To: Board of Supervisors

From: Monica Nino, County Administrator

Report Title: PROVIDE DIRECTION ON THE POTENTIAL USE OF UNALLOCATED COVID-19 FEMA RESERVE FUNDS TOTALING $14,729,868 FOR FISCAL YEAR 2025-26

☒Recommendation of the County Administrator ☐ Recommendation of Board Committee

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RECOMMENDATIONS:

PROVIDE direction on next steps related to the unallocated portion of former COVID-19 FEMA Reserve funds totaling $14,729,868 appropriated as Appropriation for Contingencies within the General Fund in fiscal year 2025-26 (FY25-26).

FISCAL IMPACT:

No fiscal impact. Today's action is informational and is seeking direction from the Board of Supervisors on next steps related to the unallocated portion COVID-19 FEMA Reserve funds (now General Fund Appropriation for Contingencies (0990)) totaling $14,729,868.

BACKGROUND:

Establishment of the COVID-19 FEMA Reserve

On April 22, 2024, the Board of Supervisors directed the County Administrator to claim $37,544,395 in remaining American Rescue Plan Act (ARPA), Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) to offset a portion of the General Fund subsidy to the Hospital Enterprise Fund in FY23-24. In addition, the Board directed the County Administrator to take the following actions:

1. Include a General Fund Assigned[1] Reserve designation in a like amount at the conclusion of FY23-24 in recognition of FEMA claims that have not yet been obligated or received and to return to the Board at least annually with an update as to the status of COVID-19 era FEMA Public Assistance program claims; and

2. At that time the Board would make determinations as to whether the General Fund Assigned Reserve designation amount should be reduced based on additional revenue received from FEMA.

[1] GASB Statement No. 54 defines five categories of fund balance, each with different levels of constraint: *nonspendable, restricted, committed, assigned, and unassigned*. Among these, the "assigned" fund balance allows for the most discretion by the governing board. It is used to designate funds for specific purposes that do not meet the stricter criteria of the other categories.

On April 30, 2024, the County Administrator's Office processed the final CSLFRF claim in the amount of $37,544,395 as directed by the Board and subsequently reported the transaction in the next quarterly report to the United States Treasury Department effectively concluding the County's ARPA CSLFRF program.

On June 4, 2024, the Board authorized a second transaction to draw the full balance of the ARPA Local Assistance and Tribal Consistency Fund (LATCF) in the amount of $100,000 and similarly allocate a like amount to General Fund Assigned Reserve status.

On September 24, 2024, the Board of Supervisors approved the FY24-25 Adopted Budget as Finally Determined, which includes mandatory schedules outlined in the County Budget Act[2]. Schedule A, titled *"Detail of Provisions for Obligated Fund Balances for Fiscal Year 2024-2025 Final Budgets"* includes a provision for the combined $37,644,395 General Fund Assigned Fund Balance (henceforth referred to as the "COVID-19 FEMA Reserve"), in compliance with the direction from the Board on April 22,2024 and June 4, 2024 as outlined above.

FY23-24 Single Audit Review Process

In Winter 2025, the County's external auditor, Macia, Gini & O'Connell (MGO) selected the County's CSLFRF program for examination as part of the County's annual Single Audit process required by 2 C.F.R. § 200 (2024). On March 28, 2025, the Single Audit Report was released with no findings related to the CSLFRF program, including the final claim transaction of $37,544,395.

Year 1 COVID-19 FEMA Reserve Report

In compliance with the Board's direction from April 22, 2024, the County Administrator returned to the Board of Supervisors on April 28, 2025 to provide a Year 1 report on the status of COVID-19 era FEMA Public Assistance program claims. The report was integrated into the FY25-26 budget hearing process.

Specifically, the County Administrator' s report indicated that, as of April 21, 2025, the County had received $74,003,942, or 89.7% of anticipated COVID-19 FEMA Public Assistance funding across 20 of 23 applications for reimbursement. Of the three (3) projects that the County had not yet received funding for, the California Office of Emergency Services (CalOES) and FEMA had already approved the County's full funding request and the payments were being processed.

[2] Government Code §§ 29000–29144

Below is a complete reconciliation of projects as provided to the Board at the April 28, 2025 presentation:

Contra Costa County
COVID-19 FEMA Project Applications
Status Report, as of 4/21/2025

Project #	Submitted Projects	Estimated Claim	Received	FEMA Submission Date	Obligation Metrics[2] Obligation Date	Obligation Metrics[2] Months	Payment Metrics[3] Payment Date	Payment Metrics[3] Months
146165	Great Plates Delivered - 5/1/2020 to 6/10/2020	$ 144,796	$ 144,796	1/27/2021	3/25/2021	1.9	9/3/2021	5.4
166257	Great Plates Delivered - 6/11/2020 to 7/9/2020	276,467	276,467	1/28/2021	6/23/2021	4.9	8/25/2021	2.1
166323	Great Plated Delivered - 7/10/2020 to 8/9/2020	380,374	380,374	1/28/2021	8/25/2021	7.0	11/10/2021	2.6
166334	Great Plates Delivered - 8/10/2020 to 9/9/2020	384,174	384,174	1/28/2021	5/6/2021	3.3	9/3/2021	4.0
166919	Great Plates Delivered - 9/10/2020 to 10/9/2020	417,331	417,331	1/28/2021	5/6/2021	3.3	9/3/2021	4.0
178653	Great Plates Delivered - 10/10/2020 to 2/6/2021	2,006,732	2,006,732	5/20/2021	7/13/2021	1.8	9/3/2021	1.7
243280	Great Plates Delivered - 2/6/2021 to 7/9/2021	2,805,170	2,805,170	9/10/2021	2/25/2022	5.6	3/23/2022	0.9
240224	Materials - PPE - 3/07/2020 to 5/20/2022	1,240,517	1,240,517	12/21/2022	2/10/2023	1.7	4/24/2023	2.4
680872	Cleaning Supplies - 3/04/2020 to 6/07/2022	555,062	555,062	12/21/2022	10/16/2023	10.0	11/30/2023	1.5
680774	Vaccinations - 12/01/2020 to 05/31/2021	637,756	637,756	12/30/2022	1/30/2024	13.2	3/19/2024	1.6
733307	COVID-19 Coordination & Response Efforts - 7/22/2022 - 5/11/2023	50,042	50,042	10/30/2023	5/23/2024	6.9	8/21/2024	3.0
186200	Non Congregate Shelter - 7/1/2020 to 1/1/2021	13,886,851	13,886,851	10/18/2021	6/3/2024	32.0	12/20/2024	6.7
156484	Non-Congregate Shelter - 3/19/2020 to 6/30/2020	4,012,966	4,012,966	7/26/2021	6/3/2024	34.8	12/9/2024	6.3
731586	COVID Testing Costs - 7/1/2022 to 05/11/2023 (90% of actuals)	686,296	680,296	10/30/2023	5/23/2024	6.9	8/21/2024	3.0
240222	Incremental Cleaning Costs - 4/1/2020 to 6/30/2021	10,197,540	10,197,540	7/7/2022	6/26/2023	11.8	8/28/2023	2.1
685744	Incremental Cleaning Costs - 7/1/2021 to 6/30/2022	3,649,683	3,649,683	12/21/2022	10/3/2024	21.7	1/30/2025	4.0
719093	COVID Testing Costs Mobile Med - 07/01/2022 - 03/31/2023 (90% of actuals)	979,848	979,848	6/5/2023	5/23/2024	11.8	2/20/2025	9.1
550487	COVID Testing Costs - 2/27/2020 to 6/3/2021	15,814,082	15,814,082	6/29/2022	11/7/2023	16.5	4/5/2024	5.0
240223	Non Congregate Shelter - 1/1/2021 to 3/31/2022	14,515,020	14,515,020	11/3/2022	7/25/2024	21.0	1/16/2025	5.8
720803	Category Z Mgmt Reimbursement - Ernst & Young Costs[1]	2,000,000	1,369,236	9/25/2023	2/5/2024	4.4	6/3/2024	4.0
687414	COVID Testing Costs - 7/1/2021 to 6/30/2022	4,914,058	0	12/28/2022	7/19/2024	19.0		
698619	County Emergency Operations Center (EOC) - 03/23/2020 to 07/1/2022	1,620,297	0	12/30/2022	10/4/2024	21.5		
719096	Incremental Cleaning Costs - 7/1/2022 to 4/1/2023 (90% of actuals)	1,295,515	0	7/31/2023	10/3/2024	14.3		
	TOTAL	**$ 82,470,577**	**$ 74,003,942**					
	as % of Total Estimated Claims	*100%*	*89.7%*					
	Total Projects	*23*	*20*					

= Paid; Project Closed Out = Paid; Pending Closeout = Pending Payment = Pending Payment; Project Closed Out

Based on this status report, the County Administrator recommended to the Board that up to $20,971,026 be reclassified from Assigned fund balance to Unassigned fund balance at the conclusion of FY24-25.

This figure was derived from a calculation taking into account three specific factors:

1. The amount outstanding related to COVID-19 FEMA Public Assistance claim payments not yet received totaling $8,177,747;

2. Retention of 10% of the County's total obligated COVID-19 FEMA claims in case of future audit totaling $8,218,169; and

3. $277,453 related to the County's share of Fair Market Value (FMV) costs related to capital assets procured as part of the County's COVID-19 response efforts.[3]

[3] FEMA may reimburse a portion of the fair market value of capital assets (defined as equipment with a useful life over 1-year and with a per unit cost of over $5,000) purchased for disaster response operations, but only the depreciated cost allocable to the disaster period is eligible. The balance of costs remain the responsibility of the responding entity, in this case, the County.

The table below provides a reconciliation between the original COVID-19 FEMA Reserve amount and the proposed amount for FY25-26:

COVID-19 FEMA General Fund Reserve Calculation		
FY24-25 Beginning Balance ("Assigned" Fund Balance)	**$**	**37,644,395**
Less:		
FEMA Payments Outstanding	$	8,177,747
10% Audit Reserve (3 Years Post Closeout; FY28-29)	$	8,218,169
Project 698619 - County Fair Market Value Share	$	271,453
Project 731586 - County Fair Market Value Share	$	6,000
Recommended for Retention as "Assigned" on 6/30/25	**$**	**16,673,369**
Available for Release to "Unassigned" on 6/30/25	**$**	**20,971,026**

Ultimately, the Board directed the County Administrator to continue to return annually to provide similar updates on the status of the COVID-19 FEMA Reserve and to decrease amount held in the COVID-19 FEMA Reserve fund balance by $20,971,026 from $37,644,395 to $16,673,369 for FY25-26.

Allocation of Released COVID-19 FEMA Reserve - $20,971,026

The reduction of the COVID-19 FEMA Reserve in the amount of $20,971,026 effectively reclassifies that funding amount from Assigned General Fund Balance to Unassigned General Fund Balance.

Following that reclassification, and as part of the FY25-26 budget hearings, the Board allocated $6,241,158 of the released funding to support certain programs and designated the remaining $14,729,868 to be appropriated within the General Fund "Appropriation for Contingencies"[4]. Appropriations for Contingencies is a unique cost center within the General Fund containing appropriated funds – typically for use in exigent circumstances – and specifically requires a four-fifths (4/5s) vote of the Board for any transfers from that cost center. [5].

[4] Government Code § 29084 authorizes the establishment of an appropriation or appropriations for contingencies in such amounts as the board deems sufficient.
[5] Government Code § 29125(a)(2)

Below is a reconciliation of allocations of the released $20,971,026 COVID-19 FEMA Reserve:

COVID-19 FEMA General Fund Reserve FY25-26 Allocation of Released Funding	
SAFE Center	$ 3,500,000
Stand Together CoCo	$ 2,341,158
Refugee Resettlement	$ 400,000
Appropriation for Contingencies	$ 14,729,868
Total	**$ 20,971,026**

Update on Status of COVID-19 FEMA Public Assistance Program Claims

Since the adoption of the FY25-26 budget, the County has received the remaining three (3) COVID-19 FEMA Public Assistance program claims anticipated during the April 2025 budget hearings along with an additional allocation related to a testing claim cumulatively totaling $8,171,950. As of this writing, the County has received $82,175,892, or 99.6% of anticipated funding across all 23 reimbursement requests submitted.

The County continues to work with FEMA and CalOES on formal closeout of three (3) projects and anticipate a final payment to the County of approximately $109,844 at conclusion.

Below is a complete reconciliation of COVID-19 FEMA projects as of June 17, 2025 (the latest update available):

Contra Costa County
COVID-19 FEMA Project Applications
Status Report, as of 6/17/2025

Project #	Submitted Projects	Estimated Claim	Claimed	Received
146165	Great Plates Delivered - 5/1/2020 to 6/10/2020	$ 144,796	$ 144,796	$ 144,796
166257	Great Plates Delivered - 6/11/2020 to 7/9/2020	276,467	276,467	276,467
166323	Great Plated Delivered - 7/10/2020 to 8/9/2020	380,374	380,374	380,374
166334	Great Plates Delivered - 8/10/2020 to 9/9/2020	384,174	384,174	384,174
166919	Great Plates Delivered - 9/10/2020 to 10/9/2020	417,331	417,331	417,331
178653	Great Plates Delivered - 10/10/2020 to 2/6/2021	2,006,732	2,006,732	2,006,732
243280	Great Plates Delivered - 2/6/2021 to 7/9/2021	2,805,170	2,805,170	2,805,170
240224	Materials - PPE - 3/07/2020 to 5/20/2022	1,240,517	1,240,517	1,240,517
680872	Cleaning Supplies - 3/04/2020 to 6/07/2022	555,062	555,062	555,062
680774	Vaccinations - 12/01/2020 to 05/31/2021	637,756	637,756	637,756
733307	COVID-19 Coordination & Response Efforts - 7/22/2022 - 5/11/2023	50,042	50,042	50,042
186200	Non Congregate Shelter - 7/1/2020 to 1/1/2021	13,886,851	13,886,851	13,886,851
156484	Non-Congregate Shelter - 3/19/2020 to 6/30/2020	4,012,966	4,012,966	4,012,966
731586	COVID Testing Costs - 7/1/2022 to 05/11/2023 (90% of actuals)	686,296	686,296	680,296
240222	Incremental Cleaning Costs - 4/1/2020 to 6/30/2021	10,197,540	10,197,540	10,197,540
685744	Incremental Cleaning Costs - 7/1/2021 to 6/30/2022	3,649,683	3,649,683	3,649,683
719093	COVID Testing Costs Mobile Med - 07/01/2022 - 03/31/2023 (90% of actuals)	979,848	979,848	979,848
687414	COVID Testing Costs - 7/1/2021 to 6/30/2022	4,914,058	4,914,058	5,256,138
719096	Incremental Cleaning Costs - 7/1/2022 to 4/1/2023 (90% of actuals)	1,295,515	1,295,515	1,295,515
240223	Non Congregate Shelter - 1/1/2021 to 3/31/2022	14,515,020	14,515,020	14,515,020
550487	COVID Testing Costs - 2/27/2020 to 6/3/2021	15,814,082	15,814,082	15,814,082
720803	Category Z Mgmt Reimbursement - Ernst & Young Costs[1]	2,000,000	1,823,534	1,369,236
698619	County Emergency Operations Center (EOC) - 03/23/2020 to 07/1/2022	1,620,297	1,620,297	1,620,297
	TOTAL	**$ 82,470,577**	**$ 82,294,110**	**$ 82,175,892**
	as % of Total Estimated Claims	*100%*	*99.8%*	*99.6%*
	Total Projects	*23*	*23*	*23*

= Paid; Project Closed Out = Paid; Pending Closeout

Today's action is in response to a request from the Board of Supervisors during the May 2025 budget adoption to return to the Board to further discuss next steps related to the unallocated portion COVID-19 FEMA Reserve funds (now General Fund Appropriation for Contingencies) totaling $14,729,868.

CONSEQUENCE OF NEGATIVE ACTION:

Should no action be taken today, the unallocated funds will remain appropriated for use by the Board in the General Fund as an Appropriation for Contingencies commencing in FY25-26.