



**DATE:** May 19, 2021

**TO:** Council Budget & Finance Committee

**FROM:** Director of Finance

**SUBJECT:** COVID-19 Funding Update

### **RECOMMENDATION**

That the Committee receives the report on the status of COVID-19 related expenditures, revenues, and reimbursement opportunities.

### **SUMMARY**

In response to the sudden onset of the COVID-19 pandemic, the City of Hayward dedicated significant financial and staff resources in an effort to combat the negative impacts on the Hayward community. These efforts include but are not limited to: (1) mobilization and operation of COVID-19 testing and vaccination sites; (2) establishment of a weekly food distribution site; (3) development of rent relief programs; and (4) awarding grants to local businesses, nonprofits, and community partners.

As the impacts of the pandemic continue, the City has received assistance and reimbursements to offset the use of some of the resources its used associated with COVID-19 response. Table 1, below, shows a high-level summary of revenues and expenses related to these efforts. More detailed revenue and expense summaries for the General Fund and all Other Funds can be found in Attachment II and Attachment III, respectively.

**Table 1. Summary of COVID-19 Revenues and Expenses (All Funds)**

<b>All Funds</b>	<b>Total</b>
Revenues	\$ 6,748,835
Expenses	\$ 9,339,807
<b>NET TOTAL</b>	<b>\$ (2,590,972)</b>

### **BACKGROUND**

On March 17, 2020, the Council adopted a resolution ratifying a local emergency in response to COVID-19. At that time, the Council authorized the appropriation of \$3.0 million from the General Fund to obtain necessary supplies, requisition of necessary personnel or materials, or otherwise take steps or incur such costs as may be required for the general welfare and safety of the community.

On March 23, 2020, the Hayward Fire Department (HFD) established the nation's first free, city-mobilized COVID-19 drive-through testing site. HFD worked diligently to partner with the Hayward Police Department (HPD) and several community organizations, including United Ambulance, Chabot College, and the Global Support and Development nonprofit, to support the testing site operations.

On July 7, 2020, the Council adopted a resolution authorizing the City Manager to execute an agreement with La Familia to provide staffing services to administer the command, organization, and testing functions at the COVID-19 testing center.

In addition to efforts at the testing center, the City has offered meal service to the community, provided small business grants, offered personal protective equipment to the community, made efforts to reduce exposure at City facilities, and more in an effort to address the pandemic.

In order to support the continued emergency response, the City Council authorized and appropriated an additional \$1.0 million from the General Fund on July 21, 2020. On November 10, 2020, the City Council received an update regarding COVID-19 related expenditures and authorized the appropriation of funding awarded through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This appropriation was followed on December 8, 2020 by the authorization and appropriation of COVID-19 supplemental CDBG funding included in the CARES Act and distributed through the US Department of Housing and Urban Development (HUD).

On January 26, 2021, the Committee received an update to City revenue projections, including COVID-19 related funding. The City has continued to incur expenses and pursue additional funding since the most recent updates to the Council and the Committee. The discussion below includes a summary of expenses and revenues to date.

## **DISCUSSION**

### ***General Fund COVID-19 Revenues and Expenditures:***

To date, the City has incurred \$6.7 million in General Fund expenses related to its response to the COVID-19 pandemic. In addition to the total of \$4.0 million in appropriations authorized by the Council, the City has received \$4.6 million in funding to offset its pandemic response efforts. Table 2 presents a high-level summary of revenues and expenditures since the declaration of the local emergency on March 17, 2020. A more detailed summary of General Fund revenues and expenses can be found in **Attachment II**.

**Table 2. General Fund Summary**

<b>COVID-19 GENERAL FUND REVENUES &amp; EXPENSES</b>	
<b>REVENUE</b>	<b>ACTUAL</b>
Federal Revenue	\$ 2,111,449
Local Agency Reimbursement	2,543,872
<b>TOTAL REVENUE</b>	<b>\$ 4,655,321</b>
<b>EXPENSES</b>	<b>ACTUAL</b>
Supplies	\$ 3,016,297
Services	3,328,160
Grants	380,000
<b>TOTAL EXPENSES</b>	<b>\$ 6,724,457</b>
<b>NET TOTAL</b>	<b>\$ (2,069,136)</b>

**General Fund Revenues**

Since March 2020, the City has received a total of \$4.6 million in revenues or reimbursements related to its COVID-19 response. This includes \$2.5 million in intergovernmental reimbursement and \$2.1 million in federal revenues.

Shortly after mobilization of the testing site, the City partnered with neighboring jurisdictions to increase regional pandemic response by coordinating the purchase and distribution of COVID-19 test kits. These partnerships account for \$1.0 million in local reimbursement. Additionally, in December 2020, the City partnered with Alameda County under a Memorandum of Understanding (MOU) for the reimbursement of COVID-19 testing kits and laboratory processing. The MOU accounts for \$1.5 million in local reimbursement from Alameda County.

In October 2020, the City received approximately \$2.0 million in CARES Act funding. This funding was intended to cover COVID-19 response expenditures incurred between March 1, 2020 and December 31, 2021. Eligible expenditures included direct medical expenses, acquisition of PPE, payroll expenses for first responders, food distribution, and small business support grants.

Staff is currently working with Alameda County to pursue up to \$6.0 million in reimbursement from FEMA Public Assistance Program for other costs incurred as related to the City's response to the COVID-19 pandemic. These additional costs include operational expenses for the COVID-19 testing and vaccination sites, return-to-work safety modifications for City employees, food distribution programs, and staff time. The City is seeking authorization to pursue cost recovery independent from Alameda County.

**General Fund Expenses*****Supplies***

Since the emergency declaration, the City has spent approximately \$3.0 million in supplies. The primary driver of the supplies expense has been the purchase of COVID-19 test kits and

diagnostic services in support of the COVID-19 drive-through testing site first established on March 23, 2020. Test kits purchased from Avellino Labs USA, Inc. constitute approximately \$2.76 million in supplies expenses. The remaining \$250,000 in supplies include the purchase of personal protective equipment (PPE), hand sanitizers, and disinfectants.

### ***Services***

General Fund services expenditures total \$3.3 million. Expenses related to the operation of the testing site are a major component of General Fund services expenditures. Equipment rental services, including all infrastructure, temporary structures, and furniture for the test site make up \$1.4 million of the total services expenditures to date.

On July 7, 2020, the Council adopted a resolution authorizing the City Manager to execute an agreement with La Familia to provide staffing services to administer the command, organization, and testing functions at the COVID-19 testing center. This agreement constitutes \$750,000 of the General Fund services expenditures. Other service expenses related to test site operation include approximately \$120,000 in ambulance/medical services and \$19,000 in temporary personnel services.

Approximately \$1.07 million in General Fund services expenses were related to non-testing site COVID-19 response efforts. These expenses consist of \$924,000 in miscellaneous expenses and \$145,000 in maintenance expenses, including (1) placement of sanitation and handwashing stations throughout the city; (2) PPE distributed to residents and local businesses; (3) food distribution and expansion of shelter for unhoused residents; and (4) installation of COVID-19 prevention infrastructure, such as plexiglass barriers and touchless fixtures, at City properties.

### ***Local Business Grants***

The final major category of pandemic-related General Fund expenses is direct economic assistance provided to local businesses. As part of the City's COVID-19 response, the Hayward Economic Development Team developed a COVID-19 Small Business Resiliency Grant Program to support operations and prevent layoffs. The Program distributed \$380,000 in grants to 76 local businesses that demonstrated negative impacts due to the COVID-19 shutdown.

### ***City Staff Hours***

To date, City Staff has dedicated over 25,000 hours in direct COVID-19 response efforts. Table 3 presents a summary of City Staff hours dedicated to pandemic-related projects.

**Table 3. Summary of COVID-19 Pandemic Response Hours**

<b>Project</b>	<b>Staff Hours</b>
Drive-Through Test Site	12,582
Vaccination Efforts (Clinic & Oakland)	3,695
COVID-19 Hotline	5,419
Food Distribution	3,767
<b>TOTAL STAFF HOURS</b>	<b>25,463</b>

Since the local emergency declaration, the Hayward Fire Department (HFD) has driven much of the City's public health response. Since the opening of the COVID-19 testing site in March 2020, HFD were the primary operational staff, representing approximately 12,500 work hours. As of January 2021, HFD personnel have operated a COVID-19 vaccination center at Fire Station #7, as well as partnering with other Fire Departments in Alameda County to staff the drive-through vaccination center at the Oakland Colosseum. Thus far, HFD personnel have dedicated almost 3,700 hours in COVID-19 vaccination operations.

In addition, City Staff outside of HFD have devoted significant time to the COVID-19 Hotline call center and food distribution efforts at Skywest Golf Course and Chabot College. To date, City Staff have worked over 5,400 hours at the call center and over 3,700 hours at the food distribution sites.

***Summarized Non-General Fund COVID-19 Funding:***

The City was awarded \$2.1 million in CARES Act Community Development Block Grant (CDBG) funding. To date, eligible CDBG program expenses total \$2.6 million. These expenses have been supported by \$2.1 million in CDBG funding specifically awarded to fund programs related to the support of the community directly impacted by the COVID-19 pandemic. Table 4 below, presents a high-level summary of revenues and expenditures since the local emergency declaration. A more detailed summary of CDBG revenues and expenses can be found in **Attachment III**.

**Table 4. All Other Funds Summary**

COVID-19 OTHER FUNDS REVENUES & EXPENSES	
REVENUE	ACTUAL
CARES Act CDBG Supplement	\$ 2,093,514
EXPENSES	ACTUAL
Program Expenses	\$ 2,615,350
NET TOTAL	<b>\$ (521,836)</b>

**Non-General Fund Revenues**

In addition to General Fund assistance provided through States, the CARES Act also included \$5.0 billion in supplemental CDBG COVID-19-related funding, which was distributed directly to existing CDBG grantee cities intended to aid households with high proportions of job loss, risk of virus transmission, and risk of eviction. The City was awarded a total of \$2.1 million in COVID-19 related funding through HUD.

To date, the City has been awarded one additional non-General Fund grant. On January 26<sup>th</sup>, the Council authorized the acceptance of a \$75,000 grant provided by the Alameda County Transportation Commission (ACTC) in response to COVID-19. The grant is intended to support post-COVID-19 economic recovery by funding quick-build transportation projects that improve bicycle and pedestrian access to local businesses, restaurants, and employment

centers. The grant award will be used to support the Patrick Avenue Improvements Phase 2 Project, which includes the installation of Class IV Separated Bike Lanes between Tennyson Road and Schafer Road. Receipt of this funding from Alameda County Transportation Commission is currently pending.

#### Other Fund Expenses

As noted above, non-General Fund COVID-19 response expenses have been limited to CDBG funding. On December 8, 2020, the Council approved and appropriated the CDBG funds awarded to fund programs related to the City's response to the pandemic. As shown in **Attachment III**, these efforts include: (1) \$1.35 million in rent relief grants; (2) \$305,000 in food distribution efforts; (3) \$252,000 in housing assistance; (4) \$175,000 in additional small business support grants; (5) \$150,000 in assistance to St. Rose Hospital for the purchase of ventilators; and (6) \$116,000 in shelter services for unhoused residents. Other, smaller programs supported by the CDBG funding include housing counseling, childcare, and a 211-information hotline.

#### **ECONOMIC IMPACT**

There is no economic impact associated with this report as it is informational only.

#### **FISCAL IMPACT**

There are no direct fiscal impacts associated with this report as it is informational only.

#### **STRATEGIC ROADMAP**

This agenda item supports the Strategic Priority of Organizational Health. This item is not specifically related to a project currently identified in the Strategic Roadmap.

#### **PUBLIC CONTACT**

The agenda for this item was posted in compliance with the California Brown Act.

#### **NEXT STEPS**

Staff will continue to monitor COVID-19 funding opportunities and provide the Committee with regular updates.

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