



Administrative Report

N.3., File # 20-1184

Meeting Date: 8/4/2020

To: MAYOR AND CITY COUNCIL
From: MARNI RUHLAND, FINANCE DIRECTOR

TITLE

DISCUSSION AND POSSIBLE ACTION REGARDING CORONAVIRUS RELIEF FUNDS PROVIDED IN THE FEDERAL CARES ACT

EXECUTIVE SUMMARY

Through the Coronavirus Relief Fund, the Federal CARES Act provides for payments to state, local and tribal governments dealing with the impact of the COVID-19 outbreak. Only cities with populations greater than 500,000 directly receive funding from the CRF. However, the State of California received nearly \$1.3 billion, of which \$500 million is to be allocated to cities. The City of Redondo Beach is to be allocated \$827,184. Although updated often, guidelines for the use of these funds have been issued by the United States Treasury. The most recent update is attached to this report.

BACKGROUND

The CARES Act funding is to reimburse the City for its expenditures incurred due to the COVID-19 public health emergency. Eligible expenditures are to be incurred (and preferably paid for) between March 1, 2020 and December 30, 2020. Although the funds cannot be used to backfill lost revenue, the list of ineligible expenditures is rather limited.

To date, the City has incurred the following overtime, part-time and maintenance and operations expenditures.

Category	Cost
Medical Expenses	26,879
Public Health Expenses	145,345
Substantially Dedicated Payroll Expenses	114,924
Compliance with Public Health Measures	92,918
Economic Support	2,203
Other	175
Total	382,444

Another category of eligible expenditures for the CARES Act funding is “regular” time (as opposed to

overtime). Because this has always been an ineligible FEMA expenditure, employee regular time “substantially dedicated to mitigating or responding to the COVID-19 public health emergency” has not yet been tracked. Over the next few weeks, staff will be determining the COVID-related regular hours that have been worked and calculating the cost (including benefits) of those hours.

Because of the uncertainty surrounding the length of time the public health emergency will be with us and the expenditures needed for the remaining term, it is difficult to estimate the City’s total costs for the duration of the emergency (through December 30, 2020). However, if expenditures (excluding payroll costs for regular time) continue at current levels through the end of December, they would exceed the City’s \$827,184 allocation by approximately \$200,000. Should any of these circumstances change, regular time will fill the resulting gaps. At least at this point in time, it appears the City will be spending its full allocation.

In addition to the expenditures listed above, the City has incurred other COVID-related expenditures that will be reimbursed by separately obtained grants. Examples of those expenditures include the following.

- Personal protective equipment (PPE)
- COVID-19 tests
- Disinfection supplies
- Lost bus fare revenue
- Signage

At its July 21, 2020 meeting, the City Council requested information regarding the possible use of CARES Act funding for assisting businesses within the City that have had their operations closed or severely limited by the State and County public health orders.

Under the category of economic support, local governments may provide grants to small businesses to reimburse them for their business interruption costs caused by the required closures. The attached Coronavirus Relief Fund Frequently Asked Questions (FAQs) document attached to this report (with applicable questions highlighted) provides some details regarding the use of CARES Act funding for payments to small businesses within the City.

The answers to those FAQs give some hints on how to best structure any such programs. The first thing to note is that grants, rather than loans, are recommended since the timing of repayments impacts the City’s ability to fully use its funding allocation. Secondly, payments can be made to individuals as well as to small businesses. Additionally, payments to businesses or individuals cannot be made to help meet their property tax obligations or to replace unpaid utility fees but can be made in the absence of a stay-at-home order if a business has voluntarily closed to promote social distancing measures or if it has been affected by decreased customer demand as a result of the public health emergency. Finally, although no formal application process is required, some assurance is needed that any assistance would be used in a manner that satisfies the requirements of the CARES Act and other applicable law.

COORDINATION

All departments are responsible for tracking costs incurred due to the COVID-19 public health emergency.

FISCAL IMPACT

The City will be receiving an allocation of \$827,184 from the CARES Act Coronavirus Relief Fund. Any unspent funds must be returned.

ATTACHMENTS

Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments
Coronavirus Relief Fund Frequently Asked Questions