

County of Santa Cruz ARPA Recovery Plan – US Treasury Interim Report

Executive Summary

The adopted County of Santa Cruz Recovery Plan maintains consistency with the County Board of Supervisors' priorities, The County's Operational Plan, and the continued pandemic local emergency response. Based on U.S. Treasury interim final rules and subsequent guidance, the County is projecting to recover and replace \$53,068,442 in aggregate revenues. The use of the replaced revenues has been allocated to assist the County in eliminating a 5 to 10 percent staffing furlough at a cost of \$18.9 million over three years, enacted in response to the economic crisis brought on by the pandemic, which limited the availability of government services to the public. Replaced revenues from ARPA also are planned to replenish \$5.4 million in road maintenance and project funding costs as well as restore \$5.2 million in operational resources at the County's health clinic which stabilizes vital community health services. Lastly, the County's plan provides \$31.1 million in various uses of replacement funds to restore, stabilize, and expand a multitude of government services related to the County's 2021-23 Operational Plan, ongoing pandemic local emergency response efforts (not FEMA eligible for reimbursement), and the County Board of Supervisors' directed priorities.

Use of Funds

The economic devastation as a result of the COVID-19 pandemic decimated state and local government resources needed to maintain adequate public services. In response, the County of Santa Cruz enacted a staffing furlough of 5 to 10 percent based on position classification, reduced contracted services, reduced supply expenses, and made other budgetary adjustments to match reduced revenues. Based on the U.S. Treasury's prescribed methodology for calculating eligible levels of revenue losses, the County of Santa Cruz is projecting to recover and replace lost revenues equal to all its allotted \$53,068,442 from ARPA-SLFRF.

The intended uses of these replaced revenues extend across a wide range of government programs aimed at addressing some key functions: continued public health emergency response, restoration of availability of core government services, restoring deferred infrastructure investments, and economic recovery. Examples of government programs enabled by the replacement of lost revenues include:

- Farm worker outreach and education of vaccines and public health measures
- Minority and women work force development and business support, including childcare resources
- Community non-profit support
- Public health measures included PPE distribution, health clinic staffing, and continued expanded testing and contact tracing, and virtual health and recreation services
- Student distant learning resources
- Public safety measures including expanded testing, tracing and continued enhanced cleaning at various detention centers

In addition to the above uses of replaced lost revenues, the County has received roughly \$16.1 million in emergency rental and housing assistance funds to help people negatively impacted by the pandemic. The County established an

MOU with the State of California to have the State administer the rental and housing assistance program on behalf of the County. Below is a overview of the County of Santa Cruz ARPA Recovery Plan:

Revenue Losses and Revenue Replacement Calculation			
Year	CY 2020	CY 2021 Projected	Total
Total Revenue Replacement	\$ 42,864,801	\$10,203,641	\$ 53,068,442

Use of Replacement Funds: County of Santa Cruz ARPA Recovery Plan			
Department	FY 2020-21 Actuals	FY 2021-22 Adjusted Rec.	Total
Auditor Controller Treasurer Tax Collector	\$ 5,522	\$ 2,800	\$ 8,322
Agricultural Commissioner	\$ 41,435	\$ 7,664	\$ 49,099
County Administrative Office	\$ -	\$ 9,259,422	\$ 9,259,422
Department of Public Works	\$ -	\$ 2,413,274	\$ 2,413,274
General Services Department	\$ -	\$ 195,104	\$ 195,104
Health Services Agency	\$ -	\$ 6,358,403	\$ 6,358,403
Human Services Department	\$ 5,140,108	\$ 3,070,054	\$ 8,210,162
Information Services Department	\$ -	\$ 155,400	\$ 155,400
Personnel Department	\$ 44,136	\$ 1,881,475	\$ 1,925,611
Probation Department	\$ 79,807	\$ 180,193	\$ 260,000
Parks Department	\$ 735,627	\$ 776,609	\$ 1,512,236
Sheriff	\$ 98,085	\$ 710,213	\$ 808,298
Total County of Santa Cruz ARPA Recovery Plan	\$ 6,144,720	\$ 25,010,611	\$ 31,155,331

Use of Replacement Funds: County Wide Programs				
Year	FY2021-22	FY2022-23	FY 2023-24	Total
General Fund Furlough Elimination	\$ 5,056,954	\$ 6,321,192	\$ 7,534,945	\$ 18,913,091
Road Repairs	\$ -	\$ 3,000,000	\$ -	\$ 3,000,000
Total County Wide Programs	\$ 5,056,954	\$ 9,321,192	\$ 7,534,945	\$ 21,913,091

Equitable Outcomes

The impact of COVID-19 is felt most strongly in south county, where structural inequities have resulted in the county's Latinx population making up 57% of total known cases of the virus, but only 33% of the total county population. The County of Santa Cruz ARPA Recovery Plan commits to programs that recognize the root causes of health inequities and can adapt to a post-COVID-19 world where social determinants of health are addressed, creating more resiliency within vulnerable communities, and thereby making our community more resilient.

Equity is built into the fabric of the County of Santa Cruz ARPA Recovery Plan as directed by the County's Strategic Plan which calls out equitable government services as a core value of the County. Specifically, the efforts supported by recovered revenue losses related to workforce development, business support, public health operations, distant learning support, targeted farm worker outreach, and other are all focused on supporting women and minority

communities within the County that have been disproportionately impacted by the economic devastation caused by COVID-19. The County of Santa Cruz ARPA Recovery Plan envisions investments that create equitable economic, health, education, and safety opportunities for the community. Equity is central to this framework, working towards a goal where outcomes are no longer predicted by characteristics such as race/ethnicity, zip code, gender, or sexual orientation (or others). This, in turn, means that ARPA supported efforts are designed address the policies and structures that yield persistently unequal outcomes by counterbalancing unequitable structures.

Community Engagement

The Santa Cruz County ARPA Recovery Plan was developed in open public meetings of the County Board of Supervisors in April, May, June, and August 2021. Over the course of three publicly held meetings, The County crafted the plan with significant transparency and input from stakeholders and the public at large.

Additionally, the County of Santa Cruz staff (at the direction of the County Board of Supervisors) is committed to bringing monthly updates to the Board at regularly scheduled meetings. These updates report on the progress of all ARPA supported efforts, detail any emerging issues, and give the public the opportunity to address the County with any concerns related to the use of replaced revenues.

As outlined in the equity section above, the uses of replaced revenues are designed to help address disproportionate impacts felt by minority groups in the County. With the assistance of local community -based organizations who specialize in services to these groups and others, as well as intentional focus from County staff, these uses are built to lower barriers to access and participation by low-income, minority, and elderly communities.

Labor Practices

A substantial amount of the County’s ARPA-SLFRF revenue replacement is used to eliminate a 5 to 10 percent staffing furlough effective July 1, 2021, which restores necessary government services levels to address community needs. By adopted county policy, the County follows prevailing wage rules in all its contracted services.

Table of Expenses

Category		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
6	Expenditure Category: Revenue Replacement		
6.1	Provision of Government Services	\$6,144,720	\$6,144,720