



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** FEBRUARY 17, 2021

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

**DOCKET TITLE:**

Discussion of Preliminary Framework for the Allocation of Potentially Forthcoming Federal Stimulus Funding.

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**ISSUE:** Planning for the allocation of likely forthcoming federal stimulus funding.

**RECOMMENDATION:** That City Council:

- (1) Receive this report regarding the proposed preliminary framework on how to allocate potentially forthcoming federal stimulus funding,
- (2) Direct the City Manager to consult with community stakeholders and then to develop a final federal stimulus funding allocation plan for future Council consideration; and
- (3) Allocate \$1.0 million in City funding to serve as interim bridge funding for food security and eviction prevention programs to be able to continue until such time as the federal stimulus funds become available.

**BACKGROUND:** During the COVID-19 pandemic, the federal government has approved several relief packages to provide funding to federal, state and local governments to combat COVID-19 and to provide protective relief to the population. While the dollar size of the relief has been substantial, the CARES relief bill, approved early in the pandemic, was the only legislation that included direct aid to counties and cities. Since then, Congress approved additional COVID relief funding, but while those relief bills did provide some targeted support money that eventually found its way to local government, none of that legislation provided direct aid to local governments. The provision of direct state and local aid has largely become a partisan issue. However, the change in control of the U.S. Senate and the Executive Branch has changed the political balance,

and now it appears that a stimulus bill approving direct aid to state and local governments is likely to be approved.

Under the current bill (which is subject to change), Congress would approve a total national dollar amount with an accompanying allocation formula. Localities would need to apply to the Federal government for funding, and allocation awards might be made available in late April or May of 2021. The dollar amount the City may receive is not set and within the last month an estimate has ranged between \$26 million and \$34 million in one-time funding. The regulations on what these grant funds may be expended for, and what the funds could not be expended on, have not been defined, although at the time of the writing of this memorandum there is some sentiment to allow for replacement of local government revenues lost due to the pandemic. This in effect would be a “no strings” allocation. The timeframe for spending the allocations is not fixed, with some sentiment towards no “use it or lose it” deadline. With this much uncertainty it is not possible to bring forward to Council a specific program at this time. However, the City has and should continue in program planning to fill out this framework so it is ready to immediately assist the community when the funds become available. The City led much of the region in providing an immediate and creative set of responses in the early stages of the pandemic and should continue to do so through the end of the pandemic and the rebuilding months beyond.

**City Use of CARES Monies in 2020:** The City received two allocations of federal CARES funding in 2020. The first \$13.4 million allocation was in the Spring and the second allocation was in August. Both of these allocations were made by the State which received the federal funds to distribute (at State discretion) to localities. The CARES legislation had a 100% spend down deadline of December 31, 2020 which the City met. That spending deadline was later extended by Congress. Besides covering the new expenses, the City incurred (PPE, quarantine hoteling costs, communications costs, re-outfitting City work areas to provide safe work spaces, limited team hazard pay supplement, etc.), the City expended two thirds of these federal CARES funds to assist those most in need in Alexandria. These included out of work service workers who did not have income to pay their rent in order to prevent eviction, or to sufficiently feed their families. Those that benefited from the CARES funding included businesses and non-profits whose COVID caused revenue losses placed their operations at risk. The City expended the CARES funds in the following manner:

	\$ in millions
• City government COVID-19 response	\$8.9
• Food security for the community	\$4.1
• Rental assistance and eviction prevention for the community	\$6.5
• Small business grants and winterization assistance	\$5.5
• Contributions to non-profit organizations	\$2.0
• Child care services through the Alexandria City Public Schools	\$0.8
TOTAL	<u>\$27.8</u>

**Framework for Allocation of Forthcoming Federal Stimulus Funds:** In thinking about how best to allocate and expend these new federal funds, staff has been working on two fronts: (1) Community Recovery aimed at assistance to individuals in need and to organizations that support individuals in need, and (2) Economic Recovery aimed at businesses. In the use of the initial CARES funding the focus was the immediate support and protection of vulnerable persons, households and businesses. While that remains an emphasis in the thinking about the framework for the new allocation of federal dollars, there would be more emphasis on the long-term and strategic stabilization and growth, particularly in our communities most disadvantaged during the pandemic. For example, staff is thinking a greater emphasis is needed on language training and job skill development, improved opportunity for meeting health and wellness needs, and increased childcare access.

**Community Recovery:** The areas of food security, eviction prevention, financial stability, and non-profit support are essential to ensuring that residents receive the resources they need to remain healthy, safe and secure during the pandemic. As the City learned through the first year of this emergency, individuals and families are facing complex challenges on multiple fronts. In order to respond in the most effective and comprehensive ways possible, it is necessary to offer a coordinated constellation of resources that address the multiple needs of families and utilize methods to increase access to services and reduce the burdens on families. While additional stakeholder feedback is planned from partners, non-profits and residents, some of the initial lessons learned include ensuring effective communication and outreach, increased coordination and automation of application processes, adequate infrastructure and staffing, and increased support to non-profit and community partners engaged in the work.

The following areas represent the proposed framework for funding:

**A. Food Security Plan Implementation:**

1. Food Distribution Efforts: Through a continued collaboration with ALIVE! and the pantry network, food would continue to be provided to families across the City. The mechanisms will include large-scale distributions, Pop Up Distributions, Pantry Support, Wrap Around Distributions, Home deliveries for older adults and quarantined families and targeted support for community partners in identified communities/zip codes.
2. Grocery Gift Card Program: The ALX Cares Grocery Gift Card Program provided eligible Alexandria residents with pre-paid grocery cards in denominations of \$100, \$200 and \$400. Grocery gift cards helped residents purchase food based on their dietary needs and cultural preferences and supported greater physical distancing by reducing attendance at food distribution sites. These resources were distributed through a collaborative partnership with ACT, multiple non-profit partners and the City.
3. Targeted Innovative Partnerships: Food Security activities that respond to the specific needs and accessibility challenges in the zip codes of 22304, 22305, 22311.

**B. Eviction Prevention/Rental Assistance Initiatives:**

The Office of Community Services (OCS) will work to prevent eviction, support housing stability, and address factors that lead to homelessness. Residents will be assessed to address the presenting issues as well other emerging threats to maintaining safe and affordable housing. Funding will be used to address the multiple gaps that individuals are facing as well as addressing systems issues. These include coordination with landlords and tenants to maximize local use of the state rental assistance program, including helping tenants with completing and submitting applications to Virginia Housing. In addition, funding would be used for rental assistance for non-traditional renters who would be supported through DCHS to Alexandria's network of community partners. Examples of non-traditional renters include those who are likely not eligible for state assistance due to special circumstances including households renting units or bedrooms on private market, and those who do not have a lease. All of these efforts will be coordinated with the efforts of the City's Eviction Prevention Task Force, the Office of Housing, and the Virginia Rental Assistance program.

**C. Economic Security Efforts:**

In order to respond to the foundational barriers to residents' economic security, efforts will be focused on childcare, employment, and transportation.

1. Child Care Access and Funding for Parents and Child Care Providers: The Child Care Access work will address two issues that have been highlighted by the pandemic.

- a. Linking families in need of child care to small businesses that had been crippled by the sudden disenrollment of children in child care centers, family day homes and out of school time programs, and
  - b. Addressing the identified equity gap for high quality, affordable and equitable child care options for low income families.
2. Employment/Workforce Strategies: The foci of Work-based Learning, Digital Equity and Language Opportunity will make it possible to support individuals who are unemployed or underemployed to acquire the experience, tools and skills to acquire and retain employment at a level where they can support themselves and their families. Work-based Learning allows individuals to gain experience with in-demand fields and to have opportunities to stay on in positions that have been subsidized. The Digital Equity efforts supply career seekers with technology that allows them to seek out and respond effectively to career opportunities. The Language Opportunity work will assist members of Alexandria's foreign-born population with limited English language proficiency to receive employment based ESOL services.
  3. Transportation Assistance: The transportation barriers for low-income individuals are significant. This funding would provide direct support to address the financial barriers of transportation as well as the creation of innovative solutions to respond to the systemic challenges that low-wage workers face.

**D. Alexandria Resilience Fund**

The Alexandria Resilience Fund was created to respond to community needs through direct support of non-profit organizations across Alexandria. The 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 included Emergency Financial Assistance, Food and Supplies, Technology, Healthcare and related General Operation expenses. These efforts would continue with an added focus on systems approaches including service coordination, support for service navigation, and targeted collaborative pilot initiatives in heavily impacted zip codes.

**Economic Recovery**

**A. Economic Goals:**

1. Accelerate economic recovery of business community and City economy.
2. Address unmet needs of small businesses critical to their survival.
3. Encourage investment and growth by new businesses/start-ups.

**B. Issues to Address in Business Community:**

1. Ongoing need for direct financial support to heavily impacted small businesses.
2. Continued flexibility for use of outdoor space by businesses.
3. Use of City public spaces to support and encourage safe events and patronage of businesses.
4. Health and safety messaging to employees, customers and visitors to support their safe return to work and commerce.
5. Expansion of allowable mobile and pop-up retail and food uses.
6. Expansion of allowable uses in vacant retail storefronts.

7. Adaptive reuse of hotel and office buildings deemed “obsolete” post-pandemic.

C. Other Issues of Importance:

1. Assure that core work of City and AEDP staff to encourage longer term economic growth is not compromised through ongoing administration of temporary pandemic programs.
2. Many businesses have and will continue to access assistance from federal and state programs, so use of City-sponsored financial support should be targeted and not overlap.

D. Recommendations for Investment of One-Time Federal Funding:

1. Direct financial support to qualified small businesses suffering from sustained negative impact caused by the pandemic.\*
2. Direct financial support to qualified new businesses who sign a lease and/or take on new commercial space in the City. Including making the filling of retail and restaurant spaces and recruiting BIPOC owned businesses a priority.\*
3. Build out of new programming and support for the business community, to be provided at no cost to:
  - a. help existing business owners navigate recovery and sustainability decisions.
  - b. help entrepreneurs launch new business ventures.
  - c. enhance connections within the business community and strengthen communications to underserved business owners.
  - d. creation of new tools to create virtual networks and online marketplaces for Alexandria business owners.
  - e. messaging and outreach to encourage the safe return of private sector employees to workplaces throughout the City.

\*The form of “direct financial support” is under discussion- and could come in the form of a direct cash grant (tenant fit out, equipment, inventory, etc.), paid professional services (legal, financial, marketing, etc.), tax rebate/credit, etc.

**Timetable for Development of Allocation Plan:** Based on the likely timetable for Congress to act, and for the regulations and the application process for localities to apply to the federal government to be developed, staff would plan on consulting with stakeholders and then finalizing an allocation plan, including development of greater program details by the end of March. In early to mid-April, the plans would then come forward for Council to act in approving an application to the federal government from the City. That timeframe would allow for the synchronization of this plan with City Council FY 2022 budget decisions. This timetable, however, depends on Congressional action in the near future, followed up with a quick U.S. Treasury Department issuance of accompanying regulations and an application process.

**Interim Bridge Funding:** In order to have the food distribution programs and eviction prevention programs, that have continued in place since the federal CARES funding ended at the end of 2020, be able to continue, it is recommended that City Council approve a second \$1 million allocation of City interim bridge funding. The first allocation of \$1 million in interim bridge funding approved by Council last December will likely be fully expended as early as the end of March, with the federal funding not likely to be available until sometime in late May. A second allocation of \$1 million will enable both the food and eviction prevention programs to be able to stay in place through May. It is possible that a retroactive spending provision will accompany the new federal dollars and enable the City to recoup one or both of the two \$1 million allocation amounts. The origin of the second \$1 million allocation would derive from the City’s budgeted subsidy of WMATA which will be underspent in FY 2021.

**FISCAL IMPACT:** The federal funds do not require a match and would be expended on programs that largely do not represent ongoing obligations once the federal funds are fully expended. In that these federal funds are intended to stimulate the economy, and the City's investment of these funds would be aimed at making the recipients and beneficiaries more self-sufficient, there should be a positive fiscal, economic, and tax generation impact on the City over the long term.

**ATTACHMENTS:**

1. Proposed Tentative allocation of Federal Stimulus Funding
2. Coordinated Community Post-COVID-19 Recovery Plan

**STAFF:**

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Kate Garvey, Director, DCHS

Stephanie Landrum, President and CEO, AEDP