

Durham County, North Carolina Recovery Plan Performance Report

**State and Local Recovery Funds
August 31, 2021 Report**



Executive Summary

This Recovery Plan Performance Report is submitted as required by the U.S. Department of the Treasury (Treasury). On March 11, 2021, President Biden signed the American Rescue Plan Act (ARPA). Of the \$1.9 trillion package, Durham County will receive \$62,445,275 which will be split into two equal payments of \$31,222,637.50. ARPA funding will be a transformative investment to the community, with the goal of leveraging resources from other local, state, and federal dollars to optimize the potential overall community impact. According to Treasury guidance, funding priorities should focus on long-lasting improvements which can be invested into six major categories including: pandemic, replace public sector revenue loss, and support premium pay for essential workers. Further, the funds can support water and sewer infrastructure and improve broadband access. The categories will be refined as the Treasury finalizes the spending guidelines.

Guiding Principles

Guiding principles were established as an initial framework when planning with the Board of County Commissioners (BOCC), staff, and the community on potential use of ARPA dollars. These principles include following the US Treasury Guidelines for funds use which are listed below. These guidelines will be refined as the final US Treasury spending parameters are established.

US Treasury Guidelines for Primary Ways to Invest ARPA Funds

- **Support public health response:** COVID-19 mitigation efforts, medical expenses, behavioral health care and certain county public health, public safety, human services, and other related staff.
- **Address negative economic impacts:** Respond to economic harms to workers, families, small businesses, impacted industries and rehiring of public sector workers (including county staff)
- **Replace public sector revenue loss:** Use funds to provide government services to the extent of the reduction in revenue experienced during the pandemic – *this provision allows a much broader use of funds*

- **Premium pay for essential workers:** Offer additional compensation, up to \$13 per hour in additional wages, to those – both county employees and other workers in the community – who have faced and continue to face the greatest health risks due to their service.
- **Water and sewer infrastructure:** Make necessary investments to improve access to clean drinking water, invest in wastewater and stormwater infrastructure
- **Broadband infrastructure:** Provide investments to provide unserved or underserved locations with new or expanded broadband access

In addition to the US Treasury spending parameters, guiding principles were established in May 2021 to help the BOCC and staff prioritize projects that promote evidence-based solutions when spending ARPA funds. These additional principles will be refined as the final US Treasury rules are established. The additional county-specific guiding principles are listed below.

1. Leverage ARPA funds with federal, state, and local community resources to optimize the overall allocation.
2. Prioritization given to funding that addresses equity including health disparities, closing the achievement gap, historically disenfranchised communities, infrastructure support to unincorporated areas and funding to support minority-owned businesses.
3. Evaluate infrastructure needed to address compliance increased workloads resultant from COVID-19 in human services, public safety, and administrative operations.
4. Establish framework for an inclusive process to allow for community discussions and input. Coordinate discussions with community partners when possible, with communications which include accommodations for non-English speaking and individuals with hearing and visual impairment.
5. Project prioritization will be given to funding priorities that support the Board's strategic and capital plans and other assessments endorsed by the BOCC. Projects have evidence-based and/or data driven analytics to support strategic plan placement.
6. County expenses that can be reimbursed through FEMA should be limited on ARPA dollars.
7. Identify strategic one-time projects and/or a sustainability strategy for initiatives

that require funding beyond one year.

8. Establish a rubric to evaluate and rank projects to ensure the optimal and highest use of funds.
9. Develop strong internal controls that ensure compliance standards are met. Compliance must remain in the forefront of project development, execution, and evaluation. Keep the end in mind. As stewards of these federal dollars this ownership must be reminded often to help ensure procurement and contractual obligations align with Uniform Grant Guidelines.

Planning for ARPA Funds Use

The planning process for ARPA fund use is underway. In the FY 2021-22 budget development, process included potential approaches for ARPA fund use consistent with US Treasury preliminary guidelines and approaches used with the previous CARES act funding. CARES funding was allocated to jurisdictions across the country to assist with expenses incurred in response to the COVID-19 pandemic. Funding distributions occurred in two periods to include \$5,480,715 in FY 2019-20, and \$3,309,388 in FY 2020-21.

Durham County's CRF plan allocated dollars for medical expenses for testing of detention center detainees and employees county-wide. Further, the funds supported the procurement of critical personnel protective equipment (PPE) and increased cleaning protocols to meet CDC recommended standards. Funding also covered for additional staffing needed due to increased workload, expanded shifts, work reassignments, or other personnel-related costs due to COVID-19. The dollars also reimbursed the County for costs incurred from staff having to cover for employees who could not report to work due to being "high risk" as well as to cover for applicable job responsibilities for staff that entered a quarantined period due to potential COVID-19 exposure or infection or positive diagnosis. Finally, funding offset expenses for remote work to include software enhancements, computers, printers, and other critical supplies/equipment.

During the FY 2020-21 budget development process, some of the projects and initiatives

that were funded by CARES dollars were considered for potential use through ARPA funding. Project budgets are being refined and will be officially established by October 2021. As such, the Project Inventory and Performance Report details will be provided in future reports once final vetting occurs. Potential projects under consideration include efforts to support public health and safety with non-congregate housing needs for families impacted by homelessness, additional dollars for cleaning standards required for COVID-19 safety, support for increased screening and security services for high traffic areas including the Human Services Building, Courthouse and Libraries. Further funding will be potentially allocated to fund School Health Nurses. These preliminary projects are estimated to total \$5.1 million and will be refined by the next reporting period.

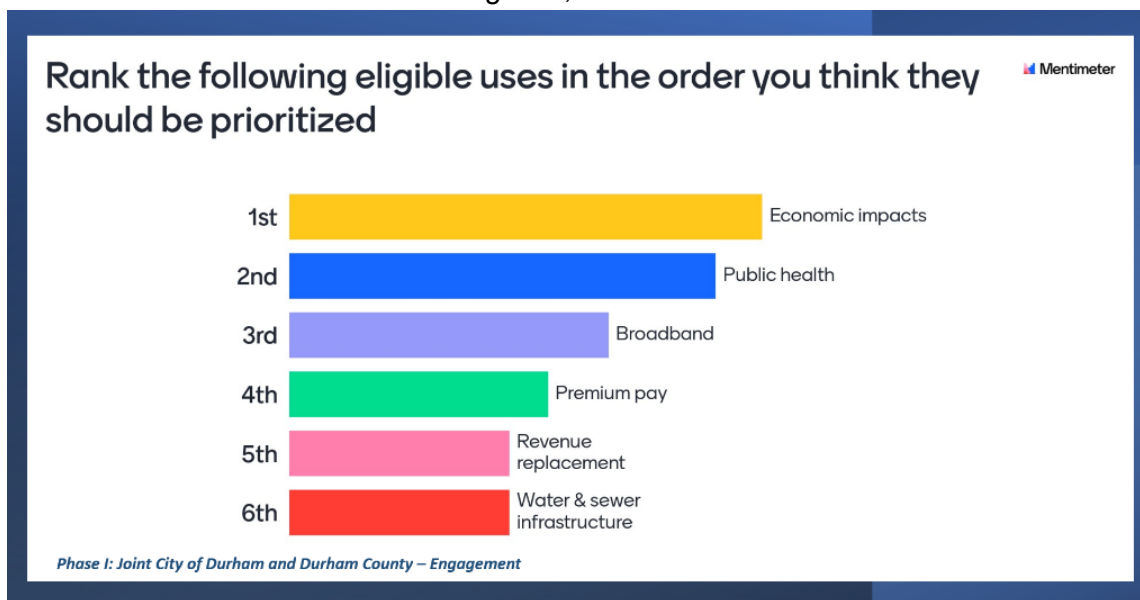
Additional internal and external engagement will occur on the potential use of funds. Through December 2021, the County will receive input from departments, the general public, and community stakeholders on the potential use of funds. This approach will also ensure increased clarity has occurred on guidance for funds use. Further, jurisdictions are in anticipation of additional federal and state funds that may become available through the state budget allocation process to support infrastructure improvements. This clarity will also ensure the best use of ARPA funds occurs.

Community Engagement

Gaining insight from citizens, the business community, and other stakeholders on the approaches to use ARPA funds, is critical to ensure that transformative investments occur. Durham County has a population that is very engaged in civic activities. Durham County partnered with the City of Durham during two engagements with emphasis on potential uses for ARPA funding. The first session's area of focus included facilitated conversations surrounding Health, Housing, Education, Employment and Entrepreneurship. The participants gave feedback on perceived unmet needs and specific questions surrounding whether to invest ARPA funds. The second engagement included the chance for meeting participants' rank priority areas as identified in previous engagement sessions, and to identify missing categories. These discussions were

coordinated by North Carolina Central University, with City of Durham serving as primary lead for engagement process. County of Durham staff assisted with the facilitation process, with future engagements of the county focused on conversations with community members in the unincorporated areas and county-specific topics that were not covered during the joint City and County engagements. During the second engagement, meeting participants ranked the following priorities or fund use identified in the chart below. This feedback coupled with other reports and analysis will help staff develop potential projects for consideration to the Board of County Commissioners. The below chart captures feedback from residents on the approaches that should be used to allocate ARPA funding.

Joint City of Durham and Durham County Government
Community Engagement Prioritization – Participant Engagement
August 5, 2021



Durham County Government’s internal and external engagement will continue through November 2021 for initial ARPA funding allocations. This approach allows the organization to have additional insight on final US Treasury guidelines. Further, it allows for a better understanding of potential resources that may occur from the state and/or federal levels. The engagement includes a website with information on the ARPA funds and Durham County Government process for resource allocation. The information is being refined as additional clarity unfolds about the process. A link to the Durham County

ARPA website follows: [American Rescue Plan Act \(ARPA\) Funds | Durham County \(dconc.gov\)](https://www.durhamcountync.gov/american-rescue-plan-act-arpa-funds).

The following table highlights next steps with the overall engagement, review allocation and evaluation process. These steps will be refined in upcoming months as the BOCC deliberates the overall framework.

Durham County Government ARPA Funds Use Planning
Engagement, Review, Allocation and Evaluation

Phase	Dates	Activity
Engagement	June - November	<u>Community engagement</u> Phase 1: June – August (Joint City and County) Phase 2: September – November (County only) <u>Internal Engagement</u> September - October
Review	September - December	County staff review proposals from Phase 1 engagement. Develop steps for RFPs when needed.
Allocation	November – December	Present proposed funding options to County Commissioners. Jointly funded projects by the City of Durham and Durham County may have an accelerated process.
Evaluation	January 2022 and beyond	Evaluate the impact of investments and make recommendations for how to invest remaining federal funds.

Labor Practices

Durham County has not yet identified infrastructure projects that will be funded with ARPA funds. Funded projects will follow federal labor and construction guidelines.

Table of Expenses by Expenditure Category

There were no expenses identified for this reporting period. Subsequent reports will show expenditures.

Use of Evidence

Evidence-based interventions and data supported projects will be funded by the County.

Further, the County will conduct systematic program evaluations for initiatives funded with ARPA dollars.

The county will expand the current infrastructure to support required data collection, monitoring, and fiscal review. The appropriate internal controls will occur to ensure performance data integrity and fiscal acumen occurs. The following chart captures the draft rubric that will be used to evaluate initial projects. The rubric is tentatively scheduled to be finalized by October 2021.

Durham County Government Draft ARPA Rubric

	Eligibility	Durham County Compliance	Strategic Plan Alignment	Complexity	Community Benefitting	Collaboration	Equity	Evidence of Sustainability	Environmental Sustainability	Performance Evaluation
0	Does not meet Treasury guidelines	Does not meet Durham County Uniform Grant Guidelines	Does not align with existing strategic goals	Highly Complex: Requires 12+ months to implement	Less than 25% of Community Benefitting	No stakeholders identified	Does not satisfy equity criteria	No funding identified for multi- year program sustainability	Negative environmental impact	Very difficult to evaluate performance data, metrics and/or report on outcomes
2	Likely meets Treasury guidelines	Likely meets Durham County Uniform Grant Guidelines	Somewhat aligns with some strategic goals	Medium Complex: Requires 3-12 months to implement	26% to 50% of Community Benefitting	Some stakeholders identified, but lacking existing partnerships	Satisfies some but not all equity criteria	Possible funding identified for multi- year program sustainability	Neutral environmental impact	Somewhat difficult to evaluate performance data, metrics and/or report on outcomes
4	Clearly meets Treasury guidelines	Clearly Meets Durham County Uniform Grant Guidelines	Aligns well with existing strategic goals	Light Complex: Can be implemented in 3 months or less	Majority of Community (51%+) Benefitting	Cross-sector collaboration	Satisfies all equity criteria	Funding has been identified for multi- year program sustainability	Positive environmental impact	Easy to evaluate performance data, metrics and/or report on outcomes

*Programs with the highest "score" to be considered as most impactful and of the highest priority

*Sustainability - Defined as "ability to fund program beyond one-time use of ARPA funds"

Project Inventory

Project Inventory and Performance Report details will be provided in future reports. This information is being finalized.