

City Council Staff Report

November 10, 2020



9D

From: Maryn Pitt, Assistant to the City Manager for Economic Development and Housing

Prepared by: Maryn Pitt, Assistant to the City Manager for Economic Development and Housing

Agendized by: Toby Wells, P.E., City Manager

1. ACTION RECOMMENDED:

Resolution: Amending the 2020-21 Municipal Budget (Fund 110) as outlined in the Resolution to reflect increased Coronavirus Aid, Relief and Economic Security (CARES) Act funding priorities for the Coronavirus Relief Fund (CRF) and expenditures for business and community relief programs

2. SYNOPSIS:

Amending the current budget to reflect additional CARES revenue and estimated Council expenditures per Council direction on October 27, 2020.

3. DISCUSSION OF ISSUE:

The novel coronavirus which causes the COVID-19 disease has created a pandemic contributing to extreme financial hardship for businesses, families, and individuals in the City of Turlock. On March 17, 2020, the City of Turlock declared a state of emergency. On March 27, 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide emergency assistance and health care response for individuals, families, and businesses affected by the coronavirus pandemic. The CARES Act allocated \$15.3 billion from the Fund to the State of California, and per CARES Act guidelines, the State directed the funds to California counties and larger cities for mitigation and recovery efforts based on population.

To assist the County with the financial burden of responding to the COVID-19 pandemic emergency, the United States Treasury allocated and disbursed to Stanislaus County \$96.1 million of CARES Act CRF funds. In addition, the California Department of Finance allocated an additional \$12.8 million of State CARES Act CRF pass-through funds to Stanislaus County. On June 9, 2020, the Board of Supervisors approved the CRF policy recommendations that allocated \$15 million to the cities in Stanislaus County. The City of Turlock's share of the

allocation is \$2,508,525. With the June 9 action, the Board of Supervisors held back the funding the City was expected to receive from the State of California in the amount of \$917,463. The City is currently receiving the State CARES allocation on a monthly basis. The adopted budget for fiscal year 2020/21 includes the \$2,508,525 total allocation.

On October 13, 2020, the Board of Supervisors adjusted the allocation to provide the full \$2,508,525 to the City of Turlock. As a result, there is an additional \$917,463 of CARES funding that has not been included in the current budget.

In addition, on September 15, 2020, the Board of Supervisors approved the touchless gift card program StanRAD. Under this program, electronic gift cards would be available for purchase that can be used at participating local businesses. Developed in partnership with Downtown Modesto Partnership (DOMO), this program is intended to boost the local economy by enhancing consumer spending through the community match funding. \$1 million was approved for the program to be allocated by jurisdiction to ensure countywide implementation with flexibility to allow County staff to adjust among the allocations based on actual program activity. The preliminary allocation for Turlock businesses is \$125,000.

The City also received approximately \$849,000 in two rounds of Community Development Block Grant – Coronavirus (CDBG- CV) funding. The pandemic has had unprecedented consequences on public health, the economy, and labor markets forcing businesses and individuals to face a dramatic loss of income. Landlords and property owners face an equally dramatic loss of income which leaves them unable to pay mortgages, maintain buildings, and meet demands for increased health and safety measures.

On October 27, 2020, Council directed staff to implement the following programs:

1. Create an emergency COVID-19 Mortgage, Rent, and Utility Assistance Program dedicating \$849,000 of federal CARES Act funding from the United States Department of Housing and Urban Development (HUD) allocated to the City of Turlock to provide mortgage, rental, and utility assistance to qualifying individuals and families. Such a program would be managed by the City's Housing Program. These targeted funds will help keep people in their homes and minimize the impact on property owners and lenders. This item will return to Council under separate action.
2. Create the City of Turlock Small Business Relief Grant Program in an effort to provide needed funds to as many businesses as possible. Staff recommends partnering with Opportunity Stanislaus (OS) who will provide the financial, material, and labor resources to create a designated website, market the program, and help businesses with the grant application process. The cost to administer the program is \$10,000 for Opportunity Stanislaus. Council directed an allocation of

\$800,000 for a total cost of \$810,000. The Memorandum of Understanding for implementation with OS was executed on October 30, 2020 and the program went live on November 6, 2020. Information on the program can be found at www.turlockbusinessrelief.com.

3. Support the County StanRAD card focused on the downtown area. The RAD card design is focused on the types of businesses in the downtown. If the area is expanded, it dilutes the effectiveness of the program. Staff recommends an allocation of \$25,000 for additional City support for the program. The program was initiated with a soft launch on October 30, 2020 and is being widely used. As of the date of this report, 40 businesses are registered and utilizing the application.
4. Opportunity Stanislaus operates the Valley Occupational Learning and Technology (VOLT) Institute. The VOLT Institute's mission is to train high-quality candidates to enter the workforce with skills that are in demand by industries in the Central Valley Region. In order to assist residents adversely impacted by COVID-19, the City would allocate \$50,000 towards scholarships to assist Turlock residents with job training through the VOLT program. An MOU is being developed with OS to complete the scholarship funding.
5. A Request for Proposals for a shop local campaign was sent out on November 3, 2020 to solicit proposals to market Turlock businesses for the holiday shopping season. The targeted budget is \$15,000 for this effort.
6. The remaining balance of \$17,463 would be allocated to the programs identified above as necessary or for other community programs or priorities to assist in the business community as directed by Council.

4. BASIS FOR RECOMMENDATION:

- A. As directed by Council on October 27, 2020, the budget amendment reflects the additional CARES revenue and allocates the expenditures to assist the business community in dealing with the impacts of COVID-19.

5. FISCAL IMPACT / BUDGET AMENDMENT:

If adopted, the budget amendment will reflect the additional revenue of \$917,463 and the various expenditures as delineated in the resolution for a total expenditure of approximately \$917,463.

6. CITY MANAGER'S COMMENTS:

Recommend Approval.

7. ENVIRONMENTAL DETERMINATION:

This activity is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b) (5), as it is an organizational or administrative activity of government that will not Result in direct or indirect physical changes in the environment. Pursuant to Section 15060(c)(3), this activity is determined to be exempt from CEQA.

8. ALTERNATIVES:

- A. The Council could choose not to allocate the CARES act funds as proposed. This alternative is not recommended as these activities and programs are within the scope of eligible activities and are reflective of the needs of the community.
- B. The Council could choose not to accept CARES Act funding and return it to Stanislaus County. This alternative is not recommended as there is a clear and demonstrated community need.

BEFORE THE CITY COUNCIL OF THE CITY OF TURLOCK

**IN THE MATTER OF AMENDING THE
2020-21 MUNICIPAL BUDGET (FUND 110) AS
OUTLINED IN THE RESOLUTION TO REFLECT
INCREASED COROVIRUS AID, RELIEF AND
ECONOMIC SECURITY (CARES) ACT FUNDING
PRIORITIES FOR THE CORONVIRUS RELIEF
FUND (CRF) AND EXPENDITURES FOR
BUSINESS AND COMMUNITY RELIEF
PROGRAMS**

RESOLUTION NO. 2020-

WHEREAS, the novel coronavirus which causes the COVID-19 disease has created a pandemic contributing to extreme financial hardship for businesses, families, and individuals in the City of Turlock; and

WHEREAS, on March 27, 2020, the United States Federal Government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide emergency assistance and health care response for individuals, families, and businesses affected by the coronavirus pandemic. The CARES Act allocated \$15.3 billion from the Fund to the State of California, and per CARES Act guidelines, the State directed the funds to California counties and larger cities for mitigation and recovery efforts based on population; and

WHEREAS, to assist Stanislaus County with the financial burden of responding to the COVID-19 pandemic emergency, the United States Treasury allocated and disbursed to Stanislaus County \$96.1 million of CARES Act CRF funds. On October 13, 2020, the Board of Supervisors adjusted the original allocation to provide an additional \$917,463 of CARES funding that has not been included in the Fiscal Year 2020-21 budget; and

WHEREAS, City Council directed staff to allocate the additional funding to provide direct assistance to the business community to assist dealing with the impacts of COVID-19; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Turlock does hereby amend the Fiscal Year 2020-21 Municipal Budget (Fund 110) as outlined in this Resolution to reflect increased Coronavirus Aid, Relief and Economic Security (CARES) Act funding priorities for the Coronavirus Relief Fund (CRF) and expenditures for business and community relief programs.

BE IT FURTHER RESOLVED, this amendment shall be reflected as follows for the Fiscal Year 2020-21 Municipal Budget:

Account Number / Description	Current, Adopted Budget	Proposed Budget	Proposed Budget Adjustments
REVENUE			
110-10-189.34305 "CARES Act (Covid-19)"	\$2,500,000	\$3,417,463	\$917,463

EXPENDITURES			
110-10-189.47183 "CARES Act Business Relief"	\$0	\$810,000	\$810,000
110-10-189.47184 "CARES Act RAD Card"	\$0	\$25,000	\$25,000
110-10-189.47185 "CARES Act Marketing Program"	\$0	\$15,000	\$15,000
110-10-189.47186 "CARES Act VOLT Scholarship Program"	\$0	\$50,000	\$50,000
110-10-189.47187 "CARES Act Other business and community relief programs"	\$0	\$17,463	\$17,463
			\$917,463

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Turlock this 10th day of November, 2020, by the following vote:

AYES: None
 NOES: None
 NOT PARTICIPATING: None
 ABSENT: None

ATTEST:

 Jennifer Land, City Clerk,
 City of Turlock, County of Stanislaus,
 State of California