



County of Los Angeles CHIEF EXECUTIVE OFFICE

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FESIA A. DAVENPORT
Chief Executive Officer

April 9, 2021

To: Supervisor Hilda L. Solis, Chair
Supervisor Holly J. Mitchell
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: Fesia A. Davenport
Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

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Second District

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Third District

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FINAL ALLOCATION OF AVAILABLE REMAINING CORONAVIRUS RELIEF FUNDS IN ANTICIPATION OF THE RECEIPT OF LOCAL FISCAL RECOVERY FUNDS THROUGH THE AMERICAN RESCUE PLAN

This memorandum summarizes our plan to allocate approximately \$102.1 million in available remaining Coronavirus Relief Funds (CRF), received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, to pay for pandemic response costs incurred and bridge critical programming until the County receives an estimated \$950 million in local fiscal recovery funds in May 2021 as part of the American Rescue Plan Act. As explained more fully below, we recommend allocating \$71.0 million to pay for departmental costs incurred to combat the pandemic, \$23.0 million for additional local rent relief, \$1.0 million to continue non-congregate food distribution, \$1.5 million to pay for necessary review and auditing costs required by the CARES Act, and \$5.6 million to establish a small contingency reserve or fund additional programming if needed.

Background

The CARES Act became law on March 27, 2020 – 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 and workers, as well as other programs critical to the COVID-19 response. The CARES Act also provided direct financial aid to states and local governments through the CRF program. The County received approximately \$1.22 billion in CRF, comprised of \$1.057 billion directly from the U.S. Treasury Department and \$163.4 million from the State.

On July 21, 2020, your Board approved a \$1.22 billion spending plan (CRF Spending Plan) for the County's federal and State allocation of CARES Act CRF funding, which spanned a range of categories and programs, including a set-aside for contingency planning. Your Board also delegated authority to the Chief Executive Office (CEO) to execute and transfer funds from the CARES Act Trust Fund to reimburse County departments for eligible expenditures.

On September 15, 2020, your Board approved a supplemental CRF spending plan (Supplemental Plan) totaling \$129.7 million, which among other things allocated unspent CRF realized as a result of leveraging other sources of federal funding, and reallocated funding from programs that were undersubscribed or not on target to expend their allocation by the original expenditure deadline of December 30, 2020.

Finally, on November 10, 2020, your Board approved a second supplemental spending plan (Second Supplemental Plan) totaling \$65.2 million that allocated amounts held in contingency and other CRF funding realized from further leveraging other sources of Federal funding. Your Board also delegated authority to the CEO to adjust planned spending among categories approved in all plans, with prior notification to your Board, to maximize the use of funds and recover eligible costs.

An additional COVID-19 relief package became law on December 27, 2020, which among other things extended the CRF expenditure deadline to December 31, 2021.

Process for Monitoring CRF Programs and Spending

More than 65 programs across multiple departments are financed with CRF. These programs include core public health programming such as contact tracing and testing, as well as support for people experiencing homelessness, food distribution programs, and direct financial assistance to business owners and nonprofits, among many others. Programs are operated directly by departments or in partnership (via contract) with other governmental agencies, contractors, and community organizations. These programs are profiled in a CEO report issued on March 11, 2021, entitled ([Report on Impact of CARES Act CORONAVIRUS Relief Fund in Los Angeles County and Lessons Learned for a New Stimulus Package](#)). The report described program outputs and early outcomes but did not report expenditure data because expenditure reporting intervals, in most cases, trail the delivery of services by multiple weeks. The program and expenditure monitoring and reporting processes are described below.

The CEO, County Counsel, and Auditor-Controller work closely with departments implementing CRF-financed programs to ensure compliance with the CARES Act and applicable guidance issued by the U.S. Treasury Department. This monitoring includes bi-weekly meetings with departments to obtain updates on program implementation, challenges, and proposed solutions to address identified challenges.¹

The meetings with departments also enabled the CEO to monitor the CRF spend rate by program, identify programs that appeared to be undersubscribed (potentially causing underspending) or oversubscribed (potentially causing overspending). Pursuant to the delegated authority approved by your Board in connection with the CRF Spending Plan and supplemental plans, the CEO worked with departments to redirect funding and facilitate program adjustments to address emerging and critical pandemic response needs, maximize program implementation, and ensure CRF was appropriately expended.

However, in many cases, although near real-time data regarding implementation and service delivery were available, real-time expenditure data was not. This was due to the inherent lag time between service delivery and cost reconciliation. Specifically, departments first provided services, then accounted for the services provided (e.g., number of residents served), then calculated the cost of providing services, and then reported those costs to the CEO for deduction from the departments' respective CRF allocations. If services were provided by a third-party partner, the time to provide CEO with the expenditure data was further increased by the time it took the provider to complete its own process and invoice the relevant department. This time-consuming and detailed-oriented process required close collaboration between CRF-funded departments, the CEO, Auditor-Controller, and County Counsel.

Status of CRF Program Expenditures

Pursuant to the process described above, the CEO has now received and analyzed sufficient expenditure data to project our CRF expenditures by program. Attachment I to this memorandum identifies 21 programs that have fully expended their funding allocations. Attachment II to this memorandum identifies 51 programs where services are continuing, services are no longer continuing but final expenditure amounts are outstanding, or the source of the funding started out as CRF but was later replaced by a different type of funding and the final expenditure amounts remain outstanding.² Cumulatively, the programs identified in Attachments I and II account for approximately \$1.123 billion in CRF.

¹ The CEO will continue to work with the Auditor-Controller to conduct reviews of departmental expenditures to ensure all program expenditures were made in compliance with the applicable guidance from the U.S. Treasury Department.

² A description of the programs and levels of service can be found in the March 11, 2021, CEO report referenced above. Some programs, particularly those dealing with the health response and economic recovery, should be considered for extension with American Rescue Plan funding.

We expect to realize approximately \$102.1 million in CRF savings across five programs, which are summarized in Table 1 below.

Table 1: Projected CRF Savings by Program		
Department	Program	Current Allocation
CEO	211*	\$ 2,925,000
	Personal Protective Equipment (PPE)*	\$ 24,970,000
Health Services	Diagnostic Testing †	\$ 22,555,000
Public Health	PPE*	\$ 21,026,000
WDACS	Great Plates*	\$ 30,644,000
TOTAL		\$ 102,120,000

* Programs with an identified underspend due to maximizing use of Federal Emergency Management Agency (FEMA) funding.

† Other funding sources are available, including the Centers for Disease Control and Prevention Epidemiology and Laboratory Capacity (ELC) grant funds.

The savings in these programs are primarily due to the availability of other funds, such as FEMA, and did not result from a reduction in services. Additionally, some programs, such as PPE, are funded by multiple sources. Further, sufficient funding remains available from other sources to fund these needs moving forward, such as CRF for PPE and ELC grant funds for testing. The Great Plates Delivered program is planned to continue until September 30, 2021, and will be eligible for FEMA reimbursement until that date per President Biden’s executive order dated February 2, 2021. If the need arises to revisit funding for these programs, there will be an opportunity to do so with American Rescue Plan funding.

Recommended Final Allocation of Remaining CRF Savings

For the reasons explained above, we recommend repurposing the approximately \$102.1 million in projected CRF savings as supplemental or bridge funding for other critical programs and pay for costs incurred as part of the County’s pandemic response until we receive the approximately \$950 million in local fiscal recovery funds under the American Rescue Plan in May 2021. Our recommended allocations are summarized in Table 2 below.

Table 2: Final CRF Allocation Recommendations		
Department	Recommendation	Additional Allocation
Various – Disaster Services Workers and Other Costs	Increase allocation from \$150 million to \$221 million, an increase of \$71 million	\$ 71,000,000
LA County Development Authority (LACDA)	Allocate an additional \$23 million for rent relief	\$ 23,000,000
CEO – Food Security Branch	Allocate \$1.0 million to continue the Regional Food Bank food distribution partnership through June 30, 2021	\$ 1,000,000

Table 2: Final CRF Allocation Recommendations		
Department	Recommendation	Additional Allocation
Auditor-Controller	Allocate \$1.5 million for CRF-related review and Single Audit preparation	\$ 1,500,000
CEO – Contingency	Establish a contingency reserve of \$5.62 million	\$ 5,620,000
TOTAL		\$ 102,120,000

** We are evaluating departmental CRF programs that can benefit from this additional funding and will allocate these funds as appropriate and necessary pursuant to the delegated authority approved by your Board.*

Disaster Services Workers and Other Costs

County Departments heeded the call, and continue to heed the call, when requests for Disaster Services Workers (DSWs) were made. Over 43,000 employees have served as DSWs during this pandemic. Your Board originally appropriated \$150 million to support Countywide DSW efforts. However, DSW costs through December 2020 currently total \$237 million, \$16 million of which is expected to be reimbursable through FEMA, leaving approximately \$71 million in unreimbursed costs. As a result, the CEO recommends appropriating an additional \$71 million to the DSW program and other pandemic-related costs to fully support departmental expenditures through December 2020.

LACDA Rent Relief

Your Board allocated \$110 million in CRF to LACDA to provide rent relief to County residents experiencing economic hardship caused by the pandemic. LACDA expects to fully allocate all \$110 million with more than 3,000 eligible applicants still in need of assistance. The additional \$23 million would allow LACDA to provide relief to all remaining applicants and close out its local program as the State launches a complementary rent relief program with more than \$300 million in additional support for tenants.

Food Distribution Programming

The CEO's Food Security Branch partners with community organizations to provide prepared meals, groceries, and food vouchers to residents facing food insecurity. One such critical program is the CEO's partnership with the LA Regional Foodbank, which offers non-congregate, drive-up feeding events throughout the County. Each event serves thousands of residents. The program is currently funded through the end of April 2021, and an additional \$1.0 million allocation will ensure these critical services continue through June 2021, at which time your Board can consider allocating additional funding can be allocated via the American Rescue Plan.

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Auditing and Monitoring

As explained above, the CEO has worked closely with Auditor-Controller to monitor, track and report CRF expenditures. All CRF expenditures are subject to the annual Single Audit process. We recommend that \$1.5 million be allocated to secure the resources necessary to conduct reviews of all departmental CRF expenditures to ensure compliance with CARES Act and U.S. Treasury Department requirements governing the use of CRF.

Contingency

We recommend that the remaining \$5.62 million to serve as bridge funding to address programming needs until we receive American Rescue Plan stimulus funds in May 2021.

Should you have any questions concerning this matter, please contact me or your staff may contact Joseph M. Nicchitta, Chief Deputy CEO at (213) 974-1104 or jnicchitta@ceo.lacounty.gov.

FAD:JMN:CT:vn

Attachments

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

Attachment I

Fully Expended CRF Programs

Department	Program	Current Allocation
CEO	Baby2Baby	\$ 1,000,000
	Food Communications	\$ 1,000,000
	Medical Sheltering/Quarantine and Isolation Sites	\$ 5,000,000
CEO-Homeless Initiative	Interim Housing	\$ 3,700,000
Arts and Culture	Funds to Support Nonprofit Arts Sector	\$ 11,987,000
Dept. of Consumer and Business Affairs	Media Campaign	\$ 995,000
Library	Wi-Fi Extension	\$ 708,000
Dept. of Public Health	Case and Contact Interview and Community Case Management	\$ 38,848,000
	Communications	\$ 2,000,000
	Inspection & Call Center	\$ 13,519,000
	Public Health Councils	\$ 67,000
	School Districts Technical Assistants	\$ 5,402,000
	Surveillance	\$ 6,000,000
Dept. of Public Works	Slow Streets	\$ 330,000
	Temp Outdoor Dining	\$ 157,000
	Temp Outdoor Services	\$ 38,000
Dept. of Registrar-Recorder/County Clerk	Election Prep and Admin	\$ 7,000,000
Workforce Development, Aging and Community Services (WDACS)	Employer Assistance Grant	\$ 47,186,000
Los Angeles County Office of Education	Computers/hotspots Round 1	\$ 10,258,000
	Computers/hotspots Round 2	\$ 6,908,000
Various	Support of County Staff Performing COVID Related Functions & Services	\$ 150,000,000
TOTAL		\$ 312,103,000

Attachment II

Continue Services or Expenditure Review In Progress

Department	Program	Current Allocation
CEO	Capital Projects Supportive Housing (Vignes)	\$ 51,000,000*
	Child Care Providers Fund	\$ 10,000,000
	COVID-19 Recovery for People Experiencing Homelessness	\$ 45,500,000
	Food Bank	\$ 12,115,000
	Food Voucher	\$ 24,900,000
	Food Voucher	\$ 2,675,000*
	Grants for Community Justice Nonprofits (administered by Alternatives to Incarceration)	\$ 3,000,000*
	Homeless Outreach	\$ 5,000,000
	IHSS Bridge Services	\$ 500,000
	LA Regional COVID-19 Recovery Fund	\$ 65,000,000
	Keep LA Dining	\$ 10,975,000
	Maintaining Winter Shelter Sites	\$ 2,470,000
	Nutrition Grants	\$ 20,600,000
	Project Homekey	\$ 24,530,000
	Project Homekey and Other Capital Projects	\$ 2,000,000
	Project Roomkey	\$ 24,500,000
	Rent Relief Program	\$ 40,000,000
	Rent Relief Program	\$ 70,000,000*
	Small Business Support	\$ 4,025,000
	Ethnic Media	\$ 375,000
Joint Information Communications (JIC)	\$ 675,000	
Vaccine Communications, Translation, Advertisements	\$ 450,000*	
Children and Family Services	Tutoring Program	\$ 150,000
Consumer Business and Affairs	Small Business Support	\$ 5,000,000
Health Services	Medical Sheltering/Quarantine and Isolation Sites	\$ 53,658,000
	Diagnostic Testing	\$ 75,000,000
	Supplies and PPE	\$ 43,000,000
	Supportive Housing for Medically-fragile Individuals Released from Custody	\$ 7,642,000
	Nutrition and Food Security for People Experiencing Homelessness	\$ 3,810,000
Internal Services	PPE	\$ 13,000,000

Attachment II Continued

Continue Services or Expenditure Review In Progress

Department	Program	Current Allocation
Mental Health	INN 2-Promoter	\$ 2,899,000
	Legal Entity Providers	\$ 1,783,000
	Promoters	\$ 750,000
	Training for Promoters	\$ 184,000
Public Health	Child Care Vouchers	\$ 20,000,000
	Domestic Violence COVID Relief Program	\$ 3,800,000
	Home Visitation Computers	\$ 100,000*
	Outbreak Management	\$ 46,980,000
	Promoters (Community Health Worker)	\$ 18,500,000
	Vaccine Plan	\$ 30,000,000
Public Library	Lending Program	\$ 650,000
WDACS	Elderly Nutrition Program	\$ 54,074,000
	PPE for Small Businesses	\$ 2,249,000
	Rapid Response Business Assistance	\$ 977,000
	Transitional Jobs Pandemic Relief Employment Program	\$ 5,977,000
Various (Alternate Public Defender and Public Defender)	Lock-up Modifications	\$ 38,000
TOTAL		\$810,511,000

* These programs will be budgeted as net County cost (NCC). On September 2, 2020, the U.S. Treasury Department provided guidance to state and local governments regarding appropriate CRF expenditures, which allows the County to claim CRF funding for public health functions and services, as needed, that otherwise would be paid for with NCC, and allow the County to use the NCC for these pandemic-related responses more flexibly.

** This table contain estimates and is based on information received by the CEO as of March 25, 2021, but due to a delay in receiving real-time expenditure data, does not necessarily represent actual expenditures as of March 25, 2021.