



Budget Department

351 NW North Street
Chehalis WA 98532

TO: Board of County Commissioners

FROM: Becky Butler, Budget and Risk Director

DATE: 12/16/2024

SUBJECT: Deobligation and Reallocation of American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) from the E911 Communication Radio Project to Public Safety Salaries under Revenue Replacement: Provision of Government Services

Purpose:

This memorandum serves to formally document the deobligation of \$2.2 million in SLFRF funds previously allocated to the E911 Communication Radio Project and the reallocation of these funds to Public Safety salaries under the Revenue Replacement category. This adjustment aligns with the U.S. Treasury's guidelines and ensures compliance with funding requirements while maintaining support for the E911 project.

Background:

The County previously allocated \$4.5 million in SLFRF funds to the E911 Communication Radio Project. Following a review of the County's overall SLFRF strategy and the updated guidance from the U.S. Treasury, it has been determined that reallocating these funds under the Revenue Replacement category for Public Safety salaries represents the best use of funds. This change also ensures the County can fully utilize the allowable \$10 million under the Revenue Replacement provision for general government services.

The E911 Communication Radio project's costs were decreased after final bids were received and will continue to be funded through a transfer of \$2.2 million from the unassigned Current Expense Fund balance to the Communications Building and Equipment Capital Fund No. 3300, ensuring no interruption of the project's progress.

Rationale for Reallocation:

Compliance with SLFRF Guidelines: Reallocating the funds to Public Safety salaries is explicitly allowable under the U.S. Treasury's Compliance and Reporting Guidelines for the use of funds under the Expenditure Category (EC) 6.1 Revenue Revenue Replacement (Lost

Revenue): Provisions of Government Services as stated in the attached memo from the Auditor's Office.

- Risk Mitigation: The reallocation reduces the risk of funds being unspent or unallocated by the statutory deadline of December 31, 2024.
- Flexibility and Efficiency: Utilizing SLFRF funds for eligible Public Safety salaries frees up general fund resources, allowing the County to support other critical needs.
- E911 Project Funding Stability: The project's funding remains intact, supported by a transfer from the unassigned Current Expense Fund balance to the Capital Fund.

Eligibility Review:

This reallocation has been reviewed and approved by the County's grant management team, including the Auditor's Office and BerryDunn, our grant consulting partner. The review confirms that the proposed use complies with ARPA and SLFRF requirements and maintains the integrity of the County's financial management.

Recommendation:

1. Approve the deobligation of \$2.2 million in SLFRF funds from the E911 Communication Radio Project.
2. Authorize the transfer of \$2.2 million from the unassigned Current Expense Fund balance to the Capital Fund to support the E911 Communication Radio Project.
3. Reallocate up to \$6.9 million toward Public Safety salaries under the Revenue Replacement EC 6.1.

Conclusion:

This reallocation aligns with ARPA and SLFRF guidelines, optimizes the use of funds, and ensures timely obligation or expenditure by the statutory deadline. It represents the lowest-risk approach while maintaining critical funding for the E911 Communication Radio Project. We recommend the Board's approval of this reallocation.