



**Chief
Executive
Office.**

COUNTY OF LOS ANGELES

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CHIEF EXECUTIVE OFFICER

Fesia A. Davenport

May 6, 2024

To: Supervisor Lindsey P. Horvath, Chair
Supervisor Hilda L. Solis
Supervisor Holly J. Mitchell
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: Fesia A. Davenport
Chief Executive Officer

**NOTICE OF SECOND SET OF RECOMMENDED CHANGES TO ALLOCATIONS IN
PREVIOUSLY APPROVED AMERICAN RESCUE PLAN ACT SPENDING PLANS**

All American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) must be spent or obligated no later than December 31, 2024.

As the County approaches the spend-or-obligate deadline, departments have requested various reallocations to "right size" their SLFRF-funded program budgets and are seeking additional available SLFRF to sustain approved ARPA programs or increase services and grant-making capacity for programs that are oversubscribed.

In total, my office has identified \$63,437,000 in SLFRF funding that is recommended for reallocation to support departmental requests. Of this amount, \$28.2 million represents funding that departments are requesting to reallocate between their existing ARPA programs to "right size" budgeted allocations. Approximately \$35.2 million represents funding that is available to be reallocated to departments seeking additional SLFRF for programs that are oversubscribed, have experienced cost escalations, and to sustain ARPA-funded services.



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Attachment I provides a summary of the total SLFRF being reallocated, including the sources and uses of the funding. Attachment II provides additional details, including departments and programs that the reallocated funding will support. All reallocated funds will support existing Board-approved ARPA programs.

Unless we receive objections from your Board, on or before May 15, 2024, we will notify departments of the revised allocation amounts and direct them to proceed with implementing program changes supported by the reallocated funding.

Background on Board-Approved ARPA Spending Plans and Previous Reallocations

The County received approximately \$1.9 billion in SLFRF through ARPA in two equal tranches of approximately \$975.0 million in May 2021 and June 2022. Your Board also received an additional \$3.2320 million in Local Assistance and Tribal Consistency Funds (LATCF) in two equal payments in November 2022 and July 2023, after the County approved its ARPA phase two spending plan.

Your Board adopted a [phase one spending plan](#) allocating the first tranche of \$975.0 million in SLFRF on July 27, 2021, and a [phase two spending plan](#) allocating the second tranche of \$975.0 million on September 13, 2022. The spending plans reflected your Board's highest priorities at the time the plans were adopted.

For both the phase one and phase two spending plans, your Board authorized my office to adjust the allocations among approved programs in the spending plans to maximize the use of funds and recover eligible costs. Your Board recognized that priorities could change over the coming months and years and actual expenditures and funding needs for approved programs could be different than what was approved in the spending plans, and requiring my office to seek Board approval to adjust spending levels would be administratively burdensome and inhibit the deployment of ARPA funding to those in need.

Throughout the ARPA spend-down period, my office has administratively approved reallocations among existing ARPA programs at the request of departments. These reallocations were largely to "right size" program budgets, typically to match budgeted allocations to actual spending or move funding to programs that were oversubscribed. Many of these reallocations took place prior to your Board's approval of the phase two spending plan and are noted in the phase two plan.

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In late 2023, my office identified approximately \$67.5 million in ARPA SLFRF and LATCF that required reallocation, and we worked with your offices and departments to develop an appropriate reallocation plan. On November 6, 2023, my office issued a memo entitled, "[Notice of Recommended Changes to Allocations in Previously Approved American Rescue Plan Act Spending Plans](#)", notifying your Board of the CEO's recommended changes to the previously approved ARPA spending plans and exercising my delegated authority to reallocate funding.

The reallocations identified in this memo will be the second set of administrative reallocations since your Board's approval of the phase two spending plan.

Continued Monitoring of ARPA Programs and Spending

ARPA SLFRF serves as a bridge to long-term recovery from the pandemic. Unlike prior stimulus packages approved by Congress early in the pandemic, ARPA provides local governments a longer time horizon to spend SLFRF — through December 31, 2024, or through December 31, 2026, if funds are "obligated" (e.g., encumbered via a services contract).

As the December 31, 2024, obligation deadline approaches, the ARPA financial recovery team, which includes the Chief Executive Office, County Counsel, and Auditor-Controller, continues to work closely with departments implementing ARPA-financed programs to ensure compliance with complex ARPA regulations and guidance issued by the U.S. Treasury, as well as the equity design and reporting metrics required by your Board. The financial recovery team continues to collect regular updates and key information from departments to determine whether programs remain ARPA-compliant and are on track to meet all applicable ARPA encumbrance and spending timelines.

In November 2023, the financial recovery team instructed all departments with ARPA funding that they must execute all planned contracts and finalize all project designs on or before March 29, 2024. Departments are largely on track, and the financial recovery team is working with departments who have unobligated funding to execute necessary contracts as soon as possible. This March 29, 2024 deadline ensures that funds are obligated timely and that programs are on track to spend within applicable deadlines, and to provide sufficient time to budget funds in the final mid-year budget adjustment in June 2024.

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Next Steps

As stated above, unless we receive objections from your Board on or before May 15, 2024, we will notify departments of the revised allocation amounts and direct them to proceed with implementing program changes supported by the reallocated funding.

Should you have any questions, please contact me or Joseph M. Nicchitta, Chief Operating Officer, CEO at (213) 974-1104 or jnicchitta@ceo.lacounty.gov.

FAD:JMN
AU:vn

Attachments

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

**America Rescue Plan Act
Reallocation Plan
May 6, 2024**

| Available for Reallocation | |
|---|-------------------------|
| Source | Amount Available |
| Community Testing – Health Services | \$23,757,000 |
| Conversion of Interim Housing Units to Perm Housing (PHK 1.0) | 11,048,000 |
| Pandemic Recovery Rapid Reemployment | 8,120,000 |
| Funding New Private Sector Affordable Housing Developments | 7,000,000 |
| Project Homekey 2.0 | 3,900,000 |
| Domestic Violence Shelter-Based Program | 4,025,000 |
| Disaster Services Workers and Pandemic-Related Costs | 1,800,000 |
| Nurse Family Partnership | 1,634,000 |
| Legal Aid for Small Business | 1,153,000 |
| LA Regional COVID Fund: Small & Microbusiness Grants | 361,000 |
| Economic Mobility Initiative | 268,000 |
| LA Regional COVID Fund: Nonprofit Grants | 221,000 |
| Keep LA Dining | 150,000 |
| Total | \$63,437,000 |

| Reallocations | |
|---|---------------------|
| Program | Amount |
| Community Food Resource Grants | \$10,514,000 |
| Childcare Provider Grants and Incubator Program | 10,500,000 |
| Sanitation Services for People Experiencing Homelessness (Encampments) | 8,144,000 |
| High Road Training Partnerships | 7,120,000 |
| Accelerate Digital Equity | 5,300,000 |
| Capital Programs: LACDA Public Housing Capital Improvements | 5,300,000 |
| Grocery Voucher Program | 4,025,000 |
| Small Dollar Grants for Domestic Violence Survivors | 4,000,000 |
| Rent Relief | 3,200,000 |
| Recreation Programming at County Parks | 1,700,000 |
| Home Visiting Services | 1,634,000 |
| Street Vending Collaborative for Health, Safety, and Economic Mobility | 1,000,000 |
| Fair Chance Campaign | 1,000,000 |
| Total | \$63,437,000 |



Department "Right-Sizing" Reallocations: \$28.223M Total

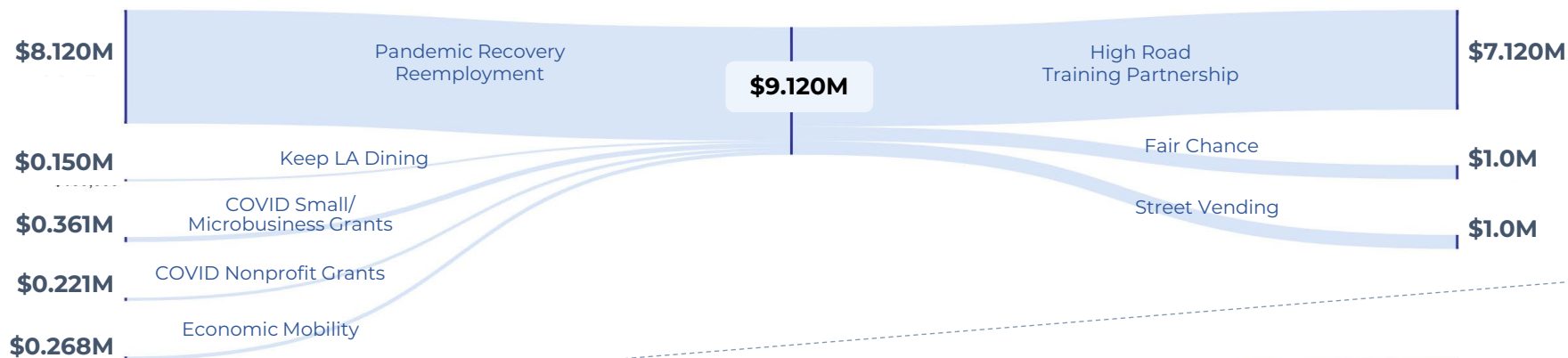


Available for reallocation: \$0



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Available for reallocation: \$0

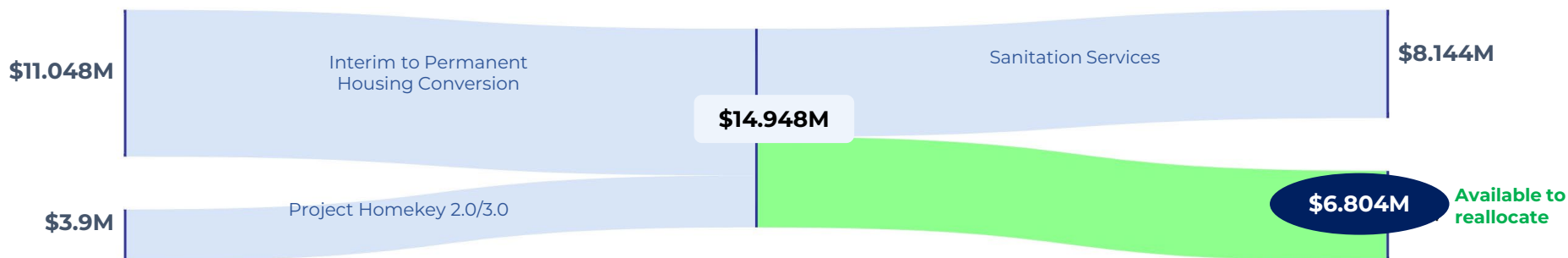


Available for reallocation: \$1.7M

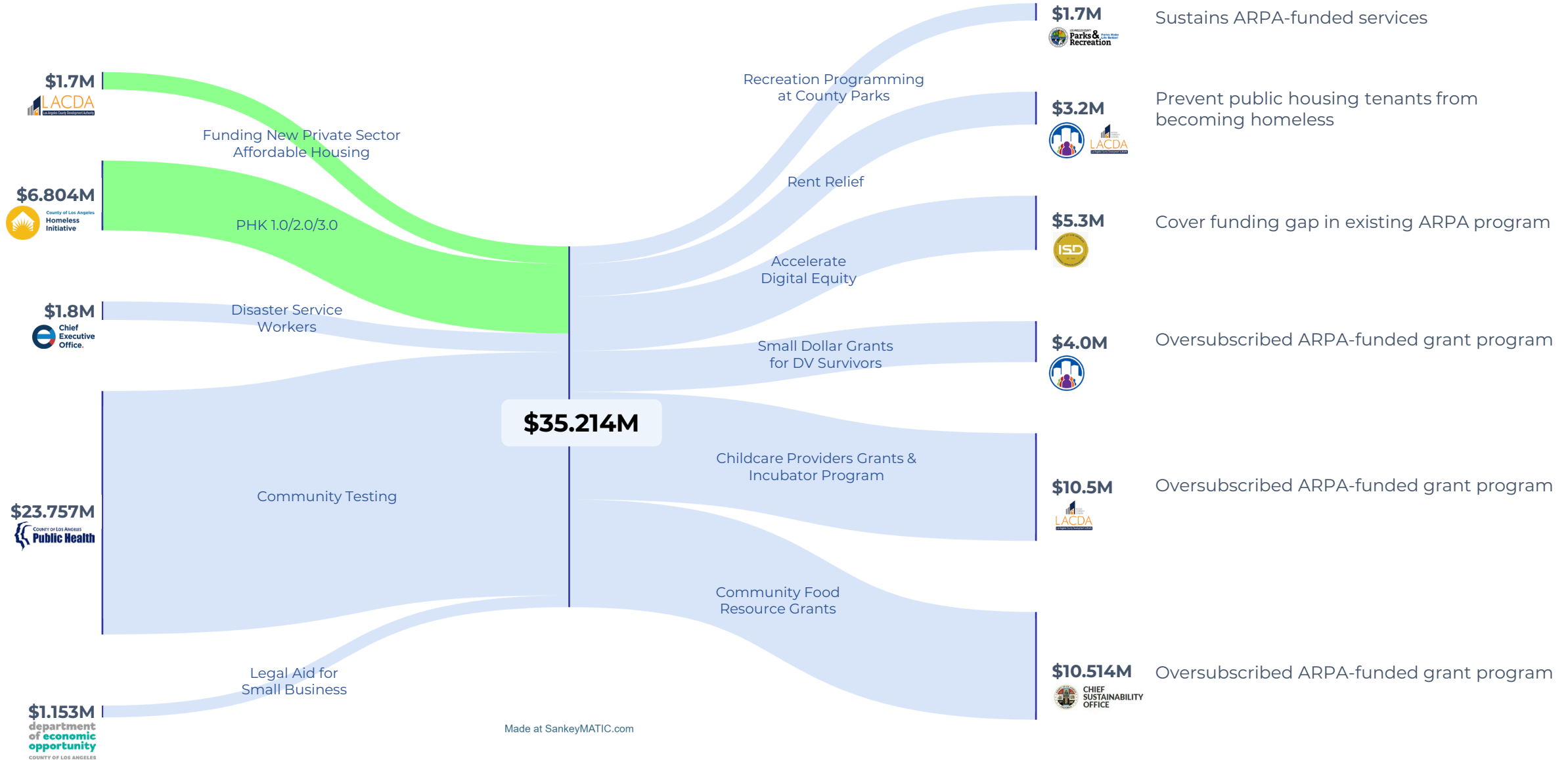


County of Los Angeles Homeless Initiative

Available for reallocation: \$6.804M



Reprogramming Reallocations: \$35.214M Total



Notes

- Sustains ARPA-funded services
- Prevent public housing tenants from becoming homeless
- Cover funding gap in existing ARPA program
- Oversubscribed ARPA-funded grant program
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