

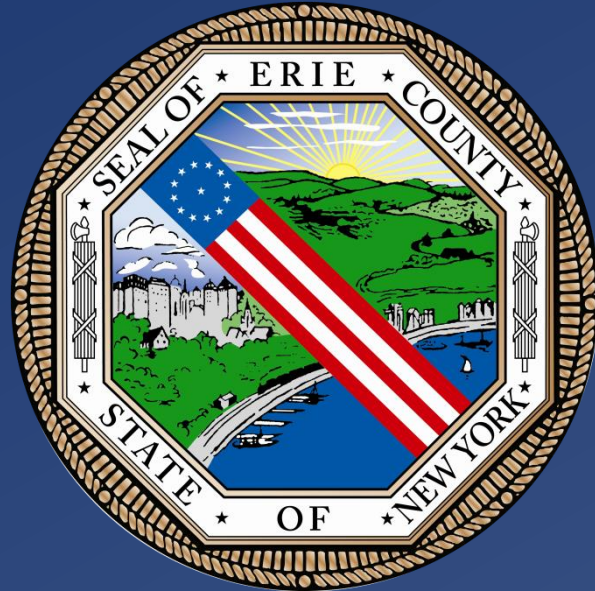
WITT O'BRIEN'S

Coronavirus Relief Fund Updates: Spending Strategies Under Multiple Deadline Scenarios

Witt O'Brien's
November 6, 2020



Erie County NY CRF Programs and Policies



Award at a Glance

- Erie County NY, Census Population of 918,702
- CRF Award of **\$160,30,414.50**
- Award received on 4/23/20
- Award segregated into separate Fund, not kept with General Fund

Initial Strategy

- Fund COVID-19 Response Operations
 - Public Health Lab
 - Drive-through testing
 - PPE distribution
 - Enforcement of NY Pause
- Stockpile PPE
- Modify county facilities to improve infection control
- **Hope for legal action to allow CRF funds to be used for COVID-19 related revenue losses**

New Strategy

- Fund COVID-19 Response Operations
- Stockpile PPE
- Modify county facilities to improve infection control
- ~~Hope for legal action to allow CRF funds to be used for COVID-19 related revenue losses~~
- **Support public and private sector**
- **Maximize CRF funding impact inside Erie County**

Local School Support

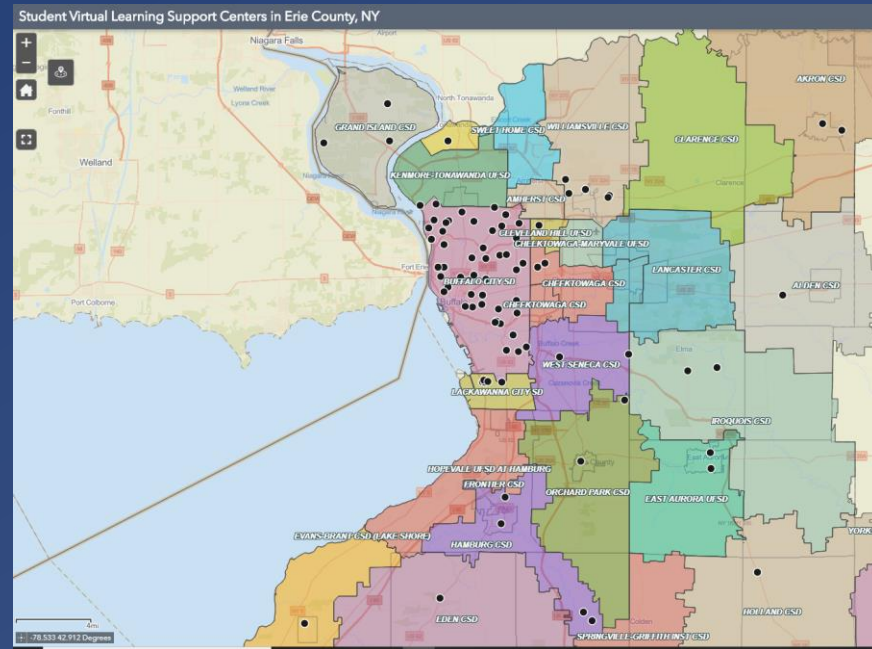
- Formula Based Program
- \$100 per students, plus additional \$50 for each student on free or reduced lunch
- Total awards of \$15,300,700.00
- Schools have used funds for
 - Tablets, laptops and hotspots
 - Virtual learning software
 - Hired additional teachers for hybrid learning

Municipal Reimbursement Program

- Direct reimbursement for COVID-19 related costs to Towns, Cities, and Villages
- Submission based on non-personnel expenses incurred through 9/30/20
- \$7,768,123.35
- Municipalities have used funds for:
 - Infection control measures in government facilities
 - PPE and cleaning gear for volunteer fire companies
 - Setting up secondary PSAPS to not co-mingle shifts

Childcare

- Three distinct programs:
 - Virtual Learning Centers → \$12,000,000
 - Direct Aid to Childcare providers → \$4,000,000
 - Expanded Daycare subsidy (85% of median income and below) → \$10,000,000



Rent and Mortgage Assistance

- Up to \$1,500 per month for rent or mortgage payments
- Must provide documentation of loss of income due to COVID-19
- Partnered with local 211 to manage
- \$20,000,000

The screenshot shows the 211 website interface. At the top left is the 211 logo with the tagline "Get Connected. Get Help.™". At the top right, it says "Need Help? Dial 2-1-1" and "1.888.696.9211". A navigation menu includes "GET HELP", "GET INVOLVED", "WHO WE ARE", "OTHER RESOURCES", and "CONTACT". The main content area is split into two columns. The left column has a dark blue background with white text: "Get Connected. Get Answers.", "Dial 2-1-1", "24/7 x 365", and "Find Resources". Below this are input fields for "Keyword" and "Zip Code" with a search icon. The right column has a teal background and features the "LiveWell Erie" logo, which includes a map outline of Erie. Below the logo, it reads "& CITY OF BUFFALO CARES ACT RENTAL & MORTGAGE ASSISTANCE".

Back to Business

- Direct grants to small businesses, up to \$45,000
- Focused on businesses unable to get PPP loans
- \$20,000,000 in grants, \$3,000,000 in shop local promotions
- Partnered with local business promotion agency

The screenshot shows the website for the Erie County Back to Business Grant Program. The header features the text "ERIE COUNTY BACK TO BUSINESS GRANT PROGRAM" in white and green. Below the header is a paragraph describing the program as a \$20 million relief fund. Two buttons, "Apply Now" and "FAQ", are visible. The main content area is divided into two columns: "Am I eligible?" and "In order to be considered eligible to apply, companies must meet the following criteria:". The criteria list includes Business Type, Age of Company, Location, Revenue, and Employees.

ERIE COUNTY
BACK TO BUSINESS
GRANT PROGRAM

The Erie County Back to Business Grant Program is a \$20 million relief fund offering direct financial assistance to qualifying Erie County-based small businesses. The grant program aims to disperse funds to businesses with the greatest need while distributing the aid to as many small businesses as possible - in amounts that will create a meaningful impact.

[Apply Now](#) [FAQ](#)

Am I eligible?

In order to be considered eligible to apply, companies must meet the following criteria:

- Business Type: For-profit (Sole Proprietorships, LLCs, LLPs, C-Corps, and S-Corps)
- Age of Company: Formally established and in continuous operation since at least Oct. 1, 2019
- Location: Based in Erie County, NY; The Founder/CEO and 90% of staff must be located in the region
- Revenue: Generated more than \$0 and less than \$7.5M in revenue over the course of 2019
- Employees: 50 or fewer W-2 based FTEs (Consultants and 1099s do not count towards this total)

Policies and Practices

- We do NOT assume there will be an extension on funding after December 30th.
- All grant programs require agencies to expend funds by 12/30
- All sub-recipient programs require unspent funds to be returned to Erie County by December 10th 2020
- Contracts have strong language requiring subrecipients to refund Erie County for any audit findings that lead to a recovery from the U.S. Treasury Department.

Protecting the County

- County Attorney and Budget Office went through CRF guidance from Treasury and OIG with every subrecipient
- Signed contracts with each subrecipient and invoice process for all payments
- Contracts have strong language requiring subrecipients to refund Erie County for any audit findings that lead to a recovery from the U.S. Treasury Department.
- Many subrecipients budgeted for an audit

Remaining Funding

- County will assess remaining funding on 12/10 after unspent awards are returned
- Less than \$3 million still unencumbered
- Final spending options
 - Expand small business grants, \$90,000,000 in applications, only \$20,000,000 available
 - Expand rental assistance program, current maximum of three months
 - Bill COVID-19 employee costs to CRF



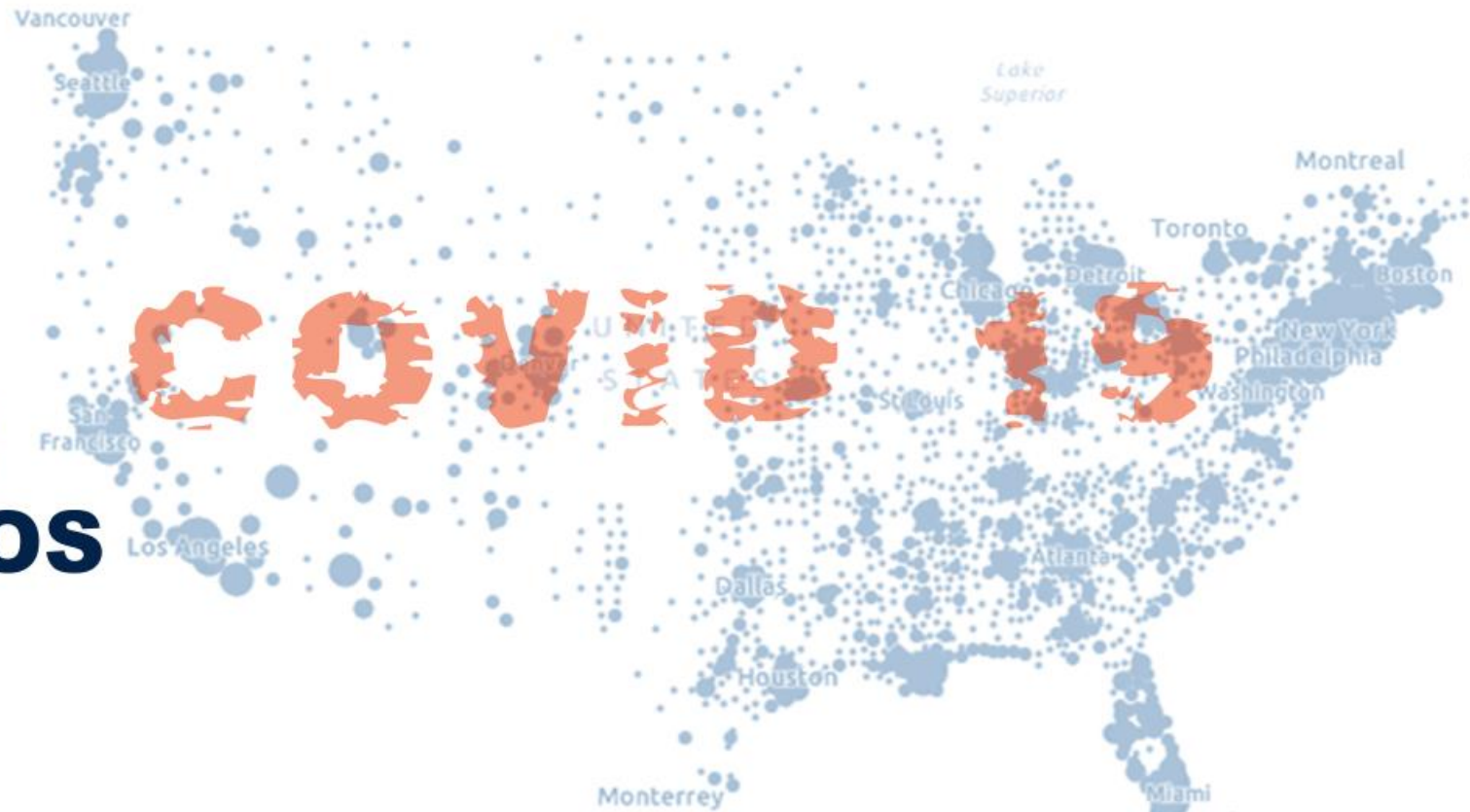
**ERIE COUNTY
LEADS THE WAY**

INSIDERS GUIDE TO CORONAVIRUS RELIEF FUNDS

Version 07 | NOVEMBER 2020

SPENDING STRATEGIES

UNDER MULTIPLE DEADLINE SCENARIOS



OUR EXPERTS



BRAD GAIR

PRINCIPAL
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25+ Years Of Experience
City/County/Federal Government



MATT ERCHULL

**COMMUNITY DEVELOPMENT
PRACTICE LEAD**
merchull@wittobriens.com

12+ Years of Experience
HUD, HHS, DOI, DOJ, FEMA, EDA
Funded Programs

Witt O'Brien's Strategic Approach



MAXIMIZE

Get the most out of each program



ANALYZE

Assess and prioritize needs



OPTIMIZE

Identify "best fit" funding scenarios



CONCEPTUALIZE

Devise streamlined programs and processes

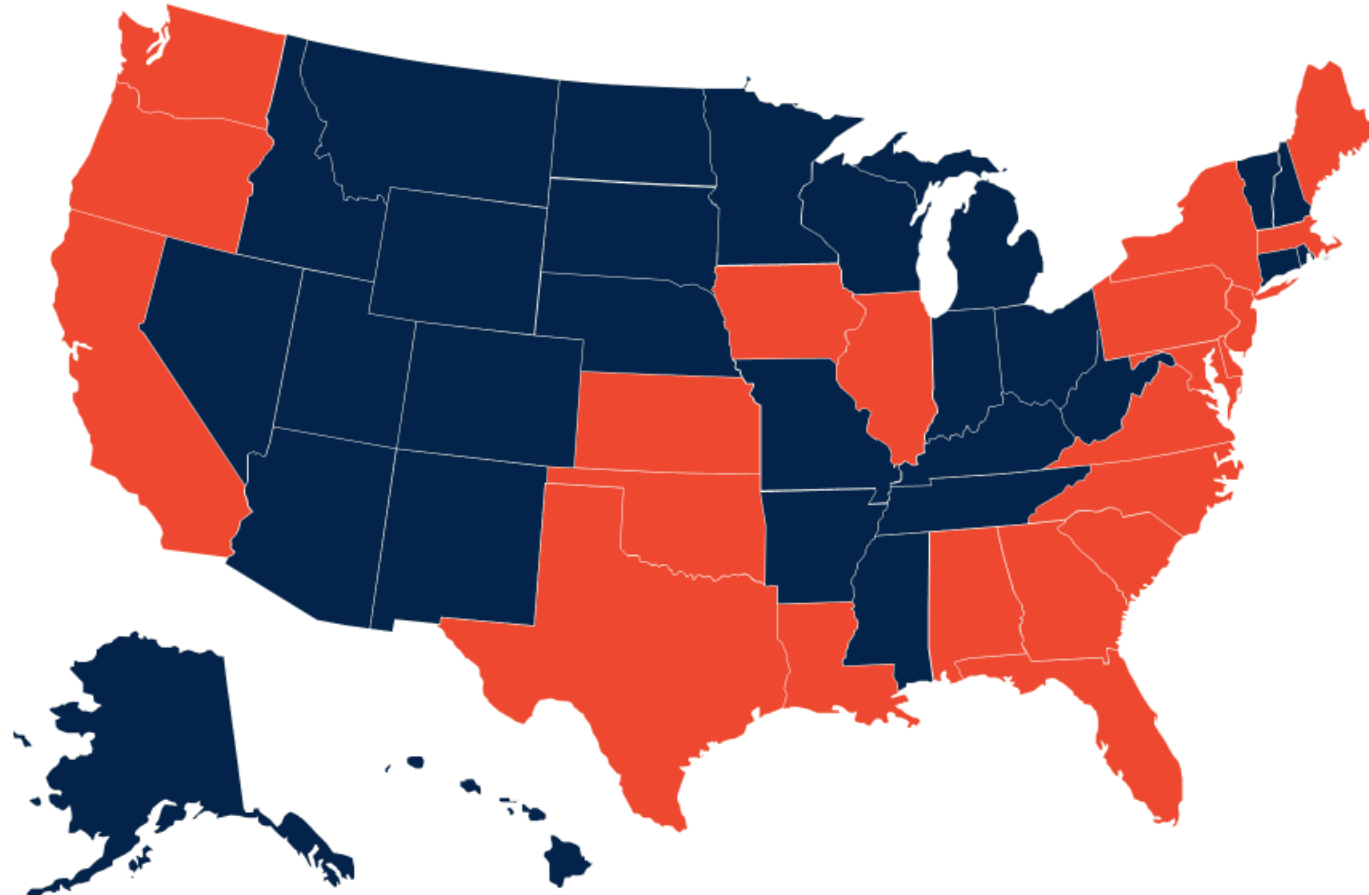


OPERATIONALIZE

Roll out and manage programs

TRUSTED CRF PARTNER

Witt O'Brien's is currently assisting over 40 CRF recipients across the Country, providing a broad range of services centered on compliant, efficient and expedient use of nearly \$5 billion in CRF proceeds.



COUNTY REGIONAL RESPONSE

Reimbursement for increased costs incurred by County preparing for, responding to or mitigating against COVID-19.

COUNTY PREPARATION & FUTURE PLANNING

Future expenses associated with measures taken by County and associated Departments to ensure safe and effective operational continuity during and after COVID-19 emergency.

COMMUNITY ORGS & SOCIAL SERVICES

Assistance to community based organizations, non-profits, healthcare providers and social service organizations to assist with adjustment to delivery or expansion of essential community and public benefit services.



CITIES & TAXING AUTHORITIES

Reimbursement for increased costs incurred by Cities and Taxing Authorities preparing for, responding to or mitigating against COVID-19.

SCHOOLS

Assistance to Schools to help prepare for safe and effective instruction in the upcoming school year and beyond.

BUSINESS AND ECONOMIC REVITALIZATION

Assistance to businesses and entities supporting commerce to allow for safe and continues delivery of services and goods.

CONTEXT SETTING – DECEMBER 30TH DEADLINE

- Costs must be *incurred* by December 30, 2020 for eligible expenses with equipment or projects completed and/or available for use by December 30th.

October 10/19 Guidelines Update:

Previous guidance regarding the requirement that payments from the Fund may only be used to cover costs that were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020 focused on the acquisition of goods and services and leases of real property and equipment, but the same principles apply to acquisitions and improvements of real property and acquisitions of equipment. Such acquisitions and improvements must be completed and the acquired or improved property or acquisition of equipment be put to use in service of the COVID-19-related use for which it was acquired or improved by December 30.

- CRF may only be utilized for services performed within the specified eligible expenditure period (March 1 – December 30, 2020)

Exceptions include administrative, audit and compliance costs. Payments may be issued after December 30, 2020 but only for services performed prior to December 30th.

*Some subrecipients may have prime recipient imposed timelines that differ from the Treasury timelines

Q: What is your confidence level that all your CRF funds will be fully expended by the Dec. 30 deadline?

1. High
2. Medium
3. Low

TIMELINE RISKS AND REMEDIES

Potential risks and mitigation strategies

Risk

Project impacted by supply chain or labor disruptions



Proposed action

If notification of disruption occurred after incurring financial liability for expenditure, document disruption cause – important to note this was unforeseen and beyond control of subrecipient

Grant programs or subrecipient allotments undersubscribed



Establish utilization threshold based on subrecipient monitoring metrics / KPIs to identify funds unlikely to be expended by Dec. 30th (or sooner!) and develop re-allocation strategy within workstream or to others to serve over-subscribed need.

Subrecipient unresponsive, undeforming



Implement contractual mechanism for recouping funds – in tandem identify other CRF eligible expenses; recoupment may not occur timely important to document new encumbrance and transfer of funds to replace original encumbrance

Identification of ineligible use of funds by subrecipient or grant recipient



There is opportunity to cure! If ineligible use was discovered within reporting period, consider re-appropriating use of funds to otherwise eligible CRF activities that occurred within the allowable expenditure period. Very important to document administrative action so auditors can follow ins/outs!

Q: What is most important for your county to ensure most impactful use of funds?

1. More time
2. More money
3. More flexibility

OPTIMIZATION STRATEGIES – MULTIPLE SCENARIOS

Scenario	Impact	Optimization Strategy
<p>No timeline extension Prime –or - Subrecipient</p>	<p>Fund recipients must fully utilize received funds by December 30th 2020, or date imposed on subrecipients by prime recipients</p>	<ul style="list-style-type: none"> • Prime recipients: consider holding off on encumbering funds for payroll expenses or for costs already incurred until latest possible time period without appearance of funds underutilized. Optics will be highly individual, but consider transparency such as web updates and/or dashboard
<p>Timeline Extension</p>	<p>Large scale capital improvement projects or durable equipment that were previously inaccessible due to timeline constraints now potential avenue of response;</p>	<ul style="list-style-type: none"> • If budget allows, pursue necessary infrastructure projects with GF focusing on potential of leveraging payroll administrative convenience to offset budget impact on GF using CRF. If extended, CRF can be utilized for either. *dependent on budget structure and local administration focus re: use of funds
<p>Timeline Extension More Flexible Use of Funds</p>	<p>Long term projects more attainable, potential for revenue replacement – however may be capped by legislative action.</p>	<ul style="list-style-type: none"> • Project potential revenue replacement potential under multiple calculation formulas (10-25%) and evaluate potential for use of CRF to address this need. Consider: may have greater complication re: calculation methodology and accounting for CRF increased cost offsets re: CRF (similar to HHS PRF scenario)
<p>No Timeline Extension, Additional Funding</p>	<p>Existing CRF funds must still be utilized by December 30 timeline; additional funding may come in different flavor, flexibility and intended use</p>	<ul style="list-style-type: none"> • Continue implementation plan but utilize lessons learned from first round of CRF – develop potential implementation plan focused on modular deployment to maintain flexibility. Consider setting up wireframe for leveraging new funding.
<p>Timeline Extension, Additional Funding</p>	<p>More flexible use of funding, opportunities to fully optimize funding to meet many needs of impacted communities</p>	<ul style="list-style-type: none"> • Utilize existing funding sources as springboard with more robust integration opportunities. Consider calculation formulas % that evaluate loss of revenue impacts and replacement strategies, further funding existing programs and extending timeline of benefits

LEVERAGING FLEXIBILITY OF USE NOW TO EXTEND IMPACT



Converting Loans to Forgivable Loans Based on Achieved Outcomes

Fund private / public partnerships with loans that can be converted to forgivable loan opportunities if desired objectives and outcomes are met – highly impactful should timeline be extended



Up Front Infrastructure investment using CRF1

Utilize existing CRF allocation to fund up front infrastructure of programs or projects and utilize future funding for operations

Eg.. Using CRF to renovate existing dilapidated housing for use as emergency sheltering
-> Use ESG and CDBG-CV for ongoing operational expenses beyond Dec 30th.



AAR / Continuity Planning

Many communities will need to adapt delivery of resident focused operations in light of changing fiscal situation and/or COVID-19 impacts.

Use CRF for After Action Reviews to support Emergency Management planning; build operational continuity plans including evaluation of asset and resource consolidation /optimization



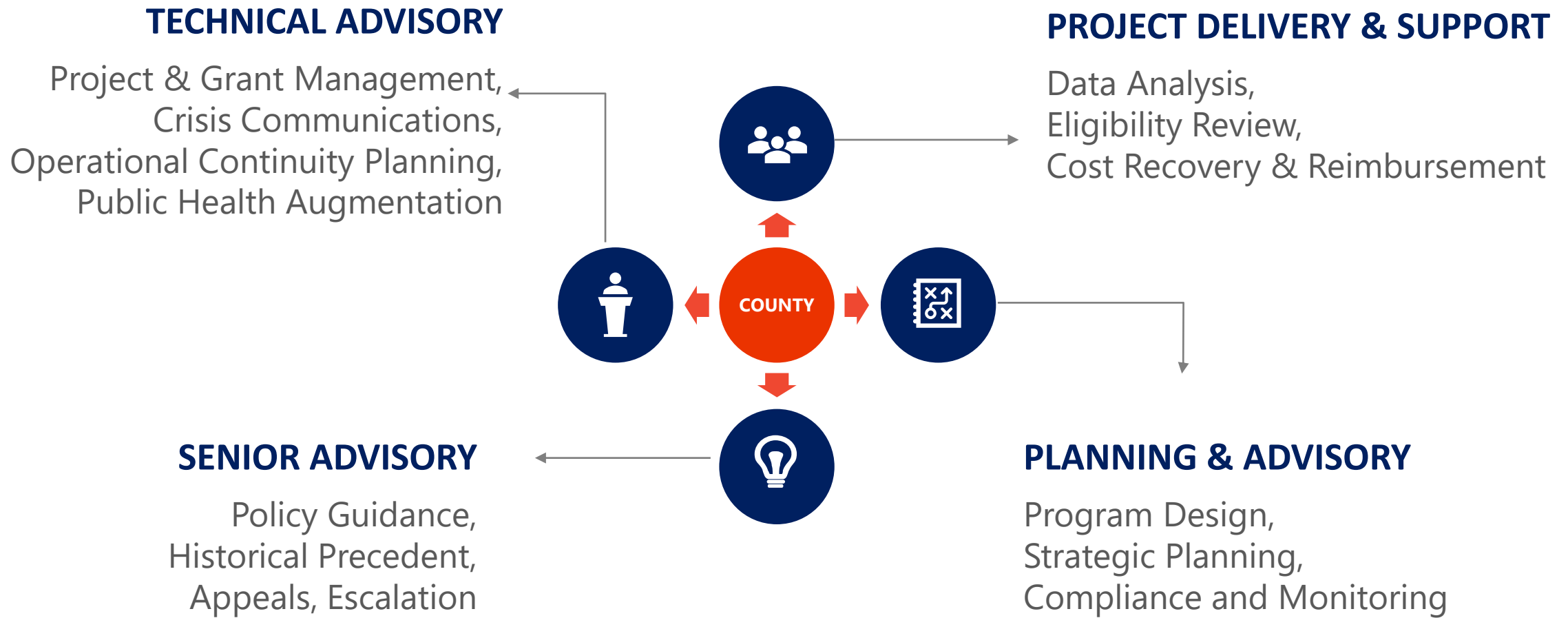
Use CRF to build community focused education strategies

Use CRF to build nexus between educational institutions and community-based providers – enhanced tutoring support, up front infrastructure investment for bridging digital divide initiatives, repurposing libraries and other municipal assets to support childcare/education

COMPLIANCE AND AUDIT CONSIDERATIONS

- All fund recipients (and subrecipients) who utilize greater than \$750,000 of CFR in a fiscal year are subject to a single audit or program-specific audit pursuant to 2 C.F.R. § 200.501.
- CRF recipients may be subject to audits, monitoring or inquiries from the Office of Inspector General (OIG), Government Accountability Office (GAO), Pandemic Response Accountability Committee (PRAC) and others.
- OIG during desk review will be evaluating samples based on outcomes of Single Audit, Program Specific Audit and/or Internal Audit. This is important to note – work diligently to document reasonable necessity for fund use, utilize memos to file to explain policy changes in fund use, and create an audit ready file prior to Single Audit.
- Mitigating federal findings starts at the local audit level!

USING CONSULTANTS FOR RESOURCES & EXPERTISE



QUESTIONS?

1
3

WITT O'BRIEN'S

PART OF THE **SEACOR** FAMILY

WITH YOU WHEN IT COUNTS



Federal Funding
Expertise



Crisis and Disaster
Management



Public &
Stakeholder
Communication



Business &
Operations
Continuity



Emergency Operations
Center Surge Staffing

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