



MEMORANDUM

TO: Whatcom County Council

THROUGH: Satpal Sidhu, County Executive

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

RE: September 12th Discussion Regarding American Rescue Plan Act (ARPA) in Committee of the Whole

DATE: August 30, 2023

Background

The American Rescue Plan Act (ARPA) of 2021 provided \$350 billion to state, local, and Tribal governments across the country. The United States Department of the Treasury provided \$44,528,542 to Whatcom County under this program. All funds must be committed by December 31, 2024 and expended by December 31, 2026.

In addition, the County received \$2,706,868 from Treasury's Local Assistance and Tribal Consistency Fund (LATCF). These funds can be spent on general government services.

The Administration provided an ARPA briefing to Council on [September 27, 2022](#) and [March 21, 2023](#). There was additional discussion on [May 9, 2023](#). Due to the December 2024 contracting deadline under ARPA, the Administration now seeks Council direction on budgeting the remainder of ARPA funds into the 2024 budget.

Prior to the May 9th meeting, there was \$2,705,335 in unallocated ARPA funds (exclusive of LATCF funds). During this meeting and subsequent discussions, Council made several requests and decisions regarding the allocation of ARPA funds and requested the Administration to combine "spending plan categories" into a bottom-line number of funds remaining to allocate. The below table reflects all actions taken to reconcile the ARPA spending plan after the May 9th meeting.

Actions Taken to Reconcile ARPA Spending Plan Since May 9th

Spending Category	Request/Decision	Impacted to Unallocated Amount	Notes
Childcare Stabilization	Work with Child and Family Well-Being Task Force to discuss additional uses of remaining childcare funds	\$(538,704)	Preserved in ARPA childcare bucket
Homeless Services and Shelter Capital	Preserve remaining funds for homeless services investments.	n/a	Tracked separately
Homeless Services and Shelter Capital	Allocation of \$750,000 to Lighthouse Mission	n/a	\$1.89M has been preserved for additional allocations
Food Security	Allocate an additional \$1M to Food Bank network	\$(1,000,000)	
Disaster Preparedness	Allocate up to \$1.1M for Search and Rescue Facility	\$(1,100,000)	Other potential revenue source is general fund
Government Services	Reconcile ARPA Administration Costs to budget	\$(10,568)	Budgeting error
TOTAL		\$56,063 remaining in general ARPA funding	

ARPA Grant Spending Plan Summary and Recommendations

The Executive has prepared recommended adjustments to the ARPA spending plan for Council consideration and deliberation during Committee of the Whole on September 12, 2023. Please see the table on page 3 of this memo.

A companion memo will be presented in the Finance Committee to discuss utilization of the County's revenue loss authority under ARPA.

The Executive's proposal includes the following:

- Reallocation of \$4,000,000 in broadband funding and investment of \$56,063 in uncommitted funding to Justice Project services, a food system community request, and climate action priorities.
- Preservation of \$1,890,287 in homeless services funding, with specific recommended uses suggested.

ARPA Priority Area	Total Investment	Commitments	Additional Budget Proposal
Childcare Capital	\$ 9,200,000	\$ 9,200,000	
Laurel and Forest		\$ 200,000	
Spring 2023 Expansion RFP		\$ 6,827,173	
Fall 2023 Expansion RFP		\$ 1,672,827	
Home-based childcare expansion program		\$ 500,000	
Childcare Stabilization	\$ 3,000,000	\$ 3,000,000	
Business stabilization - through OC		\$ 1,614,509	
Provider and family supports - through OC		\$ 498,733	
HCF Staffing		\$ 471,787	
Additional childcare investments		\$ 414,971	
Housing Capital	\$ 7,225,000	\$ 7,225,000	
Evergreen Ridge		\$ 2,000,000	
Laurel and Forest		\$ 3,000,000	
Habitat Everson		\$ 449,253	
Samish Commons		\$ 525,000	
Thornton Street		\$ 1,250,747	
Homeless Services & Shelter Capital	\$ 5,500,000	\$ 3,609,713	\$ 1,890,287
Shelter, Eviction Prevention & Premium Pay		\$ 1,359,713	
Way Station		\$ 1,500,000	
Lighthouse Mission		\$ 750,000	
Additional Homeless Services			\$ 1,890,287
Criminal Justice Backlog	\$ 6,627,377	\$ 6,627,377	
Staffing		\$ 6,627,377	
Public Health	\$ 4,601,578	\$ 4,601,578	
Naloxone & Drug Testing Strips		\$ 100,250	
Staffing & COVID Response Contracts		\$ 4,501,328	
Broadband	\$ 350,000	\$ 350,000	\$ -
PUD Point Roberts		\$ 350,000	
Port of Bellingham			\$ -
Food Security	\$ 1,650,000	\$ 1,500,000	\$ 150,000
Food Bank Network		\$ 1,500,000	
Food System Request - East Whatcom Kitchen			\$ 150,000
Government Services	\$ 1,368,524	\$ 1,368,524	
22-'23 ARPA Administration & Frozen Positions		\$ 457,956	
23-'24 ARPA Administration		\$ 110,568	
NW Annex Transfer / Laurel & Forest		\$ 800,000	
Disaster Preparedness	\$ 1,100,000	\$ 1,100,000	
Search and Rescue		\$ 1,100,000	
Justice Project Services	\$ 3,656,063		\$ 3,656,063
Housing, Behavioral Health, and Diversion			\$ 3,656,063
Climate Action	\$ 250,000		\$ 250,000
Natural Resources Grant Manager			\$ 100,000
Low Income Energy Assistance			\$ 150,000
Grand Total	\$ 44,528,542	\$ 38,582,192	\$ 5,946,350

Status Updates and Spending Recommendations

CHILDCARE

Childcare Expansion: The Executive's Office has been working with the Health Department to invest ARPA childcare expansion and stabilization funds into the community. Through the Fall 2023 capital RFP, the County has tentatively awarded \$6,827,173 to create at least 242 new childcare slots and preserve several hundred more slots. Contracts for these projects will begin coming forward to Council this month.

Childcare Stabilization: The County has worked with the City of Bellingham, Opportunity Council, providers, and community advocates to create a childcare stabilization grant fund, provide emergency childcare vouchers to families, scholarships for childcare workers, and additional family/provider supports. In partnership with the City, this project has resulted in grants to 31 childcare businesses with Whatcom County to date.

Recommendation for Remaining Childcare Funds: Staff expects to release an additional expansion RFP this Fall, and is also working with community advocates and providers to initiate a home-based childcare startup program and pilot a drop-in-care childcare model. The Executive's Office has been working with the Child and Family Well-Being Task Force to plan for these allocations and requests Council's support to proceed with that planning and bring contracts back for consideration.

HOUSING CAPITAL

Housing Capital: The County has contracted out \$7.2M in housing capital funds to support affordable rental and homeownership expansion projects in the cities of Everson, Bellingham, and Ferndale. These contracts will leverage outside resources to preserve 145 apartments and create 185 new affordable homes for Whatcom County residents. This process has also allowed the County to gain experience and staffing capacity in the capital funding of affordable housing projects, which will provide a strong foundation for contracting new 1406 and 1590 housing revenue.

HOMELESS SERVICES AND SHELTER CAPITAL

Homeless Services: The County has provided \$1.3M in contracts for emergency sheltering, homeless services premium pay, and eviction prevention. In addition, \$1.5M has been allocated to the Way Station project and \$750,000 to the new Lighthouse Mission project.

Recommendation for remaining Homeless Services Funds: \$1,890,287 remains to be allocated in the Homeless Services & Shelter capital area. The Executive recommends utilizing the County's authority under ARPA revenue loss to preserve these funds for future use; specifically, funds would be used for:

- \$70,000 for continued eviction prevention services,

- \$100,000 to mitigate the cliff of federal Emergency Solutions Grant funding,
- \$250,000 for future family motel stays,
- \$738,287 for a competitive RFP for shelter and/or recovery housing,
- \$132,000 for the City of Bellingham's shower services program, which will provide hygiene services until Way Station opens, and
- \$600,000 to serve as a winter shelter fund through 2026

If Council approves these uses, the Health Department requests Council to grant flexibility to move funding between these line-items as needed to accomplish priorities based on other revenue received.

CRIMINAL JUSTICE BACKLOG & PUBLIC HEALTH - COVID IMPACTS

Criminal Justice Staffing: The County expects to use the full ARPA budget authority provided to address the criminal justice backlog as a result of the COVID-19 pandemic. This funding has provided additional positions and contracted services in the courts, Public Defender, and Prosecuting Attorney's Office.

Public Health: The County expects to use the full ARPA budget authority provided to the Health Department for COVID related services and contracts, as well as other emerging community needs already approved by Council, such as the purchase of naloxone.

The Administration is meeting with the criminal justice and Health Departments to discuss the long-term plans for staffing positions funded by ARPA, and those discussions will continue during the mid-biennium budget process. ARPA has been used to provide significant staffing capacity in these departments during the pandemic, and while staffing attrition can help protect individual employees from losing their positions when funding runs out, there is concern about how to right-size staffing in those departments based on new service demands and sustainable revenue sources.

BROADBAND

Point Roberts PUD Project: The Executive's Office is working with the PUD to complete the contracting work for the \$350,000 in matching funds for the Point Roberts Project. Council can expect a contract to come forward in late September or early October.

Port of Bellingham Project: Council originally reserved \$4M in ARPA funding to utilize as match for the Port of Bellingham's next broadband project. The expected state funds were not secured, resulting in a significant change in the project's scope. At this time, the Executive recommends utilizing Economic Development Investment (EDI) funds in lieu of ARPA to support the Port's project, which the Port of Bellingham is receptive to. The EDI Board and Council should further deliberate on the timeline, grant/loan terms, and any expected match requirements for the utilization of EDI funds.

The EDI Board expects additional requests for high priority items in the coming year – such as Bellingham and Ferndale economic development projects and affordable housing. Nevertheless, with \$25M in EDI reserves and a more restricted set of eligible expenses, it would be consistent with County fund administration policy to utilize EDI for the Port's Broadband project instead of ARPA. The fund balance should be able to support the Broadband project while leaving room for other important upcoming requests and initiatives.

FOOD SECURITY

Whatcom County Food Bank Network: Council has provided \$1.5M to support the Whatcom County Food Bank network with the purchase of high-quality foods for families throughout the community. The food banks expect to fully spenddown that contract and are in need of long-term dedicated revenue for food security in Whatcom County. The food banks should continue to work with the cities, County, State Legislature, and community advocates to find sustainable revenue options for long-term needs.

East Whatcom Regional Resource Center Kitchen Upgrade: The Executive recommends utilizing up to \$150,000 to support the Food System Committee's request to provide one-time support to upgrade the kitchen at the East Whatcom Regional Resource Center. With a few minor upgrades, this kitchen could be certified as a commercial kitchen, allowing for the expansion of services and value-added agriculture products in a food insecure community. See more details on the attached request letter.

GOVERNMENT SERVICES

ARPA Administration & Frozen Positions: The County has spent approximately \$568,000 to administer the ARPA grant and unfreeze positions during the COVID-19 pandemic. The amount billed directly for ARPA administration significantly understates the County's administrative costs associated with the ARPA grant, as well as Administrative Services pandemic impacts associated with Departmental growth and new grants.

NW Annex: The County has set aside \$800,000 in ARPA to contribute to the Northwest Annex project-based budget. This amount is reflective of the County's donation of the Laurel and Forest property to the Opportunity Council's senior housing and childcare project.

DISASTER PREPAREDNESS

Search and Rescue: On August 8, 2023 the Council requested the Administration work with Search and Rescue on the relocation of its facility from NW Annex. In anticipation of next steps with this project, the Administration is earmarking up to \$1.1M of ARPA funds to deploy as needed for this relocation.

JUSTICE PROJECT INITIATIVES

Housing, Behavioral Health, and Diversion: The Executive recommends utilizing \$3.6M in ARPA funding to jump-start Justice Project initiatives related to housing, behavioral health, and diversion. The County could utilize its revenue loss authority under ARPA to preserve this money for investments over the next several years. Specifically, the Administration anticipates a portion of this funding could be used as gap capital funding for the Crisis Relief Center, supplementing the \$9M received through the State Legislature. In light of recent community conversations on the importance of prevention, this would allow the County to preserve more of the Behavioral Health Fund for upstream investments. To date, minimal ARPA funding has been invested in behavioral health services.

CLIMATE ACTION

Natural Resources Grant Manager: The Public Works Natural Resources and Climate Action program seeks to expand its capacity to apply for – and administer - state and federal funding by hiring a Natural Resources Grant Manager. Given the unprecedented funding opportunities flowing down to local governments, the Executive recommends providing \$100,000 in ARPA for the first year of this position, with grant revenues supporting the position over the long term.

Residential Electrification: The County's Climate Action Manager has been working with the City of Bellingham and Opportunity Council to plan a low-income residential electrification program, which will install electric appliances in qualified low-income homes. Both the County and City receive funding from the Energy Efficiency and Conservation Grant Program; however, local match from the County and City will expand the reach of the program. The Executive recommends allocating \$150,000 in ARPA funds for this project. Additional information is provided in the attached memo.

Additional Community Requests

The Executive and Council have received additional community requests for ARPA funds. These requests are detailed below.

Mt. Baker School District: The Mt. Baker School District has requested \$150,000 to offset lost revenue from the Brokedown Palace Timber sale and additional revenue to offset Bessie Sorts and Upper Rutsatz (request attached). While this request was not directly related to ARPA, Councilmember Galloway has requested it be discussed as part of the LATCF funding agenda item. The Executive recommends continuing work with the District to find ways to support specific workplans, such as childcare expansion endeavors, through the use of ARPA childcare and/or Healthy Children's Fund investments. Any support to replace lost revenue from a timber sale should be considered in the broader context of alternative DNR policy and financing tools to offset timber revenue for junior taxing districts.

Christian Health Care Center: Christian Health Care Center, a local nonprofit skilled nursing facility, has requested \$350,000 for an emergency Information Technology and communication

situation (request attached). The County does not typically provide support for organizational operating expenses such as this.

Pacific Northwest Plateful: PNW Plateful has requested Council consider allocating up to \$230,000 in ARPA funds for general operating support. PNW Plateful provides nutritious, scratch made pre-packaged meals to the Foothills, Lummi, and Nooksack Valley Food Banks. The Executive has requested PNW Plateful submit an application through the County’s general fund grant process and has also provided a recommendation that they coordinate with the Food Bank network on any future requests.

Whatcom Skagit Housing: Whatcom Skagit Housing has requested \$400,000 in County funds for infrastructure associated with an affordable homeownership project in Ferndale. Due to the unique program model and the fact that the infrastructure will be privately owned, the Administration is still working with the agency to find a pathway to support the project. The Executive recommends continuing those discussions rather than making a funding allocation from ARPA.

Local Assistance and Tribal Consistency Fund (LATCF)

Whatcom County received \$ 2,706,868 from Treasury’s Local Assistance and Tribal Consistency Fund (LATCF). This funding is intended to be a general revenue enhancement program for “revenue sharing” counties for which there is a negative revenue impact due to a federal program. Whatcom County is eligible under this program due to the large amount of untaxable, federal land in its jurisdiction. The County has until 2027 to allocate and spend this money.

To date, Council has allocated \$27,068 of LATCF funding for the National Center for Public Lands Counties.

LATCF Priority Area	Project Amounts
<input checked="" type="checkbox"/> Natural Resources	\$ 27,068
National Center for Public Lands Counties	\$ 27,068
<input checked="" type="checkbox"/> Government Services	\$ 2,679,800
Grand Total	\$ 2,706,868

The Executive strongly recommends Council retain the LATCF funds for County organizational needs during the 2025-2026 budget process. There are significant organizational and County investments that will be needed as the County moves toward new priorities and new projects in a post-pandemic environment. Initially, Council anticipated spending up to \$2.5M of ARPA on County organizational needs. Over time, that amount was significantly reduced as community needs and priorities became more urgent.

The County has expanded services significantly over the last three years and the organizational infrastructure has stretched to keep up with these new demands. There have been substantial

impacts to Finance, Human Resources, and Facilities associated with additional contracts, space, and personnel needs of departments since 2020 – due to both the COVID-19 emergency and the influx of federal funding. Meanwhile, the Health Department and Criminal Justice Departments have expanded significantly to respond to the pandemic, and it will take some time to “right size” those departments for the new service realities.

The LATCF can provide some buffer as the Executive and Council have discussions during the 2025-2026 budget process about how to meet increasing service demands and County facility needs as the organization continues to modernize to meet the needs of Whatcom County’s residents.

Attachments:

Request from Mt. Baker School District
Request from Whatcom County Food System Committee
Memo regarding Residential Electrification Project
Request from Christian Health Care Center