



Office of the
**INDIAN RIVER COUNTY
ADMINISTRATOR**

Jason E. Brown, County Administrator
Michael C. Zito, Assistant County Administrator

MEMORANDUM

TO: Members of the Board
of County Commissioners

FROM: Jason E. Brown
County Administrator

DATE: July 9, 2020

SUBJECT: CARES Act Proposed Spending Plan and Funding Agreement

BACKGROUND:

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act) established the \$150 billion Coronavirus Relief Fund. These funds are intended to assist governments with navigating the impact of the COVID-19 outbreak. The United States Department of the Treasury made direct payments to States and Counties with populations in excess of 500,000. The State of Florida has planned to disburse \$1,275,285,790 to Counties with populations less than 500,000 who did not receive a direct allocation.

Indian River County has been awarded an initial allocation of \$6,976,333 through the State of Florida, Division of Emergency Management (FDEM). These funds will be paid in one lump sum payment, and will be audited to ensure compliance with program eligibility. All funds must be expended by December 30th, 2020. Additionally, eligible expenditures must not have been included in the approved budget as of March 27, 2020. Examples of eligible expenses include, but are not limited to, payroll expenses for public safety employees, actions to facilitate public health measures, expenses associated with the provision of economic support in connection with the COVID-19 public health emergency, and any other expenses reasonably necessary to the function of government that satisfy the fund's eligible criteria. It is important to note that any expenses that are not in compliance with the CARES Act regulations will ultimately be the responsibility of the County. Unfortunately, the current CARES Act guidance does not provide clear direction on certain eligible expenses and leaves many issues open to interpretation. FDEM is currently working to issue further guidance on topics such as what documentation will be requested during the cost validation phase, etc. Indian River County's initial allocation of \$6,976,333 is 25% of the total award amount of \$27,905,332. At this time, FDEM has issued no guidance as to how the remaining 75%, or \$20,928,999 will be reimbursed, or when grant

agreements will be in place that award Counties their remaining allocation. We have received information that FDEM will first review and validate the expenditure of the first 25% disbursement prior to moving forward with allotting the remaining 75%, though this information has not been provided directly by the State. Staff's current proposed plan details how the initial \$7M allocation will be spent, and does not directly address the remaining \$21M. Staff feels that until further guidance is released, and a grant agreement is received, that expending these funds is not in the best financial interest of the County.

On July 7, 2020, staff presented a preliminary funding plan to the Board of County Commissioners. At that meeting, the Board provided input regarding the plan and subsequently approved a motion to approve the grant agreement and approve the spending plan while making sure that the municipalities provide their spending plans and meet the limited deadline for allocation of these dollars.

ANALYSIS:

The table below details Staff's proposed spending plan for the initial \$6,976,333 allocation.

Type of Expense	Preliminary Funding Percentage	Preliminary Funding Amount
Municipalities	27.1%	\$1,900,000
COVID-19 Response:		
Constitutional Officers	12.9%	\$900,000
BCC Expenses	20.0%	\$1,400,000
Health Department	7.1%	\$500,000
Other Healthcare Providers	2.9%	\$200,000
State Agencies	1.4%	\$100,000
Community Assistance:		
Economic Development	7.1%	\$500,000
Community Support	21.5%	\$1,500,000
Total	100%	\$7,000,000

Municipalities

The Board approved an initial allocation to municipalities as detailed in the table below (approximately 27%, or \$1,900,000) based upon the formula used by the State to allocate sales tax revenues. The County will need to enter into grant agreements with each municipality, and approve spending plans before any agreements are finalized. The Board has directed staff to ensure that the municipalities provide and implement their spending plans on an expedited basis due to short window for use of the CARES Act dollars. Staff is requesting these spending plans, and after review and approval, they will be incorporated into the subrecipient agreements prior to execution by the County. This will help to ensure the County will not be ultimately responsible for any spending outside of what is deemed eligible. Payments to the municipalities will be

made on a reimbursement basis to further ensure compliance. As with all information provided for this agenda item, the amounts below represent the allocation for the initial 25% disbursement. The remaining 75% disbursement, when received will be distributed on the same percentage basis, unless different guidance is received from the State.

Municipality	Proposed Percentage Allocation	Proposed Allocation (25% Distribution)
Fellsmere	2.9968%	\$209,067
Indian River Shores	2.2636%	\$157,916
Orchid	0.2275%	\$15,871
Sebastian	13.2494%	\$924,322
Vero Beach	8.7544%	\$610,736
Total - Municipalities	27.4917%	\$1,917,912

Constitutional Officers

Staff has coordinated with each Constitutional Officer to compile an estimated 13% or \$900,000 for COVID-19 related expenses through September 30th, 2020. This category will not require the execution of subrecipient agreements, as the Constitutional Officers are part of the County's financial operations. Any necessary allocations to Constitutional Officers will be made via budget amendments as necessary.

BCC Departments

Board of County Commissioner (BCC) expenses through September 30th are expected to total approximately \$1,400,000 or 20% of the initial allocation. These costs include payroll expenses, IT purchases necessary to facilitate remote working capabilities, PPE, disinfectant of County facilities, and COVID-19 related educational campaigns. Additional allocations will be provided via budget amendment as necessary for these expenses.

Health Department

The Health Department has incurred significant costs related to COVID-19, and is in need of additional positions and resources to combat local outbreaks. Although the Health Department may receive CARES Act funding directly from other agencies, there is significant uncertainty on when these funds will be received as well as whether the funds will be sufficient to adequately position the Health Department to respond to the current pandemic as necessary. Testers, Contact Tracers, Health Educators, IT/Purchasing support, and Information Clerks are being proposed as part of the \$500,000 or 7.1% of the initial allocation to be granted to the Health Department. Additional expenses include supplies necessary to carry out contact tracing such as computer hardware, as well as an allocation of some existing staff members reassigned to COVID-19 related activities. Additional funding needs are anticipated for the period following September 30th.

Other Healthcare Providers

Funding may be necessary for similar healthcare expenses associated with COVID-19 such as COVID-19 testing, serological testing, PPE, etc. provided by other local healthcare organizations. An allocation of \$200,000, or 2.9% has been provided for this purpose. County staff has coordinated with Cleveland Clinic to provide additional rapid testing for first responders and essential infrastructure workers with an initial allocation of \$100,000 for this purpose. An additional \$100,000 remains available for community testing as needed. Staff is continuing to coordinate with other agencies to determine the scope of the needs as well as the best manner in which to provide additional testing resources.

State Agencies

Staff anticipates some level of expenses have, or will be incurred by State Agencies (e.g. Court System) currently funded by the County and is proposing \$100,000, or 1.4% be set aside to cover those costs. Any such allocations would be accomplished via budget amendment for State Agencies.

Community Assistance

As outlined in the County's funding agreement with FDEM, expenses associated with the provision of economic support in connection with the COVID-19 public health emergency are deemed eligible. The Board approved an allocation of \$2,000,000 or approximately 28.6% of the initial allocation towards programs benefiting the local community and small businesses.

Economic Development

The Board approved an allocation of \$500,000 out of the total \$2 million from the Community Assistance Category to Economic Development. Staff proposes to allocate these funds as detailed below.

- **Small Business COVID-19 Recovery Grant** – Program administered by the Small Business Development Center (SBDC) at IRSC with oversight by County staff to provide one-time grants of up to \$5,000 to qualifying small businesses (no more than 25 full time equivalent positions) that serve the hospitality industry, tourism and travel. Businesses must be locally or independently owned, occupy commercial space in Indian River County, along with other minimum requirements. The SBDC proposes to administer this program for the County at no cost. Under this arrangement, the County would provide payments directly to businesses once they have been vetted by SBDC. Therefore, a subrecipient agreement will not be needed here, but rather an agreement covering the administrative services to be provided by SBDC. **Allocation - \$250,000**
- **COVID-19 Workforce Development Program** – Funding provided to Career Source Research Coast for three programs shown below in the total amount of **\$250,000**
 - **On the Job Training Program (\$150,000)** – provided to eligible businesses to hire and train displaced and/or dislocated workers resulting from COVID-19. Grant amounts of up to \$5,000 (3-10 current full time employees), \$7,500 (11-25 employees) and \$10,000 (26-50 employees)

- **Layoff Aversion/Rapid Response Program (\$50,000)** – grants provided to employers to retain employees by preventing or minimizing potential layoffs and business closures due to COVID-19. Grant amounts of up to \$5,000 for businesses that **retain** 3-10 full time employees, \$7,500 to **retain** 11-25 employees, and \$10,000 to **retain** 26-50 employees
- **Layoff Aversion/Incumbent Worker Training Program (\$50,000)** – Grants provided to retrain or upskill their workforce to avert layoffs and increase both affected workers' and businesses' competitiveness. Amounts up to \$5,000 that retain and retrain 3-10 full time employees, \$7,500 for 11-25 employees and \$10,000 for 26-50 employees.

Community Support

The Board has approved an allocation of \$1.5 million for general community support to help residents negatively impacted economically by COVID-19. Staff proposes to allocate these dollars as detailed below:

- **United Way (UWIRC) Funding Allocation - \$975,000 total** to be utilized primarily for:
 - Expenses to provide mental health service support for residents impacted by COVID-19, particularly telemedicine, cost of mental health visits, cost of behavioral health prescriptions, etc.
 - Expansion of broadband to assist with distance learning particularly in rural areas (e.g. Fellsmere) and technology needs for families and nonprofits for distance learning and teleworking.
 - Other needs as identified by the unmet needs committee, with approval of the County not to exceed 25% of total. Areas that have received funding from the UWIRC's COVID-19 Community Response Fund include; rental assistance, utility assistance, special supports for children, special supports for veterans, child care scholarships for those returning to work.
- **Food Support – Allocation of \$400,000 to the Treasure Coast Food Bank** to serve as the coordinating agency for food support to residents impacted by COVID-19. The Treasure Coast Food Bank will serve as the primary food bank for this program while providing resources and assistance to food pantries, food for the homeless, and other food insecure populations.
- **Senior Resource Association – Allocation of \$125,000** to provide support for food delivery service to residents, including senior citizens and other vulnerable populations through existing programs such as meals on wheels and the grocery shopping assistance program implemented for COVID-19.

Summary

The above-mentioned spending plan may need adjustments based upon actual expenses, experience and uptake of programs proposed above. Any allocation changes will be presented to the Board of County Commissioners at a future meeting.

The allocation plan above applies to the initial 25% disbursement of CARES Act funds from the State of Florida. Staff plans to update the Board on the second phase of COVID-19 related expenditures upon receipt of any further information regarding the remaining 75% allocation of \$20,928,999. At that time, additional programs or costs may be considered for funding, as appropriate.

Agency	Program	Funding Amount
Small Business Development Center at IRSC*	Small Business COVID-19 Recovery Grant	\$250,000
Career Source Research Coast**	On the Job Training Program	\$150,000
	Layoff Aversion Rapid Response Program	\$50,000
	Layoff Aversion/Incumbent Worker Training Program	\$50,000
United Way of IRC	Mental Health, Broadband and technology needs to support distance learning, other COVID-19 unmet needs (NTE 25%)	\$975,000
Treasure Coast Food Bank	Food support programs including food banks, food pantries, food for the homeless and other insecure populations	\$400,000
Senior Resource Association	Meals on Wheels, and grocery shopping assistance for seniors and vulnerable population	\$125,000

**A subrecipient agreement will not be needed here, but rather an agreement that covers the administrative services to be provided by SBDC for this program.*

***Staff recommends that flexibility be allowed to reallocate funding between the individual programs provided by Career Source to adjust to demand for various programs as needed with staff approval.*

RECOMMENDATION:

Staff recommends that the Board of County Commissioners approve the recommended program allocations as detailed above. Staff recommends that the Board approve the attached subrecipient grant agreement in form and authorize staff to prepare agreements with the agencies in the amounts shown in the table above for the initial 25% allocation and authorize the Chairman to execute such agreements after review by the County Attorney. Staff also recommends that the Board authorize the County attorney to develop an agreement with the SBDC to cover the administrative services associated with the Small Business COVID-19 Recovery Grant program and authorize the Chairman to execute the agreement. Staff further recommends that the Board authorize the Chairman to execute subrecipient agreements with each of the municipalities in the amounts listed above once the respective municipality's spending plan has been reviewed and approved by County staff for compliance with CARES Act guidance.