

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: January 8, 2021

CAO File No. 0220-05744-0005

Council File No. 20-0147-S38 &
20-0600-S84

Council District: All

To: The City Council

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: C.F. 20-0600-S84 & 20-0147-S38

Subject: **REPORT BACK ON CORONAVIRUS RELIEF FUND: STATUS OF UNSPENT
AND UNALLOCATED FUNDS**

RECOMMENDATIONS

1. Increase appropriations within the COVID-19 Federal Relief Fund No. 63M/10, Account No. 10T955, Reimbursement of City Expenditures, in the amount of \$30,806,308.09 from the available cash balance of the Fund;
2. Increase appropriations within the COVID-19 Federal Relief Fund No. 63M/10, Account No. 10T955, Reimbursement of City Expenditures, in the amount of \$9,193,691.91 from anticipated reimbursement revenue received in 63M/10, Revenue Source Code 4596 from the Department of Water and Power (DWP) due to the return of DWP's unexpended COVID-19 Federal Relief Fund allocation;
3. Transfer \$40,000,000 from the COVID-19 Federal Relief Fund No. 63M, Account No. 10T955, Reimbursement of City Expenditures to the Reserve Fund to reimburse for incurred expenditures related to the City's COVID-19 response activities through December 30, 2020; and,
4. Authorize the City Administrative Officer or designee to draft new Controller instructions, and make technical corrections to Controller instructions included in this report, to implement Mayor and Council intentions, as necessary, and authorize the Controller to implement those instructions.

SUMMARY

As part of the Second Financial Status Report (Second FSR) (CF 20-0600-S84), we were directed to report back on any unspent or uncommitted balances in the Coronavirus Relief Fund (CRF) as of December 30, 2020 regardless of whether Congress acted to extend the expenditure deadline for these funds. An extension to December 31, 2021 has been approved as part of a larger package of Coronavirus response and relief that was included in the Consolidated Appropriations Act.

Additional information on potential funding from this most recent action is provided later in this report.

Coronavirus Relief Fund

The City received a total of \$694 million in CRF and allocated a total of \$667 million to a projects identified in the attached chart. Taking into account interest earnings through November, \$30.8 million has not yet been allocated to any project. It should be noted that we continue to accrue interest on any unallocated or unexpended funds. In addition, the attached chart provides detail on all approved CRF projects including the amount allocated, amount expended, anticipated obligations and unobligated amounts. The unobligated amount totals slightly more than \$94.2 million and taken together with the unallocated amount, there is a total of approximately \$125 million available.

In considering options to allocate this \$125 million towards eligible activities, we have identified two key considerations. First, the Second FSR assumed that **at a minimum** \$40 million in unexpended CRF would be available to transfer to the Reserve Fund as reimbursement for eligible public safety salary expenses. While our report recommended that all available CRF funds be transferred to the Reserve Fund to reimburse for eligible public safety salary expenditures, we were directed instead to provide this report back before transferring any funds. As using CRF to reimburse for public safety salary was one of the various solutions identified in the Second FSR to balance the City's current budget, we recommend that \$40 million be transferred to the Reserve Fund as part of this report. As the largest project savings is in the Utility Grant program, excluding the Homelessness Roadmap, we have recommended using the unallocated amount plus savings from the Utility Grant program to fund this amount.

Second, there are ongoing funding needs for the Homelessness Roadmap and we will be issuing a comprehensive report on the status of this program and funding needs concurrently with this report. This project has an unobligated CRF amount of approximately \$76.2 million and we have identified a need to retain \$47.4 million to fund completion of approved projects. Please note, the amount identified is only for approved projects that will be going to construction; it does not take into account funding needs for new projects that have been identified by Council and are under evaluation.

Assuming that the \$87.4 million identified above is approved as recommended, Council would have approximately \$37.6 million to allocate to eligible CRF projects. We would note that this amount could also be applied towards public safety salary reimbursement and transferred to the Reserve Fund to assist in balancing the current year budget. However, we also recognize that our residents have been significantly and negatively impacted by COVID-19.

We do note that some Departments have indicated that they could continue to provide services if they are allowed to retain their unspent funds. The projects where Departments that have indicated they could continue and complete by December 2021 are as follows:

Homelessness Roadmap – as noted, there is approximately \$76.2 million in unobligated funds, of which we need to retain \$47.4 million to complete approved projects. There are some Council

Districts that have identified potential new projects and additional funds would be required to fund any new projects.

Childcare Stipend – There is \$1.7 million in unobligated funds that could be used to provide additional stipends.

Utility Grant – There is \$13.9 million in unobligated funds but note that we are recommending using approximately \$9.2 million of these savings to fund the recommended transfer to the Reserve Fund. These funds could be used to continue providing utility grants to residents.

Project Safe Haven – There is \$1.4 million that could be used to continue providing housing to victims of domestic violence.

LA Al Fresco Program – There is \$133,622 that could fund additional outdoor dining spaces for restaurants.

Great Plates Senior Meals – There is \$546,258 that could fund additional senior meals.

Winter Shelter – There is \$139,840 that LAHSA has indicated could be used to fund extension of winter shelter into October. Please note, the City typically funds winter shelters from November through March so the use of CRF funds can only be for extension of winter shelter to months not funded in the budget.

Federal Coronavirus Response and Relief

The Consolidated Appropriations Act approved in December 2020 included additional Coronavirus and Relief funding. Based on our review, following are the areas of funding most applicable to the City, although only one, Emergency Rental Assistance, is a direct allocation to the City:

Transit Infrastructure Grants - additional \$14B in funding for transit operations

- CARES provided \$25B; LADOT received \$21.5M through Metro

Grants for Shuttered Venue Operators - \$15 billion available as grants based on the following criteria:

- Eligible entities must have a 25 percent or greater reduction in gross revenue from 2019 in at least one of the four quarters in 2020
- Initial grants up to \$10 million; total grant up to \$15 million
- Limiting factors may include:
 - whether the City is considered an "issuer" - the securities of which are listed on a national securities exchange (may be ineligible)
 - whether the relevant entity (department) received more than 10 percent of its 2019 gross revenue from the federal government (ineligible)
- Cultural Affairs and El Pueblo may be eligible under the "museum operator" or "live performing arts organization operations definition and Zoo may be eligible under the "museum operator" definition depending on the interpretation of the above limiting factors.
- These grants will be administered by the Small Business Administration and as of this report,

details on the grant application process are not yet available. We will continue to monitor and provide notice to Cultural Affairs, El Pueblo and the Zoo regarding this opportunity.

Emergency Rental Assistance - \$25 billion available to States and local municipalities to provide financial assistance and housing stability services.

- \$23.78 billion to be distributed using CRF formula (CRF was \$110B; City received approximately 0.46%)
- City may receive approx. \$110 million based on the previous formula but actual allocation data is not yet available on the Treasury Department website.
- Eligible households are defined as renter households who, based on 2020 household income: (1) have a household income not more than 80 percent of AMI; (2) have one or more household members who can demonstrate a risk of experiencing homelessness or housing instability; and (3) have one or more household members who qualify for unemployment benefits or experienced financial hardship due, directly or indirectly, to the pandemic. Grantees shall further prioritize households under 50% AMI or those with one or more members unemployed for 90+ days.
- Funds to remain available through 12/31/2021; unobligated funds can be rescinded by Treasury starting Sept 30, 2021.
- up to 10 percent may be used for administrative costs for the distribution and case management of the program
- The application for these funds is due by January 12, 2021 and the Mayor's Office is working with the Housing and Community Investment Department to submit the application.

Aging & Disability Services Programs - additional \$175M for senior nutrition

- CARES provided \$955M (\$480M for senior nutrition); City received \$7.67 million of those funds
- These funds will come to the City via the State similar to the last allocation.

FISCAL IMPACT STATEMENT

Approval of the recommendations in this report will transfer \$40 million to the Reserve Fund as anticipated in the Second Financial Status report. Not approving these recommendations would increase the current year shortfall by \$40 million. This action is in compliance with the City's Financial Policies as it is reimbursing the City for eligible public safety salary expenses incurred in response to the COVID-19 emergency.

It is anticipated that the City may receive approximately \$110 million in Emergency Rental Assistance that can be distributed

Attachments:
Corona Virus Relief Fund Summary

RHL:PJH

Coronavirus Relief Fund Status

Attachment

Project Name:	Department	Allocation	Total Anticipated Expenditures by 12/30	Anticipated Obligations (services provided / items delivered by 12/30, but payment to occur after 12/30)	Unobligated Balance - funds not obligated that can be swept for other eligible City projects	Estimated Finalized Date (when all final payments for all obligations in column E will be made)
Rental Assistance Program	Housing and Community Investment Department	\$102,362,313.00	\$101,662,105.00	\$665,208.00	\$35,000.00	1/31/2021
Homeless Recovery Roadmap (BOE Salaries and Contractual Services)	Bureau of Engineering	\$2,500,000.00	\$0.00	\$0.00	\$2,500,000.00	Various Dates
Homeless Recovery Roadmap (Allocated Projects to date)	Bureau of Engineering	\$34,461,000.00	\$5,153,353.39	\$0.00	\$29,307,646.61	Various Dates
Homeless Recovery Roadmap (Allocated Projects to date)	General Services	\$39,000.00	\$15,000.00	\$0.00	\$24,000.00	1/31/21
Homeless Recovery Roadmap (GSD Contractual Services)	General Services	\$100,000.00	\$79,500.00	\$0.00	\$20,500.00	12/31/20
Homeless Recovery Roadmap	Pending allocation to a specific project / department	\$12,900,000.00	\$0.00	\$0.00	\$12,900,000.00	n/a
Homekey Properties	City Administrative Officer	\$150,000,000.00	\$118,557,102.72	\$0.00	\$31,442,897.28	2/28/2021
PPE for Summer Play LA	Recreation and Parks	\$567,510.00	\$558,634.93	\$0.00	\$8,875.07	N/A
Reimbursement of City Response Costs 2019-20	City Administrative Officer	\$209,420,791.22	\$209,420,791.00			
LA Regional Fund - small business/nonprofit grants	Economic and Workforce Development Department	\$51,209,322.00	\$49,939,400.00	\$1,269,922.00	\$0.00	1/31/21
LA Regional Fund - Microentrepreneur/street vending	Economic and Workforce Development Department	\$2,072,278.00	\$1,835,000.00	\$221,028.00	\$16,250.00	1/31/21
Childcare Business Grant Program	Economic and Workforce Development Department	\$11,637,257.00	\$11,000,000.00	\$637,257.00	\$0.00	1/31/21
RAP Alternative Learning Sites	Recreation and Parks	\$10,258,693.00	\$10,258,693.00	\$0.00	\$0.00	2/28/21
RAP Alternative Learning Sites	Information Technology Agency	\$38,194.00	\$38,194.00			12/30/20
Childcare Stipend	Housing and Community Investment Department	\$10,040,100.00	\$5,040,100.00	\$3,237,809.00	\$1,762,191.00	04/31/2021
Utility Grant Program/Right to Recover	Department of Water and Power	\$50,000,000.00	\$36,099,485.02		\$13,900,514.98	06/30/2021
Project Safe Haven (Domestic Violence Response)	Housing and Community Investment Department	\$4,916,882.34	\$3,562,021.26	\$0.00	\$1,354,861.08	1/31/2021
Angelenos with Disabilities Meal Program	Department on Disability	\$800,000.00	\$276,786.00	\$364,088.00	\$159,126.00	2/28/21
LA Al Fresco Program	Department of Transportation	\$1,994,622.00	\$1,411,780.52	\$469,219.05	\$113,622.43	02/28/2021
LA Community CARE CORPS	Economic and Workforce Development Department	\$5,000,000.00	\$2,250,000.00	\$2,750,000.00	\$0.00	1/31/21
Great Plates Senior Meals	Aging	\$4,731,831.00	\$4,185,573.00	\$0.00	\$546,258.00	2/28/21
Winter Shelter	LAHSA	\$2,118,576.00	\$1,978,736.00		\$139,840.00	
		\$667,168,369.56	\$563,322,255.84	\$9,614,531.05	\$94,231,582.45	
	Total CRF allocation	\$694,405,323.80				
	Interest	\$3,569,353.85	thru November allocation			
	Total allocated funding	\$697,974,677.65				
	Unallocated to projects	\$30,806,308.09				