



COUNTY OF HUMBOLDT

For the meeting of: 8/10/2021

File #: 21-1002

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Departmental

SUBJECT:

American Rescue Plan Act Funding Recommendations and Administration of Economic Impact Grant Program

RECOMMENDATION(S):

That the Board of Supervisors:

1. Review the proposed American Rescue Plan Act (ARPA) Spending Plan;
2. Direct staff to enter into sole source agreements with Arcata Economic Development Corporation, Redwood Region Economic Development Corporation and Humboldt Area Foundation for administration of an economic impact grant program, and adopt priority funding areas;
3. Approve the supplemental budget in the amount of \$53,000 in the ARPA budget unit (3232-120200) for the Department of Health & Human Services' request for funding for General Relief Client debt, and authorize staff to make any technical corrections necessary to effectuate this direction; and
4. Determine whether to fund the remainder of requests received to the extent allowable under Treasury Guidance.

SOURCE OF FUNDING:

American Rescue Plan Act, General Fund (1100)

DISCUSSION:

On March 11, 2021, President Joe Biden signed into law a nearly \$1.9 trillion coronavirus relief bill (HR 1319). Known as the American Rescue Plan Act (ARPA) of 2021, the law represents the sixth COVID-19 recovery measure that Congress has passed since last March. This most recent legislation established the Local Coronavirus Relief Fund and includes robust, direct and flexible federal COVID-19-related financial support to all counties, including Humboldt. Counties across America will receive a total of \$65.1 billion, with funds based on population, while California counties are slated to receive at least \$7.6 billion.

The County of Humboldt received \$13.1 million in June 2021 and will receive another equal tranche of

ARPA funding in 2022. It is important to note that \$8 billion has been allocated directly to cities as well (Attachment 1). While counties receive funding directly from the US Treasury, cities under 50,000 total population will receive funding through the state. The California Department of Finance (DOF), using population data provided by Treasury, estimates local cities' total (2-year) allocation as follows:

Agency	2021-22 DOF Estimate	Total
City of Eureka	\$3,194,800	\$6,389,600
City of Arcata	\$2,204,544	\$4,409,087
City of Fortuna	\$1,466,307	\$2,932,613
City of Rio Dell	\$400,576	\$801,152
City of Ferndale	\$161,714	\$323,427
City of Blue Lake	\$148,915	\$297,830
City of Trinidad	\$42,462	\$84,924

ELIGIBLE USES

In May, Treasury issued an Interim Final Rule (Attachment 1) that outlines the eligible uses for ARPA funding. In broad terms, the funds may be used:

- a. To respond to the public health emergency or its negative economic impact, including assistance to households, small businesses, and non-profits, or aid to impacted industries such as tourism, travel, and hospitality;
- b. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- c. For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency; and
- d. To make necessary investments in water, sewer, or broadband infrastructure.

Recommendation #1

Review ARPA Spending Plan

Your Board on June 8, 2021, adopted a tentative spending plan for use of the county's ARPA funding. The spending plan was comprised of three categories as follows:

Proposed ARPA Spending Plan FY 2021-22 - \$13,165,276		
% of 21-22 ARPA Allocation	Projected \$ Amount	Category/Purpose
60%	\$7,889,166	Category 1. Economic Impact: business, non-profit grant projects, districts and other economic
25%	\$3,291,319	Category 2. Government Services: repair and improvements
15%	\$1,974,792	Category 3. Contingencies: Other costs

This agenda item focuses on partnering with local agencies to develop a grant program and administer funds related to the Economic Impacts portion (Category 1 above) of your Board's ARPA Spending Plan. The amount of funding available for Roads (Category 2) is dependent on the amount of revenue loss the county can demonstrate per the formula in the Interim Final Rule, and staff are still working to determine this amount. In addition, the Senate is expected to vote soon on an amendment sponsored by Senator Alex Padilla that would make certain ARPA funding eligible for infrastructure, independent of revenue loss calculations. If the amendment is signed into law, it could affect the amount of funding that could be used for roads. Therefore, the amount of funding available for roads is still undetermined. Staff will return to your Board at a later date with recommendations for funding that is reserved for Contingencies and county-eligible costs under this plan.

The full ARPA spending plan, including known requests for funding, is included in your packet (Attachment 3).

Recommendation #2

Direct staff to enter into sole source agreements with Arcata Economic Development Corporation, Redwood Region Economic Development Corporation and Humboldt Area Foundation for administration of an economic impact grant program, and adopt priority funding areas

Pursuant to the Treasury's FAQ guidance 10.5 (Attachment 2), the county may use ARPA funds for the costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements. The County of Humboldt, through existing lender and loan participation agreements, has lending and granting relationships with other community stakeholder agencies (i.e. such as Arcata Economic Development Corporation, Redwood Region Economic Development Corporation and Humboldt Area Foundation) to make loans and grants to businesses and to non-profit organizations in the community.

Direct and sole sourcing of pandemic-related aid, and the advancing of COVID relief funds, has been done before (and ratified by your Board) through the county's Headwaters Fund loan and grant program (Agenda item 20-411, April 28, 2020 Small Business Resiliency Loan Fund (BRELF)), and also through the county's existing workforce programs (Agenda item 20-735, June 23, 2020 National Dislocated Worker Grant). The program administered more than \$3 million in funding quickly and effectively to the local business and non-profit community, and a similar program could be implemented for funds classified in Category 2 of your Board's ARPA spending plan.

Therefore, staff recommends that your Board direct staff to work through these existing relationships and agreements to sole source the administration of \$7.8M of the county's ARPA funds for immediate distribution to businesses and non-profits throughout the community whose activities align with economic priorities as identified (below) through community outreach and employer interviews which were conducted by staff during the pandemic:

Priority funding areas

- Housing
- Childcare

- Telehealth & Broadband

The request to sole source administration of this program is due to time constraints to distribute local aid and expertise of the above-mentioned agencies to perform this service.

Staff in the County Administrative Office (CAO) - Economic Development Team administered a Small Business Recovery and Relief grant program under the CARES Act last year, developing more than 700 agreements with local businesses, non-profits and special districts for more than \$4 million of funding. This task was taxing on staff and was done to fulfill an emergency need. Staff do not have capacity to administer an even larger program this year, and staff costs to administer such a program were not allocated in the Fiscal Year (FY) 2021-22 budget. By partnering with outside entities to work in conjunction with the CAO - Economic Development Team to administer the funds, staff would contract with those funders, transfer funding to those entities to distribute grant sub-awards and ensure Treasury guidance is followed when granting sub-awards to eligible entities and reporting.

Recommendation #3

Approve the supplemental budget in the amount of \$53,000 in the ARPA budget unit (3232-120200) for the Department of Health & Human Services' request for funding for General Relief Client debt, and authorize staff to make any technical corrections necessary to effectuate this direction (Attachment 4)

On June 8, 2021, your Board directed staff to include the DHHS-Social Services request to provide ARPA funding to forgive the debts of General Relief clients who could not work between March and June, 2020. This recommendation effectuates that direction. This request is not for county services, but to pay the debt of clients who were unable to work due to the public health emergency and clearly aligns with Treasury guidance.

Recommendation #4

Determine whether to fund requests already received, to the extent allowable under Treasury guidance

Since announcement of the county's award, your Board and staff have received direct funding requests from multiple agencies for ARPA funding received by the county. The requests are as follows, along with staff notes *in italics*:

- \$600,000** **Visitors Bureau:** Marketing endeavors for Humboldt County (Attachment 5). *Funding for this request may be available through the federal Economic Development Administration's discretionary ARPA funding.*
- \$200,000** **Film Commission:** For negative economic impacts and revenue loss (Attachment 6).
- \$575,000** **First 5:** Community Connection Coaches, childcare expansion and start-up funding. (Attachment 7)
- \$400,000** **Arcata Community Pool:** For negative economic impacts and revenue loss (Attachment 8).

- \$1,000,000 Humboldt Bay Harbor District:** For road maintenance or pay-go funded road construction related to port development for Offshore Wind (Attachment 9). *Funding for this project would be dependent on the amount of revenue loss the county experienced, per Treasury's guidance.*
- \$69,148 Humboldt Workforce Coalition:** Readyng the Job Market for reopening and supporting community members who need assistance entering the workforce (Attachment 10).
- \$49,500 Humboldt Community Health Trust:** Conduct a stakeholder and resident discovery process that could identify local health infrastructure and outcome priorities, leading to recommendations for investment from the second round of ARPA funding in 2022 (Attachment 11).
- \$500,000 Humboldt Arts Council:** One-time \$5,000 investment in each non-profit arts organization in the county (Attachment 12). *Your Board in June authorized staff to research a potential reform measure for Transient Occupancy Tax for the June 2022 ballot, and revenue from such a measure could be used for local arts programs.*
- \$2,825 Redwood Acres Fairgrounds:** For revenue loss and debt owed to the county related to producing the 2012 Humboldt Made Fair (Attachment 13). *This request was made to county staff for debt relief. Staff is recommending that it be considered for funding under the ARPA spending plan.*
- \$3,449,472 Total Amount Requested**

While staff's initial review of these requests has determined that most of these requests would be eligible for ARPA funds, due to the nuances of the Treasury's guidelines and especially the ways in which awardees must determine negative economic impacts suffered as a result of the COVID-19 public health emergency, without a formal process to assess such requests, it is unclear the exact amounts that could be awarded.

Your Board could choose to direct staff to evaluate these requests and fund them to the extent allowable by Treasury guidance. If the projects were all funded to the amount requested, it would leave \$4,449,694 for the small business grant program. Alternatively, your Board could choose to fund some of the requests or refer all of the requests to the grant program to be established per Recommendation #2 in this staff report.

FINANCIAL IMPACT:

Recommendation #1

A total of \$13,165,276 in ARPA funding from the US Treasury has been received by the county, and budget unit 3232-120200 has been established to track expenses. Your Board's ARPA spending plan dedicates funding for the following purposes: \$3,2914,319 to roads maintenance; \$7,889,166 for an economic impact grant program; and \$1,974,791 for contingencies. Staff will return to your Board will a full expenditure budget for this budget unit.

Recommendation #2

The request to sole source administration of this program is due to time constraints to distribute local aid and expertise of the above-mentioned agencies to perform this service.

Approving Recommendation #2 to have a third party to administer the Economic Impact portion of your Board's ARPA spending plan will distribute \$7.8 million to those agencies to then sub-award grants to qualifying entities and projects. Funding for this recommendation has been received by the US Treasury and staff will return to your Board with a supplemental budget for the county's ARPA budget unit (3232-120200) for FY 2021-22, as well as professional services contracts for administration of the grant program.

Allowing a third party to administer these grants will ease staff cost and time dedicated to this program as those costs were not budgeted in FY 2021-22. Staff's time to work with the agencies who administer the recommended grant program may impact the Contingency category of your Board's ARPA spending plan, however, those costs are unknown at this point.

Recommendation #3

Approving Recommendation #3 would increase the ARPA budget unit by \$53,000, and funding would be used to pay the current debt of General Relief clients.

Recommendation #4

Approving funding for the remainder of the requests in this agenda item would have a maximum impact on the ARPA budget unit of \$3,449,472, which would leave \$4,449,694 for the Economic Impact grant program.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by supporting business, workforce development and creation of private-sector jobs , providing for and maintaining infrastructure, protecting vulnerable populations, and managing our resources to ensure sustainability of resources.

OTHER AGENCY INVOLVEMENT:

US Treasury, Humboldt County Visitor's Bureau, Humboldt County Film Commission, First 5 Humboldt, Northern Humboldt Recreation and Park District, Humboldt Bay Harbor Redwood Acres Fairgrounds, Humboldt Workforce Coalition, Humboldt Arts Council.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion.

ATTACHMENTS:

1. Treasury Interim Final Rule
2. Treasury FAQ's
3. ARPA Funding Budget and list of requests
4. Supplemental Budget
5. Visitor's Bureau Letter
6. Film Commission Letter
7. First 5 Letter
8. Arcata Community Pool/Northern Humboldt Recreation and Park District Letter

- 9. Harbor District Letter
- 10. Workforce Coalition Letter
- 11. Humboldt Community Health Trust Letter
- 12. Humboldt Arts Council Letter
- 13. Redwood Acres Fair Request

PREVIOUS ACTION/REFERRAL:

Board Order No.: [Click or tap here to enter text.](#)

Meeting of: 4/28/20, 6/23/20, 6/8/2021

File No.: 20-411,20-735, 21-722