



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 20-364

Board Meeting Date: 6/2/2020

Special Notice / Hearing: None
Vote Required: 4/5^{ths}

To: Honorable Board of Supervisors
From: Michael Callagy, County Manager
Subject: Accept funds in the amount of \$68.7 million from the Federal Emergency Management Agency (FEMA) and the Coronavirus Aid, Relief, and Economic Security (CARES) Act

RECOMMENDATION:

Approve an Appropriation Transfer Request (ATR) in the amount of \$68,700,000 accepting unanticipated revenue from the Federal Emergency Management Agency (FEMA) and the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the novel coronavirus, known as COVID-19.

BACKGROUND:

On March 13, 2020, the President of the United States declared a nationwide emergency due to the Novel Coronavirus, known as COVID-19, allowing eligible organizations, including local governments, to apply for Public Assistance funds at a 75% Federal cost share for certain protective measures at the guidance of Public Health Officials in response to the pandemic, and not supported by other agencies reimbursed under FEMA's Public Assistance Program. Eligible services under this program included, among other services, emergency shelters, hotels for proper distancing and care of those affected by the virus, and personal protective equipment (PPE) that are not included in the current budget or provided by other federal entities.

On March 27, 2020, the Federal Government approved the CARES Act to provide emergency assistance and health care response for individuals, families, and businesses affected by the COVID-19 pandemic. The CARES Act includes funding assistance in the form of direct tax rebate payments to individuals and couples, increased unemployment benefits, loans for small businesses, student loan payment deferral, and the expansion of numerous federal programs and federally-supported programs administered by state and local governments.

Of particular significance to the County, the CARES Act establishes the Coronavirus Relief Fund (CRF), which provides \$150 billion to state, local, tribal, and territorial governments. The fund sets aside \$139 billion for states based on their estimated populations as of July 1, 2019. (Tribal and territorial governments are eligible for the remaining \$11 billion). The U.S. Department of the

Treasury, which is responsible for administering the CRF, has indicated that California is eligible for \$15.3 billion from the CRF to be shared between the state and local governments. In late April, California allocated the \$15.3 billion that it had received with San Mateo County receiving \$133.8 million. Eligible reimbursable expenses under the CARES Act include expenses which:

- (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.

DISCUSSION:

On March 2, 2020, the County opened the Emergency Operations Center (EOC) to coordinate planning and Countywide response to the COVID-19 pandemic. Response to the pandemic has resulted in the County needing to change the way it conducts business on a day-to-day basis. Healthcare costs, both at the Medical Center/clinics and in the field/long-term care facilities, the necessary supply of PPE, costs associated with other shelter facilities, including the San Mateo Event Center and the Burlingame Alternative Care Site, and the need for increased staffing have had a dramatic impact on the County's finances. In addition, the County has incurred increased telecommuting and other costs resulting from state and local shelter-in-place orders and social distancing requirements. To date, the County has allocated an estimated \$100 million in response to COVID-19.

To date, the County has submitted \$67 million in requests to FEMA, and received \$18.7 million in recovery costs.

COVID-19 - related expenses were not included in the FY 2019-20 Adopted budget. Due to these unexpected expenditures, the County must appropriate \$68.7 million of the FEMA and CARES Act funding to cover the associated costs through June 30, 2020. The attached Appropriation Transfer Request (ATR) formally brings the funding into the County's budget for the current fiscal year. COVID-19 - related expenses are not included in the FY 2020-21 Recommended budget but the County Manager's Office will incorporate the remaining \$83 million into the September Revisions, after completing an analysis of the amount expected to be necessary to cover the anticipated expenditures.

FISCAL IMPACT:

This ATR recognizes \$18.7 million in unanticipated monies from FEMA and \$50 million of unanticipated CARES Act funding to cover the additional expenditures associated with the response to COVID-19 in FY 2019-20. The remaining \$83 million in CARES Act funding will be appropriated in the FY 2020-21 budget.