## STAFF REPORT

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| **Agenda Item:** | 5 | **Name:** | Andrew Kim  Melissa Bailey  Legislative Analyst Team |
| **Proposed No**.: | 2022-0144 | **Date:** | May 11, 2022 |

**SUBJECT**

The nineth emergency supplemental appropriation ordinance to support activities and necessary expenditures in response to the COVID-19 public health emergency.

**SUMMARY**

In March 2021, the federal government enacted the American Rescue Plan Act (ARPA), a $1.9 trillion relief package in response to the COVID-19 pandemic. The bill included direct allocations to counties through the Department of Treasury’s Coronavirus Local Fiscal Recovery Fund (CLFRF). King County's allocation from ARPA CLFRF is $437 million – half of which the county has already received. The remainder of the allocation is expected in May 2022.

Council appropriated $435 million of the $437 million ARPA CLFRF allocation in the COVID 7 and COVID 8 supplemental appropriation ordinances. The federal government has since issued guidelines for how these funds can be used, and executive staff have deemed certain programs as either high-risk for ineligibility or ineligible. Furthermore, alternative federal and state funding has been identified for some programs. As a result, the executive plans to reallocate some of the ARPA CLFRF moneys. Now, the executive plans $455 million of expenditures to be supported by ARPA CLFRF which would exceed the county’s allocation by $18 million. Executive staff note that they anticipate the overallocation to be reconciled as additional programs become eligible for other federal and state revenues and some programs experience underspend. Changes that require additional appropriation authority because of the reallocation are reflected in the proposed ordinance (COVID 9).

COVID 9 proposes an appropriation of approximately $155.6 million in response to the COVID-19 pandemic. This includes a net appropriation of $150.0 million primarily from federal and state revenue sources and $5.6 million from the General Fund. The appropriation would support the following expenditures:

|  |  |
| --- | --- |
| * Community Supports (e.g. rental assistance, etc.) | $83.12 M |
| * Public Health Response to the Pandemic, incl. Vaccination Efforts | $69.38 M |
| * County Operations in Response to the Pandemic | $3.06 M |
| **TOTAL:** | **$155.56 M[[1]](#footnote-2)** |

It should also be noted that the 2021 4th Quarter General Fund Financial Plan shows a $37 million decrease to its *Ending Undesignated Fund Balance* since the last General Fund financial plan was shared with the council during the 2021 2nd Omnibus. The new *Ending Undesignated Fund Balance* of $32.7 million would be 4.3% of general fund revenues (less intergovernmental receipts and inter-fund transfers) and $13 million short of the 6%-8% target as suggested by the County’s Comprehensive Financial Management Policies.[[2]](#footnote-3) However, the financial plan estimates this will increase to 7% by the end of the biennium due to revenues that are estimated to come in higher than anticipated.

The Budget and Fiscal Management Committee Chair is offering a striking amendment

that would appropriate an additional $4.12 million of which $3.70 million would be supported by the General Fund. Staff has also prepared a related title amendment. Any line amendments to the striking amendment will be distributed separately prior to the start of the committee meeting.

**BACKGROUND**

**COVID-19 Supplemental Appropriation Ordinances.** To date, the council has adopted nine supplemental appropriation ordinances for expenses related to the response of the COVID-19 public health emergency totaling more than $1.45 billion. This included eight emergency supplemental appropriation ordinances (COVID 1 through COVID 8) and one supplemental appropriation ordinance to support childcare services for essential workers. Table 1 below shows a summary of the supplemental appropriations. Including COVID 9, the total appropriations related to the COVID-19 pandemic would be approximately $1.61 billion.

**Table 1. Summary of COVID-19 Supplemental Appropriations**

| **COVID Supplemental** |  | **Ordinance** |  | **Operating** |  | **Capital** |  | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| COVID 1 (March 2020) |  | 19066 |  | $12.3 M |  | $15.1 M |  | $27.4 M |
| PSTAA Child Care (March 2020) |  | 19086 |  | $2.2 M |  | $0.0 M |  | $2.2 M |
| COVID 2 (April 2020) |  | 19103 |  | $32.0 M |  | $30.9 M |  | $62.9 M |
| COVID 3 (June 2020) |  | 19120 |  | $86.1 M |  | $4.5 M |  | $90.6 M |
| COVID 4 (September 2020) |  | 19157 |  | $76.7 M |  | $17.4 M |  | $94.1 M |
| COVID 5 (December 2020) |  | 19191 |  | $40.9 M |  | $5.8 M |  | $46.7 M |
| COVID 6 (March 2021) |  | 19265 |  | $93.2 M |  | $1.1 M |  | $94.3 M |
| COVID 7 (May 2021) |  | 19289 |  | $597.8 M |  | $34.3 M |  | $631.3 M |
| COVID 8 (July 2021) |  | 19318 |  | $387.9 M |  | $11.8 M |  | $399.7 M |
|  |  | **TOTAL** |  | **$1,328.6 M** |  | **$120.9 M** |  | **$1,448.1 M** |

The appropriations supported county operational expenses related to the COVID-19 pandemic, expenses related to Isolation/Quarantine, Assessment and Recovery, and Shelter De-Intensification sites, expenses for contact tracing, testing and care coordination led by Public Health, support to cities, and various grant programs to provide community support and economic recovery to small businesses, arts and culture organizations, and individuals in need of housing, food, and health assistance.

*2020 CARES Act and CRRSAA – COVID 1 through 6.* The first seven appropriation ordinances were primarily funded by various Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act)[[3]](#footnote-4) grants such as the Federal Emergency Management Agency (FEMA) disaster relief funding and the Treasury Department's Coronavirus Relief Fund (CRF), which provided a direct allocation to the county of $263 million. The appropriations were also funded by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) included in the 2021 Consolidated Appropriations Act that supplemented the CARES Act by providing approximately $900 billion in additional federal aid.[[4]](#footnote-5) Notable for the county, the CRSSAA provided the county $45 million of Department of Treasury grants to support emergency rental assistance and it also extended the deadline to spend the CARES Act’s CRF moneys to December 31, 2021. Lastly, the appropriations were also funded by other county revenue sources for those expenditures that were not eligible for CARES Act funding.

*American Rescue Plan Act of 2021 – COVID 7 and 8.*On March 11, 2021, the American Rescue Plan Act of 2021[[5]](#footnote-6) (ARPA), which appropriated $1.9 trillion to mitigate the impacts of the COVID-19 pandemic, became law. Along with individual stimulus payments and expansion of unemployment benefits and public health measures, the bill also included direct allocations to counties through the Department of Treasury’s Coronavirus Local Fiscal Recovery Fund (CLFRF). The county’s direct allocation is **$437 million** and can be used for the following expenses:

1. *Respond to the public health emergency with respect to 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,*
2. *Respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of the county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work,*
3. *For the provision of government services to the extent of the reduction in revenue of such county due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year of the county prior to the emergency, or*
4. *Make necessary investments in water, sewer, or broadband infrastructure.*

ARPA requires that the Department of Treasury provide the CLFRF to the county in two portions – the first half within 60 days of the county providing a certification on the use or need of these funds to the Department of Treasury and the second half one year later. According to executive staff, the county received $218.8 million (50% of $437 million) from the Department of Treasury in May 2021 and is expected to receive the remainder in May 2022.

Of the $437 million ARPA CLFRF moneys allocated to the county, council appropriated $435 million in the COVID 7 and COVID 8 supplemental appropriation ordinances. COVID 7 is the largest COVID-19 supplemental appropriation adopted to-date covering a range of spending categories. COVID 8 primarily focused on addressing legal system backlogs, rental assistance, and the county's public health response to the pandemic, including vaccination efforts. According to executive staff, the county’s high cash balance and positive cash flow allowed the county to expend funds immediately without having to wait for receipt of the second half of the CLFRF allocation. A status update on the county's ARPA CLFRF funded programs is in included in the Analysis section of this staff report.

**General Fund.** Attachment 5 to this staff report includes the 2021 Year-End (or 2021 4th Quarter) General Fund Financial Plan. The financial plan assumes all supplemental appropriations adopted to-date. The proposed ordinance (COVID 9) is not reflected in the financial plan.

*Ending Undesignated Fund Balance.* The 2021-2022 current budget in the financial plan shows an *Ending Undesignated Fund Balance* of $32.7 million, a $37 million decrease since the last General Fund financial plan was shared with the council during deliberation of the 2021 2nd Omnibus. The $32.7 million would be 4.3% of general fund revenues (less intergovernmental receipts and inter-fund transfers) and would be $13 million short of the 6%-8% target as suggested by the County’s Comprehensive Financial Management Policies[[6]](#footnote-7) to maintain the county's credit rating, meet seasonal cash flow shortfalls, help maintain services during short periods of economic decline, and meet emergency conditions. However, the financial plan estimates that this will increase to 7% by the end of the biennium due to revenues that are estimated to come in higher than anticipated.

The decrease in the fund balance is primarily due to the following expenditure increases:

* $7.7 million of fund balance allocated by council in the 2021 2nd Omnibus[[7]](#footnote-8);
* $32 million increase in the Risk Reserve; and
* $29 million increase in the COVID-19 Response Reserve.

Of note, there is a $14.5 million increase in sales and property tax revenues as a result of the economic recovery, however, this is offset by a $13.8 million decrease in revenues for providing county services to other entities. There is also a net increase of $41 million[[8]](#footnote-9) in other revenues such as federal grants, state grants, fines, and fees; however, this increase is not enough to offset the additional proposed expenditures and reserves as noted above.

*Risk Reserve.* In the financial plan, the executive is proposing to increase the Risk Reserve by $32 million to a total of $73 million. Executive staff state that the rationale for this increase is primarily to set aside moneys for the following:

1. Additional expected costs related to the currently negotiated but not ratified Coalition of Labor Agreements (CLA) that were not accounted for in the last General Fund financial plan update. The CLA is currently undergoing small table negotiations and transmittal date to council for approval is still uncertain. The negotiated CLA includes a retroactive General Wage Increase (GWI) of 1.5% for 2021, 3.0% for 2022, 3.0% for 2023, and 3.0% for 2024. It also includes a graduated bonus of $1,000 to $4,000 based on salary levels. Of note, the salary tables for GWI for non-represented employees that the council adopted in December, 2021 were also based on similar terms[[9]](#footnote-10);
2. Mitigate rise in claims across the nation and in the county due to social inflation[[10]](#footnote-11) and nuclear verdicts[[11]](#footnote-12) as briefed by Office of Risk Management Services Director Jennifer Hills at the March 23, 2022 Budget and Fiscal Management Committee meeting[[12]](#footnote-13); and
3. Costs related to the COVID-19 response that may be ineligible for FEMA reimbursement.

It should be noted that the Risk Reserve, like any reserves in the General Fund financial plan, are moneys that have not yet been appropriated for use by the council and would need council approval to be expended. These reserves are set aside by the executive to mitigate known and unknown risks with guidance from the county’s Comprehensive Financial Management Policies.

*COVID-19 Response Reserve.* The COVID-19 Response Reserve within the General Fund was established by the executive to set aside moneys for future needs for the COVID-19 pandemic response that may not be covered by federal and state funding. The reserve was accumulated with the CARES Act Coronavirus Relief Fund (CRF) to cover the cost of eligible General Fund staff who were redeployed to address the COVID-19 public health emergency.

In the financial plan, the executive is proposing to increase the COVID-19 Response Reserve by $29 million to a total of $48.8 million as the executive identified additional eligible General Fund staff costs that were redeployed to address the COVID-19 public health emergency since the 2021 2nd Omnibus back in May 2021. However, $6.5 million of the total would be allocated by the executive to support COVID-19 programs ineligible for ARPA CLFRF. The changes requiring additional appropriation authority are included in the proposed ordinance (COVID 9).

Again, it should be noted that the COVID-19 Response Reserve are moneys that have not yet been appropriated for use by the council and would need council approval to be expended.

**COVID-19 Priorities for 2021.** On February 9, 2021, the council adopted Motion 15816, which set the county's priorities for allocation of federal and state COVID-19 relief moneys available in 2021. The motion requested the executive to make proposals allocating COVID-19 relief moneys based on the following priorities:

* County’s public health response to the pandemic including vaccination efforts,
* Use a principled approach based on equity and social justice values and in promoting antiracist outcomes in allocating the relief moneys,
* Narrow range of services to ensure that limited relief moneys have the most-effective recovery impact and avoid duplication of services,
* Alleviate administrative burdens for organizations in applying for and receiving relief moneys, and
* Provide direct emergency response for the following services: food security and access; housing stability and homelessness; childcare and workforce support; economic recovery; mental health, behavioral health, substance use disorder, safety and security; and the judicial system.

**ANALYSIS**

**ARPA CLFRF Funded Programs.**As previously noted, the county's ARPA CLFRF allocation totals $437 million of which $435 million was appropriated in the COVID 7 and COVID 8 supplemental appropriation ordinances. The federal government has since issued guidelines for how these funds can be used, and executive staff have deemed certain programs as either high-risk for ineligibility or ineligible. Furthermore, alternative federal and state funding has been identified for some programs. Table 2 below provides a high-level overview of the executive's planned changes to the use of ARPA CLFRF moneys.[[13]](#footnote-14) Those changes that require additional appropriation authority (e.g., use of General Fund for non-general fund departments, new expenditures, etc.) are reflected in the proposed ordinance (COVID 9).

**Table 2. Executive's Planned Changes of ARPA CLFRF Moneys**

|  |  |  |
| --- | --- | --- |
| CLFRF Appropriations To-Date |  | $435.2 M |
| Programs Shifted to use General Fund |  | ($6.5 M) |
| Programs Shifted to use FEMA or State Funding |  | ($1.6 M) |
| Program Cancelled (DV Protection Orders) |  | ($0.5 M) |
| Net Reallocation[[14]](#footnote-15) |  | $28.7 M |
|  |  | **$455.3 M** |

As Table 2 shows, the executive plans to shift $8.1 million of CLFRF funded programs to use General Fund, FEMA, and State revenues and free up CLFRF moneys. An additional $0.5 million of CLFRF moneys would be freed up from the cancellation of the Domestic Violence Protection Order Filing program. However, the executive plans to use $28.7 million of CLFRF moneys to support additional expenditures for the county’s Public Health response to the pandemic. As a result, the executive now plans for $455 million of expenditures to be supported by ARPA CLFRF which would exceed the county’s allocation by $18 million. Executive staff note that they anticipate the overallocation to be reconciled as additional programs become eligible for other federal and state revenues and some programs experience underspend. For reference, in 2020, of the $263 million of CARES Act CRF funds allocated, approximately $7.4 million (2.8%) were either high risk for ineligibility of CRF funding or ineligible for CRF funding.

Executive staff state that county departments are making an effort to implement most of the ARPA CLFRF programs by the end of the biennium with the exception of appropriations related to addressing the court system backlogs which would extend beyond this biennium. Any unspent ARPA CLFRF moneys would need to be reappropriated in the 2023-2024 biennial budget for use beyond 2022. This would include any unspent moneys from the court system backlog activities as well as any ARPA CLFRF programs that the executive proposes to continue beyond 2022. Executive staff state that such appropriations would be included as reappropriations in the 2023-2024 Proposed Biennial Budget. This would comply with ARPA guidelines which allows CLFRF moneys to be expended through December 31, 2024.

**COVID 9.** The proposed ordinance (COVID 9) would appropriate approximately $155.6 million in response to the COVID-19 pandemic. This includes a net appropriation of $150.0 million primarily from federal and state revenue sources and $5.6 million from the General Fund. The net appropriation would support the following **expenditures:**

|  |  |
| --- | --- |
| * Community Supports (e.g. rental assistance, etc.) | $83.12 M |
| * Public Health Response to the Pandemic, incl. Vaccination Efforts | $69.38 M |
| * County Operations in Response to the Pandemic | $3.06 M |
| **TOTAL:** | **$155.56 M[[15]](#footnote-16)** |

*Community Supports***.** COVID 9 would make a net appropriation of approximately $83.12 million to support community-based organizations, county residents, and economic development. Backed by federal funding, $85 million would be used for the Eviction Prevention and Rental Assistance Program (EPRAP). The executive also proposes using $3.6 million of General Fund to support previously approved programs that have since been deemed ineligible for ARPA CLFRF moneys. It should be noted that COVID 9 also disappropriates $5.48 million in CLFRF moneys ─ $5 million no longer needed to support the Jobs and Housing program this biennium and $480,000 for the Domestic Violence Protection Order Filing program no longer moving forward. Table 3 below provides a summary of the proposed appropriations and the subsequent subsections provide additional analysis for some of the appropriation items.

**Table 3. Summary of Proposed Appropriations Related to Community Supports**

| **No.** |  | **Description** |  | **Amount** |
| --- | --- | --- | --- | --- |
| **General Fund** | | | | |
| 1 |  | FMD – Operating: Transfer General Fund moneys to the Facilities Management Division (FMD) to pay for Harbor Island rent costs, determined to be ineligible for federal COVID relief funding. |  | $1.50 M |
| 2 |  | FMD – Capital: Transfer General Fund moneys to FMD to pay for Harbor Island tenant improvement costs, determined to be ineligible for federal COVID relief funding. |  | $1.50 M |
| 3 |  | DCHS: Transfer General Fund moneys to the Department of Community and Health Services (DCHS) to support the Diaper Delivery program authorized in COVID 7. Originally funded assuming ARPA CLFRF moneys, the program has since been deemed ineligible for this funding. The executive identified the Diaper Delivery program as one suited to be backfilled by the General Fund, because it is a small dollar program with multiple recipients. |  | $0.40 M |
| 4 |  | DCHS: Transfer General Fund moneys to DCHS to support the previously approved City Hall Park Cleanup program, determined to be ineligible for federal COVID relief funding. |  | $0.20 M |
|  |  | **GF Total** |  | **$3.60 M** |
| **Federal** | | | | |
| 5 |  | DCHS CSO / Raining Day Reserve: Extend the timeframe that allocated Rainy Day funding for JustCARE and Co-LEAD can be spent from January 2021 to December 2022. (ER20 and ER1, respectively; $1.46M) |  | n/a |
| 6 |  | DCHS: Disappropriate $480,000 of CLFRF moneys from the DCHS Administration fund. In COVID 7, the council appropriated funding for a law school in the city of Seattle to provide no-cost legal services to county residents for educational purposes, including, but not limited to, assist in filing domestic violence protection orders, which have increased due to the COVID-19 pandemic. The executive states that DCHS did not receive any responses to its Request for Proposal (RFP) and will not be moving forward with the program. For the RFP, executive outreach included emails to council and law schools, a bidders conference, and posting on DCHS AirTable.[[16]](#footnote-17) Executive staff have noted that releasing a second RFP would not increase the pool of interested applicants. (ER 5, $480K) |  | ($0.48 M) |
| 7 |  | DCHS HCD: Adjust the Eviction Prevention and Rental Assistance Program (EPRAP) appropriation amount to reflect future funding awards from Washington State Department of Commerce and U.S. Department of Treasury since the last COVID-19 supplemental. |  | $85.00 M |
| 8 |  | DCHS CSO / DNRP Parks: Move CLFRF moneys budgeted in DCHS CSO to Parks operating. Executive staff state this is a technical adjustment to reduce the administrative burden to DCHS and will not affect service delivery. Parks will continue to manage the contract for supporting youth and amateur sports leagues throughout the county to resume operations in accordance with safety guidelines to mitigate community transmissions of COVID-19. (ER23, $500K) |  | $0 |
| 9 |  | Jobs and Housing Program: Disappropriate $5 million in ARPA CLFRF moneys from the Jobs and Housing Program. According to executive staff, Metro plans to cover transportation costs for program participants, and Metro's existing appropriation is sufficient to absorb the cost this biennium. (ER1) |  | ($5.00 M) |
| 10 |  | PSB: Move the Andy Hill Cancer Research Endowment (CARE Fund) report due date from July 31, 2022 to December 31, 2022. Noting that the project is likely ineligible for CLFRF moneys, PSB paused execution of the grant pending a decision on the funding source. CARE Fund will need at least six months to do the work before a report can be developed, so the executive is proposing to delay the report due date. (ER10, $500K) |  | n/a |
|  |  | **Federal Total** |  | **$79.52 M** |
|  |  | **GF + Federal Total** |  | **$83.12 M** |

FMD: Harbor Island Film Production Facility - Lease*.* The proposed ordinance would replace ARPA CLFRF moneys with General Fund moneys for Harbor Island lease costs related to a film production facility.

King County’s Solid Waste Division purchased the former Fisher Flour Mill property on Harbor Island 18 years ago to potentially ship solid waste. It was previously used by a nonprofit organization for $1 annual rent, but the nonprofit moved to another location and the property has remained unused for eight years. According to executive staff, the requested $1.5 million from the General Fund would replace ARPA CLFRF moneys for which the project is ineligible due to federal rules specifically excluding economic activities that do not directly respond to a harm of the pandemic, among others. The requested amount will pay for rent to the Solid Waste Fund to lease the property for two years.

FMD: Harbor Island Film Production Facility - Tenant Improvements. The proposed ordinance would replace ARPA CLFRF moneys with General Fund moneys for Harbor Island tenant improvement costs related to a film production facility. According to executive staff, the requested $1.5 million from the General Fund would replace ARPA CLFRF moneys for which the project is ineligible due to federal rules specifically excluding economic activities that do not directly respond to a harm of the pandemic, among others. Tenant improvements include the following:

1. Electrical system improvements for sound stage;
2. Sound stage wall installation;
3. Fire suppression system improvements;
4. Gangway installation for emergency egress route;
5. Lighting improvements;
6. Ventilation improvements; and
7. Fiber optic installation.

DCHS: City Hall Park Cleanup*.* The proposed ordinance would appropriate $200,000 of General Fund to DCHS to support already completed City Hall Park cleanup efforts. COVID 7 appropriated $7.5 million of ARPA CLFRF moneys for a targeted homeless outreach and shelter program, of which the cleanup of City Hall Park was included. The City Hall Park cleanup portion of the work was determined to be ineligible for ARPA CLFRF moneys, so the executive is proposing to use $200,000 of General Fund. As mentioned, executive staff state the cleanup of City Hall Park has already occurred and included rapid outreach, assessment, and shelter navigation and resulted in the placement of 70 individuals into the Homeless Outreach Program.

Of note, COVID 7 included the $7.5 million appropriation to allow for competitive bidding for a program that would support a similar program to JustCARE rather than continuing to directly fund the Public Defender Association’s JustCARE program. However, the Public Defender Association won the bid, essentially extending the JustCARE program. Executive staff state that the awarded contract was for $6.4 million of the $7.5 million appropriated and the remaining $1.1 million was used to directly support the Public Defender Association to ensure continuation of the JustCARE program through July 2021 during the competitive bid process. To date, the council has appropriated a total of $33 million[[17]](#footnote-18) to support the Public Defender Association’s JustCARE and Co-LEAD program of which $13 million was revenue-backed by the City of Seattle.

DCHS CSO / Rainy Day Reserve: JustCARE and Co-LEAD Programs. The proposed ordinance would amend a $1.46 million expenditure restriction related to the use of the county’s Rainy Day Fund for the JustCARE and Co-LEAD programs, which was added in the 2021-22 Adopted Budget. The proposed ordinance would extend the use of these funds from January 30, 2021 to June 30, 2022.

The executive is requesting to use the remaining JustCARE and Co-LEAD Rainy Day Reserve balance of $223,000 to cover JustCARE program costs that occurred after January 2021 and are not ARPA CLFRF eligible. According to executive staff, extending the date in the expenditure restriction to June 30, 2022 would allow Rainy Day funding to be used on the same timeframe as the overall contract with the Public Defender Association who operate JustCARE. Additionally, DCHS notes significant unpredictability in Public Defender Association’s invoicing and that it remains prudent to maintain all available appropriations allocated for the JustCARE program to mitigate any potential program liability.

DCHS HCD: Eviction Prevention and Rental Assistance Program. The proposed ordinance would appropriate an additional $85 million to the Housing and Community Development fund for the Eviction Prevention and Rental Assistance Program 2.0 (EPRAP). This additional appropriation would reflect potential future funding awards from the Washington State Department of Commerce and U.S. Department of Treasury since the last COVID supplemental appropriation ordinance (COVID 8). Executive staff note that establishing appropriation authority for this amount will ensure DCHS can swiftly distribute funding to recipients, should funding be received.

According to executive staff, the proposed appropriation of $85 million would contribute to supporting the remaining 8,356 households that have applied and are eligible for the EPRAP 2.0 program as of March 25, 2022. These households have not been assigned to a community-based partner due to funding constraints and therefore have yet to be awarded rent assistance.

As of March 25, 2022, the county has awarded about $278.3 million in rent assistance to 24,280 households as part of EPRAP 2.0. Executive staff indicate approximately $89.6 million of currently received or confirmed federal and state funding have not been awarded; however, DCHS anticipates awarding some of those dollars by the end of April 2022. With the adoption of COVID 9, the total appropriation for EPRAP 2.0 would be $456.9 million. Table 4 below overviews appropriations and award status for the EPRAP 2.0 program to-date.

**Table 4. King County EPRAP 2.0 Expenses**

| **Description** |  | **Amount** |  | **# of Households Awarded** |
| --- | --- | --- | --- | --- |
| **APPROPRIATIONS** |  |  |  |  |
| Appropriations To-Date (COVID 6, 7, and 8) |  | $371.9 M |  |  |
| Proposed Appropriation (COVID 9) |  | $85.0 M |  |  |
| **TOTAL** |  | **$456.9 M** |  |  |
| **EXPENDITURES** |  |  |  |  |
| Awarded as of March 25, 2022 |  | $278.3 M |  | 24,280 |
| To be Awarded |  | $89.6 M |  | 7,262 |
| To be awarded to serve remaining eligible households using potential future state and federal funding included in COVID 9 |  | $89.0 M |  | 8,356 |
| **TOTAL** |  | **$456.9 M** |  | **39,898** |

PSB: Jobs and Housing Program*.* The proposed ordinance would disappropriate $5 million of ARPA CLFRF from the Jobs and Housing program. The funding was originally allocated to support transportation costs; however executive staff have decided to move the transportation elements of the program to Metro. Metro anticipates the program's transportations costs to be significantly below $5 million in the current biennium, with Metro's existing appropriation being sufficient to absorb the costs. Metro may request an appropriation in the 2023-2024 biennium as the program scales, but this would be subject to the biennial budget process.

COVID 7 appropriated $38 million to establish the Jobs and Housing program. The program integrates employment with DCHS's existing rapid rehousing program, connecting participants with temporary county employment opportunities and supporting their transition to housing. Although a new program, DCHS uses the same providers that currently provide rapid rehousing services. According to PSB Director Dwight Dively during the executive COVID-19 briefing at the April 6th Committee of the Whole meeting, 27 county positions were hired through this program thus far. An additional 56 county positions are open and available for program participants, and the county has partnered with non-profit organizations to identify approximately 400 potential jobs for program participants.

*Public Health Response to the Pandemic, including COVID-19 Vaccination Efforts.* COVID 9 proposes a net appropriation of $69.38 million to continue the county’s Public Health response to the COVID-19 pandemic including maintaining Isolation/Quarantine, Assessment and Recovery, and Shelter De-Intensification sites and conducting contact tracing, testing and care coordination efforts. Broken down, this includes appropriating a mix of federal and state moneys totaling $71.27 million and $1.80 million in General Fund moneys as well as disappropriating $3.70 million of federal funding. The disappropriation accounts for leases ending and capital projects completed. Table 5 below provides a summary of the proposed appropriations and the subsequent subsections provide additional analysis for some of the appropriation items.

**Table 5. Summary of Proposed Appropriations Related to Public Health**

**Response to the Pandemic, including COVID-19 Vaccination Efforts**

| **No.** |  | **Description** | |  | | **Amount** |
| --- | --- | --- | --- | --- | --- | --- |
| **General Fund** | | | | | | |
| 1 |  | Public Health: Transfer General Fund moneys to Public Health to create partnerships with community-based organizations for vaccine support and vaccine clinics, covering program costs not eligible for other sources. | |  | | $1.80 M |
| **Federal / State** | | | | | | |
| 2 |  | Public Health: Funding from the Federal Emergency Management Agency (FEMA) to continue testing and isolation and quarantine sites. |  | | $40.88 M | |
| 3 |  | Public Health: Funding from the Washington State Department of Health to provide an incremental increase for COVID-19 response care coordination and other work. According to executive staff, this contract reimburses King County for mass vaccination strategies that include vaccination planning and coordination, high/medium volume sites, mobile vaccination support, community vaccination events, and community-based organization support and media contracts. |  | | $11.10 M | |
| 4 |  | Public Health: Reflects an incremental increase to the federal Epidemiology and Laboratory Capacity (ELC) Grant to provide contact tracing, investigation, testing, and isolation and quarantine. According to executive staff, this adjustment allows the department to spend the remainder of the grant and pay for case investigations, testing, jail health services, and other direct testing costs not allowable for FEMA. The department anticipates this grant to be fully expended by June. |  | | $1.58 M | |
| 5 |  | Jail Health: Extend COVID-19 testing and vaccination efforts in the King County adult jails through December 2022 using state and federal funding. The funding primarily supports contracted temporary agency nursing staff who administer the COVID-19 tests and vaccines. |  | | $4.81 M | |
| 6 |  | KCIT: Appropriate $4.4 million of state funding for an IT capital project to support and configure vaccination changes for Mass Vaccination Management and the new Mass Vax Line Recall application. An additional $947,000 of state funds would also be appropriated to pay for the 2022 workstation leases and Microsoft Office 365 licenses for Mass Vax. |  | | $5.35 M | |
| 7 |  | FMD – Capital BRR: Appropriate $3.92 million of ARPA CLFRF to pay for additional facility costs related to trailer (modular) repair projects at isolation and quarantine sites located at Eastgate and SODO. Additionally, the proposed ordinance would disappropriate $1.16 million of ARPA CLFRF for three projects: (1) West Wing COVID-19 Planning ($959,108), project scope completed and funds no longer needed; (2) COVID-19 MRJC Fencing ($150,000), project scope deprioritized; and (3) KCCH Arraignment Court ($50,000), project scope completed using other budgeted funds. |  | | $2.76 M | |
| 8 |  | FMD – Capital LTL: Disappropriate $1,036,000 no longer needed for the lease at the Showare Center for use as mass vaccination site. According to executive staff, this location closed due to a decrease in demand. The proposed ordinance would also add $11,250 as a technical budget adjustment for the mass vaccination site located at the Auburn Mall. This site is anticipated to operate through December 2022. |  | | ($1.02 M) | |
| 9 |  | FMD – Capital LTL: Net appropriation of $2.08 million of ARPA CLFR and FEMA moneys to continue funding various leases for Isolation/Quarantine, Assessment and Recovery, and Shelter De-Intensification sites. Approximately $1.5 million disappropriated for leases that have ended in Bellevue, Issaquah, and Queen Anne, and nearly $3.5 million appropriated to extend leases through June 2022 in SODO, Kent, Renton, and SeaTac. The Executive does not anticipate additional extensions past this date. |  | | $2.08 M | |
| 10 |  | FMD – Capital LTL: Appropriate $41,604 for a technical adjustment to close out the budget for the First Ave South warehouse, which was used to store personal protective equipment and other COVID-19 related supplies. The lease expired in January 2022. |  | | $0.04 M | |
|  |  |  |  | | **$69.38 M** | |

General Fund Transfer to Public Health. The proposed ordinance would transfer $1.8 million from the General Fund to support the creation of partnerships with community-based organizations for vaccine support and vaccine clinics, covering program costs not eligible for other funding. Executive staff indicate that the goal of the COVID-19 Outreach and Engagement Project (COE) is to increase vaccination rates among BIPOC populations and communities that have been marginalized and have lower rates of vaccination in King County. Of the 33 community-based organizations initially approved for funding, 29 of them were funded for budgets ranging from $15,000 to $16,000. Each contract awarded was for a three-month term with the first set of contracts beginning in January 2022. As of March 31, 2022, the first phase of the program will end with 11 organizations successfully completing their contractual term. The COE Project is scheduled to end May 31, 2022, with the remaining contracts.

KCIT: Mass Vaccination Scheduling and Tracking. The proposed ordinance would appropriate $4.4 million of state funding for an IT capital project to support and configure vaccination changes for Mass Vaccination Management and the new Mass Vax Line Recall application. This IT project is in support of King County’s COVID Vaccination response strategy. An additional $947,000 of state funds would also be appropriated to pay for the 2022 workstation leases and Microsoft Office 365 licenses for Mass Vax.

Executive staff indicate that this tracking project is continuing to enhance the Microsoft Vaccine Management (MVM) system implemented for the King County COVID-19 response. MVM is used to manage King County's entire COVID-19 vaccine distribution process (from scheduling to updating immunization record in Washington's immunization system). The project has implemented many enhancements to adapt to the continuing CDC vaccination guidance updates, including the ability to schedule pediatric primary series, third doses for immunocompromised, and boosters which have had progressive increases in eligibility. This system is supported in four languages (English, Spanish, Vietnamese, and Somali) and is integrated with the PICC (PHSKC call center for vaccination response).

Public Health COVID-19 Response – Mass Vaccination Sites. According to executive staff, there are currently seven mass vaccination sites operated by the county or covered via contract. These sites are listed in Table 6 below along with the Kent Public Health Center which recently closed due to decreased demand for vaccines. Staff and operations were consolidated to the ongoing Eastgate and Auburn locations.

In COVID 9, the proposed appropriations for mass vaccination sites would cover costs for partner contracts through June 2022. Executive staff do not anticipate more federal funding at this time; however, the Washington State Department of Health is expected to provide details on additional state vaccination funding in the coming weeks.

**Table 6. King County Mass Vaccination Sites**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** |  | **Mass Vaccination Site** |  | **End Date** |
| **King County Operated** | | | | |
| 1 |  | Auburn Outlet Collection Vaccine Clinic |  | December 2022 |
| 2 |  | Eastgate Public Health Center |  | TBD |
| 3 |  | Kent Public Health Center |  | April 15, 2022 |
| **Partner Operated via Contract** | | | | |
| 4 |  | University of Washington: Harborview Vaccine Clinic |  | June 2022 |
| 5 |  | University of Washington: Montlake Vaccine Clinic |  | June 2022 |
| 6 |  | University of Washington: Northgate / Northwest Hospital Vaccine Clinic |  | June 2022 |
| 7 |  | University of Washington/Valley Medical Center: Covington |  | June 2022 |
| 8 |  | Snoqualmie Valley Hospital |  | June 2022 |

*County Operations in Response to the Pandemic***.** COVID 9 would appropriate $4.19 million, mostly ARPA CLFRF moneys, to support internal county operation costs due to the COVID-19 pandemic. It would also disappropriate $1.13 million in ARPA CLFRF moneys ─ $1 million no longer needed for the state-mandated Property Tax Deferral program and $127,578 for the expired lease at the Meydenbauer Center. This results in a total net appropriation of $3.06 million. Table 7 below provides a summary of the proposed appropriations and the subsequent subsections provide additional analysis for some of the appropriation items.

**Table 7. Summary of Proposed Appropriations Related to County**

**Operations in Response to the COVID-19 Pandemic**

| **No.** |  | **Description** |  | **Amount** |
| --- | --- | --- | --- | --- |
| **General Fund** | | | | |
| 1 |  | FMD – Capital LTL: Transfer $188,077 of General Fund moneys to cover a portion of the Hiawatha lease costs through the end of 2022. Executive staff state that this facility was originally intended to be used to store equipment for the Jobs and Housing Program. However, it was determined that the facility was not needed for the program and therefore the costs were no longer eligible for CLFRF. Currently, PSERN is using a portion of the facility and the remaining space remains vacant. |  | $0.19 M |
| **Federal / Other** | | | | |
| 2 |  | KCTV: Funding from Public, Educational, Governmental (PEG) fees to support activities for hybrid council meetings.[[18]](#footnote-19) |  | $0.11 M |
| 3 |  | DCHS: Using ARPA CLFRF moneys, this appropriation would extend three TLT positions for an additional six months. These TLTs would primarily support COVID-19 programs for which implementation timelines are longer than initially anticipated. |  | $0.31 M |
| 4 |  | FMD: Funding for one TLT to help with the significant workload related to COVID-19 financial transactions and reporting. |  | $0.13 M |
| 5 |  | FMD – Capital LTL: Disappropriate $128,000 no longer needed for the lease at the Meydenbauer Center for use as an alternative court location. The lease expired August 6, 2021. |  | ($0.13 M) |
| 6 |  | PSB: Legal support services from outside counsel (Pacifica) for federal eligibility and compliance issues for COVID-relief programs. |  | $0.30 M |
| 7 |  | FBOD: Transition some of Witt O’Brien’s (WOB) functions (such as compliance monitoring and close out; policy guidance, oversight, and communications; and ad hoc trainings) to internal staff in the Central Grants Office of the Finance and Business Operations Division's (FBOD) accounting section. Executive staff note that transitioning this work to the internal team will result in cost savings and efficiency in grant management. |  | $0.40 M |
| 8 |  | FBOD: Disappropriate $1,001,500 in ARPA CLFRF moneys from the Property Tax Deferral program. This funding was originally allocated in COVID 7 to manage the county's property tax deferral program for commercial properties, as mandated by state law. The cost of managing the program is less than originally estimated. |  | ($1.00 M) |
| 9 |  | KCIT: An additional appropriation of $2.25 million to complete the migration of county telecommunication devices from Skype to Teams for all county users (including conference rooms) and decommission old Skype devices. The project is expected to total $8.5 million and be completed in Q2 2022; remaining costs would be funded by existing appropriation authority. In addition to the $2.25 million, there is also a proposed appropriation of $503,000 to cover the 2021 cost reimbursement for the Public Health’s COVID-19 dashboard website and zoom licenses. |  | $2.75 M |
|  |  |  |  | **$3.06 M** |

KCTV: Hybrid Council Meetings Technology*.* The proposed ordinance would appropriate $110,000 to KCTV to support activities for hybrid council meetings (both remote and in-person activities). The appropriation would be supported by Public, Educational, Governmental (PEG) fees paid by cable providers that use county of right-of-ways. In the 2021 2nd Omnibus, council appropriated $60,000 to support this project which was estimated to cost $100,000 at that time. The remaining $40,000 was supported by already appropriated underspent KCTV funds. Since the adoption of the 2021 2nd Omnibus, the total cost of the project has increased to $150,000 and KCTV is requesting an additional $50,000 to cover the difference. KCTV stated that the higher cost is due to a change in vendor to pursue an earlier completion date. While the new vendor could secure necessary equipment despite the supply chain backlog, the equipment costs were higher than originally budgeted.

Executive staff have noted that the $110,000 proposed appropriation is an error, and this should be reduced to $50,000. Council staff have noted this error and will include it as a technical amendment in the BFM Chair’s Striking Amendment. Lastly, the proposed ordinance also includes a technical amendment in the I-Net fund to correct an error made in the 2021 2nd Omnibus related to this project.

PSB: Legal Support Services for COVID-19 Federal Grants Compliance*.*The proposed ordinance would include an additional $300,000 for legal services provided by Pacifica Law Group regarding CARES Act CRF and ARPA CLFRF funded programs including interpretation of federal rules. Pacifica’s activities have included developing advisory memos to the county regarding novel aspects of ARPA funding, discussing risk mitigation strategies, and providing guidance to the county regarding compliance issues. With the proposed appropriation, the total appropriation to-date for Pacifica services would be approximately $1.1 million for work related to COVID-19 federal relief compliance.

Of note, the county hired Witt O’Brien (WOB) to assist the county with compliance and audit work related to the CARES Act CRF and ARPA CLFRF funded programs. WOB was tasked with assisting the county with assessing eligibility of proposed programs and providing consultation on program design regarding federal compliance issues. WOB activities included developing initial drafts of eligibility memos, advising county staff on compliance issues, and providing administrative support in tracking/reporting on these efforts. The total appropriations to-date for WOB services is approximately $6.0 million.

Executive staff state that the major difference between the scope of work between Pacifica and WOB is that Pacifica’s focus has been in assessing areas novel and specific to ARPA funding and providing advice in areas where interpretation of federal guidelines may be unsettled or evolving.

FBOD: Property Tax Deferral Program. The proposed ordinance would disappropriate nearly all of the $1,040,000 ARPA CLFRF moneys authorized in COVID 7 for the property tax deferral program for commercial properties. Executive staff note that the demand for this state-mandated program was significantly less than anticipated. The $38,500 expended paid for temporary staff who assisted taxpayers with program questions, reviewed and processed applications, and monitored the status of payment plans. King County received 192 applications from various businesses and approved 180 accounts, deferring a total of nearly $32 million in 2021 taxes due. By the deadline, all but six accounts paid in full leaving approximately $314,000 unpaid for 2021.

State law required county treasurers to grant qualifying businesses a deferral of unpaid, nondelinquent property taxes due in 2021, if the business could demonstrate a loss of at least 25% of revenue for calendar year 2020 compared to calendar year 2019.[[19]](#footnote-20) For qualifying businesses, the county treasurer had to establish a payment plan, and could not apply penalties or interest on the taxes due so long as the terms of the payment plan were fully met. Businesses had a two-week window to submit a deferral request to the county treasurer using forms developed by the Department of Revenue. The deadline to make a request was April 30, 2021, and the county treasurer had until June 30, 2021 to process requests.

**TIMING**

Table 8 below provides a timeline of activities proposed by Budget and Fiscal Management Committee Chair McDermott for possible action of the proposed ordinance. The timeline complies with King County Code Section 1.24.155 Rule 16[[20]](#footnote-21) that allows the chair of the standing committee to select alternate deadlines for striking amendments and line amendments.

**Table 8. Timeline for 9th COVID Emergency Supplemental (PO 2022-0144)**

| **Date** |  | **Activity** |
| --- | --- | --- |
| **April 27 (Wed) 9:30 am** |  | **BFM – Briefing only** |
| April 29 (Fri) COB |  | Striking amendment requests due to BFM Chair |
| May 2 (Mon) noon |  | BFM Chair’s striking amendment direction due to staff and district councilmanic allocations due to staff (if any) |
| May 6 (Fri) COB |  | Striking amendment finalized and distributed |
| May 9 (Mon) COB |  | Line amendment direction due to staff for BFM |
| **May 11 (Wed) 9:30 am** |  | **BFM – Committee action, expedite to Full Council** |
| May 13 (Fri) noon |  | Line Amendment direction due to staff for Full Council |
| **May 17 (Tue) 1:00 pm** |  | **Full Council – Final Action** |

**AMENDMENTS**

The Budget and Fiscal Management Committee Chair is offering a striking amendment

that would appropriate an additional $4.12 million of which $3.70 million would be supported by the General Fund. In addition to making technical corrections to fix typos and errors, and councilmanic grant allocations related to COVID-19 pandemic, Striking Amendment S1 would do the following:

| **No.** |  | **Agency** |  | **Description** |  | **Amount** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 |  | KCTV |  | Technical correction. Executive's proposal erroneously appropriated $60,000 more than necessary to support expenses related to council hybrid meetings. |  | ($60,000) |
| 2 |  | PSB |  | (ER21) Shift the funding source for $500,000 to contract with the Andy Hill Cancer Research Endowment Fund to the General Fund as the project has been deemed ineligible for ARPA CLFRF. |  | $500,000 |
| 3 |  | DCHS CSO |  | (ER21) Change the funding source for the remaining $3.2 million in unmet need grants to use General Fund instead of ARPA CLFRF. |  | $3,200,000 |
| 4 |  | DCHS  Admin |  | (ER5) Add back ER5 and amend the language to remove reference to a law school in the city of Seattle and instead contract with an organization in King County to provide no-cost legal services to county residents, including, but not limited to, assistance with filing domestic violence protection orders. Uses ARPA CLFRF. |  | $480,000 |
| 5 |  | WTD |  | (P2) Modify the proviso related to the application of wastewater capacity charges and past redlining practices by adding a status report due June 1, 2022 and extending the due date for the final report to April 1, 2023. |  | n/a |
|  |  |  |  | **TOTAL** |  | **$4,120,000** |

**INVITED**

* Dwight Dively, Director, Office of Performance, Strategy and Budget

**ATTACHMENTS**

1. Proposed Ordinance 2022-0144 (and its attachment)
2. Striking Amendment S1
3. Title Amendment T1
4. Line Amendments to Striking Amendment S1 (to be distributed if available)
5. Transmittal Letter
6. Fiscal Notes and Financial Plans
7. 9th COVID-19 Emergency Supplemental Crosswalk
8. 2021 Year-End (2021 4th Quarter) General Fund Financial Plan
9. ARPA CLFRF Revised Allocation Summary by Program (as of April 8, 2022)

1. This total proposed appropriation does not account for double-budgeting (i.e. GF Transfer to Public Health and Public Health) and some technical correction appropriations (e.g. technical correction for I-NET to disappropriate $60,000). It should be noted that the total proposed appropriation for COVID 9, which includes double-budgeting and technical corrections is $157.3 million. [↑](#footnote-ref-2)
2. Motion 16041 adopted February 15, 2022. [↑](#footnote-ref-3)
3. H.R. 748 – 116th Congress. URL: <https://www.congress.gov/bill/116th-congress/house-bill/748>. [↑](#footnote-ref-4)
4. H.R. 133 – 116th Congress. URL: [https://www.congress.gov/bill/116th-congress/house-bill/133](https://www.congress.gov/bill/116th-congress/house-bill/133/text). [↑](#footnote-ref-5)
5. H.R. 1319 – 117th Congress. URL: <https://www.congress.gov/bill/117th-congress/house-bill/1319>. [↑](#footnote-ref-6)
6. Motion 16041 adopted February 15, 2022. [↑](#footnote-ref-7)
7. The total General Fund balance allocated for the 2021 2nd Omnibus is $21.3 million, which includes $13.6 million of executive proposed appropriations and $7.7 million of council added appropriations. [↑](#footnote-ref-8)
8. This includes $62 million total increase in federal; state; fines, fees, transfers; other taxes; and interest subtracted by $34 million of supplementals/carryover/reappropriations. [↑](#footnote-ref-9)
9. [Ordinance 19380](https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=5337786&GUID=C2AE570C-7E0F-496B-8582-CB60303069E2), adopted December 14, 2021. [↑](#footnote-ref-10)
10. According to Risk Management Fund Update Briefing, ‘Social Inflation’ is driven by divisions in society, a distrust of corporations and governments. This has resulted in more liberal treatment of claims by courts, judges, and juries. Jurors have become less sensitive to high dollar figures and feel empowered to act on their frustrations. [↑](#footnote-ref-11)
11. According to Risk Management Fund Update Briefing, ‘Nuclear verdicts’ defined as an exceptionally high jury award that surpasses what should be a reasonable amount. [↑](#footnote-ref-12)
12. [Briefing 2022-B0043](https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=5525689&GUID=D06337C2-697A-4741-8D14-735AEFC9E511). Risk Management Fund Update. [↑](#footnote-ref-13)
13. Attachment 6 to this staff report provides a breakdown of these planned changes by program. [↑](#footnote-ref-14)
14. Some ARPA CLFRF programs included in COVID 7 and COVID 8 are expected to spend more than what was allocated while others anticipate underspend. The net reallocation accounts for these changes. The net reallocation also accounts for new appropriations included in COVID 9 that would be supported by ARPA CLFRF. [↑](#footnote-ref-15)
15. This total proposed appropriation does not account for double-budgeting (i.e. GF Transfer to Public Health and Public Health) and some technical correction appropriations (e.g. technical correction for I-NET to disappropriate $60,000). It should be noted that the total proposed appropriation for COVID 9, which includes double-budgeting and technical corrections is $157.3 million. [↑](#footnote-ref-16)
16. DCHS AirTable is the website platform that the public can view contracting and procurement opportunities available within the Department. [↑](#footnote-ref-17)
17. Of the total, $4 million in 2020 (COVID 3) and $29 million in 2021-2022 (2021-2022 Adopted Biennial Budget, COVID 6, COVID 7, and 2021 2nd Omnibus) [↑](#footnote-ref-18)
18. Pursuant to Section 611 of the Communications Act [↑](#footnote-ref-19)
19. ESHB 1332 (2021-2022) [↑](#footnote-ref-20)
20. Ordinance 19385, passed on January 11, 2022. [↑](#footnote-ref-21)