

American Rescue Plan Act 2021(ARPA)

State and Local Fiscal Relief Funds (FRF)

October 19, 2021

MAYOR'S MESSAGE 156
EM/HEcon

City and County of Honolulu's direct allocation: \$386,252,141

- First tranche: \$193, 126,070,50, received on June 7, 2021
- Second tranche: \$193,126,070.50 expected in June 2022
- The expense must be incurred or obligated by December 31, 2024, and expended by December 31, 2026

Approach to ARPA

- Collaborate with City Council for equitable, efficient distribution
 - Public forum for community engagement, regular program updates and receipt of input from Council
- Maintain flexibility in serving O'ahu communities over the 4-year + 2 implementation period
- Maximize program transparency and objectivity
 - Fair, sustainable process
 - Regular Council updates/public engagement
 - Federal reports
 - Public-facing ARPA dashboard

What are the federal rules for spending?

- Treasury has adopted published Interim Final Rule (IFR)
 - Additional revisions and a “Final” rule are anticipated
- In general, FRF monies can be used to:
 - Support public health
 - Address negative economic impacts
 - Provide service to disproportionately impacted communities
 - Replace lost revenue
 - Provide premium pay for essential workers
 - Invest in water, sewer, and broadband infrastructure
 - Cover allowable administrative costs

Evaluation of Funding Requests

- Compliance with IFR regulating the applicable expenditure categories
- Compliance with Federal and State procurement requirements
 - With limited exceptions, expenditure of FRF monies must follow BOTH Federal and State procurement laws
 - “Revenue Replacement” expenditures are not subject to Federal procurement
 - Administrative requirements (documentation, data, monitoring and reporting)
- Compliance with other applicable federal requirements, state law and city ordinances
- Alignment with the current Recovery Plan, as approved and amended
- Ability to timely expend awarded funds
- Ability to address inequities, public health and economic needs of our communities

Funds cannot be used for:

- Deposits to a pension fund
- Funding debt service
- Payment of legal settlements or judgments
- Deposits into a rainy day fund or financial reserves
- Costs incurred before March 3, 2021, or after December 31, 2024
(Funds may not be expended after Dec 2024 unless obligated to projects prior to Dec 31, 2024. Obligated but unexpended funds are not subject to recapture or return until December 31, 2026.)

Fundamental Goals for ARPA Funds

- Provide community support and address economic impacts: \$110M
- Support equitable economic recovery: \$156M
- Modernize City operations: \$70M
- Invest in critical island infrastructure: \$50M

(Recovery Plan filed August 31, 2021, subject to amendment)

Provide Community Support and Address Economic Impacts: \$110M

- Services for the at-risk and homeless
- Public health and COVID-19 response
- Aid to businesses and nonprofits
- Aid to households
- Community assistance and support hubs

Support Equitable Economic Recovery: \$156M

- Agriculture and food sustainability
- Workforce development and retraining
- Affordable housing
- Family, children, and elder support

Modernize City Operations: \$70M

- Operating budget and personnel
- Stormwater management program
- City systems improvements
- Miscellaneous City programs
- Other Operations (not Salary or Systems)

Invest in Critical Island Infrastructure: \$50M

- Water and sewer (wastewater) infrastructure, including projects to address Climate Change
- Broadband

Efforts underway on the ARPA Program

- Two categories of processes (strategic and sustainable plans for allocating federal funds)
 - Internal
 - Departmental programs (stabilizing operations)
 - Infrastructure
 - Revenue replacement - broad latitude (fiscal year June 30, 2019)
 - E-forms, Justification/Write-up, Review, Approval
 - External
 - Community programs assisting underserved constituencies
 - Immediacy (people and businesses most hurt and in need of assistance)
 - Inclusivity (equitable access to capital and technical assistance)
 - Investment in future prosperity (growth and capacity)
 - Competitive procurement/sole source, Evaluation, Selection, Award, Funding, Monitoring/Compliance Evaluation, Metrics, Closing

- Develop the resources necessary to allocate resources equitably and efficiently
 - Build OER infrastructure (specialized staff)
 - Capture, analyze and visualize data as part of our ARPA plan
 - Build on lessons learned
 - Build capacity in the non-profit sector
- Prioritize and layer other dedicated grants and programs first whenever possible to save ARPA funds
- Optimize technology (GrantCare)

Specifics

- Matt Gonser - Equity considerations
 - Dana Viola - Legal requirements/training
 - Andy Kawano - Fiscal management/GrantCare
 - Paula Youngling - Purchasing/procurement/training
 - Amy Asselbaye - OER, program development, community engagement, data compilation, monitoring and closure
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- Questions?

Mahalo

Promoting Equitable Outcomes

Federal Leadership

- Relief Programs and Community Investments: CARES and SLFRF (i.e., ARPA).
- Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities
- Executive Order 13995, Ensuring Equitable Pandemic Response and Recovery
- US HUD Qualified Census Tracts and targeted disbursement of FRF

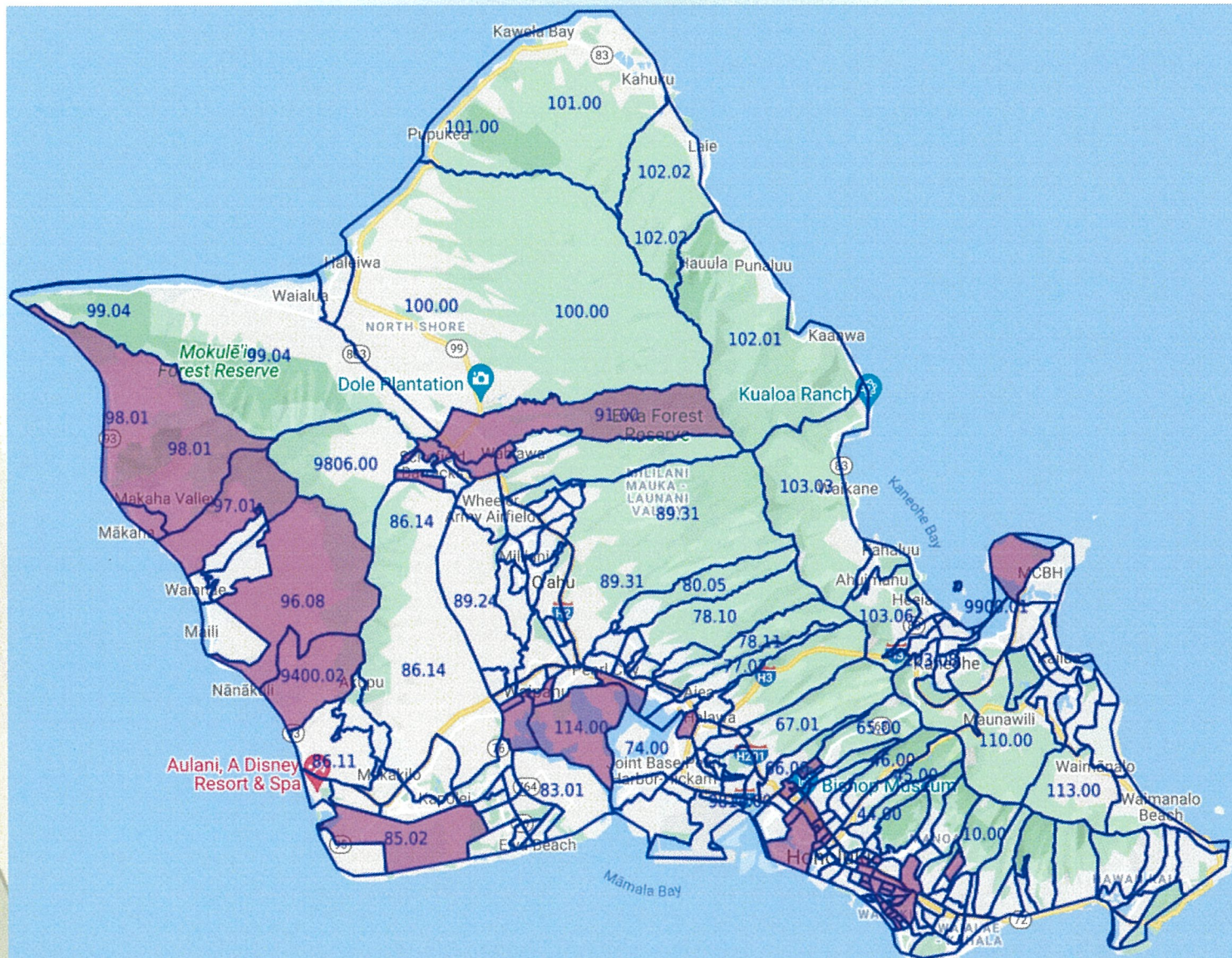
City Leadership

- Principle and process Resolutions:
 - 21-100, data disaggregation
 - 21-050, feminist-based economic recovery
 - 20-206, equity and social justice and equitable outcomes for frontline communities
- DHR and NACo (National Association of Counties) Economic Recovery Cohort.
- Systems development and improvements, data and information development, and community partners tracking and reports

US HUD 2022 Qualified Census Tracts

QCT = 50% hhlds with income < 60% AMGI or have a poverty rate $\geq 25\%$

https://www.huduser.gov/portal/sadda/sadda_qct.html



Coronavirus Relief Fund v. Fiscal Recovery Fund

Coronavirus Relief Fund

- Necessary expenditure incurred due to the COVID-19 Emergency.
- Not budgeted as of March 27, 2020, or cannot replace revenues.
- Incurred between March 1, 2020 and December 31, 2021.

Fiscal Recovery Fund (ARPA)

- Except to replace eligible lost government revenue, and for water, sewer and broadband infrastructure, the expense must proportionately respond to the COVID-19 Emergency.
- The expense must be incurred on or after March 3, 2021.
- The expense must be incurred or obligated by December 31, 2024, and expended by December 31, 2026.

One Key Difference - Procurement

Coronavirus Relief Fund

- There was no requirement that the Recipient follow federal, state or local laws regarding procurement.

ARPA

- All procurement transactions for goods or services **must** be conducted in a manner providing for full and open competition.

Procurement Requirements for ARPA

According to Treasury Guidance, recipients **must** adhere to federal, state and local laws on procurement, if ARPA monies are being used to secure goods or services.

In other words, the agencies **must** generally follow the processes set forth in 2 CFR §200, Subpart D of the Uniform Guidance and Hawaii Revised Statutes Chapter 103D, and the procurement policies established by the BFS.

Federal Methods of Procurement

- Micro purchases
- Small purchases
- Competitive sealed bids
- Competitive proposals
- Procurement by non-competitive means (sole source)

ARPA's Four Exceptions to Competitive Procurement

Consistent with 2 CFR §200.320, Treasury allows non-competitive procurement only if one of the following conditions exists:

- the item is less than the micro-purchase threshold (\$10,000);
- the item is only available from a single source;
- the public exigency or emergency will not permit a delay from publicizing a competitive solicitation; or
- after solicitation of a number of sources, competition is determined inadequate.

Some of the Federal Procurement Requirements

- Certain requirements, such as an independent cost estimate and subrecipient risk assessments, apply regardless of whether the method of procurement is competitive or noncompetitive.
- Preference for contracting with small and minority businesses, women's business enterprises
- Preference for purchase or use of goods, products and materials produced in the U.S.
- Procuring only items designated in guidelines of the EPA that contain highest percentage of recovered materials
- Contracts must include specific federal contract clauses in 2 CFR § 200.327
- Compliance with all requirements of the Clean Air Act and Clean Water Act for contracts above \$150,000
- When applicable, specific requirements for waste disposal as dictated by federal law

Training

- COR has provided overview of ARPA to all Departments
- COR providing individualized training on ARPA requirements to all Departments:
 - to assist with processing of ARPA requests and
 - to ensure compliance with federal requirements and Treasury guidance.
- BFS developing and will train all Departments on ARPA specific procurement:
 - To establish an efficient process for ARPA
 - To expedite the delivery of relief to the community
 - To enable use of perfected process for future programs

GrantCare

- GrantCare is an Enterprise-wide grant management solution for the City & County of Honolulu (CCOH)
- System of record and administration for grant programs
- SLFRF (ARPA) programs will be the initial focus
 - Configurable to manage multiple types of grants
- Cloud based, scalable and secure system platform
- Cost effective solution

- Key system benefits:

- Automated workflows and business rules, integrated with the ERP where beneficial
- Ability to provision users and roles within the system
- Ability to e-sign to digitize cross-referenced/archived documentation
- Ability to maintain and evolve the system configuration related to text, workflows, business rules, and reporting

- Improved reporting capabilities (to Council, the public and U.S. Treasury)
- Reduced reliance on manual processes, and more efficiency
 - Submit reports, documentation and requests for payment through system
 - CCOH reviews, asks for more information and makes payment
 - Timeline and tracking of grant administration activities between CCOH and subcontractors.

DIVISION OF PURCHASING'S PLAN FOR EXPEDITED PROCUREMENT

TIGER TEAM

- **GOAL: Ensure Expedited and Compliant Procurement/Ensure Reimbursement**
- Dedicated team working one-on-one with Departments/Offices to execute CCH recovery plan projects through the procurement life-cycle (acquisition planning, market research, solicitation-award, contract management, close-out). Team consists of:
 - **Division of Purchasing**
 - 1. Dedicated Staff
 - a. ~8 Staff dedicated to ARPA procurements
 - 2. On-Demand Staff
 - a. Purchasing Administrator
 - b. Assistant Purchasing Administrator
 - c. Procurement Officer
 - d. Section Managers

- **Departments/Agencies/Offices**

- 1. Dedicated Staff

- a. Project Manager for each Project and/or Contract
 - b. Dedicated ARPA/ERA specialist for each Dept/Office

- 2. MDO

- a. Point of Contact – priority of each recovery plan project/contract

- Identify # of contracts related to each recovery plan project
- Identify opportunities to procure sub-recipient agreements
- Pre-evaluation of procurement method
- Schedule for each project contract(s)

- **ARPA and Procurement Training**



- **Explore Expanding Delegation of Procurement Authority to Department/Office Directors**
- **Research development/procurement of e-procurement system**
- **Pre-evaluation of Procurement Method – Procurement/Acquisition Planning**

Supporting Our Community: American Rescue Plan Act

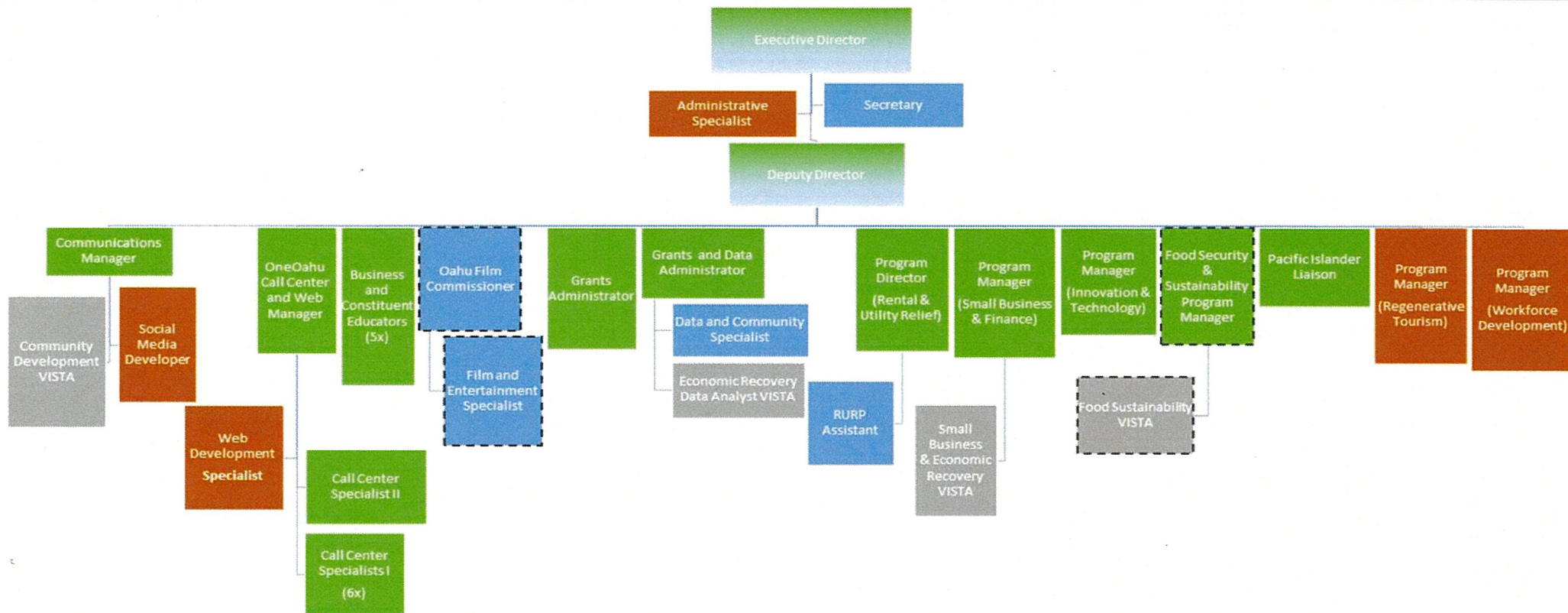
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Office of Economic Revitalization



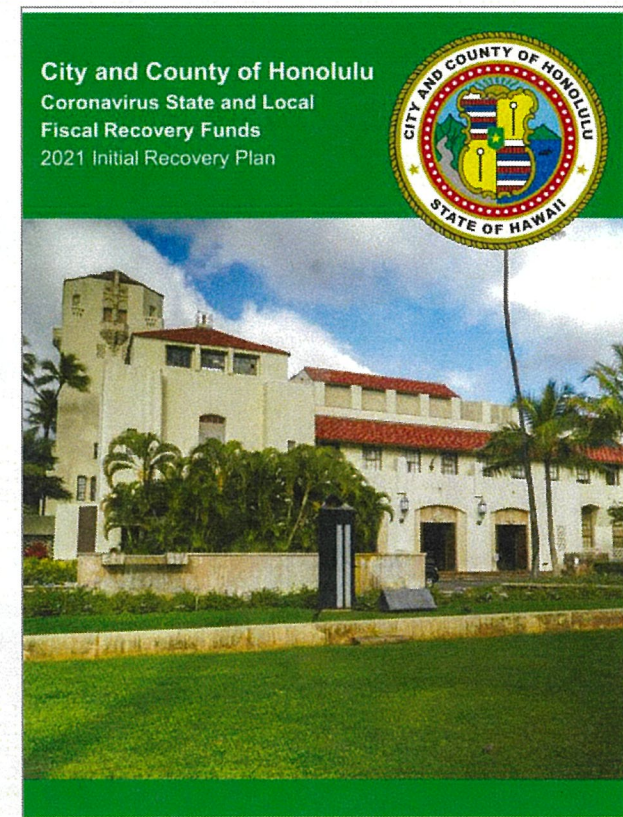
Office of Economic Revitalization



American Rescue Plan Act

OER ARP developments:

- Agriculture grants.
- Climate Solutions grants.
- Oahu Back to Work.
- Business Relief.
 - Expand upon SBA's Community Navigator grant to also support non-profits and farmers.
 - Partner with DBEDT on EDA's Build Back Better grant.



Critical Relief for Event & Wedding (CREW) Industry Grant

- Supports about 4500 event and wedding businesses
 - Emergency Order 2021-10 limiting the size of large gatherings led to business closures.
- First grant program to execute ARPA funds at City and County of Honolulu.
- Currently working closely with COR, Purchasing and BFS to execute RFP.

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