



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of November 10, 2020
Second Reading Ordinance for the City Council Meeting of November 17, 2020

DATE: November 10, 2020

TO: Peter Zaroni, City Manager

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Ordinance appropriating Coronavirus Relief Funds and approving a transfer of \$415,000 these funds to Nueces County for the Amistad COVID Clinic and air filtration equipment related to the COVID-19 public health emergency

CAPTION:

Ordinance accepting and appropriating \$3,285,000 from the Coronavirus Relief Fund ("CRF"), established by the CARES Act and provided through the State of Texas, for prevention, preparation for, and response to the COVID-19 pandemic; and approving a transfer of allocation of \$415,000 to Nueces County from the City's \$17,960,470 CRF specifically for expenses for the operation of the Amistad COVID Clinic and the purchase of air filtration equipment for Nueces County buildings.

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. This agenda item appropriates the remaining \$3,285,000 for a total appropriation of \$14,145,470 to support City expenses and programs related to the public health emergency. 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 \$415,000 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 initial \$3.2 million allocation to the County and the City's expected costs totaling \$10.8 million by December 30, 2020, an amount of \$3.9 million remained from the City's \$17.9 million allocation for additional assistance and future costs. In September, the City transferred \$200,000 to Nueces County in support of public messaging for the public health emergency.

The City recommends transferring an additional \$415,000 to Nueces County. This amount will cover the estimated operation cost of \$250,000 for the Amistad COVID Clinic for services beginning in August and continuing until December 30, 2020 when the grant period ends. The additional \$165,000 is for air filtration systems in Nueces County facilities which will provide additional filtration of air when it is circulated through the HVAC system. 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.

This City needs to appropriate the remaining allocation of \$3,285,000 for expenses incurred as a result of the public health emergency. City Council approved the appropriation of the initial 20% allocation totaling \$3,592,094 in June. In September an additional \$7,268,376 was appropriated totaling \$10.8M to reimburse for current and future expenses related to the public health emergency. The remaining \$3.2M of the grant funds will be used to fund expenses and programs including E-learning equipment for school districts, air filtration systems in City Buildings, building modification and furniture to provide social distancing and employee protection, and equipment and supplies needed by the Health Department and other City departments in support of the public health emergency.

ALTERNATIVES:

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

FISCAL IMPACT:

The City will reimburse existing COVID-19 related expenditures with these funds and will continue to update the action plan to ensure all funds are utilized appropriately. The City's entire allocation \$17,960,470 less the \$3,815,000 allocated to Nueces County will be recorded in a grant fund (Fund 1063 Emergency Management Grant Fund) and managed accordingly to comply with all federal requirements.

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 appropriating the remaining funds allocated through the Coronavirus Relief Funds and approving the transfer of \$415,000 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 the Amistad COVID Clinic and air filtration equipment related to the prevention, preparation for, and response to the COVID-19 public health emergency.

LIST OF SUPPORTING DOCUMENTS:

Ordinance