

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 13, 2020

CAO File No. 0220-05813-0000

Council File No. 20-0862

Council District: All

To: Councilmember Nury Martinez, Chair
Ad-Hoc Committee on COVID-19 Recovery and Neighborhood Investment

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

Reference: Report from the Department of Aging to the Committee dated October 7, 2020

Subject: **Senior Meals Emergency Response Program Funding for the Period of November through December 2020**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor,

1. Authorize a Reserve Fund loan in the amount of \$8,636,901 to the Department of Aging and subsequently transfer \$8,636,901 from the Reserve Fund to the Unappropriated Balance and appropriate therefrom to the Aging Fund No. 100/02, Account No. 003040, Contractual Services, for the Senior Meals Emergency Response program, anticipated to be reimbursed by the Federal Emergency Management Agency (FEMA), and the State General Fund;
2. Transfer \$67,032 from Fund No. 100/58, Unappropriated Balance, Account No. 580196 Reserve for Mid-Year Adjustments, to Aging Fund No. 100/02, Account No. 003040, Contractual Services, for the Senior Meals Emergency Response program costs on December 31, 2020 that is not covered by the CARES Act funding;
3. Increase appropriations totaling \$4,731,831 within Fund No. 63M/10, COVID-19 Federal Relief Fund No. 63M, Account No. TBD, Senior Meals Emergency Response program;
4. Transfer \$4,731,831 from Fund No. 63M/10, COVID-19 Federal Relief Fund, Account No. TBD, Senior Meals Emergency Response program to the Aging Fund No. 100/02, Account No. 003040, Contractual Services, for the Senior Meals Emergency Response program costs that are not eligible for FEMA reimbursement; and,
5. Authorize the CAO to make technical corrections to these instructions as necessary to implement the Mayor and Council intentions.

SUMMARY

On October 21, 2020, the Ad-Hoc Committee on COVID-19 Recovery and Neighborhood Investment (Committee) instructed the Office of the City Administrative Officer to review the Department of Aging's request of \$27 million for the Senior Meals Emergency Response program for the period of November through December 2020. This request was included in the Department's report to the Committee dated October 7, 2020 (C.F. 20-0862). The CAO was also instructed to recommend potential Coronavirus Relief funding for the senior meals program if FEMA did not extend the reimbursement period and potential front funding sources if FEMA continued to extend the reimbursement period. Recently, FEMA notified the City that the reimbursement period has been extended through December 8, 2020. The CAO recommends the authorization of a Reserve Fund loan and appropriations from the COVID-19 Federal Relief Fund and the UB, Reserve for Mid-Year Adjustments Account to cover costs from November through December 31, 2020. It is unknown if FEMA will extend the reimbursement period beyond December 8. Should this not occur, the Reserve Fund would not be repaid for the December 9 through December 31 period, which represents costs of approximately \$3.5 million.

The Department reduced its initial funding request from \$27 million to \$13.44 million to cover costs through December. The decrease is attributed to a reduction in program participation, from 22,000 to 16,153. Per the Department, the program is experiencing numerous cancellations due to a lack of variety in the meal options and more restaurant options being available via contactless curbside pickup. The revised request includes a 1 percent contingency of approximately \$0.483 million to enroll 1,000 seniors into the program who have tested positive for COVID-19. As a comparison, in October, the Department was allocated \$12,493,278 to cover costs from October through November 8, 2020.

Of the requested amount of \$13.44 million, only \$8.64 million is eligible for reimbursement by FEMA (75 percent) and the State (18.75 percent). The timing of the federal and state reimbursements is currently unknown. The amount of \$4.79 million will not be reimbursed to the City and consists of the following: a 6.25 percent (\$575,793) local match requirement for FEMA-eligible costs consisting of programmatic costs and no administrative costs and \$4.2 million in program costs (Everytable and Multi-Purpose Center) that are not FEMA-eligible. The latter is comprised of participants who self-certified.

Although the City is awaiting notification relative to the extension of the FEMA reimbursement period from December 9 through December 31, this Office recommends an \$8.64 million Reserve Fund loan in anticipation of this extension. This action is recommended to avoid any disruption in services and in the interest of public health and safety. Further, a \$4.73 million appropriation is recommended from the COVID-19 Federal Relief Fund for program costs that are ineligible for FEMA funds. COVID-19 Federal Relief Funds must be expended by December 30, 2020. Since this program will continue through December 31, this Office recommends a transfer of \$67,032 from the Unappropriated Balance to cover costs on December 31.

This report assumes the approval of a pending \$74 million reimbursement to the Reserve Fund for the City's incurred COVID-19 response costs. Based on the Reserve Fund balance reported in the

First Financial Status Report, the Reserve Fund will increase to 4.91 percent of General Fund revenues should the \$74 million reimbursement be approved. If the \$74 million reimbursement is not approved, the recommendations in this report will reduce the Reserve Fund from 3.80 percent to 3.67 percent.

FISCAL IMPACT STATEMENT

Based on the Reserve Fund balance reported in the First Financial Status Report, the approval of an \$8.64 million Reserve Fund Loan will reduce the Reserve Fund from 3.80 percent to 3.67 percent of General Fund revenues. If the pending \$74 million reimbursement for COVID-19 response costs is approved, the Reserve Fund will be at 4.78 percent of General Fund revenues.

FINANCIAL POLICIES STATEMENT

The actions mentioned in this report comply with the City's Financial Policies.

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