

City Council Staff Report

October 27, 2020



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From: Maryn Pitt, Assistant to the City Manager for Economic Development and Housing

Prepared by: Maryn Pitt, Assistant to the City Manager for Economic Development and Housing

Agendized by: Toby Wells, P.E., City Manager

1. ACTION RECOMMENDED:

Motion: Review, discuss, and direct Staff on Coronavirus Aid, Relief and Economic Security (CARES) Act funding priorities for the Coronavirus Relief Fund (CRF)

2. SYNOPSIS:

Staff seeks policy direction for the allocation and distribution of federal and state CARES Act funding.

3. DISCUSSION OF ISSUE:

The novel coronavirus which causes the COVID-19 disease has created a pandemic contributing to extreme financial hardship for businesses, families, and individuals in the City of Turlock. On March 17, 2020, the City of Turlock declared a state of emergency. On March 27, 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide emergency assistance and health care response for individuals, families, and businesses affected by the coronavirus pandemic. The CARES Act allocated \$15.3 billion from the Fund to the State of California, and per CARES Act guidelines, the State directed the funds to California counties and larger cities for mitigation and recovery efforts based on population.

To assist the County with the financial burden of responding to the COVID-19 pandemic emergency, the United States Treasury allocated and disbursed to Stanislaus County \$96.1 million of CARES Act CRF funds. In addition, the California Department of Finance allocated an additional \$12.8 million of State CARES Act CRF pass-through funds to Stanislaus County. On June 9, 2020, the Board of Supervisors approved the CRF policy recommendations that allocated \$15 million to the cities in Stanislaus County. The City of Turlock's share of the allocation is \$2,508,525. With the June 9 action, the Board of Supervisors held back the funding the City was expected to receive from the State of California in the amount of \$917,463. The City is currently receiving the State CARES

allocation on a monthly basis. The adopted budget for fiscal year 2020/21 includes the \$2,508,525 total allocation.

On October 13, 2020, the Board of Supervisors adjusted the allocation to provide the full \$2,508,525 to the City of Turlock. As a result, there is an additional \$917,463 of CARES funding that has not been included in the current budget.

In addition, on September 15, 2020, the Board of Supervisors approved the touchless gift card program StanRAD. Under this program, electronic gift cards would be available for purchase that can be used at participating local businesses. Developed in partnership with Downtown Modesto Partnership (DOMO), this program is intended to boost the local economy by enhancing consumer spending through the community match funding. \$1 million was approved for the program to be allocated by jurisdiction to ensure countywide implementation with flexibility to allow County staff to adjust among the allocations based on actual program activity. The preliminary allocation for Turlock businesses is \$125,000.

The City also received approximately \$849,000 in two rounds of Community Development Block Grant – Coronavirus (CDBG- CV) funding. The pandemic has had unprecedented consequences on public health, the economy, and labor markets forcing businesses and individuals to face a dramatic loss of income. Landlords and property owners face an equally dramatic loss of income which leaves them unable to pay mortgages, maintain buildings, and meet demands for increased health and safety measures.

Each of these funding sources has agreements, budget amendments, and other supporting documents. Before finalizing these documents, staff is seeking policy direction for the implementation of the proposed programs. Staff proposes the following:

1. Create an emergency COVID-19 Mortgage, Rent, and Utility Assistance Program dedicating \$849,000 of federal CARES Act funding from the United States Department of Housing and Urban Development (HUD) allocated to the City of Turlock to provide mortgage, rental, and utility assistance to qualifying individuals and families. Such a program would be managed by the City's Housing Program. These targeted funds will help keep people in their homes and minimize the impact on property owners and lenders.
2. Create the City of Turlock Small Business Relief Grant Program in an effort to provide needed funds to as many businesses as possible. Staff recommends partnering with Opportunity Stanislaus (OS) who will provide the financial, material, and labor resources to create a designated website, market the program, and help businesses with the grant application process. The estimated cost to administer the program is \$10,000 for Opportunity Stanislaus. Staff recommends an allocation of \$725,000 for a total cost of \$735,000.

3. Allocate the balance of the County CARES allocation of \$182,463 to City operations in response to the COVID-19 response. It is proposed to replace the HVAC units at City hall for an approximate cost of \$170,000. The ongoing COVID response had exposed the age of the system and the potential issues relative to the air exchange created by our older HVAC system and reduce the potential exposure and transmission of COVID-19.
4. Support the County StanRAD card focused on the downtown area. The RAD card design is focused on the types of businesses in the downtown. If the area is expanded, it dilutes the effectiveness of the program.

4. BASIS FOR RECOMMENDATION:

Staff seeks council direction on the policy and parameters for the expenditure of these CARES funds as outlined.

5. FISCAL IMPACT / BUDGET AMENDMENT:

There is no fiscal impact with providing the policy direction. Budget amendments will be provided with the final actions on these items that would return to Council for final approval on November 10, 2020.

6. CITY MANAGER'S COMMENTS:

Recommend Approval.

7. ENVIRONMENTAL DETERMINATION:

This activity is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b) (5), as it is an organizational or administrative activity of government that will not Result in direct or indirect physical changes in the environment. Pursuant to Section 15060(c)(3), this activity is determined to be exempt from CEQA.

8. ALTERNATIVES:

- A. The Council could choose not to allocate the CARES act funds as proposed. This alternative is not recommended as these activities and programs are within the scope of eligible activities and are reflective of the needs of the community.
- B. The Council could choose not to accept CARES Act funding and return it to the state and federal governments. This alternative is not recommended as there is a clear and demonstrated community need.