

LANCASTER COUNTY COVID-19 RELIEF FUND

Background

Since the emergence of the COVID-19 coronavirus in December of 2019 in China, the world has been in the grip of a pandemic. Countries around the world, including the United States, individual states, including Pennsylvania, counties and municipalities, including Lancaster County, have declared states of emergency due to the public health crisis.

March 6, 2020 - Governor Wolf issued a [Declaration of Disaster Emergency](#)

March 13, 2020 - President Trump issued a [Proclamation of Disaster Emergency](#)

March 17, 2020 - Lancaster County Commissioners approved a [Declaration of Disaster Emergency](#), and since that time, the County has taken the following actions in response to the declared emergency:

- Implemented its Continuity of Operations Plans, upgraded our IT capabilities to increase remote access and developed modified personnel policies to maintain essential public services
- Lancaster Emergency Management Agency leads efforts to deploy some PPE, provide situation reports, be point of contact with state agencies, hospital systems, etc.
- Established a webpage and dashboard on County website to provide the public with access to accurate and up-to-date information and guidance
- Hold weekly conference call meetings with County EMA leadership and community leaders within the health systems, federal and state legislature, emergency services, long-term care facilities, and the Pennsylvania Department of Health (DOH)
- Hold regular press conferences including several community leaders to provide updates
- Engaged a Public Health Emergency Advisor to provide technical, administrative and logistical advice and assistance during the current COVID-19 public health emergency

In order to protect and save lives, business shutdowns, stay-at-home orders, social distancing and virus spread mitigation measures have been enacted. To assist with the economic fallout from these measures to protect public health, state and federal governments have provided financial assistance.

In March, Congress and the President worked on several bills that are now known as the Coronavirus Aid, Relief and Economic Security ([CARES](#)) Act. Following is a timeline of the CARES Act and actions taken by Lancaster County:

3/27/2020 – CARES Act signed into law by President Trump

4/15/2020 – County submits certification to receive direct allocation of Title V Funds (due 4/17)

4/22/2020 – U.S. Treasury issues initial guidance on use of funds

- County receives direct deposit of funds

4/24/2020 – County internal working group begins to discuss fund accounting and deployment

4/28/2020 – National Association of Counties hosts a webinar / Q&A with Treasury Department

5/04/2020 – U.S. Treasury issues more guidance through FAQs

5/06/2020 – Board of Commissioners reviews draft proposal for deployment of funds

Lancaster County is fortunate to have received funds through the CARES Act, including being only one of seven counties in Pennsylvania to have received a direct allocation of \$95,224,630 in CARES Act Funds through Title V, and other funds as listed later in this document.

Title V of the CARES Act provides that payments from the Fund may only be used to cover costs that (directly quoted from the Act):

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.

In addition, according to guidance, which is still evolving, from the U.S. Treasury Department, any Title V CARES Act funds which are not expended and still remain on 12/30/2020, and/or expenses deemed by Treasury to not be in compliance with the Act, must be returned to Treasury. It was also made clear that these funds “may not be used to fill shortfalls in government revenue” and must be used for “expenditures that are for actions taken to respond to the COVID-19 public health emergency.”

Treasury guidance provides examples of eligible and ineligible expenses; however, and importantly, they acknowledge flexibility. “The statute (CARES Act) also specifies that expenditures using Fund payments must be ‘necessary.’ The Department of the Treasury understands this term broadly to mean that the expenditure is reasonably necessary for its intended use in the reasonable judgement of the government officials responsible for spending the Fund payments.”

Compliance with the statute and provided guidance will be through audits by the Treasury Inspector General, therefore accounting for, and having proper documentation of expenses and rationale for said expenses, will be important.

Given the urgent needs created, and yet still evolving, by the COVID-19 crisis, the aforementioned priorities and guidance provided by Treasury, the County must have a plan to deploy the funds in an effective, efficient and transparent manner, and in compliance with the authorizing legislation and regulations. This document is meant to provide that plan, realizing that it will require flexibility and updating as further guidance is provided, to respond to needs as crisis continues to evolve, and/or if more funding is provided.

The COVID-19 Relief Fund Framework

This Plan was developed using the guidance received from U.S. Treasury, through situational awareness, lessons learned and feedback given from the deployment of federal and state funding, and input from internal County and various community leaders.

The Board of Commissioners has three overarching priorities during the COVID-19 pandemic crisis: protecting the health, welfare and safety of County citizens; maintaining County services in a safe and secure manner; and, the reopening and support of the local economy so that individuals, families and businesses can once again thrive. CARES Act funds wholly support the priorities identified. These priorities are more fully described, with examples based on Treasury guidance provided to date.

Protecting the health, welfare and safety of the county

The goal is to provide funds that will enhance virus spread mitigation efforts and provide assistance to at-risk and vulnerable populations.

Examples

- Costs related to cleaning / sanitizing private and public group living facilities necessitated by coronavirus disease (above routine cleaning), purchase of PPE, providing training on mitigation efforts for high risk / vulnerable populations
- Expenses by emergency responders to assist with specific pandemic related service costs that have not been or will not be reimbursed through other sources (such as federal and/or state emergency assistance)
- Costs associated with testing and contact tracing
- Development of communications efforts to the community and businesses for social distancing and spread mitigation efforts
- Funds for community services (housing, food, etc.) provided by public and non-profit agencies to assist pandemic vulnerable populations to augment existing funding, or provide funding for, expenses for which no other funding sources exist.

Maintaining public service continuity of operations and effective emergency response

The goal is to ensure that essential public services by the County, municipalities and school districts can be maintained in a safe manner and providing for an effective emergency response.

Examples:

- Costs related to cleaning and/or sanitizing public facilities and properties necessitated by coronavirus disease (above routine cleaning)
- Purchase of PPE and equipment for social distancing / spread mitigation measures
- Payments for the Public Health Emergency Advisor
- Costs associated with improving telework / remote work capabilities
- Costs for equipment and/or services to improve safety for employees and the public in physical county locations (buildings, prison, parks, etc.)
- Communication efforts to the public related to the public health emergency
- Costs associated with departments providing specific services necessitated by coronavirus disease to pandemic vulnerable populations
- Salary and benefits of existing employees who are reassigned from normal duties or new employees hired to perform COVID-19 related duties, public health and safety personnel, and hazard pay.
- Reimbursement of expenditures made by municipalities and school districts in Lancaster County for responding to COVID-19 that have not been or will not be reimbursed through other sources (such as federal and/or state emergency assistance) – [Note: At the time of adoption of this plan, Congress is deliberating on a “CARES Act 4,” which may specifically include funds for this and loss of revenue.]

Reopening and support of the local economy so that individuals, families and businesses can once again thrive

The goal is to provide “economic support to those suffering from business interruptions due to COVID-19-related business closures” in order to reopen or maintain operations during the crisis.

- Training and technical assistance on social distancing and spread mitigation efforts to private and non-profit businesses
- Purchase of PPE and equipment and physical retrofits to increase for social distancing and spread mitigation measures
- Providing grants or forgivable loans to public, private, and non-profit businesses suffering from closure and commerce interruptions, which may cover such things as rent, debt and/or utility payments, and working capital (including reasonable administrative costs to those administering an application/recommendation program)

Allocation of Funds

It is clear from what we see in our community and across the nation, that a local robust response to mitigate the public health and economic effects of the crisis are necessary. To provide a concept of the potential outlay of funds for each category, the following allocation plan is an initial “budget.” This is based on rough estimates from various internal county and external organizational contact and not meant to be strict or “hard and fast.”

Allocation by Category for Title V Funds

Protecting the health, welfare and safety of the county	\$35,000,000
Maintaining public service COOP / emergency response	\$ 7,224,630
Reopening and support of the local economy	<u>\$53,000,000</u>
TOTAL	\$95,224,630

It should be noted that other *substantial* state and federal government funding and resources have been, and are continuing to be deployed to address the first category. To be most effective in meeting the needs of the County during the timeframe it has the ability to utilize the funds (12/30/20), the funds should be deployed in 3 “tranches.”

Why 3 tranches? The reason is based on experience, uncertainty in regard to the evolving situation, and a desire to be flexible and prudent. Consider the following:

1. Recent experience has taught us that when Congress rapidly launched the Paycheck Protection Program (PPP) to assist small businesses with the dire economic effects of closure, while it certainly helped many struggling businesses, unintended consequences can occur (discussed further later). Providing funds at different times, ensures that we have the ability to assess the effectiveness of any programs and expenditures, and to make adjustments as needed.
2. We are in uncharted territory. As we move through the crisis, the situation on the ground, guidance from high level governments, and priorities will undoubtedly change. Providing funds at different times will allow for needed flexibility.
3. The timing and amounts of the tranches are an effort not only to be flexible, but to be prudent given what we know at this time regarding the economy and COVID-19. Tranches 1 and 2 are planned to happen during the spring and summer, while tranche 3 will be held for the fall to respond to a possible resurgence of the virus (a reserve). It is recommended that a reserve of at least 5% be set aside (\$4,750,000).

When reviewing proposals and/or contracting with entities, the County should seek to allocate funds in a phased approach, as appropriate and applicable. For example, if a business grant fund is established, there would be 2 or 3 separate application and award periods. Also, from past experience with other state and federal fund outlays, a “first come, first served” methodology should be avoided. Such a system has led to disparity in the provision of needed assistance to businesses, especially smaller businesses.

Process of Awarding and Expending Funds

County expenses which fall under the category of “*maintaining public service continuity of operations and effective emergency response*” will be handled through existing, long-established protocols for expending public funds, ultimately leading to formal approval by the County Commissioners. Working through the Chief Clerk, County elected officials, including the Controller, the directors of Purchasing and of Budget Services, expenses will be vetted to ensure compliance with this Plan. With respect to local governments (municipalities, school districts, and authorities) a review team that will consist of people from Lancaster County Emergency Management, Controllers Office and Budget Services to review and make recommendations for reimbursing eligible expenses.

Funds provided to “*protect the health, welfare and safety of the county*” will be expensed working with our Lancaster Emergency Management Agency (LEMA) and the Public Health Emergency Advisor (PHEA). Given the nature of the public health crisis, providing funds to support existing and/or new efforts to protect lives by mitigating the spread of COVID-19 is vital and exigent. This work may be in conjunction with work by Pennsylvania Department of Health, county hospital systems, nursing homes / long-term care facilities, emergency service providers, etc. Requests for assistance will be directed to LEMA for urgent assessment in conjunction with the PHEA and a recommendation made to the County Commissioners for action. Protocols and agreements for ongoing and expedited assistance may also be made on an individual basis.

It has been said that Lancaster County is one of, if not the most, collaborative and relational counties in Pennsylvania. This is a source of pride as it has undoubtedly led to Lancaster County being seen as successful and named to many top 10 lists indicating all manner of prosperity. Lancastrians work together and care for each other in many meaningful and innovative ways. This is important to us and has led to success in ordinary and tough times, and it will therefore be absolutely critical as we look to get through this unprecedented crisis. Put another way, government cannot and should not do this alone, particularly when it comes to “*reopening and supporting the local economy so that individuals, families and businesses can once again thrive.*”

Therefore, the County will use existing public-private collaborations to deploy a portion of these funds. Examples include the potential of:

- Allocating funds to the Economic Development Company (EDC) of Lancaster County to assist in the implementation of parts of the Lancaster County Economic Recovery Plan developed in partnership with the Lancaster County Chamber of Commerce and Industry (Chamber).
- Allocating funds to other County agencies to deploy funds using their expertise and existing processes, such as the County Housing & Development Authorities for provision of housing and economic development assistance for low-to-moderate income individuals and businesses. Such an allocation will be used to augment or otherwise “backstop” funds they have already received for the same or similar purposes.
- Allocating funds to non-profit organizations to provide for the health and welfare of county citizens suffering negative economic and well-being effects. For example, the Lancaster County Community Foundation, who, in conjunction with the United Way of Lancaster County, developed the Lancaster Cares Fund, the County may provide an allocation to augment or otherwise “backstop” funds they have raised. In addition, the Foundation has an already well-established and highly successful grant program to increase the capacity of charitable non-profit businesses and organizations, which may be used to provide grants to offset the effects of closure.
- Contracting with a public health entity or entities to manage an extensive county-wide testing and contact tracing program.

At each step along the way, the County will exercise oversight. The County will accept proposals from agencies providing these services, review the proposal, and render a decision at a public meeting. The County will look to the agencies to develop criteria, vet applications and recommend individual grant awards to be approved by the County Commissioners. Agencies receiving funds will be required to sign an Agreement with the County which will provide for, among other things, invoicing, certification of adherence to regulations and established

guidance, record keeping, and reporting. The County will not be accepting applications from individuals for financial assistance.

It will also be important to ensure accounting and coordination of all funds received which are dedicated to the COVID-19 response. The County has appointed the Director of Budget Services to provide this important function.

Below are various CARES Act funds the County has received to date:

CARES Act - Title V	\$95,224,630
CARES Act – CDBG (LCHRA)	\$ 1,724,064
CARES Act – ESG (LCHRA)	\$ 854,500
CARES Act - Elections	\$ 501,173
CARES Act - Office of Aging	\$ 1,496,352

Community Development Block Grant (CDBG) and Emergency Solutions Grant (ESG) funds awarded to the County are administered by the Lancaster County Housing & Redevelopment Authorities (LCHRA). Planned uses of the CDBG and ESG funds are handled through a public process, including approval by the Board of Commissioners at a public meeting. Other grant funds are administered by the County through appropriate departments and existing protocol to augment existing programs and services.

Finally, as always, the public has the ability to communicate and request action by the County Commissioners. Realizing that funds can only be utilized for COVID-19 related expenses, to the extent that some believes there to be a gap in need not filled by this framework, those issues can be brought directly to the Board of Commissioners.

Record Keeping and Transparency

The County must ensure and be able to demonstrate compliance with funding requirements. Therefore, it will require internal departments, elected offices, and external agencies receiving funds to provide documentation on the expenditure of these funds. Such documentation may include, but not be limited to, receipts, invoices, and reports that provide a brief explanation of the necessity of the expenditure(s) in relation to addressing COVID-19.

As previously stated, all expenditures will be tracked by the Director of Budget Services, who will issue regular reports (not less than monthly). These reports will be provided to the County Commissioners for review and/or approval as necessary, and at a minimum, include a detailed summary of expenses which shall be posted on the County's website. Specific inquiries with respect to the use of funds may be made through existing "right-to-know" protocols.