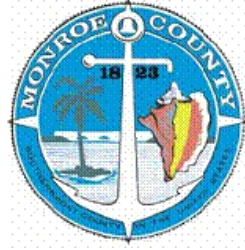


# **MONROE COUNTY CARES**

## **Monroe County CARES Act Program**



## **MONROE COUNTY BOARD OF COUNTY COMMISSIONERS**

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**OFFICE OF THE COUNTY ADMINISTRATOR**

**SEPTEMBER 2020**

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## INTRODUCTION

The Monroe County CARES Act Program is a grant program funded by an allocation to Monroe County from the federal Coronavirus Aid, Relief, and Economic Security Act (“CARES ACT”), through the State of Florida Division of Emergency Management, to be used in assisting local governments in the recovery process from the COVID-19 pandemic. Monroe County created the Monroe County CARES Act Program to distribute the County’s initial award of CARES Act funds.

## BACKGROUND

The pandemic necessitated Statewide and countywide measures to safeguard the public health to slow and stop the spread of the COVID-19. The County responded quickly to the unfolding health crisis by standing up our Emergency Operation Center, performing public health and safety measures, ensuring food and services to our vulnerable populations, securing PPE and other necessary equipment and shifting the County’s workforce to telework. The municipalities and Constitutional Officers also took pro-active and protective steps, including implementing the critically important checkpoint to discourage visitors driving in from neighboring “hotspots” and mitigate the spread of the virus in Monroe. All local government entities coordinated with ongoing emergency actions by the State, issuing guidance, complying with and enforcing the State’s and County’s emergency directives.

The State of Florida and Monroe County issued safer-at-home directives leading to the closure of all non-essential businesses, causing the loss of jobs in those businesses, acutely impacting the tourism industry, the Florida Keys’ single most important industry.

The closures struck an immediate and significant blow to our entire economy, shuttering hotels, restaurants, bars, and recreational and cultural enterprises for 10 weeks between March 23 and June 1. Monroe’s domestic and international tourism stopped. Cruise ships halted operations and inbound passenger airline flights were virtually empty.

After re-opening on June 1, businesses are active and tourists are returning but economy recovery is hampered by persistent and climbing infection rates.

Monroe County’s economy is tourism-based with approximately 35% of our jobs are in the tourism industry (*State of Florida Office of Economic and Demographic Research, May 2020*). The vast majority of our 14,000 tourism jobs are specifically in hotels, restaurants and bars. In terms of tourism employment as a percentage of total employment, Monroe County is number one in the State (*Economic Impact of Tourism in the Florida Keys, TDC 2018*).

Thousands of workers were suddenly without jobs. Monroe’s unemployment rate, which was the lowest in the State in February at 2.8% shot to 8.4% in March. By April, it had climbed to 17.5%, and to 17.7% in May. These are among the very highest rates in the State, and surpass the statewide unemployment rates.

Local government sales tax revenue receipts plummeted. Through the months of April, May and June, the County experienced a sudden and profound revenue loss even as we continued to provide core services.

Recognizing the economic disruption of social distancing directives to communities across the nation, Congress passed the CARES Act on March 27, 2020, providing over \$150 billion in direct federal assistance to states and eligible local governments due to the COVID-19 pandemic.

In June 2020 Governor DeSantis announced that the \$1.275 billion of the \$3.747 billion reserved for direct assistance to eligible Florida local governments would be distributed to Florida counties having a population less than 500,000 (“Small County”) through an agreement with the State Division of Emergency Management (DEM). Small County allocations are based on a methodology similar to that used for counties with a population greater than 500,000, who received their funds direct from the US Treasury.

Each County accepting CARES Act funds must develop a plan for how they will use their CARES Act funding. The plan must take into account local government, municipalities and constitutional officers.

All programs and costs identified in a plan must strictly adhere to the CARES Act criteria and the US Treasury's most recent guidance on *allowable activities and costs*, which includes but may not be limited to the following:

- Medical expenses related to COVID-19, e.g., testing, emergency medical response expenses, public telemedicine capabilities.
- Public health expenses related, e.g., communication and enforcement, purchase and distribution of PPE, disinfection of public areas or facilities, public safety measures, quarantining individuals.
- Payroll expenses not budgeted and for certain individuals whose services are substantially dedicated to mitigating or responding to COVID-19
- Expenses of actions to facilitate compliance with COVID-19 related public health measures, e.g., food delivery to certain populations, improvement of telework capabilities for public employees, paid sick, medical and family leave under specific circumstances.
- Expenses associated with the provision of economic support in connection with COVID-19, e.g., grants to small businesses, payroll support, unemployment costs if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.

Specific *unallowable costs* include, but may not be limited to:

- Replacement of lost revenues.
- Non COVID-19 related expenditures.
- Cost not accounted for in the budget prior to March 27, 2020.
- Cost incurred and paid between March 1, 2020 and December 30, 2020.
- State Medicaid cost share.
- Damages or costs paid or reimbursed from other sources.
- Payroll for employees whose services/duties are not substantially dedicated to COVID-19.
- Reimbursement of donated services or supplies.
- Workforce bonuses.
- Severance payments.
- Legal settlements.

CARES Act funded programs and costs must also *adhere to the following criteria*:

- A necessary expenditure incurred due to the public health emergency with respect to the COVID-19.
- Costs were not accounted for in the County's budget prior to March 27, 2020 (the date of enactment of the CARES Act).
- Costs were incurred and paid during the period that begins on March 1, 2020 and ending December 30, 2020.
- Expenses not **paid** as of December 30 2020, will not be eligible for reimbursement and any unspent CARES Act funds will revert back to the State.
- Timely reporting to DEM on progress and expenditures.
- Adherence to 2 CFR 200 in regards to all grant administration, procurement, contracting, audits, etc.

The US Treasury advised that local governments receiving CARES Act funds will be audited, and that costs deemed unallowable will be subject to recoupment by the US Treasury.

Counties were further advised that their state revenue sharing payments would be reduced by the amount of any costs deemed unallowable by the federal or state auditing entity.

## MONROE COUNTY'S ALLOCATION AMOUNT

Monroe County's CARES Act total allocation from the State is projected to be \$13,003,340.

- The initial 25% is an advance payment of \$3,250,835.
- The remaining 75%, \$9,752,505 will be available on a cost reimbursement basis.

The State of Florida will oversee these CARES Act funds allocated to Monroe County and has implemented the following requirements:

- The State released an advanced payment ("Phase 1") of 25%, or \$3,250,835, to Monroe County, upon execution of a sub-recipient funding agreement in late June 2020.
- All further funds ("Phase 2") are reimbursement-based, as needed. The State will issue further guidance on the release of the balance of funds.
- The County will use the fund disbursement on eligible expenditures as defined by the CARES Act, and related guidance from the U.S. Department of the Treasury.
- The County agrees to repay the State of Florida any portion of the disbursed funds that is unused, or is not utilized in accordance with the CARES act stipulations.
- The County agrees to submit quarterly reports to FDEM detailing the expenditure of disbursed funds as well as projections of eligible expenditures.
- All counties should provide funds to municipalities located within their jurisdiction on a reimbursement basis for expenditures eligible under the CARES Act and related guidance.
- All funds must be fully expended (ie, invoiced and paid) by December 30, 2020, and any unspent funds as of December 30, 2020 shall revert to the State.

It is important to note that the FDEM's current CARES Act funding agreement with the County is specifically only for \$3.25 million. The agreement makes no reference to the County's full allocation amount. Thus, the allocation plan accounts only for the receipt of \$3,250,835

Per the terms and conditions of the executed agreement with the State, any further allocation will be a cost reimbursement-based process. A cost reimbursement-based process will require that Monroe County expend its own funds first, and then request and wait for reimbursement of the expenditures made. This requirement will be a significant challenge given the County's COVID-19-related cash flow and budget constraints.

## ELIGIBLE USES OF FUNDS

The funds must be used in accordance with the requirements of the CARES Act, guidance from the United States Treasury, and the terms and conditions of the subrecipient agreement with the State of Florida Division of Emergency Management.

Since passage of the CARES Act, the Treasury Department, the federal agency charged with oversight of the CARES Act, has released guidance documents in the form of Guidance and Frequently Asked Questions to expound upon and clarify allowable expenses. Per Treasury Guidance, expenditures must be used for actions taken to respond to the public health emergency and these include:

- **Expenditures incurred to allow the State or local government to respond directly to the emergency**, such as by addressing medical or public health needs, protective supplies, public safety measures, payroll expenses for public safety, public health, health care, human services for services to mitigate or respond to the COVID-19 crisis, expenses related to telework for public employees, etc.

- **Expenditures incurred to respond to second-order effects of the emergency, such as by providing economic support** to those suffering from employment or business interruptions due to COVID-19-related business closures.

Treasury guidance further makes clear that CARES Act funds to State and Local Governments may not be used to fill shortfalls in government revenue. Although a broad range of uses is allowed, revenue replacement is not a permissible use of CARES Act payments.

## **MONROE COUNTY’S ALLOCATION PLAN FOR THE AMOUNT OF THE ADVANCE**

As previously noted, the State has advanced Monroe County 25% of its total allocation, or \$3.25M. These funds have been deposited in our account and we may expend them as soon as we determine an allocation plan.

The Board’s CRF funding allocations for the initial 25% advance amount are necessary, appropriate and allowable, are outlined below:

**1) ECONOMIC RELIEF TO RESIDENTS AND BUSINESSES** throughout Monroe County, inclusive of the municipalities, suffering from COVID-19-related employment or business interruptions, specifically:

- **Residential Rent, Mortgage and Utility Relief: \$200,000**

Up to \$200,000 for residents throughout Monroe County who have been economically impacted by COVID-19, for example by being laid off, furloughed, having their jobs eliminated, hours/wages reduced, etc. impacted by COVID-19 related job loss or reduced hours.

- **Small Business Assistance Grant Program: \$1,000,000**

Up to \$1,000,000 for small businesses throughout Monroe County experiencing economic hardship as result of the closures and social distancing guidelines related to the COVID-19 pandemic. This assistance is intended to offset the significant, temporary loss of revenue to these qualified businesses during this pandemic.

**2) PUBLIC HEALTH AND SAFETY COSTS INCURRED BY LOCAL GOVERNMENTAL ENTITIES** for COVID-19 related response, mitigation and recovery efforts, and CARES Act program implementation and compliance costs.

- **Constitutional Officers: \$1,300,000**

Sheriff, Clerk of the Court, Tax Collector, Supervisor of Elections

- **Monroe County and Municipalities: \$680,000**

Monroe County BOCC, City of Key West, City of Marathon, Village of Islamorada, City of Key Colony Beach and City of Layton.

These funding allocations are described in further detail on the following pages.

## **PUBLIC SAFETY/PUBLIC HEALTH EXPENSES BY GENERAL GOVERNMENT**

### **PHASE 1 ALLOCATION: \$1,980,000**

#### **PURPOSE**

Cover allowable expenses incurred by local government entities: Constitutional Officers, County, Municipalities, for the response, mitigation and recovery related to the COVID-19 pandemic, including CARES Act program implementation and compliance costs.

- Constitutional Officers: \$ 1,300,000
- County and Municipalities: \$ 680,000

#### **EXAMPLES OF ALLOWABLE EXPENSES**

- Public health and public safety measures related to COVID-19, including communication and enforcement, purchase and distribution of PPE, disinfection of public areas and facilities, public safety measures, quarantining individuals.
- Expenses of actions to facilitate compliance with COVID-19 for public health measures, including food delivery to certain populations, improvement of telework capabilities for public employees, paid sick, medical and family leave under specific circumstances.
- Medical expenses related to COVID-19, including testing, emergency medical response expenses, public telemedicine capabilities
- Payroll expenses not budgeted and for individuals whose services substantially dedicated to mitigating or responding to COVID-19.

#### **EXAMPLES OF UNALLOWABLE EXPENSES**

- Lost revenues
- Non COVID-19 related expenses
- Costs accounted for in the budget prior to March 27, 2020
- State Medicaid cost share
- Expenses reimbursed under any other federal program
- Damages covered by insurance
- Legal settlements

Only those costs specified in the CARES Act and further clarified by the US Treasury Guidance and Frequently Asked Questions are allowable.

All funds must be fully expended (ie, invoiced and paid) by December 30, 2020, and any unspent funds as of December 30, 2020 shall revert to the State.

#### **IMPLEMENTATION**

- Monroe County OMB will administer.
- Work with Constitutionals and Municipalities to assess COVID-19 related expenses incurred by local government entities to be reimbursed from the CARES Act funds, determine future needs.
- Prepare and execute necessary certification forms and agreements to allocate CARES Act funds.
- Prepare audit-ready tally of expenses and submit Requests for Reimbursements (“RFR”s) to FDEM per requirements of funding agreement between Monroe County and FDEM.

## **SMALL BUSINESS EMERGENCY ASSISTANCE PROGRAM**

### **PHASE 1 ALLOCATION: \$1,000,000**

#### **PURPOSE**

Provide economic support and relief to businesses of Monroe County (inclusive of municipalities) that are experiencing economic hardship as result of the closures and social distancing guildCOVID-19 pandemic. This assistance is intended to offset the significant, temporary loss of revenue to these qualified businesses during this pandemic, by covering expenses such as employee wages, vendor bills and rent/mortgage payments.

#### **BUSINESS RELIEF**

The Monroe County CARES Business Assistance Program consists of a one-time, fixed-amount grant to qualifying Monroe County-based for-profit small businesses with up to 25 employees to aid in their recovery from the COVID-19 pandemic and related business interruptions, closures, suspensions, reduced customer demand or increased expenditures.

Monroe County has allocated up to \$1 million for eligible small businesses to each receive a one-time grant:

- Sole Proprietors: \$2,500
- Businesses with 2-10 Employees: \$5,000
- Businesses with 11-25 Employees: \$7,500

#### **ELIGIBILITY REQUIREMENTS**

- For-profit business that is physically located in Monroe County.
- Must certify a COVID-19 related business interruption.
- 1-25 full-time employees.
- Active state business registration and licensed to operate in Monroe County, or the Municipality located in.
- Can demonstrate ongoing business operations as of February 29, 2020 and commitment to resume normal operations.
- Self-employed, independent contractors, 1099s, sole proprietorships, C-Corps, S-Corps, LLC's are eligible.
- Home-based businesses are eligible if they are registered as businesses and are legally allowed to operate that business from the home.
- Publicly traded businesses not eligible.
- Not delinquent on local, state or federal taxes and is not operating in violation of any local, state, or federal laws.
- Must provide completed application and required documentation.

#### **MINIMUM REQUIRED DOCUMENTS**

- Florida Division of Corp Business Registration number (sunbiz.org)
- Monroe County or Municipal business tax receipt number
- Current W-9 Form
- Proof of Employee County (W-3 Summary, IRS Form 1096, or IRS Form 941 or sole proprietor statement)
- Negative Impact Demonstration
- Tax return documentation

#### **IMPLEMENTATION**

- Monroe County will make applications and Program Guidance Document/FAQ available online, and accept completed application packets directly online or by email.
- Monroe County OMB will administer.
- Application packets will be reviewed for eligibility and completion by County and then forwarded to Clerk's office for additional review and disbursement.
- Funding will be provided on a first come, first served basis.



## RESIDENT EMERGENCY RENT/MORTGAGE/UTILITY ASSISTANCE PROGRAM

### PHASE 1 ALLOCATION: \$200,000

#### PURPOSE

Provide economic support and relief residents of Monroe County, inclusive of the municipalities, experiencing economic hardship from the loss of income, reduction in hours, or unemployment as a result of the COVID-19 pandemic.

#### INDIVIDUAL RELIEF

Financial assistance will be provided for overdue payments rent, mortgage, and/or utilities (electric, water, gas) for those who are residents of Monroe County and were actively employed prior to March 27, 2020. Payments will be made direct the property owner (lessor), mortgage companies, and/or utility providers. Assistance may only be provided for past due rent/mortgage payment and/or utilities due March 1, 2020 to December 31, 2020. The amount of assistance will be determined by need. Assistance will be provided until funding runs out, in the order of completed applications received.

- This allocation will be supplemented by an additional funding allocation from the Florida Housing Finance Corporation, which awarded Monroe County **\$638,000** in its first funding round, for rent/mortgage/utility assistance to residents negatively impacted by COVID-19.

#### MINIMUM ELIGIBILITY REQUIREMENTS

Applicant must:

- Reside in Monroe County, Florida
- Pay rent or mortgage (and are homesteaded) in Monroe County, Florida
- Have experienced job loss or reduction in hours/wages due to COVID-19
- Have a lease or mortgage and other utilities in their or a household member's name
- Be U.S. Citizen or permanent legal resident
- Must not have received any other financial assistance for rent for the timeframe payment is requested

#### MINIMUM REQUIRED DOCUMENTS

Applicant must provide:

- Completed application
- Photo I.D. for applicant (U.S. Government issued driver's license, passport, etc.)
- Social Security Card for applicant, or a document from a government entity or verifiable institution that includes full social security number
- Proof of past due rent, mortgage or utility payments
- Certification of loss of income due to COVID-19

#### IMPLEMENTATION

- Monroe County Department of Social Services will administer program.
- Application packets will be collected, reviewed for completion, and forwarded to Clerk for review, approval and payments.
- Payments will be made directly to the property owner (lessor), bank/mortgage company, and/or utility.
- Funding assistance will be provided on a first eligible-first served basis.