



## Board Summary Report

**Date:** May 14, 2020

**To:** Board of County Commissioners

**From:** County Attorney Ron Carl, Deputy County Attorney John Christofferson, Director of Communication & Administrative Services Michelle Halstead, and Director of Finance Todd Weaver

**Subject:** Approval of CARES Intergovernmental Agreements

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### Request and Recommendation

Staff is seeking approval of a resolution authorizing the Chair to sign intergovernmental agreements for allocation of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding with the 13 municipalities identified in the BSR, subject to approval as to the form of the agreements by the County Attorney's Office.

### Background

The \$2.2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 provided \$150 billion for state and local government relief, \$454 billion for federal lending, \$367 billion for small business loans, \$100 billion for hospital grants, individual stimulus payments (\$1,200 per adult/\$500 per child) and increased unemployment benefits - \$600 additional per week, with an increased benefit period to 13 weeks.

The State & Local Coronavirus Relief Fund provides payments to states, eligible units of local governments (population greater than 500,000), tribal governments, the District of Columbia and U.S. Territories. Each state received a minimum of \$1.25 billion; Colorado's portion of the funds was \$2.23 billion, with the state retaining 55% of the funds and eligible, certified local governments receiving 45%, with distribution as follows:

- Adams County, \$90,285,974.40
- **Arapahoe County, \$114,569,891.70**
- Denver, \$126,892,711.70
- El Paso County, \$125,704,768.20
- Jefferson County, \$101,708,239.70
- State of Colorado, \$1,673,849,578.50

## **Funding Requirements**

The CARES Act requires that the payments from the Coronavirus Relief Fund only be used to cover expenses 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 budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
- (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

The U.S. Treasury noted that expenses must necessary due to the public health emergency (both direct response and second-order effects), may not be used to offset lost tax revenue, and provided the return of unspent funds as of Dec. 30, 2020 to the Treasury. Eligible expenses include:

- Medical Expenses for Public Response to COVID-19 (Hospitals, Temporary Medical Facilities)
- Public Health Expenses (Communication of Public Health Orders, PPE for health and safety workers, disinfection of public facilities, other public safety related to COVID-19)
- Payroll Expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency
- Expenses of actions to facilitate compliance with COVID-19-related public health measures (food delivery, teleworking costs, paid FMLA and sick time, sanitization and improvements for social distancing in jail, mitigation of COVID-19 in homeless populations)
- Economic Support (expenditures related to grants to small businesses)

Ineligible expenses include:

- Damages covered by insurance
- Payroll expenses for those not dedicated to COVID-19 response
- Expenses that are being reimbursed by any other Federal program
- Reimbursement to donors for donated items or services
- Workforce bonuses other than hazard pay or overtime
- Severance pay
- Legal settlements

While the U.S. Treasury has issued limited guidance regarding reimbursable expenses, it made clear the initial recipient of funds (Arapahoe County) will be responsible for the fiduciary requirements of implementation. The guidance also clarified that county's may transfer funds to a city, town, or school district within the county – although not required – provided that the

transfer qualifies as a necessary expenditure incurred due to the public health emergency and is consistent with the other criteria of section 601(d) of the Social Security Act outlined in the Guidance.

## **Discussion**

The Board of County Commissioners adopted the following objectives to coordinate Arapahoe County's response and recovery efforts, including how to use CARES funding:

- Support the **economic recovery** of our residents and businesses across the county.
- Protect the **health and well-being** of county and municipal employees.
- Increase access to effective and efficient anti-body **testing methods**.
- Support the **most vulnerable residents** across the county.
- **Educate** regarding personal responsibility, situational awareness, and preventive actions including continued social distancing, avoidance of large gatherings, and supports for high risk populations to remain in safe environments.
- Establish **data-driven decision-making model** to assess public health, hospital surge and capacity, and economic success.
- **Fund direct COVID-19 costs** in a manner that minimizes county liability, recognizing multiple grant streams and funding opportunities.

While there is no requirement for Arapahoe County to share any funding – monies were designated for the County to cover its direct expenses – the Board recognized our 13 city and towns also will have increased expenditures due to COVID-19 and committed to share some funding. The Board of County Commissioners also determined any funding distribution would be on a cost-reimbursement model, recognizing the fiduciary expectations from the federal government.

At the direction of the Board of County Commissioners, staff has met with city and town managers to discuss how Arapahoe County's CARES funding could be distributed to maximize the benefit for constituents.

Staff proposed five different allocation models for municipal consideration and input. Cities wanted to leave the door open to future discussions around regional program collaboration, but their preferred approach is to localize programs and services. A majority of cities recommended a 45-55% funding split, with the cities receiving 45% of the funds (based on population, with the county receiving 55% of funds. Greenwood Village instead proposed a municipal maximum, which would have reduced the county's allocation in favor of maximizing funding amounts for municipalities.

Staff is recommending a 45-55% funding allocation split for a variety of reasons:

- Consistent methodology with how CARES Act allocated between state and local funding.
- Consistent methodology with adjacent counties (Adams, El Paso, Jefferson).

- Acknowledges broad countywide needs and responsibilities, while recognizing per capita municipal funding and local needs.

Under this methodology, the allocation is as follows, using population data from the 2018 State Demography Office - County and Municipal Timeseries:

Total Allocation \$114,569,892

Arapahoe County Allocation (55%) \$63,013,441

<b>Municipality</b>	<b>Population</b>	<b>Population %</b>	<b>Allocation</b>
Aurora (part)	324,427	58.4%	\$30,125,545
Bennett (part)	385	0.1%	\$35,750
Bow Mar (part)	665	0.1%	\$61,750
Centennial	110,833	20.0%	\$10,291,697
Cherry Hills Village	6,643	1.2%	\$616,854
Columbine Valley	1,480	0.3%	\$137,429
Deer Trail	730	0.1%	\$67,786
Englewood	34,612	6.2%	\$3,213,991
Foxfield	777	0.1%	\$72,150
Glendale	5,020	0.9%	\$466,146
Greenwood Village	16,147	2.9%	\$1,499,373
Littleton (part)	45,222	8.1%	\$4,199,211
Sheridan	8,279	1.5%	\$768,769
Unincorporated Area	96,125	0%	\$0
	<b>555,220</b>	<b>100.0%</b>	<b>\$51,556,451</b>

The Board concurred with this approach, with a request to establish a set-aside for additional, qualified needs for communities beyond their allocation, focusing on smaller communities, commuter and vulnerable populations.

### **Intergovernmental Agreement**

The intergovernmental agreement outlines the requirements for each of the 13 local governments to access their allocation of funds through a cost-reimbursement model. All of the County's response and recovery efforts will be branded as Arapahoe County CARES, providing a consistent approach to document/highlight how funding is being spent across the county, including local efforts funded by these dollars.

**Alternatives**

- The Board could choose not to adopt the intergovernmental agreement and retain all the funds for county use.
- The Board could choose to modify the intergovernmental agreement

**Fiscal Impact**

The county intends to use its allocation to fund countywide programs that support individuals and businesses impacted by COVID-19; increase testing, contact tracing and other public health needs; future pandemic preparations, county operations and employees, and additional local government needs.