

**WHATCOM COUNTY
EXECUTIVE'S OFFICE**
County Courthouse
311 Grand Ave. Suite #108
Bellingham, WA 98225



Satpal Singh Sidhu
County Executive

MEMO:

TO: Whatcom County Council

FROM: Kayla Schott-Bresler, Strategic Initiatives Manager; Tyler Schroeder, Deputy Executive

CC: Brad Bennett, Finance Manager

THROUGH: Satpal Sidhu, County Executive

DATE: August 30, 2023

RE: **ARPA Revenue Loss & LATCF / Upcoming Establishment of a Community Priorities Fund**

Background

Whatcom County has received \$44,528,542 in federal American Rescue Plan Act (ARPA) funds from the United States Department of the Treasury. On June 15, 2021, Whatcom County established the American Rescue Plan Act (ARPA) Fund – Fund 138 – through Ordinance 2021-036.

All funding from the ARPA grant must be obligated by December 31, 2024, and spent by December 31, 2026, to support response to and recovery from the COVID-19 public health emergency. Up to \$27M of Whatcom County's allocation may be spent on general government services not requiring a nexus with COVID-19.

Additionally, the County has received \$2,706,868 in funding under Treasury's Local Assistance and Tribal Consistency Fund (LATCF). These funds can be spent on general government services through December 31, 2027.

The Council and Executive have collaborated on an ARPA and LATCF spending plan that is expected to be discussed by the Council during Committee of the Whole on September 12, 2023. The Administration anticipates that Council would benefit from maximizing flexibility under that plan.

The Administration has informed Council that many of the programmatic investments, consistent with Council's ARPA/LATCF spending plan, may ultimately be reported to Treasury as "revenue loss". This memo provides a recommendation and clear path for the County to benefit from the "revenue loss" pathway provided by ARPA and the flexibility of the LATCF program.

Recommendation

The Administration recommends the County maximize flexibility under the ARPA/LATCF grants by investing a portion of unobligated ARPA funds into activities commonly funded by the County's general fund (such as regular salaries and benefits). This would be billed to the grants under the revenue loss allowance.

The Council can establish a "Community Priorities Fund," where the associated general fund savings would be directed. The Administration would then budget the accumulated savings into the Community Priorities Fund toward the activities in the ARPA spending plan established by Council, or in some cases, budget those savings directly into a project-based budget.

This recommendation allows for more streamlined reporting and administrative requirements while ensuring the County does not risk loss of ARPA funding due to a failure to meet the obligation and expenditure deadlines under the grant.

Establishing the Community Priorities Fund

The Administration is prepared to bring forward an Ordinance to establish a Community Priorities Fund in October. This Fund would be used to account for the revenues and expenditures related to general fund savings achieved through ARPA/LATCF investments into certain general government services.

Initial Budgeting Actions for ARPA Revenue Loss

In some instances, cost savings can be re-invested directly into specific projects without flowing through the Community Priorities Fund. The Administration has prepared an \$800,000 general fund budget amendment for the NW Annex project and a \$1,500,000 budget amendment for the Way Station project, which will be introduced as budget amendments on September 12th.

After Council finalizes the remainder of the ARPA/LATCF spending plan, the Administration will bring forward the ordinance to establish the Community Priorities Fund and propose additional budget actions to actualize the plan. Budget actions will be proposed as needed through the mid-biennium and the end of 2024 as the ARPA commitment deadline approaches.

If you have any questions, please reach out to Tyler Schroeder or Kayla Schott-Bresler in the Executive's Office.