



Legislation Text

File #: ID#20-675, **Version:** 1

AGENDA CAPTION:

Receive a Staff update on CARES Funding, discuss program strategy and options for Coronavirus Relief Fund (CRF) and Community Development Block Grant - Coronavirus (CDBG-CV) Round Three funding, and provide direction to staff.

Meeting date: October 20, 2020

Department: Planning and Development Services

Amount & Source of Funding

Funds Required: [Click or tap here to enter text.](#)

Account Number: [Click or tap here to enter text.](#)

Funds Available: [Click or tap here to enter text.](#)

Account Name: [Click or tap here to enter text.](#)

Fiscal Note:

Prior Council Action: On June 16, 2020, by Resolution 2020-128R the City Council authorized the submission of the terms and conditions and related documents to accept funds from the CRF. On June 16, 2020, by Resolution 2020-131R, City Council amended the 2019 Community Development Block Grant (CDBG) Action Plan to accept \$425,261 in CDBG - Coronavirus (CDBG-CV), and to allocate most of the funding to programs. On August 4, 2020, by Resolution 2020-163R, City Council approved allocation of the remaining CDBG-CV funding.

City Council Strategic Initiative: [Please select from the dropdown menu below]

N/A

[Choose an item.](#)

[Choose an item.](#)

Comprehensive Plan Element (s): [Please select the Plan element(s) and Goal # from dropdown menu below]

☐ Economic Development - [Choose an item.](#)

☐ Environment & Resource Protection - [Choose an item.](#)

☐ Land Use - [Choose an item.](#)

- ☐ Neighborhoods & Housing - Choose an item.
- ☐ Parks, Public Spaces & Facilities - Choose an item.
- ☐ Transportation - Choose an item.
- ☐ Core Services
- ☐ Not Applicable

Master Plan: *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

Choose an item.

Background Information:

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided funding to both of the following:

- 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

Coronavirus Relief Fund (CRF)

The general requirements for the CRF program indicate that the eligible expenses:

- 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.

The CRF funds came through the CARES Act → Federal Treasury → Texas Department of Emergency Management (TDEM) → City of San Marcos. San Marcos has been allocated \$3,655,630. The funding provided through this program 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.

At least 75% of the funding must be spent in the following areas:

- 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
 - 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.

In terms of payroll expenses, it has been further clarified that “as a matter of administrative convenience in light of the emergency nature of this program, a local 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.”

The remaining expenses, not to exceed 25% can be spent on the following areas:

- 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

Community Development Block Grant - Coronavirus (CDBG-CV)

The Coronavirus Aid, Relief, and Economic Security (CARES) Act also provided funding to the US Department of Housing and Urban Development that has been allocated in three rounds. In Round One, the City of San Marcos received \$425,261. Round Two was allocated to the states and insular areas. In Round Three, the City was notified on September 11, 2020, that it has received an additional \$567,825.

In response to the Round One allocation, City Council funded the following programs:

Amount	Activity	Agency
\$200,000	COVID-19 Small Business Recovery	Chamber, City Economic Development, Main Street Program
\$55,600	Advocacy Services for Abused and Neglected Children	Court Appointed Special Advocates
\$105,530	Increased or Improved COVID-19 Testing	Hays County
\$64,131	Administration	City Staff

The Round Three allocation of \$1.9888 billion was targeted as follows:

- Communities with high risk of virus spread, especially neighborhoods with larger household sizes, overcrowding, and higher unemployment.
- Communities with large numbers of Very Low-Income Renters pre-pandemic since they are most likely at risk for missing rent payments during an economic downturn.
- Communities with businesses not reopening or failing, especially those with specified industries that have unemployment rates more than 1.5 times the national average; these included:

- 1) Mining, quarrying, and oil and gas extraction;
- 2) Arts, entertainment, and recreation; and
- 3) Accommodation and food services.

- Communities where the employees of the closed and struggling businesses live.

Specifically, the Round Three allocation formula targets:

- 40% of funds toward households whose characteristics are known to put them at higher risk of transmission of coronavirus or higher risk of eviction due to likely limited means to sustain a long-term economic disruption.
- 60% for economic and housing market disruptions, specifically unemployment; in particular, communities with a high share of the population employed in the three industries listed above.

City Staff has consulted with the Texas Homeless Network, Austin Apartment Association, Southside Community Center, San Marcos Area Chamber of Commerce, Hays-Caldwell Women's Center, Hays County Emergency Management to ask about needs in the community and program suggestions. The majority of those consulted expressed concern for both small businesses and individuals, regardless of the interviewee's particular program area.

Council Committee, Board/Commission Action:

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Alternatives:

Click or tap here to enter text.

Recommendation:

Recommendation for 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
- **TOTAL = \$3,655,630 (100%)**

Recommendation for CDBG-CV:

Based on consultations with local agencies, staff recommends creating an eviction prevention program for renters, homeowners, and/or small businesses. While the specific parameters of the program still need to be developed, below are some following suggestions of how the program could operate:

- Eligible expenses could include rent / mortgage / utility payments
- The percent of funding could be proportionate to the number of eligible applications received
- To qualify for individuals, their incomes would need to be < 60% Area Median Income (\$58,560 for a family of 4)
- To qualify for businesses, they would need to have less than 50 employees
- Given the demand, the funds could be awarded either by lottery or evaluation of need
- Third parties would be hired to create and administer each program

In terms of the funding, the following would be the categories:

- **Eviction prevention program = \$454,260**
- **Administration costs = \$113,565 (20%)**
- **TOTAL = \$567,825**