



Bernalillo County
Recovery Plan Performance Report
August 31, 2021

American Rescue Plan



State and Local Fiscal Recovery Funds

Period covered: Award date through July 31, 2021

Current Officials of Bernalillo County, New Mexico

Board of County Commissioners

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Steven Michael Quezada, Vice-Chair, District 2
Debbie O'Malley, District 1
Adriann Barboa, District 3
Walt Benson, District 4

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Probate Judge

Cristy J. Carbón-Gaul

Sheriff

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Nancy M. Bearce

County Manager

Julie Morgas Baca

Deputy County Managers

Enrico Gradi, Community Services Division
Shirley Ragin, Finance Division
Lisa Sedillo-White, General Services Division
Greg Perez, Public Safety Division
Elias Archuleta, Public Works Division

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GENERAL OVERVIEW

Executive Summary

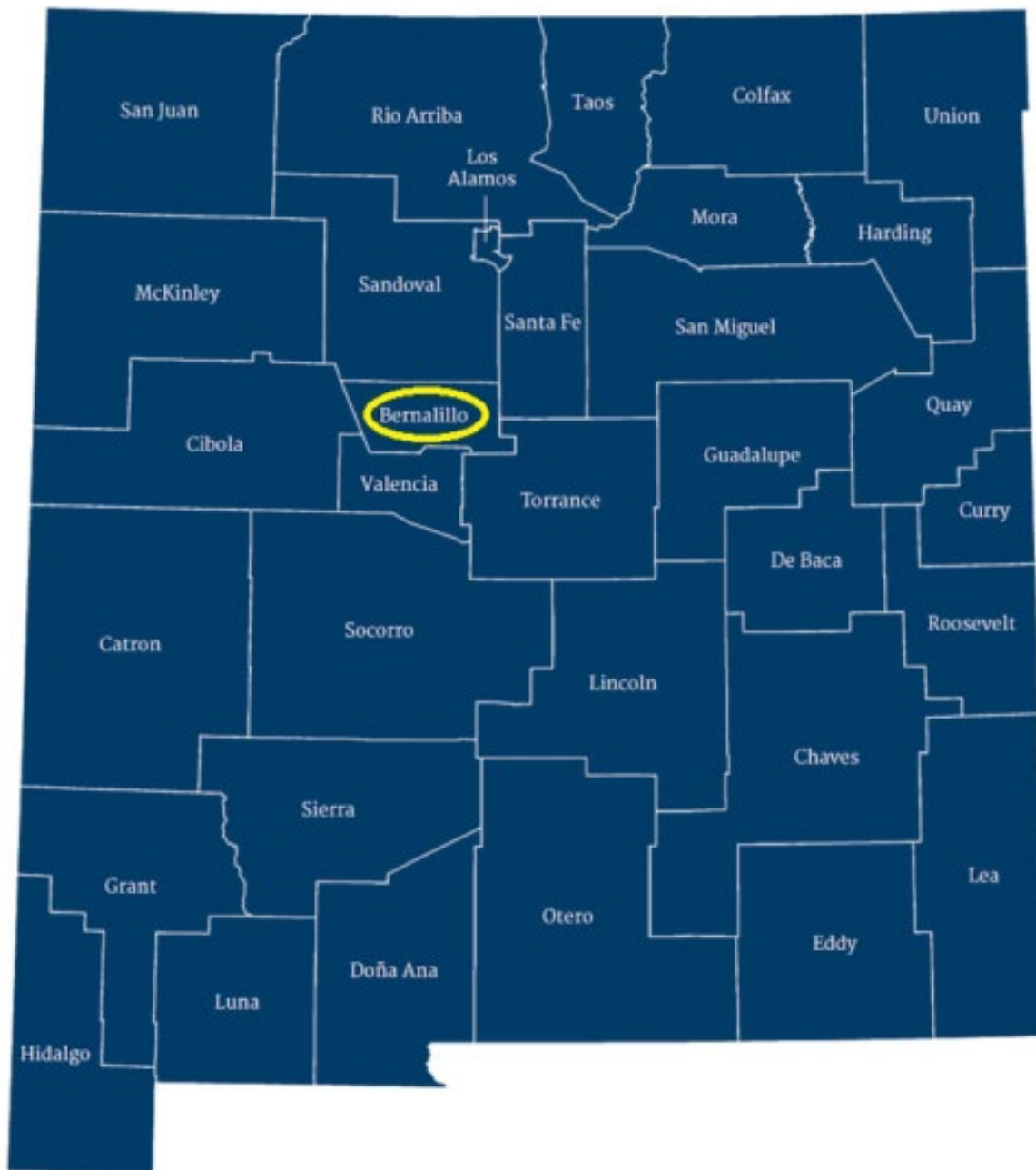
The American Rescue Plan Act (ARPA) identified Bernalillo County as an eligible local government to receive \$131,911,293 in direct aid to combat the COVID-19 pandemic, including the public health and economic impacts. The distribution of the funding was in two 50% direct allocations (tranches) each of \$65,955,646.50; the first one was received on May 19, 2021 and the second will be delivered 12 months later.

The mission of Bernalillo County is to be an effective steward of county resources and a partner in building a high quality of life for county residents, communities and businesses. Bernalillo County's Recovery Plan supports the critical need for investments and improvements to existing infrastructure in water, sewer, and broadband. Additionally, the Recovery Plan addresses the need of public health and negative economic impacts to services to those communities disproportionately impacted. These objectives are aligned with the county's Strategic Plan of Governmental Accountability, Public Safety, Economic Vitality, Community Health and Public Infrastructure.

County Manager Julie Morgas Baca is committed to facilitating the community's recovery in meaningful ways to include collaboration with other entities to maximize this one-time infusion of ARPA funding, such as through completion of water and sewer projects and expansion of broadband to underserved areas within Bernalillo County. In developing plans, the county met with departments, outside agencies, and elected officials to discuss recovery needs that comply with the U.S. Department of the Treasury's (Treasury) Interim Final Rule guidance. The suggested uses of funds based on priorities, were discussed in two public work sessions with the county's Board of County Commissioners (BCC) on August 19, 2021 and August 23, 2021. Based on comments and feedback, the final listing of projects and initiatives will be submitted for final approval by the BCC on September 14, 2021, therefore, no ARPA funds have been expended. Many of the projects are expected to start once BCC has approved the Recovery Plan in mid-September.

To ensure government accountability, the county pledges that the planned uses of funds will conform with the Treasury's Interim Final Rule by being transparent and accountable for the use of ARPA funding. The county will establish an internal monitoring, review and reporting process; certify eligible expenditures; and adhere to reporting requirements. The Recovery Plan will be allocated prior to December 31, 2024 deadline and all ARPA expenditures will be completed by December 31, 2026, as required by federal law. The county will review the plan regularly and reallocate priorities if necessary.

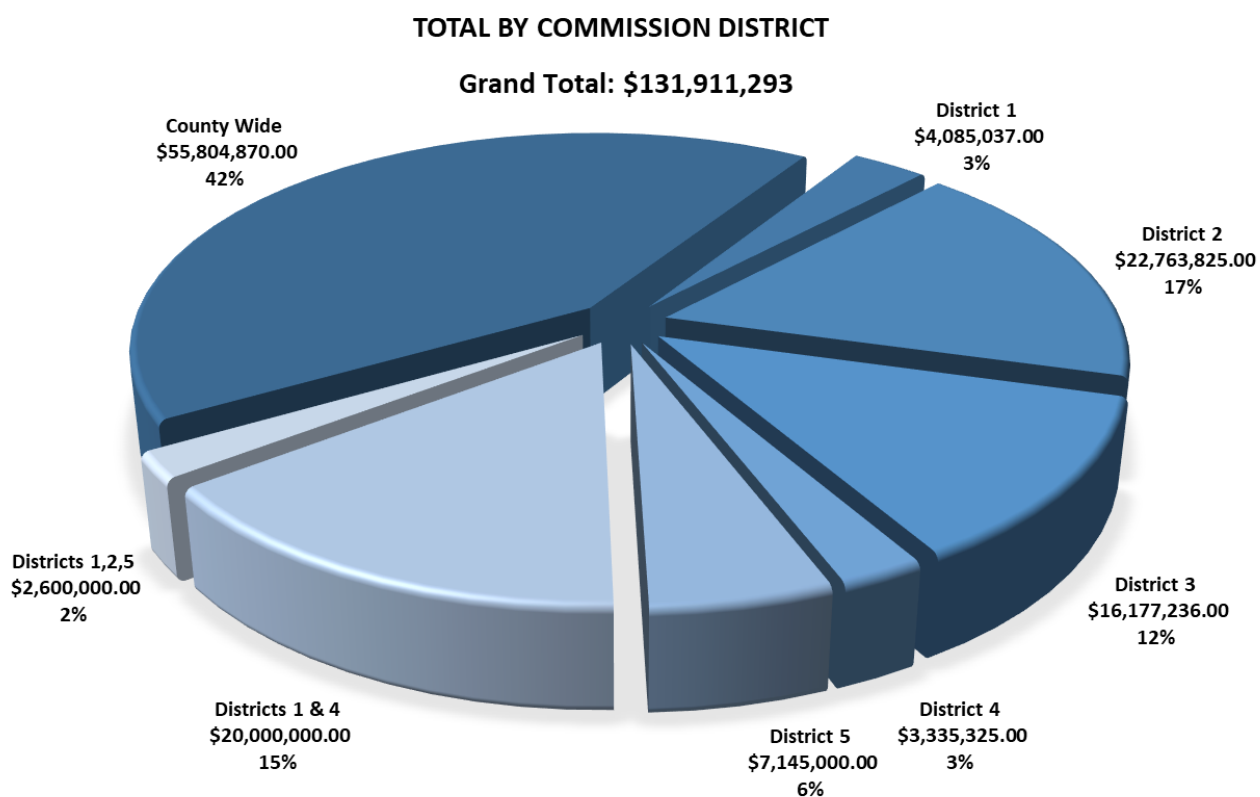
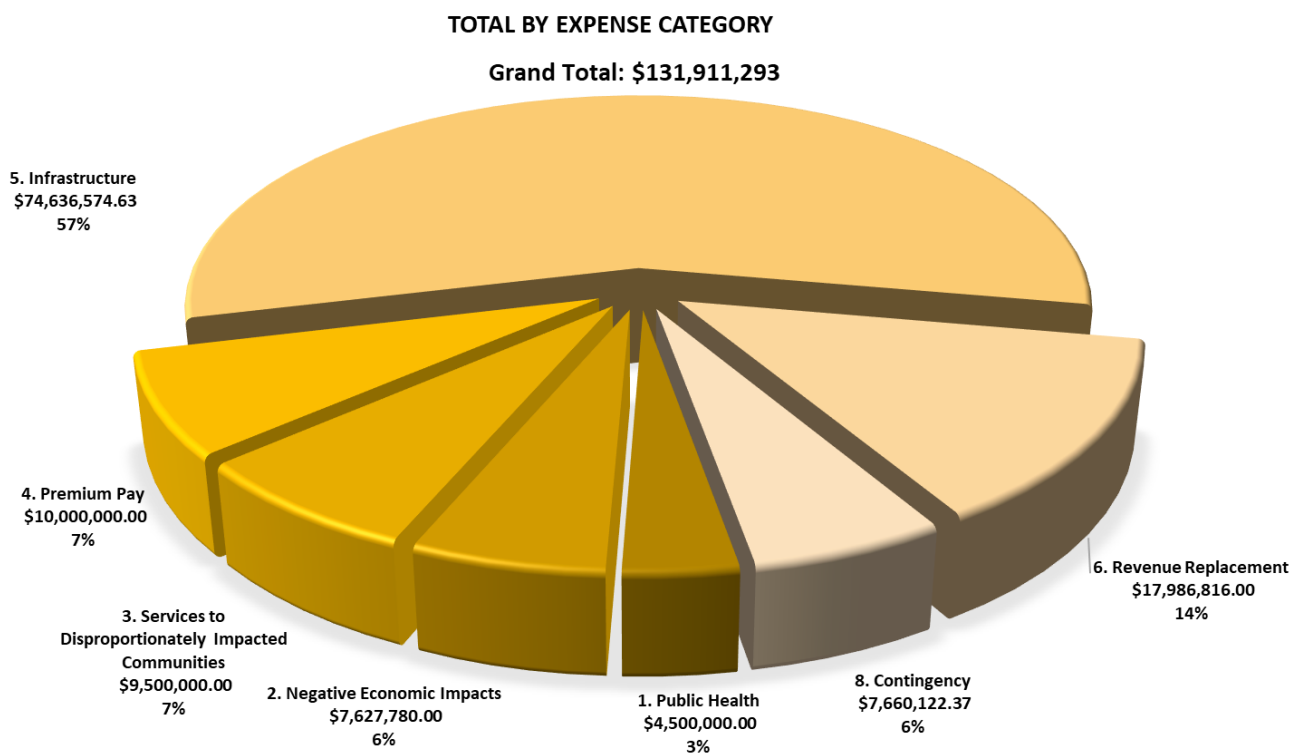
Bernalillo County is located in the central part of the state. Bernalillo County is 1,160 square miles and is New Mexico's most populous county with more than 676,000 residents. Bernalillo County government provides a wide range of public services to residents who live in Albuquerque, Los Ranchos and Tijeras and the 106,000 residents who live outside the village and city limits in the unincorporated areas of the county. Bernalillo County employs approximately 2,500 people and has an annual operating budget and capital investments of more than \$650 million. The Board of County Commissioners, each representing one of the county's five districts, govern the county and are each limited to two, four-year terms. Commissioners are responsible to voters; however, their duties are defined and controlled by state law.



(Source: New Mexico Counties)

Uses of Funds

The following charts illustrate the allocations of the ARPA funding by expenditure category and commission district.



The county intends to use funds and institute strategies as follows:

Public Health (EC 1) - \$4.5 million

In the need for public health measures to respond to COVID-19 which will continue in the months and potentially years to come. Bernalillo County has assessed a significant jump in behavioral health service needs and those most impacted by the pandemic. The following projects are proposed:

- A total of \$2.25 million will be committed to the Young Adult Inpatient Substance Abuse Program. Young Adult Inpatient Treatment Services administered by the Department of Behavioral Health Services (DBHS) on the Comprehensive Assessment and Recovery through Excellence (CARE) Campus in the center of Bernalillo County to serve young adults (ages 18 - 21) with Substance Use Disorders (SUD). Many treatment programs are not designed to meet the developmental needs of young adults as they struggle with misuse of substances and its consequences. Programming is tailored to the needs of this population, which often is not yet ready to make a commitment to long-term recovery. Motivational Interviewing and Community Reinforcement Approach (CRA-A) are two best practices which meet young adults “where they are” and which recognize their needs with regard to substance misuse.
- A total of \$2.25 million will be committed to the Outpatient Clinic (OPC) which incorporates two evidence-based best practices:
 1. Integrated treatment of co-occurring disorders, addressing issues simultaneously in recognition of how they interact with each other.
 2. Medication Assisted Treatment (MAT) for opioid use disorders, an established best practice for treatment of such disorders.

Clinic staffing will include peer recovery specialists who can support the recovery process, and Case Managers who can assist with meeting the basic needs necessary for maintaining recovery. The Living Room model is an emerging best practice, whereby individuals in distress or crisis can access care without a formal intake into a large-scale, clinical program, which may for many be too intimidating. Peer recovery specialists will assist such individuals in determining what supports or services they might need in an informal, supportive environment.

Negative Economic Impacts (EC 2) - \$7.6 million

Bernalillo County has received numerous funding requests from community members, county staff, and other organizations for those in the community most adversely economically impacted by COVID-19. The Bernalillo County recovery plan will administer the following projects with recovery funds in order to address and assist those negatively economically impacted by the pandemic. The following projects are proposed:

- Competency Evaluation Program - \$388 thousand. The pandemic period has slowed the New Mexico criminal justice system and judicial processing, which has also caused complications in scheduling face-to-face appointments with defendants. The number of competency evaluations has also increased to over 30 requests per month. Bernalillo County proposes to address this with increased support to District Court’s competency evaluation program above its current county arrangement to provide an additional court clinician and a 0.5 FTE Competency Evaluation Program Manager. This will enable the program to complete 30 or

more competency evaluations per month, reducing the back log and meet the statutorily determined completion timeline.

- Temporary County Court Complex - \$100 thousand. The pandemic period has slowed the New Mexico criminal justice system and judicial processing, which has also caused complications with District Court proceedings and hearings being scheduled and conducted while meeting public health measures. This project will allow additional court proceedings and hearings to be conducted at a temporary facility to allow additional members of the public to be part of the judicial process and maintain the required health measures.
- Partnership for Community Action (PCA) - Social Enterprise Center (SEC) expansion of services - \$1 million. New program activities: The SEC will provide living wage jobs and wrap-around services including justice-centered work in economic security and early childhood education. Using 2Gen strategies, PCA works with families with young children for systems level changes including access to capital for racially diverse enterprises, micro lending, guaranteed basic income and access and equity within NM's tax policies - including the federal EITC, Child Tax Credit and the state Working Families Tax Credit - initiatives proven to help children thrive. This work is supported through deep collaborations with home-based childcare business owners, microlenders, and asset building non-profits among them the Nusenda Credit Union, Prosperity Works, and SW Creations Collaborative. SEC programmatic initiatives will support thriving children, working families and equitable communities through proven popular education strategies including those of national partners Abriendo Puertas/Opening Doors, the Aspen Institute, and Communities Organizing on Family Issues (COFI). Job Creation: Direct jobs created by 2029: 77 full time jobs; Indirect jobs created by clients: 820 full time jobs.
- Other projects - \$6.1 million. Additional project estimates are being formulated as materials and construction costs were dramatically impacted due to the high demand and supply shortages brought on by the public health emergency, COVID-19.

Services to Disproportionately Impacted Communities (EC 3) - \$9.5 million

Bernalillo County is proposing to spend \$9.5 million on services to disproportionately impacted communities. One of the pressing issues the county, as well as the rest of the country, is currently facing is homelessness. Geographically diverse communities from high cost urban areas to rural communities are experiencing high rates of homelessness, mental distress and substance use disorders. Low income communities have been disproportionately impacted by the pandemic-related recession and are in need of supportive housing assistance as well as affordable housing. Working in conjunction with Department of Behavioral Health Services and other departments, the county is committed to reviewing ways in which it can aid underserved populations who have been hit the hardest by the COVID-19 pandemic. The details of some projects are being finalized. The county is dedicated to focusing on the underserved, marginalized, and adversely affected groups in its vetting process.

Premium Pay (EC 4) - \$10 million

Bernalillo County is proposing to spend \$10 million of the ARPA funding for premium pay for qualified employees. Bernalillo County will pay a lump sum amount as premium pay on a quarterly basis, rather than increasing employees' hourly rate of pay. Only employees who are considered essential workers in critical infrastructure sectors who regularly perform in-person work, interact with others at work, or physically handle items handled by others are eligible for premium pay. Both the lump sum premium pay and the employer share of FICA on the premium pay will be charged to the ARPA funds. All public safety employees and behavioral health employees will qualify. These include fire, sheriff, adult detention corrections officers, youth services detention officers, animal care officers, court security officers, dispatchers, behavioral health employees, and nurses. In addition to public safety, certain other employees that handle inventory, clean facilities, cook, run daycare and exercise facilities would also qualify.

Employees covered by a Collective Bargaining Agreement (CBA), are subject to the guidelines of the ARPA and any payout can only be granted through negotiations, per State Statute NMSA 1978, Section 10-7E-17 Scope of Bargaining and Section 10-7E-4 (F) Collective Bargaining. The County plans to negotiate with union groups with essential workers.

The County used the OIG guidance to calculate highly compensated employees "using the groups of workers for whom premium pay would increase total pay above 150 percent of their residing State's average annual wage, or their residing county's average annual wage, whichever is higher, on an annual basis." Based on the guidance, the County used guidance 2020 data from University of New Mexico Bureau of Research and Economic Research (UNM BBER). Based on their report, Bernalillo County had the highest average annual pay in 2020 at \$53,528. An employee is highly compensated in Bernalillo County if their salary is \$80,292 or greater.

Employees whose premium pay would increase total pay above \$80,292 will receive half of the lump sum premium pay on a quarterly basis. These employees have oversight of essential workers and work with the public.

Water, Sewer, and Broadband Infrastructure (EC 5) - \$74.6 million

Bernalillo County is proposing to spend approximately \$74.6 million of America Rescue Plan Act (ARPA) funding to improve the overall quality of life of county residents by investing in water, sewer, and broadband infrastructure.

The county has completed necessary assessments, prioritized needs and collaborated with other entities. The county is proposing to spend approximately \$64.6 million to build, rehabilitate, and improve water and sewer initiatives for underserved communities within the county. New infrastructure investment not only provides social benefits but also ensures our community will emerge from the COVID-19 pandemic. The county plans on utilizing staff from Public Works as well as partnering with local water utility companies to accomplish its goals. The proposed use of funds would be as follows:

1. Drinking water - \$32.3 million
2. Clean water (sewer) - \$32.3 million

Ten million of the funding would be to build broadband infrastructure that bridges the digital divide for residents and businesses in two targeted areas of the county:

1. The 87059-area code in the East Mountains area, (District 5) south and north of Interstate 40.
2. The far west side of Albuquerque (District 1), primarily along the Atrisco Vista Boulevard corridor, where economic development opportunities are emerging.

The broadband infrastructure project will address unserved and underserved households and businesses in the East Mountains area, where geography, topography, and costs have prevented expansion. It also addresses future economic growth in the far west side of Albuquerque, where the Amazon Fulfillment Center promises future economic growth.

The county's goal is that by building a core infrastructure hub in the two targeted areas, Internet Service Providers (ISPs) will commit to installing last-mile connections to residential and commercial customers via fiber, wireless, or satellite technologies. In that vein, the county is currently in the process of seeking partnerships with telecommunications contractors and service providers to ensure successful delivery of affordable and reliable broadband.

In accordance with ARPA funding requirements, the goal of the project is to deliver service to the unserved and underserved households and businesses in the project areas internet speeds that are not currently served by a wireline connection that reliably delivers at least the minimum FCC threshold of 25 Mbps download and 3 Mbps upload speeds. In addition, as a requirement, the infrastructure hub must reliably meet or exceed symmetrical 100 Mbps download and upload speeds.

Revenue Replacement (EC 6) - \$18 million

The county calculated revenue replacement to the extent of the reduction in revenue due to the COVID-19 public health emergency, relative to revenues collected in the most recent full fiscal year of the recipient prior to the emergency. The revenue replacement calculation as of 12/31/2020 was \$17,986,816.

In calculating general revenue, the county started with all governmental funds (general fund, debt service funds, special revenue funds, and capital projects funds) and all enterprise fund revenues. The fund revenues used are the entity wide revenues from our own sources. Internal service revenues and transfer in accounts were excluded because they are internal charges or transfers of cash within the county. The county did not include any fiduciary funds since these are not our own source revenue.

The county then subtracted out all federal revenues, which are identified by specific account numbers. The county also subtracted out bond proceed and bond premium revenues. The county does not have utility revenue as described in the Census Bureau's manual, nor was there any of the other excluded revenues.

The county used the cash basis of accounting, as allowed in the Frequently Asked Questions 3.12. This was chosen because the Interim Final Rule required recipients to calculate revenue loss for the period ending December 31, 2020. This created significant challenges for the county in that audited records are prepared on a fiscal year end of June 30. Since our fiscal year end is different from the calendar year, on December 31, our revenue record would have a material accumulation of accruals. Revenue recognition adjustments are often required at fiscal year-end. At all other points in the fiscal

year, revenues are typically recorded on a cash-basis. The increased audit risk of the December 31 calculation is extremely problematic.

It would take Bernalillo County a significant number of hours to provide accrual entries for all the revenues for both 1/1/2020 and 12/31/2020 to convert records to an accrual basis. The significant dollar entries would be calculated on property taxes and gross receipt taxes; however, there are numerous entries in all the revenue accounts that would need to be considered. The grants would take considerable analysis to make sure the revenues are recorded properly at December 31. The numbers would need to be reviewed by management and there would need to be consideration for auditing the data. Many counties across the country appealed to the Office of Inspector General to allow the audited year end to be allowed in the Interim Final Rule, but this was not changed.

Total estimated revenue reported was formulated through a twelve-month of total actuals reported from dates of 1/1/2020 to 12/31/2020 and a report and an average growth year over year report of total actuals from fiscal year 2016 to 2019. The cash basis method was used in both reports. All federal grant and or federal funding was excluded from the calculation. All transfers in, internal service fund revenue, and any bond related revenue or revenue that was used to pay bonds that got refunded was also excluded from the calculation. The budget view report in the enterprise resource planning financial management system Bernalillo County uses for financial reporting was used for all reports.

For total revenue the Bernalillo County used the appropriations and expenditures report generated from the financial system for each year.

House Bill 407 (HB 407) was enacted by the New Mexico Legislature in 2019. That statute sought to consolidate elections throughout the state by aligning local and school board elections with national and state elections. Local elections often contain mil levy and bond questions that affect property tax collections and distributions. Local elections were held on November 5, 2019. In order to mail an accurate tax bill that included any and all bond/mil levy questions, tax bills could not be printed until the election had been completed and certified by the state. As a result, a large portion of the 1st half of property tax collections that are collected in December for fiscal year 2020, were delayed and subsequently received in the calendar year 2020, which artificially inflated the revenue collection in the “actual base year” to \$50,402,532 million. This is a significant increase over the \$6,185,863 million collected in the “base year. Without HB 407, the 1st half of fiscal year 2020 property taxes would have been collected by mid-December of 2019 and would not have been counted in December 2020 calendar revenues. Bernalillo County and most counties in New Mexico were required by HB 407 to delay tax collections, and consequently had a substantial increase in property tax revenue in the Treasury defined “actual base year”.

Based on this timing change in property tax collections, the county estimated what collections would have been without HB 407. In order for Bernalillo County to calculate a more accurate estimate of what the actual revenue would have been in 2020, an average of the last ten years was used to determine what percentage of property tax collections was collected by December. It was determined that an average of 55.15% of the property taxes were collected by December 31 of each year starting in 2010 through 2019. The percentage was applied to December 31, 2019, which was the starting point for the 2020 year. Based on the calculation, the county expected that \$89,150,813 would be collected if the due date was not delayed by a month.

Proposed Uses of Revenue Replacement (Lost Revenue):

The estimated \$18 million from the lost revenue calculation will be allocated to general government services including the proposed initiatives below, in which the details are being finalized:

- Commissioner initiatives.
- Employee initiative; focused on the lowest paid employees.
- Any other government services such as modernization of cybersecurity.

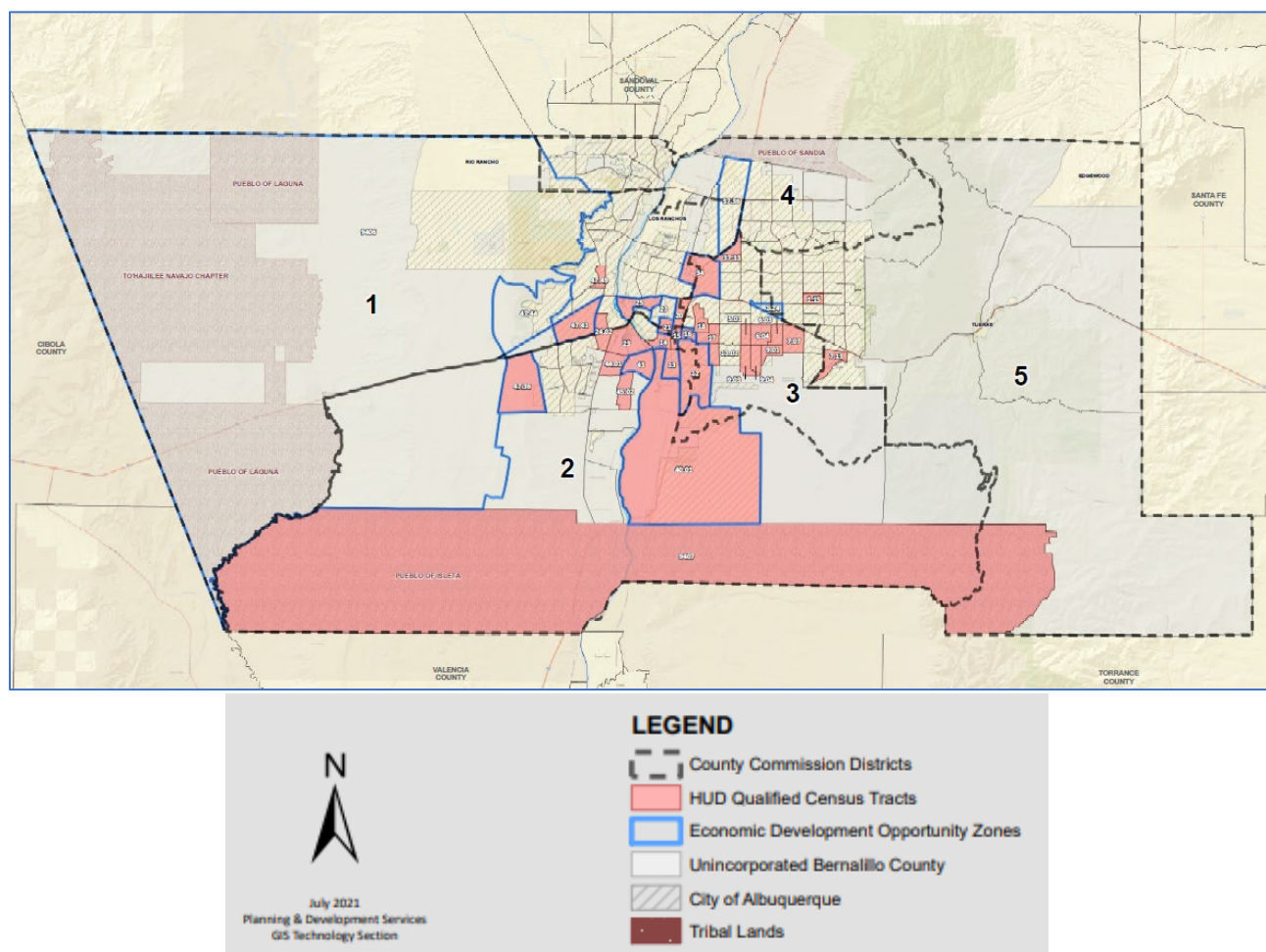
Promoting Equitable Outcomes

Bernalillo County prioritized projects and programs based on the following criteria:

- Community need/benefit
- System preservation
- Project readiness
- Commission awareness

In its mission to promote equitable outcomes, the county will review and analyze low income data from HUD Qualifying Census Tract (QCT), Economic Development Opportunity Zones, and Tribal communities.

The proposed distribution of funds prioritizes those geographical areas that typically have marginalized communities. The map below illustrates where those communities are located within Bernalillo County's five commission districts.



The legends below show statistical and geographical information for each district.

BCC District	Incorporated Population	Unincorporated Population	Total Population
1	124,948	8,019	132,967
2	81,853	51,361	133,214
3	126,892	3,941	130,833
4	123,236	23,567	146,803
5	113,941	18,686	132,627
Total Population	570,870	105,574	676,444

BCC District	Description of District Boundaries
1	Primarily covers the Far North Valley, primarily west of Interstate 25 from Paseo Del Norte to Central Avenue.
2	Covers the southernmost part of the County.
3	Is mainly within the City of Albuquerque limits.
4	Primarily runs east to west along the northernmost county boundary.
5	Covers the majority of the east mountain area east to the Santa Fe County line, and the Isleta Pueblo/Sandia Laboratory boundaries to the south, including the NM 14 south neighborhoods.

Community Engagement

At a public meeting of the Board of County Commissioners on May 25, 2021, the first tranche of ARPA funding in the amount of \$65,955,646.50 was accepted and budgeted. Additionally, approval was received to commence analysis of water, sewer, and broadband projects. In developing plans, the county met with departments, outside agencies, and elected officials to discuss recovery needs that comply with ARPA Interim Final Rule guidance. Constituents and business owners reached out to commissioners and the county manager prior to the public work sessions held on August 19, 2021 and August 23, 2021.

Labor Practices

The county will follow all applicable labor laws. In accordance with the county's current procurement ordinance (Bernalillo County Code Sec. 2-356 Rules of Construction) regarding prevailing wage requirements for construction contracts. Any ARPA infrastructure projects will be solicited with contracted labor, and the contract agreements requiring that contractors offer wages at or above the prevailing rate and include local hire provisions. Each infrastructure contract will be carefully considered whether to follow the county's existing prevailing wage ordinance, or Davis-Bacon Act prevailing wage guidelines. Some of the water and sewer infrastructure projects will be overseen by the Albuquerque Bernalillo County Water Utility Authority (ABCWUA), and the proposed Memorandum of Understanding will include language that the ABCWUA follow Davis-Bacon Act requirements.

Use of Evidence

The COVID-19 pandemic and the corresponding economic crisis has had a devastating impact on minority groups in Bernalillo County. These groups have experienced a disproportionate number of COVID-19 infections and deaths as well as higher-than average unemployment rates. When final approval for the ARPA funding is received by the Board of County Commissioners, Bernalillo County will describe the goals and the evidence base for the interventions funded by each project and initiative. The projects and initiatives that have dollar amounts allocated toward evidence-based interventions will be clearly reported and tracked.

Table of Expenses by Expenditure Category

The county will utilize the appropriate expenditure category as defined in the ARPA Interim Final Rule. Detailed projects and initiatives will be presented for approval at the Board of County Commission meeting on September 14, 2021, therefore no ARPA funds have been expended to date.

Project Inventory

Pending approval.

ARPA Contingency

A contingency has been established in anticipation of new initiatives or justified increases to previously approved projects.



Bernalillo County Communications Services Department; 2021; Bernalillo County; *Ken Sanchez Commission Chambers*

Prepared by Bernalillo County Finance Division