

County of Yolo

Administrative Policies and Procedures Manual

TITLE: AMERICAN RESCUE PLAN (ARP) POLICY	DEPARTMENT: DEPARTMENT OF FINANCIAL SERVICES
TYPE: POLICY	DATE: SEPTEMBER 28, 2021

A. **PURPOSE**

This Policy statement pertains to the budgeting, expenditure, use, reporting, and compliance associated with funds received through the American Rescue Plan (ARP) through the Coronavirus State and Local Fiscal Recovery Funds received directly from the United States Treasury.

The procurement and competitive bidding of goods and services utilizing the American Rescue Plan funding will follow the County's established *Policy on Procurement* and any additional federal procurement standards or requirements contained in law.

B. **BACKGROUND AND APPLICABILITY**

The ARP was approved by Congress in March 2021. The ARP provided for payments to State and Local governments to respond and recover from COVID-19. The funding will be received locally in two even tranches of funding expected in May 2021 and May 2022.

C. **RESTRICTIONS ON USE**

The ARP funding comes with criteria that must be met to establish an expenditure as an eligible use of the funds and must meet at least one of the following:

- Responds to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; or
- Responds to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; or
- Provides for government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; or
- Makes a necessary investment in water, sewer, or broadband infrastructure.

ARP funding also comes with several requirements common to federal funding specified below:

- Expenditures shall comply with 2 CFR 200 and are subject to Single Audit; and
- Funds may not be directly deposited into any pension fund; and
- Funds cannot be used to as a match to costs funded by other Federal sources. (i.e. grants).

The County shall comply with all Federal restrictions on the use of funds including current and future guidance as promulgated by the United States Department of the Treasury¹ and other applicable Federal agencies.

¹ Guidance includes the Interim Final Rule, the Final Rule, Frequently Asked Questions, Compliance and Reporting Guide and other authoritative documents issued by the US Department of Treasury. Guidance is available on their website here: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

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The Chief Financial Officer (CFO) or designee shall review each project or proposed expenditure to determine if it is an allowable use of ARP funds. Should a funding proposal be determined not to be eligible, the CFO shall advise the County Administrator on the specific concerns and risks and any potential mitigation strategies to ensure allow ability.

D. ARP PRINCIPLES

The Board of Supervisors adopted a set of principles in March 2021 to guide development of the use of ARP funded projects and activities:

- **One-Time Funding** – there is no expectation that these funds would recur in the future and they shall be treated as one time rather than to fund on-going commitments.
- **Nexus to Pandemic** – to comply with federal funding restrictions, a nexus to the pandemic should be clearly demonstrated. This may include:
 - Pre-existing gaps – Circumstances that existed prior to the pandemic, but the impacts or negative outcomes are exacerbated by the pandemic.
 - Direct Impacts – Things that are necessary to respond to the present and immediate impacts associated with the pandemic. This may be characterized as disaster response.
 - Recovery – Items that improve or accelerate the County's recovery from COVID-19 or better prepare the County for future disasters.
- **Needs Based/Data Informed** – project or programs funding requests should contain a demonstrated need and available data must be provided to properly align the funding with the need.
- **Maximize Opportunity** –The County should partner to the extent possible (with Cities, State, or other agencies) to create or support broader regional programs to stretch the impact of total funding within the County.
- **Avoid Duplication** – Significant disaster funding has been approved at the State and Federal Level. The County should not duplicate funding unless the need shows current funding is inadequate to meet that need.
- **Prioritize Transformational Projects** – The County should prioritize projects or programs that may be transformational in solving challenges or enhance the County's ability to serve constituents.
- **Linkage to the Strategic Plan** - The County should accelerate goals included in the Strategic Plan that have a nexus to COVID-19 and are appropriate to fund.

Projects meeting the guidelines above should be given priority consideration for ARP funding.

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E. ACCOUNTING

The Chief Financial Officer shall create an ARP Fund in the County’s accounting and financial reporting system. This fund shall track all revenues, expenditures, and related activities associated with ARP. The CFO may establish any necessary subsidiary budget and accounting structure below the fund level to track ARP activities and ensure budget and reporting compliance.

F. BUDGET

The Board of Supervisors will adopt an initial budget resolution and expenditure plan for the use of the balance of the ARP Funds.

The Board delegates authority to the County Administrator or designee to expend the ARP allocations for (1) COVID-19 Response funding and (2) ARP Staffing to allow for continued appropriate response to changing pandemic conditions and to have resources to administer the plan.

All ARP projects, other than the two items mentioned above, must be pre-approved by the Board of Supervisors prior to the initiation of a project and related expenditures.

The County Administrator may at their discretion form staff committees or workgroups to assist in the administration of ARP funding or oversee financial activities.

G. REPORTING

The County Administrator or designee shall report at minimum on a bi-annual (twice per year) basis to the Board of Supervisor on the status of activities, financial condition, revenues, and expenditures of the County approved ARP plan. The report shall contain any proposed changes to projects within the ARP Expenditure Plan, and recommendation for any board action.

The County Chief Financial Officer shall complete and timely submit all compliance reports as required by the US Treasury.

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