

Commissioner Questions About CARES Act for May 27th, 2020 BOCC Budget Worksession

1) CARES Act Clarity - What are rules/guidelines? (Emergency Services/Legal/Finance/EMS/Public Health/DSS)

It is the Budget Office understanding that there are currently three sources of funding currently available to Durham County

a) CARES-Direct: Funding directly to departments such as EMS and Public Health coming from HHS

(1) These departments may have signed MOUs or Attestations

(a) Specific EMS guidance for the use of these direct funds include:

(i) The Recipient certifies that the Payment will only be used to prevent, prepare for, and respond to coronavirus, and shall reimburse the Recipient only for health care related expenses or lost revenues that are attributable to coronavirus.

(ii) The following items are prohibited uses for HHS Cares Act funding:

1. Executive Pay
2. Gun Control Advocacy
3. Lobbying
4. Use of Funds for Abortions
5. Embryo Research
6. Promotion of Legalization of Controlled Substances
7. Pornography
8. Funding ACORN or any Affiliates or Subsidiaries
9. Limits Funding Needle Exchanges
10. Animal research

b) CARES-General: The \$5.4 million currently being discussed by the BOCC

(1) Guidance to use CRF funds before FEMA Stafford Act Public Assistance Category B – Emergency Protective Measures reimbursement funds has been constant through the NC Emergency Management grants office, the NC Pandemic Recovery Office (NCPRO), the UNC School of Government.

(2) The North Carolina Association of County Commissioner website points to the NC PRO office for COVID-19 CARES & CRF guidance.

c) Stafford Act Public Assistance (PA) FEMA reimbursement

(1) FEMA (Federal Government) traditional reimbursement of 75% of County expenses during a declared disaster

(a) State of NC traditionally reimburses counties for remaining 25%

(2) To be used after all CARES funding due to the 25% required Federal match by the State of North Carolina.

It is VERY important that the County understand the rules/application/guidelines of each of these funding sources and use them appropriately to maximize overall possible reimbursement

2) Very clear guidance requested on spending directions/choices for "CARES-General" (Emergency Services/Legal/Finance/EMS/Public Health/DSS)

a) How can we spend

(1) Medical expenses (public clinics, COVID-19 testing, telemedicine, temp medical facilities)

- (2) Public Health expenses (purchase of PPE, medical supplies, disinfection of public areas, expenses for public safety measures including expenses for quarantining)
- (3) Payroll expenses (public safety or healthcare employees whose services are substantially dedicated to responding to the COVID-19 emergency)
- (4) Expenses of actions that facilitate compliance (teleworking, distance learning, food delivery, paid sick and family leave for public employees, maintaining prisons, protecting the homeless population)
- (5) Expenses associated with the provision of economic support in connection with COVID-19
- (6) Other expenses incurred to address the COVID-19 emergency

b) When can we spend "CARES-General"

- (1) Immediately upon receiving the CRF funds for expenditures from March 1, 2020 through December 2020

3) How much have we expended? (Finance/ES/Departments)

i) Do we need to cover already committed expenses?

- (1) Finance is going to need to be prepared, along with related departments, to answer this
- (2) What have we already spent on COVID related issues?

General Services – At the current date we have spent a total of \$501,758 to meet the requirements of social distancing and sanitation. This total is only for operating funds that are used for contracted services or materials. A rough estimate of additional personnel cost (10 percent COVID-19 pay) is \$58,144 for the approximate three months related to COVID-19.

Total Marriott RTP Cost Estimate - \$1,800,000
(possible part of DCo CARES Act funding plan)

Cost Category	Amt.	Multiples	Sub-Total
Monthly min. payment	\$303,750	3	\$911,250
Month 1 extra	\$133,546	1	\$133,546
Month 2 extra	\$220,000 (est.)	1	\$220,000
Month 3 extra	\$245,000 (est.)	1	\$245,000
One-time cleaning fee	\$64,500	1	\$64,500
10 day cleaning period fee	\$101,250	1	\$101,250
Damage allowance	\$25,000	1	\$25,000
UMD extra funds	\$100,000	1	\$100,000
		TOTAL	\$1,800,546

\$152,000 for Food Insecurity related to COVID (recent budget amendment)

\$21,525 for Covering for High Risk Durham County Residents provided by the Cover Durham Project

(3) What are estimated costs for March 2020 through December 2020 in relation to CARES-General funding (\$5.4 million)

General Services – Estimated cost through December of 2020 (these numbers are estimates based on what has been spent to-date):

- March 2020-December 2020 operating total ~ \$1,866,304
- March 2020-December 2020 personnel total ~ \$193,812
- **March 2020-December 2020 total cost ~ \$2,060,115**

4) What are other counties doing? (Budget Staff)

1. Resources (Wake and Guilford Presentations)
2. **Check with Buncombe, New Hanover, Union**

Questions for New Hanover County

1. Do they have an overall plan for how to use or apply FEMA funding, Direct to Department CARES Funding, and General CARES Funding (to the County)?

Yes, once NHC knew they were receiving CARES Act funding. The County Manager formed a commission that included Finance, Budget, Intergovernmental Relations, Strategic Initiatives, County Attorney, Public Health, and Emergency Management staff to determine how the CARES Act funding should be allocated. NHC is not applying for FEMA money as they do not have a need for it.

2. How are they interpreting which to spend first?

NHC is spending General CARES funding first and will not be applying for other revenue types.

3. If they are spending "General" CARES funding first, what are they spending it on?

NHC is spending the funding on eligible reimbursement costs (county wide and municipalities), continuing COVID and antibody tests, purchasing new PPE equipment, purchasing new teleworking equipment to make testing more streamlined, and creating a small business grant program (more details below)

4. How much "General CARES funding did they receive (Durham received \$5.4M)

New Hanover County received \$4,064,953 in aid.

5. Are they giving any to municipalities?

Yes, NHC will providing reimbursement costs on eligible expenses to City of Wilmington, Town of Carolina Beach, Town of Wrightsville Beach, Town of Kure Beach

6. Are they planning to spend all "General" CARES funding on County department related costs?

No, they will be spending 2,764,953 on County or municipalities expenses

7. Are they planning to spend some or all of "General" CARES funding on indirect COVID support such as food insecurity, housing, homeless, small business support, etc.?

NHC will spend 1.3 million on a Small Business Grant program. NHC will present a detailed plan on June 1st, but the grant program can go to small business in NHC who have 25 employees or less and the owners of the small business must live in NHC as well.

8. Have they already developed "June 1" plans that they could send to us?

Yes, they have developed June 1st plans. These plans were presented and approved by their commissioners. More detailed plans, specifically on how the funds will translate to municipalities and the small business grant program will be presented to the commissioners on June 1st.

9. If they have a larger group of people developing a recovery plan, how is that being conceived and or applied?

When NHC received their funding, the County Manager created a commission of relevant staff members and appointed CFO Lisa Wurtzbacher to head the commission. The commission includes Finance, Budget, Intergovernmental relations, Strategic Initiatives, County Attorney, Public Health, and Emergency Management staff to determine how the CARES Act funding should be allocated.

CFO Lisa Wurtzbacher is tasked with presenting the CARES plan to the commissioners.

10. Is any one person or group within the County tasked with overseeing FEMA, CARES, and local funding related to COVID?

There is a commission that is tasked with overseeing funding related to COVID including Finance, Budget, Intergovernmental relations, Strategic Initiatives, County Attorney, Public Health, and Emergency Management staff to determine how the CARES Act funding should be allocated.

The commission is headed by NHC CFO Lisa Wurtzbacher

Questions for Buncombe County

1. Do they have an overall plan for how to use or apply FEMA funding, Direct to Department CARES Funding, and General CARES Funding (to the County)?

Yes. In general, we hope to maximize CARES funding where possible, given that we know our COVID-related expenses far exceed our CARES funding amount.

2. How are they interpreting which to spend first?

This is dependent upon the timing and eligibility of other funding sources. We did a budget amendment for \$500k prior to the eligibility date for CARES money. This \$500k has to be accounted for in a different funding source than CARES for potential reimbursement. We received funds through our Emergency Services department from US DHHS that can cover some of this \$500k. The remainder of the first \$500k will likely be FEMA funding and then we will look to maximize about \$3 million of our CARES funding we intend to allocate for the county.

3. If they are spending "General" CARES funding first, what are they spending it on?

We are trying to focus on supplies and equipment first and are scrutinizing eligible salary due to stringent requirements.

4. How much "General CARES funding did they receive (Durham received \$5.4M)

Approximately \$4.5 million

5. Are they giving any to municipalities?

Yes. We are splitting the CARES funding with municipalities and fire districts using the ad valorem distribution method.

6. Are they planning to spend all "General" CARES funding on County department related costs?

If there are sufficient eligible expenditures, yes. We expect this to be the case.

7. Are they planning to spend some or all of "General" CARES funding on indirect COVID support such as food insecurity, housing, homeless, small business support, etc.?

We have identified some spending in these areas that we plan to report as eligible expenses. However, it will not be all of the CARES funding.

8. Have they already developed "June 1" plans that they could send to us?

These are in development. We are also requiring these from all municipalities and fire districts (around 25 other entities)

9. If they have a larger group of people developing a recovery plan, how is that being conceived and or applied?

We have a group of county staff (Finance, Strategic Partnerships, Budget, and County Manager's office) that are coordinating the plan for CARES funding and coordination with municipalities for spending plans. We also have an intergovernmental task force through our EOC focused on reopening plans.

10. Is any one person or group within the County tasked with overseeing FEMA, CARES, and local funding related to COVID?

Given the number of entities involved with CARES funding, we expect to use CARES funding to hire a grant coordinator for approximately 6 months.

Questions for Union County

Union County Budget Director Blake Hart responded to initial email and was directed toward Amanda Austin, an accountant in the County's finance department. Due to their time request, a call is scheduled for Wednesday, May 27 to discuss their "broad version" of CARES funding.

Questions for TJCOG

Lee Worsley from TJCOG said they are not currently doing any benchmarking or consulting around what North Carolina counties are doing with CARES Act funding. He said he would be happy to see what TJCOG can get from the six counties in the region if we have specific questions of interest. However, there is unfortunately no way to get this information by our quick deadline.

Questions for NCACC

- No information about the CARES Acts or benchmarking. NCACC has general information about COVID-19 responses and its fiscal impact on the Counties. <http://www.ncacc.org/covid19>
- Contacted Scott Kauffman, Controller for more information but have not gotten a response yet.
- Additional links to the CARES Act: <http://www.ncacc.org/DocumentCenter/View/5052/NCACC-NCLM-NCMMC-Joint-Statement-5-14-20?bidId=>

5. Will we be eligible for the Golden Leaf assistance program? (Economic Development/Andy Miracle)

i) What is Golden Leaf assistance program for?

- (1) Applicants must be a North Carolina small business affected by COVID-19 (all 100 NC counties are eligible).
- (2) Applicants must have at least one (1) employee, who could be the self-employed owner.
- (3) Start-up businesses that began operations before March 23, 2020 are eligible.

<https://ncrapidrecovery.org/>

6. Need County Staff input about what we will need to spend through December 30, 2020 Emergency Services/Legal/Finance/EMS/Public Health/DSS/Sheriff/General Services/etc.)

General Services – Estimated cost through December of 2020 (these numbers are estimates based on what has been spent to-date):

- March 2020-December 2020 operating total ~ \$1,866,304
- March 2020-December 2020 personnel total ~ \$193,812
- March 2020-December 2020 total cost ~ \$2,060,115

7. BOCC input on use of available funds (Management)

- i) After current identified COVID expenditures have been subtracted?
- ii) Can funds be spent on small business support (support needs to be defined)
- iii) What does DPS need
- iv) **It will be extremely important to define which funding source; FEMA, CARES-Direct, CARES-General is used for what existing costs in order to begin applying ANY funds to areas other than direct County cost reimbursement**

From May 19th BOCC Budget Worksession

Comm. Jacobs

- Digital access for disadvantaged
- Jobs training for those out of work
- Support for small businesses
- Food Security
- Continued safe housing for homeless
- PPEs for those in need
 - Vulnerable population
 - Small Businesses

Comm. Carter

- Homeless support
 - Isolation space
- Devices for children (digital access)
 - DPS proposal
- Full time food security coordinator

Comm. Howerton

- Wants to see what's "leftover" after staff list of needs and already sunk costs

Comm. Reckhow

- House bill 10-43(?)
 - What is this bill?
- ED support
- Funding for food security
- Category for Housing opportunities

Comm. Hill

- Small business is key
- Public Safety PPE support

8. Recovery and Renewal Task Force – (Jodi Miller)

As of the May 22, 2020 meeting, the Recovery and Renewal Task Force has not made specific requests or recommendations regarding the expenditure of the County's CARES allocation.

9. Opportunities for additional funding for counties (Deborah Craig-Ray, Legislative Liaison)

- i) Follow up with association, delegation, bills being introduced?

During the current GA session, there have been several bills introduced that would allocate some portion of the state's remaining ~\$2 billion in CRF funds.

(<https://www.ncleg.gov/Search/BillText/0/0/2019/?sSearchText=%22coronavirus%20relief%20fund%22&sSortBy=0>)

As of this writing, none has moved and there isn't discussion yet that they will. The overarching question is whether the federal government will amend the CARES Act to allow CRF monies to go toward revenue replacement. The state is also waiting for that decision, which will impact how and whether the state decides to allocate the remaining \$2 billion.

10. Insight into Federal Funding process and why did 3 counties disproportionate amount of Federal Funding; equitable funding issues (Deborah Craig-Ray, Legislative Liaison)

Also, there are several proposals in Congress that would both (1) provide additional direct state and local government funding and (2) allow flexibility for lost revenue use.

I am sharing a chart created by Jim McClesky, who works on the Governor's DC offices which provides an explanation of what bills are floating around Congress.

We expect there may be some movement on some combination of these proposals in the coming weeks-some have significant funding and some just offer flexibility in the use of existing funds.

We will continue to monitor progress of any bills that will either provide additional funding and/or flexibility to help revenue shortfalls.

I have not yet received any further insight as of the writing about the proportionality of the funding for the state funding.

Overview of Congressional State Fiscal Assistance Proposalsⁱ May 18, 2020

Proposal	Who's proposing?	New Funding	Qualifying Recipients	Funding Formula	Allowed Use of Funds	Other
S. 3752: <i>State Municipal Assistance for Recovery and Transition (SMART) Fund</i>	Senator Bob Menendez (D-N.J.) and Senator Bill Cassidy M.D. (R-LA) Co-sponsors: Senator Joe Manchin (D-W. VA) Senator Cindy Hyde-Smith (R-Miss) Senator Cory Booker (D-NJ) Senator Susan Collins (R-ME)	\$500 billion	<ul style="list-style-type: none"> U.S. States D.C. U.S. Territories Select large U.S. cities 	<p>Dollars will be divided into 3 tranches w approx 2/3 for states and 1/3 for locals</p> <p><u>Tranche #1: Population</u> Funds allocated to states and DC in proportion to their share of the U.S. population, with a state minimum. 1/6 of each state's allocation will be reserved for counties and municipalities.</p> <p><u>Tranche #2: Infection Rate</u> Funds allocated based on each state's relative share of the nation's infection rate. 1/6 of each state's allocation will be reserved for counties and municipalities.</p> <p><u>Tranche #3: Revenue Loss</u> Funds allocated based on each state's revenue loss in proportion to the combined revenue</p>	States and local governments will be afforded full flexibility in utilizing these funds, including, but not limited to, making up for lost revenue caused by economic shutdowns. This legislation also eliminates the current 500,000 population threshold, meaning any state, county, and municipality is eligible for federal assistance.	<p>This proposal would remove restrictions on the CARES Act funds, allowing states flexibility to spend that money as needed.</p> <p>This legislation will also include two policy riders: Maintenance of Effort language and pensions.</p>

				loss of all the states from Jan. 1, 2020 to Dec. 31, 2020. 1/6 of each state's allocation will be reserved for counties and municipalities.		
<u>H.R. 6592:</u> <i>Coronavirus Assistance for States Act</i>	Representative Ed Perlmutter (CO-7) and Representative Joe Morelle (NY-25)	\$500 billion	<ul style="list-style-type: none"> • State Governments • Tribal Governments 	Funding allocated by the proportion of the state or tribal population compared to the total population of the United States, and is expected to equal \$1,000 per person for each tribal or state government.	<ul style="list-style-type: none"> • Fund public health needs related to COVID-19 • Replace lost revenue • Contribute to economic recovery of the state or tribe 	This proposal would remove restrictions on the CARES Act funds, allowing states flexibility to spend that money as needed.
<u>H.R. 6800:</u> <i>The Heroes Act</i>	House Democrats	\$950 billion	<ul style="list-style-type: none"> • State Governments • County and Municipal Governments • Tribal Governments • Territories 	<p>States: \$250 billion awarded within 30 days of enactment to states and DC:</p> <ul style="list-style-type: none"> • \$51b divided equally • \$49b divided based on share of COVID cases • \$150b divided by population <p>Additional \$250 billion awarded by May 3, 2021 to states and DC:</p> <ul style="list-style-type: none"> • \$51b divided equally • \$199b divided by level of unemployment <p>Local gov'ts: \$375b total, with \$250b within 30 days of enactment to cities and counties</p>	<ul style="list-style-type: none"> • COVID-19 related expenses • Replace lost revenue • Respond to economic impacts of COVID <p>Funds are available until expended</p>	This proposal would remove restrictions on the CARES Act funds, allowing states flexibility to spend that money as needed.

				divided by population and \$125b one year later Territories: \$20b within 30 days of enactment Tribes: \$20b within 30 days of enactment		
<u>H.R. 6705:</u> <i>Coronavirus State and Local Financial Assistance Act</i>	Representative Cindy Axne (IA-03) And Representative Pete King (NY-02)	\$250 billion	<ul style="list-style-type: none"> State Governments Local Governments 	Each state would appoint an administrator to monthly estimate revenue lost (as compared to revenue estimates on or before Feb. 15, 2020) by the state, counties, and municipalities. From March 1, 2020-Dec. 31, 2020, the administrator would monthly report that estimate to the Treasury Secretary, who would then reimburse that amount to the state. The state would be responsible for dispersing a share of those funds to qualified county and municipal governments.	Unclear at this time	
<u>S. 3608:</u> <i>Coronavirus Relief Fund Flexibility for State and Local Government Act</i>	Senator John Kennedy (R-LA) Senator Martha McSally (R-AZ)	No new funding	<ul style="list-style-type: none"> State Governments Local Governments 	N/A	This legislation would allow states to use the CARES act funding for operating expenses not related to COVID-19. However, it specifically forbids states from putting those funds towards state pension funds.	
<u>S. 3638:</u> <i>Coronavirus Relief Fund</i>	Senator Dan Sullivan (R-AK), Senator Lisa	No new funding	<ul style="list-style-type: none"> State Governments Local 	N/A	This legislation would allow states to use the CARES	

<i>Flexibility Act</i>	Murkowski (R-AK), Senator Sheldon Whitehouse (D-RI), Senator Shelly Capito (R-WV), Senator Kevin Cramer (R-ND), and Senator Angus King (I-ME)		<ul style="list-style-type: none"> Governments Tribal Governments 		act funding to replace revenue shortfalls resulting from COVID-19.	
<u>S. 3671:</u> <i>State and Local Emergency Stabilization Fund Act</i>	Senator Jack Reed (D-RI)	\$600 billion	<ul style="list-style-type: none"> State Governments Local Governments Tribal Governments 	<ul style="list-style-type: none"> \$59 billion divided between states, DC, and Puerto Rico based on population and infection rate \$10 billion to tribal governments \$3 billion to U.S. territories \$205 billion reserved for localities based on FY 19 Community Development Block Grant 	States and local governments will be afforded full flexibility in utilizing these funds, including, but not limited to, making up for lost revenue caused by economic shutdowns. Would also explicitly allow governments to use funds for costs associated with preparing for the pandemic.	This proposal would remove restrictions on the CARES Act funds, allowing states flexibility to spend that money as needed. It would also prohibit governments from using the funds to reduce fees or taxes.

¹ Legislation proposing funding solely for county and municipal governments, including S. 3632 proposed by Sen. Gillibrand and an upcoming proposal from Rep. Lowey, are not included in this document.