MEMORANDUM

To: Board of County Commissioners  
   Penny Postoak Ferguson, County Manager  
From: Maury L. Thompson, Deputy County Manager  
Date: June 25, 2020  
RE: Proposed Coronavirus Relief Fund (CRF) Utilization Plan

The following information is meant to serve as a summarization and memorialization of information and discussion with the Board of County Commissioners (BOCC) at a Study Session last week regarding a plan to utilize and distribute recently received CRF dollars.

THE ALLOCATION

State of Kansas – received the minimum state allocation as established by the federal legislation - $1.25 billion

Of this amount, two counties with populations of 500,000 or greater received direct federal allocations.  

Sedgwick County - $99 million  
Johnson County - $116 million

Of the State’s slightly more than $1 billion remaining, they plan to distribute $400 million to counties.  
$350 million is to be distributed to the remaining 103 counties. $50 million is to be distributed to all 105 counties based upon an allocation methodology comprised of each county’s unemployment rate and COVID-19 prevalence. Of this $50 million distribution, Johnson County will receive an additional nearly $8 million.

ALLOWABLE USES

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, and  
3. Were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

RESTRICTIONS

There are several. However, the most important of these is that these funds cannot be used to “back-fill” revenue deficits in an approved budget.
THE STATE PLAN

The State of Kansas has developed a three-phase plan for the utilization and distribution of their allocation, with designated amounts of the funds for each of the phases.

Phase 1 – Local Government – 40% or about $400 million  
Phase 2 – Public/Private Entities – 50% or about $500 million, range of 30-50%  
Phase 3 – Additional Public/Private Investment – 10% or about $100 million, range of 11-31%

State stakeholders have identified several priorities for phases 1 and 2 including a lack of quality, affordable housing, workforce development, and mental health.

THE JOHNSON COUNTY PLAN

Phase 1 – Local Government – 45% or about $50 million (Range 40% - 50%)  
Specified percentages to be used in each phase are estimates, to be adjusted as needed/desired.

Allocations during this phase are meant to address the needs of local government with expenses such as personal protective equipment (PPE), modifications to facilities to accommodate the need for social distancing and other protective measures and additional cleaning and disinfection of facilities and equipment. The critical need to address a continuing community inability to locate and acquire PPE was detailed last week, with action before the BOCC today.

A Committee of city and county representatives has been comprised to assist in the review and preliminary approval of disbursements in this phase. Individuals asked to serve in this capacity are City Administrators/Managers from the cities of Olathe, Shawnee and Roeland Park and Johnson County Government’s Assistant Finance Director, Deputy Director of Emergency Management, and the Deputy County Manager. The Committee is tentatively planning an initial meeting tomorrow, June 26, 2020.

Committee approved funding decisions will be “bundled” and forwarded to the BOCC for final review and approval.

Phase 2 – Community Re-investment – 30% or about $35 million (Range 30% - 50%)

Consistent with the BOCC’s previously identified priorities, community survey responses, and effects of the COVID-19 pandemic, five funding priorities would be addressed in this phase. Those priorities are 1) Mental Health, 2) Aging, 3) Housing, 4) Workforce Development/Small Business Support, and 5) Digital Access.

Our hospitals are likely to be a consideration in this phase as well, particularly as their work intersects with our identified priorities.

A committee is also envisioned to guide the recommendations for funding in this phase. Anticipated members of this committee are representatives of our key funding partners including the Enterprise Center in Johnson County, Workforce Partnership, and United Community Services.
Phase 3 – Administrative and Audit Costs, Contingency Fund, Additional Re-investments in Local Government and Community, and Unused Funds – 25% or about $30 million (Range 10% - 30%)

Please note this allocation plan does not account for the additional $8 million distribution via the State allocation.

ADDITIONAL ASSISTANCE

I appreciated the opportunity to share this proposal with the BOCC last week and engage in conversation regarding the significant task of overseeing the use and distribution of such a large influx of resources to our community in such a compressed timeline. The admonition to utilize external resources to appropriately and timely apply these resources as needed was received. **To that end, a Request for Proposal (RFP) has been issued to solicit assistance in providing expertise in the regulatory/accounting/risk issues of the use and distribution of these funds.** Cognizant of the short timeline, we have set an aggressive schedule to obtain this added assistance to keep this work progressing.

It is anticipated that we will need assistance in managing phase 2 as well. That assistance may or may not be sought via the current RFP. We are again, working quickly to address this need.

CLOSING NOTE

I acknowledge the guidance and direction regarding the appropriate use of these funds has been an evolving process. I appreciate the BOCC’s support and understanding as we attempt to balance compliance and appropriate risk mitigation for the organization with the need to quickly address the pandemic related needs of community and government.

Please do not hesitate to contact me with additional requests for information or questions.