



Board of Supervisors Memorandum

August 10, 2021

Pima County Recovery Plan Recommendations and Allowability Analysis: American Rescue Plan Act (ARPA) Federal Direct Allocation Award - Coronavirus Local Fiscal Recovery Fund (CLFRF)

Background

President Biden signed the American Rescue Plan Act (ARPA) into law on March 11, 2021. Section 9901 of ARPA amended Title VI of the Social Security Act (42 U.S.C. 801 *et seq.*) in order to add Sections 602 and 603, which established, respectively, the Coronavirus State Fiscal Recovery Fund (CSFRF) and the Coronavirus Local Fiscal Recovery Fund (CLFRF). The grand total ARPA/CLFRF allocation designated for Pima County by the U.S. Department of the Treasury (Treasury) is \$203,421,668. On May 19, 2021, Pima County received its first tranche of ARPA/CLFRF in the amount of \$101,710,834. The second half of the award will be distributed to Pima County in May 2022.

Based on statutory and regulatory guidance to-date, the Pima County Department of Grants Management and Innovation (GMI) has determined that the expenditure types detailed below are allowable uses of ARPA/CLFRF monies, based on current federal guidance.

Allowable Expenses and Spending Plan

Each jurisdiction accepting ARPA/CLFRF is required to present a spending plan, including performance metrics, to the Treasury. Utilizing the Interim Final Rule and additional guidance from the Treasury, GMI has worked with County Administration, County departments, and several community partners to develop a list of allowable projects and related costs for Board of Supervisors review and approval.

The primary role of ARPA/CLFRF is to address the ongoing needs of local governments to respond to the public health emergency caused by COVID-19. As such allowable activities/expenditures are focused on supporting the ability to "bring the pandemic under control" (p. 26787, Section I.B. (Background Information/*The Statute and Interim Final Rule*) Interim Final Rule, *Federal Register*, Vol. 86, No. 93. May 17, 2021, Rules and Regulations). The allowable activities under this stated purpose are fairly broad, but all activities must be tied to either direct or indirect impacts of the pandemic. Additionally, there is a recognition in ARPA/CLFRF of the disparate impacts of COVID-19 on low to moderate income communities and people of color, communities that face systemic public health and economic challenges (p. 26788, Section I.B. (Background Information/*The Statute and Interim Final Rule*), Interim Final Rule, *Federal Register*, Vol. 86, No. 93. May 17, 2021, Rules and Regulations). Allowable activities include those that respond to the negative economic impacts experienced by individuals, households, business and governments, including some opportunity for revenue replacement.

Below is a summary of the projects identified by the primary allowability category. More detailed project development, including associated performance metrics, will be developed upon approval of the plan by the Board of Supervisors.

The Honorable Chair and Members, Pima County Board of Supervisors

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Public Health: \$125,210,131 (61.5 percent of total ARPA/CLFRF revenue)

Allowable and Recommended Expenditure Types include:

- Payroll and covered benefit expenses for Health Department staff responding to the COVID-19 public health emergency.
- Health Department supplies and services to mitigate and contain COVID-19, including costs incurred for mitigation and case investigation among the asylum seeker population.
- Communication activities to address the public health emergency (e.g., vaccination hesitancy; boosters; pediatric vaccinations).
- Behavioral Health supplies, services, and capital investments to address primary and secondary effects of the pandemic including domestic violence response.
- Capital investments:
 - To repair and modify Curley School Gymnasium (Ajo) to meet pandemic operational needs including (but not limited to) temporary shelter for asylum seekers in compliance with local and federal COVID-19 mitigation tactics;
 - To expand public health and employment services in an adversely impacted neighborhood/Qualified Census Tract through the development of the Northwest Services Center on Miracle Mile; and
 - To outfit a new Office of the Medical Examiner with appropriate furniture, fixtures, and equipment in recognition of the expanded need for to respond to the increase in deaths from the pandemic and the increased number of services provided for the indigent.
- Provision of funding to Fire Districts, especially those serving rural areas, for supplies and services for the prevention, mitigation and treatment of COVID-19. Fire Districts and their associated ambulance/EMT services were excluded from many of the provider supports offered under other federal COVID-19 funding, such as the Coronavirus Relief Funds.

Proposed Pima County Spend Plan

Attachment 1 provides a summary of proposed spending in each of three categories of spending; response to negative economic impacts, public health, and revenue replacement.

Responding to Negative Economic Impacts of COVID-19: \$73,752,679 (37 percent of total)

Allowable and Recommended Expenditure Types include:

- Assistance to households and disproportionately impacted populations and communities that address housing insecurity, lack of affordable housing, or homelessness:
 - Emergency Eviction Legal Services Program
 - Eviction Prevention staffing to ensure continued success
 - Providing for additional administrative costs associated with contracted Eviction Prevention vendor (CIC)

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- Investment in Early Childhood Education
- Investment in job training programs for displaced workers, unemployed and low income individuals
 - Expansion of JobPath program
 - Purchase of equipment and software to enhance job training programs and partnership with Pima Community College to include health and Information Technology (IT) infrastructure programs
- Investment in IT infrastructure to support enhanced public health data capacity, cybersecurity, etc.
- Investment in Court IT infrastructure to further support remote-enabled court, furthering ability to protect public and employees during court proceedings
- Expansion of grants management staff to support tripling of grant revenue and assure ability to staff to meet programmatic and fiscal requirements, including ability to conduct internal process and impact evaluations and subrecipient monitoring as required by Treasury and Uniform Grant Guidance (2 C.F.R. 200)
- Investment in Attractions & Tourism
 - City of Gastronomy
 - Southwestern Fair Commission
 - VisitTucson
 - Old Tucson
 - Improvements in leased properties
- Investment in Stadium District
 - Delayed maintenance and upkeep due to COVID-19, including wear and tear from vaccination activities (e.g., pavement)

Revenue Replacement: \$3,066,128 (1.5 percent of Total)

Section 603(c)(1)(C) of the American Rescue Plan Act allows recipients facing budget shortfalls to use payments from the Fiscal Recovery Funds to avoid cuts to government services and thus enable the local government to continue to provide services while assuring fiscal austerity measures do not hamper broader economic recovery. The Act defines revenue somewhat narrowly as revenue from those components reported under "General Revenue from Own Sources" in the Census Bureau's Annual Survey of State and Local Government Finances to assure that revenue is calculated in a consistent manner. This definition does include revenues collected by a recipient and generated from its underlying economy and captures a range of different types of tax revenues, as well as other types of revenue that are available to support government services. The Interim Final Rule included careful instructions for the calculation of revenue reduction by comparing the base year revenue, with an estimated growth rate to identify what the estimated revenue would have been without the pandemic ("counterfactual revenue") to the actual revenue.

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The general revenue definition focuses on “sources that are generated from economic activity and are available to fund government services, rather than a fund or administrative unit established to account for and control a particular activity.” This would limit revenue losses to those experienced by the general fund and as a whole fund, rather than individual departmental losses. However, updated guidance and frequently asked questions suggest that “gross revenue of facilities operated by a government (swimming pools, recreational marinas...); auxiliary facilities in public recreation areas (camping areas...); lease or use fees from stadiums, auditoriums, and community and convention centers; and rentals from concessions at such facilities.” This update suggests that Pima County can include the revenue losses from Kino Stadium District, which are estimated at \$1.7M for the first measurement of revenue loss.

Attachment 2 delineates proposed expenditures by individual program and year.

Recommendation

I recommend the Board of Supervisors approve the proposed spend plan for the \$203,421,668 of ARPA/CLFRF designated for Pima County by the U.S. Department of the Treasury. Staff will continue to monitor guidance received from the federal government to ensure compliance with any modified regulations and will develop detailed project plans including associated performance metrics for each element of the adopted plan. The Board will be updated quarterly regarding plan implementation, any modifications to the plan will be returned to the Board for discussion and approval.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/mp – July 30, 2021

c: Jan Leshar, Chief Deputy County Administrator
Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Francisco Garcia, MD, MPH, Deputy County Administrator & Chief Medical Officer,
Health and Community Services

ATTACHMENT 1

Summary of Proposed Expenditures by Category

Program	Amount	
Public Health		
Personnel	19,041,825.00	
supplies/services	43,289,625.00	
Health Contingency	4,093,681.00	
Asylum seeker Medical care	775,000.00	
COVID Comms	1,800,000.00	
Behavioral Health	3,010,000.00	
NW Service Center	35,000,000.00	
Fire Districts	1,000,000.00	
OME FFE	15,000,000.00	
Curley School	2,200,000.00	
Total	125,210,131.00	61.55%
Negative Economic Impacts (assistance to households, small businesses and nonprofits, aid to impacted industries)		
CHFS fee increase subsidy	1,393,730.00	
EELS	2,000,000.00	
CIC	877,500.00	
CWD Staffing	4,042,225.00	
Early Childhood Ed	30,200,000.00	
PCC	5,340,676.00	
JobPath	3,003,500.00	
Attractions/Tourism	9,520,000.00	
Stadium District	3,285,278.00	
GMI ARPA	3,483,500.00	
IT	9,000,000.00	
Court IT	3,000,000.00	
Total	75,146,409.00	36.94%
Provision of government services to the extent of reduction in revenue		
Revenue Replacement	3,066,128.00	
Total	3,066,128.00	1.51%
		100%
ARPA TOTAL:	203,422,668.00	

ATTACHMENT 2

Recovery Plan Budget Coronavirus Local Fiscal Recovery Funds (ARPA-Authorized)

Total Award		203,421,668.00					
Total Recovery Plan		203,421,667.40					
Balance Remaining		0.60					
		Budget by Fiscal Year				Estimated Indirect Cost Recovery, 10%	
Program	Pima County Department	FY21	FY22	FY23	FY24	FY21-FY24	Totals
Pima County Health Department-Personnel Expenditures	Health Department	1,620,750.00	5,230,000.00	5,230,000.00	5,230,000.00	1,731,075.00	19,041,825.00
Pima County Health Department-Supplies and Services	Health Department	18,289,625.00	10,000,000.00	10,000,000.00	5,000,000.00	0.00	43,289,625.00
Pima County Health Department- CHFS fees	Health Department	107,210.00	428,840.00	428,840.00	428,840.00	0.00	1,393,730.00
Public Health Contingency	Health Department						4,093,681.00
Asylum Seekers Medical Care	Health Department	25,000.00	250,000.00	250,000.00	250,000.00	0.00	775,000.00
Pima County Information Technology Department - Supplies and Services	Information Technology Department	0.00	3,000,000.00	3,000,000.00	3,000,000.00	0.00	9,000,000.00
COVID 19 and Community Recovery Communications (Boosters; pediatric shots; hesitancy; rebuilding businesses; eviction prevention)	Communications	300,000.00	500,000.00	500,000.00	500,000.00	0.00	1,800,000.00
Pima County Behavioral Health -- Supplies and Services	Behavioral Health Department	0.00	1,000,000.00	1,000,000.00	1,000,000.00	10,000.00	3,010,000.00
Northwest Service Center (Capital Investments in Public Facilities)	Public Works/Real Property	0.00	15,000,000.00	10,000,000.00	10,000,000.00	0.00	35,000,000.00
Pima County Office of Emergency Eviction Legal Defense Services (EELS)-Direct Service	Community & Workforce Development	35,480.00	961,242.00	968,938.00	0.00	34,339.00	1,999,999.00
Eviction Prevention-Administrative Support	Community & Workforce Development	125,000.00	250,000.00	250,000.00	250,000.00	2,500.00	877,500.00
Community & Workforce Development Staffing-Housing and Utility Assistance	Community & Workforce Development	278,000.00	1,132,250.00	1,132,250.00	1,132,250.00	367,475.00	4,042,225.00
Early Childhood Program Support	Community & Workforce Development	0.00	10,000,000.00	10,000,000.00	10,000,000.00	200,000.00	30,200,000.00
Pima Community College - One-stop Workforce Training	Community & Workforce Development	0.00	0.00	0.00	0.00	5,340,676.00	5,340,676.00
Curley School Gymnasium	County Administration		1,000,000.00	500,000.00	500,000.00	200,000.00	2,200,000.00
Fire Districts	County Administration	0.00	500,000.00	250,000.00	250,000.00	0.00	1,000,000.00
JobPath	Economic Development	0.00	1,000,000.00	1,000,000.00	1,000,000.00	2,500.00	3,002,500.00
Revenue Replacement	Finance	1,766,128.00	1,300,000.00			0.00	3,066,128.00
GMI ARPA Team	GMI		1,250,000.00	1,100,000.00	1,100,000.00	33,500.00	3,483,500.00
Stadium District: Paving work delayed by pandemic	Stadium District	0.00	2,820,000.00	0.00	0.00	5,000.00	2,825,000.00
Stadium District: KinoEvent Center wear and Old Tucson (promotion communications, vouchers and coupons, public health infrastructure improvements)	Stadium District	0.00	455,778.40	0.00	0.00	4,500.00	460,278.40
Visit Tucson (promotion communications, vouchers and coupons)	Attractions & Tourism	0.00	2,000,000.00	1,000,000.00	1,000,000.00	10,000.00	4,010,000.00
Southwestern Fair Commission (promotion communications, deferred maintenance, repairs, public health infrastructure)	Attractions & Tourism	0.00	1,000,000.00	750,000.00	250,000.00	2,500.00	2,002,500.00
	Attractions & Tourism	0.00	500,000.00	500,000.00	500,000.00	5,000.00	1,505,000.00
City of Gastronomy, etc.	Attractions & Tourism	0.00	250,000.00	250,000.00	0.00	2,500.00	502,500.00
Leased Property Upgrades	Attractions & Tourism	0.00	750,000.00	750,000.00	0.00		1,500,000.00
OME Building FF+E	OME						15,000,000.00
Superior Court IT Remote Enabled Courtroom	Superior Court/Justice Court	0.00	3,000,000.00	0.00		0.00	3,000,000.00
Totals		22,547,193.00	63,578,110.40	48,860,028.00	41,391,090.00	7,951,565.00	203,421,667.40

Plan Grand Total