



# **PUBLIC NOTICE**

## **CITY OF QUINCY COMMISSION WORKSHOP**

Quincy City Hall Commission Chambers  
404 W. Jefferson Street ♦ Quincy, Florida 32351

**Wednesday, July 1, 2020  
at 5:30pm**

All interested members of the public are hereby invited to attend a workshop on the following:

- Grant Expenditure Options
- CARES Act

For additional information please call the City of Quincy at 850.618.0020.



## City of Quincy, Florida

### WORKSHOP

### AGENDA

July 1, 2020

5:30 P.M.

City Hall Commission Chambers

#### Call to Order

#### Roll Call

#### Workshop Items of Discussion

1. Grants Expenditure Options
  - Jack L. McLean Jr., City Manager
  - Marcia Carty, Finance Director
  
2. CARES Act
  - Jack L. McLean Jr., City Manager

#### Adjournment



**GRANTS  
EXPENDITURES  
OPTIONS**

**City Commission Workshop Agenda Item**

**July 1, 2020**

**HURRICANE MICHAEL GRANT AWARD RECAP**

- Hurricane Michael slammed into the western part of Florida and left a trail of devastation on its path. Quincy took a direct hit on October 10, 2018.
- The City total damages exceeded \$15 million from the storm.
- The uninsured damage to the City's electrical grid was extensive.
- The City of Quincy suffered a reduction in sales between FY 2018 and FY 2019 of \$560,908.04 and a \$1,163,763 operating deficit.
- The Office of the Governor Division of Emergency Management Hurricane Michael Hurricane State Recovery Grant Program set October 8, 2019 deadline for grant submission.
- The Office of the Governor Division of Emergency Management Hurricane State Recovery Grant Program January 27, 2020 award letter.
- The City Commission's March 24, 2020, staff's direction on the expenditure of the Office of the Governor's Division of the Emergency Management Hurricane Recovery Grant Program award of \$1 million grant. See details below:

**OPTION #4-Included Commission Budget Change**

Florida Division of Emergency Management (DEM)	
Hurricane Michael State Recovery Grant	\$ 1,000,000.00
Non-FEMA Intended Outlays	
Sewer Equipment - Match Requirement	\$ (348,568.00)
Turnkey Deductible	\$ (184,500.00)
Hold Funds due to Coronavirus Pandemic	\$ (466,932.00)
Total Monies to Disburse	\$ (1,000,000.00)
Net Available	\$0.00

**APPROPRIATION OPTIONS FROM MARCH 24, 2020 WORKSHOP (\$466,932)**

**1. Emergency Management Utility Upgrade- \$(127,432 or 227,432. 00)**

City Downtown (material purchases for underground electric lines, e.g., wire, cabling)  
or

GF & A Sewer Extension

or

Under - Grounding Utility and Labor-Intensive Areas

- a) Attapulgus Highway (North Madison St.) From C&E Farm Rd. to County Rd. 270-A Salter Road. Sawano Drive, Mitchell Drive, and Green Rd. are side roads feeding from this feeder line. They are currently served overhead, and part of that wiring crosses over our 2" largest Customer BASF. During one of the storms, we lost power to BASF due to a limb tearing down the line on this feeder and knocking their power out in addition to Attapulgus Highway customers. There are approximately 38 Electric, Water, and Gas customers on the line.
- b) Solomon Dairy Rd. has 14 customers and has lengthy outage issues as well as frequent outages due to the same reasons as Attapulgus Highway listed above.
- c) Parkview Manor and Garden apartments both need "Loop Feed Lines" installed to allow for by-pass power service in the event of a power failure by a cable fault. They both have some un-replaced (37 years) old cable still in their underground system that is due for replacement. These apartments serve more than 125 electric customers and many with small children.
- d) Golden leaf apartments is another underground apartment complex with 37 customers that need to be updated in places with new cable and by-pass feed to save on overtime labor and revenue loss to lengthy outage repairs.
- e) Golden leaf apartments is another underground apartment complex with 37 customers that need to be updated in places with new cable and by-pass feed to save on overtime labor and revenue loss to lengthy outage repairs.
- f) Greenwood apartments and Greenwood Terrace apartments on Strong Rd. do not have "loop feeds" and would benefit significantly in having these feeders installed due to the senior citizens living in these apartments

**2. Drainage Ditch Improvement**

**\$(160,000. 00)**

**3. Public Works Land**

**\$(179,500. 00)**

Please note that funding of the Emergency Management Utility Upgrade at \$227,432. 00 will exceed the available funds by \$100,000 if the other above categories are funded as described.

**Options:**

- 1. Fund the above items at the show sums, less \$100,000**
- 2. City Commission guidance on the funding of the above items or other items desired by the City Commission.**

**Staff Recommendation**

- Fund items 1-3 and reduce the Emergency Management Utility Upgrade by \$100,000.**

**Attachment**

March 24, 2020, Agenda Item Extract



**INFORMATION**

**FROM**

**03-24-2020**

**WORKSHOP**



**City of Quincy, Florida**

**WORKSHOP**

**AGENDA**

**March 24, 2020**

**5:00 P.M.**

**City Hall Commission Chambers**

**Call to Order**

**Roll Call**

**Special Meeting Items of Discussion**

1. Grants (including the \$1M Grant)
  - Jack L. McLean Jr., City Manager
  - Marcia Carty, Finance Director
  
2. Budget Amendments
  - Jack L. McLean Jr., City Manager
  - Marcia Carty, Finance Director

**Adjournment**



**CITY OF QUINCY, FL  
BUDGET AMENDMENTS FOR FY 2019-2020  
AS OF FEBRUARY 1, 2020**

**DRAFT**

**REVENUES**

	<b>Source</b>	<b>Amount</b>
1	Florida Division of Emergency Management (DEM)	\$ 1,000,000.00
2	Walmart	\$ 5,000.00
3	Office of the Attorney General (OAG)	\$ 16,000.00
4	Florida Department of Economic Development (DEO) GAA	\$ 75,000.00
5	Florida Department of Economic Development (DEO) RIF	\$ 148,900.00
6	US Department of EPA Clean Water State Revolving Fund Planning Loan And Grant	\$ 182,460.00
7	Agreement	\$ 298,000.00
8	Use of Retained Earnings - Michael Surcharge Receipts	\$ 450,000.00
9	Gadsden County	\$ 75,000.00
	<b>Related New Revenues for Amended Budget</b>	<b><u>\$ 2,250,360.00</u></b>

**EXPENDITURES**

	<b>Source</b>	<b>Amount</b>
	Florida Division Emergency Management Hurrican Michael	
1	State Recovery Grant (4 options attached)	\$ 1,000,000.00
2	Police Dept Supplies	\$ 5,000.00
3	Police Dept Victim Advocacy	\$ 16,000.00
4	Water Dept Solar Expenses	\$ 75,000.00
5	Florida Department of Economic Development (DEO) RIF	\$ 148,900.00
6	EPA Expenditures	\$ 182,460.00
7	Solar Model with Robert Green	\$ 298,000.00
9	Hurricane Michael Loan Prinicipal Payment	\$ 450,000.00
10	Fire Burn House	\$ 75,000.00
	<b>Related New Expenditures for Amended Budget</b>	<b><u>\$ 2,250,360.00</u></b>

**City of Quincy, FL**  
**All Grants fro FY 2019-2020**  
**as of February 29, 2020**

Grant Name		Project Cost	Grant Amount	Grant Match or other Requirement	Start Date	End Date	Grant Amount Received as of 02/29/2020
Florida Division of Emergency Management (DEM)	Hurricane Michael State Recovery Grant	\$1,000,000	\$1,000,000	\$0	7/1/2019	9/20/2020	
Wal-Mart	Community Grant	\$5,000	\$5,000	\$0	10/1/2019	9/30/2020	\$5,000
Office of the Attorney General (OAG)	Victims of Crimes Assistance (VOCA)	\$15,939	\$15,939	\$0	10/1/2019	9/30/2020	\$15,700
Florida Department of Economic Development (DEO)	GAA Line Item B31A	\$75,000	\$75,000	\$0	7/1/2019	6/30/2020	
Florida Department of Economic Development (DEO)	Rural Infrastructure Fund (RIF)	\$297,800	\$297,800	\$0	2/1/2020	1/31/2022	
US Department of EPA	Special Appropriation Grant (SAAP), EPA Mandatory Grant Programs	\$663,485	\$364,917	\$298,568	Agreement not fully executed	12/31/2020	
Florida Department of Economic Development (DEO)	CDBG	\$800,000	\$750,000	\$50,000	12/10/2018	6/9/2021	\$15,000
Department of Environmental Protection (DEP)	Clean Water State Revolving Fund Planning Loan And Grant Agreement	\$297,871	\$15,000	\$0	8/1/2018	10/15/2019	\$0
GADSDEN County Board of County Commissioners	Fire Training Facility	\$150,000	\$75,000	\$0	6/3/2019	9/30/2020	\$0
<b>TOTALS</b>		<b>\$3,305,095</b>	<b>\$2,598,656</b>	<b>\$348,568</b>			<b>\$35,700</b>

**DIVISION OF EMERGENCY MANAGEMENT  
HURRICANE MICHAEL GRANT RECOVERY**

404 West Jefferson Street



Quincy, Florida 32351

## AUTHORIZED SIGNATURE FORM

**Office of the Governor  
Florida Division of Emergency Management  
Hurricane Michael Hurricane State Recovery Grant Program  
Notice of Funding Opportunity 1.2**

The following individuals are authorized to sign all matters relating to the operations and functioning of the City of Quincy as deemed necessary, applicable and in compliance with Federal, State and/or local regulations and laws, and provisions of the City Charter.

Jack L. McLean Jr.

Signature: Jack L. McLean Jr. Date: 10-10-19

Title: City Manager, City of Quincy, Florida 32351

Keith Dowdell

Signature: Keith Dowdell Date: 10/10/19

Title: Mayor, Commission and Presiding Officer, City of Quincy, Florida 32351

b. The Division's Grant Manager for this Agreement is:

Amanda Campen

Division of Emergency Management

2555 Shumard Oak Boulevard

Tallahassee, Florida 32399-2100

Telephone: (850) 815-4155

Email: amanda.campen@em.myflorida.com

c. The name and address of the representative of the Recipient responsible for the administration of this Agreement is:

Name: Jack L. McLean Jr.

Address: 404 West Jefferson Street, City Hall,

Quincy, Florida 32351

Telephone: 850-618-0020

Email: jmclean@myquincy.net

d. In the event that different representatives or addresses are designated by either party after execution of this Agreement, notice of the name, title and address of the new representative will be provided to the other party.

(3) TERMS AND CONDITIONS

This Agreement contains all the terms and conditions agreed upon by the parties.

(4) EXECUTION

This Agreement may be executed in any number of counterparts, any one of which may be taken as an original.

(5) MODIFICATION

Either party may request modification of the provisions of this Agreement. Changes which are agreed upon shall be valid only when in writing, signed by each of the parties, and attached to the original of this Agreement.

(6) SCOPE OF WORK

The Recipient shall perform the work in accordance with the Budget and Scope of Work, Attachment A of this Agreement.

(7) PERIOD OF AGREEMENT

This Agreement shall begin on July 1, 2019 and shall end on September 30, 2020, unless terminated earlier in accordance with the provisions of Paragraph (16) TERMINATION. In accordance with Section 215.971(1)(d), Florida Statutes, the Recipient may expend funds authorized by this Agreement "only for allowable costs resulting from obligations incurred during" the period of agreement.

(8) FUNDING

a. This is a cost-reimbursement Agreement, subject to the availability of funds.

b. The State of Florida's performance and obligation to pay under this Agreement is contingent upon an annual appropriation by the Legislature, and subject to any modification in accordance with either Chapter 216, Florida Statutes, or the Florida Constitution.

is disclosed. Failure to disclose will indicate that no such property exists. The Division shall then, under Paragraph (b), have the right to all patents and copyrights that accrue during performance of this Agreement.

d. If the Recipient qualifies as a state university under Florida law, then, pursuant to section 1004.23, Florida Statutes, any invention conceived exclusively by the employees of the Recipient shall become the sole property of the Recipient. In the case of joint inventions, that is inventions made jointly by one or more employees of both parties hereto, each party shall have an equal, undivided interest in and to such joint inventions. The Division shall retain a perpetual, irrevocable, fully-paid, nonexclusive license, for its use and the use of its contractors of any resulting patented, copyrighted or trademarked work products, developed solely by the Recipient, under this Agreement, for Florida government purposes.

**(24) LEGAL AUTHORIZATION.**

The Recipient certifies that it has the legal authority to receive the funds under this Agreement and that its governing body has authorized the execution and acceptance of this Agreement. The Recipient also certifies that the undersigned person has the authority to legally execute and bind Recipient to the terms of this Agreement.

**(25) ASSURANCES.**

The Recipient shall comply with any Statement of Assurances incorporated as Attachment C.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

**RECIPIENT:**

**City of Quincy**

By: (signature)

Name and title: Jack L. McLean Jr., City Manager, City of Quincy,

Florida

Date: 1-15-2020

FID# \_\_\_\_\_

**STATE OF FLORIDA**

**DIVISION OF EMERGENCY MANAGEMENT**

By: \_\_\_\_\_

Name and Title: Gared Moskowitz, Director

Date: 1/27/20

**EXHIBIT – 1**

STATE RESOURCES AWARDED TO THE RECIPIENT PURSUANT TO THIS AGREEMENT CONSIST OF THE FOLLOWING:

SUBJECT TO SECTION 215.97, FLORIDA STATUTES:

**State Project -**

State awarding agency: Florida Division of Emergency Management

Catalog of State Financial Assistance title: City of Quincy – Hurricane Michael State Recovery Grant Program

Catalog of State Financial Assistance number: 31.070

Amount of State Funding: \$1,000,000.00

**Attachment A**  
**Budget and Scope of Work**

**I. PROPOSED BUDGET**

<b>Category</b>	<b>Anticipated Expenditure Amount</b>
Salary and Benefits	\$0
Other Personal/Contractual Services	\$0
Administrative Expenses (Limited to no more than 5%)	\$0
Expenses	\$0 1,000,000
Operating Capital Outlay	\$0
Fixed Capital Outlay	<del>\$1,000,000.00</del>
<b>Total Expenditures</b>	<b><u>\$1,000,000.00</u></b>

**II. BACKGROUND**



**III. SCOPE OF WORK**

The City of Quincy's Utility System suffered damages in the aftermath of Hurricane Michael. The storm damages affected water, gas, sewer, outage management, public safety communications towers, the Gadsden County's Emergency Operation Center, City Hall and County operations, street lighting on HWY 90 and HWY 267, and data collection for customer billing for its 4,835 customer-accounts. The City of Quincy had a significant reduction in revenue during the six months of October 2018 to March 2019, when compared to the six months that ended on March 2018.

For their Revenue Loss, the City of Quincy has been awarded \$1,000,000.00 as part of the Hurricane Michael Recovery Grant Program.

**IV. TASK PRODUCTS**

**V. DELIVERABLES**

**VI. FINANCIAL CONSEQUENCES**

If Recipient fails to comply with any term of the grant, the Division shall take one or more of the following actions, as appropriate in the circumstances:

1. Temporarily withhold cash payments pending correction of the deficiency by the recipient;
2. Disallow all or part of the cost of the activity or action not in compliance;
3. Withhold further funding; or,
4. Take other remedies that may be legally available.

**VII. SCHEDULE OF WORK**

**Florida Division of Emergency Management**  
**SUB-RECIPIENT AND CONTRACTUAL AGREEMENT INFORMATION SHEET**

GENERAL INFORMATION

Recipient Agency: **Division of Emergency Management**

Agreement # **F0056**

Total Eligible Amount: **\$1,000,000.00**

Date of Execution: **TBD**

End Date: **09/30/2020**

Unit:

Bureau: **Recovery**

Program:  Public Assistance  **State Funded Grant - Hurricane**

SUB-RECIPIENT/CONTRACTOR INFORMATION

Recipient Contact Name & Title : **City of Quincy**

Mailing Address: **404 W. Jefferson St.**

City: **Quincy**

State: **Florida**

ZIP Code: **32351**

Phone: **850-618-0020**

Email: **jmclean@myquincy.net**

FINANCIAL INFORMATION

Warrant Remittance Address: **404 W. Jefferson St.**

City: **Quincy**

State: **Florida**

ZIP Code: **32351**

Federal Employer Identification/Social Security Number: **59-6000416-003**

SAMAS Fund Identification (Only State Agencies - 29 Digits):

DUNS #: **093596070**

Grant Reporting Requirement: Monthly  Quarterly  NA

Organization Level: **31800404000**

Object Code:

CFDA#:

CSFA#: **31.070**

DEM Grant #: **8013S**

Fund#/Category 1: **GR 109948**

EO: **29**

Amount: **\$1,000,000.00**

DEM Grant #:

Fund#/Category 2:

EO:

Amount: **\$0.00**

DEM Grant #:

Fund#/Category 3:

EO:

Amount:

Minority Vendor Code:

(If Applicable, choose one: **H-Black, I-Hispanic, J-Asian, K-Native American, M-Woman**)

SUB-RECIPIENT DATABASE INFORMATION

Outcome Expected:  Community Development  Community Safety  Hazard Mitigation  
 Protecting Community Resources  Community Housing

Allocation of Program Assistance

Statewide Allocation:

County:

**Gadsden**

County Award Amount:

County Match Amount:

**\$0.00**

FLORIDA DIVISION OF EMERGENCY MANAGEMENT GRANT MANAGER

Name: **Kimberly Schoffel**

Phone #: **850-815-4448**

IF THIS IS A MODIFICATION

Modification #: Effect Of Modification:

Amount Of Increase/Decrease In Award Amount: **\$**

PREVIOUS MODIFICATIONS EXECUTED

Modification #: Effect Of Modification:

Amount Of Increase/Decrease In Award Amount:

Modification #: Effect Of Modification:

Amount Of Increase/Decrease In Award Amount:

FINANCE AND ACCOUNTING USE ONLY (TO BE COMPLETED IN ACCOUNTING)

FID #: **59-6000416-003**

SAMAS Contract #

FLAIR ENC#

**HURRICANE MICHAEL GRANT RECOVERY**  
**OPTION #1**

## City of Quincy \$1 Million Grant Disbursing Plan

<b>OPTION #1</b>
------------------

Florida Division of Emergency Management (DEM) Hurricane Michael State Recovery Grant	\$ 1,000,000.00
Non-FEMA Intended Outlays	
Sewer Equipment - Match Requirement	\$ (348,568.00)
Turnkey Deductible	\$ (184,500.00)
Public Works Land	\$ (190,000.00)
Ditch	\$ (160,000.00)
Refuse Department Shortfall FY 2019	\$ (40,000.00)
Operating Expenses	\$ (76,932.00)
Total Monies to Disburse	\$ (1,000,000.00)
Net Available	<u><u>\$0.00</u></u>

**HURRICANE MICHAEL GRANT RECOVERY**

**OPTION #2**

**OPTION 2**

**CITY OF QUINCY \$1 MILLION GRANT**

**Florida Division Of Emergency Management (DEM)**

**Hurricane Michael State Recovery Grant** \$1,000,000

**Non-FEMA intended Outlays**

**Sewer Easement-Match Requirement** \$(348,568.00)

**Emergency Management Utility Upgrade-** \$(227,432.00)

City Downtown (material purchases for electric underground lines, eg wire, cabling, )  
or

GF & A Sewer Extension

or

Under – Grounding Utility and Labor-Intensive Areas

- (1) Attapulgus Highway (North Madison St.) From C&E Farm Rd. to County Rd. 270-A Salter Road. Sawano Drive, Mitchell Drive, and Green Rd. are side roads feeding from this feeder line. They are currently being served verhead and part of that wiring crosses over our 2<sup>nd</sup> largest Customer BASF. During one of the stormswe lost power to BASF due to a limb tearing down the line on thisfeeder and knocking their power out in addition to Attapulgus Highway customers. There are approximately 38 Electric, Water, and Gas customers on the line.
- (2) Solomon Dairy Rd. has 14 customers and has lengthy outage issues as well as frequent outages due to the same reasons as Attapulgus Highway listed above.
- (3) Parkview Manor and Garden apartments both need “Loop Feed Lines” installed to allow for by-pass power service in the event of a power failure by a cable fault. They both have some un-replaced (37 year) old cable still in their underground system that is due for replacement.

These apartments serve more than 125 electric customers and most with small children.

- (4) Golden leaf apartments is another underground apartment complex with 37 customers that needs to be updated in places with new cable and by-pass feeds to save on overtime labor and revenue loss to lengthy outage repairs.
- (5) Greenwood apartments and Greenwood Terrace apartments on Strong Rd. do not have "loop feeds" and would benefit greatly in having these feeders installed due to the senior citizens living in these apartments.

<b>Drainage Ditch Improvement</b>	<b>\$(160,000. 00)</b>
<b>Public Works Land</b>	<b>\$(190,000. 00)</b>
<b>Operating Expenses E.G. Housing, Roofing</b>	<b>\$(74,000)</b>
<b>Totals Monies to Disperse</b>	<b>\$(1, 000, 000. 00)</b>
<b>Net Available</b>	<b>\$(0. 00)</b>

**HURRICANE MICHAEL GRANT RECOVERY**

**OPTION #3**



**OPTION 3**

**CITY OF QUINCY \$1 MILLION GRANT**

**Florida Division Of Emergency Management (DEM)**

**Hurricane Michael State Recovery Grant** \$1,000,000

**Non-FEMA intended Outlays**

**Sewer Easement-Match Requirement** \$(348,568.00)

**Drainage Ditch Improvement** \$(160,000.00)

**Public Works Land** \$(190,000.00)

**Emergency Management Utility Upgrade-** \$(127,432.00)

City Downtown (material purchases for electric underground lines, eg wire, cabling, )

or

GF & A Sewer Extension

or

Under – Grounding Utility and Labor-Intensive Areas

- (1) Attapulgus Highway (North Madison St.) From C&E Farm Rd. to County Rd. 270-A Salter Road. Sawano Drive, Mitchell Drive, and Green Rd. are side roads feeding from this feeder line. They are currently being served verhead and part of that wiring crosses over our 2<sup>nd</sup> largest Customer BASF. During one of the stormswe lost power to BASF due to a limb tearing down the line on thisfeeder and knocking their power out in addition to Attapulgus Highway customers. There are approximately 38 Electric, Water, and Gas customers on the line.
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- (5) Greenwood apartments and Greenwood Terrace apartments on Strong Rd. do not have "loop feeds" and would benefit greatly in having these feeders installed due to the senior citizens living in these apartments.

<b>Operating Expenses E.G. Housing Reh. &amp; Roofing</b>	\$(177,000)
<b>Totals Monies to Disperse</b>	\$(1, 000, 000. 00)
<b>Net Available</b>	\$(0. 00)

**HURRICANE MICHAEL GRANT RECOVERY  
OPTION #4**

## City of Quincy \$1 Million Grant Disbursing Plan

<b>OPTION #4</b>
------------------

Florida Division of Emergency Management (DEM) Hurricane Michael State Recovery Grant	<u>\$ 1,000,000.00</u>
Non-FEMA Intended Outlays	
Sewer Equipment - Match Requirement	\$ (348,568.00)
Turnkey Deductible	\$ (184,500.00)
Hold Funds due to Coronavirus Panademic	<u>\$ (466,932.00)</u>
Total Monies to Disburse	<u>\$ (1,000,000.00)</u>
Net Available	<u><u>\$0.00</u></u>



# CARES ACT

(For Discussion)

# **\*FOR DISCUSSION**

## **Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments April 22, 2020**

The purpose of this document is to provide guidance to recipients of the funding available under section 601(a) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The CARES Act established the Coronavirus Relief Fund (the “Fund”) and appropriated \$150 billion to the Fund. Under the CARES Act, the Fund is to be used to make payments for specified uses to States and certain local governments; the District of Columbia and U.S. Territories (consisting of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands); and Tribal governments.

**The CARES Act provides that payments from the Fund 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 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.<sup>1</sup>

The guidance that follows sets forth the Department of the Treasury’s interpretation of these limitations on the permissible use of Fund payments.

### ***Necessary expenditures incurred due to the public health emergency***

The requirement that expenditures be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. These may include expenditures incurred to allow the State, territorial, local, or Tribal government to respond directly to the emergency, such as by addressing medical or public health needs, as well as 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.

Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments.

The statute 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 judgment of the government officials responsible for spending Fund payments.

### ***Costs not accounted for in the budget most recently approved as of March 27, 2020***

The CARES Act also requires that payments be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020. A cost meets this requirement if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget *or* (b) the cost

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<sup>1</sup> See Section 601(d) of the Social Security Act, as added by section 5001 of the CARES Act.

is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.

The “most recently approved” budget refers to the enacted budget for the relevant fiscal period for the particular government, without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by that government in response to the COVID-19 public health emergency. A cost is not considered to have been accounted for in a budget merely because it could be met using a budgetary stabilization fund, rainy day fund, or similar reserve account.

***Costs incurred during the period that begins on March 1, 2020, and ends on December 30, 2020***

A cost is “incurred” when the responsible unit of government has expended funds to cover the cost.

***Nonexclusive examples of eligible expenditures***

Eligible expenditures include, but are not limited to, payment for:

**1. Medical expenses such as:**

- COVID-19-related expenses of public hospitals, clinics, and similar facilities.
- Expenses of establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs.
- Costs of providing COVID-19 testing, including serological testing.
- Emergency medical response expenses, including emergency medical transportation, related to COVID-19.
- Expenses for establishing and operating public telemedicine capabilities for COVID-19-related treatment.

**2. Public health expenses such as:**

- Expenses for communication and enforcement by State, territorial, local, and Tribal governments of public health orders related to COVID-19.
- Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment, for medical personnel, police officers, social workers, child protection services, and child welfare officers, direct service providers for older adults and individuals with disabilities in community settings, and other public health or safety workers in connection with the COVID-19 public health emergency.
- Expenses for disinfection of public areas and other facilities, e.g., nursing homes, in response to the COVID-19 public health emergency.
- Expenses for technical assistance to local authorities or other entities on mitigation of COVID-19-related threats to public health and safety.
- Expenses for public safety measures undertaken in response to COVID-19.
- Expenses for quarantining individuals.

**3. 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.**

4. Expenses of actions to facilitate compliance with COVID-19-related public health measures, such as:
  - Expenses for food delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions.
  - Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions.
  - Expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions.
  - Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.
  - COVID-19-related expenses of maintaining state prisons and county jails, including as relates to sanitation and improvement of social distancing measures, to enable compliance with COVID-19 public health precautions.
  - Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.
5. Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency, such as:
  - Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.
  - Expenditures related to a State, territorial, local, or Tribal government payroll support program.
  - Unemployment insurance costs related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.
6. Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund's eligibility criteria.

***Nonexclusive examples of ineligible expenditures<sup>2</sup>***

The following is a list of examples of costs that would *not* be eligible expenditures of payments from the Fund.

1. Expenses for the State share of Medicaid.<sup>3</sup>
2. Damages covered by insurance.
3. Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

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<sup>2</sup> In addition, pursuant to section 5001(b) of the CARES Act, payments from the Fund may not be expended for an elective abortion or on research in which a human embryo is destroyed, discarded, or knowingly subjected to risk of injury or death. The prohibition on payment for abortions does not apply to an abortion if the pregnancy is the result of an act of rape or incest; or in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed.

Furthermore, no government which receives payments from the Fund may discriminate against a health care entity on the basis that the entity does not provide, pay for, provide coverage of, or refer for abortions.

<sup>3</sup> See 42 C.F.R. § 433.51 and 45 C.F.R. § 75.306.



4. Expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds.
5. Reimbursement to donors for donated items or services.
6. Workforce bonuses other than hazard pay or overtime.
7. Severance pay.
8. Legal settlements.