



STAFF REPORT

To: Summit County Council
From: Janna Young, Deputy County Manager
Date of Meeting: July 29, 2020
Type of Item: CARES Act expenditure proposal for August and October allocations
Process: Work Session

Requested Council Action

Provide direction on federal CARES Act expenditures for the August and October allocations Summit County will receive from the State of Utah.

Background

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief and Economic Security (CARES) Act, which Congress developed in an effort to support state and local governments in their response to the COVID-19 pandemic.

This legislation provided \$1.25 billion in federal money to the State of Utah. Based on the distribution formula in the CARES Act, \$934.8 million was paid directly to the state government; \$203.6 million was paid directly to Salt Lake County; and \$111.6 million was paid directly to Utah County (Note: Salt Lake County and Utah County have a population of greater than 500,000, which per the CARES Act statute, triggers a direct appropriation).

The State is distributing a portion of its \$934.8 million payment to Utah counties and municipalities outside of Salt Lake County and Utah County that did not receive a direct allocation.

NOTE: The CARES Act also allocated funding to the "CDBG, COVID-19 Emergency Small Business Grant Program," which is administered through the Utah State Small Cities Community Development Block Grant (CDBG) Program.

Jeff Jones, the County's Economic Development Director, is managing this program in Summit County with Mountainlands Association of Governments (MAG). A second round of funding is out for application currently.

This program is separate from the CARES Act allocation the County is receiving directly from the state.

Distribution Formula

Distribution of all the monies is based on population. The population-based funding allocation formula mirrors the federal government's distribution method to Salt Lake and Utah counties. These two counties received the full value of \$175 per resident. The same value of \$175 a resident was applied to the remaining 27 counties.

For residents living in a city or town, half of the \$175 allocation (\$87.50) goes to the city or town and the remaining half (\$87.50) goes to the county government. For residents living in unincorporated portions of a county, the full \$175 goes to the county.

For example, a resident living in Park City counts for \$87.50 for Park City Municipal Corporation, and \$87.50 for Summit County. A resident living in unincorporated Summit County counts for \$175 for Summit County.

Based on this formula, Summit County is anticipated to receive a maximum grant award of \$5,938,786, divided equally in three different allocations paid in June, August and October, respectively. These monies are to cover expenses dated back to March 1st and any ongoing expenses covered under the CARES Act and Treasury guidance.

The County's June payment (first tranche) was received on June 10, 2020 and was \$1,979,595.

At the June 17 Council meeting, we presented a proposed plan for spending the June allocation with a broad outline of where to direct the future allocations. Today, we are offering more specific proposals for each the August and October allocations, as well as updating the Council on the status of spending activities for the June allocation.

Eligible Expenditures

The CARES Act provides that payments may only be used to cover costs that:

1. Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)
2. Were not accounted for in the local government's most recently approved budget as of March 27, 2020 (the date of enactment of the CARES Act)
3. Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

After presenting the proposal for the June allocation to Council on June 17th, the US Treasury Department issued additional guidance regarding eligible expenditures with CARES dollars, which Staff factored into the proposed spending plan for the August and October allocations. Some of those opportunities include:

1. Extremely broad allowance for payroll costs for public health and public safety employees who have spent time on mitigating or responding to the COVID-19 public health emergency. As a matter of administrative convenience, we may presume that payroll costs for these employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
2. Employment and training programs for employees that have been furloughed due to the public health emergency as long as the government determines that the costs of this training are necessary due to the public health emergency.
3. Financial assistance to individuals and families directly impacted by a loss of income due to the COVID-19 public health emergency. Such assistance could include, for example, a program to assist individuals with payment of overdue rent or mortgage payments to avoid eviction or foreclosure or unforeseen financial costs for funerals and other emergency individual needs.

In order to allocate financial assistance to individuals or businesses, we must conduct an assessment of "need" based on the COVID-19 public health emergency. We can use CARES Act monies to pay a non-profit or other entity to administer the grant program. Fund payments may be used for economic support in the absence of a stay-at-home order if such expenditures are determined by the government to be necessary. This may include, for example, a grant program to benefit small businesses that close voluntarily to promote social distancing measures or that are affected by decreased customer demand as a result of the COVID-19 public health emergency.

4. Expenses associated with conducting a recovery planning project or operating a recovery coordination office are eligible, if the expenses otherwise meet the criteria set forth in section 601(d) of the Social Security Act outlined in the Guidance.
5. Payments to facilitate livestock depopulation incurred by producers due to supply chain disruptions are eligible expenses if these efforts are deemed necessary for public health reasons or as a form of the economic support as a result of the COVID-19 health emergency.

6. Costs to address increases in solid waste as a result of the public health emergency, such as relates to the disposal of used personal protective equipment, would be an eligible expenditure.
7. Funds may be used to remarket convention facilities and tourism industry (i.e. expenses incurred to publicize the resumption of activities and steps taken to ensure a safe experience due to the public health emergency). However, expenses related to developing a long-term plan to reposition a recipient's convention and tourism industry and infrastructure are not eligible.

Restrictions we need to keep in mind:

1. To the extent there are different agencies who receive CARES Act funding and both are providing assistance to local businesses, be careful not to double dip. A business can receive funding from multiple sources, but not for the same purpose. Coordination amongst the local jurisdictions is critical.
2. If a local business has received either PPP or EIBL loans, they cannot also receive a CARES Act funded grant from the County. This goes back to the double-dipping statement. However, to the extent that there is an unmet need, the statute is indifferent. Yet, we have to be careful not to use two federal sources to pay for the same expense more than once.
3. Fund payments may not be used for government revenue replacement, including the provision of assistance to meet tax obligations or utility fees.
4. A government should not make prepayments on contracts using payments from the Fund to the extent that doing so would not be consistent with its ordinary course policies and procedures.

Recommendation

Below is the expenditure proposal staff recommends the Council consider for Summit County's August and October allocations of CARES Act grant money:

Allocation	Expenditure/Item	Amount
August Tranche	County payroll for employees working on the COVID-19 emergency response Note: The Health Department grant ends in July. It has covered over \$800,000 worth of payroll expenditures accrued on the COVID-19 emergency response effort since March. We anticipate similar expenses over the next four months (Aug-Nov) and are splitting those costs between the August and October CARES Act allocations.	\$500,000
	IT improvements to facilitate telework & emergency response Equipment for employees; network enhancements; cameras; software; WiFi (courthouse & external buildings)	\$300,000
	PPE for County needs Includes special districts	\$100,000
	Livestock Sale Booster Fund We anticipate a smaller livestock sale at the County Fair this year due to the COVID-19 emergency. As such, we suggest providing funds to the Booster Fund to make up the difference between the market value of the animal and the amount for which it sells at auction.	\$100,000
	Emergency Manager for Recovery Planning Cover unbudgeted hours for EM to dedicate to recovery planning	\$100,000
	Temporary staff: facilities cleaning/sanitizing; grants manager; Nursing Director	\$200,000
	Assistance to individuals/families Seek assistance from a local nonprofit to help determine need and provide grants to individuals or families to cover overdue rent/mortgage payments to avoid eviction or foreclosure.	\$679,595
TOTAL:		\$1,979,595
October Tranche	County payroll for employees working on emergency response	\$500,000
	Remarketing tourism Coordinate with Park City Chamber, Visitors Bureau	\$109,595
	Solid waste disposal of PPE	\$100,000
	Storage for mass vaccinations equipment	\$100,000
	PPE and sanitizing materials for businesses	\$60,000
	PPE and sanitizing materials for vulnerable populations	\$60,000
	Additional grants to local businesses	\$400,000
	County purchases related to COVID-19 response	\$200,000
	Second half of PPE and equipment for mass vaccinations and drive-thru clinics	\$400,000
Communications related to COVID-19 health orders Time dependent. Efforts could include continuing to push face coverings or if the County moves to more restrictions based on public health data; vaccine prep; or focus on holiday safety and the winter tourist season	\$50,000	
TOTAL:		\$1,979,595

The below chart outlines the expenditure plan for the June CARES Act allocation and provides the status of those expenditure activities. NOTE: we had to amend the proposal for June due to the Health Department grant covering all payroll and purchases related to the COVID-19 emergency response, which had originally been assigned to the County's CARES Act allocation:

Allocation	Item/Expenditure	Amount
June Tranche	Expanded testing in the County (PCR & Antibody) Status: Working with BD Biotech (full FDA approval and on state contract) on rapid antigen testing. We are purchasing 10 machines to read these tests. Should hear soon when we will get the machines and first batch of tests to run. Also working on a testing matrix for how to get the tests out to vulnerable populations, schools, and first responders. The plan is to start with 150 tests per machine (1,000-1,500 total) in the first order. These tests will cover us over the next 6 months.	\$268,500
	First half of PPE and equipment (signage, barricades, facilities) expenditures for mass vaccinations and drive-thru clinics Status: Purchased around \$180,000 worth of PPE from the state on July 1, 2020. That shipment has arrived. We are currently working on refining estimates for what is needed based on different scenarios in terms of federal and state support.	\$300,000
	Contact tracing Status: Advertised recruitment for several contract positions to perform contact tracing for the County at \$25/hour. Received over 200 applications. Currently sorting through those applications and choosing candidates.	\$260,000
	Quarantine facility (for individuals who can't self-isolate) Status: Under contract with a facility. The County will only be charged if we use rooms to quarantine individuals. Putting a hold on this money for that contingency. If not used by November 1 st , will use the money on more rapid tests.	\$40,000
	IT upgrades to improve telework capabilities for public employees (cellular gateway, fiber at Fairgrounds, hardware) Status: Fiber has been laid and tested at the Fairgrounds to facilitate a virtual livestock sale this August (~\$6,000). Currently trying to get bids for the cellular gateway. Also, surveying County departments for hardware needs for employee telework.	\$200,000
	PPE for County functions and first responders Status: A portion of the need was included in the \$180,000 purchase made through the state mentioned above.	\$60,000
	Communications related to COVID-19 health orders Status: Currently recruiting for 2-3 contract positions (rate of \$25-30/hour) focused on COVID-19-related public relations, videography, graphic/web design and Latinx outreach. Also	\$100,000

	working with Riester marketing and advertising company on a proposal for a \$70,000 campaign.	
	EOC equipment for two centers (2 conference phones, 10 laptops, 6 desk phones, service for the phones, high-quality printers, scanners, zoom licenses, misc. cords) Status: County IT has located the equipment and is working on getting a Purchase Order to procure everything.	\$40,000
	Facilities improvements (touchless appliances in bathrooms; UV light sanitization; modifications to workspaces to facilitate social distancing; Ledges) Status: These items were recently put into the expenditure plan after we discovered the Health Dept grant could cover payroll and purchases. As such, we have just begun finding these materials and getting bids, if needed.	\$251,095
	Grant program to small businesses, nonprofits and agricultural businesses Status: Designing a program that provides grants to four categories of businesses: Small Business Relief Grant (\$200,000); Business Owner Assistance Grant (\$100,000); Farm/Agriculture Relief Grant (\$50,000); and Non-Profit Relief Grant (\$50,000). The complicating factor is the Treasury rule around "double dipping," which makes ineligible all businesses that have already received some form of federal assistance. We are currently navigating the best way around that in order to serve everyone we can under the rules that is realistic within our staffing capacity and resource constraints. We have also met with MAG who has agreed to manage the application process. Currently designing the timeline and application questions.	\$400,000
	PPE and sanitizing materials for local businesses Status: A portion of this need was included in the \$180,000 purchase made through the state mentioned above.	\$60,000
TOTAL:		\$1,979,595

Timeline

Summit County has until November 30, 2020 to expend the CARES Act monies provided by the state. Any funds not expended on eligible expenditures on or before November 30, 2020, must be returned to the state. This timeline is to ensure the state has time to reallocate and expend the funds before they expire on December 30, 2020.

We do have the option of petitioning the state to retain allocated but unspent funds after November 30th.

Reporting Requirements

The CARES Act funds the state is allocating to us are subject to the single audit and internal controls state statutes, meaning most likely counties use of the grants will be audited by the state. As such, it becomes extremely

important that we track and document all expenditures, ensuring no duplication is occurring and every dollar is spent on eligible items and activities.

If the state audit findings determine that any funds were expended in violation of CARES Act requirements, the county will be required to repay those funds to the state. If the state is forced to repay the funds because a recipient is unwilling or unable to repay the funds, the amount paid by the state will become a past due obligation of the county or city to the state and may be collected as such.

The County is required to retain documentation related to any uses of the funds, including but not limited to invoices, sales receipts, and payroll expenditures. Any subgrants made by the County shall similarly require, as a term of the grant, that the subgrantee retain documentation and shall produce such documentation to the County and the state upon request. We are also required to report expenditures in our data upload to the Transparent Utah site, which the County's Finance Department already does on a quarterly basis.

Conclusion

Summit County anticipates receiving close to \$6 million in federal CARES Act funding to be spent on eligible costs related to the COVID-19 emergency. We have already received close to \$2 million and are expecting the remaining amounts to be paid to us in August and October, respectively.

We have made good progress on spending the first \$2 million and are positioned to spend the other allocations as outlined in the expenditure plan in this staff report to meet the November 30th deadline.

Staff is requesting support or alternative direction from the Council in terms of what is proposed in this staff report with the goal of both relieving the County's budget of costs incurred as a result of responding to or mitigating the COVID-19 public health emergency, and providing relief to the community, particularly businesses and individuals/families whose revenues and incomes have been negatively impacted due to the COVID-19 public health emergency.