



Staff Report

TO: City Council
FROM: Todd Parton, City Manager
DATE: July 21, 2020
SUBJECT: Discussion and Direction to City Staff Regarding the Use of the City of Beaumont's CARES Act Relief Fund Allocation

Background and Analysis:

As discussed at the regular City Council meeting of July 7, 2020, 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 qualify for its funds, the City was required to execute and submit a certification form by 11:59 p.m., July 10, 2020. The certification form was executed and submitted to the State on July 8, 2020. It should be noted that these are restricted funds that must be used in accordance with Federal and State guidelines.

Pursuant to the City Council discussion and direction on July 7, 2020, City staff has prepared a COVID-19 budget for the allocation of the funds. Attachment A to this memorandum contains a budget proposal. It provides for an allocation of the entirety of the \$635,369. The COVID-19 program was based on direction received from the City Council and needs identified by City staff.

State guidance regarding the use of the CARES Act allocations has been evolving since the July 7, 2020, City Council meeting. City staff has updated its summary of the CARES Act rules and guidelines which is attached to this memorandum as Attachment B.

Finance Department staff has also been engaged with the State Department of Finance (DOF) and has attended a State webinar. Attachment 3 to this report contains a presentation from the State regarding the CARES Act grant program. The presentation provides a detailed overview regarding the limitations for use of the grant proceeds in addition to the reporting requirements. The DOF also stressed the fact that dedicated

public safety payroll expenses are **presumed to be “substantially dedicated” to responding to the COVID-19 pandemic**. The application of these funds toward the reimbursement/payment of Beaumont Police Department (BPD) payroll and payroll related expenditures would be the safest use of the funds and would greatly simplify the City’s reporting and tracking requirements. These funds would be eligible to cover City costs from March 1, 2020, through October 30, 2020. Applying these funds toward BPD payroll and payroll related expenses from March 1, 2020, through June 30, 2020, would allow the City to allocate an equivalent amount of funds from the General Fund unrestricted fund balance. This strategy would then allow the City Council much more discretion to implement its COVID-19 program since it would be funded with local dollars as opposed to Federal grant dollars.

City staff has reviewed its overdue wastewater and solid waste accounts. To date, past due accounts for both services are consistent with those of a typical year. As of July 13, 2020, there were 932 wastewater accounts with outstanding balances due in the amount of \$537,275. The average overdue wastewater account is \$576.48, inclusive of commercial and residential accounts. It should also be noted that the City has not been applying late fees since March 2020. The additional Federal unemployment benefit of \$600 per month has helped households stay current; however, the additional unemployment benefit expires at the end of July 2020. Without an extension or a replacement bill, City staff anticipates that there could be an increase in unpaid utility bills by households who have been impacted by the pandemic. Accordingly, City staff proposes a Wastewater Fund program of up to \$80,000 to provide assistance to those wastewater customers who have experienced COVID-19 related hardships. This would be in addition to the program budget included in Attachment A to this memorandum.

Riverside County launched a housing assistance program in July 2020. The County made \$33 million in grant funds available to help with mortgage and rental assistance. There is still \$28 million of these funds remaining and the County anticipates that more households may request these funds after the additional unemployment benefit expires this month. Households may qualify for up to \$3,500 in financial assistance. Beaumont’s program could be structured in such a way as to compliment the County program.

In addition to the issues already addressed in this memorandum, City staff also requests direction from the City Council regarding the business assistance and residential assistance programs. Specifically, City staff requests direction about way funds would be disbursed, basic qualifying factors, and program timing. City staff recommends the following:

1. Should the City Council initiate the Business Assistance Program, City staff recommends the following basic concepts:

- a. Funds be allocated as a grant;
 - b. Funds be awarded on a first come, first served basis;
 - c. Businesses be small, locally owned with physical storefronts located within the City of Beaumont;
 - d. Businesses must have a valid City business license;
 - e. Size of awards be based upon the number of full-time employees; and
 - f. Losses directly attributable to the COVID-19 pandemic are clearly documented;
2. Should the City Council initiate the Resident Assistance Program (housing assistance or utility assistance), City staff recommends the following basic concepts:
- a. Funds be allocated as a grant;
 - b. Funds be awarded on a first come, first served basis;
 - c. Applicant must be a permanent resident of the address for which assistance is requested;
 - d. Economic hardship resulting directly as a result of the COVID-19 pandemic must be clearly demonstrated;
 - e. Applicant must have been in good standing with their financial obligations prior to March 1, 2020; and
 - f. Only those costs from March 1, 2020, would be eligible for reimbursement; and
3. Business and resident assistance programs be launched September 1, 2020.

Fiscal Impact:

City estimates that preparation of this report cost approximately \$2,750.

Recommended Action:

City staff recommends that the City Council authorize the application of the entirety of the City of Beaumont's CARES Act allocation to reimburse Beaumont Police Department payroll and payroll related expenses and direct City staff to prepare a budget amendment to implement a COVID-19 Response Program for City Council consideration in August 2020.

Attachments:

- A. City of Beaumont – COVID-19 Budget Proposal – July 17, 2020
- B. City of Beaumont – CARES Act Rules and Guidelines – July 17, 2020
- C. California Department of Finance – Coronavirus Relief Funds Presentation