



Staff Report

TO: City Council
FROM: Todd Parton, City Manager
DATE: July 7, 2020
SUBJECT: Discussion and Direction to City Staff Regarding Application for the Use of the City of Beaumont's CARES Act Relief Fund Allocation

Background and Analysis:

California's state budget for FY2020-2021 includes a pro-rata distribution of \$500 million in Coronavirus Relief Funds to municipalities of less than 500,000 population. The City of Beaumont's allocation is \$635,569. These are pass through funds from the Federal CARES Act and the use of the funds are subject to Federal as well as State guidelines.

In order to receive its allocation, the City of Beaumont must submit a certification form no later than 11:59 p.m., July 10, 2020. This certification affirms that the City Council has authorized the application for the funds and agrees to abide by all applicable Federal and State requirements as a condition of receipt of the funds. Attached is a copy of the mandatory certification document.

The City must agree to comply with the following conditions:

1. Adhere to Federal guidance and the State's stay-at-home order as specified in Gubernatorial Order N-33-20 and any subsequent amendments;
2. Use funds in accordance with the conditions specified in the State's Budget Act of 2020;
3. Submit a report on expenditures and summarize regional collaboration and non-duplication of efforts within the region by September 1, 2020, and return any unspent funds by October 30, 2020 (unless granted an extension by the State of California); and
4. Retain records regarding the expenditure of the funds on COVID-19 eligible expenditures and participate in any audits required by the Federal or State agencies.

Reporting forms are still to be issued by the California Department of Finance (DOF).

The League of California Cities has provided a summary document regarding the CARES Act Relief Fund Allocations for Cities. This document is attached to this memorandum.

City of Beaumont Finance Department staff have completed a preliminary review of the CARES Act program. This summary is attached to this memorandum. The summary outlines the known, eligible ways to expend the funds as well as additional items that are under review. Staff has identified ways to use funds to cover City's internal costs, ways to support local businesses, and ways to provide community assistance programs. Funds are to be allocated to cities via monthly installments with each installment being 1/6 of the total pro-rata distribution. The state reserves the right to accelerate the allocation schedule based on a city's demonstrated need to utilize the funds sooner. Cities are not required to submit proposed expenditures for approval but will be required to report how funds were used by September 1, 2020. All funds must be expended by October 30, 2020, unless the monthly allocations extend beyond that date. The expenditure deadline may be extended to coincide with the actual allocation schedule. Any funds not expended by the applicable deadline must be returned to the U.S. Treasury. Funds may be used for COVID-19 eligible expenses that started to be incurred on March 1, 2020.

City staff requests guidance from the City Council on whether it would like to pursue Beaumont's allocation and the types of uses for which the funds would apply. City staff is compiling a report of its COVID-19 related expenses incurred since March 1, 2020. Initial estimates are that the City might be eligible for at least \$100,000 of reimbursements. City staff is also compiling a list of additional qualified COVID-19 related needs. Should the City Council decide to pursue these funds, City staff will present a finalized program for the use of the funds for City Council consideration on July 21, 2020.

Fiscal Impact:

City estimates that preparation of this report cost approximately \$3,750.

Recommended Action:

City staff recommends that the City Council approve the Certification for Receipt of Funds Pursuant to Paragraphs (2) or (3) of Subdivision (d) of Control Section 11.90 of the California Budget Act of 2020 authorizing the City Manager to request Beaumont's CARES Act Relief Fund Allocation, provide direction to City staff on the utilization of Beaumont's per capita allocation of \$635,569, and direct

City staff to present a program for the use of its funds for City Council consideration at the City Council regular session scheduled for July 21, 2020.

Attachments:

- A. Certification for Receipt of Fund Pursuant to Paragraphs (2) or (3) of Subdivision (d) of Control Section 11.90 of the California Budget Act of 2020
- B. League of California Cities – CARES Act Relief Fund Allocations for Cities – City Managers
- C. City of Beaumont – CARES Act 2020 Rules and Guidelines as of 7/2/20 – Preliminary Review Subject to Further Exploration and Guidance from State Treasury
- D. Gubernatorial Executive Order N-33-20
- E. \$500 Million Coronavirus Relief Fund Allocations to Cities