



# COUNTY of VENTURA

COUNTY EXECUTIVE OFFICE  
**Sevet Johnson, PsyD**  
County Executive Officer

December 13, 2022

**Mike Pettit**  
Assistant County Executive Officer

**Kaye Mand**  
County Chief Financial Officer

**Shawn Atin**  
Assistant County Executive Officer/  
Human Resources Director  
Labor Relations

Board of Supervisors  
County of Ventura  
800 South Victoria Avenue  
Ventura, CA 93009

**Subject: Approve Reporting of Up To \$164,326,748 in American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) as Being Expended in the Form of Provision of Government Services and Used for General Fund Costs to Provide Funding from the General Fund for the List of Previously Approved ARPA Projects**

## **Recommendations:**

Approve reporting of up to \$164,326,748 in American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) as being expended in the form of Provision of Government Services and used for General Fund costs to provide funding from the General Fund for the list of previously approved ARPA Projects

## **Fiscal Mandates/Impacts:**

Mandatory:	No
Source of Funding:	American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Fund (SLFRF), General Fund
Funding Match Required:	None
Impact on Other Department(s):	General Services Agency, Public Works Agency, Health Care Agency, Human Services Agency, District Attorney's Office, Ventura County Animal Services, Ventura County Sheriff's Office

## **Discussion:**

On November 16, 2021, your Board was presented a report by the County Executive Office (CEO) on the County's preliminary Funding Plan and priorities for the approximately \$164.3M in direct State and Local Fiscal Recovery Fund (SLFRF) funding the County expected to receive through the American Rescue Plan Act (ARPA). The November 2021 update followed a previous report to your Board on October 5, 2021 that discussed the approximately \$392M in federal, state, and local funds that had been

expended by the County to date on COVID-19 response and recovery, as well as information and background on ARPA and the SLFRF.

On April 26, 2022, your Board authorized the CEO to reserve \$65.3M in SLFRF funds for various additional future projects. Taking together the approximately \$7.4M in SLFRF funding approved for projects by your Board prior to the April recommendation, and the total \$65.3M in SLFRF funding from the April recommendation, this left approximately \$91.6M of the County's total \$164.3M SLFRF allocation remaining to consider for funding additional programs and projects.

On October 11, 2022, your Board approved the Funding Plan for the County's entire \$164.3M SLFRF allocation, reserving SLFRF funds for approximately 40 projects and programs. Staff was also directed to provide semi-annual updates to your Board on the status of the projects.

### Shifting Rules and Requirements

As discussed with your Board during prior ARPA updates including the October 11, 2022 recommendation, SLFRF funds carry a significant administrative effort due to extensive compliance, oversight, and reporting requirements. One such example of these requirements are the December 31, 2024 obligation deadline and the December 31, 2026 expenditure deadline. Additional requirements include strict adherence to federal Uniform Guidance and subrecipient, audit, and procurement provisions; quarterly and annual reporting to U.S. Department of Treasury (Treasury) through 2027; and the ongoing risk of unused SLFRF funds being returned to the federal government if requirements and deadlines are not met.

Since the establishment of the SLFRF and ARPA on March 11, 2021, and concurrent to the County developing its SLFRF funding strategy, the rules and requirements related to SLFRF funds have been continually updated and revised by Treasury, with the most recent updates issued on July 27, 2022 being some of the most significant. These updates included clarification and expansion of certain eligible uses as well as providing reduced compliance and administrative requirements for other categories of eligible use, including Provision of Government Services.

### Provision of Government Services

Enumerated in the eligible uses of SLFRF funds, Treasury rules and guidance provide for a type of expenditure categorized as Provision of Government Services. Broadly defined, this category includes any service traditionally provided by a government entity. Examples listed by Treasury include – road building, maintenance, and other infrastructure; health services; general government administration, staff, and administrative facilities; environmental remediation; and the provision of police, fire, and other safety services. Relative to eligibility and compliance, Provision of Government Services is the most flexible eligible use category under the SLFRF program, and reporting use of funds under

this category are subject to streamlined reporting and compliance requirements from Treasury.

In consultation with the County's COVID consultant, external auditor, and during multiple forums hosted by groups such as the Government Finance Officers Association (GFOA) and the National Association of Counties (NACo), staff has determined the use and reporting of SLFRF funds under the Provision of Government Services category represents the most efficient and expedient strategy for expending SLFRF funds and significantly reduces audit, reporting, and compliance risk for the County and our project partners.

#### Recommendation

Due to the streamlined effort and requirements associated with reporting SLFRF expenditures under the Provision of Government Services category, staff recommends your Board approve the reporting of SLFRF under this category. This accounting and administrative adjustment will not change the list of projects, or the amounts previously approved for those projects by your Board on October 11, 2022. However, the projects would instead be directly funded by increased General Fund fund balance and administered through contracts separate from Treasury requirements. This change in use and reporting of SLFRF would provide the greatest flexibility to the County and our project partners for successfully implementing the previously approved list of projects. It would also provide for the most efficient and expedient process to administer and complete the projects while significantly mitigating the risk of managing the SLFRF funds for the County and our project partners. In addition, as previously requested by your Board, staff will continue to provide semi-annual updates on the projects as they progress.

For questions on this item please contact Mike Kumazawa at 805-477-7232.



Scott Powers  
Senior Deputy Executive Officer



Sevet Johnson, PsyD  
County Executive Officer