

9/1/2020

item 3



**City Council Meeting**

**Item #3: Action on CARES Act Funding and San José Settlement Agreement Funds and Related Budget Amendments**  
(RTC 20-804)

**September 1, 2020**

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**City of Santa Clara**  
The Center of What's Possible

## Agenda

- Background
- CARES Act
- Santana West Settlement
- Recommendation

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**POST MEETING MATERIAL**

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## Background

- On August 19 Economic Development, Communications and Marketing Council Committee (EDCM) heard staff presentations regarding potential use of two currently unallocated funds:
  - Coronavirus Aid, Relief, and Economic Security (CARES) Act - \$1.59 million for COVID-19 activities
  - City of San José Santana West Settlement Agreement - \$5 million for affordable housing and transportation improvements

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## CARES Act

- June 2020 – City notified of CARES Act funding of \$1.59 million available through the State
- CARES Act funds may be used for COVID-19 related expenses which:
  - Incurred expenditures due to the public health emergency with respect to COVID-19
  - Were not accounted for in the budget approved as of Mar. 27, 2020 (date of enactment of the CARES Act)
  - Were incurred during the period between Mar. 1, 2020 and Dec. 30, 2020

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## **CARES Act**

- Eligible expenses for CARES Act funds include :
  - Medical expenses
  - Public health expenses
  - Payroll expenses for public safety, and those dedicated to responding to COVID-19
  - Actions to facilitate compliance of public health measures
  - Provision of economic support including small business grants

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## **CARES Act**

- Council appropriated the funds for COVID-19 activities on July 14
- EDCM recommended that the funds be targeted to:
  - Small business programs
  - The City's food distribution program
  - Emergency Rental Assistance Program
  - If possible, assisting residents with the new increases in utility rates

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# CARES Act

- Staff recommendation based upon EDCM feedback:

Program	Allocation
Food Distribution Program	\$200,000
Small Business Assistance Grant Program*	\$390,000
Reimburse General Fund for past eligible COVID-19 expenses (allowing for General Fund funding of utility credit/rebate)	\$1,000,000
<b>TOTAL</b>	<b>\$1,590,000</b>

\*Staff recommends expansion of eligible expenditures to include improvements necessary to operate and comply with Health Orders to maintain social distancing.

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# CARES Act

- Staff recommendation based upon EDCM feedback:

Program	Allocation
Food Distribution Program	\$200,000
Small Business Assistance Grant Program*	\$590,000
Reimburse General Fund for past eligible COVID-19 expenses (allowing for General Fund funding of utility credit/rebate)	\$1,000,000
<b>TOTAL</b>	<b>\$1,590,000</b>

\*Staff recommends expansion of eligible expenditures to include improvements necessary to operate and comply with Health Orders to maintain social distancing.

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## CARES Act – General Fund

- Utility rate subsidy is not an allowable expenditure under CARES Act
- The City has incurred significant CARES Act expenses which were paid for by the General Fund
- Recommended action reimburses the General Fund for CARES Act eligible expenses and allowing the reallocation of General Fund dollars to utility rates

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## Utility Rates

- Using \$1 Million in General Fund dollars, City will provide a credit/rebate that reduces the solid waste bill equal to six months of the rate increase for residential customers (August 2020 through January 2021)
- Credit would occur on a one-time basis
- Does not include clean up campaign rebate.
- Some multifamily accounts would only be credited on solid waste
- Commercial/Industrial customers continue to receive \$3/month credit

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## Santana West Settlement

- January 2018 - Santana West Settlement Agreement with San José provided that the City of San José would pay the City of Santa Clara \$5,000,000
- Per the Agreement, funds are to be used for:
  - Affordable housing
  - Transportation improvements

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## Santana West Settlement

- EDCM recommended that the funds be allocated for the following programs:

Program	Allocation
Benton Bicycle Lanes	\$1,400,000
Lick Mill Blvd. Pedestrian Beacons Upgrade	\$500,000
1601 Civic Center Drive Low-Income Housing Development	\$1,600,000
Emergency Rental Assistance Program	\$1,500,000
<b>TOTAL</b>	<b>\$5,000,000</b>

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## Santana West Settlement

- Recommended action is a budget action only
- All projects would return to Council for further approval prior to implementation, with the exception of ERAP
- For expediency, ERAP modifications under the Local State of Emergency will be as follows:
  - Modification of ERAP, expanding eligibility from 60% AMI to 80% AMI
  - Amendment to Agreement with Bill Wilson Center for Round 2 administration of ERAP program

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## Next Steps: Eviction Moratorium

- On August 31, 2020, the Governor signed a Statewide Eviction Moratorium Bill that extended tenant protections through February 2021
- County has extended its Eviction Moratorium Ordinance through November 30, 2020
- City's Eviction Moratorium expires on September 30, 2020
- Staff will bring forward an extension of the City's Eviction Moratorium and revised ordinance on September 29, 2020 for Council consideration

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## Recommendation

1. Approve the allocation of CARES Act Funds in the amount of \$1,590,000 to the following:

- Food Distribution Program
- Small Business Assistance Grant Program
- Reimburse General Fund for past COVID-19 related expenses

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## Recommendation

2. Approve the allocation of Santana West Settlement Agreement Funds in the amount of \$5 million for the following programs:

- Benton Bicycle Lane project
- Lick Mill Boulevard Pedestrian Beacons Upgrade
- 1601 Civic Center Drive Low Income Housing Development
- Emergency Rental Assistance Program

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## Recommendation

3. Approve the use of \$1.0 million from the General Fund to provide residential customers with a credit/rebate on their solid waste utility bill
4. Approve the related FY 2020/21 budget amendments in the General Fund, the Solid Waste Fund, the Other City Departments Operating Grant Trust Fund, the City Affordable Housing Fund, the Streets and Highways Capital Fund, and the Housing and Urban Development Fund
5. Direct the City Manager to implement a credit/rebate program that reduces the solid waste bill for residential customers

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## Recommendation

6. As an implementing action under the Local State of Emergency, authorize the City Manager to negotiate and execute an Amendment to the Agreement for Services with Bill Wilson Center for Administration of the City's Emergency Rental Assistance Program to increase the amount of the agreement from \$1,300,000 to \$2,800,000 dollars, subject to appropriation of funds, and to modify the ERAP program eligibility requirements from 60% AMI to 80% AMI

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