



Committee: GO
Committee Review: N/A
Staff: Marlene Michaelson, Executive Director
Purpose: To receive testimony/final action - vote expected
Keywords: #CARES Act, coronavirus, COVID-19

AGENDA ITEM #8
June 16, 2020
Public Hearing/Action

SUBJECT

Special Appropriation 20-464 to the FY20 Operating Budget Montgomery County Government, Federal Coronavirus Relief Fund (NDA), \$80,000,000 (Source of Funds: Federal Grants)

EXPECTED ATTENDEES

Rich Madalano, Director, Office of Management and Budget (OMB)
Joshua Watters, Budget Manager, OMB

DESCRIPTION/ISSUE

The Special Appropriation will refund prior General Fund expenditures on COVID-19 related expenses eligible for Coronavirus Relief Fund (CRF) funding (approximately \$49M) and indicates the potential uses of the remaining \$31M that will be appropriated. It requires reporting to the Council every two weeks on expenditures. Additional Council action will be required to appropriate the remaining \$103M.

SUMMARY OF KEY DISCUSSION POINTS

- The Special Appropriation should be approved before the end of the fiscal year to enable the General Fund Reserve to be reimbursed for COVID-19 related expenditures eligible for CRF funding.
- The appropriation of \$31M for future expenditures provides flexibility to take quick action on previously-approved types of expenditures while requiring Council approval of programs that require policy decisions the Council should make. Over 56% of the total funding requires future Council review and action.

COUNCIL STAFF RECOMMENDATION

Staff recommends approval. This is an appropriate way to provide some ongoing flexibility for needed expenditures while ensuring Council oversight and approval of significant additional expenditures.

This report contains:

Staff Report
Executive Transmittal Memo and Special Appropriation Resolution

Pages 1-3
© 1-7

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**Public Hearing/
Action**

M E M O R A N D U M

June 11, 2020

TO: County Council

FROM: Marlene Michaelson, Executive Director

SUBJECT: Special Appropriation for the Federal Coronavirus Relief Fund Non-Departmental Account

On May 22, 2020, the County Executive transmitted a Special Appropriation to the FY20 Operating Budget to allow the expenditure of federal funding available as a result of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Montgomery County was allocated \$183 million (M) of the Coronavirus Relief Fund (CRF). This Special Appropriation would appropriate \$80M of the total, including approximately \$49M to reimburse previous expenditures from the General Fund for certain COVID-19 related expenditures made thus far and an additional approximately \$31M that would be spent on one of the specific categories in the attached resolution approving the Special Appropriation. The remaining \$103.3 million would require future Council appropriations.

The Council will hold a public hearing followed by action on June 16, 2020. **Pending public hearing testimony, staff recommends approval.** Staff believes this approach provides an appropriate balance between flexibility to quickly allocate funds for uses previously approved by the Council, while providing Council oversight on expenditures and requiring future approval of a significant portion of the total funding.

The Council has approved several COVID-related Special Appropriations, many of which can be reimbursed by CRF funding, including those listed in the following chart. In addition to the Special Appropriations approved by the Council related to COVID-19, the Executive negotiated an emergency pay differential for employees required to provide essential services onsite during the COVID-19 pandemic. The approximately \$21M cost of this did not require Council approval. Reimbursing these General Fund expenditures before the end of the fiscal year will restore this funding to the General Fund Reserve.

COVID EXPENDITURES TO BE REIMBURSED BY CRF (if not covered by other Federal Funds)		
Resolution No.	Purpose	Amount
19-407	Feeding our Families	\$ 260,000
19-408	Hotel or Motel Rooms for Medical and Front-Line Staff	\$ 250,000
19-409	Public Health Emergency Grant Program	\$20,000,000
19-425	Public Health Emergency Grant Program	\$ 5,000,000
19-426	Local Production Fund	\$ 100,000
19-427	Purchase of Face Coverings and Other Personal Protective Equipment	\$ 250,000
19-437	Food Assistance/Feeding our Families	\$ 750,000
19-438	Telework Assistance Program	\$ 250,000
19-454	Telework Assistance Program	\$ 1,250,000
	Total	\$28,110,000

For the remaining funding allowed by this Special Appropriation, the strategy is to provide flexibility to make funding easily available for purchases previously supported by the Council (such as the purchase of COVID-19 tests or food delivery to residents), while requiring additional Council approval for programs that involve policy choices that should involve the Council. Allowable expenditures (if not otherwise covered by other federal programs) described in more detail in the resolution include the following expenses for:

1. Payroll expenses for services substantially dedicated to mitigating or responding to COVID-19, including any pay differential provided to employees responding to the public health crisis;
2. COVID-19 related expenses of public clinics and similar facilities;
3. Establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs;
4. Providing COVID-19 testing;
5. Emergency medical response expenses, including emergency medical transportation related to COVID-19;
6. Establishing and operating community telemedicine capabilities for COVID-19;
7. Communication and enforcement of public health orders related to COVID-19;
8. Acquisition and distribution of medical and protective supplies;
9. Disinfection of public areas and other facilities;
10. Technical assistance or mitigation of COVID-19 related threats to public health and safety;

11. Public safety measures undertaken in response to COVID-19;
12. Quarantining individuals;
13. Food delivery to residents;
14. Improving telework capabilities of public employees;
15. Enabling Department of Correction and Rehabilitation facilities to comply with COVID-19 public health precautions;
16. Caring for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions; and
17. Expenses, including overtime or contractual expenses, associated with implementation and administration of any new programs established by the special appropriations listed in this Resolution, or any related legislation.

Any expenditure not included in the preceding list would require Council action on a new Special Appropriation. Noticeably absent are some of the most critical expenditures (e.g., assistance to Child Care Providers) because their approval should include Council discussion and action. To ensure that the Council will be kept apprised of expenditures in the 17 categories listed above, the Executive must transmit a report to the Council on the use of the funds by category every two weeks beginning June 26 and ending January 1, 2021, or until the balance is \$0.




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

May 22, 2020

TO: Sidney Katz, President, County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Special Appropriation #20-464 to the FY20 Operating Budget
Montgomery County Government
Federal Coronavirus Relief Fund (NDA)
\$80,000,000 (Source of Funds: Federal Grant Funds)

The public health and financial challenges presented by the COVID-19 pandemic are unprecedented for the County, State, nation, and all of our County residents. To date, more than 9,000 of our friends and family members in the County are confirmed to have been infected by this virus. The impacts of this disease are widespread and are being felt by everyone. As a result, we have implemented programs that feed families, bolster small businesses, provide economic assistance to our neighbors most in need, and ensure that County employees have the resources necessary to stay healthy while providing much needed services.

I am greatly appreciative of the work that our representatives in Congress achieved in passing the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March. As required by this legislation, \$150 billion was allocated for a newly created Coronavirus Relief Fund (CRF) to help states and local jurisdictions across the country respond to the COVID-19 crisis. Of this amount, Montgomery County received \$183.3 million. While we are grateful to Congress for this aid, I expect more will be needed in the coming months as states and local governments across the nation respond to the challenges we are presented.

Over the past few weeks, I have had the pleasure to work with the Council to create a framework for spending these funds. The attached special appropriation resolution operationalizes the framework and allows us to quickly support purchasing medical supplies and personal protective equipment; COVID-19 testing operations; food security; assistance to small businesses; and the needs of County workforce and our community partners. This resolution provides the County government with flexibility to respond to community needs quickly, while ensuring oversight by the Council. It will also relieve the need for multiple special appropriations moving forward.

(1)

While we have made progress in flattening the curve in our community, public health experts are advising that we will likely see a resurgence of the COVID-19 pandemic in the fall and winter of this year. Recognizing this future challenge, and the uncertainty of additional Federal aid, this special appropriation does not fully appropriate the entirety of CRF funds the County has received. Instead, this resolution recognizes many of the programs we have funded through special appropriations from our reserves, the resources being provided to County employees to continue to provide the services our residents depend on most, and additional funding to pay for specific categories of upcoming costs related to the County's COVID response. Before using any of these CRF funds, the County will first seek reimbursement from the Federal Emergency Management Administration for allowable expenditures to maximize our utilization of Federal funding opportunities.

I recommend that the County Council approve this special appropriation for the Federal Coronavirus Relief Fund NDA in the amount of \$80,000,000 and specify the source of funds as Federal Grant Funds. We will continue working with the Council and our partners throughout the County on the needs of our community and how we respond to this continuing crisis and will be returning to Council from time to time in appropriating the remaining \$103,336,953.

I appreciate your prompt consideration of this action.

ME:jw

Attachment: Special Appropriation #20-464

cc: Lisa Mandel-Trupp, Chief of Staff to the Council President
Marlene Michaelson, Executive Director, Montgomery County Council
Richard S. Madaleno, Director, Office of Management and Budget

Resolution No.: _____
Introduced: June 9, 2020
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead sponsor: Council President at the request of the County Executive

SUBJECT: Special Appropriation #20-464 to the Fiscal Year 2020 Operating Budget
Montgomery County Government
Federal Coronavirus Relief Fund (NDA)
\$80,000,000 (Source of Funds: Federal Grant Funds)

Background

1. Section 308 of the County Charter provides that a special appropriation is an appropriation which states that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest. Each special appropriation shall be approved by not less than six Councilmembers. The Council may approve a special appropriation at any time after public notice by news release. Each special appropriation shall specify the source of funds to finance it.
2. A new coronavirus disease, named COVID-19, appeared in China in December 2019 and spread extremely quickly. On March 11, 2020 the World Health Organization declared the disease a pandemic. As of May 20, 2020, there were approximately 1.5 million confirmed cases in the United States, including over 42,000 confirmed cases in Maryland, of which over 9,000 were in Montgomery County.
3. To slow the spread of the disease, Governor Hogan declared a State of Emergency and has issued several Executive Orders with actions that include, but are not limited to, closing schools, closing senior centers and adult medical day care programs, closing all non-essential businesses and limiting the number of people that can gather. On May 15, 2020, the County Executive issued, and the County Council approved, an Executive Order extending the Governor's stay at home order for Montgomery County.
4. On March 27, 2020 the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted. The CARES Act established the Coronavirus Relief Fund (CRF) and appropriated \$150,000,000,000 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, and Montgomery County is eligible to receive \$183,336,953 from the Federal CRF.
5. On April 14, the County submitted an application to access the CRF funds. As required by the CARES Act, the County Executive certified that the funds would only be used to

cover costs that: are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19); were not accounted for in the County budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act); and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020. The full \$183,336,953 Federal grant has been received by the County.

6. The Non-Departmental Account created by this resolution will be administered by the Office of Management and Budget.
7. Public notice of the special appropriation was provided by news release and specified the source of funds as Federal Grant Funds.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

A special appropriation to the FY20 Operating Budget of the Montgomery County Government, in the amount of \$80,000,000 is approved to the Federal Coronavirus Relief Fund NDA (COVID NDA) as follows:

	<u>Personnel</u> <u>Expense</u>	<u>Operating</u> <u>Expense</u>	<u>Total</u>	<u>Source of Funds</u>
COVID NDA	\$0	\$80,000,000	\$80,000,000	Federal Grant Funds

The General Fund was designated as the source of funding for the following previously approved special appropriations. Funds in the COVID NDA must be used to reimburse the General Fund for the following special appropriations, to the extent possible and to the extent these special appropriations are not eligible for other Federal reimbursement:

Resolution 19-407: Special Appropriation to the Fiscal Year 2020 Operating Budget Montgomery County Government Department of Health and Human Services Support for COVID-19 Response - Feeding Our Families (\$260,000);

Resolution 19-408: Special Appropriation to the Fiscal Year 2020 Operating Budget Montgomery County Government Conference and Visitors Bureau Non-Departmental Account Support for COVID-19 Response – Hotel or Motel Rooms for Medical and Front-Line Staff (\$250,000);

Resolution 19-409: Special Appropriation to the Fiscal Year 2020 Operating Budget Montgomery County Government Department of Finance Economic Development Fund, Public Health Emergency Grant Program (\$20,000,000);

Resolution 19-425: Special Appropriation to the Fiscal Year 2020 Operating Budget Montgomery County Government Department of Finance Economic Development Fund, Public Health Emergency Grant Program (\$5,000,000);

Resolution 19-426: Special Appropriation to the Fiscal Year 2020 Operating Budget Montgomery County Government Montgomery County Economic Development Corporation Non-Departmental Account, Support for COVID-19 Response – Local Production Fund (\$100,000);

Resolution 19-427: Special Appropriation to the Fiscal Year 2020 Operating Budget Montgomery County Government, Department of General Services Purchase of Face Coverings and other Personal Protective Equipment (\$250,000);

Resolution 19-437: Supplemental appropriation to the County Government's FY20 Operating Budget, COVID-19 Human Services and Community Assistance Non-Departmental Account (NDA) Support for COVID-19 Response – Food Assistance/Feeding Our Families (\$750,000);

Resolution 19-438: Special Appropriation to the Fiscal Year 2020 Operating Budget Montgomery County Government, Montgomery County Economic Development Corporation Non-Departmental Account, Support for COVID-19 Response – Telework Assistance Program (\$250,000); and

Resolution 19-454: Special Appropriation to the Fiscal Year 2020 Operating Budget Montgomery County Government, Montgomery County Economic Development Corporation Non-Departmental Account, Support for COVID-19 Response – Telework Assistance Program (\$1,250,000).

Funds in the COVID NDA may be used to pay for any expenditure that is eligible under the CARES Act related to the following, to the extent these expenditures are not eligible for other Federal reimbursement:

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, including any pay differential provided to employees responding to the public health crisis;

COVID-19 related expenses of public 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 community telemedicine capabilities for COVID-19;

Expenses for communication and enforcement 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, child welfare officers, County employees, 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 in response to the COVID-19 public health emergency;

Expenses for technical assistance or 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;

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 improve telework capabilities of public employees to enable compliance with COVID-19 public health precautions;

Expenses relating to Department of Correction and Rehabilitation facilities as it 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; and

Expenses, including overtime or contractual expenses, associated with implementation and administration of any new programs established by the special appropriations listed in this Resolution, or any related legislation.

COVID-19 related expenses not described above require the approval of the County Council via a future Special Appropriation.

The County Executive must transmit a report on the use of the funds by category to the Council every two weeks beginning June 26, 2020 and ending January 1, 2021, or until the balance in the fund is \$0.

The funds appropriated in the COVID NDA must be placed in a Grant Fund account in which any unspent funds will be reappropriated in FY 2021.

The County Executive may transfer the funds appropriated in this NDA to County departments, offices, or other NDAs, as needed for the purposes specified in this resolution.

This appropriation is needed in response to a public health emergency and to act without delay is in the public interest.

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council