

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
March 22, 2022
Timed: 2:45 p.m.

To: Board of Supervisors

Through: Ann Edwards, County Executive
Bruce Wagstaff, Deputy County Executive, Social Services

From: Ethan Dye, Director, Department of Human Assistance

Subject: Authorize The Department Of Human Assistance To Utilize \$3,609,993 In American Rescue Plan Act of 2021 Revenue Replacement Funds To Implement A County Food Insecurity Pilot Program For Reimbursement Of Restaurant Meal Services, Effective March 22, 2022, Through June 30, 2022, And For Program Administration Costs; Enter Into Contracts With Family Meals Sacramento And The National Association For The Advancement Of Colored People For The Distribution Of Restaurant Meals, With The Option To Renew For One Year; Approve Repurposing \$250,000 Of \$500,000 In American Rescue Plan Act 2021 Funding From District 1 From Restaurants Meal Service To Food Insecurity Outreach By The National Association For The Advancement Of Colored People; Return The Remaining \$250,000 ARPA Funding To District 1

District(s): All

RECOMMENDED ACTIONS

Approve an American Rescue Plan Act of 2021 (ARPA) allocation for Revenue Replacement in the amount of \$3,609,993 for the Department of Human Assistance; and adopt the attached Resolution authorizing the Director of the Department of Human Assistance (DHA), or his designee, to:

1. Utilize \$3,500,000 in General Fund (GF) dollars to implement the County Food Insecurity Pilot Program (CFIPP) effective March 22, 2022, through June 30, 2022, for reimbursements of restaurant meal services; and
2. Enter into restaurant meal contracts with Family Meals Sacramento (FMS) for \$1,000,000 and the National Association for the Advancement of Colored People (NAACP) for \$2,500,000 million for the distribution of restaurant meals effective March 22, 2022, through June 30, 2022, with the option to renew for one year; and

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3. Repurpose \$250,000 of the \$500,000 American Rescue Plan Act Funding of 2021 from District 1 for restaurant meal service to food insecurity outreach and enter into a contract with NAACP in the amount of \$250,000; and
4. Return remaining \$250,000 in ARPA funding to District 1; and
5. Utilize \$109,993 in General Fund dollars to redirect staffing to support the Food Insecurity Pilot Program, effective March 22, 2022, through June 30, 2022.

BACKGROUND

On March 11, 2021, the President of the United States signed the American Rescue Plan Act of 2021 (ARPA, HR 1319) into law. Funding within ARPA includes \$350 billion for a Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Of this amount, 57% has been allocated to local governments, with \$65.1 billion going directly to counties. Sacramento County's share is approximately \$300 million. Of this amount, approximately \$150 million was received in May 2021, and the remaining \$150 million is scheduled to be received in May 2022.

All CSLFRF allocations must be obligated by December 31, 2024, fully spent by December 31, 2026, and can be spent by counties for purposes that fall within these overall categories:

- Support public health expenditures
- Address negative economic impacts caused by the public health emergency
- Replace lost public sector revenue
- Provide premium pay for essential workers
- Invest in water, sewer, and broadband infrastructure

On January 11, 2022, the Board of Supervisors approved initial projects for Phase One of the ARPA funding across the following three strategic investment areas: Housing and Homelessness; Health; and Economic Response; expressed a desire to allocate a portion of the Phase One allocation

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to address food insecurity, and directed staff to return to the Board with a recommendation.

On January 25, 2022, the Board approved an allocation from Supervisor Phil Serna (District 1) of \$500,000 from the District 1 \$5,000,000 ARPA funds to be divided evenly between Family Meals Sacramento (FMS) and the National Association for the Advancement of Colored People (NAACP). The Board also approved a proposed pilot of \$1,000,000 for Meal Delivery and \$1,000,000 for Food Bank Assistance for the purposes of providing restaurant meals to those experiencing food insecurity, and these projects are proceeding as approved.

County Food Insecurity Project

Following the Board's direction on January 25, 2022, the Department of Human Assistance (DHA) met with and provided reporting information to the NAACP and FMS on the rules and regulations surrounding the ARPA funding. During discussions, DHA determined there would be significant challenges in allocating ARPA funds to restaurant meal services if the partners were unable to meet the ARPA compliance and reporting guidelines. After reviewing the Department of the Treasury Compliance and Reporting Guidance for State and Local Fiscal Recovery Funds, dated February 28, 2022 which requires sub-recipients to follow the Code of Federal Regulations (2 CFR 200) on cost principles that cover Federal Grants, it was determined this program would become an administrative burden and create an audit risk if partners were unable to comply with program rules, thus creating further hardship on restaurants, the community, and the County. Administering the ARPA Food Insecurity Pilot would also require extensive training for all partners and restaurants, increasing the costs of County administrative support significantly. Thus, DHA determined that utilizing General Fund in lieu of ARPA funding would allow for a more effective and streamlined approach to the implementation of the program.

In order to make the needed General Fund available to implement the CFIPP, the Office of the County Executive recommends the Board authorize the use of ARPA for revenue replacement, which is an eligible expenditure category

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under ARPA. The benefit of utilizing the revenue replacement category is that it allows ARPA funds to be used more broadly for the provision of government services without the extensive administrative and compliance requirements associated with other ARPA expenditure categories. Under the Final Rule, which was issued by the Department of Treasury (Treasury) on January 27, 2022, Treasury clarified that jurisdictions may make a one-time selection between two options for determining the amount available to claim for the revenue replacement expenditure category. The first option allows for a standard deduction of \$10 million of a jurisdiction's total ARPA allocation for the purpose of revenue replacement. The second option is for jurisdictions to calculate their revenue loss using a formula developed by Treasury. Staff is finalizing the calculation in order to determine the amount of revenue replacement available under the formula option; however, at minimum, the County will be able to claim \$10 million in revenue replacement. Staff will return to the Board prior to the next quarterly report, due to Treasury on April 31, 2022, to recommend the preferred revenue replacement option.

The County received proposals directly from the community to address food insecurity that mirrored the restaurant meals program administered during the pandemic, which saw an increase in needed food supports. During the January 25, 2022 Board hearing, the Board approved District 1 allocations for FMS and the NAACP for restaurant meal services. Based on the proposals and Board-approved allocations, DHA recommends the NAACP and FMS for their experience and their ability to expedite restaurant meal services to families experiencing the greatest need. For this reason, DHA is seeking authority to enter into contracts with FMS and the NAACP for an initial pilot program of one-year to ensure families are receiving the food services. Below is a funding table providing information related to the program, organization selected, and the amount the County determined is appropriate to support the CFIPP efforts and implementation.

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Program	Organization	Funding Source	Allocation
Restaurant Meal Service	Family Meal Sacramento	General Fund	\$1,000,000
Restaurant Meal Service	National Association for the Advancement of Colored People	General Fund	\$2,500,000
Food Insecurity Outreach	National Association for the Advancement of Colored People	ARPA Funding	\$250,000
Staffing Support	Department of Human Assistance	General Fund	\$109,993
Total Program Funding Request			\$3,859,993

DHA also requests authority to repurpose \$250,000 in District 1 ARPA funds to NAACP for the purposes of food insecurity outreach for individuals identified as food insecure; and to return the remaining \$250,000 in ARPA funds originally assigned to FMS to District 1 for reallocation to another program.

Staffing Support Request

The CFIPP program does not have any eligible funding sources under the current social service allocations. With the onset of this new program and reporting guidelines, DHA will need to redirect staff to support the management of the program. DHA is requesting \$109,993 in General Fund to be able to support this project as this work cannot be claimed to any other funding allocation. These administrative costs will be included as part of the recommended ARPA revenue replacement expenditure category.

DHA is requesting to redirect the staff below and utilize \$109,993 in General Fund for the following classifications:

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- A 0.2 FTE Administrative Services Officer II (Contract Analyst), to cover contract administration. This position is critical to the project, as the ASOIIIs in the DHA Contracts Unit manage new contracts and amendments and work closely with program staff to prepare and administer the appropriate correspondence required prior to execution.
- A 0.2 FTE Accountant to perform a wide variety of accounting and fiscal duties. This position requires the general understanding of Federal and State funding terms and conditions; uniform administrative requirements, cost principles, and audit requirements for Federal awards to comply with the 2 CFR 200; and the application of the fiscal standards required for the review of allowable costs and reporting requirements for federal funds.
- A 0.3 FTE Human Services Program Planner, Range B to perform a wide variety of functions related to contract monitoring, general understanding of the 2 CFR 200, CFIPP Program rules, State and local program laws, contract management, and determination of eligibility requirements for eligible food insecure participants. The Planner is responsible for the planning, development, implementation, and evaluation of this complex program.

The additional critical staffing will provide support to the contracted professionals who deliver restaurant meals to individuals and families suffering from food insecurity in the County's most vulnerable neighborhoods.

71-J ANALYSIS

County Counsel has reviewed the requests in this letter and has determined that the positions associated with the contracts identified are not subject to 71-J requirements, because County civil service employees currently are not providing these types of services.

FINANCIAL ANALYSIS

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This recommendation is requesting ARPA funds recognized in the revenue replacement expenditure category in the amount of \$3,609,993 in order to fund the County Food Insecurity Pilot Program with \$3.5 million in meal contracts and \$109,993 for the redirection of existing staff required to support the administration functions of the program. The Department is also requesting \$250,000 of the \$500,000 from the District 1 ARPA funding to support Food Insecurity Outreach approved as part of the January 25, 2022, Board Meeting for a total of \$3,859,993. The remaining \$250,000 is expected to be returned to District 1. The Department will absorb the costs within DHA's existing appropriations for Fiscal Year 2021-2022. DHA will include the costs for the County Food Insecurity Pilot Program in the FY 2022-23 September Revised Recommended Budget.

Attachment:
Resolution