



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: June 29, 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 and could 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. 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.

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

In the absence of direct guidance on the matter, staff is proposing to allocate 27% or approximately \$1,900,000 to the Municipalities based on their currently allocated share of Optional Sales Tax and Half-Cent Sales Tax. The County will need to enter into grant agreements with each municipality, and approve spending plans before any agreements are finalized. Approving each municipality's spending plan in advance helps 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. Please see the table below for a detail of the allocation for each municipality. 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 Allocation Percentage	Proposed Allocation Amount (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. The majority of these costs are for Personal Protective Equipment (PPE), disinfectant, IT purchases necessary to facilitate remote working capabilities, payroll expenses, and enhanced security at County facilities. For purposes of this analysis, any expenditures after September 30th will be allocated towards the remaining 75% allocation.

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.

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, Contract 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 contract 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.

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.

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. Staff proposes to allocate \$2,000,000 or approximately 28.6% of the initial allocation towards programs benefiting the local community and small businesses. Expenses may include PPE kits for local businesses, micro-grants for COVID-19 related expenditures, or

business stimulus grants. Details regarding grant program requirements and administration of said programs are currently being evaluated.

Economic Development

Staff proposes to allocate \$500,000 out of the total \$2 million from the Community Assistance Category to Economic Development. This allocation could provide funding for workforce training and development. Career Source Research Coast has provided a preliminary slate of programs as detailed further below:

- Program that would provide residents with retaining and retooling skills for residents in the hardest hit industries (hospitality, food and beverage, etc.) for local in-demand industries.
- Grants to assist for profit businesses to retrain or upskill existing employees to meet new market demands and retain workers.
- Grants to fund paid work-based learning programs for displaced and or dislocated workers.

Staff is also researching small business assistance grants that would provide assistance to businesses to cover expenses that were not adequately addressed by the Paycheck Protection Program (PPP) provided by the Federal Government. Several programs have been implemented in other counties, such as startup assistance, funding for PPE or direct provision of PPE kits to qualified small businesses. Staff has provided an attachment showing some micro business grants that have been implemented by other counties with CARES Act funds.

Community Support

Staff is also recommending a \$1.5 million allocation for general community support to help residents negatively impacted economically by COVID-19. These funds could be allocated to various programs as detailed further below:

- Food and feeding assistance programs such as food banks, soup kitchens, etc.
- Expenses to provide mental health service support for residents impacted by COVID-19.
- 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 (please see attachment from the United Way of IRC).
- Provision of 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 (please see attachment from Senior Resource Association).
- Other assistance programs for utility costs, prescription medicine costs, rental /housing assistance, homeless services, etc.

Please note that these various programs are being presented for consideration and general direction from the Board of County Commissioners as what staff believes to be the most effective allocation of funds to benefit the residents and taxpayers of Indian River County in the ongoing efforts to endure and recover from the impacts of COVID-19.

The above-mentioned spending plan is based on estimates and is subject to change. As the County navigates the current rise in positive COVID-19 cases, additional expenses that were not originally included in the above analysis may become necessary.

The allocation plan above applies to the initial 25% disbursement of CARES Act funds from the State of Florida. Due to the uncertainties and lack of definitive information on the remaining 75%, 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.

RECOMMENDATION:

Staff recommends that the Board of County Commissioners review the proposed funding plan and provide any direction to staff regarding potential adjustments to the plan. Staff recommends that the Board approve the proposed funding plan for the initial 25% disbursement of CARES Act funds as presented or with recommended modifications and authorize the Chairman to execute the agreement and all other documents necessary to effectuate the agreement and authorize the County administrator to sign any additional modifications.