



REQUEST FOR COUNCIL ACTION

Title: CARES Act Funding & Grant Agreement from the State of Oregon

Preferred Agenda: June 23, 2020

Submitted By: Brandon Neish, Finance Director

Reviewed By: Ray Towry, City Manager

Type of Action: Resolution ____ Motion X Roll Call ____ Other ____

Relevant Code/Policy:

Towards Council Goal: Goal #2: Be an effective and efficient government

Attachments: Enter Text Here

Purpose of this RCA:

To review and authorize staff to enter into an agreement with the State of Oregon through the Department of Administrative Services (DAS) for grant funding available under section 601(a) of the Social Security Act as added by section 5001 of the Coronavirus Aid, Relief and Economic Security Act (CARES Act).

Background/Context:

The Governor of the state of Oregon declared a state-wide emergency due to the COVID-19 pandemic by Executive Order 20-03 on March 8, 2020. On March 27, 2020, Congress and the President of the United States passed and signed the CARES Act, a \$2 trillion economic relief package. \$150 billion was allocated to the Coronavirus Relief Fund to be distributed to states and local governments with populations exceeding 500,000. The state of Oregon expected to receive \$1.6 billion in funding with Washington and Multnomah Counties and the City of Portland receiving \$246.8 million in additional funds. The Governor has decided that \$400 million of the State's allocation would be available for local governments outside of the Portland-Metro area.

The City of Sweet Home submitted a request form on May 29, 2020 requesting \$52,294.43 in CARES funding to cover personnel expenses related to the City's COVID-19 response, equipment and supplies such as (but not limited to) personal protection equipment (gloves, masks, etc.) and the equipment necessary to stream meetings for public consumption online, and funds to cover required leave granted to employees under the Families First Coronavirus Response Act (FFCRA). The State has accepted the application for funds and approved 100% of the City's ask for CARES Act reimbursement.

The Challenge/Problem:

The State of Oregon is awarding these funds under a grant framework. Should the City accept the conditions of the grant to receive federal CARES Act funds?

Stakeholders:

- City of Sweet Home citizens – The novel coronavirus has impacted every facet of life and Sweet Home’s citizens are not immune from its devastating toll on health and economic stability. Obtaining federal funds to reimburse costs by the City for the pandemic ensures that taxpayer dollars can continue to be spent on the same priorities and outcomes that citizens expected from their government prior to (and after) the pandemic and ensures stability in fees, taxes, and other revenue generating methods employed by the City to operate efficiently and effectively.
- City of Sweet Home City Council – The City Council authorized the City’s disaster declaration during a special Council meeting held on March 19, 2020. The City Council also passed several additional resolutions, proclamations and policies that would protect the community and employees from the effects of this virus. The City Council is also responsible for the adoption and oversight of the City’s annual budget which is currently being tapped to pay for the City’s response, limiting the ability for the City to operate as it normally would.
- City of Sweet Home staff – Staff has worked minimize the costs associated with the City’s response to coronavirus to ensure continued fiscal stability in the long-term. With the continuation of mandated closures and the unknown timeline related to the virus, FEMA reimbursements would give staff and the City and reprieve from program reductions to balance the budget and ensure continued success.

Issues and Financial Impacts:

Approximately \$60,000 has been spent to-date on the COVID-19 response. These expenditures have come directly from the pre-existing expenditure authorizations adopted by the City Council and may have short-term and long-term effects on department operations and service offerings. Additional costs are likely throughout the summer and as we begin to reopen Oregon and the nation, which could result in an increase in cases. Finally, the economic toll related to COVID-19 is currently unknown. Congress has stepped up to provide stopgap measures to mitigate a financial meltdown, but much remains unknown when it comes to timelines, the virus and whether the globe will be right back in this crisis when fall and winter return.

Elements of a Stable Solution:

Enter into this agreement with DAS to allow the City to obtain reimbursement from the state for expenditures associated with responding to coronavirus.

Options:

1. Do Nothing – Department budgets will be reviewed regularly, and expenditures frozen, to mitigate overspending adopted authority. Service reductions and/or other reductions in spending may be necessary in exchange for purchasing PPE and compensating staff for response related to the virus.
2. Move to authorize City staff to enter into the grant agreement with the State for CARES Act funding - This option allows the City to apply for reimbursements which would offset expenses incurred by the City for COVID-19 response and mitigation thereby extending the health of the City’s financial outlook amid the uncertainty in future resources.
3. Request that staff find other financial opportunities to net COVID-19 costs – The Council could direct staff to pursue other options outside of this agreement with the State of Oregon thereby forgoing the disaster funds available.

Recommendation:

Staff recommends option 2, *move to authorize City staff to enter into agreement with the State for CARES Act funding.* Disaster funds exist to give those who have gone through a terrible ordeal a chance at recovery without additional hassles interfering. This application will ensure that the City, under applicable laws and orders, will have the ability to seek reimbursement on a portion of the costs incurred during the novel coronavirus pandemic. These funds will aid in keeping department budgets whole so they can focus on new, innovate ways to provide customers with the same exception we've delivered since 1893.