



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Margaret O'Brien
Interim Director of Finance

SUBJECT: CARES Act Relief Fund Expenditures

DATE: September 1, 2020

City Administrator Approval

Date:

Sep 3, 2020

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report On Coronavirus Aid, Relief, And Economic Security (CARES) Act Relief Fund Expenditures.

EXECUTIVE SUMMARY

This report responds to the City Council's request for an update on CARES Act Relief Fund expenditures, and recommendations on Council action, if needed, regarding use of remaining funds. To date, the City has made substantial progress in engaging community partners and identifying contractors to assist with the implementation of CARES Act initiatives. Most of the agreements supporting the spending of these funds are still being completed.

BACKGROUND / LEGISLATIVE HISTORY

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. As part of its budget actions for Fiscal Year (FY) 2020-21, the State of California allocated \$225 million of its CARES Act funding to California cities with populations of 300,000 or more. The City of Oakland's share of the State's CARES Act funds was \$36,994,706.

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.

On June 23, 2020, the City Council directed CARES Act funding to 17 initiatives as part of the FY 2020-21 Midcycle Budget Amendments. On July 28, 2020, the City Council adopted Resolution 88229 C.M.S. to formally accept the CARES Act funds and expedite their distribution. This resolution also authorized the City Administrator to reallocate CARES Act

City Council
September 15, 2020

funds to any item of appropriation for eligible projects and activities in the City's Fiscal Year 2020-21 mid-cycle budget, as amended on July 21, 2020, to ensure the timely expenditure and avoid the forfeiture of CARES Act funds. In addition, the resolution directed the City Administrator to provide regular reporting to the City Council and the public with respect to status of administering funds, names of recipient organizations, status of expenditures, planned expenditures at risk of not being timely spent, reallocations, and other pertinent information to ensure complete transparency with regard to the City's use of these funds.

ANALYSIS AND POLICY ALTERNATIVES

An update on CARES Act Relief Fund initiatives to date are provided in **Attachment A**, and will be updated in future reports. The update is organized by the initiatives identified in the FY 2020-21 Midcycle Budget Amendments and specifies funding allocations, planned sub-awardees where they have been identified, and implementation status.

As detailed in **Attachment A**, Departments are working expeditiously to complete funding agreements, and much work remains to be done to expend these funds. In addition to the standard challenges of executing funding agreements, such as City insurance requirements, most of these agreements must also address federal compliance and audit requirements, which can be substantial for organizations not previously subject to these rules.

A working group has been developed across City departments to monitor progress in awarding and expending CARES Act Relief Funds. In the event that under-expenditure appears likely in one or more areas, the City Administrator has been authorized by the City Council to reallocate these funds as needed. In addition, the City retains the option of shifting additional eligible payroll costs to the CARES Act to backfill any shortfall. To date, no such re-allocation need has been identified. Such options will be considered more closely as the implementation of these initiatives progresses, and staff will keep the City Council apprised of any concerns associated with execution of the Council-approved spending plan as well as any proposed reallocations.

FISCAL IMPACT

This is an informational report with no fiscal impacts.

PUBLIC OUTREACH / INTEREST

No public outreach was completed for this informational report.

COORDINATION

This informational report was prepared by the Finance Department with input from City departments with CARES Act allocations.

SUSTAINABLE OPPORTUNITIES

Economic: There are no economic opportunities associated with this report.

Environmental: There are no environmental opportunities associated with this report.

Race & Equity: There are no race or equity opportunities associated with this report.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council receive an informational report on Coronavirus Aid, Relief, And Economic Security (CARES) Act Relief Fund expenditures.

For questions regarding this report, please contact Stephen Walsh, Controller, at (510) 238-4906.

Respectfully submitted,

Margaret L. O'Brien

Margaret O'Brien
Interim Director of Finance
Finance Department

Prepared by:
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Controller
Controller's Bureau

Attachment (1)

Attachment A: CARES Act Relief Fund Status as of September 1, 2020