



COUNTY OF HUMBOLDT

For the meeting of: 7/28/2020

File #: 20-905

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Departmental

SUBJECT:

Coronavirus Aid, Relief and Economic Security Act (CARES Act) Relief Fund Proposed Spending Plan and Supplemental Budget for Emergency Preparedness in Fiscal Year 2019-20 (4/5 Vote Required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve the Coronavirus Aid, Relief and Economic Security Act (CARES Act) Relief Fund Proposed Spending Plan (Attachment 1);
2. Direct the Auditor-Controller to establish Fund 3232 (Emergency Response) and Budget Unit 120 (COVID Response-CARES);
3. Approve the supplemental budget request of \$13,591,000 (Attachment 2) in Fund 3232, Budget Unit 120 for fiscal year 2019-20 and authorize the County Administrative Office and Auditor-Controller staff to make any technical corrections necessary to effectuate the Board's direction (4/5 vote required); and
4. Delegate authority to the Auditor-Controller's Office and County Administrator's Office (CAO) to approve budget transfer requests to create fixed assets for the CARES Act Funding budget unit 3232-120 up to \$50,000.00 for equipment and up to \$100,000.00 for building improvements that meet the eligibility criteria for the CARES Act Funding.

SOURCE OF FUNDING:

Federal Funding

DISCUSSION:

On March 27, 2020, the CARES Act was signed into law. This legislation authorizes more than \$2 trillion to battle COVID-19 and its economic effects, including treatment and testing, Public Health sanitation and protection, emergency response, compliance and mitigation, and economic support.

In order to receive CARES Act funding, local governments were required to attest that funds would be used only for costs that:

- a) Are necessary expenditures incurred due to the public health emergency with respect to COVID

-19;

- b) Were not accounted for in the budget most recently approved as of March 27, 2020; and
- c) Were incurred during the period that begins March 1, 2020 and ends on December 30, 2020.

In addition, the county as a condition of the State of California had to agree to do all of the following as a condition of receipt of funds:

- a) Adhere to federal guidance and the state's stay-at-home requirements and other health requirements as directed in gubernatorial Executive Order N-33-20, any subsequent Executive Orders or statutes, and all California Department of Public Health orders, directives, and guidance in response to COVID-19 emergency;
- b) Use the funds in accordance with all applicable provisions of subdivision (d) of Control Section 11.90 of the Budget Act of 2020;
- c) Report on expenditures and summarize regional collaboration and non-duplication of efforts within the region by Sept. 1, 2020, and return any funds that are unspent by Oct. 30, 2020 (unless extended by the Department of Finance based on reported expenditures to date), and repay the state for any cost disallowed after federal review; and
- d) Retain records to support reported COVID-19 eligible expenditures and participate in audits as outlined by the federal government and state.

The required attestation was sent to the Department of Finance by the County Administrative Officer on June 30, 2020. The initial disbursement of funds, equal to one-sixth of the total allocation, are anticipated to be received by the end of July. The County of Humboldt has been allocated \$13.591 million, which reflects a relative share of the state's population. In addition, \$275 million has been allocated for cities with populations of less than 300,000, with the incorporated cities of Humboldt County receiving funding that ranges from \$50,000 to \$329,656.

The US Treasury has issued initial guidance, which is continuing to evolve, describing the eligible uses for the Coronavirus Relief Fund (CRF). The CARES Act requires monitoring and oversight of the receipt, disbursement, and uses of the funds to be managed by the Inspector General of the Department of Treasury. If the Inspector determines that the county has failed to comply with the requirements listed above, then the county can be required to repay to the federal government the amount of funds involved in the failure to comply.

This initial spending plan has been developed through the collaboration of the County Administrative Office, the Department of Health and Human Service and the Sheriff, and includes proposed funding for small businesses, critical safety net services to support vulnerable populations, and for reimbursement of county expenditures incurred to respond to COVID-19, such as addressing medical needs and other health precautions. Attachment 1 provides your Board with a breakdown of the proposed utilization of funding. Also contained in today's report is a recommendation for your Board to approve the supplemental budget contained in Attachment 2. This supplemental budget will allow staff to immediately begin utilizing the CRF funding in the manner approved by your Board. Upon your Board's approval of the proposed spending plan and supplemental budget, the County Administrative Officer will finalize a disbursement methodology to implement this plan. Staff anticipates that detailed support provided by those seeking funds will be reviewed and approved by the

County Administrative Office and the Auditor-Controller to determine if they are allowable uses of the CARES Act funding and state guidelines.

This initial spending plan is likely to change as more information becomes available from the US Treasury, and as needs for the funds are continually reassessed. Staff will return at a later date to make the necessary budget adjustments and to obtain approval from your Board as to any recommended amendments to this spending plan. Accordingly, staff recommends that your Board approve the proposed Coronavirus Aid, Relief and Economic Security Act Relief Fund Proposed Spending Plan and supplemental budget which is summarized as follows:

Local Government Support	\$	2,028,670
Care of Citizens	\$	874,620
Small Business Support	\$	3,288,650
Future Needs	\$	7,399,060
	\$	13,591,000

The recommended Spending Plan proposes \$3 million, or 25% of the CRF funding, be allocated for a Small Business Recovery Grant Program. Contained in Attachment 3 is a program summary sheet, detailing the purpose, administration and eligibility for that program.

FINANCIAL IMPACT:

The total CRF funding allocated to the County of Humboldt totals \$13.591 million. The recommended supplemental budget will allow for all expenditures to be allocated to one fund and budget unit (3232-120), providing for improved tracking and transparency of the CRF funding. Funds will be utilized for local government support, care of citizens, small business support and future COVID-19 related expenditures. The Small Business Restart and Recovery Program (Attachment 3) before your Board today proposes \$3.2 million to be allocated and distributed to local small businesses.

To date, \$3.1 million has been spent by the General Fund and Public Health to respond to the COVID-19 emergency. The Proposed Spending Plan and supplemental budget allows for CRF funding to be utilized as a reimbursement for those expenditures. Future staffing, protective equipment and sanitation, and telecommuting expenditures are also proposed to be funded through the CRF allocation. Allocation of funding in the proposed manner will allow for county funds to be reimbursed for the response to COVID-19, while allocating the remaining funds to support the care of citizens and the recovery of local businesses.

STRATEGIC FRAMEWORK:

This action supports your Board’s Strategic Framework by protecting vulnerable populations ,

File #: 20-905

managing resources to ensure sustainability of services and supporting business, workforce development and the creation of private-sector jobs.

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion.

ATTACHMENTS:

Attachment 1 CARES Act Relief Fund Proposed Spending Plan

Attachment 2 Supplemental Budget

Attachment 3 Small Business Recovery Grant Program Proposal

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

File No.: N/A