Date of Meeting: April 19, 2022

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BOARD OF SUPERVISORS
BUSINESS MEETING
ACTION ITEM

SUBJECT: **FINANCE/GOVERNMENT OPERATIONS AND ECONOMIC DEVELOPMENT COMMITTEE REPORT: ARPA Updates and FY 2023 Funding Recommendations**

ELECTION DISTRICT(S): Countywide

CRITICAL ACTION DATE: April 19, 2022

STAFF CONTACT(S): Megan Bourke, Finance and Budget
John Sandy, Finance and Budget

PURPOSE: This item provides an update on the use of Fiscal Year (FY) 2022 American Rescue Plan Act (ARPA) funds appropriated by the Board of Supervisors (Board) and recommendations on how to program the remaining funds as part of the FY 2023 Proposed Budget.

RECOMMENDATION(S):

Finance/Government Operations and Economic Development Committee (FGOEDC): At the FGOEDC meeting on January 11, 2022[1], the FGOEDC recommended (3-0-1-1: Randall absent, Letourneau abstained) that the Board approve the recommended uses of funding for $27,737,455 of ARPA funding and to direct staff to program those uses in the FY 2023 Proposed Budget. The FGOEDC further recommended that the Board direct staff to execute a budget adjustment to carry over any remaining unencumbered funds from FY 2023 to future fiscal years as required in order to fully spend the County's ARPA funding.

Staff: Staff concurs with the recommendation of the January 11, 2022, FGOEDC action but since January 2022 has updated its recommendations for how some of these funds are allocated (see below).

BACKGROUND: The ARPA was signed into law by the President on March 11, 2021. The bill provides $1.9 trillion to address the continued impact of COVID-19 on the economy, public health, individuals, businesses, and state and local governments. Approximately $350 billion is allocated to the Coronavirus State and Local Fiscal Recovery Fund, of which Loudoun County is expected to receive a total of $80,324,909. As established in the law, 50 percent of this amount, or

[1] January 11, 2022, Finance/ Government Operations and Economic Development Committee, Item 15: ARPA Updates and Funding Recommendations.

$40,162,454.50, was received by the County on June 1, 2021. A second distribution of the remaining funds will occur no earlier than 12 months after the first disbursement. All funds must be obligated by December 31, 2024, and must be spent by December 31, 2026.

At its June 15, 2021, Business Meeting, the Board appropriated (8-0-1: Supervisor Buffington absent) the first tranche of funding based on staff's initial recommendations to address revenue shortfalls of FY 2021 and FY 2022 short-term needs.[2] Additionally, on July 20, 2021[3], the Board authorized (9-0) the use of a portion of the second tranche as a match to the County's Virginia Telecommunications Initiative (VATI) broadband grant application. Finally, on November 3, 2021, the Board was informed that ARPA funds would be utilized to fund hazard pay bonuses for qualifying employees.[4] The Department of Finance and Budget (DFB) notified the Board it would prepare additional recommendations for use of ARPA funds in conjunction with the development of the FY 2023 Proposed Budget.

Table 1 lists the approved uses of the first tranche and a brief status update. The balance of the item includes recommendations for the use of the remaining $27.7 million of ARPA funds, including the justification of ARPA eligibility for the recommended use.

Table 1. Approved Uses of ARPA Funding

Use of Funding	Amount	Status
Beginning Balance	**$80,324,909**	
FY 2021 Revenue Replacement	$20,000,000	Complete
Revenue Replacement – Offset for Support to Tourism Industry	$3,500,000	$2,992,500 complete for FY 2022 and $507,500 planned for FY 2023
Economic Development Programs	$9,000,000	Complete; awards made for Hotel Relief Grant Program ($4,060,000) and Business Recovery and Reinvention Grant Program ($4,940,000).
Nonprofit Support	$2,500,000	$2,210,006 disbursed; $289,994 remaining to be disbursed in FY 2022
Telehealth	$94,500	Complete[5]
Broadband, VATI Grant Match	$13,425,000	$12,425,000 provided for VATI grant match, receipt announced on December 13, 2021. Identification of broadband initiatives separate from the VATI process is currently in progress.

[2] June 15, 2021, Board Business Meeting, Item 5g: FGOEDC Report: Appropriation and Allocation of American Rescue Plan Act (ARPA) Funding
[3] July 20, 2021, Board Business Meeting, Item 12: Emergency Broadband Implementation Plan
[4] November 3, 2021, Board of Supervisors Business Meeting, Item 4: Hazard Duty Bonuses
[5] Funding in the amount of $100,000 was allocated for telehealth; actual expenditure is $94,500. The balance of $5,500 has been added to *Continued COVID Response* category.

Use of Funding	Amount	Status
Hazard Duty Bonuses	$3,062,250	Complete[6]
Continued COVID Response	$1,005,704	In progress
Total Approved Uses of Funding	**$52,587,454**	
Remaining Balance	**$27,737,455**	

ISSUES: The Board has approved the use of $52.6 million of ARPA funds, and staff has prepared recommendations on how to program the remaining $27.7 million of ARPA funds. The first tranche of ARPA funds was allocated for revenue replacement and short-term uses, and those approved uses, summarized in Table 1, are indicative of the need the County had to program those funds quickly for use to mitigate the impact on the County's budget and economy.

Staff recommendations for the remaining ARPA funds are based on broader and longer-term community needs. For this reason, staff also recommends the Board appropriate, but reserve, up to $7.5 million[7] in ARPA funds for projects that are still being developed for programming in FY 2023. ARPA spending timelines require funds to be obligated by December 31, 2024, and to be fully spent by December 31, 2026. Based on those long-term timelines, staff believes it is prudent to take additional time to evaluate how to spend the rest of the County's ARPA allotment.

Two other considerations are also informing this recommendation. First, the U.S. Department of Treasury issued its final guidance for the use of ARPA funds only on January 6, 2022. These changes went into effect April 1, 2022. Uses of ARPA funds expended prior to issuance of the final rule will be considered eligible if they comply with the interim final rule. Any appropriated and unexpended uses that are ineligible under the final rule will be brought back to the Board for reprogramming. Staff recommends, as continued recommendations are developed for the remaining $7.5 million of ARPA funds, that all approved and recommended uses are in alignment with the final rule.

During the January 2022 FGOEDC meeting, staff noted that Senate Bill 3011 *State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act* could expand the use of ARPA funds to new categories of spending, including transportation and transit. As an update, staff learned that the bill has been included as part of the COVID Supplemental Appropriations Act 2022 (HR 7007), recently introduced in the U.S. House of Representatives[8].

Focus for the remaining $7.5 million could likely be on other capital projects, nonprofit funding, assessments for future community needs, and business investments; and continued feedback from the Board will be helpful in preparing a final list of projects. Table 2 includes staff's next set of recommendations for the use of ARPA funds, with $7.5 million remaining for more specific allocation.

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[6] Funding in the amount of $3,062,454 was allocated for Hazard Duty Bonuses; actual expenditures were $3,062,250. The balance of $204 has been added to the *Continued COVID Response* category.
[7] Staff's January 2022 recommendations to FGOEDC cited $8 million in unallocated ARPA funds. As described later on in this staff report, this amount is now recommended to be $7.5 million.
[8] https://www.democrats.senate.gov/imo/media/doc/overview_of_bipartisan_covid_supplemental_appropriations_act.pdf

Table 2. Recommended Uses of Remaining ARPA Balance

Recommended Uses of Funding for FY 2023	Amount
Available Balance	**$27,737,455**
Water and Wastewater Projects	$4,150,000
Preservation of Affordable Housing and Displacement Services	$12,000,000
Nonprofit Support [Revised Amount]	$3,000,000[9]
Administrative and Ongoing Pandemic Response	$1,087,455
Reserve for Future Programming	$7,500,000[10]
Recommended Uses of Funding for FY 2023	**$27,737,455**
Remaining Balance	**$0**

Water and Wastewater Projects ($4,150,000)

Village of Paeonian Springs Wastewater Modernization Project ($3,500,000)

In 2019, a Water and Wastewater Feasibility Study (Study) was completed for the Village of Paeonian Springs, after residents requested assistance through the County's Water and Wastewater Program. The Study was conducted by Loudoun Water through a Memorandum of Understanding with the County and outlined potential options for addressing the water and wastewater concerns. Staff and Loudoun Water are currently conducting a supplemental technical memorandum that will identify an appropriate project boundary that recognizes public health needs and will further explore alternative wastewater and water solutions. Initial estimates indicate a combined water and wastewater project recommendation could cost $24.5 million and a wastewater-only solution could cost over $12 million.

In order to support the ultimate project scope recommendation, staff recommends allocating $3.5 million of ARPA funds to support pre-construction and design work. This level of funding will allow staff and Loudoun Water to continue to explore the technical requirements of the improvements and finalize a project scope. Construction funding could then be incorporated into a future capital budget development process.

Village of Saint Louis Community Outreach and Water Supply Feasibility Study ($500,000)

At the September 8, 2021, Board Business Meeting, the Board directed staff to accept a Village of Saint Louis application to the County's Water and Wastewater Program outside of the regular application cycle to determine eligibility for the program based on health and safety

[9] This amount reflects the $500,000 in additional funds for non-profit support replacing $500,000 in CDBG funds due to a US Housing and Urban Development (HUD) rule against funding personnel costs using CDBG.
[10] As a result of the additional Nonprofit Support of $500,000 for the CDBG funding due to the HUD rule change, the Reserve for Future Programming number has decreased by this same amount.

considerations.[11] The recommendation was also made that the project move straight to a Feasibility Study, should the Village be eligible for the program. To date, an application has not been received for the Water and Wastewater Program.

Staff recommends allocating $150,000 of the County's ARPA funds to facilitate community outreach and determine what, if any, barriers exist to completing the application for the Water and Wastewater Program. Pending the application submission, $350,000 of the County's ARPA funding could be used for the Feasibility Study. Staff also recommends facilitating an inquiry into the status of many of the drinking water wells on private property in the Village with the intent to address immediate needs, while the greater effort of the Village Area Plan takes place.

Treasury's Final rule continues to provide for flexibility to respond to the needs of a community, as long as the criteria for DWSRF are met. The Final rule expands its eligible uses to include rehabilitation of private wells, testing initiatives to identify contaminants in wells, treatment activities and remediation strategies that address contamination. Virginia Department of Health (VDH) recently created the Septic and Well Assistance Program (SWAP) using ARPA funding to provide income-qualifying residents with private well repairs. The income criterion for this program is 200 percent above federal poverty level, or $55,500 for a family of four. The VDH income threshold could be a barrier to supporting St. Louis residents in well upgrades. The County's use of ARPA funding will facilitate the outreach to the residents of Saint Louis and help them determine the needs of individual well owners. Further, it will identify any residents that may qualify for the state's program, or how to align residents with other sources of funding to address any risks to human health and target households most in need.

Aldie Water Company Reservoir Replacement ($150,000)

The Aldie Water Company (AWC) provides water to 48 structures on 38 parcels, consisting of residential, businesses, non-profits, and churches, through a private utility. AWC submitted an ARPA funding request through Supervisor Buffington (Attachment 1) in July 2021 requesting financial assistance to replace its water storage tank (reservoir). The reservoir is a vital part of the community's potable water system and is an aging 4,500-gallon concrete tank located on private property. A Preliminary Engineering Report (PER) suggests that a 10,000-gallon horizontal steel tank should be procured and secured on land leased or owned by the company and fenced. The estimated cost ($120,000) includes construction, administration and survey-plat work, and abandonment of the old storage tank. Failure to replace the tank could create a public health emergency in Aldie resulting from failure of the existing tank. Meetings with the Virginia Office of Drinking Water (ODW) and AWC in 2018 confirmed the challenges of the concrete tank and ODW's recommendation is to replace the aging infrastructure.

AWC has received funding in the form of an approved loan from ODW to support the reservoir replacement. The County, ODW, and AWC have been working together since the request was

[11] Board of Supervisors Business Meeting, Action Item #7, Village of Saint Louis – Land Use Planning, September 8, 2021

received from AWC to develop a funding partnership that would not only provide funding for the critical infrastructure replacement but would also provide funding for four highly recommended plans to support the long-term fiscal sustainability and safety of the AWC's infrastructure, including a Waterworks Business Operations Plan, Asset Management Plan, Capital Improvement Plan, and a Rate Study. Negotiations continue between ODW and AWC as well as between the County and AWC on timing and conditions; however, staff recommends the allocation of these funds for this purpose.

Based on ARPA guidance, the replacement of the reservoir aligns with the State's Drinking Water State Revolving Fund project eligibility requirements, as the primary use of DWSRF is to assist communities in making water infrastructure capital improvements, including the installation and replacement of failing systems.

Staff notes this critical recommended use could necessitate the payment to AWC prior to the beginning of FY 2023. In that case, staff would administratively manage the payment out of already appropriated ARPA from the County's first tranche, or simply proceed with a separate motion as presented in this item.

Preservation of Attainable Housing and Displacement Services ($12,000,000)

As noted in the Unmet Housing Needs Strategic Plan (UHNSP), attainable housing is the benchmark for sustaining economic stability, families, and inclusive, equitable communities. The UHNSP includes a goal to achieve 16,000 attainable housing units by 2040, with 7,800 of those units to be comprised of existing homes made attainable through preservation and access strategies.

Funding for this purpose would complement the funding already identified for the County's affordable housing loan programs. ARPA funds are being recommended to develop and preserve affordable housing through new construction and acquisition loans, partnering with property-owners to reduce rents, capital improvement funding for existing attainable rental housing and manufactured home communities, and the provision of temporary financial counseling services to support renter households.

Given the residential market in Loudoun County, there will be instances where County loans will not be feasible or sufficient to negotiate the preservation of affordable housing. In those instances, staff recommends the use of ARPA funding to provide more focused financing strategies to mitigate the impacts of displacement to families caused by the loss of affordable housing due to the sale of the apartment complex or the expiration of the covenants protecting affordability. Increasingly, the County is receiving information that monthly rents are being increased by hundreds of dollars negatively impacting many households and workers in essential occupations. Establishing a way to keep rents affordable such as working with property-owners to cover rent payments may help preserve housing stability for these families consistent with the objectives of ARPA. Through 2027, there are five apartment complexes representing 890 units where the affordability commitments required by Low Income Housing Tax Credits will expire and the complexes could convert to market-rate rentals, potentially impacting many households depending on below-market rents to house their families. Strategies such as partnering with an existing affordable apartment complex owner to “buy down” rent payments for existing affordable units for a specific period of time (ten years, for example) to preserve currently affordable units will be optimal. This strategy was successfully implemented with the use of Virginia Housing Amazon REACH funds in conjunction with the View at Broadlands apartments being developed by Flatiron Partners. Examples of such financial partnerships could include negotiating with an apartment complex to keep a certain number of units affordable that would otherwise be transitioned to market-rate units in the case of the expiration of the affordability covenants or the sale of the complex in the case of the expiration of the affordability covenants or the sale of the complex.

As the preservation of affordable housing moves forward within ARPA, services for those most impacted by the pandemic will be addressed as well. Within this funding category, staff recommends the expansion of the focus on children and families as a key priority to address the comprehensive impacts of the economic challenges residents continue to face during the pandemic. Targeted community input sessions will be employed based on the recommendations housed within this item. The following emerging areas of focus provide a foundation for ensuring healthy children and families, based on ARPA guidance: 1) safe, stable, and affordable places to live; 2) access to high-quality, affordable childcare; 3) expanded programs to combat childhood obesity exacerbated by the pandemic; and 4) expanded wraparound services to assist youth and family members affected by mental health or substance use disorder. These services will complement nonprofit efforts to create sustainable supports for healthy families and communities far into the future.

A key principle of Treasury’s Interim Final rule is building stronger communities through investments in housing and neighborhoods. Eligible uses of funding include: 1) housing navigation assistance which may be needed in the case of displacement; 2) assistance to increase residents’ economic opportunities;3) increased supply of high-quality affordable housing units; and 4) services to address homelessness and improve access to stable housing among unhoused individuals.

Nonprofit Support ($3,000,000)

Emergency Services ($2,500,000)

The nonprofit community continues to experience increases in the number of clients as a result of ongoing negative economic impacts of the pandemic. Data from the first tranche of emergency spending indicates that nearly 17,500 residents have received life-sustaining services such as rental relief, utility assistance, food assistance or direct mental health services through tranche one ARPA funding. Since the January 2022 FGOEDC meeting, County staff and Chair Randall's office met with nonprofit leaders from the Loudoun Human Services Network to discuss the tranche two funding allocation. DFB staff hosted "listening sessions" on February 15 and February 23, 2022, as well as held three "office hours" with the nonprofit community to understand their pandemic related client needs.

Feedback from the nonprofit community has illustrated the continued need for emergency services at a higher-than-expected level (Attachment 2). Nonprofit organizations noted that many residents most impacted by the pandemic remain in need of sustainable programs that will support their continued recovery. In order for the County to continue to support programs that have evidence of long-term effects, nonprofits believe funding should remain focused on emergency services on a larger scale. Therefore, staff recommends $2.5 million in support for emergency services through grants to nonprofit organizations who continue to directly support residents recovering from the pandemic. The application process will be similar to the nonprofit application process administered through tranche one.

The January 11, 2022, FGOEDC item recommended an allocation of $2 million to be distributed for larger grants across three areas, 1) co-location of services, 2) childcare and early education, and 3) mental healthcare; with $500,000 allocated toward emergency services. As a result of nonprofit feedback described above, staff recommends expansion of funding categories from the January 11, 2022, item to focus the bulk of the $2.5 million tranche to funding on emergency services such as food assistance, domestic violence and child abuse assistance, employment assistance, disability services, rental and utility assistance, transportation assistance to disproportionately impacted communities, early childhood education, health and mental health support. Nonprofit funding will complement the County services which support affordable housing and comprehensive community services.

Community Development Block Grant (CDBG) Cost Replacement ($500,000)

To maximize COVID-19 relief funding, DFB staff partnered with the Department of Housing and Community Development staff to braid federal funding for emergency services that met both the interim final rule and CDBG interim guidance. The braided funding allowed Loudoun Abused Women's Shelter, Northern Virginia Family Services, and Legal Services of Northern Virginia to continue providing emergency services such as domestic violence services, financial assistance to families impacted by the pandemic, and legal support to combat evictions.[12] Since January 11, 2022, the U.S. Office of Housing and Urban Development (HUD) released more stringent final guidance under which some nonprofit positions not directly interacting with clientele are no longer eligible to be funded. This information was conveyed at the CDBG/CARES January 2022 HUD training. All positions must tie back to COVID-19 directly, and provide direct client benefit to prevent, prepare for, or respond to COVID-19, and must be clearly documented for the pandemic activity to qualify using these funds. This more stringent guidance is different than regular CDBG Entitlement funds (EN) for the use of non-COVID-related public services activities within the County and allow for a wider use of service activity delivery costs without the tieback to the pandemic. Examples of positions unable to be funded through CDBG are program managers who coordinate the direct services projects, clinical supervisors, and managing or consulting attorneys who may not be the attorney of record for an eviction case. Therefore, staff recommends that $500,000 be allocated to fund the positions no longer eligible under HUD's revised guidance using ARPA funding.

Administrative and Ongoing Pandemic Response ($1,087,455)

Funding in this area would continue to support ARPA administration, including the County's temporary positions for ARPA coordination and an ARPA nonprofit specialist. The County's continued response to the pandemic includes deep cleaning of County facilities, the voluntary employee testing program, ongoing vaccination efforts including public outreach and vaccine administration and related purchases, such as continued personal protective equipment (PPE) acquisition. Though employee testing and other pandemic operations are fully reimbursed by the Federal Emergency Management Agency at this time, this cost-sharing is set to be reduced to 75 percent in April 2022. ARPA funds are recommended to provide the County's 25 percent match, as needed, in FY 2023.

Proposals for Reserve Funding ($7,500,000)

Since the January 2022 FGOEDC meeting, several proposals for the remaining $7.5 million in funding have been collected by DFB staff. While not part of the formal staff recommendation for tranche two, the following proposals may be of interest to the Board for future consideration.

To better inform staff recommendations to the Board for future ARPA funding, staff plans to reach out to the community for feedback on these potential projects to help ensure alignment with current Board ARPA funding priorities. The priorities and subsequent proposed projects should meet the parameters of ARPA spending timelines and eligibility and may require additional staff time to finalize the list of proposals. Staff has done preliminary research into community outreach strategies and best practices and would work with Public Affairs and Communications on implementing these strategies. Staff would require confirmation of current Board priorities for ARPA funding.

[12] September 14, 2021; Board of Supervisors Public Meeting, Item 2: CARES Act Funding CDBG Funding Recommendations.

Responses and results from community engagement would inform staff recommendations to the Board for future ARPA spending. Staff plans to provide a summary of community engagement results to the Board that may complement FY 2024 budget planning. Table 3 displays these requests.

Table 3. List of Potential Projects for Remaining ARPA Funds.

Potential ARPA Projects for Outreach	Amount
Available Balance	**$7,500,000**
Child Care Needs Assessment	$250,000
Transportation and/or Other Infrastructure	Unknown
Nonprofit Funding – Transformative Initiatives[13]	$3,000,000
Business Reinvestment and Recovery Grant Funds[14]	$6,000,000
Department of Economic Development – Programmatic Support	$450,000
Total Requests	**$9,700,000**

Childcare Needs Assessment

The U.S. Treasury Department recognizes that although childcare centers and schools have since reopened in many communities, there remains a persistent shortage of affordable, quality childcare as childcare industry employment levels may not have fully rebounded since the sharp decline at the beginning of the pandemic. Low/moderate-income households are more likely to lose access to quality childcare and are more likely to experience a reduction of income or lose their jobs due to lack of childcare options. This is evidenced by the low number of Loudoun childcare providers who accept childcare subsidy payments. According to the Virginia Department of Social Services, the percentage of childcare providers in Loudoun County who currently accept childcare subsidy is 17 percent. This is due to several factors, including that the current subsidy rate for the Northern Virginia area is approximately 37 percent of the childcare market rate. Treasury agrees that these challenges accessing or affording childcare have been widespread during the pandemic.

As such, during the January 2022 FGOEDC meeting, Supervisor Briskman asked that staff evaluate the use of ARPA funds to explore affordable childcare issues within Loudoun County. Since the January 11, 2022, FGOEDC meeting, Supervisor Briskman has been in contact with several National Association of Counties members for guidance on addressing the childcare needs of Loudoun County residents. Under Treasury's final rule, childcare and early learning services are available as an enumerated use to impacted households or class of households, not just those disproportionately impacted. These eligible uses can include new or expanded services, increasing access to services, efforts to bolster, support, or preserve existing providers and services, and similar activities. Therefore, a needs assessment in this area is an appropriate use of ARPA funding

[13] This represents the total amount requested by the Loudoun Human Services Network beyond the $2.5 million set aside for non-profits in the 2nd Tranche.
[14] This represents the total amount for 134 businesses. This amount could be further broken down in increments as described under the narrative.

that will better inform the way in which the County will support childcare needs through a sustainable plan developed as a result of the assessment.

Transportation and/or Other Infrastructure

During the January 11, 2022, FGOEDC meeting, Supervisor Letourneau discussed interest in the type of projects allowed under S.3011 *State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure and Disaster Relief Flexibility Act (now included in HR 7007 COVID Supplemental Appropriations Act).* This bill would allow counties to use the greater of $10 million or 30% of their State and Local Fiscal Recovery Funds (SLFRF) allocation, whichever is greater, for a wide variety of transportation infrastructure projects that are currently eligible in specific sections of US Code Titles 23 (Federal Highway) and 49 (Transportation). Examples of these eligible programs include:

- National Highway Performance Program
- Bridge Investment Program/Replacement, Rehabilitation, Preservation, Protection, Construction
- Metropolitan Transportation Planning
- Highway Safety Improvement Program
- Congestion Mitigation and Air Quality Program
- Rural Surface Transportation Grant Program
- Carbon Reduction Program
- PROTECT Program
- Alternative Fueling Infrastructure
- Formula Grants for Rural Areas
- Grants for Buses and Bus Facilities
- CDBG, including Economic Development and Neighborhood Revitalization, Housing Related Services, and Public Works and Public Facilities

Staff will continue to monitor the progress of the bill (S.3011) as it has only recently been reintroduced through COVID Supplemental Appropriations Act, which has not yet passed the House or Senate.

Nonprofit Funding- Transformative Initiatives

Based on the multiple listening and input sessions with the nonprofit community as directed by the Board, staff proposes that the Board consider earmarking approximately $3 million from the reserve to invest in multi-year projects which support three areas of need as the County and its residents recover from the impact of COVID-19: 1) co-location of services, 2) child care, and 3) mental healthcare. The nonprofit funding will be used to provide up to four grants that evaluate the current human services landscape, the state of evidence-based human services in the county, and provide recommendations to the Board on transformative, sustainable programming that will better position nonprofits and the County's Human Services Departments to provide more seamless services to residents in need. This approach will provide the County with valuable data on nonprofit programs providing a sustainable, high-impact source of support for residents, and will complement the existing services provided by the County's Human Services departments as well as the Human Services Strategic Plan.

Additional Business Reinvestment and Recovery Grant Funds

Currently, DED's Business Recovery and Reinvention Grant (BRRG) program is providing funds to enable companies to make changes to their business models, adopt new technologies or practices, or otherwise reinvent their businesses to cope with the economic and/or public health impacts of the pandemic. DED is requesting further funding for certified applicants that were not selected in the first round of the grant. The total applications receiving a final certification review and whose reviews would have qualified them for a grant notwithstanding the limitation in funding, awarded equaled 134 businesses. According to DED, to complete final ARPA compliance reviews and performance measures and those businesses who are certified and qualified for funding would cost approximately $6 million.

If the full amount of $6 million is unavailable due to competing priorities, DED believes that they could further break down the number of eligible businesses and fund them using the following decrements:

- The next level of funded businesses equal roughly 92 at a cost of $4 million.
- The third level, or decrement of businesses equal roughly 29 at cost of $1.2 million.
- The last tier, or decrement of businesses within the entire 134 that made it to certification review but were not awarded, would add an additional 4 businesses at $185,583.07.

Department of Economic Development – Programmatic Support

According to DED, one of the greatest needs still seen in the small business community is business basic skills particularly as it relates to financial literacy and bankability. As grants become scarcer, small businesses who need to expand or adapt will need to seek out more traditional funding sources. Having both the training and a tool to accomplish these needs is critical to small business success. In its new small business and entrepreneurship program, DED could use ARPA funds to provide technical assistance and training to small business negatively impacted by COVID.

Examples of this programming would be to bring in a Quickbooks trainer for a series of trainings at no cost to the businesses, scheduled at different times of the day and evening, at different locations in the County to accommodate small business hours and locations. The training would help small businesses understand both the importance of sound financial management and teach the businesses how to effectively use Quickbooks as an affordable tool. The funds would be used to pay the trainer, to have any provided materials translated into multiple languages, and then to provide a one-year license to all businesses who complete the class.

A one-year advanced Quickbooks license costs $1,080. DED’s goal is to have 250 businesses complete the course. Funds would then be used to pay a professional trainer, for translation services, any associated costs with the physical space for the training, and the one-year licenses.

DED estimates that a successful program like as described above would cost approximately $450,000. This model could be replicated for any number of small business topics providing both training and a tangible resource to ensure recovery and resiliency of Loudoun’s most vulnerable small businesses.

FISCAL IMPACT: The County has been allocated a total of $80,324,909 in Coronavirus State and Local Fiscal Recovery Funds through the ARPA. The first of two equal payments was made to the County on June 1, 2021. A second payment of $40,162,454.50 will be received not before one year after the first payment (June 1, 2022). All funds must be obligated by December 31, 2024, and must be spent by December 31, 2026. Because the funds will not be fully spent during FY 2023, the recommended motion provides direction to carry over any remaining unencumbered funds to future fiscal years to fully spend the County’s ARPA allocation.

ALTERNATIVES:

1. The Board may approve the recommended uses of funding for $27,737,455 of ARPA funds and direct staff to program those uses in the FY 2023 Proposed Budget, as outlined in this Action Item.

2. The Board may consider other uses of ARPA funding, beyond the allocations presented in this Action Item. A total of $27,737,455 is available to be programmed.

DRAFT MOTIONS:

1. I move the Board of Supervisors approve the recommended uses of funding for $20,237,455 of the American Rescue Plan Act for the following: $4.15 million for Water and Wastewater Projects, $12 million for Preservation of Affordable Housing and Displacement Services, $3 million for Nonprofit Support, and $1,087,455 for Administrative and Ongoing Pandemic Support.

   I further move the Board of Supervisors direct staff to conduct community outreach to inform staff recommendations for the remaining $7.5 million of ARPA funds.

   I further move the Board of Supervisors direct staff to execute a budget adjustment to carry over any remaining unencumbered funds from FY 2023 to future fiscal years as required to fully spend the County’s American Rescue Plan Act funding.

OR

2. I move the Board of Supervisors approve only the recommended use of $150,000 of American Rescue Plan Act funds for the purpose of funding the reservoir replacement for the Aldie Water Company due to the immediacy of the need and direct staff to prepare alternative recommendations for the remaining $27,587,455 of ARPA funding.

OR

3. I move an alternate motion.

ATTACHMENT(S):

1. Letter from Aldie Water Company
2. Letter from Loudoun Human Services Network

July 5, 2021

Dear Mr. Buffington,

The Aldie Water Company is a small company which is owned by its users and which serves most homes and businesses west of Little River in the Village of Aldie. We need your help in securing funding to install a new water storage tank to replace our aging and deteriorating reservoir.

Our water comes from two wells, and several times a day it is pumped up to the existing reservoir at the west end of the village. It then returns by gravity to users as needed. Over the past few years we have had to implement a number of infrastructure changes and repairs. Recently, because of possible contamination in our aquifer, we had to install an expensive water treatment system to ensure that our water is potable. All of these changes and repairs have depleted our reserves.

Last year we were able to secure a grant from the Virginia Department of Health to fund a Preliminary Engineering Report on replacing the reservoir (which the VDH has told us we need to do). That work has now been done, and the cost of the new water tank has been estimated as being between $100,000 and $150,000. That is way more money than we have, and thus we are searching for sources for funding. We have applied for another VDH grant, but know that our chance of winning that one is not good. We have been working with Scott Fincham and Dennis Cumbie from the county to identify other sources of funding, but since we do not qualify to be a 501(c)3 organization, it looks like our best hope of securing the funding we need will require either a loan or a special tax district. Both of those will increase costs for our users substantially.

We are hoping that you may be able to help us. We recently became aware of the additional funding Loudoun County will receive from the American Rescue Plan Act for infrastructure needs. Could we be candidates to receive some of that funding? Since the AWC is the only source of water for most of the residents and businesses in the historic Village of Aldie, we need to ensure that we continue to be able to provide potable water at a reasonable cost to them.

We would appreciate any help you can give us. We would be happy to meet with you to provide additional information if that would be helpful. You can reach me at 703 327-4206, or our secretary/treasurer Jean Mothena at 703 327-4575 if you have questions.

Sincerely,

Tucker Withers, President, Aldie Water Company

ATTACHMENT 2

LHSN Recommendations and Statements Regarding FY 2023 ARPA Funding

Anticipated Funding Needs in FY 2023: Responding to the Public Health Emergency and Negative Economic Impacts of COVID-19 for Disproportionately Impacted Communities in Loudoun County

Nonprofit member organizations of Loudoun Human Services Network (LHSN) report that they continue to experience high levels of service demand as a result of COVID-19, at levels higher than pre-COVID and in some cases, even higher than in 2020 and 2021. Many of the communities served by LHSN member organizations have been disproportionately impacted by the pandemic.

Anticipated ARPA Funding Needed in FY 2023 for COVID-19 Recovery

After polling LHSN member organizations, it is anticipated that a minimum of $2.5 million in FY 2023 is needed to address the elevated services requests that are described below for continued COVID-19 recovery efforts, specifically for assistance to households, preventing and responding to violence, and continued support of existing behavioral healthcare services that were funded in Tranche 1.

Fourteen nonprofit members of LHSN that also received ARPA funding in Tranche 1 responded to a poll and projected their ARPA-related funding needs as it relates to the categories below. Collectively, they report needs exceeding $2.5 million for the following services in FY 2023: food assistance; domestic violence and child abuse assistance and prevention; employment assistance; disability services; rental and utility assistance; transportation assistance to disproportionately impacted communities; early childhood education; and mental health support. These fourteen organizations are a sample of our membership as well as the organizations that received Tranche 1 funding; therefore, it is anticipated that the funding need will well exceed the more than $2.5 million already known.

Assistance to Households

LHSN member organizations report elevated levels of service requests for programs providing direct assistance for low-or-moderate income households and communities; households that have experienced unemployment; and households experiencing increased food and housing insecurity, at levels higher than pre-COVID and in some cases, even higher than in 2020 and 2021. This is as a direct result of the negative economic damage caused by the COVID-19 pandemic which disproportionately impacted low-income and underserved residents of Loudoun County. Additional financial resources are needed in FY 2023 to address employment assistance, food security, utility assistance, housing security, and childcare and early learning services.

Preventing and Responding to Violence

LHSN member organizations report elevated levels of service requests for victims of domestic violence, sexual assault and child abuse in Loudoun County as of March 2022. Additional financial resources are needed in FY 2023 to address the need for safety in our community and trauma recovery services for victims of crime.

Behavioral Healthcare

LHSN member organizations report significantly elevated levels of service requests for programs providing behavioral healthcare, including mental health treatment for children, youth, and adults. Additional resources are needed to continue supporting existing services and the program expansions that were implemented with Tranche 1 funding.

The needs and initiatives cited above fall into responding to public health and economic impacts of COVID-19, rather than transformative change.

Transformative Change

LHSN member organizations agree that transformative change is highly desirable. Immediate needs related to the negative economic impacts of COVID-19 must be significantly reduced to allow for larger change initiatives.

LHSN member organizations agree with the county that transformative change in the areas of behavioral healthcare, childcare, and co-location of services are important and critically needed services in our community, especially for those populations disproportionately impacted by the pandemic. All three of those areas of need are underdeveloped in Loudoun. However, transformative impact will require significant, multi-year funding to properly build capacity for successful, meaningful implementation of new or expanded projects addressing these complex issues. To successfully address all three of these areas, LHSN recommends a $3 million investment, in addition to the $2.5 million needed in the upcoming fiscal year to address negative economic impacts of COVID-19.

ARPA funding allows for funding the capacity of community organizations to serve people with significant barriers to services, including people of color, people with low incomes, limited English proficient populations, and other traditionally underserved groups. This flexible approach generates a trajectory of transformative change with collaborative approaches necessary given the scope of need, funds to be allocated, and the willing investment of the nonprofit community and LHSN. LHSN recommends reviewing the 2020 Human Services Strategic Plan, making changes as needed for our new environment and developing a multi-year funding plan for transformative change.

Community Engagement

Recognizing the importance of Community Engagement relative to ARPA distributions, the LHSN stands ready to partner collaboratively with the County to further increase diverse feedback from constituents, community-based organizations, and the communities themselves that ARPA funds are intended to assist for such transformative change, and to plan for how such funds will be best applied.

The series of meetings held by the County's Department of Finance and Budget to solicit feedback regarding Tranche 2 of ARPA funding have been a great starting point and LHSN seeks to offer its partnership and assistance to expand the diversity of input beyond the community-based organizations, through strategic and facilitated processes, especially in regards to initiatives tied to long-term, transformative change.

Final Recommendations

With FY 2023 on the horizon, LHSN recommends that (a) $2.5 million of COVID-recovery funding for households through nonprofit sub-grantees be allocated for released in the beginning of the fiscal year, and (b) that a facilitated planning process using the 2020 Human Services Strategic Plan and its public/private Advisory Committee as a starting point be launched to include feedback from key stakeholders, including diverse constituents, community-based organizations, and the communities themselves, in order to address areas of transformative change and develop recommendations. LHSN recommends a $3 million allocation to support this work.