

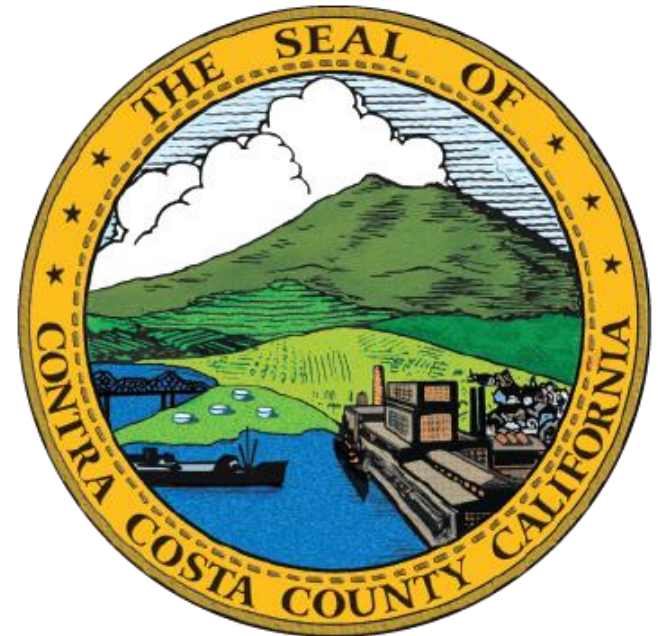
# County Budget Development

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## Key Drivers and Considerations

County Administrator's Office

January 30, 2024





# Agenda

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1. County financial updates
2. COVID Cost Recovery / ARPA
3. Budgeting concerns
4. FY24-25 budget hearing calendar
5. Recommendations



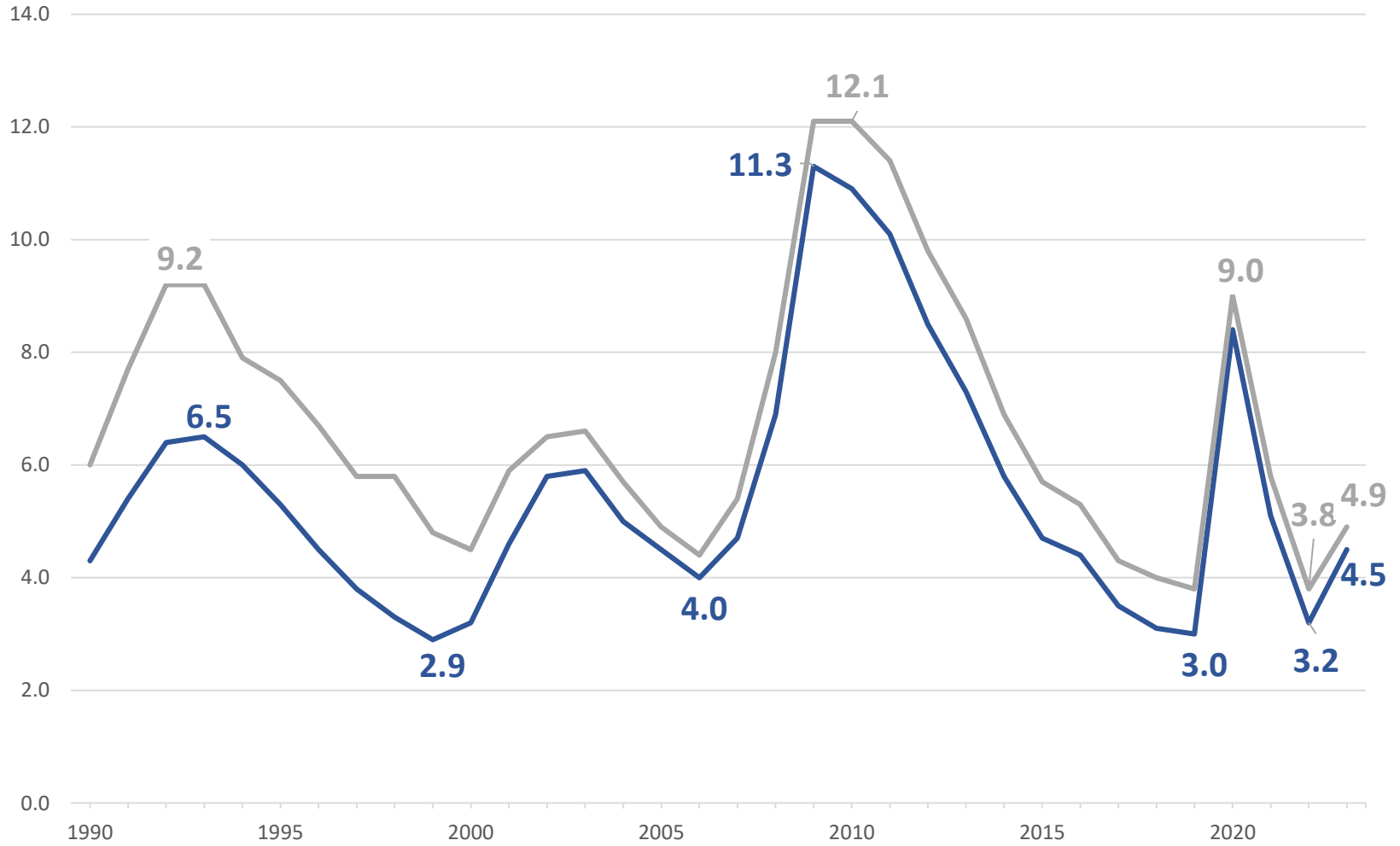
# Bay Area Counties Unemployment Rates

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	Nov-2023	Nov-2022
Alameda	4.5%	3.2%
<b>Contra Costa</b>	<b>4.5%</b>	<b>3.4%</b>
Marin	3.7%	2.6%
Napa	3.7%	3.2%
San Francisco	3.5%	2.4%
San Mateo	3.3%	2.3%
Santa Clara	3.8%	2.5%
Solano	4.8%	4.0%
Sonoma	3.7%	3.0%
Bay Average	3.9%	3.0%
Statewide	4.9%	4.0%



# Unemployment Rates 1990 - 2023



Source: CA Employment Development Department

— Contra Costa — CA



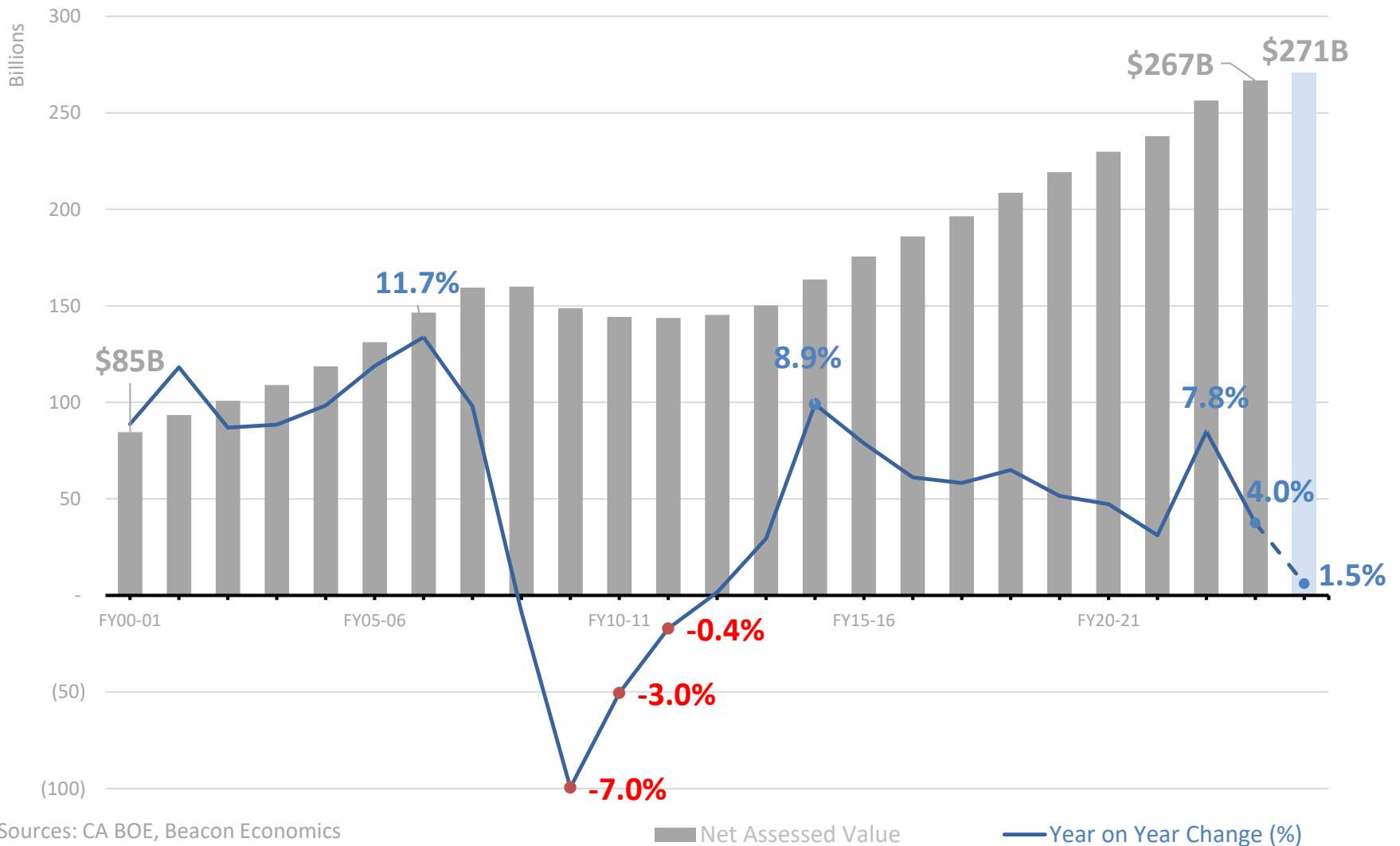
# Labor Contracts

	Filled Positions 2023	Filled Positions 2024	Contract End Date
AFSCME Local 512, Professional and Technical Employees	226	239	6/30/2026
AFSCME Local 2700, United Clerical, Technical and Specialized Employees	1,417	1,489	6/30/2026
California Nurses Association	815	816	9/30/2025
CCC Defenders Association	93	104	6/30/2026
CCC Deputy District Attorneys' Association	91	100	6/30/2026
Deputy Sheriffs Association, Mgt Unit and Rank and File Unit	779	816	6/30/2027
Deputy Sheriffs Association, Probation Peace Officers Association	212	205	6/30/2027
District Attorney Investigator's Association	15	19	6/30/2026
IAFF Local 1230	405	453	6/30/2027
Physicians and Dentists of Contra Costa	243	252	10/31/2025
Professional & Technical Engineers – Local 21, AFL-CIO	1,162	1,282	6/30/2026
Public Employees Union, Local One & FACS Site Supervisor Unit	489	497	6/30/2026
SEIU Local 1021, Rank and File and Service Line Supervisors Units	853	831	6/30/2026
Teamsters, Local 856	1,803	1,879	6/30/2026
United Chief Officers' Association	15	17	6/30/2027
Western Council of Engineers	23	21	6/30/2026
Management Classified & Exempt & Management Project	430	461	N/A
	<b>9,071</b>	<b>9,481</b>	



# Contra Costa County - Assessed Value

## Fiscal Years 2000 - 2024



Sources: CA BOE, Beacon Economics

■ Net Assessed Value

— Year on Year Change (%)



# Property Tax Revenues - County

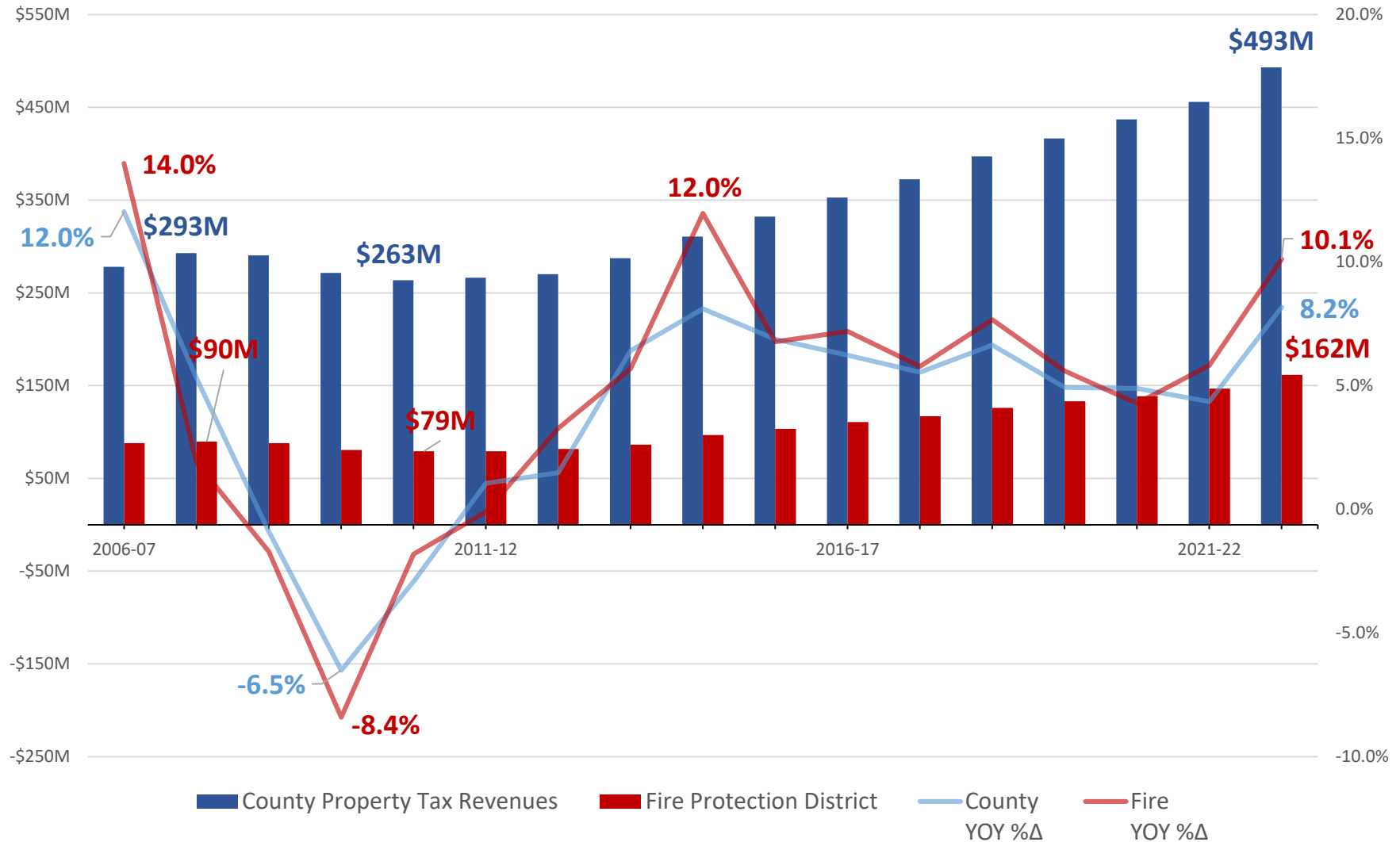
## Fiscal Years 2006-2023





# Property Tax Revenues – Fire District

## Fiscal Years 2006-2023



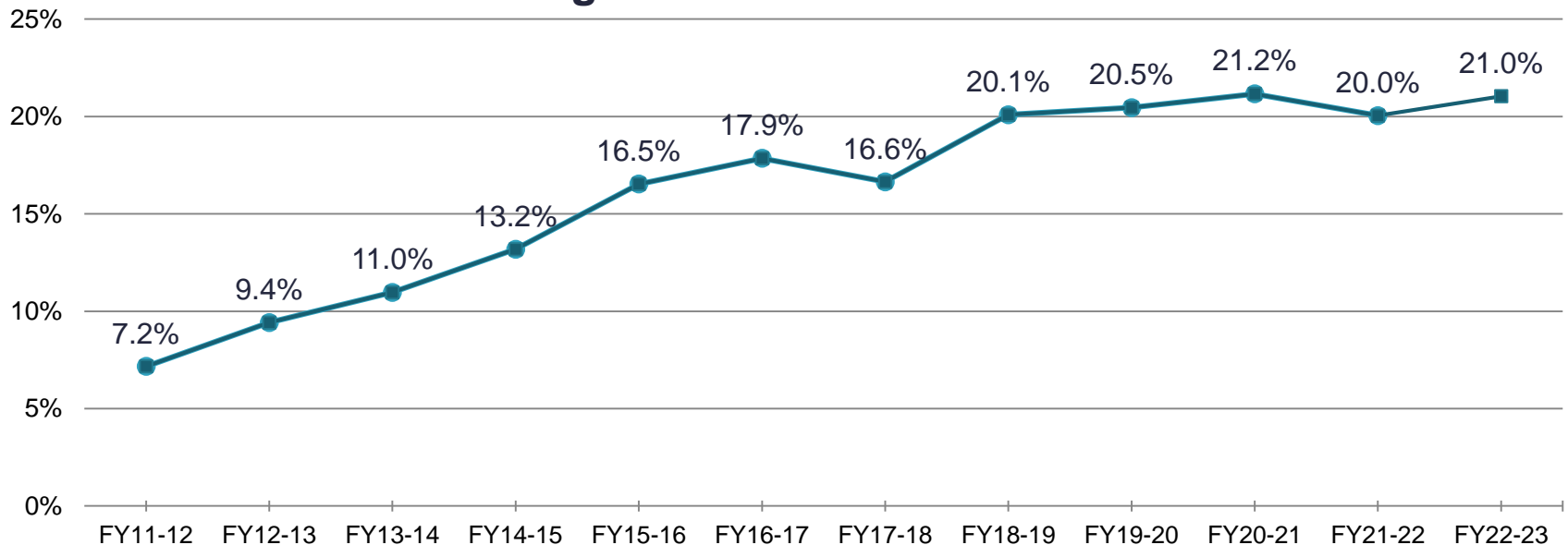




# General Fund reserves

1. For FY 2022-23, total General Fund revenues were \$2.11 billion, and the total fund balance was \$880.2 million, or 41.7% of total General Fund revenue
2. Of the \$880.2 million:
  - a. \$444.3 million was unassigned – 21.0% of total General Fund Revenues
  - b. \$435.9 million was assigned, committed, restricted or nonspendable

## Unassigned General Fund Reserves





# Pension funding

- Pension funded ratio is 91.2%
- County Net Pension Liability as of 12/31/2022 was \$1.05B, up from \$854.6 million the prior year due to increased salary COLA's and lower investment returns compared to assumptions
- CCCERA investment earnings assumption is 6.75%
- Final Pension Obligation Bond payment was made June, 2022

Contra Costa County Employees Retirement Association Pension Funding Status (Thousands)				
Actuarial Valuation Date	Total CCCERA Net Liability	Funded Ratio	County Net Liability	Fire Protection District Net Liability
2009	\$1,024,673	83.8%	\$727,578	\$68,294
2010	1,312,215	80.3%	918,919	104,750
2011	1,488,593	78.5%	1,037,535	130,737
2012	2,279,059	70.6%	1,591,610	228,950
2013	1,823,681	76.4%	1,260,363	180,209
2014	1,469,942	81.7%	1,003,749	151,686
2015	1,311,823	84.5%	879,610	154,708
2016	1,187,437	86.5%	776,396	143,193
2017	1,059,356	88.5%	689,426	131,765
2018	1,031,966	89.3%	677,735	123,353
2019	947,054	90.6%	607,938	132,554
2020	859,345	91.8%	557,373	121,270
2021	854,561	92.4%	588,842	147,987
2022	1,050,406	91.2%	736,081	166,180



# FY23-24 County mid-year budget status

			Mid-Year 23-24	Mid-Year 22-23	Mid-Year 21-22	Mid-Year 20-21	Mid-Year 19-20
<b>ALL FUNDS</b>	<b>Budget</b>	<b>Actual</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>
Expenditures	\$5,000,652,632	\$2,035,853,084	41%	40%	38%	44%	41%
Revenues	\$4,852,245,991	\$2,440,927,777	50%	42%	43%	45%	39%
<b>GENERAL FUND</b>	<b>Budget</b>	<b>Actual</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>
Expenditures	\$2,317,559,830	\$940,663,222	41%	41%	37%	43%	41%
Revenues	\$2,241,801,431	\$909,630,143	41%	49%	45%	46%	37%
Wages & Benefits	\$1,183,247,803	\$508,720,756	43%	45%	45%	45%	46%
Services & Supplies	\$881,701,773	\$297,440,526	34%	35%	35%	43%	37%
Other Charges	\$361,996,454	\$154,459,968	43%	50%	33%	46%	40%
Fixed Assets	\$50,556,930	\$37,061,223	73%	13%	10%	25%	24%
Inter-departmental Charges	(\$174,943,130)	(\$57,019,852)	33%	27%	42%	44%	41%
Contingencies	\$15,000,000	\$600					
<b>Total Expenses</b>	<b>\$2,317,559,830</b>	<b>\$940,663,222</b>	<b>41%</b>	<b>41%</b>	<b>37%</b>	<b>41%</b>	<b>41%</b>
Taxes	\$646,551,506	\$378,066,419	58%	71%	61%	62%	64%
License, Permits, Franchises	\$12,188,015	\$2,865,002	24%	28%	28%	23%	30%
Fines, Forfeitures, Penalties	\$23,867,498	\$2,301,180	10%	8%	9%	5%	8%
Use of Money & Property	\$31,718,241	\$19,697,141	62%	107%	31%	42%	29%
Federal/State Assistance	\$898,159,941	\$354,265,079	39%	51%	44%	50%	28%
Charges for Current Services	\$185,413,445	\$79,460,567	43%	41%	48%	44%	32%
Other Revenue	\$443,902,785	\$72,974,755	16%	19%	20%	23%	27%
<b>Total Revenues</b>	<b>\$2,241,801,431</b>	<b>\$909,630,143</b>	<b>41%</b>	<b>49%</b>	<b>45%</b>	<b>46%</b>	<b>37%</b>



# Measure X financials

## Revenue budget and projection through FY23-24

	Budget	Actuals/Projection	Difference
FY20-21	\$ 24,078,616	\$ 27,659,018	\$ (3,580,402)
FY21-22	\$ 104,000,000	\$ 117,721,524	\$ (13,721,524)
FY22-23	\$ 107,000,000	\$ 122,416,463	\$ (15,416,463)
FY23-24	\$ 118,169,856	\$ 118,272,961	\$ (103,105)
<b>Total</b>	<b>\$ 353,248,472</b>	<b>\$ 386,069,967</b>	<b>\$ (32,821,495)</b>

## Measure X adopted allocations through FY23-24

	Budget
Reserve	\$ 20,000,000
One-time	\$ 136,895,200
FY22-23	\$ 78,150,000
FY23-24	\$ 122,689,500
Returned	\$ (895,965)
	<b>\$ 356,838,735</b>



## Measure X financials

---

1. \$40.1M actual revenue collected through December 2023 for the current fiscal year, and \$307.8M collected lifetime
2. Remaining revenue requirement of \$48.9M to fund the \$356.8M total allocated expenditures through FY23-24
3. Projected potential one-time surplus of \$29M by fiscal year end (actual value will be known in September)
4. FY24-25 Measure X sales tax revenue projected to grow 1.6% to \$120.2M
5. FY24-25 base budget totals \$117.4M, with a proposed 2.4% (\$2.8M) cost of living adjustment (COLA) for ongoing allocations to balance to the projected revenues of \$120.2M



# Recap of COVID-19 Major Funding Sources

Revenue Program	Allocation
Emergency Rental Assistance Program (Closed)	\$234,924,258
Coronavirus Relief Fund (Closed)	227,827,652
ARPA Fiscal Recovery Fund	224,058,903
FEMA Public Assistance Program	82,470,577
<b>Total</b>	<b>\$769,281,390</b>

## ➤ Key Takeaways:

- Four revenue drivers impact vast majority the County's cost recovery
- 2 of 4 Programs complete; No audit findings from Federal/State agencies or County Single Audits
- FEMA Public Assistance program reflects funds the County must claim for reimbursement for General Fund expenditures
- All COVID-19 revenue sources are one-time only funds!



# Status of COVID-19 FEMA Claims

Contra Costa County

FEMA Project Applications

Estimates Updated as of 1/24/2024

Project #	Submitted Projects	Estimated Claim	Obligated	Received	FEMA Submission
					Date
146165	Great Plates Delivered - 5/1/2020 to 6/10/2020	\$ 144,796	\$ 144,796	\$ 144,796	1/27/2021
166257	Great Plates Delivered - 6/11/2020 to 7/9/2020	276,467	276,467	276,467	1/28/2021
166323	Great Plated Delivered - 7/10/2020 to 8/9/2020	380,374	380,374	380,374	1/28/2021
166334	Great Plates Delivered - 8/10/2020 to 9/9/2020	384,174	384,174	384,174	1/28/2021
166919	Great Plates Delivered - 9/10/2020 to 10/9/2020	417,331	417,331	417,331	1/28/2021
178653	Great Plates Delivered - 10/10/2020 to 2/6/2021	2,006,732	2,006,732	2,006,732	5/20/2021
243280	Great Plates Delivered - 2/6/2021 to 7/9/2021	2,805,170	2,805,170	2,805,170	9/10/2021
240224	Materials - PPE - 3/07/2020 to 5/20/2022	1,240,517	1,240,517	1,240,517	12/21/2022
240222	Incremental Cleaning Costs - 4/1/2020 to 6/30/2021	10,197,540	10,197,540	10,197,540	7/7/2022
680872	Cleaning Supplies - 3/04/2020 to 6/07/2022	555,062	555,062	555,062	12/21/2022
550487	COVID Testing Costs - 2/27/2020 to 6/3/2021	15,814,082	15,814,082	0	6/29/2022
685744	Incremental Cleaning Costs - 7/1/2021 to 6/30/2022	3,649,683	0	0	12/21/2022
719096	Incremental Cleaning Costs - 7/1/2022 to 4/1/2023 (90% of actuals)	1,295,515	0	0	7/31/2023
156484	Non-Congregate Shelter - 3/19/2020 to 6/30/2020	4,012,966	0	0	7/26/2021
186200	Non Congregate Shelter - 7/1/2020 to 1/1/2021	13,886,851	0	0	10/18/2021
240223	Non Congregate Shelter - 1/1/2021 to 3/31/2022	14,515,020	0	0	11/3/2022
687414	COVID Testing Costs - 7/1/2021 to 6/30/2022	4,914,058	0	0	12/28/2022
719093	COVID Testing Costs Mobile Med - 07/01/2022 - 03/31/2023 (90% of actuals)	979,848	0	0	6/5/2023
731586	COVID Testing Costs - 7/1/2022 to 05/11/2023 (90% of actuals)	686,296	0	0	10/30/2023
680774	Vaccinations - 12/01/2020 to 05/31/2021	637,756	0	0	12/30/2022
698619	County Emergency Operations Center (EOC) - 03/23/2020 to 07/1/2022	1,620,297	0	0	12/30/2022
720803	Category Z Mgmt Reimbursement - Ernst & Young Costs*	2,000,000	0	0	9/25/2023
733307	COVID-19 Coordination & Response Efforts - 7/22/2022 - 5/11/2023	50,042	0	0	10/30/2023

**TOTAL**

**\$ 82,470,577    \$ 34,222,245    \$ 18,408,163**

*as % of Total Estimated Claims*                      100%                      41.5%                      22.3%

*Total Projects*    23    11    10



# Obligation and Payment Timeline of COVID-19 FEMA Claims

Contra Costa County

FEMA Project Applications

Estimates Updated as of 1/24/2024

Project #	Submitted Projects	Estimated Claim	FEMA Submission Date	Obligation Metrics		Payment Metrics	
				Obligation Date	Months	Payment Date	Months
146165	Great Plates Delivered - 5/1/2020 to 6/10/2020	\$ 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	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	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	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	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	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	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	12/21/2022	2/10/2023	1.7	4/24/2023	2.4
240222	Incremental Cleaning Costs - 4/1/2020 to 6/30/2021	10,197,540	7/7/2022	6/26/2023	11.8	8/28/2023	2.1
680872	Cleaning Supplies - 3/04/2020 to 6/07/2022	555,062	12/21/2022	10/16/2023	10.0	11/30/2023	1.5
550487	COVID Testing Costs - 2/27/2020 to 6/3/2021	15,814,082	6/29/2022	11/7/2023	16.5		

## ➤ Key Takeaways:

- FEMA reimbursements are slow to be obligated as predicted
- Little activity by FEMA in CY2022, but picked up in 2023
- More complex claims take more time to obligate
- Time to receive payment after obligation has decreased since 2021





# Review Status

## Timeline of Outstanding COVID-19 FEMA Claims

Contra Costa County  
 FEMA Project Applications  
 Estimates Updated as of 1/24/2024

Submitted Projects	Estimated Claim	FEMA Submission Date	Time from Submission		
			Today	Months	Years
Incremental Cleaning Costs - 7/1/2021 to 6/30/2022	3,649,683	12/21/2022	1/24/2024	13.3	1.1
Incremental Cleaning Costs - 7/1/2022 to 4/1/2023 (90% of actuals)	1,295,515	7/31/2023	1/24/2024	5.9	0.5
Non-Congregate Shelter - 3/19/2020 to 6/30/2020	4,012,966	7/26/2021	1/24/2024	30.4	2.5
Non Congregate Shelter - 7/1/2020 to 1/1/2021	13,886,851	10/18/2021	1/24/2024	27.6	2.3
Non Congregate Shelter - 1/1/2021 to 3/31/2022	14,515,020	11/3/2022	1/24/2024	14.9	1.2
COVID Testing Costs - 7/1/2021 to 6/30/2022	4,914,058	12/28/2022	1/24/2024	13.1	1.1
COVID Testing Costs Mobile Med - 07/01/2022 - 03/31/2023 (90% of actuals)	979,848	6/5/2023	1/24/2024	7.8	0.6
COVID Testing Costs - 7/1/2022 to 05/11/2023 (90% of actuals)	686,296	10/30/2023	1/24/2024	2.9	0.2
Vaccinations - 12/01/2020 to 05/31/2021	637,756	12/30/2022	1/24/2024	13.0	1.1
County Emergency Operations Center (EOC) - 03/23/2020 to 07/1/2022	1,620,297	12/30/2022	1/24/2024	13.0	1.1
Category Z Mgmt Reimbursement - Ernst & Young Costs*	2,000,000	9/25/2023	1/24/2024	4.0	0.3
COVID-19 Coordination & Response Efforts - 7/22/2022 - 5/11/2023	50,042	10/30/2023	1/24/2024	2.9	0.2

**TOTAL** \$ 82,470,577

➤ **Key Takeaways:**

- Non-Congregate Shelter (NCS) claims outstanding had been placed on hold statewide pending FEMA Region IX policy review (completed on October 16, 2023)
- Remaining non-NCS claims outstanding for approximately 1 year or less
- Two claims are in “Final FEMA Review” status and should be obligated this quarter



# FEMA Region IX Policy Changes - NCS

## 1. Bad News:

- Retroactively caps the number of nights that NCS clients are eligible to stay at motel/hotel 20 on June 11, 2022 and beyond
- Presumes that vacant rooms are not eligible for reimbursement with some “...exceptions...for reasonable pre-positioning of resources...on a case-by-case basis”

## 2. Good News:

- FEMA dropped the issue of redefining “asymptomatic” to require a COVID-19 diagnosis
- Potential financial exposure is significantly reduced



U.S. Department of Homeland Security  
Region 9  
1111 Broadway, Suite 1200  
Oakland, CA 94607-4052

**FEMA**

October 16, 2023

Ms. Nancy Ward  
Director  
Governor’s Authorized Representative  
California Office of Emergency Services  
3650 Schriever Avenue  
Mather, California 95655

RE: Emergency Non-Congregate Sheltering – FEMA-4482-DR-CA (COVID-19)

Dear Director Ward:

This letter provides clarification to questions received from the California Governor’s Office of Emergency Services (Cal OES) regarding the eligibility of emergency Non-Congregate Sheltering (NCS) during the COVID-19 Pandemic, specifically the eligibility of “high-risk” individuals requiring social distancing and FEMA’s methodology for evaluating the length of stay for eligible populations in emergency NCS.

Under the COVID-19 major declaration, FEMA will consider emergency NCS for health and medical-related needs, such as isolation and quarantine resulting from the public health emergency. FEMA will reimburse emergency NCS costs incurred for:

1. Individuals who test positive for COVID-19 that do not require hospitalization, but need isolation (including those exiting from hospitals);
2. Individuals who have been exposed to COVID-19 (as documented by a state or local public health official, or medical health professional), that do not require hospitalization; and
3. Individuals who are “high-risk,” such as people over 65 or who have certain underlying health conditions (respiratory, compromised immunities, chronic disease), and who require emergency NCS as a social distancing measure.

For the third category of eligible individuals, FEMA interprets the term high-risk based on the list of medical conditions identified in the Centers for Disease Control and Prevention’s (CDC’s) guidance.<sup>1</sup> An individual confirmed to be at high-risk based on the CDC list of medical conditions may be eligible for emergency NCS if needed as a social distancing measure. Providing confirmation of a positive COVID test is not a requirement for the third category; however, eligible applicants will need to demonstrate that the individuals sheltered are high-risk.

Regarding the length of stay for eligible populations in emergency NCS, FEMA recognizes the unprecedented scale and scope of the COVID-19 response. Widespread community transmission overwhelmed healthcare systems across the nation, and in the absence of available testing supplies, sheltering was a key strategy for limiting the loss of life and protecting public safety. Vaccines were not readily available to all members of the public until the Governor rescinded the Statewide Stay at

<sup>1</sup> <https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/people-with-medical-conditions.html#MedicalConditionsAdults>



# Updated Impacts & Course of Action

1. Potential exposure to NCS claims (\$32 million claimed) significantly reduced from up to \$29 million to \$6 - \$9 million. Below is a breakdown of the current exposure:

Project Number	Timeframe	Percentage of Rooms Unoccupied	Exposure Amount Based on Unoccupied %	Number of Rooms Over 20 Days <sup>3</sup>	Percentage of Rooms over 20 Days	Exposure Amount Based on Rooms over 20 Days	Total Exposure <sup>4</sup>
<b>Project 1: 156484</b>	3/19/2020 - 6/30/2020	37%	\$ 1,476,370.20	N/A	N/A	\$ -	\$ 1,476,370.20
<b>Project 2: 186200</b>	7/1/2020 - 12/31/2020	7%	\$ 914,193.38	N/A	N/A	\$ -	\$ 914,193.38
<b>Project 3: 240223</b>	1/1/2021 - 3/31/2022	3%	\$ 477,544.14	37,650	45%	\$ 6,316,863.95	\$ 6,794,408.09
							<b>\$ 9,184,971.67</b>

2. Staff continues to collaborate with statewide partners and position the County for appeal should that be necessary. The following specific actions have been taken:
  - a. Participate in bi-weekly collaboration call with CalOES Recovery Division and local jurisdictions across the state on NCS impacts and strategy for responding to FEMA Region IX
  - b. Board approved a contract with Baker Donelson law firm to assist with strategy and approach to potential FEMA appeals. Baker Donelson has a practice area to focus specifically on disputes with the FEMA Public Assistance program (Stafford Act)



# Status of ARPA CSLFRF Program

1. As of September 30, 2023, the **County has received the entire allocation of \$224 million and spent \$174.7 million (78%)**
2. By the end of FY 2023/24, we continue to **anticipate a remainder of \$37.5 million available for “obligation”** by the Board. Below is a reconciliation of actual and anticipated expenditures from inception to June 30, 2024:

ARPA - CSLFRF Allocation				
Projected Expenditures, thru 6/30/24	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Projected	Total
<b>Funding Sources:</b>	<b>\$ 112,029,452</b>	<b>\$ 112,029,452</b>	<b>\$0</b>	<b>\$224,058,903</b>
<b>Funding Uses:</b>				
Health Services (COVID-19)	79,214,397	67,204,394	15,795,606	162,214,397
Pandemic Service Relief Payment	0	24,300,111	0	24,300,111
<b>Total Claimed</b>	<b>\$ 79,214,397</b>	<b>\$ 91,504,505</b>	<b>\$ 15,795,606</b>	<b>\$186,514,508</b>
<b>Fund Balance</b>				<b><u>\$ 37,544,395</u></b>



# Proposed Treasury Policy Change – “Obligation”

1. On November 20, 2023, the U.S. Treasury published an Interim Final Rule (IFR) in the Federal register with **proposed retroactive amendments to the definition of “Obligation” as it relates to the ARPA CSLFRF program.** Comments were due on December 20, 2023 for the final rule.
2. Currently, CSLFRF jurisdictions must “obligate” all funds December 31, 2024 and spend all funds by December 31, 2026.
3. The proposals in the IFR appear to restrict the ability of local governments to:
  - a. **Use CSLFRF funds for staffing during the spend period** (with the exception of reimbursement for grant administration)
  - b. **Reallocate obligated funds to different functions during the “spend period”**

## **DEPARTMENT OF THE TREASURY**

**31 CFR Part 35**

**RIN 1505-AC03**

## **Coronavirus State and Local Fiscal Recovery Funds**

**AGENCY:** Department of the Treasury.

**ACTION:** Interim final rule.

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**SUMMARY:** The Secretary of the Treasury is issuing an interim final rule to amend the definition of “obligation” set forth in the Department’s regulations with respect to the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act of 2021.

### **DATES:**

*Effective date:* The provisions in this interim final rule are effective November 20, 2023.

*Comment date:* Comments must be received on or before December 20, 2023.

**ADDRESSES:** Please submit comments electronically through the Federal



# What are we doing about it?

1. National professional organizations and the County sent a joint comment letter to Treasury citing operational impacts of the new restrictive language, including...

- a. Inability to continue directing some funding for staff COVID-19 response if needed.
- b. Inability to redirect obligated funds during the “spend period” should the Board desire to reprioritize allocations.

2. Senators Padilla (D-CA) and Cornyn (R-TX) working on bi-partisan legislation to address challenges in spending ARPA funding, including...

- a. Extending the ARPA obligation deadline to December 31, 2025.
- b. Defining “obligation” in statute rather than through Treasury rulemaking.



December 20, 2023:

Submitted via [regu](#)  
Office of Recovery  
Department of the  
1500 Pennsylvania  
Washington, DC 20

Re: Coronavirus St  
DO-2023-0013-000

Dear Ms. Milano:

On behalf of the na  
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(Obligation IFR) se  
Coronavirus State a  
(ARPA) of 2021.

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## The Board of Supervisors

County Administration Building  
1025 Escobar St., 4<sup>th</sup> floor  
Martinez, California 94553

John Giola, 1<sup>st</sup> District  
Candace Anderson, 2<sup>nd</sup> District  
Diane Burgie, 3<sup>rd</sup> District  
Ken Carlson, 4<sup>th</sup> District  
Federal D. Glover, 5<sup>th</sup> District

December 20, 2023

Docket TREAS-DO-2023-0013-0001  
Jessica Milano, Chief Recovery Officer  
Office of Recovery Programs  
Department of Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220  
*Sent Via: Federal eRulemaking Portal*

**RE: Docket No. TREAS-DO-2023-0013-0001 Coronavirus State and Local Fiscal Recovery Funds**

Dear Ms. Milano:

On behalf of the Board of Supervisors of Contra Costa County, CA (County), thank you for the opportunity to comment on the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Obligation Interim Final Rule (IFR). We appreciate the opportunity to provide input. The County has concerns about the practical implications of how “obligation” is being redefined in this IFR, as the proposed definition puts the County in a vulnerable financial position as we continue our pandemic recovery.

The County has identified the following three specific areas of concern and provided recommendations for consideration by Treasury to remediate the associated impacts of each:

- 1. Change to the Requirements for Establishing an Obligation;
- 2. Negative Impact to Employee Payroll Flexibility; and
- 3. Reduced Flexibility to Complete Capital Projects.

### Change to the Requirements for Establishing an Obligation

The IFR appears to contradict the current Final Rule and associated Frequently Asked Questions (FAQs) by retroactively changing the rules related to establishing an obligation of funds. Specifically, the IFR does not revise the rule to define “costs incurred” by reference to recipient appropriation, budget, or allocation processes as was provided for in the [Final Rule: Frequently Asked Questions](#). This means that direct recipients may never be able to satisfy the IFR definition of obligation as it relates to SLFRF dollars, despite following state or local law, or their own policies, which is the current guidance provided by Treasury and has been relied upon across the nation to make policy decisions as to the use of SLFRF funding. To be clear, FAQ #13.17 of Treasury’s own [Final Rule: Frequently Asked Questions](#) notes:

*Treasury recognizes that recipients may obligate funds through means other than contracts or subawards...In these circumstances, recipients must follow state or*

Contra  
Costa  
County



Monica Nino  
Clerk of the Board  
and  
County Administrator  
(925) 655-2000



# Reasons for continuing concern

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1. Budgeted expenditures are growing faster than revenues
  - a. Negotiated employee wage increases of 5% or more over multiple years, leading to a currently projected FY24-25 general fund cost increase of \$81M
  - b. Prison Law Office Settlement
    - i. FY24-25 increased staffing costs ~\$16M
    - ii. Detention ADA capital improvements
  - c. General Liability insurance premiums increasing 26% to \$17M
  - d. Workers' Compensation program charges increasing 26% to \$43M
  - e. Higher interest rates are reducing real estate transactions and slowing associated property tax revenue growth to a projected 1.5%
  - f. Sales tax growth projected to slow to 1.5% for the year
2. State budget deficit and unknown local budget impacts
3. FEMA recoveries
4. Needed capital investments for service improvements and aging facilities
5. Obsolete technology
  - a. Replace mainframe systems for Assessor's Office and Treasurer / Tax Collector
  - b. Significant needs countywide for new hardware and cybersecurity



# FY24-25 Budget Hearings

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## 1. Hearing dates

1. Recommended Budget – April 23, 2024
2. Budget Adoption – May 21, 2024

## 2. Format

1. County Administrator – Budget overview
2. Department Presentations
3. Public Comment
4. Board Discussion / Action





# Budget Development - Recommendations

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1. ACCEPT report on Budget and Key Issues for FY24-25 and beyond;
  
2. Measure X – PROVIDE DIRECTION on the
  - a. Proposed cost of living adjustment (COLA) of 2.4% to ongoing allocations for FY24-25
  - b. Budgeting process for the potential Measure X year end revenue surplus of ~\$29M
  
3. DIRECT the County Administrator to provide an update on the status of ARPA CSLFRF rulemaking and COVID-19 FEMA Public Assistance claims during the FY24-25 Budget Hearings, including scenarios for allocation of funds to maximize cost recovery.