

# CITY COUNCIL MEETING

Tuesday, October 20, 2020

## Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding

Staff Presentation  
for Discussion and Direction

## Types of CARES Act funding

- **U.S. Department of the Treasury - Texas Department of Emergency Management (TDEM) - Coronavirus Relief Fund (CRF) - \$3,655,630**
- **U.S. Housing and Urban Development Department (HUD) - Community Development Block Grant – Coronavirus (CDBG-CV) - \$567,825**

**The intent of this presentation is to provide an update regarding CRF and CDBGV-CV monies and seek City Council direction regarding next steps and possible programs for spending these funds.**

## CRF – General requirements

- **Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19);**
- **Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and**
- **Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.**
  - The activity that spends the funds must happen before December 30, 2020. The bills must be paid by March 30, 2021.

## CRF – Amount

- CARES Act → Federal Treasury → Texas Department of Emergency Management (TDEM) → San Marcos
- San Marcos has been allocated \$3,655,630
- Funding is broken down into two separate categories and spending must be maintained at a  $\geq 75\%$  /  $\leq 25\%$  spending ratio regardless of how much you spend
  - $\geq 75\%$ : \$2,741,723
  - $\leq 25\%$ : \$913,907

# CRF – Eligible costs for the $\geq 75\%$

- **Medical expenses**
- **Public health expenses**
- **Payroll expenses for public safety, public health, health care, human services, and similar employees**
  - Substantially Dedicated - determine a threshold above which particular public safety employees are substantially dedicated and cover all the costs of those employees - Further guidance provided on next slide
  - Substantially Different – if unbudgeted - hours spent by other public safety and non-public safety employees on COVID-19 response, like the EOC, facilities employees, etc.

# CRF – Payroll expenses

**Question 34:** During this event, some jurisdictions' governmental departments have only been open to the public Monday-Wednesday-Friday. However, some employees in those departments have been required to work performing Covid-19 related tasks on Tuesday and Thursday. Are payroll expenses for these employees an eligible cost?

## Answer

The use of payments from the Fund to cover payroll or benefits expenses of public employees are limited to those employees whose work duties are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. As a matter of administrative convenience in light of the emergency nature of this program, a State, territorial, local, or Tribal government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise. CRF funding may be used for non-public health and public safety employees if there is adequate documentation available to demonstrate they were working on COVID-19 related tasks and those tasks took up the majority of each employee's time.

## CRF – Eligible costs for the $\leq 25\%$

- **Expenses of actions to facilitate compliance with COVID-19-related public health measures**
- **Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency**
- **Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund's eligibility criteria**

CRF – Recommendation  $\geq$  \$2,741,723 ( $\geq$  75%)

- **Medical expenses = \$0**
- **Public health expenses = \$400,000**
  - PPE, sanitizer stations, and fencing - \$200,000 (already spent)
  - HVAC system for public building(s) - \$200,000
- **Payroll expenses = \$2,416,705** (the City will have more than this amount)
- **TOTAL = \$2,816,705 (77%)**



CRF – Recommendation  $\leq \$913,907 \leq 25\%$

- **Facilitating compliance with public health measures**  
**= \$0**
- **Economic support = \$298,925**
  - \$98,925 for computers/technology for the school district (approved by resolution)
  - \$200,000 for utility billing assistance for businesses and non-profits
- **Reasonably necessary to the function of government that satisfy the eligibility criteria = \$540,000**
  - \$500,000 for city phone system
  - \$40,000 for learning management system
- **TOTAL = \$838,925 (23%)**



## CRF – Recommendation TOTAL

- **Public health expenses = \$400,000**
  - PPE, sanitizer stations, and fencing - \$200,000 (already spent)
  - HVAC system for buildings - \$200,000
- **Payroll expenses = \$2,416,705**
- **Economic support = \$298,925**
  - School district technology - \$98,925 (approved by resolution)
  - Utility billing assistance - \$200,000
- **Function of government = \$540,000**
  - City phone system - \$500,000
  - City learning management system - \$40,000
- **TOTAL = \$3,655,630 (100%)**



# Other possible activities

- **Personal protective equipment (PPE) for the community**
  - City already has masks available do distribute to community

## Next Steps: CRF

<b>10/20/20</b>	<b>Obtain City Council direction</b>
<b>11/13/20</b>	<b>Ensure documentation practices are in place for submission to TDEM</b>
<b>12/30/20</b>	<b>Final date for CRF related activity</b>
<b>3/31/21</b>	<b>Final payments</b>



## CARES Act Funding through HUD: CDBG-CV

ROUND ONE:	Funded
1. COVID-19 Small Business Recovery	\$200,000
2. Advocacy Services for Abused and Neglected Children	\$55,600
3. Hays County Enhanced Testing	\$105,530
4. Administration	\$64,131
<b>TOTAL</b>	<b>\$425,261</b>

**ROUND TWO: To the states**

**ROUND THREE: \$567,825 to San Marcos**



# CDBG-CV Federal Allocation Goals

**More funding allocated to communities with:**

- **high risk of virus spread due to overcrowding or unemployment**
- **large numbers of very low-income renters**
- **businesses not reopening or failing, especially in specified industries**
- **homes of the employees of closed and struggling businesses**
  
- **Primary Concerns:**
  1. **Eviction prevention**
  2. **Impact on businesses and employment**



## CDBG-CV Local Consultations about Needs

- **Texas Homeless Network**
- **Austin Apartment Association**
- **Southside Community Center**
- **San Marcos Area Chamber of Commerce**
- **Hays-Caldwell Women's Center**
- **Hays County Emergency Management**
  
- **Primary Concerns:**
  1. **Eviction prevention**
  2. **Impact on businesses and employment**



## Recommendation for CDBG-CV

### **Eviction Prevention for Renters, Homeowners, and/or Small Businesses**

- **Rent / Mortgage / Utilities**
- **% of funding proportionate to number of eligible applications received**
- **Individuals < 60% Area Median Income (\$58,560 for a family of 4)**
- **Businesses < 50 employees**
- **Awarded either by lottery or evaluation of need**
- **Third parties to create and administer each program**



Possible Additional Funding:  
Texas Eviction Diversion Program

- **CDBG-CV funding through the Texas Department of Housing and Community Affairs (TDHCA)**
- **1<sup>st</sup> round by the end of the year – automatic**
- **Competitive round early 2021**

## Next Steps: CDBG-CV

<b>After Council Direction</b>	<b>Required 5-day comment period on proposed programs</b>
<b>11/17/20</b>	<b>Public hearing and City Council vote on proposed programs</b>
<b>After Council Vote on proposed programs</b>	<b>Notice of Funding Availability</b>
<b>December</b>	<b>Selected agency contract awarded – (City Manager approved)</b>
<b>January</b>	<b>Marketing</b>
<b>February</b>	<b>Application review and payments</b>

# City Council direction requested on:

## CRF:

- **Public health expenses = \$400,000**
  - PPE, sanitizer stations, and fencing - \$200,000 (already spent)
  - HVAC system for buildings - \$200,000
- **Payroll expenses = \$2,416,705**
- **Economic support = \$298,925**
  - School district technology - \$98,925 (approved by resolution)
  - Utility billing assistance - \$200,000
- **Function of government = \$540,000**
  - City phone system - \$500,000
  - City learning management system - \$40,000

## CDBG-CV:

- **Eviction prevention program = \$454,260**
  - Renters
  - Homeowners, and/or
  - Small businesses
- **Administration costs = \$113,565 (20%)**