



# CITY COUNCIL AGENDA STATEMENT



August 25, 2020

File ID: 20-0356

## TITLE

A. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING THE ACCEPTANCE OF A CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT CORONAVIRUS RELIEF FUND (CRF) ALLOCATION OF \$3,360,914 FROM THE STATE OF CALIFORNIA AND APPROPRIATING FUNDS IN THE GENERAL FUND IN FISCAL YEAR 2020/21 (4/5 VOTE REQUIRED)

B. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING THE CITY MANAGER TO ENTER INTO CONTRACTOR/SERVICE PROVIDER SERVICES AGREEMENTS WITH SOUTH BAY COMMUNITY SERVICES, COMMUNITY THROUGH HOPE, AND THE LIVING COAST DISCOVERY CENTER, FUNDED BY STATE AND COUNTY CARES ACT FUND ALLOCATIONS

## RECOMMENDED ACTION

Council adopt the resolutions.

## SUMMARY

This item seeks to obtain Council's approval to accept a Coronavirus Aid, Relief, and Economic Security (CARES) Act Coronavirus Relief Fund (CFR) allocation from the State of California in the amount of \$3,360,914 and appropriate funds in the General Fund in fiscal year 2020/21; ratification of the submission of the Local Government Certification Form by the City Manager to the State, and authorization to complete all documents necessary to obtain the State CARES At CFR allocation. This item also seeks approval of City's standard two party agreement template to contract with outside service providers, including South Bay Community Services, Community Through Hope, and Living Coast Discovery Center, for State and County CARES Act CFR funds to be used for tenant-based rental assistance, domestic violence assistance, childcare, economic support, and food distribution program services.

## ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the proposed activity consists of a governmental fiscal/funding mechanism which does not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

## **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

Not applicable.

## **DISCUSSION**

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid Relief and Economic Security Act (CARES Act), which authorized \$2.1 trillion in federal relief related to the impacts of the COVID-19 public health pandemic. The CARES Act established the Coronavirus Relief Fund (CRF) and appropriated \$150 billion to the CRF to be used to make payments for specified uses to States and certain local and tribal governments. The CARES Act specifies that payments from the CRF may only be used to cover costs that: (1) are necessary expenditures incurred due to the public health emergency with respect to the Corona Virus Disease 2019 (COVID-19); (2) 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 government; and (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020. Based on the state's population, California received a total of \$15.3 billion from the CRF, with \$9.5 billion paid to the state and \$5.8 billion paid to cities and counties with populations over 500,000, including approximately \$334 million paid to the County of San Diego.

On May 19, 2020, the San Diego County Board of Supervisors voted to allocate a total of \$25 million of their CRF payment to the 17 cities in San Diego that did not receive a direct allocation from the federal government. On June 23, 2020, the City Council accepted a CARES Act CRF Subgrant of \$4,842,695 from the County of San Diego (County CRF Subgrant), authorized the City Manager to submit a City CARES Allocation Plan to the County, and authorized the appropriation in the General Fund for fiscal years 19/20 and 20/21. The City Allocation Plan to the County illustrated how the City would spend the allocation in compliance with the three CARES Act restrictions identified above. The City is required to expend the County CRF Subgrant funds by September 30, 2020 or return any unexpended funds to the County.

On June 29, 2020, the Governor of California signed the Fiscal Year 2020-21 Budget, which included a provision for allocating \$1.8 billion of the state's share of CARES Act CRF funds (State CRF Funds) to cities that did not receive a direct allocation from the federal government. Attachment 1 details the State's CRF partial fund allocations to cities throughout California. The City was required to submit a Local Government Certification to the State in order to receive State CRF funds; a true and accurate copy of the form submitted by the City Manager on June 30, 2020 is attached as Attachment 2. The State CRF fund allocation to City of Chula Vista totals \$3,360,914 and must comply with CARES Act restrictions identified above. Eligible categories of expenditures of State CRF Funds include Law Enforcement for COVID-19, Economic Development Initiatives, Telework Enhancement/Infrastructure, Sanitation Compliance, and/or Facility Enhancements for Social Distancing and social service programs for those affected by COVID-19. The State required City to submit a Local Government Certification Form by July 10, 2020 to obtain State CRF Funds. Attachment 3 ("City of Chula Vista CARES Allocation Plan") itemizes the activities to be undertaken with the State CRF Funds, and additionally includes the City of Chula Vista CARES Allocation Plan for County CRF Funds. State CRF Fund plan items include, among others, reimbursement of City expenses related to COVID, economic support to the Living Coast Discovery Center for facilities maintenance and animal care, additional funds for small business assistance, and childcare for employees. The City must report on its expenditures to the State by September 1, 2020, and return any unspent funds by October 30, 2020.

Given the tight deadlines for State and County CRF Funds expenditure, staff anticipate that there may be a need to modify or adjust expenditures within the proposed CARES Allocation Plan for expenditure of State and County CRF funds depending on the extent to which intended assistance is able to be implemented and funds are able to be processed. If any expenditures are modified or moved within the proposed CARES Allocation Plan for expenditure of the State and County CRF funds, the City Manager will report such changes to the City Council.

In addition to the Living Coast Discovery Center and small business assistance funds, City has identified four outside social services programs whose programs provide assistance to residents affected by Covid-19. These programs include tenant-based rental assistance, domestic violence assistance, food distribution, and childcare, and may appropriately be funded through CARES Act CRF allocations.

In order for any outside agency to utilize County CRF Subgrant or State CRF Funds allocations and meet the above identified program and assistance goals, such outside agency would need to formally enter into an agreement with the City of Chula Vista to formalize and specify the requirements and conditions under which the funds are being provided. City intends to enter into an agreement with South Bay Community Services, in an amount not to exceed \$1,770,000 in order to provide tenant-based rental assistance, domestic violence assistance, and childcare. City intends to enter into an agreement with Community Through Hope, in an amount not to exceed \$30,000, in order to provide food distribution. City also intends to enter into an agreement with the Living Coast Discovery Center, in an amount not to exceed and Living Coast Discovery Center, in an amount not to exceed \$150,000, in order to conduct facilities maintenance and animal care.

Staff now recommends that Council adopt Resolution A, which authorizes acceptance of the State CRF allocation in the amount of \$3,360,914, ratifies submission of the Local Government Certification Form; authorizes the City Manager to complete all documents necessary to obtain the State CRF Funds; and authorizes the appropriation of those funds to the General Fund in fiscal year 2020/21, subject to modifications by the City Manager that may be necessary or appropriate to assure expenditure of all available funds in a qualified and timely manner.

Staff additionally recommend that Council adopt Resolution B, which authorizes the City Manager to enter into City of Chula Vista Contractor/Service Provider Services Agreements with South Bay Community Services, Community Through Hope, and the Living Coast Discovery Center, funded by State and County CARES Act CRF allocations.

#### **DECISION-MAKER CONFLICT**

Staff has reviewed the decision contemplated by this action and has determined that Councilmember McCann has a disqualifying conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.) due to his ownership of rental properties that may be foreseeably impacted by the tenant assistant program receiving fund allocations pursuant to Resolution B. Accordingly, staff is recommending that Councilmember McCann recuse himself from deliberating or voting on Resolution B of this item.

Staff is not independently aware and has not been informed by any City Council member, or any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

### **CURRENT-YEAR FISCAL IMPACT**

The Finance Department will establish the grant revenue and expenditure accounts upon receipt of funds from the State of California. Based on the allocation plan attached to this item, we are anticipating a reimbursement to the General Fund of \$3,360,914 in the current fiscal year. This will assist in offsetting some of the anticipated impacts due to the COVID-19 crisis.

### **ONGOING FISCAL IMPACT**

There is no ongoing fiscal impact related to this allocation as no matching funds are required.

### **ATTACHMENTS**

- 1 – State of California Coronavirus Relief Fund City Allocations
- 2 – Local Government Certification Form
- 3 – City of Chula Vista CARES Allocation Plans for State and County Funds

*Staff Contact: David Bilby, Finance Director*