



SEATTLE CITY COUNCIL
CENTRAL STAFF

Federal Funding & Council Priorities

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FINANCE & HOUSING COMMITTEE

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Presentation Overview

- Update on Coronavirus Relief Funds (CRF) and requests for Federal Emergency Management Agency (FEMA) reimbursements
- 2021 Adopted Budget COVID funding review
- Known and potential future federal funding
- Impact on revenues and financial resiliency
- Draft resolution
- Next steps

Categories of COVID Response Funding

- Grants - dollars that are given to the City to use on expenditures that are defined by the donor.
- Reimbursable Expenditures - expenditures that one or more departments may make from existing City resources to provide immediate emergency response and relief, and which may be eligible for full or partial reimbursement from a third party, such as FEMA, in the future.

2020 Coronavirus Relief Funds *(\$ in 000s)*

Broad Spending Category	2020 Original	2020 Revised	2020 Actual	2021 Remaining
Public safety & first responders	\$67,261	\$67,287	\$65,920	\$1,367
Maintain City services and support employees <i>(Overtime, reopening, teleworking, etc.)</i>	\$11,961	\$7,900	\$7,416	\$484
Protect our most vulnerable neighbors <i>(Homelessness services and rental assistance)</i>	\$10,948	\$14,432	\$12,171	\$2,260
Respond to emergency COVID-19 impacts <i>(Supplies, cleaning, testing, language access, etc.)</i>	\$11,014	\$9,601	\$7,208	\$2,393
Supporting household & community needs <i>(Food assistance, programs for seniors)</i>	\$14,975	\$14,075	\$10,650	\$3,425
CRF Reserves	\$15,351	\$18,216	\$0	\$18,216
TOTAL	\$131,510	\$131,510	\$103,366	\$28,144

CRF Funding Review

- Maintain City services and support employees category
 - Reduced the allocation for reopening costs from \$10 million to \$633,000
 - Increased allocations for Emergency Labor and Teleworking Support of \$2.5 million and \$3.1 million, respectively
- Respond to emergency COVID-19 impacts category
 - Reduced the 'Hotel - First Responders' allocation from \$3.1 million to \$490,000
- Supporting essential household & community needs category
 - Reduced the 'Supporting Food Security' allocation from \$3 million to \$1.95 million
- Increased the 'Reserve' amount from \$15.3 million to \$18.2 million

FEMA Reimbursement *(\$ in 000s)*

Broad Spending Category	2020 Plan			2020 Actuals	
	CRF	FEMA Request	Total	CRF	FEMA Request
Public safety & first responders	\$2,261	\$6,784	\$9,045	\$1,871	\$6,625
Maintain City services and support employees <i>(Overtime, reopening, teleworking, etc.)</i>	\$1,961	\$7,628	\$9,589	\$1,776	\$701
Protect our most vulnerable neighbors <i>(Homelessness services and rental assistance)</i>	\$2,348	\$7,045	\$9,393	\$1,992	\$3,574
Respond to emergency COVID-19 impacts <i>(Supplies, cleaning, testing, language access, etc.)</i>	\$2,222	\$6,666	\$8,888	\$1,889	\$2,082
Supporting household & community needs <i>(Food assistance, programs for seniors)</i>	\$2,475	\$7,425	\$9,900	\$1,375	\$564
TOTAL	\$11,267	\$35,548	\$46,815	\$8,903	\$13,546

FEMA Reimbursement Update

- Updated planned FEMA reimbursement request to date is \$13.5 million*
- Of this revised amount:
 - \$4.3 million has been submitted for reimbursement
 - \$9.2 million being prepared for submittal

**The City's submittals for FEMA reimbursement began in October 2020 and are still in process; these numbers may change as CBO and OEM continue to work through the documentation verification process with departments and review expenditures that may be eligible for reimbursement based on evolving guidance on FEMA eligibility.*

2021 Adopted COVID Relief Appropriations

- \$23.5 million for sheltering or providing housing for people experiencing homelessness
- \$2 million to expand non-congregate shelter capacity (hotels)
- \$8 million for rental assistance and eviction prevention
- \$5.8 million to support emergency shelter providers as they manage increased costs due to COVID-19
- \$2.75 million for new 125 shelter beds

2021 Adopted COVID Relief, cont.

- \$350,000 for mortgage counseling and foreclosure prevention
- \$6.3 million for the ongoing costs related to the City's comprehensive Public Hygiene Program
- \$3 million for Small Business Stabilization Fund grants
- \$3.4 million for Emergency Grocery Voucher Program
- \$5 million for COVID testing costs by City departments

Additional COVID Direct Aid in 2021

Final and Pending

- [Consolidated Appropriations Act, 2021](#)
 - \$22.7 million for rental assistance programs
- [American Rescue Plan Act of 2021 \(ARPA\) House Rule 1319](#)
Approximately \$1.9 trillion for COVID relief programs across the country, including:
 - Direct aid for cities and counties
 - Other aid for targeted programs
(e.g., \$19 billion for rental assistance; \$5 billion for homelessness service investments; \$14 billion for vaccines; \$25 billion in restaurant grants)

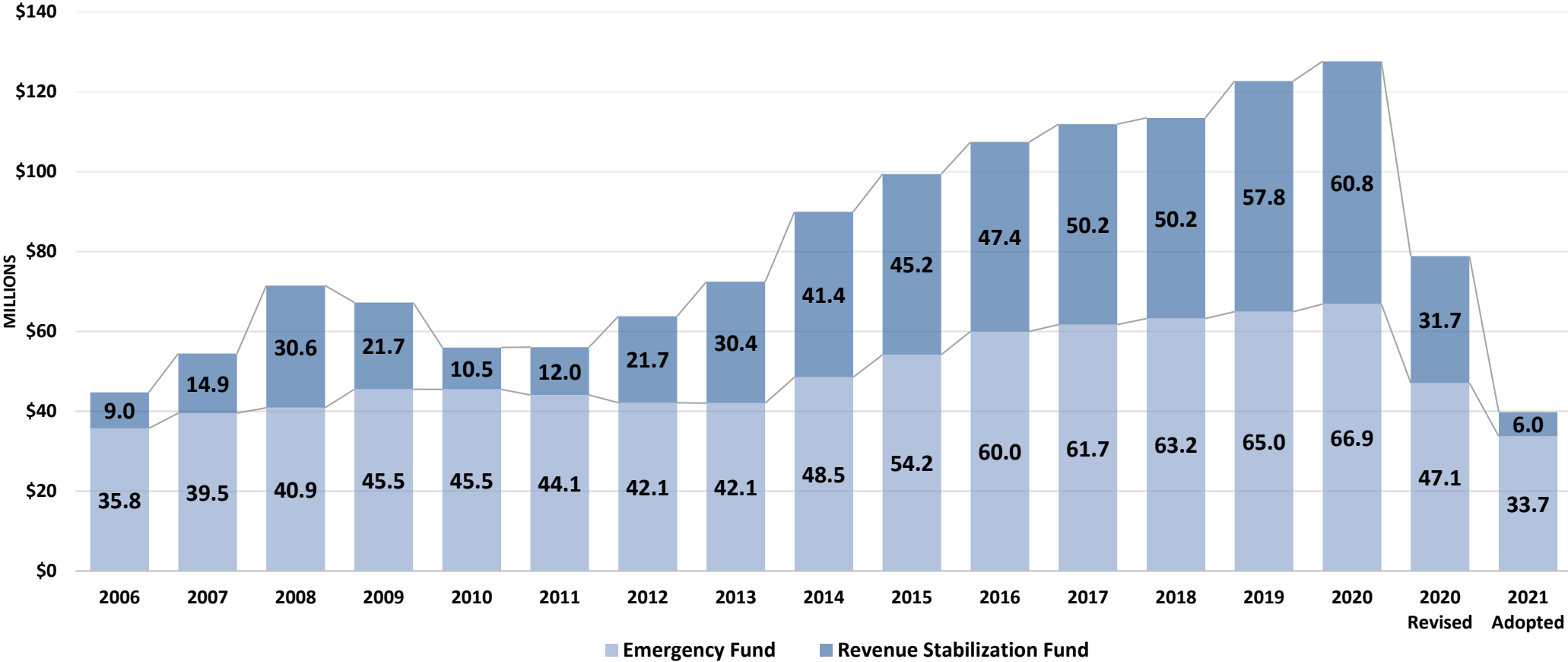
Potential Uses of ARPA Direct Aid

- Respond to or mitigate the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) or its negative economic impacts
- Cover costs incurred because of emergency
- Replace revenue that was lost, delayed, or decreased (as determined based on revenue projections for the State, Tribal Government, or territory as of January 27, 2020) because of such emergency; or
- Address the negative economic impacts of emergency

Fiscal Reserves Depleted Due to COVID Response

- Two general purpose fiscal reserves:
 - Emergency Fund
Pool of resources for unanticipated emergency spending
 - Revenue Stabilization Fund
Pool of resources to fund activities that would otherwise be reduced in scope, suspended, or eliminated due to unanticipated shortfalls in General Fund revenues

Fiscal Reserves Trends



6YR GF Financial Plan: Payroll Expense Tax Revenues Support Base Services in 2022

Description		2022 Projected	2023 Projected	2024 Projected
A.	Base General Fund Revenues	\$1,362,003,081	\$1,423,815,266	\$1,465,070,086
B.	Payroll Expense Tax Revenues	\$233,911,007	\$242,050,567	\$255,951,729
C.	Total General Fund Revenues	\$1,595,914,088	\$1,665,865,833	\$1,721,021,815
D.	General Fund Expenditures ¹	(\$1,495,205,266)	(\$1,578,315,920)	(\$1,633,201,310)
E.	Unallocated - Available to implement RES 31957 ²	(\$100,708,822)	(\$87,549,913)	(\$87,820,505)
F.	Total General Fund Expenditures	(\$1,595,914,088)	(\$1,665,865,833)	(\$1,721,021,815)

1/ Includes annual increases in planning reserves as an expenditure in each year.

The six-year plan codes an equivalent amount as \$100m per year that is described as follows “This reserve is a placeholder to [sic] designed to address the ongoing needs for BIPOC communities, as identified through ongoing public processes, and some portion of the spending priorities identified by

2/ Council when adopting the City’s new payroll tax”. This results in an unbalanced financial plan in 2023 and 2024. The values shown in this row balance the plan in all years, resulting in less than \$100m in 2023 and 2024.

6YR GF Financial Plan cont'd

Description		2022 Projected	2023 Projected	2024 Projected
G.	Payroll Expense Tax Revenues	\$233,911,007	\$242,050,567	\$255,951,729
H.	Unallocated - Available to implement RES 31957	(\$100,708,822)	(\$87,549,913)	(\$87,820,505)
I.	Payroll Expense Tax Support of Base Services	\$133,202,185	\$154,500,654	\$168,131,224

- Pandemic-induced revenue losses in 2021 budget carry into future years. Due to this, base revenues are insufficient to support base expenditures in 2022 and beyond, absent new revenues or cuts to base expenditures.
- More than half of payroll expense tax revenues support base services in 2022, which is inconsistent with Resolution 31957 (Jump Start Spending Plan)
- 2021 Summer forecast update may increase or decrease base GF revenues
- 2022 funding decisions made this fall

Draft Resolution – Background

- Informed by priorities previously identified by Council through the 2020 Budget Revisions, Jump Start COVID Relief Plan, and the 2021 Adopted Budget
- Begin to pivot from acute emergency relief to long-term economic and community recovery
- Potential to leverage other local, state, and federal programs and partners
- Recognize capacity constraints that would limit the City's ability to deliver services

Draft Resolution – Background, cont.

- No specific funding allocations included because:
 - Additional time is needed to estimate costs to extend and expand COVID response services through end of 2021, and to consider service gaps
 - Awaiting final decision on ARPA
 - Direct aid: final amount, eligible use of funds, spending timelines
 - How funding for targeted programs will be distributed and provide other support to the City (such as for vaccines, testing) and for small businesses, individuals, and households

Draft Resolution – Guiding Principles

- Equity
- Coordination
- Flexibility
- Resilience

Draft Resolution – Spending Priorities

- Vaccines and testing
- Food assistance
- Homelessness and housing services (including rental assistance)
- Immigrant and refugee support
- Child care
- Small business and workforce recovery
- Revenue replacement and financial resilience

Next Steps

- Accept and authorize expenditure of \$22.7 million of emergency rental assistance provided in the Consolidated Appropriation Act, 2021
- Consider strategies to support the JustCARE program and other non-congregate shelter options
- In anticipation of congressional passage and presidential signature of ARPA:
 - Adopt resolution outlining Council's principles and spending priorities for use of ARPA direct aid
 - Prepare and begin deliberations on legislation that would accept and authorize spending of direct aid

Questions?