



## AGENDA MEMORANDUM

Action Item for the City Council Meeting September 29, 2020

---

**DATE:** September 25, 2020

**TO:** Peter Zaroni, City Manager

**FROM:** Heather Hurlbert, Director of Finance and Business Analysis  
[Heatherh3@cctexas.com](mailto:Heatherh3@cctexas.com)  
361-826-3227

Approving a transfer of allocation of \$200,000 from the City's Coronavirus Relief Fund to Nueces County for expenses in support of public messaging related to the COVID-19 public health emergency

### **CAPTION:**

Resolution approving a transfer of allocation of \$200,000 from the City of Corpus Christi's \$17,960,470 Coronavirus Relief Fund, established by the CARES Act, to Nueces County for expenses specifically for public messaging related to the prevention, preparation for, and response to the COVID-19 public health emergency.

### **SUMMARY:**

The City of Corpus Christi received an allocation of up to \$17,960,470 from the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") for Coronavirus Relief Funds (CRF) through the State of Texas. Per Section 1.7 of the CARES Act, Jurisdictional Cooperation of the Coronavirus Relief Fund Terms and Conditions, a city can yield any portion of its allocated funds to the county within which it exists. This agenda item will yield a portion of the City of Corpus Christi's allocated funds to Nueces County. By doing so, the funds will be deobligated from the City in the eyes of Texas Department of Emergency Management (TDEM), and Nueces County will then be responsible for the proper use and compliance of the funds.

### **BACKGROUND AND FINDINGS:**

The CARES Act established the Coronavirus Relief Fund (CRF) and appropriated \$150 billion to this fund. Under the CARES Act, the CRF is to be used to make payments for specific uses to states and certain local governments. The CARES Act provides that payments from the CRF may only be used to cover costs that:

1. Are necessary expenditures incurred due to the public health emergency with

respect to the Coronavirus Disease 2019 (COVID-19);

2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state or government); and
3. Were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

Expenses that qualify under these criteria are then categorized into one of six expense categories:

1. Medical Expenses,
2. Public Health Expenses,
3. Payroll Expenses for employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency,
4. Expenses of action to facilitate compliance with COVID-19 related public health measures,
5. Expenses associated to the provision of economic support in connection with the COVID-19 public health emergency, and
6. Any other COVID-19 related expenses reasonably necessary to the function of the government that satisfy the CRF's eligibility criteria

The State of Texas included additional regulations to the counties and municipalities that received the allocation through the State, requiring that up to 100% of the funding can be used for categories 1-3 but only up to 25% can be used for categories 4-6.

Cities with a population of less than 500,000 located in a county with a population of less than 500,000 were allocated funds for CRF from the CARES Act based on a per capita basis at \$55 per person. This equates to a total distribution of up to \$17,960,470 for Corpus Christi (326,554 population x \$55 per person). County allocations were calculated based on the population in the unincorporated areas of the county. Nueces County has been allocated up to \$830,665 (15,103 x \$55 per person). The guidance encourages cities and counties to work together to address expenses that cross jurisdictional lines.

Nueces County has identified existing and potential allowable COVID-19 related costs in excess of their \$830,665 CRF allocation from the State of Texas and has requested for the City of Corpus Christi to transfer a portion of the City's allocation to Nueces County. An allocation amount of \$3.2 million was calculated by taking Nueces County's expenses in support of the public health emergency for the five month period from March through July 2020 of \$2,013,082 and doubling it in anticipation of expenses for the remaining five months of the year. Nueces County's total estimated expenses of \$4,026,164 reduced by the \$830,665 that the County was originally allocated by the State of Texas for a total request of \$3,195,499 – rounded to \$3,200,000. The City Council approved this allocation to the County in August.

With the \$3.2 million allocation to the County and the City's expected costs totaling \$10.8 million by December 30, 2020, there is an amount of \$3.9 million remaining from the City's \$17.9 million allocation for additional assistance and future costs. The City and County

will continue to discuss opportunities for assistance and future costs and then decide on a spending plan which may required future Council action.

Nueces County has requested an additional \$200,000 in support of public messaging for the public health emergency. The City will have input on and approval of the final messaging, and the \$200,000 will come from the \$3.9 million that remain in the City's allocation.

The allocation of funds from the City to the County is allowable under Section 1.7 of the CARES Act, Jurisdictional Cooperation of the Coronavirus Relief Fund Terms and Conditions, which states that a city can yield any portion of its allocated funds to the county within which it exists. If the City yields any portion of the funds to the Nueces County, the funds will be deobligated from the City and then allocated to the County. The County must spend the funds according to the regulations specified in the CARES Act.

**ALTERNATIVES:**

The City could choose not to allocate the requested amount or allocate a lesser amount to the County.

**FISCAL IMPACT:**

If the allocation for a portion of the CRF funds is transferred to Nueces County, then the City's allocation of up to \$17,960,470 will be reduced to \$14,560,470. This also reduces the amount for the 75% and 25% split for reimbursement. Based on the new total of \$14,560,470 up to 100% of the amount can be used for expense categories one, two, and three above, and up to 25%, or \$3,640,118 can be used for categories four, five, and six.

**Funding Detail:**

Fund:	1063 Emergency Management Grant Fund
Organization/Activity:	690001F CARES Act CRF Grant
Mission Element:	N/A
Project # (CIP Only):	N/A

**RECOMMENDATION:**

City staff recommends approving the transfer of allocation in the amount of \$200,000 from the City's allocation from the State of Texas of Coronavirus Relief Funds established by the CARES Act to Nueces County for expenses in support of public messaging related to the prevention, preparation for, and response to the COVID-19 public health emergency.

**LIST OF SUPPORTING DOCUMENTS:**

Resolution