

BACKGROUND: At the time the docket memorandum was written last week, it was not known what amount of Federal CARES COVID-19 related funding assistance the City would receive. Today localities in Virginia received their funding allocations from the State. The State decided to allocate on a per capita basis \$645 million to all Virginia cities and counties (except for Fairfax County which due to their population size already received an allocation directly from the federal government). It also appears the State plans to make a second allocation of CARES monies at some point in the future, so the allocation to localities made today is possibly only half of what the State may eventually allocate.

In this first allocation of CARES monies from the State, the City received \$13.9 million. These funds and any further allocation of CARES monies are required to be expended by December 30, 2020. In the original allocation proposal, two scenarios were presented in the event that the CARES allocation was between \$20 million and \$27 million. Given the State's decision to initially allocate far less money at this time, it is necessary to revise the proposed allocation of the City's CARES monies that was displayed on Attachment 1 of the original and this memorandum.

Given the need to reduce the prior allocations, but also in recognition of the urgent need for residential rent assistance, food assistance and small business grants, it is proposed that each of these three categories of assistance receive 80% of the "higher estimate" funding amounts that were originally proposed in Attachment 1. It is proposed that the Reserve funding amount category be not funded, and that the Health Department staffing amount be reduced from \$1.0 million to \$0.5 million. This reduction in Health staff funding is enabled by the recent decision by the State to hire 1,000 contact tracers statewide, as well as the recent decision by the State to allow three vacant frozen positions in the Health Department to be filled.

The City's COVID-19 City Response Cost Category is now proposed to be allocated \$4.6 million which may be close to the amount needed to cover the City's COVID-19 related out of pocket costs which the City has incurred since March 1 through June in response to the COVID-19 pandemic. While the City will likely spend more than this through the end of the calendar year when the CARES monies expire, the City is also seeking other avenues of federal reimbursement (such as FEMA) for certain eligible costs, and would be able to recoup additional City spending from any second allocation of CARES monies from the State. There is some risk in non-reimbursement in this strategy, but this allows the bulk of the first allocation of Federal CARES monies to be put to work providing assistance to those who need it most in our community.

When the second allocation of Federal CARES funds likely occurs, then Council will be requested to make a second allocation decision, and will be able to do so after gauging the demand for assistance for each of the three proposed programs.

ATTACHMENTS:

Revised Proposed Utilization of Federal COVID-19 Related CARES Act Funds