



**SARASOTA COUNTY**  
*"Dedicated to Quality Service"*

July 12, 2021

The Honorable Janet Yellen  
Department of the Treasury  
Office of the Undersecretary of Domestic Finance  
1500 Pennsylvania Avenue NW  
Washington D.C. 20220

**Subject:** Comments on U.S. Treasury Interim Final Rule for American Rescue Plan Act, Coronavirus State and Local Fiscal Recovery Funds

Dear Secretary Yellen:

On behalf of Sarasota County, we appreciate the opportunity to utilize the County's allocated American Rescue Plan Act (ARPA), Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) to continue to respond to and recover from the Coronavirus pandemic in our community. Further, we appreciate the opportunity to comment on the U.S. Treasury Interim Final Rule (IFR) for the CSLFRF in order to maximize the benefits afforded to local and state governments. Please accept the below submitted comments on the IFR on behalf of Sarasota County.

*March 3, 2021 and Forward Incurred Cost Requirement*

Sarasota County strongly opposes the U.S. Treasury requirement that all eligible costs of the CSLFRF must be incurred by the recipient from the date of March 3, 2021 and forward. Whereas language in the IFR explains that the CSLFRF is "forward looking" and recognizes "that the response to the COVID-19 public health emergency has changed," please understand that each community has responded to the Coronavirus pandemic in a different way, to include its use of prior Coronavirus pandemic relief funds, such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Relief Funds (CRF).

Understanding the direct and severe impacts of the Coronavirus pandemic to our community, the Sarasota County Board of County Commissioners allocated and expended a vast majority of the \$75.6 million in CARES CRF funding to support local businesses, individuals, non-profits, and its surrounding governmental partners. Less than 8%, or 5.6 million dollars, of the CARES CRF funding was utilized to cover internal Coronavirus operational response and recovery expenditures, to include vaccination support costs. Sarasota County, as with many other counties in Florida, was also subjected to decreased timeframes to expend these funds from the State, resulting in all CARES CRF funds being expended in December, 2020 to meet the original CARES CRF spending timeframes. Today, the County has expended over \$17 million dollars in response and recovery costs, to include ongoing vaccination support costs.

Early guidance from the U.S. Treasury, paired with current minimal reporting requirements, also gave the impression that funds calculated under the "Revenue Loss" category would grant the opportunity for recipients to then use these revenue loss monies towards "general governmental services." However, guidance since then has become increasingly more restrictive of these uses and it has been further emphasized that the March 3, 2021 and forward incurred cost requirement also applies to these revenue loss monies. By extending this requirement across all eligible categories of the CSLFRF, to include "Revenue Loss", this leaves very limited opportunities for communities like Sarasota County to reimburse these pandemic related response and recovery costs.

**OFFICE OF THE COUNTY ADMINISTRATOR**

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In the event this requirement remains unchanged for the eligible CSLFRF categories, to include for the “Revenue Loss” category, the restoration to our community from the Coronavirus pandemic may be severely hampered, especially if the County may be forced to take measures to raise revenues to address the financial impacts of the Coronavirus pandemic to its funds. The County strongly advocates to the U.S. Treasury to utilize the CSLFRF to “build on and expand” the support provided from earlier Coronavirus funding sources, as the IFR describes, and allow eligible costs under the CSLFRF to include those incurred by recipients from the Coronavirus Public Health Emergency of January 31, 2020 and forward.

#### *Revenue Loss Calculations Agency Wide*

Sarasota County understands and acknowledges the difficulties the U.S. Treasury faces on having to apply a consistent approach to calculating “Revenue Loss” attributable to the Coronavirus pandemic. As the IFR indicates, to help better address this matter the U.S. Treasury IFR requires that the recipient perform a revenue loss calculation “across all revenue streams covered as general revenues.” In other words, revenues must be calculated agency wide. Whereas this may reduce administrative burdens to recipients and seemingly increase consistency, it will actually result in significant disparities nationwide in these calculations due to certain revenue sources falling under the U.S. Treasury definition of “General Revenues” and therefor being included in the calculations. For some communities, this may arbitrarily show an increase in revenues, driving down the “Revenue Loss” figure, all due to inclusion of revenue sources that were unimpacted by, or were completely unrelated to, the Coronavirus pandemic. This would be counter to the U.S. Treasury IFR which states this current agency wide calculation would “present a more accurate representation of the overall impact of the COVID-19 public health emergency on a recipient’s revenue.”

Sarasota County respectfully requests that the U.S. Treasury should afford more flexibility in the calculations of “General Revenues” to exclude certain revenues that currently fall under its definition of “General Revenues” that may be unimpacted by, or were unrelated to, the Coronavirus pandemic. Allowing this flexibility will also align with the U.S. Treasury requirements related to excluding intergovernmental transfers from the federal government, to include prior Coronavirus relief funds (e.g. CARES). By excluding these federal intergovernmental transfers, it is apparent that the U.S. Treasury is cognizant of the substantial and arbitrary impact these revenue sources would have on revenue loss calculations. It would only add consistency to this mindset of the U.S. Treasury to also extend this exclusion to other certain revenue sources that would otherwise arbitrarily increase revenues leading up to and during the Coronavirus pandemic which may significantly impact the revenue loss calculations.

#### *Broadband Infrastructure for Wireline Connectivity*

Sarasota County appreciates the recent updates to the U.S. Treasury Frequently Asked Questions (FAQ), dated June 17, 2021, as it relates to increased flexibilities to implementing broadband projects for “unserved and underserved” communities. However, additional eligibility should be granted to recipients for broadband projects that involve wireless in addition to wireline connections that still meet the U.S. Treasury IFR minimum required upload and download Mps speeds. Currently, the U.S. Treasury IFR expects projects to focus on “unserved and underserved household or businesses not currently served by a *wireline* [emphasis added] connection that reliably delivers at least 25 Mbps download speed and 3 Mbps upload speed.”

Depending on the community, placing a restriction to install only wireline connectivity limits the ability to provide these services through the CSLFRF. This limits not only the reach, but it may not be economically feasible to providers to provide a wireline connection, as well as limit the amount of providers being able to perform this function. In communities like Sarasota County, the possibilities to expand wireline connectivity is also very limited as this is already being performed by providers, especially in newly constructed communities.

In order to broaden the eligible uses of broadband infrastructure which focuses on unserved and underserved households and businesses, Sarasota County respectfully requests that the U.S. Treasury include in the final IFR or clarify in its current FAQ that wireless infrastructure projects, in addition to wireline projects, would be an eligible expense under the category of "Investments in Infrastructure" for broadband infrastructure.

#### *Administrative Requirements for "Public Health and Safety" Employee Payroll and Benefits*

Recognizing the importance of public health and safety staff in responding to the Coronavirus pandemic, Sarasota County again appreciates the U.S. Treasury allowing for the reimbursement of these staff salaries and benefits under the "Responding to COVID-19" category of the CSLFRF. However, current IFR requirements for only "primarily dedicated...employee, division, or operating unit...engaged in activities that respond to the COVID-19 public health emergency," paired with the March 3, 2021 and forward incurred cost requirements for recipients, severely limits the potential for communities to reimburse these costs. Updated guidance released from the U.S. Treasury on this eligible category and costs also appears to have placed additional restrictions and requirements for these costs and has generated confusion amongst recipients.

According to the U.S. Treasury FAQ Sheet updated May 27, 2021, the U.S. Treasury has seemingly taken an additional stance to define that "primarily dedicated," as an example, may be interpreted to be "more than half of the employee's time" responding to the COVID-19 public health emergency. In apparent conflict, the same FAQ and the IFR states "recipients need not routinely track staff hours" and "may use presumptions." These requirements appear at odds as recipients may actually need to explicitly track public health and safety staff hours, identify COVID-19 specific hours, and perform an evaluation as to whether it meets the test of "primarily dedicated." Further, whereas recipients are instructed to "not routinely track staff hours," recipients must also "periodically reassess their determinations." Based on the test to meet "primarily dedicated" requirements, there appears to be no other mechanism, to include any allowable presumptions of that by the recipients, than actually needing to document and track public health and safety staff hours to include the amount of Coronavirus pandemic actions within those hours.

Again, whereas "the response to the COVID-19 public health emergency has changed," as U.S. Treasury reasons for its rulemaking in the IFR, it may not have changed entirely for certain types of employees, namely those public health and safety staff. These same public health and safety staff are currently being heavily relied upon to meet Whitehouse national vaccination goals. For U.S. Treasury to increase the administrative actions and time tracking for these staff to be potentially reimbursed through the CSLFRF will inhibit local communities to help meet these goals in support of this critical nationwide effort. As a result of these concerns, Sarasota County strongly encourages U.S. Treasury reevaluate whether these requirements, paired with the additional guidance released in updated FAQ sheets, truly provide recipients with an "administrative convenience" as the IFR under this eligible category states. As an example, some recipients, the County understands, are simply planning to utilize the less restrictive "Revenue Loss" funds for their public health and safety staff simply to circumnavigate the current administrative requirements for public health and safety employees under this separate "Responding to COVID-19" category.

The Honorable Janet Yellen

Page 4

July 12, 2021

Further, in hopes that U.S. Treasury reevaluate these requirements, Sarasota County also encourages U.S. Treasury to consider and adopt earlier "administrative convenience" requirements from CARES CRF for public health and safety staff which permitted recipients to inherently assume, without additional tracking and reevaluation, that all public health and safety employees are dedicated to COVID-19. Understanding the CSLFRF extends until 2026 and would therefore be an unreasonable time period to reimburse these costs with these lessened requirements, this adjusted "administrative convenience" requirement would be applicable from the date of the Coronavirus Public Health Emergency of January 31, 2020 until the Coronavirus Public Health Emergency expires. This would better support the efforts of these public health and safety staff still being relied upon during these critical times in the nation's recovery from the Coronavirus pandemic.

In conclusion, Sarasota County respectfully submits these above comments and our concerns on the CSLFRF during this open comment period of the U.S. Treasury IFR. Local communities continue to be the front lines in the response and recovery from the Coronavirus pandemic and a collective recovery effort amplified by the CSLFRF that is tailored more to meeting the needs of local communities would benefit all nationwide.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jonathan R. Lewis".

Jonathan R. Lewis, ICMA-CM  
County Administrator

- c: Steven Botelho, ICMA-CM, Deputy County Administrator
- Kim Radtke, Director, Office of Financial Management
- Rich Collins, Director, Emergency Services
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