



MEMORANDUM

TO: Whatcom County Council

THROUGH: Satpal Sidhu, County Executive

FROM: Tyler Schroeder, Deputy Executive

RE: March 21st Presentation Regarding American Rescue Plan Act (ARPA) in Committee of the Whole

DATE: March 13, 2023

Background

The American Rescue Plan Act (ARPA) of 2021 provided \$350 billion to state, local, and Tribal governments across the country as part of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. The United States Department of the Treasury provided federal funds to jurisdictions through a non-competitive grant process in two tranches; Whatcom County has now received both of its tranches of funds, totaling \$44,528,542. All funds must be committed by December 31, 2024 and expended by December 31, 2026.

Treasury released its SLFRF Final Rule on January 6, 2022. The Final Rule created some additional flexibility for allocation of ARPA funds, particularly as it relates to childcare, affordable housing, and revenue loss calculations for local governments. A summary of the Final Rule is linked [here](#).

The Administration last provided an ARPA briefing to Council on September 27, 2022. That agenda bill and staff memo is linked [here](#).

In November 2022, Whatcom County received an additional \$1,353,434 in funding under Treasury's Local Assistance and Tribal Consistency Fund. Another payment of \$1,353,434 is expected later in 2023. These funds can be spent on general government services and are discussed further below.

Please reach out to the Executive, myself, or Kayla Schott-Bresler for questions or further discussion.



Commitments and Spending

In 2021, the Executive and Council discussed a plan for allocation of the County's ARPA award (herein after referred to as "spending plan"). The Executive and Council have incorporated the majority of the allocations in the spending plan into the County's budget process.

The table below summarizes progress toward the spending plan for the \$44M ARPA grant and reflects adjustments made during the 2023-2024 budget process.

Allocation	Spending Plan	Commitment	Uncommitted
Childcare Capital	\$ 9,200,000	\$ 4,700,000	\$ 4,500,000
Laurel and Forest		\$ 200,000	
RFP Closed 3/7		\$ 4,000,000	
Small Provider RFP		\$ 500,000	
Childcare Stabilization	\$ 3,000,000	\$ 2,461,296	\$ 538,704
HCF Staffing		\$ 471,787	
Business stabilization - through OC		\$ 1,489,509	
Provider and family supports - through OC		\$ 500,000	
Housing Capital	\$ 7,225,000	\$ 7,225,000	\$ -
Evergreen Ridge		\$ 2,000,000	
Habitat Everson		\$ 449,253	
Laurel and Forest		\$ 3,000,000	
Samish Commons		\$ 525,000	
Thornton Street		\$ 1,250,747	
Homeless Services & Shelter Capital	\$ 5,500,000	\$ 5,500,000	\$ -
Shelter, Eviction Prevention & Premium Pay		\$ 1,359,713	
Way Station		\$ 1,500,000	
TBD - homeless services and shelter capital		\$ 2,640,287	
Criminal Justice Backlog	\$ 6,582,756	\$ 6,627,377	\$ (44,621)
Staffing		\$ 6,627,377	
Public Health	\$ 5,841,369	\$ 4,601,578	\$ 1,239,791
Staffing & COVID Response Contracts		\$ 4,601,578	
Broadband	\$ 4,000,000	\$ 4,350,000	\$ (350,000)
Port of Bellingham		\$ 4,000,000	
PUD Point Roberts		\$ 350,000	
Food Security	\$ 500,000	\$ 500,000	\$ -
Food Bank Network		\$ 500,000	
Government Services	\$ 2,679,417	\$ 1,357,956	\$ 1,321,461
22-'23 ARPA Administration & Frozen Positions		\$ 457,956	
23-'24 ARPA Administration		\$ 100,000	
NW Annex Transfer / Laurel & Forest		\$ 800,000	
Grand Total	\$ 44,528,542	\$ 37,323,207	\$ 7,205,335

Notes on table:

- The Lighthouse Mission and the Executive's Office have been in discussion about possible support for the Mission's new low-barrier shelter project to replace and expand the services currently provided at Basecamp. If Council wishes to move forward with support for this project, funding would be drawn from the homeless services cost center.
- The NW Annex Transfer under Government Services reflects the County's property contribution to the Laurel & Forest childcare project.



Remaining Decisions and Executive Recommendations

This table summarizes the Executive's Recommendations for uncommitted funds. The Executive looks to Council for guidance on this proposed spending, particularly as it relates to childcare capital. Council decisions will be incorporated formally through the supplemental or mid-biennium budget process.

Original Spending Plan Category	Uncommitted Funds	Recommendation	Rationale
Childcare Capital	\$4,500,000	Additional childcare capital projects	The County's first childcare capital RFP closed March 7 th . There were \$12.7M in requests for ten projects, with \$4M available in funding. Staff is still reviewing these applications for eligibility. Additionally, a number of projects were not able to submit to this RFP due to readiness or lack of matching funds. We expect these projects would seek funding over the next 12-36 months to create additional local childcare slots.
		<p style="text-align: center;"><u>OR</u></p> Stakeholder Advisory Committee behavioral health recommendations	The Stakeholder Advisory Committee has made several recommendations on behavioral health facilities, services, and system changes as the County plans a new Safety and Justice Facility. This funding could serve as a "down payment" for these recommendations as the committee finishes its implementation plan. Outside of staffing costs, the County has not spent ARPA funding on behavioral health needs. ³

³ During the 2023-2024 budget process, Council established a Capital Facilities Reserve Fund for facility construction and renovation. To remove expenditure deadlines, funding would be reported to Treasury as used on existing government services, with the Finance department making an equivalent transfer to a behavioral health cost center in this facilities fund.



Original Spending Plan Category	Uncommitted Funds	Recommendation	Rationale
Childcare Stabilization	\$538,704	Supporting the needs of children and families through basic needs and human services programs	The administration expects to see basic needs and human services funding requests related to the needs of children and families in the coming year. Discretionary funding would support the wellbeing of children and families.
Public Health	\$1,239,791	\$350,000 for PUD Point Roberts Broadband project	Council has suggested \$4,350,000 in broadband funding for the Port and PUD's upcoming projects. The original ARPA spending plan included \$4M of ARPA, and the Executive recommends drawing the remaining \$350,000 from unspent Public Health ARPA funds. There was some initial discussion regarding using EDI funds for this contract; however, ARPA would create administrative ease.
		\$250,000 for climate related projects	County departments, such as Facilities and ER&R will need to make upgrades to comply with new state energy-efficiency standards and to meet the goals of the Climate Action Plan (CAP). Additionally, there will be several opportunities for community and land-use projects under the CAP. The Executive proposes designating a Climate seed fund to jumpstart these priorities over the next several years and serve as match to state and federal grants. ⁴
		\$639,791 for unanticipated needs	The Executive recommends not re-allocating this amount at this time and save it for unanticipated ARPA-eligible expenses between now and the end of 2024.

⁴ If reported as revenue loss, funding could be spread over the next several years.



Original Spending Plan Category	Uncommitted Funds	Recommendation	Rationale
Government Services	\$1,321,461	\$1,000,000 for Lummi Ferry	COVID negatively impacted farebox revenue while increased operating costs cut into reserves. This allocation accounts for the anomalies experienced from 2020-2022 in order to allow Council to set an appropriate fare rate going forward. ⁵
		\$321,461 for county administrative costs	The County has added 19 positions under ARPA outside of the Health Department. During the cost allocation process, Administrative Services will bill the general fund for additional costs associated with these new positions. Additionally, there have been substantial impacts to Finance, Human Resources, and Facilities associated with the additional contracts, space, and personnel needs of departments since 2020. The Executive proposes taking this amount to offset general fund impact during the cost allocation process. ⁶
Local Assistance and Tribal Consistency Fund	\$2,706,867.70	Transfer to Capital Facilities Reserve Fund to support capital project costs that may include Northwest Annex, new Justice Center, additional behavioral health facilities, court expansion, and deferred maintenance.	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 was eligible under this program due to the large amount of untaxable, federal land in its jurisdiction. ⁷

⁵ Ferry funding would be reported as revenue loss.

⁶ Though eligible under the grant, these costs would be reported as revenue loss to ease reporting requirements.

⁷ Though eligible under the grant, these costs would be reported to Treasury as used on existing government services to ease reporting requirements.