

January 25, 2022

Board of Supervisors
Kern County Administrative Center
1115 Truxtun Avenue
Bakersfield, CA 93301

**PROPOSED FIRST AMENDMENT TO THE ALLOCATION PLAN FOR THE COUNTY'S
SHARE OF THE CORONAVIRUS LOCAL FISCAL RECOVERY FUND, REQUEST TO
RECOGNIZE UNANTICIPATED REVENUE AND PROPOSED MID-YEAR CAPITAL ASSET
(Fiscal Impact: \$2,200,000; ARPA/Federal; Not Budgeted; Discretionary)**

The purpose of this letter is to provide the public and your Board an update regarding the County's Preliminary Allocation plan for the County's share of the Coronavirus Local Fiscal Recovery Fund provided by the American Rescue Plan Act and to recommend modifications to this plan primarily to address economic impacts of COVID-19 on our labor market through investments in job training and economic development and to address the disproportional impacts of COVID-19 in Qualified Census Tracts through investments in parks and public outdoor spaces.

The \$1.9 trillion American Rescue Plan Act of 2021 (ARPA) established the Coronavirus State Fiscal Recovery Fund (CSFRF) and Coronavirus Local Fiscal Recovery Fund (CLFRF), which provide a combined \$350 billion in assistance to eligible state, local, territorial, and Tribal governments to ensure governments have resources needed to fight the COVID-19 pandemic and support families and businesses struggling with its public health and economic impacts; maintain vital public services, even amid declines in revenue; and build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity. The County's share of CLFRF is \$174,853,685 of which 50% has already been received and 50% will be received in May of 2022. Funding must be obligated by December 31, 2024, and fully expended by December 31, 2026.

The Department of the Treasury issued the Interim Final Rule (IFR) document that provides additional details on the eligible uses and restrictions on the uses of the CLFRF. In some cases, the IFR has expanded eligible uses of funds beyond the original statute and in general the IFR has implemented detailed data tracking and reporting requirements for the uses of these funds. In response to the IFR, and in part because of the differences between the IFR and the statute, the Department of Treasury received over 1,500 comments and questions from governmental entities across the Country asking for clarification on several matters. In response, the Department of the Treasury has continued to issue clarifying documents answering question and providing additional guidance regarding the IFR and uses of the CLFRF. On January 6, 2022, the Department of the Treasury issued the Final Rule which will become effective on April 1, 2022 but has stated expenditures consistent with the IFR would not be disallowed in the interim period. Based upon the comments received, the Final Rule adds clarity, simplicity, and broader flexibility to the IFR.

On June 8, 2021, your Board approved the County's Preliminary Allocation Plan for the County's share of CLFRF. This plan is consistent with the ARPA and IFR and based on County needs and eligible uses known at that time. Similar to the County's CARES Act utilization plan, it was anticipated that the Preliminary CLFRF Allocation Plan would need to be updated due to the unpredictable nature of the pandemic, as more information became available, and as other needs were identified. Staff is recommending the following modifications be made to the CLFRF Allocation Plan:

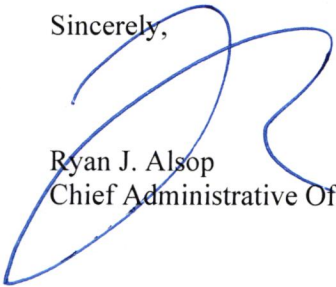
1. Interest Income – Increase the amount of funds available for allocation by \$2,200,000 to recognize the interest income on unspent CLFRF in the County treasury pool. This revenue will be recognized in Fund 22013, Budget Unit 1119, Revenue Account 3605 and appropriated in Expenditure Account 8851-Operating Transfer Out.
2. Premium Pay – Reduce the allocation of premium by \$3,406,046 based on the actual amount paid. All payments under this category have been made.
3. Parks & Outdoor Space in QCT – Add a new project in the amount of \$5,000,000, allocating \$1,000,000 per supervisorial district to make investments in parks and public outdoor spaces in Qualified Census Tracts (QCT). This mid-year capital project will be established in Fund 00221, Budget Unit 1966, under Account 8117- Investments in Parks and Public Outdoor Recreation Spaces.
4. ETR/BAS Job Training Facility – Increase funding for this project by \$20,000 based on actual project costs. This project will make improvements to the kitchen facility used by Bakersfield Adult School for training and retraining of food services employees which were disproportionately impacted by COVID-19.
5. ETR Transitional Jobs Program – Add a new project in the amount of \$550,000 to fund the program costs for transitional jobs programs with the Mexican American Opportunity Foundation, Laborers of the Harvest, and Bitwise Industries. These were all of the proposals received for funding under other Employers' Training Resource programs but were not awarded funding because of fiscal constraints. Each of these programs provide direct and needed job training for the chronically unemployed that have significant barriers to employment, which have been disproportionately impacted by COVID-19.
6. B3K Economic Recovery – Add a new project in the amount of \$125,000 to provide seed funding to implement the Better Bakersfield & Boundless Kern (B3K) roadmap and investment plan for economic growth and inclusion in Kern County. The City of Bakersfield is considering matching this investment.
7. BVAVA Well Improvements – Increase this project by \$762,000. There were four well/water related projects at Buena Vista Aquatic Recreation Area, associated with the initial ARPA Well Improvement project, that were identified after the Preliminary Allocation Plan was developed but before the County's budget was finalized.
8. Backfill Reduction in County Revenue – Reduce the amount of funding allocated to the provision of government services to the extent of reduction in revenue by \$850,954 in order to provide funding for the other modifications considered in this amendment.

9. Homelessness, Substance Abuse, and Mental Health Projects – The Preliminary Allocation Plan included a single line item for this effort in the amount of \$15,000,000. Over the past several months, staff has worked on five specific projects under this category including Homeless Outreach and Intervention Rapid Response Teams, Behavior Health Co-Response Teams, Behavior Health Mobile Evaluation Teams (MET), Safe Camping and Parking, and the development and operation of a Non-Congregate Navigation Center. All of these projects were discussed publicly at your Board’s October 12, 2021 meeting. This amendment to the Allocation Plan has no fiscal impact and simply itemizes each of these individual projects.

Attached to this letter is the County’s Coronavirus State and Local Recovery Funds Allocation Plan-1st Amendment which shows the originally adopted plan, current expenditures, proposed amendments, and the proposed amended allocations.

Therefore, IT IS RECOMMENDED that your Board receive and file the presentation and approve the 1st Amended Allocation Plan for the County’s share of the Coronavirus Local Fiscal Recovery Fund provided by the American Rescue Plan Act and authorize the Auditor-Controller to process the specified budgetary adjustments and accounting transactions.

Sincerely,



Ryan J. Alsop
Chief Administrative Officer

EM: RJA BUDEFIS ARPA State and Local Fiscal Recovery Funds-Update

Attachments

cc: All Departments

American Rescue Plan Act of 2021
Coronavirus State and Local Recovery Funds Allocation Plan - 1st Amendment
January 25, 2022

	Original Allocation as of 6/8/21	Obligated as of 12/10/21	Recommended Modifications	1st Amended allocation as of 1/25/22	% of Total
<u>A. Provision of government services to the extent of reduction in revenue</u>	\$ 80,092,685	\$ 80,092,685	\$ (850,954)	\$ 79,241,731	44.76%
<u>B. Premium Pay to eligible workers of the County</u>					
i. (1) One-time \$3,000 hazard payments for all County employees	25,836,000	22,429,954	(3,406,046)	22,429,954	12.67%
<u>C. Mitigation for public health emergency impacts:</u>					
i. <i>Homeless, substance abuse, and mental health support (broken down by project below)</i>	15,000,000	8,300,000	-	15,000,000	8.47%
i.1 Homeless outreach and intervention (Rapid Response)	4,000,000	4,000,000	-	4,000,000	2.26%
i.2 Behavioral Health co-response homeless engagement teams	2,500,000	2,500,000	-	2,500,000	1.41%
i.3 Behavioral Health Mobile Evaluation Team (MET) expansion	1,350,000	1,350,000	-	1,350,000	0.76%
i.4 Safe Camping and parking with supportive services	2,000,000	-	-	2,000,000	1.13%
i.5 Non-Congregate navigation center development and operations with wraparound services	5,150,000	-	-	5,150,000	2.91%
ii. Kern Medical public hospital COVID-19 financial impacts	10,000,000	10,000,000	-	10,000,000	5.65%
iii. Rehire library staffing (funding through 12/31/24)	2,450,000	2,450,000	-	2,450,000	1.38%
iv. Tourism economic recovery promotion	600,000	45,500	-	600,000	0.34%
v. ETR/BAS job training facility and restaurant equipment improvements	150,000	165,222	20,000	170,000	0.10%
vi. ETR program costs for transitional jobs programs	-	-	550,000	550,000	0.31%
vii. B3K economic recovery seed funding	-	-	125,000	125,000	0.07%
<u>D. Necessary Improvements in water infrastructure:</u>					
i. Lamont stormwater mitigation	10,000,000	-	-	10,000,000	5.65%
ii. Replace (2) two wells and rehab (5) five wells, pumping systems, and piping at BVARA.	4,000,000	-	762,000	4,762,000	2.69%
iii. Rehab potable and fire water system at Camp Condor including new well, tank, and lines.	1,100,000	-	-	1,100,000	0.62%
iv. Construct potable water line to Camp Okihi	625,000	-	-	625,000	0.35%
<u>E. Necessary Improvements in sewer infrastructure:</u>					
i. Sewer line replacement - Taft Heights & Ford City (FCTHSD)	7,000,000	-	-	7,000,000	3.95%
ii. Sewer line replacement - East Bakersfield (KSA)	2,000,000	-	-	2,000,000	1.13%
iii. Sewer trunk lines & lift stations - Northwest Bakersfield (CSA71)	6,000,000	-	-	6,000,000	3.39%
<u>F. Necessary Improvements in broadband infrastructure:</u>					
i. Public Wi-Fi at County parks	10,000,000	-	-	10,000,000	5.65%
<u>G. Addressing disproportional impacts of COVID-19 in Qualified Census Tracts (QCT)</u>					
i. Investments in parks and public outdoor recreation spaces	-	-	5,000,000	5,000,000	2.82%
Total	\$ 174,853,685	\$ 131,333,361	\$ 2,200,000	\$ 177,053,685	100.00%

FISCAL YEAR: 21-22

BUDGET TRANSFER

TOTAL: \$4,400,000.00
DESCRIPTION: BUDGET TRANSFER

TRANS CODE	FUND	FUND NAME	DEPT DIV	REV/EXP PY	AMOUNT	DOCUMENT/REF NO
From:						
3401	22013	American Rescue Plan	1119	3605	\$2,200,000.00	INTEREST ON BANK DEP & INVEST
To:						
1901	22013	American Rescue Plan	1119	8851	\$2,200,000.00	OPERATING TRANSFERS OUT

EXPLANATION OF PURPOSE AND AUTHORITY THEREFOR:

to recognize unanticipated interest revenue.

REFERENCE:

CAO COMMENTS:

This transfer is recommended for the reason stated above and pending Board approval of Item # on the 01/25/2022 agenda.

REVENUE CODES:

APPROVALS:

DEPARTMENT: ELSA MARTINEZ 01/14/2022

CAO ANALYST: ELSA MARTINEZ 01/14/2022

CAO SUPERVISOR:

CAO FINANCE:

CAO CLERK:

CLERK OF THE BOARD: (BOARD APPROVAL DATE:)

AUDITOR:

PREPARED BY: ELSA MARTINEZ

DEPT: 1020

DATE: 01/14/2022

PROCESSED DATE:

FISCAL YEAR: 21-22

BUDGET TRANSFER

TOTAL: \$10,000,000.00

DESCRIPTION: BUDGET TRANSFER

TRANS CODE	FUND	FUND NAME	DEPT DIV	REV/EXP	PY	AMOUNT	DOCUMENT/REF NO
From:							
3401	00221	ARPA PROJECTS	1966	5497		\$5,000,000.00	OFS/OPERATING TRANSFER IN
To:							
1901	00221	ARPA PROJECTS	1966	8117		\$5,000,000.00	

EXPLANATION OF PURPOSE AND AUTHORITY THEREFOR:

Parks & Outdoor Space in QCT – Add a new project in the amount of \$5,000,000, allocating \$1,000,000 per supervisorial district to make investments in parks and public outdoor spaces in Qualified Census Tracts (QCT). This mid-year capital project will be established in Fund 00221, Budget Unit 1966, under Account 8117- Investments in Parks and Public Outdoor Recreation Spaces.

REFERENCE:

CAO COMMENTS:

This transfer is recommended for the reason stated above and pending Board approval of Item # on the 01/25/2022 agenda.

REVENUE CODES:

APPROVALS:

DEPARTMENT:

CAO ANALYST:

CAO SUPERVISOR:

CAO FINANCE:

CAO CLERK:

CLERK OF THE BOARD: (BOARD APPROVAL DATE:)

AUDITOR:

PREPARED BY: ELSA MARTINEZ

DEPT: 1020

DATE: 01/14/2022

PROCESSED DATE: