



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 2, 2020

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of Proposed Plans for the Allocation of the Second \$13.9 Million Grant of Federal CARES Act Funding Towards Mitigating the Impact of COVID-19 on Residents, Businesses and City of Alexandria Government.

ISSUE: Allocation of \$13.9 million in federal CARES Act grant assistance towards COVID-19 related City government expenses, programs, and financial assistance to support the residents and businesses of the City.

RECOMMENDATION:

- A.** Allocate the second tranche of the \$13,909,478 in federal CARES funding to the following:
1. \$4.23 million for the City government's direct costs incurred in response to the COVID-19 pandemic,
 2. \$2.5 million to benefit renters through the provision of \$1.0 million to continue the Office of Housing emergency rental assistance program and \$1.5 million to continue the DCHS eviction prevention and housing stability (includes rent, mortgage, and utilities) assistance program,
 3. \$2.4 million towards a second round of small business assistance grants to be administered by the Alexandria Economic Development Partnership (AEDP),
 4. \$1.53 million towards expanding and extending food security programs,
 5. \$2.0 million to start the Alexandria Resilience Fund for community non-profits,
 6. \$960,000 towards Department of Community and Human Services (DCHS) childcare and workforce development initiatives, and
 7. \$290,000 ACPS's Virtual Plus+ childcare program for school-aged children.

- B.** Allocate \$190,000 in Braddock Small Area Plan developer contributions from AEDP to provide small business grants to storefront businesses in the Braddock Small Area Plan neighborhood.

BACKGROUND: On March 27 the federal \$2.2 trillion Coronavirus Aid, Relief and Economic Security Act (CARES) was signed into law. Within that CARES funding was some \$139 billion for the states with the only direct funding for localities approved for very large jurisdictions in the U.S. Virginia was allocated some \$3.325

billion for state and local use. The federal law currently requires 100% of these funds be expended by December 30, 2020.

Initially the Commonwealth decided to allocate funds based on population with \$644.6 million distributed to Virginia cities and counties and held back a similar amount for a possible second allocation to localities. In the first allocation from the State, the City received \$13.9 million in CARES funding. City Council approved the allocation of these funds in May. The holdback of local funding by the State for a possible second round of funding was ostensibly to see if localities would actually be able to plan for, and appear reasonably ready spend, the first allocation within the limited calendar year spending window. As a result, the second allocation from the State to its localities was at risk. The City helped lead an effort by Northern Virginia localities and successfully pressed the State to proceed with a second \$644.6 million allocation. This allocation was also made on population basis and was announced on July 28 with the City receiving a second \$13.9 million CARES funding allocation.

While the U.S. House of Representatives passed a major second funding bill last May (HEROES Act) the U.S. Senate has failed to act, and the Administration has opposed the provision of additional funding to states and localities. Also, the oft promised loosening of the tight restrictions of the CARES Act spending has failed to materialize. As a result, at this time the City cannot count on any further significant funding or regulatory relief from the federal government.

City Council approved the first \$13.9 million allocation of these funds on May 12. The allocations were for City government expenses for responding to the COVID- 19 crisis (\$5.1 million), rental assistance (\$4.0 million), food security assistance (\$2.4 million), and small business assistance (\$2.4 million).

DISCUSSION:

It is proposed that the second tranche of CARES monies be allocated at this time in the following manner by City Council:

1. \$4.23 million for the City government's direct costs incurred in response to the COVID-19 pandemic:

One of the primary uses of the City's COVID funds has been for the City to cover costs related to responding directly to COVID-19 pandemic. These costs have included the purchase of personal protective equipment (PPE) such as face masks, gloves and gowns. There have also been some added staffing costs, frontline employee emergency response pay paid during the height of the pandemic, the housing of those needing quarantine, the housing of homeless persons and other City human service clients when social distancing could not be maintained, the operation of an extended winter shelter at the Charles Houston Recreation Center, the purchase of technology equipment and software to enable work from home by more City employees, the retrofitting of City office space to provide a safer work environment and many more types of spending needs. These costs have been very unpredictable and will continue through the end of this fiscal year. From March to late August the City had expended approximately \$9.4 million for City government direct costs with about \$3.75 million of this eligible for federal FEMA reimbursement. The balance was funded with CARES funding.

2. \$2.5 million to benefit renters through the provision of \$1.0 million to continue the Office of Housing's emergency rental assistance program, and \$1.5 million to continue the DCHS eviction prevention and housing stability assistance program:

The initial CARES funding allocation made by City Council was \$4.0 million and was aimed at providing rental assistance to about 2,800 households with a rental assistance amount of \$600 per month for three months for a total \$1,800 of assistance.

Emergency Rental Assistance Program: Since its launch on May 19, 2020 with \$4.0 million in CARES funding, the Citywide Emergency Rental Assistance Program has been an invaluable resource providing housing security for more than 800 Alexandria households who have experienced COVID-19 related income loss that makes them unable to pay their full rent each month. Through August 26 an estimated \$1.6 million in rental assistance has been provided. The citywide rental assistance program prioritizes renters with the least access to resources (typically households below 60% AMI). The City program, the first to be developed in the metropolitan area, has become a regional model, and has also been the starting template for many jurisdictions nationally.

The collaboration with landlords has been an important component of the Alexandria program's success: the application includes a landlord authorization which requires that an agent of the property certify its intent to maintain the renter in their housing in exchange for accepting a payment of up to \$1,800. They pledge to work with the tenant on a repayment plan for rent deficiencies and to notify the City prior to taking legal action. So far, staff has seen these commitments honored.

To maximize the reach and impact of remaining CARES Act funds, the Office of Housing has developed the following program refinements. The program would be amended:

- (a) to provide a second round of emergency rental assistance to those already assisted but continuing to suffer income loss or persistent un/underemployment.
- (b) to provide amounts above \$1,800 (\$5,000 is proposed as a cap) to supplement other City resources to keep families, who are at risk of foreclosure or eviction due to nonpayment, housed. Decisions on higher amounts of assistance will be based on a joint assessment by the Office of Housing and DCHS.
- (c) to provide ongoing payments of \$600 per household per month to nonprofit housing owner/operators where the household continues to experience unemployment and/or income loss related to COVID.
- (d) to authorize landlords and/or community partners to submit rental assistance requests on behalf of households who are delinquent on rent to prevent eviction, with cooperation and authorization, from tenants.

This Emergency Rental Assistance Program is coordinated with DCHS's Eviction Prevention and Housing Stability Assistance program described below.

The Office of Community Services (OCS) of DCHS has provided \$1 million dollars in local, state, and federal rental and housing assistance since March, serving over 500 households (with close to 30% receiving more than one month's rent). In the past month, OCS has spent an average of \$70,000+ per week. OCS goals are to prevent eviction, support housing stability, and address factors that lead to homelessness. Residents who contact DCHS for assistance to resolve a housing crisis are assessed to address the presenting issues as well other emerging threats to maintaining safe and affordable housing. The process includes in depth discussion around the cause of the crisis, impact on housing and household members, and problem solving that takes into consideration natural and community supports and department's programs and resources. The demand for eviction prevention and housing stability assistance is expected to continue

to grow with the gap in extended unemployment benefits and the possible ending of the eviction and utility shut-off moratoriums in early September. Based on historical spending and these other factors added funding in the amount of \$1.5 million is proposed to serve 750 families.

3. \$2.4 million towards a second round of small business assistance grants to be administered by the Alexandria Economic Development Partnership (AEDP); and \$190,000 in Braddock Small Area Plan developer contributions to provide small business grants to storefront businesses in the Braddock Small Area Plan neighborhood:

The initial CARES funding allocation of \$2.4 million made by City Council to assist small businesses allowed for the creation of the Alexandria Back to Business (B2B) grant program. Combined with other City funding, the initial round of the B2B program ultimately awarded \$3.495M grants to more than 300 businesses in amounts ranging from \$10,000 - \$20,000, based on number of employees. For the second round in addition to the allocation of a second \$2.4 million, there is local funding remaining from the first round and \$0.2 million in the Braddock Small Area Plan funding available.

Round 1 Overview: The initial round of the B2B program opened applications in early June, following outreach to all licensed businesses in the City. More than 350 businesses applied- ultimately 303 businesses received grants, which were awarded and paid out by August 6, 2020. Grant funds are currently being deployed by the businesses on a variety of eligible expenses incurred to responsibly reopen and rescale:

- Personal Protective Equipment (PPE)
- Other equipment and supplies to promote health and safety
- Technology to facilitate e-commerce and/or virtual business operations
- Professional services related to the design and construction/alteration of the built environment necessary to promote physical and social distancing, as well as the actual costs for alterations
- Initial cleaning and disinfection services prior to reopening
- Rent or mortgage costs required to be made in order to reopen/restart

Plan for Round 2: Since closing the application window for Round 1, the AEDP has heard from existing businesses who did not hear about the program in time to apply for Round 1 funding and missed the application window, and/or who met all eligibility criteria with the exception of the required 25% revenue loss, but have now seen revenues continue to decline and would qualify.

Through Round 1 outreach, the AEDP team also learned more about how many businesses in the City are structured and is recommending expanded criteria for Round 2 to capture many of these businesses and expand the reach of the B2B grants. Specifically, the following businesses/structures would now also be eligible for funding:

- Daycare - all types, to include for profit, nonprofit, commercial and home-based (recognizing their important role in helping all businesses reopen)
- New Businesses - opened after March 1, 2019 up to the beginning of the pandemic
- 1099 Employers - businesses who “employ” independent contractors
- Independent Contractors - business owners with no employees

The allowed use of funds would remain unchanged (see approved list above), while one additional grant

size category would be added. The expanded criteria and commitment to continued outreach and awareness, will maximize the reach and impact of CARES funding to help as many businesses in need of assistance in reopening/re-scaling over the coming months.

The AEDP has engaged and/or identified a variety of community and business groups who will be key partners in assisting with outreach to potential applicants in Round 2. They include the Social Responsibility Group, ACT for Alexandria, Tenants & Workers United, Your Ethiopian Professional Network, African Communities Together, Ethiopian Community Development Council, Dar Al-Hijrah Islamic Center, and Catholic Charities. AEDP will utilize digital, social media, regular mail and media coverage to reach these audiences and will also conduct a 'how to apply' webinar and a Facebook Live event. The outreach efforts will be in addition to those deployed during Round 1, all of which will be utilized again during this second effort.

Additional Resources: The Braddock Metro Neighborhood Small Area Plan established a Community Amenities Fund, which set aside funding to support small storefront businesses in the area. There is currently \$190,000 available in that fund, and the B2B grant team is proposing that those funds be allocated to AEDP to support grant making and potential wrap-around services, but only made available to specific storefront to businesses in that geographic area. Any unspent funds would remain in the Community Amenities Fund to be used for other efforts in the Braddock neighborhood in the future.

As was done in Round 1, additional funding for grants can be made available from the balance of the Alexandria Investment Fund (AIF), or the portion not already obligated to projects. The AIF is funded through general fund balance monies and the fees collected by the Alexandria Industrial Development Authority. The AIF funding will be utilized should demand necessitate, to be determined once applications are finalized and reviewed for eligibility.

Timeline following fund allocation: The B2B grant team, led by the AEDP and supported by City staff from Finance, Information Technology, Performance Management, Planning & Zoning, and the Alexandria Health Department, is prepared to launch Round 2 immediately. A revised application and related materials are in final stages of development, and a preliminary timeline has been established as follows:

- Weeks 1-2: marketing and outreach to business community
- Week 3: application period is open; initial review of eligibility
- Weeks 4-5: continued review and verification of applicants
- Week 6: awardees notified; collection of Performance Agreements (PAs) and bank information begins
- Weeks 7-9: collection of PAs and bank information; test direct deposit process for each awardee, grant funds to awardees (timing of payments is dependent on business owner response time)
- Week 9: publish Round 2 recap and statistics

4. \$1.53 million towards food security programs:

The initial CARES allocation by City Council for food security was \$2.4 million which funded the distribution of groceries, the distribution of grocery gift cards, as well as the preparation and distribution of hot meals by the World Central Kitchen. This effort resulted in 586 events which to date have provided 1.6 million meals (or meal equivalents). It is proposed that an additional \$1.53 million of CARES funding be allocated for food security to continue the food security programs through the end of the calendar year.

Through a continued collaboration with ALIVE!, the pantry network and other partners, food distribution

will continue to be provided to families across the City. The mechanisms will continue to be large-scale distributions, Pop Up and Wrap Around distributions, home deliveries, and pantry support. With an additional \$580,000, an estimated 12,000 individuals per month will be provided food through these channels through December 2020. In addition, though the World Central Kitchen is no longer providing meals in the City, DCHS is proposing to partner with Alexandria restaurants to provide access to prepared foods Alexandria residents facing food insecurity due to the COVID-19 pandemic. This will not only increase access to food for the residents, but also will provide support to the hospitality industry and those employees who have limited resources and have been facing unemployment and sporadic employment. With \$200,000, it would be possible through this prepared meals initiative to provide over 14,000 meals.

The Grocery Gift Card Program that has been led by ACT with key community partners distributed 491 grocery gift cards valued at \$165,000 in the first month of the program and an additional 722 cards with a cash value of \$225,800 have been distributed in August. Beyond August, it is expected that the number of cards could increase to 1,500 per month at a total monthly cost of \$500,000. With that projected rate of spending, \$950,000 in additional funding is recommended to meet the anticipated need and to defray ongoing programmatic costs.

5. \$2.0 million to start the Alexandria Resilience Fund for community non-profits:

One of the first initiatives when COVID-19 struck was the creation of an ACT Now Fund which benefited the clients of community non-profits. City Council allocated some \$200,000 which was paired with private donations received through the ACT for Alexandria community foundation. It is proposed that \$2.0 million in second round CARES funding be allocated for community non-profits through a to-be-established Alexandria Resilience Fund. It is anticipated that matching funds may be limited for this next phase.

The City in partnership with ACT for Alexandria, created the ACT Now COVID-19 Response Fund to respond to needs of nonprofit organizations providing services to City residents impacted by the coronavirus pandemic. The fund was able to support grants totaling over \$904,000 to 80 non-profit partners. With staff support from the Department of Community and Human Services (DCHS) applications from non-profit organizations were quickly reviewed and ranked, and average grant awards were \$7,500. This funding supported increased demands for services, unanticipated operational expenses and adjustments to service delivery models incurred by organizations serving especially residents disproportionately impacted by the coronavirus pandemic. The type of aid provided to nonprofits has supported emergency financial assistance, food and supplies, technology, healthcare and related general operation expenses.

The demands for critical human services continue to outpace nonprofit resources, a \$2 million appropriation from the second round of CARES Act funding would provide an infusion of critically needed dollars. Given the CARES Act funding round two expenditure timeline, the existing expedited grantmaking process could readily accommodate an estimated seven (7) rounds of grant awards through the State's December 31 expenditure deadline. It is recommended that five to seven grants, not exceeding \$50,000, be competitively awarded every other week commencing September 25 through December 11. This could result in close to 50 non-profit partners receiving this financial assistance. An administrative grant would be provided to ACT of Alexandria to continue to administer this grant making process. DCHS would continue to support the grant review and ranking process.

6. \$960,000 towards a DCHS childcare support and Workforce Development Center initiatives

Child Care Supports in the Virtual Environment - Community Micro Pods (\$800,000): Community based micro pods are typically informal networks of families using their homes or another location to share schooling, tutoring or childcare costs. In this case, we would be working with childcare providers (center-based and family childcare) and non-profit organizations as settings where families could bring their children both for care and for support with the virtual school experience. This will support the needs of parents who must leave the home to work. The setting will also help to limit disease exposure through established cohorts of parents, students and teachers/staff. Parents will not have to take their multi-age students to multiple childcare spaces. Grants to programs can make this affordable for families who would not otherwise have this as an option. The structure supports small size group learning based on the development of contained cohorts. Existing settings can deliver this model with few needed modifications (i.e. purchase of additional toys/supplies to decrease student: student sharing plus additional costs of PPE, enhanced cleaning protocols, and student technology enhancements that may need to be acquired). As this is a new model, we are estimating costs as they relate to full day care for a quarter. The plan would be to serve 150 children across multiple settings at a rate for \$5,000 per slot for full-day care.

Workforce Development Center (WDC) Initiatives (\$160,000): Funding is requested to expand workforce services to individuals who are unemployed and are interested in increasing their skills for better job opportunities. The funding will allow WDC to pilot work-based learning for residents who need or have completed training and need work experience to enter new industries or for higher paying positions.

The total cost of the program is estimated at \$150,000, inclusive of upskilling training and employment wages for 20 unemployed residents for three months. Participants will also receive additional supportive services to foster successful completion which includes job attainment. If the program is funded, WDC is poised to take quick action and spend all funds by December 2020. Businesses have already been identified to partner as training providers and work-experience hosts. This pilot will also prove useful as WDC reviews and explores various strategies to address problems of poverty and equity, as well meeting the needs of residents and businesses in Alexandria in a much broader way in the future.

A working personal computer has become a necessity, critical to job search, training, and interviewing. During this crisis, WDC was able to assist some residents through existing state programs. However, many residents could not be assisted simply because they are not participating or eligible for those State programs. The WDC's efforts to assist those residents with reskilling or even basic work readiness, placement or job retention services will continue to be marginal because of this resource limitation. In response, funding is also requested to purchase of 25 chrome books (due to their affordability) at a unit cost of \$400 for distribution to City residents who are WDC clients and who have documented and verified need for a personal computer. This will cost a total of \$10,000.

7. \$290,000 towards a collaborative Virtual Plus+ Childcare program

Since the decision on virtual schooling was announced by ACPS (Virtual Plus+) ACPS, Department of Recreation, Parks and Cultural Activities staff along with a number of community non-profits have developed a \$1.2 million program that will be able to serve at least 350 Kindergarten through 5th grade children from September 8 when school opens until December 18 (assuming that ACPS stays virtual until then which may or may not be the case). ACPS has identified \$0.9 million in grant funds to operate this program and has requested that the City fill in the remaining \$0.3 million gap (see Attachment 2) This childcare would be available from breakfast until 6pm at night if families needed that length of care. This care would be targeted to households where students are most vulnerable, and the parent(s) are not able to

stay at home during the virtual school day. The students would then (although in this congregate setting) still virtually participate during the school day in their assigned classroom work via their Chromebooks.

FISCAL IMPACT: The spending of the federal CARES funding does not require a match nor create any ongoing obligation for the City once this funding is exhausted. However, the needs, that the CARES funding has been addressing and proposes to address, will not end on December 30 when by federal law the CARES funding needs to be entirely expended and *these community needs will likely continue far in to 2021*. It is possible that before the end of this calendar year that Congress will extend the year-end spend down requirement. Also, it is possible that Congress may allow these federal funds to be used to offset City revenue losses (which is now not a permitted use). Neither of these law changes can be relied upon to occur, so the proposed allocation of these CARE funds described in this memo all assume that 100% of the City's CARES funding will need to be expended by December 30, 2020.

If Congress does change the CARES law, then a reassessment of the proposed spending plan can occur. Also, staff will be monitoring the rates of spending for each of the programs described in this memorandum and may return to Council later in the fall with proposed reallocations or program adjustments. All of this funding fluidity is relatively unprecedented in regards to how the City's funding decisions and program spending normally occur, but the fact that many of these programs are new in construct in response to an urgent emergency health and economic crisis, and were initiated just a few months ago, has created an unprecedented level of speed of program development and execution.

ATTACHMENTS:

1. Utilization of Federal COVID-19 Related CARES Act Funds
2. ACPS Request for Virtual Plus+ Childcare Funding

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