

County of Santa Cruz, CA
Recovery Plan

**State and Local Fiscal Recovery
Funds**

2022 Report

County of Santa Cruz, CA
2022 Recovery Plan

Table of Contents

General Overview.....4

- Executive Summary.....4
- Uses of Funds4
- Promoting Equitable Outcomes4
- Community Engagement5
- Labor Practices6
- Use of Evidence6
- Performance Report6

Project Inventory.....7

- Example Project7

GENERAL OVERVIEW

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 American Rescue Plan Act (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. In August 2022, the County Board of Supervisors may reallocate the unspent portion of the \$31.1 million devoted to program spending to stabilize the County's public safety responses for increased COVID-19 impacts during 2021-22.

Uses 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 an overview of the County of Santa Cruz ARPA Recovery Plan:

ARPA 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			
Major Programs	FY 2020-21 Actuals	2021-22 Year to Date Actuals*	Total ARPA Allocation
CAO Board Directed COVID Response	\$ -	\$ 500,000	\$ 1,500,000
CAO Other Disaster Worker & Administration Costs	\$ -	\$ -	\$ 1,000,000
CAO Other Unanticipated COVID Response Costs	\$ -	\$ -	\$ 6,759,422
DPW Hwy Gas Tax Revenue Loss Recovery	\$ -	\$ 2,413,274	\$ 2,413,274
HSA Community Partners Outreach Efforts	\$ -	\$ -	\$ 1,100,000
HSA Clinic Fees Revenue Loss Recovery	\$ -	\$ 5,258,403	\$ 5,258,403
HSD Shelter and Care	\$ 5,140,108	\$ 2,570,054	\$ 7,710,162
HSD Support to Community Based Agencies	\$ -	\$ -	\$ 500,000
Parks Distance Learning and Other Programs	\$ 735,627	\$ 559,040	\$ 1,512,236
Personnel Expanded Family Sick Leave and Unemployment	\$ -	\$ 643,114	\$ 1,815,000
Probation & Sheriff Public Safety Response Costs	\$ 177,892	\$ 47,808	\$ 1,068,298
Various Other Programs	\$ 91,093	\$ 69,073	\$ 518,536
Total County of Santa Cruz ARPA Recovery Plan	\$ 6,144,720	\$ 12,060,766	\$ 31,155,331

*Includes encumbrances

Use of Replacement Funds: County Wide Programs					
Year	FY2020-21	FY2021-22	FY2022-23	FY 2023-24	Total ARPA Allocation
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

Promoting 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 more vulnerable to the virus and associated negative impacts. 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 public health

operations, public safety operations, workforce development, business support, 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 to address the policies and structures that yield persistently unequal outcomes by counterbalancing unequitable structures.

The largest spending project in Fiscal Year 2021-22 was the reimbursement of lost health clinic revenue at \$5.3 million. The County's health clinic visits were greatly reduced as a result of the stay-at-home order to stop the spread of the COVID-19 virus. The \$5.3 million was dedicated to the clinics to keep them in strong fiscal condition. This expenditure directly addresses equity within the County as the clinic in Watsonville consistently serves at least 40% more clients than the clinic in Santa Cruz. As previously mentioned, south county where the Watsonville clinic is located, has a large majority Latinx population (85%). A significant amount of ARPA dollars were dedicated to keep these critical institutions open and serving clients of which a disproportional amount of clients are people of color.

The County Board will be considering in August 2022 a reallocation of remaining ARPA dollars to stabilize public safety investments in equity. A major investment was the creation of the County's first Public Defender's Office to provide community-based, whole-person defense that is equitable, effective and fair. The County had previously contracted public defender services to an independent law firm based in the north part of the county. Other investments included increasing support services to those incarcerated in County jails, such as medical and behavioral health services.

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 quarterly 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	\$23,262,440	\$17,117,720