



MEMORANDUM

TO: Mayor and City Council
FROM: Ed Van Eenoo, Deputy Chief Financial Officer, Financial Services Department *EW*
DATE: October 30, 2020
SUBJECT: Revised COVID-19 Spending Framework Estimate and Dashboard Launch

The purpose of this memorandum is to provide an update on the spending estimates associated with the City's COVID-19 response and to announce the launch of a related online dashboard designed to show spending compared to this estimate. On May 28, 2020, Council approved an initial spending framework totaling \$271.6 million. This revised estimate incorporates five months of actual spending, additional Council direction, refined Federal guidance, new grant awards, and potential vaccination costs. Staff now estimates the total cost of the City's response to the pandemic at \$449.9 million.

Summary of Changes Included in the Revised Framework

The framework presented today varies from the original cost plan in structure, amount, and timeframe. Structurally, the number of spending categories has been reduced. The categories Epidemiology Response, Public Health & Safety Measures, and Planning & Research have been rolled into Miscellaneous Items. Likewise, some costs originally classified in other categories have also been labeled as Miscellaneous. As staff worked through the manual effort of assigning all the transactions related to addressing the pandemic—over 75,000 per month—they encountered challenges accounting for expenditures within the categories of initial framework. First, some expenses were found to belong to more than one category. Second, the time required to track down each expense and determine its purpose was unsustainable, especially given the tremendous workload staff has been managing since the onset of the pandemic. The result is that the Miscellaneous Items is larger than originally planned. Additionally, the framework now incorporates testing and vaccination activities through FY 2020-21 and reflects the extension of the Public Health Emergency through January 21, 2021, under which specific COVID-response public health and medical expenses are eligible to be reimbursed through FEMA's Public Assistance program.

Additional Grant Awards

An additional \$79.8 million in grant funding has been included in the updated spending framework. The most significant increase is \$58.7 million awarded to the Austin Bergstrom International Airport from the Airport Improvement Grant. This funding can be used for all airport operations in order to partially mitigate the significant drop in air travel and related revenue.

The Department of Housing and Urban Development (HUD) awarded \$10.9 million in additional Emergency Solutions Grant funds to provide short term assistance to people experiencing homelessness who have been impacted by COVID-19. The spending plan developed in collaboration with Housing consultants and community partners will cover rapid rehousing, prevention, and emergency shelter. HUD also allocated an additional \$7.3 million in Community Development Block Grant funds increasing the total allocation in the spending framework to \$11.9 million. The process is currently underway to determine the programming of these funds in accordance with federal requirements.

The final \$2.9 million is the total of grants awarded to the City through the Assistance to Firefighters Grant, Edward Byrne Memorial Justice Assistance Grant, and Community Services Block Grants.

Salaries of Budgeted Staff

The original estimate focused on responding to Resolution 20200507-060 which directed staff to develop a “spending framework for the use of all federal and state funding that leverages and maximizes the benefit of those funds”. Since staff salaries are not allowable for reimbursement by the Federal Emergency Management Agency (FEMA) inasmuch as these funds are already accounted for in the City’s finances, the original estimate did not include these costs. In order to capture all costs incurred by the City in its response to the pandemic, regardless of the likelihood of reimbursement, these costs have been added. This amounts to an increase in the estimate of \$10.4 million.

Testing Centers and Vaccinations

In May, the estimate for testing included only the cost for testing kits at \$4.5 million. As the magnitude of the testing activities became more apparent, Austin Public Health recognized the need to add additional testing sites and to hire a consultant to manage operations resulting in a revised estimate of \$26 million. In addition, \$20.1 million has been added to the estimate to account for the longer-term effort of providing and distributing vaccinations.

Protective, Quarantine, and Care Facilities

The original estimate included \$14.5 million for emergency housing, supportive housing, and isolation of individuals related to the COVID-19 pandemic. The revised estimate of \$31.9 million includes the addition of the alternate care site, the isolation facility, and staff salaries excluded from the initial estimate. Funding for this increase primarily is coming from already budgeted department funds and anticipated FEMA reimbursements.

Subsequent Council Action

During October, Council appropriated \$15 million for the Save Austin’s Vital Economic Sectors (SAVES) Initiative; \$1.5 million to support emergency food access for caregivers of students in Austin-area schools who are experiencing food shortages due to COVID-19; and \$2.3 million for the Business Preservation Fund. Funding sources included General Fund Emergency Reserves based on higher than expected sales tax revenues and reallocation of budgeted funds from various department programs and projects.

Economic Injury Bridge Loan

While City Council approved Resolution 20200326-088 creating the criteria and guidelines to implement the local bridge loan program prior to approval of the framework, this \$5.6 million was not included as part of that framework. Again, in an effort to document all City COVID-19 related expenses incurred by the City within one comprehensive document, funding for the Economic Injury Bridge Loan has been included in this revision.

Potential Interlocal with Travis County

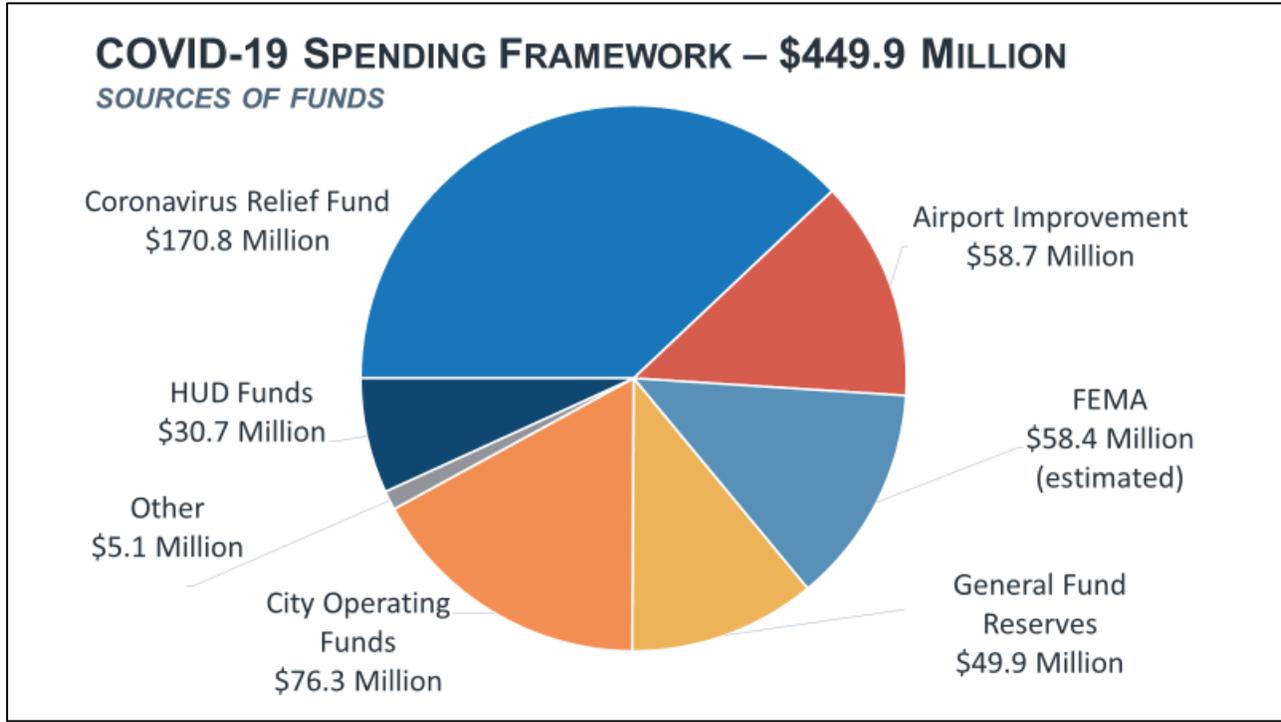
While not a change to the overall cost of the pandemic response, it is worth noting that the City and Travis County are currently working through the details of an interlocal agreement that would provide for cost sharing. City staff is planning to have an item on the November 12th agenda for approval to negotiate and execute that agreement. The details of the agreement are still being negotiated, and the agreement will likely include reimbursement costs through the end of December. The framework will be revised once additional information is available.

Business Preservation Fund

On October 15, 2020, Council established the Business Preservation Fund with direction to transfer into this fund any funding from alley and street vacations and encroachment agreements to the extent that this funding is above the funds budgeted by council for the staffing and operation of the critical work of these programs. At this time staff is not projecting that additional revenue will be available in FY 2020-21. However, it is a potential source of additional funding for SAVES in the future dependent on development activity.

Sources of Funding

The chart on the next page displays the sources of funding incorporated in the City’s revised Covid-19 Spending Framework. The most significant source of funding remains the Coronavirus Relief Funds at \$170.8 million which is nearly 40% of the expected recovery-effort spending. The remaining CARES Act authorized funding is an additional 20%, or \$89.0 million. With the new methodology of including all City spending, the City’s funds—both the reserves and the operating funds—of \$126.2 million now comprise 28% of the total. FEMA reimbursements—if approved as anticipated—will account for 13% of the \$449.9 million of expenditures.



Status of the Coronavirus Relief Funds and Medical & Public Health Contingency

Through September 2020, \$101.2 million of the total \$170.8 million in Coronavirus Relief Funds awarded have been expended. The City is on track to expend the remaining \$69.6 million in CRF funds by the December 30, 2020 deadline.

In May, \$32.5 million was set aside as contingency for emergency response and public health activities. With the increased costs for testing, potentially vaccinations, sheltering, and medical care, the City’s match costs have increased requiring the use of the contingency. The estimate now shows all contingency funding as allocated.

Additional Considerations

As we position ourselves for the continued response efforts in the new year, there are a few factors we need to keep in mind. First, the City has yet to receive approval from FEMA on the majority of the ProLodge and Isolation Facility-related costs. FEMA has authorized those facilities for the month of June, however approval for the remaining months is pending. If the expenses are not approved, the City could incur up to an additional \$12 million. Also, the City has a set up an alternate care site (ACS) which is currently awaiting activation if the need arises. If the ACS is made operational, estimates show the cost for running a medical center could be as much as \$9 million per month—estimate is based on 100 patient bed level and would increase with additional capacity—of which the City’s share would be 25% while the Public Health Emergency is in place (currently until January 21). Finally, and certainly not least significantly, \$20.1 million in costs for ongoing response efforts, including testing sites and ultimately vaccination activity, have been incorporated into the framework. However, Austin Public Health projects they may need a total of \$42 million and at this time, there is no expectation of FEMA assistance beyond January 21, 2021. Please note that the \$42 million estimate assumes no additional costs for the ProLodges because they will be transitioned to a more sustainable service model.

Launch of the Spending Dashboard

Pursuant to Council direction included within Resolution 20200507-060 to provide for information regarding the City's spending in support of public health needs and economic recovery from impacts of the COVID-19 pandemic, I am pleased to announce the launch of a COVID-19 Fiscal Dashboard. Updated monthly, the COVID-19 Fiscal Dashboard contains financial details about City spending and is structured to align with the categorization—Emergency Response, Medical and Public Health Needs and Economic Support Activities—upon which the framework was built.

On the Introduction page of the COVID-19 Fiscal Dashboard you will find a summary of the total allocation for each category along with amount committed, which includes dollars spent plus dollars encumbered, as well as the approximate remaining budget. On the Spending Details tab you will find detailed information such as the number of programs, total budget, and pending expenses with charts that display spending-to-date, by type, and by month. This information can be further analyzed by:

- Category, such as Medical and Public Health Needs;
- Program, such as Utility Bill Assistance, and/or;
- Department.

To access the dashboard, go to www.austintexas.gov/covid19-fiscal-dashboard. Please note that the dashboard has been pre-populated with the amounts included in this revised framework.

If you have questions regarding this update, please contact me at Ed.VanEenoo@austintexas.gov or Deputy Budget Officer Diane Siler at Diane.Siler@austintexas.gov.

cc: Spencer Cronk, City Manager
Nuria Rivera-Vandermyde, Deputy City Manager
Mark Dombroski, Interim Chief Financial Officer, Finance Department

REVISED COVID-19 Spending Framework--October 30, 2020

Emergency Response: \$126.2 Million Estimate

Program	Details	Target Population	Funding Sources	Approved	Revised
Covid-19 Emergency Management	Emergency Operations Center activation, direct pandemic response, and operational adjustments necessary for responding to the COVID-19 pandemic		FEMA; Justice Assistance Grant Operating Funds	\$30M	\$52.2M
Department operating expenses substantially dedicated to Covid-19 response	Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency		CRF	\$68M	\$74M
Emergency Response Contingency	Contingency for disallowed expenditures by grantors and higher than projected COVID-19 department expenses		CRF	\$7.5M	
Total Emergency Response				\$105.5M	\$126.2M

Medical and Public Health Needs: \$129.4 Million Estimate

Program	Details	Target Population	Funding Sources	Approved	Revised
Protection of Vulnerable Populations	Support for preventing and reducing the risk and incidence of spread of COVID-19; nursing home worker assistance; nursing home study; testing	Residents of nursing homes, assisted living facilities, and long-term care facilities; people experiencing homelessness; seniors; populations with underlying health conditions	FEMA; CRF; General Fund; CDBG; ESG; HOPWA; Ryan White; EMS Grant	\$7.1M	\$18.8M
Testing & Vaccination	Costs of providing COVID-19 testing, including Public Health laboratory, testing, and equipment	Community members; first responders	FEMA; CRF; General Fund	\$4.5M	\$50.8M
Epidemiology Response	Includes case investigation, contact tracing, and active monitoring		FEMA; CRF; General Fund	\$4.7M	
Planning & Research	Activities designed to study approaches to create greater resiliency in the community		FEMA; CRF; General Fund	\$1.7M	
Shelters & Quarantine Facilities	Emergency housing, supportive housing, and isolation of individuals related to the COVID-19 pandemic and supportive services	Individuals who do not have the ability to self-isolate during the COVID-19 pandemic	FEMA; CRF; General Fund	\$14.5M	\$31.9M
Public Health & Safety Measures	APH facility renovation funds to modify lobbies and reception areas; behavioral health/counseling support; sanitization		FEMA; CRF; General Fund	\$2.9M	
Miscellaneous Items	Education and outreach; expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment; software; teleworking and distance learning		FEMA; CRF; General Fund	\$2.5M	\$27.9M
Public Health Contingency	Funding for additional medical and public health expenses that may be needed to combat the pandemic		CRF	\$25M	
Total Medical & Public Health Needs				\$62.9M	\$129.4M

REVISED COVID-19 Spending Framework--October 30, 2020

Economic Support: \$128.3 Million Estimate

Program	Details	Target Population	Funding Sources	Approved	Revised	Funding Notes
Financial and Other Direct Support	Immediate financial support for individuals; APH gift cards	Vulnerable populations; Individuals who are waiting for test results and/or test positive	CRF; General Fund	\$27.5M	\$27.5M	\$19.6M from RISE
Small Business Assistance	Grants and loans to businesses for COVID-recovery purposes	Small businesses, prioritizing businesses from Austin's most vulnerable communities	CRF; General Fund	\$17M	\$24.5M	\$10M from CLEAR; \$5M from SAVES; \$2.3M from Business Preservation Fund
Non-profit Assistance	Sustainability, operational, technical, or crisis support for organizations focused on health and human services, workforce development, social/legal services, education, arts and culture, and environment and animals	Locally based organizations (primarily within the city of Austin, Texas) classified as a "public charity" with tax-exempt status under Section 501(c)(3) and 509(a) of the Internal Revenue Service Code that have been in existence for three or more years that have been impacted by COVID-19	CRF; General Fund	\$6.35M	\$6.35M	\$6M from ANCHOR
Creative Sector Assistance	Mini-grants to individual creative-sector workers, to sustain Austin's music industry, and to provide rental/mortgage relief and other assistance	Low- to moderate-income creative-sector independent workers; local musicians, live music venues, and professionals within music-related industries	CRF; General Fund	\$5M	\$10.5M	\$1.5M from the Music Disaster Relief Fund; \$1M from the Austin Artist Disaster Relief Fund; \$5M from SAVES
Technical Assistance	Classes, workshops, and individual coaching for grantees' relevant needs (e.g., Board training support, lease terms assistance, business legal assistance, business model retooling)	Available first to current grant awardees; Open to broader audiences as capacity allows	CRF; General Fund	\$0.5M	\$0.5M	
Childcare Service Provider Assistance	Grants to childcare centers in Austin; grants capped at \$20,000, which would allow support for 50 childcare centers	Childcare centers that serve families that receive childcare subsidies; have at least a 2-star rating under the Texas Rising Star system; have not already received PPP funds; have been impacted by COVID-19; have virus mitigation and protective equipment needs	CRF; General Fund; CDBG	\$2M	\$7M	\$1M from the Austin Childcare Provider Relief Grant; \$5M from SAVES
Re-opening Safety Grants	Grants for the procurement of personal protective equipment and the modification of businesses to COVID-compliant standards for safe re-opening	Targeted to customer-facing retail & services, food, and manufacturing facilities	CRF; General Fund	\$1M	\$1M	\$1M from CLEAR
Worker Safety	Contract with counseling services provider to expand access for workers dealing with COVID-related mental health challenges (Employee Medical Assistance Program)	Targeted to low-and moderate-income employees in customer-facing industries (e.g., food service, retail, personal services)	CRF; General Fund	\$1.5M	\$1.5M	

REVISED COVID-19 Spending Framework--October 30, 2020

Program	Details	Target Population	Funding Sources	Approved	Revised	Funding Notes
Food Assistance	Direct and contracted food provision to address food insecurity created by COVID-19; expenses for food delivery to residents	Caregiver meals delivered through Austin ISD and Del Valle ISD school meal distribution sites; vulnerable populations	CRF; General Fund	\$5.4M	\$6.9M	\$2.2M from RISE; \$2.2M approved by Ordinance 20200507-058; \$1.5M approved by Ordinance 20201015-077
Rental Assistance	Payment of rent directly to landlords on behalf of tenants; legal outreach and defense	Households under 80% of median family income who have been impacted by COVID-19	CRF; General Fund; CDBG-CV; ESG; HOPWA	\$23.95M	\$23.95M	\$5.2M from RISE
Long-Term Lease Stability Fund	Grants to landlords that agree to enter into long-term leases with tenants that deliver community benefits (Long-Term Lease Stability Fund)		CRF; General Fund	\$1M	\$1M	
Utility Bill Assistance	Suspension of utility disconnects and late fees; reduction of certain water and electric rates; increased discount provided through the customer assistance program (CAP); and expanded CAP eligibility	Utility customers	Austin Energy; Austin Water	\$10M	\$10M	\$10M approved by Ordinance 20200409-083
Workforce Development	Training and skills development; Austin Civilian Conservation Corp		Operating Funds; Regional Partners	\$2M	\$2M	Austin Civilian Conservation Corp Resolution 20200507-061
Economic Injury Bridge Loan	Loans up to \$35,000 to support local, small businesses until they receive federal Economic Injury Disaster Loans				\$5.6M	
Total Economic Support				\$103.2M	\$128.3M	

Other: \$66 Million Estimate

Program	Details	Target Population	Funding Sources	Approved	Revised
Airport Operations			CARES grant		\$58.7M
To be programmed			CDBG-CV		\$7.3M
Total Other					\$66M

Total Spending Framework Estimate				\$271.6 M	\$449.9M
--	--	--	--	------------------	-----------------