

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

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| AGENDA TITLE: | Discussion of Emergency Resolution No. 466 – Revising the Implementation Plan and Adding Funds for the City’s CARES Act Relief Funds and Authorizing the City Manager to Amend the Interagency Agreement with the Washington State Department of Commerce for Coronavirus Relief Funds and Implement Subsequent Agreements |
| DEPARTMENT: | Recreation, Cultural and Community Services |
| PRESENTED BY: | Bethany Wolbrecht-Dunn, Community Services Manager |
| ACTION: | <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing |

PROBLEM/ISSUE STATEMENT:

On April 27, 2020, Governor Inslee announced that the State would award almost \$300 million in Federal Coronavirus Aid, Relief and Economic Security Treasury Relief Funds (CARES Funds) to local governments not eligible to receive a direct allocation. Shoreline’s original award was \$1,691,100. The Washington State Department of Commerce recently notified the City that it will be receiving an additional \$845,550 in Federal CARES Act Coronavirus Relief Funds (CARES Act funds). Commerce has also extended the incurred expenses period to November 30, 2020. Along with the original allocation of \$1,691,100, the City now has access to \$2,536,650 in CARES Act funding to aid in our emergency response to the COVID-19 pandemic.

At the June 8, 2020 Council meeting through Emergency Resolution No. 460, the City Council approved the planned use of CARES Act funds in the following manner:

- \$981,100 for City direct COVID-19 Response
- \$410,000 for a Small Business Support Program
- \$300,000 for a Human Services Support Program

The addition of \$845,550 in CARES Act funds requires Council programmatic and financial approval. In line with community needs, staff recommends the following update to the CARES Act Implementation Plan:

- \$1,374,381 for City direct COVID-19 Response
- \$676,206 for a Small Business Support Program
- \$486,063 for a Human Services Support Program

As in most emergencies, the City’s COVID-19 response is fluid, and staff wants to ensure some flexibility to make changes in the programs in order to maximize the funding in this short time period. The proposed Resolution includes a provision that the City Manager can approve any changes to the program allocations.

Tonight, Council is discussing proposed Emergency Resolution No. 466 (Attachment A) which will revise the City's CARES Act Implementation Plan as noted above. Approval of proposed Emergency Resolution No. 466 is currently scheduled for Council action on October 12, 2020.

RESOURCE/FINANCIAL IMPACT:

Proposed Emergency Resolution No. 466 identifies an additional \$845,550 in CARES Act funds allowing for total program expenditures in the amount of \$2,536,650 for COVID-19 related expenditures through November 30, 2020. The City is anticipating reimbursement of these fund by the State by the end of 2020.

RECOMMENDATION

No action is required tonight; staff recommends that the City Council discuss Emergency Resolution No. 466, which includes a revised implementation plan and adds funds for the City's CARES Act Relief Program. The Resolution will also authorize the City Manager to amend the Interagency Agreement with the Washington State Department of Commerce for Coronavirus Relief Funds and to implement the program components and agreements as necessary. Staff further recommends that the City Council adopt Emergency Resolution No. 466 when it is brought back to Council on October 12, 2020.

Approved By: City Manager ***DT*** City Attorney ***JA-T***

BACKGROUND

A federally declared disaster related to the COVID-19 health emergency was declared by President Trump on March 13, 2020. Since that time, Congress has taken three legislative actions in response to this emergency. The third action, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, was signed into law on March 27, 2020. The CARES Act funds approximately \$2 trillion in funding to assist individuals, businesses and governments respond to the health crisis.

The CARES Act established the Coronavirus Relief Fund through the US Treasury Department to provide payments to state, local and tribal governments. Payments are based on population; local governments with a population of over 500,000 receive direct payments and states receive payments reduced by the aggregate amount of the payments disbursed to eligible local governments within that state.

Under the CARES Act, the Coronavirus Relief Funds may be used to cover costs that:

1. Are necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19); AND
2. Are 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 local government. The “most recently approved budget” refers to the enacted budget for the relevant fiscal period for the particular government. A cost meets this requirement if:
 - a. The cost cannot lawfully be funded using a line item, allotment, or allocation within that budget; OR
 - b. The cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.
3. A cost is not considered to have been accounted for in a budget merely because it could be met using a budgetary stabilization fund, rainy day fund, or similar reserve account.

Further guidance from the US Treasury Department provides six categories of primary allowable cost categories:

- Medical expenses,
- Public health expenses,
- Payroll expenses,
- Expenses of actions to facilitate compliance with COVID-19-related public health measures,
- Expenses associated with the provision of economic support (including grants to small businesses to reimburse the cost of business interruption), and
- Any other COVID-19-related expenses reasonably necessary to the function of government.

Stated ineligible costs include:

- Damages covered by insurance,
- Expenses that have been or will be reimbursed under any federal program,
- Severance pay, and
- Legal settlements.

Washington State Award of Relief Funds

On April 27, 2020, Governor Inslee announced that the State would award almost \$300 million in CARES Act Coronavirus Relief Funds (CARES Act funds) to local governments not eligible to receive a direct allocation from Treasury. Shoreline's award was \$1,691,100. These funds are to be used for Shoreline's response to the COVID-19 emergency through the limited timeframe of March 1, 2020 to October 31, 2020.

At the June 8, 2020 Council meeting, the Council approved the planned use of the City's CARES Act funds in the following manner:

- \$981,100 for City direct COVID-19 Response
- \$410,000 for a Small Business Support Program
- \$300,000 for a Human Services Support Program

The staff report for this Council action can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2020/staffreport060820-8a.pdf>.

As was discussed at the June 8th Council meeting, these funding allocations are targets and the City may need to shift funding to some degree as the end of the eligibility period moves closer. The table below shows updated information on the CARES Act funds spending plan as of September 11, 2020.

| | Planned | Current | Notes |
|------------------------|--------------------|--------------------|---|
| City Direct | \$981,100 | \$601,830 | Includes Extra Duty/Premium and COVID sick pay, other personnel, technology and FEMA match |
| Small Business Support | \$410,000 | \$401,909 | \$12,000 grant outstanding |
| Human Services Support | \$300,000 | \$191,063 | Includes Personal Protective Equipment (PPE) of \$8,027, food gift cards of \$148,036 and \$35,000 for food |
| TOTAL | \$1,691,100 | \$1,194,802 | |

DISCUSSION

Following the initial CARES Act funding provided to the City, the Washington State Department of Commerce notified the City that we would be receiving an additional \$845,550 in CARES Act funding and extending the deadline for use to November 30, 2020, bringing the total available to \$2,536,650 to assist in the City's emergency response to the COVID-19 pandemic. The addition of \$845,550 in CARES Act funds requires Council programmatic and financial approval. In line with community needs, staff recommends these additional funds be allocated as follows to the CARES Act Implementation Plan:

- \$393,281 for City direct COVID-19 Response
- \$266,206 for a Small Business Support Program
- \$186,063 for a Human Services Support Program

Proposed Emergency Resolution No. 466 (Attachment A) would revise the City's CARES Act Implementation Plan as noted above.

As in most emergencies, the City's COVID-19 response is fluid and staff want to ensure that there is some flexibility to make changes in the programs in order to maximize the funding in this short time period. Proposed Emergency Resolution No. 466 includes a provision that the City Manager can approve any changes to the program categories and provide the Council details of this in a monthly report.

The following section of this staff report provides greater detail regarding the revised proposed expenditure areas, as well as updates on implementation of the original plan.

City Direct COVID-19 Response Program (Additional \$393,281; Total Funding of \$1,374,381)

In order to protect the health and safety of the Shoreline community and staff, the City has taken many actions as it relates to the COVID-19 emergency. While some costs may be reimbursable through the Federal Emergency Management Agency (FEMA) Public Assistance (PA) Program, the PA program has a narrow definition for payment of emergency protective measures and the CARES Act funds have broader eligibility.

Within the City, staff expects to be reimbursed for the following categories of COVID-related expenditures (staff has highlighted in *italics* additions to this list from the June 8, 2020 staff report):

- Payroll expenses incurred to respond to the COVID-19 emergency.
- Expenses for paid sick leave and paid family/medical leave to City Employees.
- Unemployment insurance costs.
- Expenses for additional disinfection of public areas and facilities.
- Modification to City buildings for employee and public safety purposes, such as adding plexiglass guards to certain work stations.
- Telework expenses.
- A portion of the COVID-19 Emergency Community Response Grant Program, which was established by Council on March 30, 2020.
- Business outreach and communication.
- Purchase of personal protective equipment (PPE) for City staff.
- *Cleaning and staffing of the homeless shower program at the Spartan Recreation Center.*
- *Expenditures related to the Fall Distance Learning Camp to allow for fee waivers to eligible students.*
- *Truck rentals to allow for social distancing of maintenance staff.*
- *Computer upgrades to support telecommuting needs of staff.*
- *Extra sanitation activities, as needed.*

Small Business Support Program (Additional \$266,206; Total Funding of \$676,206)

Many Shoreline businesses have been unable to access initial CARES Act or other funds before programs were closed due to high demand, while others have found the impact to their business from the COVID-19 pandemic much larger than the CARES Act

funding made available thus far. To help address this shortfall, staff developed a Small Business Support Program (SBSP) to support Shoreline small businesses.

On June 8, 2020, Council approved the SBSP as follows:

- \$500,000 City-administered grant fund for small businesses (defined as businesses with fewer than 25 employees, counting business owners) using both Relief Funds (\$413,909) and \$86,091 in King County funding allocated by the King County Council for local business support. (Amount shown in the June 8 staff report was an estimate of the King County funding; \$86,091 was the actual funding amount.)
- Grant awards would be up to \$20,000; partial grants could also be awarded to maximize the reach of available funds.
- Grant applications would be reviewed by staff with a recommendation to the City Manager and the City Manager would make award decisions.
- Grant recipients would be required to enter into a Grant Agreement with the City which will require the filing of a report on how the funds were spent. If a business does not utilize all the grant funds received, the business would be required to return the excess funds to the City. As well, if a business does not utilize the grant funds for eligible expenses as identified below, the business would be required to reimburse the City for those amounts of grant funds.

Based on Council's approval of the SBSP, a staff review team was convened to manage the process and make funding recommendations to the City Manager. The process opened on June 12th and closed on June 22nd, with 70 applications received for a total request of \$1,201,518 in grant awards. Of those, two were duplicate entries. The team scored applications based on their financial loss, recovery plan, and potential jobs lost, as well as if it is an independent or placemaking business. The result of the review was City Manager approval of 35 business receiving grant awards ranging from \$3,500 to \$20,000.

As part of the review process, the staff review team also developed recommendations for the City Manager to consider should additional CARES Act funds be made available. Allocating an additional \$262,297 to the SBSP will allow for full funding for several businesses that the City did not have enough allocation to fully fund their request during the initial process. There are also seven currently unfunded businesses that are recommended to receive support; bringing the total businesses grant awards to 42.

Human Services Support Program (Additional \$186,063; Total Funding of \$486,063)

On March 30, 2020, when the early impacts of COVID-19 were already emerging, the City Council established via Resolution No. 457 a \$100,000 COVID-19 Emergency Community Response Grant Program. As the demand for that funding support was high and the dollars went quickly, the Council subsequently added \$50,000 to the program. This program supported Shoreline community-based organizations in their efforts to provide new or ongoing critical services to Shoreline residents.

As the needs continued in the community, additional funding was allocated for Human Services in the CARES Act Program. The approved Human Services program under the initial CARES Act was as follows:

| Initial Human Services Funding Allocation | |
|---|------------------|
| Shoreline School District Summer Sack Lunch and Breakfast Program | \$10,000 |
| Food Gift Card Program | \$150,000 |
| Senior Center Meal Deliver Program | \$25,000 |
| Non-Profit PPE Program | \$115,000 |
| Total | \$300,000 |

Staff’s revised proposal takes into account the ongoing needs related to food access and also includes the eligible funding provided through the Emergency Community Response Program (which is not eligible for FEMA reimbursement).

| Revised Initial Human Service Funding Allocation | |
|--|------------------|
| Shoreline School District Summer Sack Lunch and Breakfast Program | \$5,500 |
| Hunger Intervention Program Summer Meals Distribution | \$4,500 |
| Food Gift Card Program | \$148,036 |
| Senior Center Meal Deliver Program | \$25,000 |
| Non-Profit PPE Program | \$8,027 |
| Initial Human Services Program Implementation Total | \$191,063 |
| Reimbursements of Grants Provided Under the City’s COVID-19 Emergency Community Response Grant Program | \$30,000 |
| Additional Food Gift Card Program | \$225,000 |
| Food Access with Community Partners | \$40,000 |
| Added Human Services Programs Total | \$295,000 |
| New Human Services Program Total | \$486,063 |

Regarding the original Human Services Program implementation, the Shoreline School District found they did not require their initial request amount of \$10,000, so the City was able to provide \$4,500 of their allocated funding to the Hunger Intervention Program to also provide summer meals to the community. As well, the PPE program was not used to the extent staff anticipated since agencies were either receiving donations for their needed PPE, or some services were now being provided in ways that PPE was not necessary. Thus, much of this funding was able to be reallocated in the “added programs” as noted above.

Staff has continued to work with community partners regarding needs related to food access, which remains a high need in the community. To that end, staff recommends additional funds for the food gift card program and to expand the reach with partnerships with the Shoreline/Lake Forest Park Senior Center and other agencies. Additional funds will be available for agencies to increase food access.

Tonight’s Council Meeting

Tonight, Council is scheduled to discuss proposed Emergency Resolution No. 466, which will revise City’s CARES Act implementation plan as noted above. Approval of

proposed Emergency Resolution No. 466 is currently scheduled for Council action on October 12, 2020.

RESOURCE/FINANCIAL IMPACT

Proposed Emergency Resolution No. 466 identifies an additional \$845,550 in CARES Act funds allowing for total program expenditures in the amount of \$2,536,650 for COVID-19 related expenditures through November 30, 2020. The City is anticipating reimbursement of these fund by the State by the end of 2020.

RECOMMENDATION

No action is required tonight; staff recommends that the City Council discuss Emergency Resolution No. 466, which includes a revised implementation plan and adds funds for the City's CARES Act Relief Program. The Resolution will also authorize the City Manager to amend the Interagency Agreement with the Washington State Department of Commerce for Coronavirus Relief Funds and to implement the program components and agreements as necessary. Staff further recommends that the City Council adopt Emergency Resolution No. 466 when it is brought back to Council on October 12, 2020.

ATTACHMENTS

Attachment A: Emergency Resolution No. 466

Attachment B: Washington State Department of Commerce Amendment 1 to Agreement for Coronavirus Relief Fund for Local Governments

RESOLUTION NO. 466

A PUBLIC HEALTH EMERGENCY RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, REVISING THE PROGRAM FUNDING AND IMPLEMENTATION PLAN ADOPTED BY RESOLUTION 460 TO PROVIDE FOR ADDITIONAL CARES ACT RELIEF FUNDS ALLOCATED TO THE CITY OF SHORELINE.

WHEREAS, due to the COVID-19 public health emergency, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Public Law 116-136, which provides funding to assist individuals, businesses, and governments in responding to COVID-19; these funds are administered by the U.S. Treasury Department; and

WHEREAS, the U.S. Treasury Department has provided six (6) categories of primary allowable expense categories for CARES Funds: medical; public health; payroll; COVID-19 public health compliance measures; economic support; and other expenses necessary to the function of government; and

WHEREAS, for Washington cities such as Shoreline, CARES funds are distributed via the State of Washington's Department of Commerce which initially awarded Shoreline \$1,691,100 in funding based on its population; and

WHEREAS, with the adoption of Resolution 460 in June 2020, the City Council established a Program Funding and Implementation Plan allocating funds for a City-direct response program; a small business support program; and a human services support program; and

WHEREAS, the Department of Commerce recently notified the City that an additional \$845,550 can be provided to assist with the City's emergency response to the COVID-19 pandemic; and

WHEREAS, the City Council desires to allocate the additional \$845,550 in CARES Act funding amongst the programs established by Resolution 460 and provide for City Manager authority to execute all agreements, documentation, purchase orders, and contracts to accept, distribute, and be reimbursed and to transfer funds between the programs to serve the best interests of the City and its citizens;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, HEREBY RESOLVES:

Section 1. City of Shoreline's CARES Act Relief Fund Program Funding and Implementation Plan.

- A. The CARES Act Relief Fund Program Funding and Implementation Plan established by Resolution 460 is amended in an amount equal to the additional funding amount distributed to the City of Shoreline by Washington State in CARES Act funding and denoted as such in the accounting records of the City. The City Manager is directed to distribute the additional CARES Act Relief funds, totaling approximately \$845,550, in the following manner:

- | | |
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| 1. City-Direct COVID-19 Response Program | \$393,281 |
| 2. Small Business Support Program | \$266,206 |
| 3. Human Services Support Program | \$186,063 |

Section 2. Administration Procedures.

- A. The additional funding provided by this Resolution, along with the remaining amounts of the original funding provided by Resolution 460, shall be utilized for expenditures allowed pursuant to the CARES Act and guidance issued by the U.S. Treasury Department from March 1, 2020 through November 30, 2020, unless another date is established by the U.S. Treasury Department or State of Washington.
- B. The City Council authorizes the City Manager, or designee, to execute any and all amendments to agreements and related documentation necessary to receive these additional funds, including but not limited to an amendment to the City’s existing agreement with the State of Washington. This authority includes the execution of any and all documentation to ensure full and complete reimbursement of the CARES Act Relief Funds allocated to the City as provided by this Resolution.
- C. The City Council authorizes the City Manager, or designee, to execute any and all purchase orders or contracts with third-party vendors or organizations to distribute the City’s CARES Act Relief Funds in excess of the signing authority for such purchase orders or contracts set forth in chapter 2.60 of the Shoreline Municipal Code.
- D. If by October 31, 2020, any programs have funds that have not been distributed or encumbered, the City Manager is authorized to transfer the remaining balance, or any portion thereof, for use by any other program at the discretion of the City Manager.

Section 3. Reporting. The City Manager shall provide a monthly report at the first regularly scheduled meeting of the City Council each month regarding utilization of the CARES Act Relief funds in the prior month and, shall include the businesses and human services providers that received funding. If the City Manager transfers funds as provided in Section 2(E) of this Resolution, then the monthly report shall also detail this transfer.

Section 4. Effective date. This Resolution shall take effect and be in full force immediately upon passage by the City Council.

Passed by majority vote of the City Council in an open meeting this 12th day of October, 2020.

Will Hall, Mayor

ATTEST:

Jessica Simulcik Smith, City Clerk

**Washington State Department of Commerce
Local Government Division
Community Capital Facilities Unit
Coronavirus Relief Fund for Local Governments**

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| 1. Contractor City of Shoreline 17500 Midvale Ave N SHORELINE, Washington 98133-4905 | | 2. Contractor Doing Business As (optional) | |
| 3. Contractor Representative (only if updated) Bethany Wolbrecht-Dunn Grants Administrator (206) 801-2331 bwolbrec@shorelinewa.gov | | 4. COMMERCE Representative (only if updated) Tryg Hoff Project Manager (360) 725-2779 Fax 360-586-5880 tryg.hoff@commerce.wa.gov | |
| 5. Original Contract Amount (and any previous amendments) \$1,691,100.00 | 6. Amendment Amount \$845,550.00 | 7. New Contract Amount \$2,536,650.00 | |
| 8. Amendment Funding Source Federal: X State: Other: N/A: | | 9. Amendment Start Date Date of Execution | 10. Amendment End Date November 30, 2020 |
| 11. Federal Funds (as applicable): \$2,536,650.00 | Federal Agency: US Dept. of the Treasury | CFDA Number: 21.019 | |
| 12. Amendment Purpose: To provide additional funding for costs incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) during the period of March 1, 2020 thru November 30, 2020. Final invoices must be received by December 15, 2020. | | | |

COMMERCE, defined as the Department of Commerce, and the Contractor, as defined above, acknowledge and accept the terms of this Contract As Amended and attachments and have executed this Contract Amendment on the date below to start as of the date and year referenced above. The rights and obligations of both parties to this Contract As Amended are governed by this Contract Amendment and the following other documents incorporated by reference: Contractor Terms and Conditions including Attachment "A" – Scope of Work, Attachment "B" – Budget & Invoicing, Attachment "C" – A-19 Certification, Attachment "D" – A-19 Activity Report. A copy of this Contract Amendment shall be attached to and made a part of the original Contract between COMMERCE and the Contractor. Any reference in the original Contract to the "Contract" shall mean the "Contract as Amended".

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| FOR CONTRACTOR _____ Debra Tarry, City Manager _____ Date | FOR COMMERCE _____ Mark K. Barkley, Assistant Director, Local Government Div _____ Date APPROVED AS TO FORM ONLY _____ Sandra Adix Assistant Attorney General _____ 3/20/2014 Date |
|--|---|

Amendment

This Contract is **amended** as follows:

Contract amount has been increased by \$845,550.00.

Contract end date has been extended from October 31, 2020 to November 30, 2020.

Final reimbursement request must be received by December 15, 2020.

ALL OTHER TERMS AND CONDITIONS OF THIS CONTRACT REMAIN IN FULL FORCE AND EFFECT.