



CITY OF MENIFEE

SUBJECT: Agreement with NeoGov and Acceptance of American Rescue Plan Funds (Tranche #1)

MEETING DATE: June 16, 2021

TO: Mayor and City Council

PREPARED BY: Margarita Cornejo, Financial Services Manager

REVIEWED BY: Wendy Preece, Deputy Finance Director

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Accept American Rescue Plan Funds (Tranche #1) in the amount of \$6,606,837, awarded by the U.S. Department of Treasury to the City of Meniffee to address public health and safety impacts of COVID-19; and
2. Authorize the City Manager to execute all necessary agreements, amendments and related documents to receive the American Rescue Plan funds; and,
3. Approve a Budget Adjustment Resolution accepting \$6,606,837 in revenue to Account #301-3742 and appropriating \$61,513.26 in expenditures to Account #301-4221-52216 for the purchase of the NeoGov Learn, Perform, and Onboard Suite; and,
4. Approve and authorize the City Manager to execute a three-year NeoGov Services Agreement for Learn, Perform and Onboard Licenses (electronic HR personnel performance and onboarding solution) in the total amount of \$61,513.26 to be funded with American Rescue Plan funds, and.
5. Exempt purchase from competitive bidding pursuant to Meniffee Municipal Code section 3.12.070(A)(7) and (A)(8) as a unique commodity that can only be obtained from one vendor (proprietary software).

DISCUSSION

On March 11, 2021, following approval by Congress and the executive branch, the American Rescue Plan Act (Act) was officially signed into law. The Act includes approximately \$1.9 trillion in economic stimulus intended to address the on-going impacts of the unprecedented COVID-19 pandemic. Of the \$1.9 trillion, \$350 billion has been specifically earmarked to help state, local,

and tribal governments bridge budget shortfalls and mitigate the impacts of COVID-19. Every City, town and/or municipality is eligible to receive assistance, with allocation amounts determined at the federal level based on a variety of factors. Based on final allocation numbers released by the U.S. Department of Treasury on May 10, 2021, the City of Menifee shall receive a total of \$13,213,674. Funding will be received in two installment payments ("tranches"), with Tranche #1 received in May 2021 and Tranche #2 received one year from adoption of the American Rescue Plan, or the spring of 2022.

The Act provides that the funds can be used for COVID-19 related expenses incurred between March 3, 2021 and December 31, 2024. The Act generally limits expenditures to those that are directly related to the COVID-19 health emergency, including second order effects such as economic support arising from business interruptions caused by COVID-19. The Act also requires that expenditures not be accounted for in the most recently approved budget. It is also important to note, the funds being received are considered federal funds through the Coronavirus State and Local Fiscal Recovery Funds (CSLFR) under Catalog of Federal Domestic Assistance (CFDA) #21.027 . As provided for in the award terms, payments the Act funds as a general matter will be subject to the provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200) (the Uniform Guidance), including the cost principles and restrictions on general provisions for selected items of cost.

Use of funds can be generally categorized into six principal categories:

1. **Support Public Health Response-** Fund COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff.
2. **Replace Public Sector Revenue Loss-** Provide government services to the extent of the reduction in revenue experienced due to the pandemic.
3. **Water & Sewer Infrastructure-** Make necessary investments to improve access to clean drinking water and invest in wastewater and stormwater infrastructure.
4. **Address Negative Economic Impacts-** Respond to economic harm to workers, families, small businesses, impacted industries, and the public sector.
5. **Premium Pay for Essential Workers-** Offer additional support to those who have and will bear the greatest health risks because of their service in critical sectors.
6. **Broadband Infrastructure-** Make necessary investments to provide unserved or underserved locations with new or expanded broadband access.

The Act requires periodic reporting to the Department of Treasury on the use of funds. Additionally, most of the provisions of the Uniform Guidance (2 CFR Part 200) apply to this program, including the Cost Principles and Single Audit Act requirements.

Fiscal Year 2021/22 Budget:

As part of the Fiscal Year 2021/22 budget presented for Council approval on June 2, 2021, a transfer of \$3,616,644 of American Rescue Plan was included. The \$3,616,644 represents a category #2 item (replace public sector revenue loss).

Additionally, staff is requesting that \$61,513.26 of American Rescue Plan funds be used for the purchase of the NeoGov Learn, Perform, and Onboard (electronic HR personnel performance and onboarding solution). In the last year, one of the City's biggest tools in being able to adapt to the effects of COVID-19 has been to wherever possible convert and streamline processes from manual to electronic. This has resulted in both fiscal cost savings and continuity in service delivery without disruption. One ongoing internal process impacting personnel operations are annual performance evaluations. While some components of the process have been made digital, the NeoGov Learn, Perform, and Onboard License suite offers a cohesive software solution that provides the ability to complete employee performance reviews digitally, as well as training tracking, and on-boarding activities. The City currently uses NeoGov for recruitment of personnel, and this system has been extremely successful in extending the reach of the City's search for qualified candidates, as well as streamlining the process.

The purchase of software and technology solutions must comply with specific procurement procedures, which would ordinarily require a competitive bid process. However, the NeoGov Learn, Perform, Onboard is a unique and proprietary software of NeoGov. Therefore, staff is recommending approval of this purchase under Menifee Municipal Code section 3.12.070(A)(7) which waives competitive bidding requirements when "the commodity is unique, including, but not limited to, acquisition of data processing, telecommunications, and word processing equipment, goods, and services" and "the product or service can be obtained from only one vendor (sole source)." With respect to eligibility under the Rescue Plan funds. This particular expenditure would be classified under the Category #2 (replace public sector revenue loss), used to fund internal municipal operations.

Overall, and accounting for the use of the \$3,616,644 as part of the Fiscal Year 2021/22 budget and the recommendation for the NeoGov Learn, Perform, and Onboard solution of \$61,513.26 for a total of \$3,678,157.26, the remaining balance of the City's total American Rescue Plan allocation of \$13,213,674 will be \$9,535,517. The actual second half payment of \$6,606,837 will be received in March 2022, and is summarized in the table below:

Total Allocation	Amount (\$)	Expected Payment Date	Amount (\$) Used	Remaining Available Balance
Tranche #1	\$6,606,837.00	May 2021	(\$3,678,157.26)	\$2,928,679.74
Tranche #2	6,606,837.00	March 2022	0.00	6,606,837.00
TOTAL	\$13,213,674.00		(\$3,678,157.26)	\$9,535,516.74

Plan for Use of Remaining Funds:

Intended Use

The City has wide latitude for use of the funds, with exception of some purposes such as pension payments that are restricted or not allowable. The City may direct that the funds are used for structural or ongoing uses, such as authorizing staffing, or for one-time uses in recognition that the funding provided under the Act is one-time money, or some combination of purposes.

Structural Use

The typical recommendation for one-time money is not for structural uses. However, the most recent recession experienced included a fairly rapid return of lost revenues and there is a reasonable expectation that the post-pandemic recovery will behave similarly, particularly for revenues such as the transient occupancy tax, i.e., hotel tax.

One-time Use

At the discretion of the City Council, one-time money may be used for discrete projects rather than structural uses. Examples may include updates to facilities to prepare for post-pandemic uses. This option may also be combined with the structural use.

As additional guidance on the use of the American Rescue Plan funds is released by the federal government, and as the City assesses the overall impacts of COVID-19, staff shall return to Council with a comprehensive recommendation on the use of remaining funds.

STRATEGIC PLAN OBJECTIVE

Regular City Business

FISCAL IMPACT

The overall fiscal impact of the American Rescue Plan funding to the City of Menifee will result in an increase of \$13,213,674 in revenue once the second tranche of funding is received in the spring of 2022.

The fiscal impact of Tranche #1 is \$6,606,837 in revenue to the Fiscal Year 2020/21 budget. The fiscal impact of the proposed NeoGov Learn, Perform, and Onboard Suite will be \$61,513.26 in expenditures and will be funded from appropriated funds within Account #301-4221-52216, included in the Budget Adjustment Resolution attached. The funding will collectively be used within the eligible categories established above.

ATTACHMENTS

1. Budget Adjustment Resolution (BAR)
2. Grant Summary Report
3. NeoGov Services Agreement for Learn, Perform, and Onboard Solution