

Agenda

City Council Policy Session

Meeting Location:
City Council Chambers
200 W. Jefferson St.
Phoenix, Arizona 85003

Thursday, April 30, 2020

2:30 PM

phoenix.gov

CALL TO ORDER

CALL FOR AN EXECUTIVE SESSION

A vote may be held to call an Executive Session for a future date.

REPORTS AND BUDGET UPDATES BY THE CITY MANAGER

This item is scheduled to allow the City Manager to provide brief informational reports on topics of interest to the City Council. The City Council may discuss these reports but no action will be taken.

DISCUSSION AND POSSIBLE ACTION (ITEM 1)

1 COVID-19 Pandemic

A. Update on Domestic Violence Prevention Efforts

Tasha Menaker, Co-CEO, Arizona Coalition to End Sexual & Domestic Violence

B. Coronavirus Relief Fund Proposed Strategic Plan

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This report provides options (**Attachment A**) for the City Council to consider in developing a strategic plan for the use of federal Coronavirus Relief funds and requests Council direction and conceptual approval of a strategic plan with priorities for implementation.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Responsible Department

This item is submitted by City Manager Ed Zuercher and Deputy City Manager Jeff Barton.

ADJOURN

For further information or for reasonable accommodations, please call the Management Intern, City Manager's Office, at 602-262-4449 or Relay 7-1-1 as early as possible to coordinate needed arrangements.

Si necesita traducción en español, por favor llame a la oficina del gerente de la Ciudad de Phoenix, 602-262-4449 tres días antes de la fecha de la junta.



Coronavirus Relief Fund Proposed Strategic Plan

This report provides options (**Attachment A**) for the City Council to consider in developing a strategic plan for the use of federal Coronavirus Relief funds and requests Council direction and conceptual approval of a strategic plan with priorities for implementation.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Summary

The federal government allocated \$293 million to the City of Phoenix in the Coronavirus Relief Fund component of Section 5001 of the CARES Act. The Act allocated \$150 billion for states and cities over a population of 500,000.

According to federal guidance issued on April 22, 2020 (**Attachment B**), the Fund may only be used to cover costs that are necessary expenditures caused by COVID-19 incurred between March 1 and December 30, 2020, and not accounted for in the approved 2019-2020 City budget.

The proposed strategic options are based on input from councilmembers. Some options are new. Others are existing programs that have been approved or implemented as COVID-19 response, such as the Homelessness response plan adopted on April 21, 2020, and the small business grant and loan funds administered through Phoenix Industrial Development Authority (IDA) and Phoenix Community Development Investment Corporation discussed on April 28, 2020.

The proposed strategic plan includes three areas of emphasis: Community Investment, City Operations and Reserve for future need. There are six strategic pillars proposed in the Community Investment and City Operations areas as outlined in **Attachment A**. Guidance from the federal government continues to evolve and we will need to be nimble to adjust our programs to ensure compliance with federal rules.

A Reserve is proposed to preserve resources in case the federal government changes guidance to allow the funds to replace lost revenue. For example, the Budget & Research Department estimates for this report the City General Fund revenue loss

from March through December 2020 due to COVID-19 economic disruption could range from \$48 million to \$100 million. For all funds (including Convention Center, transit, parks, public safety and sports facilities), the range could be from \$102 million to \$198 million. If the federal government changes its guidance to allow this revenue to be replaced, the Reserve would be available to avoid deep program cuts at the City. The Reserve would also cover unexpected COVID-19 expenses that could occur later in the year. If neither revenue replacement nor unexpected expenses occur, the City Council can allocate the Reserve to other areas in the strategic plan.

Staff recommends Council discussion and conceptual approval of a strategic plan with priorities for implementation. Based on the Council's strategic direction, staff will return to a future meeting with recommended allocation of funds for Council discussion, amendment and approval.

Responsible Department

This item is submitted by City Manager Ed Zuercher and Deputy City Manager Jeff Barton.



City of Phoenix

City of Phoenix Coronavirus Relief Fund Strategic Plan Proposal

Suggested areas of funding are:

- A. Community Investment
- B. City Operations
- C. Reserve for Future Needs

The following programs all relate to business, economic or community disruption from COVID-19 or expenses incurred by the City due to COVID-19. These are suggested options for discussion by the City Council on April 30, 2020 and are not all-inclusive.

Community Needs:

Business and Employee Assistance

- Small Business assistance (IDA, ACF)
- MicroEnterprise/arts assistance
- Job Training for displaced workers / retraining for COVID-19 response

Utility Assistance

- Assistance for individuals affected by COVID-19 economic disruption
- Assistance for businesses affected by COVID-19 economic disruption

Mitigation and Care for Homeless Populations

- City Homelessness and Affordable Housing Strategy (approved 4/21)
- Rent/Mortgage/Eviction prevention

Food Delivery

- Seniors (City programs)
- Youth (Schools)
- Families (Food Banks)

Distance Learning and Wi-Fi Access

- Broader Wi-Fi access for students' on-line learning
- Community access to on-line city services

Better Health Outcomes and Community Testing

- Ensure broad testing, especially in underserved communities
- Assist Maricopa County Public Health with contact tracing
- Acquire Public Health expertise to inform City decision-making

City Operations:

Employee Testing for COVID-19

Public Safety Measures for COVID-19

- Police / Fire response and enforcement of COVID-19 orders or illness
- Emergency Medical Transport
- Parks & Recreation enforcement of park closures/restrictions

Medical & Protective Supplies (PPE)

- Police / Fire
- All other City employees and operations

Cleaning/Sanitizing Related to COVID-19

- Public Transit
- Extra Street cleanups
- City facilities
- Extra jail costs billed from Maricopa County related to COVID-19 or City central booking facility expenses

Payroll Expense Reimbursement and Management Oversight for COVID-19

- COVID-19 Leave for employees
- Police / Fire, Emergency Management
- Human Services, Parks & Recreation, etc.
- Management/accounting oversight

Building a COVID-Resilient Future

- Telework expenses
- 911 Telemedicine development
- Employee workspace retrofit
- Public facility retrofit (Libraries, Senior Centers, Parks & Recreation, etc.)
- Public Transit retrofit

Reserve for Future Needs (through Dec. 30, 2020):

- Hold for change in Federal guidance on use for revenue replacement
- Potential expenses from recurrence of COVID later in the year
- Available for re-assignment by the City Council to other COVID needs

April 29, 2020

Attachment B

Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments April 22, 2020

The purpose of this document is to provide guidance to recipients of the funding available under section 601(a) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The CARES Act established the Coronavirus Relief Fund (the “Fund”) and appropriated \$150 billion to the Fund. Under the CARES Act, the Fund is to be used to make payments for specified uses to States and certain local governments; the District of Columbia and U.S. Territories (consisting of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands); and Tribal governments.

The CARES Act provides that payments from the Fund 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, 2020.¹

The guidance that follows sets forth the Department of the Treasury’s interpretation of these limitations on the permissible use of Fund payments.

Necessary expenditures incurred due to the public health emergency

The requirement that expenditures be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. These may include expenditures incurred to allow the State, territorial, local, or Tribal government to respond directly to the emergency, such as by addressing medical or public health needs, as well as expenditures incurred to respond to second-order effects of the emergency, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.

Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments.

The statute also specifies that expenditures using Fund payments must be “necessary.” The Department of the Treasury understands this term broadly to mean that the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.

Costs not accounted for in the budget most recently approved as of March 27, 2020

The CARES Act also requires that payments be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020. A cost meets this requirement if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget *or* (b) the cost

¹ See Section 601(d) of the Social Security Act, as added by section 5001 of the CARES Act.

is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.

The “most recently approved” budget refers to the enacted budget for the relevant fiscal period for the particular government, without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by that government in response to the COVID-19 public health emergency. A cost is not considered to have been accounted for in a budget merely because it could be met using a budgetary stabilization fund, rainy day fund, or similar reserve account.

Costs incurred during the period that begins on March 1, 2020, and ends on December 30, 2020

A cost is “incurred” when the responsible unit of government has expended funds to cover the cost.

Nonexclusive examples of eligible expenditures

Eligible expenditures include, but are not limited to, payment for:

1. Medical expenses such as:
 - COVID-19-related expenses of public hospitals, clinics, and similar facilities.
 - Expenses of establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs.
 - Costs of providing COVID-19 testing, including serological testing.
 - Emergency medical response expenses, including emergency medical transportation, related to COVID-19.
 - Expenses for establishing and operating public telemedicine capabilities for COVID-19-related treatment.
2. Public health expenses such as:
 - Expenses for communication and enforcement by State, territorial, local, and Tribal governments of public health orders related to COVID-19.
 - Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment, for medical personnel, police officers, social workers, child protection services, and child welfare officers, direct service providers for older adults and individuals with disabilities in community settings, and other public health or safety workers in connection with the COVID-19 public health emergency.
 - Expenses for disinfection of public areas and other facilities, *e.g.*, nursing homes, in response to the COVID-19 public health emergency.
 - Expenses for technical assistance to local authorities or other entities on mitigation of COVID-19-related threats to public health and safety.
 - Expenses for public safety measures undertaken in response to COVID-19.
 - Expenses for quarantining individuals.
3. 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.

4. Expenses of actions to facilitate compliance with COVID-19-related public health measures, such as:
 - Expenses for food delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions.
 - Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions.
 - Expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions.
 - Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.
 - COVID-19-related expenses of maintaining state prisons and county jails, including as relates to sanitation and improvement of social distancing measures, to enable compliance with COVID-19 public health precautions.
 - Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.
5. Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency, such as:
 - Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.
 - Expenditures related to a State, territorial, local, or Tribal government payroll support program.
 - Unemployment insurance costs related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.
6. Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund's eligibility criteria.

Nonexclusive examples of ineligible expenditures²

The following is a list of examples of costs that would *not* be eligible expenditures of payments from the Fund.

1. Expenses for the State share of Medicaid.³
2. Damages covered by insurance.
3. Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

² In addition, pursuant to section 5001(b) of the CARES Act, payments from the Fund may not be expended for an elective abortion or on research in which a human embryo is destroyed, discarded, or knowingly subjected to risk of injury or death. The prohibition on payment for abortions does not apply to an abortion if the pregnancy is the result of an act of rape or incest; or in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed. Furthermore, no government which receives payments from the Fund may discriminate against a health care entity on the basis that the entity does not provide, pay for, provide coverage of, or refer for abortions.

³ See 42 C.F.R. § 433.51 and 45 C.F.R. § 75.306.

4. Expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds.
5. Reimbursement to donors for donated items or services.
6. Workforce bonuses other than hazard pay or overtime.
7. Severance pay.
8. Legal settlements.