



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 8/11/2020

Agenda Placement: 10D

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Minh Tran - County Executive Officer
County Executive Office

REPORT BY: Helene Franchi, Deputy County Executive Officer - 253-4820

SUBJECT: CARES Funding Expenditure Plan

RECOMMENDATION

County Executive Officer requests Board approval of the expenditure plan for Napa County's \$14.18 million in funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act Coronavirus Relief Fund (CRF) to support response costs and community recovery initiatives associated with the COVID-19 public health emergency.

EXECUTIVE SUMMARY

In March of 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which established the Coronavirus Relief Fund (CRF) to provide funding to local governments to support their costs associated with responding to the COVID-19 pandemic. The CARES Act allocated \$9.5 billion in funding to the California state government, and an additional \$5.8 billion directly to the 21 California cities and counties with populations above 500,000. As part of the State's adopted FY 2020-21 budget, approximately \$14.18 million in federal funding was passed from the State to Napa County "to support activities and expenses that promote public health and safety in response to the COVID-19 public health emergency" (State Budget Act of 2020, Section 11.90).

According to the State, funds may be used to offset or reduce appropriations in FY 2019-20 and FY 2020-21 that were made to support the COVID-19 response. The total amount of federal CARES Act funding allocated within the State budget is \$9.5 billion, of which approximately \$1.3 billion was identified to be forwarded to counties with populations under 500,000. Section 11.90(e) of the Budget Act of 2020 sets forth a process for the Department of Finance (DOF) to potentially reallocate any of the federal CARES Act funds contained in the State budget that remain unspent as of September 1, 2020. The DOF is requiring counties to report on expenditures by September 1, 2020 and potentially return any funds that are unspent by October 30, 2020, unless that date is extended by the DOF based on reported expenditures. To ensure the County receives the maximum allowable funding, the County Executive Officer intends to manage eligible expenditures as expeditiously as possible. Eligible uses include direct

and indirect costs associated with the pandemic response. The funding may not be used to backfill revenue losses.

Proposed categories for funding have been developed, and Attachment A presents those categories. Staff recommends allocating \$12.18 million to cover internal County response costs that are not covered by other funding sources, and \$2 million to fund external community recovery initiatives.

PROCEDURAL REQUIREMENTS

1. Staff reports.
2. Public comments.
3. Motion, second, discussion and vote on the item.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Federal CARES Act funding.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	State is providing funding to offset appropriations in FY 2019-20 and FY 2020-21 to support COVID-19 response.
Is the general fund affected?	Yes
Future fiscal impact:	It is unknown at this time how long the pandemic will continue. Staff updates the Board regularly on the status of the situation and funding needs.
Consequences if not approved:	The cost of the response to COVID-19 will become a General Fund responsibility.
County Strategic Plan pillar addressed:	Healthy, Safe, and Welcoming Place to Live, Work, and Visit Livable Economy for All Vibrant and Sustainable Environment Effective and Open Government
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

On March 17, 2020 the Board of Supervisors approved Resolution No. 2020-38 ratifying the proclamation of a local

emergency due to the imminent and proximate threat of the potential introduction of COVID-19 into Napa County.

Napa County has incurred significant costs associated with the COVID-19 pandemic response, and costs will continue to be incurred for the foreseeable future.

On March 27, 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a \$2 trillion economic relief bill which established the Coronavirus Relief Fund (CRF) to provide funding to local governments to support their costs associated with responding to the COVID-19 pandemic. The CARES Act allocated \$9.5 billion in funding to the California state government, and an additional \$5.8 billion directly to the 21 California cities and counties with populations above 500,000.

On June 29, 2020, Governor Newsom signed into law the Budget Act of 2020, which allocated an additional \$1.3 billion of State CRF monies, including \$14.18 million allocated to Napa County to be distributed over six months, in monthly installments. In addition to allocations to counties, cities were provided separate allocations, including amounts of \$257,277 to American Canyon, \$978,856 to City of Napa, \$66,032 to Calistoga, \$74,984 to St Helena, and \$50,000 to Yountville.

As a requirement of receiving funds, on July 2, 2020 the County Chief Executive Officer completed the Certification for Receipt of Funds pursuant to paragraph (2) or (3) of subdivision (d) of Control Section 11.90 of the Budget Act of 2020 certifying that CRF funds would be expended following certain State and Federal requirements. The certification requirements include those stated in the Budget Act that CRF monies be used to cover only those costs that (1) are necessary expenditures incurred due to the public health emergency with respect to COVID-19; (2) were not accounted for in the budget most recently approved as of March 27, 2020, for the State or local government; and (3) were incurred during the period that began on March 1, 2020, and ends on December 30, 2020.

Also required as condition of receipt of funds are: adherence to federal and state health guidance and orders; use of funds as stated in Control Section 11.90 of the Budget Act of 2020; submission to the State of various reports on expenditures and return of unspent funds; and retention of records to support eligible expenses. Reports on expenditures should illustrate the ability to expend all funding by December 30, 2020.

Expenditures necessary to mitigate and respond to COVID-19 are expected to exceed the County's total allocation of CRF funds. As such, the plan identifies other funding related to CRF expenditure categories with the expectation that all available funding sources will be leveraged to maximize available new COVID-19 related funding through Federal Emergency Management Agency (FEMA), California Department of Housing and Community Development (HCD), California Department of Public Health (CDPH), and other state and federal sources. Staff have also identified costs that may need to be supported by General Fund, unless additional funding sources become available.

As the pandemic continued into its sixth month, County Executive Office launched a Recovery Task Force to identify strategies to support the fiscal sustainability of the County's continued response and recovery efforts. The Task Force includes staff from CEO, Office of Emergency Services, and the Auditor-Controller.

Internal County Response Costs (\$12.18 M) based on actual expenses through June 30, 2020, and estimates of projected response costs through December 30, 2020. Attachment A provides additional detail, and assumptions about other funding sources.

- I Personnel costs: for staff whose services are "substantially dedicated" to mitigating or responding to the COVID-19 public health emergency (includes staffing costs associated with contact tracing, testing, disease surveillance, sheltering, first responders, and other response workers).
- I Other personnel costs: includes COVID-related sick leave and Family Medical Leave Act pay as well

as costs of unemployment benefits due to COVID-19.

- | Emergency protective measures: purchase and distribution of personal protective equipment, medical supplies, sanitation, measures to facilitate compliance with public health orders, planning for medical surge/alternate care site, etc.).
- | Sheltering costs: includes services to support compliance with isolation and quarantine orders, and care of homeless populations and those housed in congregate settings to mitigate effects of COVID-19. The CARES Act funding will be leveraged with other funding sources, including Emergency Solutions Grant and Community Development Block Grant.
- | Teleworking expenses: purchases of laptops and other IT equipment to facilitate teleworking for County employees.
- | The 25% local cost share for FEMA Public Assistance: for eligible expenses that will be reimbursed by FEMA (spread across all the above categories).

Given the pandemic's unprecedented and widespread impacts to the health of Napa County businesses, community-based organizations, and residents, staff also recommends setting aside \$2 million of the County's allocation to support external community recovery initiatives, as follows:

External Allocation to Support Community Recovery Initiatives (\$2 M)

- | Economic support: staff is currently evaluating opportunities to assist the small business community, through lay-off aversion and workforce development programs, business grants, bulk purchasing pool for PPE, and support for local organizations that support the business community.
- | Childcare: staff is currently evaluating opportunities to expand access to childcare, support providers, and close the digital divide in support of distance learning.
- | Social safety net: staff is currently evaluating opportunities to fund emergency financial assistance and income replacement, which would support those low-wage earners who typically cannot to be out of the workforce for 14 days, the time an individual must quarantine if they test positive for the virus. Staff is looking at existing programs and campaigns from trusted community partners for leveraging opportunities.
- | Housing: staff is currently evaluating opportunities to expand emergency rental assistance to help keep low-income families throughout Napa County in their homes.

The one-time nature of the CARES Act funding, its tight timeline for expenditure, and the urgent community need require the County to consider how to leverage internal resources and maximize partnerships with community-based organizations. To support community recovery initiatives, staff is evaluating existing County programs to provide this support but may recommend that the County partner with community-based organizations to serve as intermediaries between the County and the ultimate recipients of the stimulus funding, deliver funding expeditiously through established programs, connect with the most impacted households in the County, and sustain recovery efforts in the long-term.

Once the Board has approved the expenditure plan, staff will return with budget adjustments and contracts.

SUPPORTING DOCUMENTS

A . CARES Act County Expenses

CEO Recommendation: Approve

Reviewed By: Helene Franchi