



MEMORANDUM

TO: Honorable Mayor & City Council

FROM: Alexa Jeffres, Director EWD
Shola Olatoye, Director HCD
Adam Benson, Finance Director

SUBJECT: CARES Act Overview

DATE: July 20, 2020

The purpose of this memorandum is to: 1) provide additional details on the requirements of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); and, 2) provide a summary of the Administration's proposed expenditure plan for CARES Act funds as authorized by the City Council in the Fiscal Year (FY) 2020-21 Midcycle Budget (June 23, 2020).

Allocation to City of Oakland (\$36.99 million)

The CARES Act was approved by Congress and signed into law on March 27, 2020. The Act included approximately \$150 billion in stimulus aid to states and local governments with a population of 500,000 or more. The City of Oakland fell short of this population threshold and, as such, did not receive a direct allocation of stimulus aid from the federal government. The State of California allocated \$225 million of its CARES Act funding to California cities with population of 300,000 or more. **The City of Oakland's share of the State's CARES Act funds is \$36,994,706.**

General Guidance & Limitations

The Act provides that the funds can be used for COVID-19 related expenses incurred between March 1, 2020 and December 30, 2020. The CARES Act generally limits expenditures to those that are directly related to the COVID-19 health emergency, including second order effects such as economic support arising from business interruptions caused by COVID-19. The Act also requires that expenditures not be accounted for in the most recently approved budget.

The U.S. Treasury developed program guidance and answers to frequently asked questions, which can be accessed here:

- Guidance: <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>
- FAQs: <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>

It is important to note that all CARES Act funds must be **SPENT** by December 30, 2020, not merely encumbered or under contract with a third party. The State of California has placed additional spending requirements on local governments and is currently requiring that all CARES Act funds be spent by October 30, 2020 (see discussion below on reporting requirements).

Application, Fund Distribution Timeline, and Reporting Requirements

In July 2020, the California Department of Finance (DOF) released an application process (http://www.dof.ca.gov/budget/COVID-19/CRF_Allocations/) for local governments. Staff completed the application and submitted the certification form prior to the July 10th deadline.

Receipt of the CARES Act funding is contingent on the City's adherence to federal guidance, the state's stay-at-home requirements and other health requirements as directed in gubernatorial Executive Order N-33-20, any subsequent executive orders or statutes, and all California Department of Public Health orders, directives, and guidance issued in response to the COVID-19 public health emergency.

The State has provided the following distribution timeline, which is subject to change:

<u>Date</u>	<u>Amount (\$ in Millions)</u>
End of July 2020 (1/6 th)	\$6.15
August 1 (1/6 th)	\$6.15
September 1 (1/6 th)	\$6.15
Before 10/1 (Balance)	\$18.45

By September 1, 2020, via a form still to be issued by the Department of Finance, cities will be required to report on the details, justification, and status of their expenditures. This report will determine whether cities will receive additional time to expend funds beyond the State's October 30 deadline and whether they are to receive additional installments. Based on preliminary conversations with DOF staff, the intent of this September 1, 2020 reporting requirement, is to ensure that local governments are on track to have all CARES Act funds spent by the federal deadline and ensure sufficient time for the State to monitor and recoup, if necessary.

Proposed Spending Plan

On June 23, 2020, the City Council approved the FY 2020-21 Midcycle Budget, which included a \$36.9 million appropriation of CARES Act funds for various programs and services.

Attachment A provides additional details on the Administration's proposed expenditure plan, based upon Council's approved budget.

The FY 2020-21 Midcycle Budget included \$10.3 million in CARES Act funds allocated to the Economic & Workforce Development Department (EWDD) and \$5.1 million in CARES Act funding the Housing and Community Development Department (HCDD).

EWDD: As of July 14, approximately \$2.1 million of these funds have been programmed by City Council as direct grants to designated recipients. The remaining funds will be programmed through intermediary organizations to provide direct grants and technical assistance to businesses, non-profits, artists and arts organizations, as directed by City Council in the mid-cycle budget. Staff is working expeditiously to develop criteria and finalize agreements with intermediary organizations to begin issuing grants to meet the state and federal deadlines outlined above and get these critical emergency relief funds out quickly to Oakland's business, nonprofit and arts communities.

HCDD: Deployment of resources to address housing insecurity related to COVID-19 will be carried out through intermediary organizations currently engaged in this work to ensure timely distribution of funds. Staff has been working with these organizations through the Oakland Housing Secure and Keep Oakland Housed programs and will work to ensure grant agreements are put in place expeditiously and that funds are targeted to those most impacted by the health crisis. HCD has also partnered with the University of Pennsylvania, which has provided a research fellow. The fellow is providing national and local data analysis on the real time impacts of the pandemic on Oakland's communities to inform spending and targeting efforts.

For questions, please contact Alexa Jeffress, Director of Economic & Workforce Development, at (510) 238-3635, Shola Olatoye, Director of Housing and Community Development, at (510) 238-3714, or Adam Benson, Director of Finance, at (510) 238-2026.

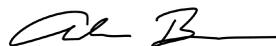
Respectfully submitted,



ALEXA JEFFRESS
Director, EWD



SHOLA OLATOYE
Director, HCD



ADAM BENSON
Director of Finance

Attachments (1)

- Attachment A: CARES Act Spending Plan

ATTACHMENT A - CARES Act Relief Funds - FY 20/21 Budget Appropriations

as Adopted on June 23, 2020; Amended July 14

Item	Dept.	Description	Amount	Staff proposal to deploy	Method of Dissemination
2	DIT	COVID: Broadband/ Digital Resilience Initiative	\$7,700,000	1.\$500,000 Digital Inclusion Committee 2.\$4,900,000 Prime Vendor Wi-Fi Design, build, and Deployment + 2-3 years Support for 15 Wi-Fi Zones 3. \$50,000 Advertising campaign to increase awareness in community of new internet access resource 4. \$200,000 Outside Project Management to manage vendor and technical aspects of project 5. \$2,000,000 Connect BRT fiber to City Network and connection points throughout target areas 6. \$50,000 Contingency	Direct payment to vendor Direct payment to vendor Direct payment to vendor Direct payment to vendor Direct payment to vendor
3	DPW	COVID: Facilities Resilience Initiative	\$2,000,000	\$750,000 - HVAC improvements primarily at City Hall and potentially at other City facilities (recreation centers, libraries). Inefficient HVAC systems need to be converted to allow for high efficiency and higher levels of filtration. Facilities Maintenance has already changed out filters at all facilities that they are able to. The remaining facilities cannot accept the high filtration MERV 13/14 filters for a variety of reasons, including air balance. \$150,000 – Signage, markings, striping, stanchions, and barriers for all facilities. \$100,000 – Relocation/reconfiguration of furniture to allow for proper social distancing. \$500,000 – Purchase and installation of new furniture/cubicles to accommodate Department needs \$100,000 – Purchase of stand-alone screening kiosks, primarily for City Center Complex due to space constraints \$50,000 – Purchase and install touchless dispensers such as disinfectants and paper towels. \$100,000 – Purchase and install various plumbing fixtures such as touchless faucets and bottle fillers. \$250,000 – Purchase, install, and/or replace automatic door openers/holders and accompanying door systems where necessary	
4	HCD	COVID: Anti-Displacement: Residential Rent and Mortgage Relief	\$5,000,000	Direct grants to non-profit organizations currently delivering rent and mortgage relief financial assistance to serve more people at risk of losing their housing due to COVID related impacts.	Direct grants to intermediaries
5	EWD	Anti-displacement Small Business and Non-Profit Support	\$4,000,000	1. \$2,700,000 to non-profit Community Development Financial Institution (CDFI) Fund to make rapid relief grants to small businesses suffering business interruption. Modelled on existing Small Business Grant Fund with more expansive criteria. 2. \$1,000,000 to non-profit CDFI to make direct rapid response grants to non-profit organizations (non-arts) suffering from business interruption. 3. \$150,000 to non-profit orgs to support the design, manufacturing, and distribution of resources to help low-income businesses reopen safely, including PPE, materials and technical assistance to help business create parklets and use outdoor space to support their businesses. 4. \$150,000 to a technical assistance (TA) provider to help small businesses and non-profits with commercial rent and lease re-negotiation	Direct grant to intermediary Direct grant to intermediary Direct grant to intermediary Direct grant to intermediary
6	EWD	Artist Relief	\$1,800,000	1. \$500,000 to non-profit arts intermediary to make emergency individual artist grants, building on existing artist relief program. 2. \$1,000,000 to non-profit arts intermediary to make emergency grants to non-profit arts organizations. 3. \$200,000 in TA to help arts organizations pivot to new models for revenue and space 4. \$100,000 as a direct grant to Spearitwurx; Approved by Council on July 14.	Direct grant to intermediary Direct grant to intermediary Direct grant to intermediary Grant to Council-selected recipients
7	EWD	Opportunity Zone Fund	\$2,000,000	\$2 million to non-profit CDFI to deploy funds to small businesses located in Opportunity Zones.	Direct grant to intermediary
8	EWD	Entrepreneurship Innovations Fund	\$1,000,000	Direct grants to City Council-approved non-profits, \$500k for Brothers & Sisters, Approved by Council on July 14. Remaining \$500k to support City Workforce Development Programs	Grants to Council-selected recipients
9	EWD	Retrofit City-owned 3rd Party Facilities	\$500,000	Direct grants for health safety measures and upgrades to third party facilities to allow them to avoid business interruption. Support of Measure C facilities, incl. Peralta Hacienda, Fairyland and Feather River	Grants to designated facilities
10	EWD	Small Business TA/Outreach	\$700,000	Direct grants to City Council-approved non-profits. Four Ethnic Chambers and other community centered organizations: 4 chambers + OCCUR, Unity Council, E. Oakland Entrep. Forum, Approved by Council on July 14.	Direct grants to Council-selected recipients
11	CAO	COVID: Community Health Interventions	\$500,000	Direct grant to City Council-approved non-profit, Oakland Frontline Healers, Approved by Council on July 14.	Direct grants to Council-selected recipients
12	DPW	COVID: Workforce Development Program for Neighborhood Beautification	\$400,000	Develop cleaning and beautification projects to address blight and improve appearance of neighborhoods, street medians, and parks. Project examples are tree planting, weed and litter removal, gardening, graffiti removal.	Direct grants to recipients
13	EWD	East and West Oakland Food Security Initiatives	\$300,000	Direct grants to City Council-approved non-profits, Approved by Council on July 14. 1. \$150k to BCZ for farmer's market on 73rd and Foothill 2. \$150k to DACA D3 farmer's market in W. Oakland	Grants to Council-selected recipients
14	OPRYD	COVID Response	\$400,000	Park Ambassadors Program, Citywide Community Education, PPE Distribution, Food Service Locations, DSW assignments	
15	HCD	Emergency healthy food support for neighborhood-based grocery stores in flatlands	\$500,000		
16	HCD	COVID Fair Chance Housing Community Outreach	\$100,000	Funding to Just Cities to conduct outreach activities through a collaborative of community based partners that ensures access to housing pursuant to the Fair Chance Access to Housing Ordinance for people exiting the criminal justice system who are at high risk of COVID-19.	Appropriated
	HCD	CDBG-CV	\$4,500,000	1. \$1.5 million for additional rent and mortgage relief programs. HCD issuing an RFQ to identify community based organizations who can carry out this work. 2. \$500,000 to owners of restricted affordable housing experiencing revenue losses related to tenants who can't make rent due to COVID-19 related impacts, thereby jeopardizing viability of property operations. 3. \$2.5 million for immediate housing solutions for people experiencing homelessness or at risk of homelessness as a result of COVID-19 health and employment impacts. Seeking clarification of 7.17.20 proposal for \$2 million for homelessness response set-aside.	Direct grants to intermediaries Direct grants to sponsors; program administered by staff TBD
Total - CARES Act			\$26,900,000		
Total CDBG-CV			\$4,500,000		