

Legislation Text

File #: Ordinance 25-2020, **Version:** 2

Agenda Date: 07/07/2020

Subject:

Ordinance 25-2020: An ordinance on second reading amending Ordinance No. 25, series of 2019, known as the Annual Appropriation Bill

Prepared by: Stacey Covington, Budget Analyst

PURPOSE:

Does city council support amending the 2020 annual appropriation for the receipt and disbursement of CARES Act funding related to the coronavirus (COVID-19) pandemic?

PRESENTATIONS:

Staff Presenter(s):	Tiffany Hooten, Finance Director
Additional Presenter(s):	N/A

SUMMARY:

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; and Tribal governments.

The populations of Arapahoe and Jefferson Counties are more than 500,000, allowing both counties to qualify and receive a distribution of \$114.75m from the Treasury Department. It was determined these funds could be shared with cities within the counties. Both counties have established separate processes for declaring and reporting eligible expenditures under the CARES Act for cities in both jurisdictions. Portions of Littleton are located in Arapahoe and Jefferson counties and therefore Littleton is eligible for funding from both counties. The city is expected to receive \$4,409,413 of CARES Act funds.

PRIOR ACTIONS OR DISCUSSIONS:

Council approved the intergovernmental agreements regarding the CARES Act local government distributions with Arapahoe and Jefferson Counties at the May 19, 2020 council meeting. CARES Act funds and potential eligible costs related to COVID-19 were further discussed during the study session held on May 26, 2020.

Passed on first reading on June 16, 2020.

ANALYSIS:Staff Analysis

Understanding the needs of municipalities, and although it is not required, both Arapahoe and Jefferson County will be distributing funds to cities within their counties provided the transfer qualifies as a necessary expenditure incurred due to the public health emergency and is consistent with the other criteria of section 601(d) of the Social Security Act outlined in the Guidance.

Both counties followed the distribution method as prescribed by the CARES Act by distributing funds based on a 55/45 split with the County receiving 55% of the funds and allocating 45% to municipalities based on population. Based on these formulas, the City of Littleton is eligible for up to \$4.4m for eligible incurred expenses for the period of March 1, 2020 through December 30, 2020.

While the U.S. Treasury has issued limited guidance regarding reimbursable expenses, it made clear the initial recipient of funds (Arapahoe and Jefferson Counties) will be responsible for the fiduciary requirements of implementation. With the counties being the custodian of these funds and having fiduciary and reporting responsibilities, they will have final determination on eligible uses for these funds. Both counties have provided a process for advancement/reimbursement of funds and guidance to align with reporting requirements. Staff has been working with both counties on this process. Expenditures will be reviewed and approved by the counties to ensure compliance with the funding requirements.

A budget amendment is needed for both the revenue and related expenditures for the CARES Act funds. This budget amendment will formally appropriate the full amount of anticipated CARES Act funds in the grants fund to be received from both counties

The first phase of potential CARES Act expenditures was presented and supported by council in the amount of \$1,182,000. Staff is working with the county for approval of eligible of expenditures in phase I. An update of CARES Act funds is scheduled for June 23, 2020 to include recommendations of potential expenditures for the next phase.

Council Goal, Objective, and/or Guiding Principle

Goal 2: Financial Sustainability

Fiscal Impacts

The city has been allocated \$4,199,211 from Arapahoe County and \$210,202 from Jefferson County for a total funding level of \$4,409,413. There is no impact to estimated ending fund balances for 2020 since the additional appropriation from this ordinance will be fully offset by corresponding revenues from the counties.

This amendment will appropriate funds in the Grants Fund.

Alternatives

1. Approve amendment as presented.
2. Do not approve the amendment, thus delaying availability of the CARES Act funds for spending and reimbursement.

STAFF RECOMMENDATION:

Staff recommends approval of the amendment to the 2020 annual appropriation bill.

PROPOSED MOTION:

I move to approve the ordinance on second reading amending the 2020 annual appropriation bill.