




Satpal Singh Sidhu
Whatcom County Executive



MEMO

Date: July 20, 2021
To: Whatcom County Council
From: County Executive Satpal Sidhu 
RE: Follow-up Discussion of ARPA Priorities

This is a follow-up to Council to address some of the discussions which have taken place since my memo on May 28, 2021, discussing the deployment of American Rescue Plan funds allocated to Whatcom County.

The comment period for the Interim Final Rule (guidelines) concluded July 16 and many questions remain regarding eligible uses. To get a sense of the limitations and areas of concern with regard to the Interim Final Rule, I would suggest you read the comments submitted to the Treasury by NACo. It remains unclear when Treasury will issue a revised and definitive Final Rule.

Before looking ahead, I think it is helpful to reflect on our experience in the past year and how that might inform our approach going forward. The most valuable achievement of 2020 was creating a coalition of mayors from all 7 cities and the County. We pooled the CARES Act funding and planned together to deploy the funds for various programs through joint consultations. Altogether, we received approximately \$26 million in CARES Act allocation for the County and all cities. With County Council's guidance, input and approval, these funds were spent as follows:

- Over \$10 Million spent on Public Health Emergency Response (WCHD and WUC staffing, contact tracing, testing, Isolation/Quarantine, etc. (Some additional funds were allocated by State DOH to WCHD Dept directly and were used in the latter part of 2020 and early 2021 for Covid Response.)
- Almost \$12 million for Community programs, including:
 - Approximately \$5 million in small business support
 - \$2.6 million in school district
 - \$1 million for childcare support
 - Approximately \$1 million for social services
 - \$650K in food security
 - \$600K in homeless shelter / services
 - \$500K in Rental and Mortgage assistance

Today, we face the challenge of making prudent decisions to deploy the County's ARPA allocation of \$44.5 million. I would suggest we work cooperatively with Bellingham and the other cities to jointly deploy common community projects, where possible. The American Rescue Plan allows us a three-year window to plan and allocate funds, whereas we barely had 6 months to expend CARES Act Funding. I have articulated to the Council that this is a 'once-in-a-lifetime' occasion of receiving such financial assistance and we must make investments to achieve objectives which can benefit our community for many years into future.

With that strategy in mind, and expanding on previous discussions, I would like to share a draft outline of our investment strategy for Council's consideration.

Major tasks / projects facing the Administration and our community are varied and several require substantial funds. ARPA funds alone are not enough to meet all of the need. **Both the Administration and Council face the difficult task of determining priorities and levels of investment** in these various community needs:

We perceive the following as major Categories:

- A. Community Program Investments**
- B. County Infrastructure Investments**
- C. County Government Operations**

Further details on each category include:

Community Program Investments

- Child & Family – Childcare Facilities / Entrepreneurship Support / Workforce Development & Retention
- Affordable Housing – Capital Assistance for Low Income and Workforce Housing (to expand opportunities for use of 1590, 1406 and EDI Funds)
- Mental & Behavioral Health Services (startup investment in GRACE / LEAD)
- Housing Security – Rental / Utility Assistance, Shelter, Way Station, Outreach for Homeless population (we have received separate allocations for Rental and Utility Assistance needs)
- Food security needs, if any
- Economic Recovery needs, if any (e.g., Tourism, Small Business Assistance)

County Infrastructure Investments:

Collaborate with Cities / PUD / Port on Countywide Projects for

- Water, Sewer and Broadband Investments
- Industrial Park, Ready to Build Industrial Lands (Public Private Partnership)
- Affordable Housing

County Government Operations

- Public Health continued COVID Response (2021-24)
- Criminal Justice backlog clearing (2021-24)
- Cost of Administering ARPA Funds
- Frozen Positions 2021 (after 2021, this expense will move to general fund)
- County Revenue Loss recovery

Reimbursement for frozen positions and revenue loss creates a resource unhampered by ARPA eligibility restrictions, giving the Council broader flexibility to spend these funds. For transparency's sake, we suggest creating a sub-account of the General Fund which would hold ARPA reimbursements. to track these dollars.

Also, please note that we are continually monitoring other fund availability by allocation or grants for specific tasks under the ARPA legislation.

I would like to engage Councilmembers **to bring suggestions, ideas, and projects**, which meet the criteria of “long-term benefits to our community”. I look forward to a constructive discussion for a larger community benefit. Please note that the eligibility guidelines for ARPA funds are significantly more restrictive than for CARES Act funds. For example, there are hurdles to broadly implementing a capital projects program for childcare, as some Councilmembers have suggested (see May 28 memo for details).

At the same time, I would urge Council not to rush to allocate all the ARPA funds by end of this year at the time of mid-biennium budget adjustment. I suggest we should keep a portion of funds in reserve for allocation during the next Biennium (2023-24) Budget Development.

My team plans to present further details to Council at the August 10th Council Meeting.

Strategy to Work with City of Bellingham:

I believe County Council / Administration can take the lead to provide **leadership and establish overall goals / objectives** for American Rescue Plan investments. This will allow early planning and coordination with Bellingham City Council and Mayor’s Office to develop joint strategies for Community Programs in the areas of:

- Childcare
- Affordable Housing
- Mental and Behavioral Health Programs
- Housing Security and other initiatives

Working with Small Cities:

Once the County Council / Administration establish overall goals and objectives for the investments, we can reach out to all small cities and seek collaboration in their local priorities as those enhance the goals of County Government.

We are sharing our preliminary planning information with COB and small cities to ensure they are informed of County plans in a timely manner.

For a frame of reference, please consider these suggested Guiding Principles for Use of ARPA Funds:

- ARPA funds are **non-recurring**, so their use should be applied primarily to non-recurring expenditures.
- Care should be taken to **avoid creating new programs** or add-ons to existing programs that do not have a dedicated funding source upon the exhaustion of ARPA funds.
- **Investment in infrastructure** is a particularly well-suited use of ARPA funds because it is a one-time expenditure that can be targeted to strategically important long-term assets that **provide benefits over many years**.
- We should be aware of **plans for ARPA funding from the state and other jurisdictions** as well as other buckets of money allocated through ARPA in addition to the direct allocation of Fiscal Recovery Funds.

NACo has developed a [comprehensive overview of eligibility requirements](#), which may be helpful in informing your discussions. Please feel free to reach out to me or Tyler Schroeder for any specific inquiries or questions.