

CARES Act Coronavirus Relief Funds Year-End Update

Finance and Governance Committee
November 23, 2021

Agenda

- Required Financial Mechanics
- Review CRF & SRF Current Status
- Proposed Action

Proposed City Council Action: Rescind and Reallocate

- Approve BR 21-1425 to authorize rescission of up to \$49 million from the General Fund and a cash transfer to the Coronavirus Emergency SRF

Required Financial Mechanics

1. Identify eligible General Fund payroll and transfer those expenses to CRF

2. Rescind equivalent amount of newly restored General Fund budget capacity

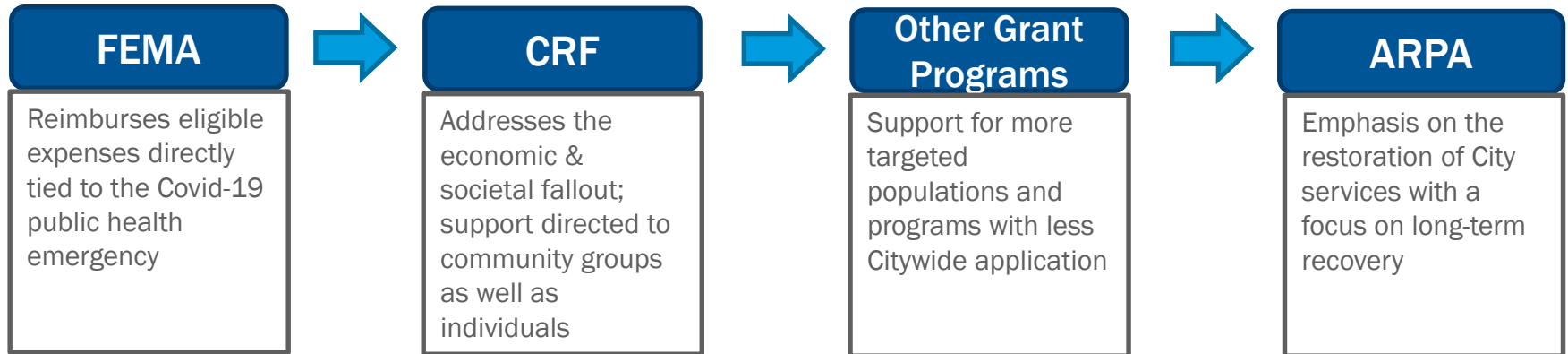
3. Reallocate rescinded budget in the Coronavirus Emergency SRF

4. Enter 2022 with sufficient capacity in the Coronavirus Emergency SRF to continue using this fund to front expenses and absorb FEMA match requirements

Council actions

Federal Funding Deployment Strategy

- Multiple funding sources support the COVID-19 Emergency Response
- Adopted a FEMA-first approach
- FEMA and CRF are time-bound
- FEMA has more circumscribed usages, rather than broader, citywide applicability



CRF Overview and Status Update

In 2020, Denver received **\$126.8M** in Coronavirus Relief Funds (CRF), part of federal CARES Act, for necessary expenditures due to the COVID-19 emergency.

Deadline to expend: Extended to 12/31/2021. Additional time allowed City to shift funding to cover additional community needs

CRF Status as of Nov. 18, 2021:

CRF Spend as of Nov. 18, 2021	Approved Projects	CRF Spend, Obligations, Commitments	Unallocated, including \$2.5M of interest earnings
\$83.9M	\$119.5M	\$103.7M	\$10.1M

The Strategic Use of CRF

- CRF has been used to support emergency programming by carrying the costs of some categories of expenses until approvals from FEMA are secured
- As of Jan. 1, 2022, CRF will no longer be available to pursue the strategy of temporarily accommodating expenses identified for transfer to FEMA:

Selected areas of FEMA-related CRF support

Area of Support	Amount Budgeted
Shelter Expenses	\$43,000,000
FEMA Match	\$15,000,000*

* FEMA discontinued match requirements as of January 2021; expenses once housed in CRF were transferred back to FEMA

2022 Emergency Forecast & Considerations

- Denver's \$126M in Coronavirus Relief Funds expire at year-end 2021
- Pandemic-related emergency needs continue, particularly around sheltering for people experiencing homelessness
- The City continues to pursue FEMA reimbursements:
 - Consideration 1: there is a need to accommodate eligible expenses until FEMA obligation (approval) occurs
 - Consideration 2: the time to secure additional obligated amounts continues to be lengthy
- FEMA will cover 100 percent through April 1, 2022.

FEMA Shelter Approval Tracker

Funding Requests	Covers Costs Between	Status	Submittal Date	Approval Date	# of Days to Approval	Amount
#1	June 2020 – February 2021	Approved	September 14, 2020	March 10, 2021	177	\$46.8M
#2	March 2021- June 2021	Approved	March 8, 2021	June 17, 2021	101	\$23.4M
#3	July 2021 - ?	In Development	November 19, 2021	February 28, 2022 (Estimated)	101 (Estimated)	\$40.5M
New 48 th & Safe Outdoor Spaces	No defined period	Submitted	April 28, 2021	Pending	Pending	\$15.8M

Sources of Emergency Funding

Funding Source	2020	2021	2022
FEMA	X	X	X*
Coronavirus Relief Funds	X	X	
Emergency Coronavirus Special Revenue Fund (City)	X	X	X
ARPA Funding		X	X
<i>HOST 2B Funds**</i>		X	X

The only funding source with the ability to flexibly respond to changing emergency conditions throughout the entire duration of the emergency

*Based on a continuation of the current state, but could be wound down at any point

** Up to \$10M in 2B allocated for shelter in 2021

Why do this?

- The COVID-19 emergency is not over and our emergency response needs remain
- The proposed Council action will:
 - Ensures transparency use versus alternate scenarios, such as the automatic lapse of funds to fund balance
 - Preserve a flexible means to support community needs before the ability to transfer expenses to FEMA is secured
 - Reduce expenditure burdens that the General Fund or ARPA might otherwise need to cover allowing those funds to be programmed for other requirements/community needs

Coronavirus SRF Strategy for 2022

Guiding Principles

- The primary use of the SRF balance will be for the temporary accommodation of FEMA eligible expenses until obligation is secured
- Emergency purchases outside of FEMA-related expenses and ongoing, previously approved activities* will be presented to Council for input and feedback in advance
- Monthly reporting on uses will be delivered to Council
- If any remaining SRF balance is unused, any transfers will be approved by City Council

Q1

Receive news on FEMA obligation for in-flight shelter requests

Q2

Project FEMA-eligible needs for back-half of 2022; tentative date for programming any balance for emergency – related needs

Q3

Accommodate residual FEMA-related activity, if applicable and available

Q4 & Beyond

Assess continued need for the fund in light of ongoing state of the pandemic

*Includes: eviction legal defense programming, downtown reactivation support, federal covid-19 advocacy support; digital inclusion initiative; professional services for damage assessments of non-congregate shelter spaces

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Questions?



Appendix

Council Priorities

- **CRF Expenditures** have been programmed with these Council priorities in mind:
- **Public Health and Safety**, such as widespread testing, PPE, sanitizing equipment, public restrooms
- **Food Supports**, such as food delivery for historically marginalized communities of color, First Nations people, and under-resourced communities
- Grant programs for impacted **non-profits** and **small businesses**
- **Childcare Support**
- **Left Behind Worker Fund**
- **Housing Assistance**, such as rent, utility and mortgage assistance
- **Services and Shelter** for people experiencing homelessness

CRF Disbursements Status

Community Phase #1	Community Phase #2	Community Phase #3	Community Phase #4	Community Phase #5/6	City Operations	Reserve
<ul style="list-style-type: none"> • Rent, utility and mortgage assistance programs • Food support for vulnerable populations • Grant programs for small businesses and non-profits • Testing & PPE 	<ul style="list-style-type: none"> • Additional small business and non-profit support • Support for artists and cultural orgs. • Additional shelter space • Additional food assistance • Social equity and innovation support • Assistance for individuals who do not qualify for other federal benefit programs 	<ul style="list-style-type: none"> • Shelter space • Rent and utility assistance • Childcare • Marketing of seasonal events to drive economic activity downtown • Support for target populations (people with disabilities, First Nations people, faith community, older adults, immigrants & refugees) 	<ul style="list-style-type: none"> • Additional rent and utility assistance • Small business grant support • Support for restaurant and hotel workers 	<ul style="list-style-type: none"> • Support to minority and women-owned businesses • Personal grants to alleviate the economic impacts of Covid-19 • Additional emergency food distribution • Support for people with disabilities 	<ul style="list-style-type: none"> • Installation of touchless fixtures and air ionization systems in public buildings • Laptops, teleworking expenses • Some categories of technical consultative services 	<ul style="list-style-type: none"> • Unallocated funds • Coverage for some shelter operations until FEMA accepts or denies claims • Interest Earnings