



*Office of the*  
**INDIAN RIVER COUNTY  
ADMINISTRATOR**

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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:** November 24, 2020

**SUBJECT:** CARES Act Phase 3 - Proposed Spending Plan Revisions

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**BACKGROUND:**

On July 7, 2020, the Board of County Commissioners approved the initial CARES Act Spending Plan for the first 25% allocation received from the State, with slight revisions approved on July 14, 2020. Subsequently, on August 18, 2020, the Board approve further revisions to the initial plan. On September 22, 2020 the Board approved allocating an additional \$4,662,600 under the Phase 2 Spending Plan. On November 17, 2020 the Board made other revisions to the plan for an additional \$1,866,518, bringing the total proposed plan to \$13,525,451. This document will provide two potential spending plans. This first will provide additional funding of \$1,656,703 (as detailed below) for a total of \$15,182,154 (Option A). The second option will provide for use of the full \$27,905,330 Indian River County has been allocated. Any expenses that exceed 45%, or \$12,557,399 will be processed on a reimbursement basis only. A temporary loan from the General Fund may be necessary to cover the shortfall until reimbursement from the CARES Act is received.

**ANALYSIS:**

The following table shows the currently approved allocation by category and potential revisions to the plan for Option A. As shown \$1,656,703 in revisions are being presented which brings the total Spending Plan to \$15,182,145. Details regarding individual changes are itemized below.

<b>Phase 3 Spending Plan – Option A</b>			
Type of Expense	Approved Allocation	Additional Need	Revised Total
Municipalities	\$1,925,996	\$0	\$1,925,996
Constitutional Officer Expenses	\$2,414,041	\$271,712	\$2,685,753
BCC Expenses	\$3,070,414	\$0	\$3,070,414
Health Department	\$400,000	\$0	\$400,000
Other Healthcare Providers	\$200,000	\$0	\$200,000
State Agencies	\$30,000	\$0	\$30,000
Economic Development	\$810,000	\$0	\$810,000
Community Support	\$4,675,000	\$358,301	\$5,033,301
School District of IRC	\$0	\$1,026,690	\$1,026,690
<b>Total</b>	<b>\$13,525,451</b>	<b>\$1,656,703</b>	<b>\$15,182,154</b>

**Constitutional Officers**

An allocation of \$1,925,996 has been approved for Constitutional Officer expenses. County staff continues to coordinate with the Constitutional Officers and is requesting an additional allocation of \$271,712. This increase is to cover the remaining 10% portion of personnel costs for Sheriff’s Office employees working in the Correctional Facility who are spending time on COVID-19 related activities.

**Community Support**

Staff has recently been contacted by the Indian River County Hospital District regarding a \$358,301 request for reimbursement of PPE, supplies, and teleworking equipment they have provided to local non-profit agencies. Up until November 16, 2020, the Hospital District was operating under the assumption that because they were not a direct recipient of CARES Act funding, they were ineligible to receive any disbursements. On November 16, 2020 that guidance changed and the Hospital District contact Indian River County requesting support. County staff recommends awarding \$358,301 to the Hospital District for reimbursement of funds distributed to local non-profits.

Type of Expense	Approved Allocation	Additional Need	Revised Total
<b>Community Support</b>	<b>\$4,675,000</b>	<b>\$358,301</b>	<b>\$5,033,301</b>

## **Municipalities**

The City of Sebastian has requested amendment to their CARES Act agreement, which simply reallocates some of their existing spending plan. There is no change to agreement amount.

## **School District Support**

School District staff has requested funding assistance from the County for some of their expenses related to COVID-19. County staff's understanding is that the District has received approximately \$3 million in assistance for COVID-19 related costs. The deadline for expenditure of these funds is 2022, and the District has asked for reimbursement of their costs to date. In contrast, the County's CARES Act dollars must be expended by December 30, 2020. If the Board approves this allocation, it would allow the School District to preserve their remaining funds for use after December 30<sup>th</sup>. The total request from the School District is for funding in the amount of \$1,026,690, which covers their identified COVID-19 costs from July through November. These expenses include custodial deep cleaning, supplies, guidance counselor/student success coaches, and PPE. Some, but not all counties in the State have provided some CARES Act assistance to School Districts. County staff recommends providing funding to the School District in the amount of \$1,026,690 for reimbursement of COVID-19 related expenses.

## **Total Allocations and Expenditures**

The changes recommended above would result in projected total expenditures of \$15,182,154 by December 30<sup>th</sup>. This would leave \$12,723,176 of the total allocation (\$27,905,330) unexpended by the deadline. Concern has been expressed by some that the County's spending plan would return funds to the Federal government while people in need are not able to receive assistance. It is important to clarify that the County has planned to increase allocations for many of our community support programs if requests exceed the initial allocation. For instance, the spending plan currently includes \$2 million for rental and mortgage assistance for residents impacted by COVID-19. This is in addition to \$873,220 that the County has received from the State specifically set aside for rental and mortgage assistance. In total, the County has allocated nearly \$2.9 million in funding for rental and mortgage assistance, but as of the date of this memo we have received applications for less than \$1 million in assistance. The County remains ready to increase this allocation if the \$2.9 million in funding is exceeded, but that has not happened yet. We are also moving to increase our promotion of this program to the public through additional media outlets such as radio ads which should help raise awareness among our residents.

If the Board is concerned about not utilizing the County's entire allocation, another option is available. This relates to the manner in which we have classified public safety payroll expenses. The County has been charging salary and benefit costs for our first responders such as police and firefighters/firemedics in a conservative manner based upon documented time and conservative estimates of staff time spent dealing with COVID-19. According to guidance from the U.S. Treasury, local governments are able to charge 100% of these workers' time to CARES Act funds. This guidance is further detailed below.

The Treasury has released guidance regarding charging public health and public safety employees' salaries and benefits to the CARES Act stating that,

*“In recognition of the particular importance of public health and public safety workers to State, local, and tribal government responses to the public health emergency Treasury has provided, as an administrative accommodation, that a State, local, or tribal government may presume that public health and public safety employees meet the substantially dedicated test, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise. This means that, if this presumption applies, work performed by such employees is considered to be a substantially different use than accounted for in the most recently approved budget as of March 27, 2020. All costs of such employees may be covered using payments from the Fund for services provided during the period that begins on March 1, 2020 and ends on December 30, 2020.” (emphasis added)*

This statement indicates that local governments have the ability to receive 100% reimbursement for all public health and public safety salary and benefit costs from March 1, 2020 – December 30, 2020, unless the chief executive determines specific circumstances indicate otherwise. Staff is presenting the option to charge the remaining CARES Act funding to this category for a total of \$12,723,176. This practice will allow the County to receive reimbursement of the full \$27,905,330 allocation.

Staff does have some concerns about utilizing this option. While the guidance from Treasury appears pretty clear, it should be noted that guidance from the State and Federal government regarding CARES Act dollars has changed from time to time over the course of the last several months. Once reimbursement is received, the County could choose to continue to fund programs for Indian River County residents as well as COVID-19 response for the County as needed. This change would result in a revised spending plan Option B as presented below:

<b>Phase 3 Spending Plan – Option B</b>			
Type of Expense	Approved Allocation	Additional Need	Revised Total
Municipalities	\$1,925,996	\$0	\$1,925,996
Constitutional Officer Expenses	\$2,414,041	\$271,712	\$2,685,753
BCC Expenses	\$3,070,414	\$0	\$3,070,414
Health Department	\$400,000	\$0	\$400,000
Other Healthcare Providers	\$200,000	\$0	\$200,000
State Agencies	\$30,000	\$0	\$30,000
Economic Development	\$810,000	\$0	\$810,000
Community Support	\$4,675,000	\$358,301	\$5,033,301
School District of IRC	\$0	\$1,026,690	\$1,026,690

Public Health & Public Safety Payroll	\$0	\$12,723,176	\$12,723,176
<b>Total</b>	<b>\$13,525,451</b>	<b>\$14,379,879</b>	<b>\$27,905,330</b>

**RECOMMENDATION:**

Staff recommends that the Board approve the requested funding revisions from the School District (\$1,026,690), the Hospital District (\$358,301), and the Constitutional Officers (\$271,712), and authorize the Chairman to execute subrecipient agreements with the Hospital District, the City of Sebastian, and the School District (following review by the County Attorney) for this funding.

Staff further recommends that the Board make a determination of whether to approve Option A or Option B for the County's final Phase 3 Spending Plan. Option A includes revised funding of \$15,182,154, which will leave \$12,723,176 unallocated for return to the Federal government. Option B will provide an additional allocation of \$12,723,176 for public health and public safety payroll, which will utilize the full \$27,905,330 allocation received by the County.