



FESIA A. DAVENPORT  
Acting Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

*"To Enrich Lives Through Effective And Caring Service"*

Board of Supervisors  
HILDA L. SOLIS  
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MARK RIDLEY-THOMAS  
Second District

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Third District

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Fourth District

KATHRYN BARGER  
Fifth District

November 10, 2020

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

65-G November 10, 2020

CELIA ZAVALA  
EXECUTIVE OFFICER

### **APPROVAL OF A SECOND SUPPLEMENTAL CORONAVIRUS RELIEF FUNDS SPENDING PLAN (ALL SUPERVISORIAL DISTRICTS AFFECTED) (3 VOTES)**

#### **SUBJECT**

On July 21, 2020, the Board of Supervisors (Board) approved a \$1.220 billion spending plan (Plan) for Coronavirus Relief Funds (CRF) allocated to the County of Los Angeles (County) from the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the public health emergency caused by the COVID-19 pandemic. On September 15, 2020, the Board approved a supplemental CRF spending plan (Supplemental Plan) totaling \$129.7 million, which supplemented the CRF allocations and programs identified in the Plan.

The Acting Chief Executive Officer (CEO) recommends approval of a second supplemental spending plan (Second Supplemental Plan) totaling \$65,240,000, which will support the objectives of the Plan and Supplemental Plan by making additional funds available to existing programs that support small businesses, nonprofits, children and families, and individuals struggling to pay for rent and food due to the economic crisis caused by the COVID-19 pandemic, among other support. The CEO further recommends the Board approve an amendment to the Plan by increasing the total CRF allocation for Support of County Staff Performing COVID-Related Functions and Services by up to \$350 million, from \$150 million to a maximum \$500 million, and delegate authority to the CEO to administratively approve CRF spending among categories approved in the Plan (as amended), Supplemental Plan, and Second Supplemental Plan to ensure the County spends its entire CRF allocation by the federally mandated spending deadline of December 30, 2020.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve the enclosed proposed Second Supplemental Plan totaling \$65,240,000 for COVID-19-related expenditures using revenue allocations received under the CARES Act;
2. Delegate authority to the Acting CEO, or her designee, to amend the Plan by increasing the total CRF allocation for Support of County Staff Substantially Dedicated to Performing COVID-Related Functions and Services by up to \$350 million, from \$150 million to a maximum of \$500 million, as needed; and
3. Delegate authority to the Acting CEO, or her designee, to execute, and if necessary, adjust planned spending among categories approved in the Plan, as amended, the Supplemental Plan, and the Second Supplemental Plan, with prior notification to the Board, to maximize the use of funds and recover eligible cost.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the Second Supplemental Plan and an amendment to the Plan will enable the County to continue our response to the ever-evolving COVID-19 public health emergency, including programs for children and families who remain in need of necessities such as rental assistance, food, childcare, and help bridging the digital divide; economic support for small businesses and nonprofits impacted by the pandemic; quarantine and isolation housing for COVID-impacted workers and residents; and funding for County employees providing essential services. The Second Supplemental Plan is more fully described in the section below titled, “Second Supplemental Plan” and in the attached Enclosure. The Plan amendment is discussed in the section below titled, Plan Amendment to Increase the CRF Allocation for the Support of County Staff Performing COVID-Related Functions and Services.

The delegated authority will authorize the Acting CEO to make adjustments between Plan, Supplemental Plan, and Second Supplemental Plan categories as the Acting CEO deems necessary and appropriate to ensure complete utilization of CRF funding to support a sustained and effective response to the COVID-19 pandemic.

**Implementation of Strategic Plan Goals**

The recommended actions support the County’s Strategic Plan Goal III – “Operational Effectiveness, Fiscal Responsibility, and Accountability” by providing resources to combat and prevent the spread of COVID-19, cover related costs during the pandemic, and support residents.

**FISCAL IMPACT/FINANCING**

The CRF allocation provides funding to cover County expenditures related to the County’s COVID-19 pandemic response. Approval of the Second Supplemental Plan will allow the County to be reimbursed for expenditures needed to respond to the pandemic, including expenditures related to: increasing access to technology, providing grants to small businesses and nonprofits, providing additional support for rental assistance, food, and childcare voucher programs.

Approval of the proposed Plan amendment to increase the total CRF allocation for Support of County Staff Substantially Dedicated to Performing COVID-Related Functions and Services by up to \$350 million, from \$150 million to a maximum \$500 million, will allow the County to claim CRF funding for public health functions and services, as needed, that otherwise would be paid for with net County costs (NCC), and allow the County to use the NCC for pandemic-related response in calendar year 2021 when CRF is no longer available.

The CEO will continue to work with the impacted County departments to determine if the Supplemental Plan components will require budget adjustments and will return to your Board to request approval of any budget adjustments, as necessary.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

### **BACKGROUND**

On March 27, 2020, President Trump signed the CARES Act into law – the third in a series of legislative packages approved by Congress in response to the COVID-19 pandemic. The CARES Act provided financial assistance and resources to assist various sectors, including small businesses, workers, and state and local governments, as well as other programs critical to the COVID-19 pandemic response. Key programs with the CARES Act include the Economic Impact Payments Program (direct financial relief to individuals and families in the form of stimulus checks); the Paycheck Protection Program (financial relief and incentives for businesses to assist with employee payroll costs); as well as the Community Development Block Grant Emergency Solutions Grant and the Rental Assistance Protection for Low-Income Americans programs (homeless prevention and affordable housing). The CRF was a separate component of the CARES Act and authorized funding for state and local governments to respond to the impacts of the pandemic.

The County received \$1.057 billion in CRF from the U.S. Treasury Department (Treasury), which was placed into an interest-bearing trust account. Interest earnings must be spent in accordance with CRF spending requirements and guidelines issued by the Treasury.

Additionally, the State of California received \$15.321 billion in CRF from the Treasury, which it allocated through the approved FY 2020-21 State Budget Act to counties and cities. The State allocated \$163.4 million of these funds to the County. Five California cities received a direct allocation of CRF from the Treasury. All remaining California cities received direct allocations from the State with no city receiving less than \$50,000.

On July 21, 2020, the Board approved the Plan totaling \$1.220 billion for COVID-19 pandemic related expenditures using federal revenues through direct and State allocations, which spanned a range of categories and programs, including a set-aside for contingency planning. The action also delegated authority to the CEO to execute and transfer funds from the CARES Act Trust Fund to reimburse County departments for eligible expenditures.

On August 4, 2020, the Board took further action to implement the spending plan by adopting a motion by Supervisors Hahn and Kuehl that approved various budget adjustments and authorized various County departments to enter into necessary subrecipient agreements.

On September 15, 2020, the Board approved the Supplemental Plan totaling \$129.7 million, which supplemented the CRF allocations and programs identified in the Plan.

On October 13, 2020, the Board took further action to implement the Supplemental Spending Plan by adopting a motion by Supervisors Kuehl and Hahn that approved various budget adjustments, authorized various County departments to enter into necessary subrecipient agreements, and delegated authority to the CEO to implement the directives in the Plan and Supplemental Plan.

## SECOND SUPPLEMENTAL PLAN

### Overview

The Second Supplemental Plan represents the third phase of the County's CRF planned spending. With the approaching federally mandated spending deadline of December 30, 2020, the CEO recommends focusing on making additional revenue available to existing County programs offering fundamental community support. The Second Supplemental Plan will allocate additional funds to provide grants to small businesses, childcare providers, and nonprofits, including those nonprofits serving the justice involved and arts communities; acquire computer devices and hotspots and other equipment to support the LA County Library (Library) Laptop Lending Program and the Los Angeles County Office of Education (LACOE) device acquisition program for K-12 students countywide; provide rental assistance; allocate childcare vouchers for essential workers and others; offer programs that combat food insecurity; provide computer devices to support perinatal and fund early childhood home visitation programs; supplement quarantine and isolation beds; and support community testing to protect the health of essential workers and residents.

### Support for Small Businesses and Nonprofits Impacted by COVID-19 (\$25,000,000)

The County is home to nearly half a million small businesses, which collectively drive the region's economy and employ hundreds of thousands County residents. The COVID-19 pandemic has precipitated an economic recession that has disproportionately affected micro-, very small, and small businesses, especially businesses owned and operated by people of color and immigrants, who are less likely to secure federal disaster aid or qualify for other loans or lines of credit to help weather the pandemic. The LA Regional COVID Fund (Fund), a collaboration between the County Department of Consumer and Business Affairs (DCBA), the LACDA, the City of Los Angeles, the Local Initiatives Support Corporation (LISC), philanthropic partners, and community development financial institutions, provides small businesses and nonprofits that have been impacted by the COVID-19 pandemic grants ranging from \$5,000 to \$75,000 based on annual revenue of the business or nonprofit applying for a grant. The Fund is oversubscribed, and the Second Supplemental Plan will allocate an additional \$10 million to support small business grants and \$5 million to support nonprofits. The Second Supplemental Plan will provide an additional \$3 million to support COVID-19-impacted community-based organizations providing reentry and diversion services that further the County's "Care First, Jails Last" model, and \$2 million to provide additional grant funding for nonprofit arts organizations participating in the CRF grant program administered by the Department of Arts and Culture.

The Second Supplemental Plan will also allocate an additional \$5 million to support the Childcare Provider Grant Program administered by LACDA, which is oversubscribed. The program provides a lifeline for childcare providers that have been unable to operate or have reduced revenues because of the pandemic.

### Support for the Public Health of County Residents (\$10,100,000)

Through the Plan and Supplemental Plan, the Board allocated over \$575 million to support the public health response for County residents. These funds support critical programs such as contact tracing, testing, and public health surveillance and inspections, among other programs. The Second Supplemental Plan will allocate an additional \$5 million to ensure an ongoing adequate supply of quarantine and isolation housing available to essential workers, medical caregivers and residents who have no place to shelter safely after exposure to or testing positive for COVID-19.

The Second Supplemental Plan also allocates an additional \$5 million for community testing to ensure continued access to drive-through testing sites, and testing for persons experiencing homelessness and in the jails.

Finally, the Second Supplemental Plan provides \$100,000 for computer devices to support perinatal and early childhood home visitation programs, which will allow visitations to be conducted virtually rather than telephonically. This approach is more effective in supporting and guiding families working to improve parent-child relationships.

### Financial and Other Supports for County Residents (\$30,140,000)

The pandemic has upended the financial security of County residents, many of whom were already rent burdened and without substantial savings to weather a financial emergency, let alone an enduring a public health crisis. In the Plan and Supplemental Plan, the Board allocated \$100 million for rental assistance for County residents living outside the City of Los Angeles (which established its own rental assistance program) and \$135 million for programs that provide free meals to combat food insecurity. The Second Supplemental Plan will allocate an additional \$10 million to the rental assistance program administered by LACDA and \$10 million for continued support for food programs administered by the Department of Workforce Development, Aging and Community Services or the CEO Sustainability Office.

Additionally, the Board allocated \$15 million in the Plan to help essential workers and low-income residents pay for childcare. As the pandemic continues and most schools remain closed for in-person instruction, the Second Supplemental Plan adds \$5 million for childcare voucher programs administered by the Department of Public Health.

To help close the digital divide associated with distance learning due to the COVID-19 pandemic, the Board allocated more than \$13 million in the Supplemental Plan for LACOE to acquire computing devices and hotspots for school-aged children countywide. In addition, the Supplemental Plan allocated funding for the Library to increase the capacity of its laptop lending program and extend the signal strength of the publicly accessible Wi Fi at County libraries beyond the footprint of the buildings into parking lots and the immediately surrounding areas. Because of the continuing need to narrow the digital divide during the pandemic, the Second Supplemental Plan would allocate an additional \$4.7 million to LACOE to acquire more computing devices and hotspots for K-12 students countywide, and \$415,000 to the Library to provide additional resources for its Chromebook lending program.

## PLAN AMENDMENT TO INCREASE THE CRF ALLOCATION FOR COUNTY STAFF SUBSTANTIALLY DEDICATED TO PERFORMING COVID-RELATED FUNCTIONS AND SERVICES

The Treasury provides guidance to State and local governments regarding appropriate CRF expenditures. On September 2, 2020, in response to nationwide pressure from State and local governments to ease restrictions in existing Treasury guidance related to the use of CRF for costs incurred by State and local public health and public safety employees, the Treasury issued revised guidance clarifying the use of CRF for public health and public safety employees. Recognizing the importance of public health and public safety in response to the COVID-19 pandemic, the Treasury established that, as an administrative accommodation, State, local, and tribal governments may presume that costs incurred by public health and public safety employees are eligible for CRF, unless the State, local, or tribal government determines otherwise.

The revised guidance states that public health employees include “employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians) as well as employees of public health departments directly engaged in matters related to public health and related supervisor personnel.”

Before the revised guidance, the County had been funding essential services provided by public health employees without offsetting such costs with CRF. In some cases, the County has funded these services as NCC. In the area of public health, the CEO estimates the County has spent more than \$350 million in NCC to pay for staffing these essential services that are reimbursable with CRF under the revised guidance.

The proposed amendment to the Plan would increase the CRF allocation for County staff performing COVID-related functions and services by up to \$350 million, from \$150 million to a maximum of \$500 million, as needed, and delegate authority to the CEO to claim up to \$350 million in CRF for public health functions and services which otherwise would be paid for with NCC. Claiming CRF for these costs will allow the County to utilize this NCC to support its pandemic response in calendar year 2021, when CRF is no longer available.

## PRIORITIZING TESTING, CONTACT TRACING, AND QUARANTINE/ISOLATION HOUSING

As the December 30, 2020, spending deadline approaches, the Chief Executive Office, in partnership with the Auditor-Controller and County departments, is closely monitoring the spending rate of CRF-funded programs. In the event CRF will otherwise remain unspent and to ensure adequate funding for core programming to slow the spread of COVID-19, the Chief Executive Office will prioritize the use of unspent CRF to fund testing, contact tracing, and quarantine/isolation housing.

## **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The funding allocations proposed in the Second Supplemental Plan would add CRF funding to support critical programs that meet fundamental needs during the pandemic, including financial support for businesses and nonprofits, rental assistance, food, childcare, and computing devices and hotspots, among other programs. The proposed Plan amendment would allow the County to

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allocate up to \$350 million in CRF for the cost of public health employees that otherwise must be paid for with NCC, freeing up NCC to fund pandemic-responsive services, such as testing and contact tracing, in calendar year 2021 after the CRF-spending deadline.

We will continue to work with Board offices and County departments to implement the programs funded in the Plan, Supplemental Plan, and Second Supplemental Plan and to address the health and safety of County residents with equity, commitment, and compassion, including ensuring plan implementation is informed by data indicating areas of highest need related to COVID-19 and its impacts.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Fesia A. Davenport". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

FESIA A. DAVENPORT

Acting Chief Executive Officer

FAD:JMN:MM

MM:bj

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller

COUNTY OF LOS ANGELES  
**CARES Act - Coronavirus Relief Fund (CRF)**  
**Second Supplemental Spending Plan**  
March 1, 2020 to December 30, 2020  
(\$ in Thousands)

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Second Supplemental Spending Plan

<u>Recommended Expenditures</u>	<u>Est Cost</u>
<u>Support of the Public Health of County Residents</u>	10,100
<u>Financial and Other Support for County Residents</u>	30,140
<u>Support Small Businesses Impacted by COVID</u>	25,000

<b>TOTAL SECOND SUPPLEMENTAL SPENDING PLAN</b>	<b>\$ 65,240</b>
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