



COUNTY OF HUMBOLDT

For the meeting of: 9/29/2020

File #: 20-1259

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Consent

SUBJECT:

Revised Coronavirus Aid, Relief and Economic Security Act (CARES Act) Relief Fund Spending Plan

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve the revised Coronavirus Aid, Relief and Economic Security Act (CARES Act) Relief Fund Spending Plan (Attachment 3) and the use of unspent Small Business Restart and Recovery Grant funds to support local non-profit and special district expenditures necessary to respond to COVID-19.

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 via the State of California, local governments in California with a population under 500,000 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 Dec. 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, 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. As of Sept. 21, 2020, the county has received \$4,530,456 of the \$13.591 million allocation. The remaining balance is anticipated to be received in October.

The US Treasury has issued several iterations of 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.

The initial spending plan, developed through the collaboration of the County Administrative Office (CAO), the Department of Health and Human Service and the Sheriff's Office, came to your Board on July 28, 2020. That plan included 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 contains the initial spending plan as approved by your Board.

The Department of Finance requires all funds to be spent (not just obligated) by December 30, 2020. Any unspent funds must be returned to the US Department of Treasury (DOT). The first report on expenditures was submitted to the Department of Finance on Sept. 4, 2020 (Attachment 2). This report will be used to determine if the reallocation of funds is necessary. The below summarizes those reported expenditures. The revised spending plan has been updated to reflect actual expenditures and projections for future expenditures. Attachment 3 reflects the revised spending plan and includes an explanation of variance for all changes from the initial proposal.

Expenditures	
Through June 30	\$ 2,798,409
Through Aug. 30	\$ 1,014,321
Projected through	\$ 9,778,270
Total Allocated	<u>\$ 13,591,000</u>

The Proposed Spending Plan included \$3,288,650, or 25% of the CRF funding, to be allocated for the Small Business Restart & Recovery Grant program. As of Sept. 21, 2020, approximately \$2.7 million is anticipated to be approved and allocated to small businesses impacted by COVID-19. The response

to this program has been astounding, however approximately \$570,000 is anticipated to go unallocated. Staff recommend any unspent funds be used to provide support to local non-profits and special districts for expenditures necessary to respond to COVID-19. Furthermore, an additional \$600,000 is recommended for allocation to provide support to this program.

Finally, \$2.1 million has been allocated for building modifications necessary to make county facilities safer for its employees and the public by installing hardware such as permanent sneeze guards, touchless toilets, faucets, paper dispensers and water fountains, and other necessary modifications required to support proper social distancing. Given the short timeframe provided to spend CRF funds and the time required to perform building modifications, it is not anticipated that all of these funds will be spent, therefore staff recommend unspent funds be reallocated for other necessary expenditures related to COVID-19 response. Accordingly, staff recommends that funds previously allocated for building modifications be reallocated in the amount of \$600,000 to support the SBRR program and \$500,000 be moved to a contingencies object code to allow for flexibility in spending. All expenditures are required to have CAO approval and as necessary expenditures arise, funds can be moved from the contingencies object code to other services and supplies object codes without additional Board approval. This flexibility will ensure that the county maximizes the spending capabilities of the CRF funds.

Included in Attachment 4 is a request from Crestwood Behavioral Health for \$86,219 for COVID related expenditures necessary to serve Humboldt County clients. This request is not recommended for the full funding at this time as Crestwood can potentially access a portion of their request through the revised SBRR grant program.

FINANCIAL IMPACT:

The total CRF funding allocated to the County of Humboldt totals \$13.591 million. The revised Spending Plan allows for flexibility in spending CRF funding to ensure the maximum amount of funding is utilized. As of Aug. 30, 2020, \$3.81 million in CRF funding has been spent. There is no impact to the General Fund for the recommendations contained in today's report.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by protecting vulnerable populations , 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 CARES Act CRF Report Sept. 4, 2020

File #: 20-1259

Attachment 3 Revised CARES Act Relief Fund Spending Plan
Attachment 4 Crestwood Request

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: 7/28/20

File No.: 20-905