



STAFF REPORT
7/22/2020

TO: Honorable Mayor and City Council Members

FROM: Nathan Statham, Finance Director
Celina Jimenez, Grants Manager

SUBJECT: Request for Direction on the Use of Coronavirus Relief Funds Allocated to the City of Coachella

STAFF RECOMMENDATION:

Staff is seeking direction from the City Council on how to utilize CARES Act (Coronavirus Relief Fund) monies currently available for economic support programs that have been authorized in the Governor's budget and allocated to the City of Coachella.

BACKGROUND:

The California Budget authorizes the Department of Finance to allocate CARES Act funding in the amount of \$1,289,065,000 to address the public health and public safety impacts of COVID-19. Cities will receive \$500,000,000 for similar purposes. Pursuant to the provisions of Control Section 11.90, cities with populations between 300,000 and 500,000 were allocated \$225 million and cities with populations of less than 300,000 were allocated \$275 million. The population of the city was used to determine its share of the allocation. The City of Coachella's allocation is \$582,612. The City of Coachella submitted a certification form to the Department of Finance to receive these funds.

The pandemic has had unprecedented consequences on public health, the economy, and labor markets forcing 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. As a result, one of the most immediate economic support needs facing the people of Coachella at this time appears to be emergency rental assistance.

According to Labor Market Information provided by the California Employment Development Department, the City of Coachella has an unemployment rate of 22.6%. As of June, more than 4,600 individuals in Coachella have filed for unemployment insurance. And while residents will receive some form of assistance, the assistance will not be sufficient to address the rent payment obligations faced by many of the hardest hit households. At the time this report was submitted, the City of Coachella had 1,493 confirmed COVID-19 cases and 14 deaths.

DISCUSSION/ANALYSIS:

Funds are expected to be available with specific restrictions as outlined below:

Available Funds:

City's Coronavirus Relief Fund Allocation	\$582,612
Direct COVID -19 Expenditures, Already Incurred	(80,000)
Direct COVID -19 Expenditures, Anticipated	<u>(70,000)</u>
Funds Available for Economic Support Program(s)	\$432,612

Disbursement Schedule (preliminary guidance):

- First Payment - July one-sixth of City's allocation (\$97,101)
- Subsequent Payments (\$111,837) - August 1, September 1, October 1

Fund Use Requirements:

- Necessary expenditures due to the COVID-19 health emergency
- Cannot have been previously budgeted
- Costs must be incurred from March 1 – December 30, 2020 (payments disbursed)
- Unspent funds not identified in reporting by October 30, 2020 need to be returned

Eligible uses of funds:

- Personal Protective Equipment (PPE)
- Other costs directly incurred by the City
- Emergency Rental Assistance
- Food and/or Nutritional Assistance
- Other Economic Support Programs

Based on previous Council Discussion, staff has given preliminary consideration to the feasibility of implementing an emergency rental assistance program. The following items are outlined for broader consideration purposes:

Program Administration – the City does not have sufficient staff available to implement and administer an emergency rental assistance program. Program administration would need to be handled by a local non-profit organization with the necessary experience, staffing and local presence. An administrative fee will be charged and will vary depending on the nature of the program. Based on preliminary analysis, this fee is expected to be in the 10 to 15% (\$43,300 - \$64,900) range.

Program Design – staff would need general direction on eligibility requirements that should be incorporated into the program. More stringent requirements will both slow the disbursement of funds and increase administrative costs. Below are program design elements that will need to be considered:

- Proof of a significant loss of income due to the COVID-19 health emergency

- Household income, either current or prior to the COVID-19 health emergency
- Program award amounts and limits
- Receipt of other pandemic relief assistance
- Prioritization could be given to families with minor children, seniors, and to those suffering from employment loss.

Implementation and Monitoring – City staff time will be utilized during the implementation stage of the program to coordinate an agreement with the selected non-profit organization. Since these are federal funds, the City will also be required to perform sub-recipient monitoring to ensure the selected non-profit organization complies with the terms of the program as approved in the agreement with the City.

ALTERNATIVES:

1. Retain Coronavirus Relief Allocation funds for unexpected future COVID-19 related expenditures (subject to return if not used).
2. Provide staff with broader program guidance and direction to develop an emergency rental assistance program.
3. Provide direction to explore alternative economic support program ideas.

FISCAL IMPACT:

This proposal seeks policy direction for the creation of an emergency rental assistance program in Coachella, through the use of federal Coronavirus Relief Fund monies. Should Council provide guidance to implement an emergency rental assistance program, specific funding approvals will be requested at a future meeting.

ATTACHMENT(S):

None.