



Agenda Report

20-804

Agenda Date: 9/1/2020

REPORT TO COUNCIL

SUBJECT

Action on CARES Act Funding in the Amount of \$1.59 Million and San José Settlement Agreement Funds in the Amount of \$5 Million and Related Budget Amendments [Council Pillars: Promote and Enhance Economic, Housing, and Transportation Development, and Deliver and Enhance High Quality Efficient Services and Infrastructure]

BACKGROUND

On August 19, 2020, the Economic Development, Communications and Marketing Council Committee (EDCM) heard presentations from staff regarding the potential use of two currently unallocated funds that are available for use by the City. The Committee provided recommendations to staff and the purpose of this report is to provide EDCM's recommendation and request full Council consideration on the allocation of funds.

Coronavirus Aid, Relief, and Economic Security (CARES) Act - \$1.59 million

In June 2020, Santa Clara was notified of CARES Act funding of \$1.59 million available through the State for COVID-19 related expenditures. On July 14, 2020, Council appropriated funds for programs and services undertaken by the City for COVID-19 activities.

The CARES Act funds may only be used for COVID-19 related expenses which:

- Are necessary expenditures incurred due to the public health emergency with respect to COVID-19
- Were not accounted for in the budget most recently approved as of March 27, 2020 (date of enactment of the CARES Act)
- Were incurred during the period between March 1, 2020 and December 30, 2020

Eligible expenses for CARES Act funds include payment for:

- Medical expenses
- Public health expenses including communication and enforcement of public health orders, disinfection of public areas, distribution of medical, and protective supplies
- Payroll expenses for public safety, and those dedicated to responding to COVID-19
- Actions to facilitate compliance of public health measures such as food delivery to residents and vulnerable populations, care for homeless, technological improvements including telework capabilities for public employees, and paid sick and family leave for public employees
- Provision of economic support including small business grants to reimburse the costs of business interruption caused by closures, payroll support programs, and unemployment insurance costs

The staff report for the EDCM item (#20-323) is attached to this Report. The staff report suggested three potential programs for funding and requested EDCM input. EDCM provided feedback on the potential use of funds.

City of San José Santana West Settlement Agreement - \$5 million

The 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 within ten days of the issuance of a grading/building permit for the Santana West project which would be used for affordable housing and transportation improvements in the City. The City has received funds from San José and the approval of the recommended action would appropriate those funds.

The staff report for the EDCM item (#20-216) is attached to this Report. The staff report suggested four potential projects for funding and requested EDCM input. Three potential transportation projects and one affordable housing project were identified. Following discussion, EDCM provided recommendations of the use of funds as described below.

DISCUSSION

CARES ACT

EDCM recommended that the CARES Act funds be targeted to small business programs, the City's food distribution program, Emergency Rental Assistance program, and, if possible, assisting residents with the new increases in utility rates.

While utility assistance would not be CARES Act eligible, the Council could use a portion of the CARES Act funds to reimburse the General Fund for eligible COVID-19 related expenses incurred such as public safety costs, the Small Business Assistance Grant program, food distribution program, and/or other COVID-19 related costs. The reimbursement of these General Fund expenses could allow General Fund funds to be freed for the desired purpose.

Based upon EDCM feedback, staff recommends the following allocation of the \$1.59 million of CARES Act funds:

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

Food Distribution Program: Funding of \$200,000 would be used to support the City's food distribution program for youth in partnership with the school district.

Small Business Assistance Grant: Funding of \$390,000 would be used to provide grants to small businesses and non-profits that have been negatively impacted by the COVID-19 pandemic through the Small Business Assistance Program managed by the City Manager's Office. The original program allowed grant funds to be used solely for payroll and rent expenses. Staff plans to expand the program to also include expenditures related to improvements necessary to operate and comply with Health Orders to maintain social distancing.

Reimburse the General Fund for COVID-19 Expenses: In FY 2019/20, \$3.0 million was transferred from the General Fund to the Other City Department Operating Grant Trust Fund to cover COVID-related expenses. It is recommended that \$1.0 million of the CARES Act funds be used to partially reimburse the General Fund for the expenses incurred.

With an available \$1,000,000 from the reimbursement to the General Fund for COVID-related expenses, the City would be able to provide a credit/rebate that reduces the solid waste bill equal to six months of the rate increase for residential customers (August through January 2021). The value of sixth month credit/rebate would be applied on a one-time basis to the bill for garbage, recycling, and yard waste collection services.

Given the complexity of the billing system, the fastest and simplified approach is a one-time credit/rebate equal to the six-month rate increase for each customer based on the size of bin, etc. Due to limitations in the City's billing software, a clean-up campaign rebate (\$0.23 cents a month) would not be included. Also, some multi-family accounts would only receive a rebate for the garbage portion of the bill. This rebate would be targeted for the October through January billing, with a future credit for the August and September months that have already been collected.

Commercial and industrial business customers would continue to receive the \$3.00 monthly credit as previously approved by Council.

SANTANA WEST SETTLEMENT

EDCM heard a presentation about four potential transportation and affordable housing projects. These projects totaled \$13.4 million and included:

- Benton Bicycle Lanes - Fund the study, design, and construction of bicycle facilities on Benton Street between Lincoln Street and Dunford Way (3.39 miles). \$1.4 million
- El Camino Real Bicycle Lanes - Design and construct separated bikeways on El Camino Real (4.29 miles). \$5.5 million
- Lick Mill Boulevard Pedestrian Beacons Upgrade - Upgrade the two existing pedestrian flashing beacons on Lick Mill Boulevard between Tasman Drive and Montague Expressway and upgrade one curve warning sign. \$0.5 million
- 1601 Civic Center Drive - Financial participation with Charities Housing on a 1.41-acre site. Together with other public financing such as Measure A, \$6 million from the City would allow for a 100% low-income family housing development with approximately 120 units.

Following the presentation and discussion, EDCM recommended that the Santana West Settlement Agreement funds be allocated for the following programs:

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Benton Bicycle Lanes (project described above) | \$1,400,000 |
| Lick Mill Boulevard Pedestrian Beacons Upgrade (project described above) | \$500,000 |
| 1601 Civic Center Drive Low-Income Housing Development (This funding represents a portion of the \$6 million described above and would be set aside in reserve to support this low- income housing development) | \$1,600,000 |

| | |
|-------------------------------------------------------|--------------------|
| Emergency Rental Assistance Program (described below) | \$1,500,000 |
| TOTAL | \$5,000,000 |

Additional funds for the Emergency Rental Assistance Program (ERAP) will allow for a second round of assistance. ERAP assists households at 60% AMI or below with up to three consecutive months of rental assistance. The goal of the program is to prevent low-income households from becoming homeless. Currently, it appears that 254 applicants meet eligibility requirements which would exhaust the existing funding. Adding \$1.5 million to the program could provide assistance to an additional 200+ households.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

As part of the Monthly Financial Status Report for May 2020 presented and approved by the City Council on July 14, 2020, the \$1.59 million of CARES Act funding was appropriated in the Other City Departments Operating Grant Trust Fund. Of this amount, \$590,000 is recommended to support the Food Distribution Program and the Small Business Assistance Program. The remaining \$1.0 million of CARES Act funding is recommended to reimburse the General Fund for COVID-19 related expenses. A budget amendment to transfer \$1.0 million from the Other City Departments Operating Grant Trust Fund to the General Fund is included in Attachment 3 to reflect this reimbursement. This \$1.0 million reimbursement allows the City to provide residential customers with credits/rebates on their solid waste bill; an amendment is included in Attachment 3 to transfer \$1.0 million from the General Fund to the Solid Waste Fund for this program.

Attachment 3 also includes amendments allocating the \$5.0 million Santa West Settlement Reserve funds to the following: \$1.9 million to two projects in the Streets and Highways Capital Fund; \$1.6 million to a Civic Center Drive Reserve in the City Affordable Housing Fund; and \$1.5 million to the Emergency Rental Assistance Program in the Housing and Urban Development Fund.

COORDINATION

This item has been coordinated with Department of Finance and City Attorney’s Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Approve the allocation of CARES Act funds in the amount of \$1,590,000 to the Food Distribution Program, the Small Business Assistance Grant Program, and to reimburse General Fund for past COVID-19 related expenses;

2. Approve the allocation of Santana West Settlement Agreement funds in the amount of \$5 million for the Benton Bicycle Lane project, Lick Mill Boulevard Pedestrian Beacons Upgrade, 1601 Civic Center Drive Low Income Housing Development, and Emergency Rental Assistance Program;
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 as described in Attachment 3; and
5. Direct the City Manager to implement a credit/rebate program consistent with the staff report that reduces the solid waste bill for residential customers.

Reviewed by: Ruth Mizobe Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. EDCM Committee Report (RTC #20-323)
2. EDCM Committee Report (RTC #20-216)
3. FY 2020/21 Budget Amendments