

The Parks Manager should be directed to provide a report to the Chief Administrative Office and the Board of Supervisors of actual expenses incurred on the 15<sup>th</sup> of each month following the end of the quarter (e.g, January 15<sup>th</sup>, April 15<sup>th</sup>, July 15<sup>th</sup>, etc.).

### 3) Health & Human Services:

Amount Requested: \$24.36 million. Amount Recommended: \$11.64 million (*see below*)

Strategic Plan Component:

- Healthy Communities - Achieve better outcomes for children, young adults and families in the areas of mental illness and substance abuse prevention.
- Public Safety - Support for the mentally ill, homeless and those with substance abuse disorders where public safety issues are present.

Justification:

Public Health Division - \$4,378,940. This ARPA request allows Public Health to have the tools to scale a response to local outbreaks for any potential surges on the horizon, now and over the coming three years. Both the federal and state governments are evolving their expectations of Public Health based upon the coronavirus pandemic. In addition to enhanced and new mandates expected throughout the coming three fiscal years, public health departments are now expected to increase their focus on infectious disease prevention and response. The U.S. Department of the Treasury states that the American Rescue Plan Act funding to counties is relief to “support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control” among other eligible uses. Without ARPA funding, Public Health will be required to draw down realignment fund balance in order to appropriately respond to the coronavirus pandemic. As outlined to the Board on October 21, 2021 with Legistar item 21-1444, Public Health realignment fund balance has been identified as a potential funding source for relocating or moving the El Dorado Center facility in South Lake Tahoe and to meet projected realignment funding shortfalls in the upcoming years. ARPA funding to Public Health will allow the County to respond to the changing needs of the pandemic response while strategically saving realignment fund balance that can be used for later facility and programmatic needs sparing the General Fund

Behavioral Health Division - \$7,264,000. El Dorado County Behavioral Health System of Care is at a critical turning point. Ongoing structural realignment budget deficits were exacerbated

by the coronavirus pandemic when many facilities across the state have reduced or not allowed behavioral health clients to be placed due to pandemic mitigation strategies. This resulted in a 28%, \$2,352,540, increase in the use of realignment in Fiscal Year 2020-21 when compared to Fiscal Year 2019-20, as presented to the Board on October 21, 2021 with Legistar item 21-1444. During the pandemic, I.D.E.A Consulting conducted the Behavioral Health System Assessment to outline a comprehensive review of the Behavioral Health system of care. Many of the key recommendations from I.D.E.A focus on a need to develop and expand local and lower-cost 'levels of care.' The U.S. Department of the Treasury's Interim Final Rule on the uses of County ARPA funding states that behavioral health care is an eligible expenditure under the COVID-19 prevention and mitigation programs and services category. In particular the guidance states, "new or enhanced State, local, and Tribal government services may be needed to meet behavioral health needs exacerbated by the pandemic and respond to other public health impacts." The majority of the ARPA Behavioral Health funding will be used to cover the costs of Psychiatric Health Facility (PHF) and Institute for Mental Disease (IMD) placements to individuals that are either homeless or reside in HUD Qualified Census Tracts (QCT), who as identified by the U.S. Treasury has disparately impacted the coronavirus pandemic. This will free up realignment funding that can be used in addition to the remaining ARPA funding to develop and expand local and lower-cost 'levels of care' that will be essential to mitigate Behavioral Health's realignment shortfalls in the coming years, sparing the General Fund. The timing of these investments are critical, as new behavioral health impacts have been and will continue to arise over the coming years as a result of the pandemic

The Director of Health & Human Services should be directed to provide a report to the Chief Administrative Office and the Board of Supervisors of actual expenses incurred on the 15<sup>th</sup> of each month following the end of the quarter (e.g, January 15<sup>th</sup>, April 15<sup>th</sup>, July 15<sup>th</sup>, etc.).

4) El Dorado County Water Agency:

Amount Requested: \$9.62 million

Amount Recommended: \$9.62 million

Strategic Plan Component: Infrastructure - Provide, operate and maintain our infrastructure, public facilities and associated services that protect our community, environment and economic well being. EDWA's countywide *Water Security Goal* seeks to safeguard water resources for health, livelihoods, ecosystems, and productive economies. Through this Goal, the Agency works with the County and local entities to support the delivery and implementation of strategies to secure infrastructure, improve drought preparedness, enhance the watershed health by improving water quality, reduce fire risk, promote climate adaptation, and promote flood protection.

Justification: The U.S Treasury's Interim Final Rule provides guidance on the eligible uses of the Fiscal Recovery Funds that includes investments in water, wastewater and stormwater infrastructure that (1) improves access to clean drinking water and (2) improves wastewater and stormwater infrastructure systems. This includes projects that are required to maintain a level of service to meet applicable health-based standards, and take adaptation to climate change into account. Eligible projects include construction, improvements and repairs to wastewater treatment plants; control of non-point sources of pollution; improve resilience of infrastructure from severe weather events; create green infrastructure; manage and treat

stormwater or subsurface drainage water; facilitate water reuse; and protect waterbodies from pollution.

Infrastructure projects are based on projects that can clearly be supported under one or more of the following criteria:

1. Meet State Revolving Fund (SRF) categories or Drinking Water State Revolving Fund categories
2. Support infrastructure investments that address watershed erosion or flooding protection, water supply reliability
3. Improve flexibility to move water supplies around to different communities
4. Provide drought resiliency for multiple dry-year events within the County
5. Provide benefits to the vulnerable rural populations with safe and critical drinking water
6. Support the creation for funding opportunities that would not otherwise exist because of
  - a. Competition for general funds;
  - b. Classification of a project that may not fall into established grant or alternative funding opportunities such as grants or loans; or
  - c. Unforeseen needs that have not been anticipated in adopted capital improvement plans
7. Address erosion within a watershed that continues to be exasperated by the impacts of climate change and increased intensity of rainfall event
8. Establish the project to a level/stage where it may qualify for alternative funding opportunities (e.g., "shovel ready" stage)

Attachment 1 summarizes the recommended projects that include:

1. El Dorado County Fairgrounds Water Quality and Drainage Improvements Project  
\$ 400,000
2. Rubicon Tank 1 Water Feed Line Replacement  
\$ 75,000
3. Lower Meeks Bay Pressure Reducing Station  
\$ 200,000
4. Sly Park Intertie Improvement  
\$ 750,000
5. Outingdale Dam Rehabilitation  
\$ 440,000
6. South Upper Truckee Erosion Control Project  
\$ 575,000
7. Clearwell and Booster Pump Station Reliability Improvements  
\$2,530,000
8. Reservoir Lining Rehabilitation  
\$ 300,000
9. Rubicon Wells 2&3 Backup Power Project  
\$ 200,000
10. West Lake Tahoe Regional Water Treatment Plant  
\$ 500,000
11. Water System Conditions Assessment and Water System Reliability Study Update  
\$ 50,000

|   |                    |
|---|--------------------|
| 12. Pioneer Trail Rehabilitation Project          | \$1,600,000        |
| 13. <u>Tahoe Cedars Distribution Improvements</u> | <u>\$2,000,000</u> |
| TOTAL WATER REOURCES INFRASTRCURE INVESTMENTS     | \$9,620,000        |

The General Manager of the Water Agency should be directed to provide a report to the Chief Administrative Office and the Board of Supervisors of actual expenses incurred on the 15<sup>th</sup> of each month following the end of the quarter (e.g, January 15<sup>th</sup>, April 15<sup>th</sup>, July 15<sup>th</sup>, etc.).

5) Cal Tahoe JPA:

Amount Requested: \$2.24 million. Amount Recommended: \$183,000

Strategic Plan Component: Infrastructure - Analyze the need, coordinate and plan for County facilities, maintenance and operations.

Justification: The ambulance system in South Lake Tahoe is in need of a building for staff and ambulances and is in the process of renovating the building located at [address] for this purpose. Approval of this allocation is consistent with the ARPA guidelines as it is improving/expanding health care services. If this allocation is not approved, the Board will need to identify other funding, such as County Service Area 3 funds or the General Fund, to complete these repairs.

The Executive Director of Cal Tahoe JPA should be directed to provide a report to the Chief Administrative Office and the Board of Supervisors of actually expenses incurred on the 15<sup>th</sup> of each month following the end of the quarter (e.g, January 15<sup>th</sup>, April 15<sup>th</sup>, July 15<sup>th</sup>, etc.). If approved, the Chief Administrative Officer is recommending that all funding be provided to the Cal Tahoe JPA on a reimbursement basis.

6) Environmental Management

Amount Requested: \$27.4 million Amount Recommended: \$2.6 million

Strategic Plan Component: Infrastructure - Analyze the need and plan for County facilities, maintenance, operations and replacement.

Justification:

County Environmental Management requested \$2,600,000 to replace original headworks at the New Union Mine Disposal Facility that do not currently remove some materials, which damage equipment downstream as part of the treatment process. The new headworks would also reduce the frequency of the need to clean the 500,000-gallon aerobic digester equipment, which currently occurs every 3-5 years and costs approximately \$300,000 each time. The Interim Final Rule for use of Recovery Funds specifically calls out use of funds for projects in

those same categories outlined in the Environmental Protection Agency's Clean Water State Revolving Fund. Eligible projects are those that would improve water quality and address water pollution, including those to "construct, improve and repair wastewater treatment plants". Use of funding for headworks replacement is an eligible expense under ARPA rules and would produce a savings in periodic cleaning costs in the long-run.

The Director of Environmental Management should be directed to provide a report to the Chief Administrative Office and the Board of Supervisors of actual expenses incurred on the 15<sup>th</sup> of each month following the end of the quarter (e.g, January 15<sup>th</sup>, April 15<sup>th</sup>, July 15<sup>th</sup>, etc.).

7) Small Business/Non-Profit Support

Amount Requested: \$5 million      Amount Recommended: \$3,955,060

Strategic Plan Component: Economic Development - Nurture the County and Community's business friendly environment, and retain, develop and attract businesses that provide economic sustainability and quality job creation.

Justification:

Many businesses and non-profits were negatively impacted due to the COVID restrictions. As a reminder, when the County received CARES Act funding, \$5 million was allocated to a countywide small business support program, which included businesses in the cities of Placerville and South Lake Tahoe. At this time, neither city is intending to use their ARPA allocation for small business support. Therefore, it is recommended that any funding allocated to this program should be for the unincorporated areas of the county.

In addition, the Board should note that the El Dorado County Fair Association is requesting \$813,000. Considering the Fair Association is a non-profit, this is an allowable use under the American Rescue Plan Act, and the Chief Administrative Officer supports allocating this full amount to the Fair Association, which would reduce the amount available for small business support and non-profit support to approximately \$3.14 million.

If the Board approves this allocation, the Fair Association should provide their spending plan to the Chief Administrative Officer for approval by the Board of Supervisors. In addition, the Fair Association and the Economic Development Manager should provide quarterly reports of all expenses incurred on the 15<sup>th</sup> of each month following the end of the quarter (e.g, January 15<sup>th</sup>, April 15<sup>th</sup>, July 15<sup>th</sup>, etc.).

8) Fire Districts

Amount Requested: \$10,955,988      Amount Recommended: \$500,000

Strategic Plan Component: Public Safety - improved communication and coordination between public safety and other agencies and the public.



Justification: Fire districts are first responder providers of emergency medical services and have experienced impacts related to the pandemic such as increased need for personal protective equipment and other medical supplies and equipment, increased need for sanitation, and more frequent replacement of uniforms. It is recommended that the CAO work with the Fire Chiefs' Association to develop a list of eligible costs for which the districts may apply for reimbursement from the \$500,000 allocation, and to develop an efficient process, to be coordinated by the Fire Chiefs' Association, for districts to apply for the funds, .

The Chair of the Fire Chiefs' Association should be directed to provide a report to the Chief Administrative Office and the Board of Supervisors on the 15<sup>th</sup> of each month following the end of the quarter (e.g, January 15<sup>th</sup>, April 15<sup>th</sup>, July 15<sup>th</sup>, etc.).

### 2020 CARES Act Allocation

As a reminder, in 2020 El Dorado County received \$19,701,272 in federal funding to address the impacts of COVID from the CARES Act. The following is a summary of funding allocated to outside agencies and community partners:

|  |                     |
|--|---------------------|
| 1) Business Protection:                  | \$5,000,000         |
| 2) Childcare & Education:                | \$4,000,000         |
| 3) School COVID Testing:                 | \$1,000,000         |
| 4) EMS and Fire Districts:               | \$857,310           |
| 5) Barton Hospital:                      | \$300,000           |
| 6) El Dorado Hills CSD:                  | \$41,217            |
| 7) Apple Hill Growers Association:       | \$15,000            |
| 8) Cameron Park CSD:                     | \$6,776             |
| 9) El Dorado County Chamber of Commerce: | \$1,207             |
| 10) El Dorado Hills Chamber of Commerce: | \$369               |
| <b>TOTAL:</b>                            | <b>\$11,221,879</b> |

### **ALTERNATIVES**

The Board could choose not to allocate funding at this time, allocate only a portion of funds, and/or adjust the allocation amounts.

### **PRIOR BOARD ACTION**

July 13, 2021, Legistar #21-1080

### **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

See body.

### **FINANCIAL IMPACT**

All requests will be funded with ARPA funds, resulting in no impact to Net County Cost or the County's budget.

### **CLERK OF THE BOARD FOLLOW UP ACTIONS**

N/A

**STRATEGIC PLAN COMPONENT**

Good Governance

**CONTACT**

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Chief Administrative Officer