




Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kip Harkness
Jim Shannon

**SUBJECT: APPROPRIATION ACTIONS
TO SUPPORT COVID-19
RESPONSE**

DATE: April 6, 2020

Approved		Date	4/6/2020
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RECOMMENDATION

- (b) Adopt a resolution authorizing the City Manager or designee accept to the COVID-19 Emergency Homelessness Funding Grant from the State of California in the amount of \$3,919,821, and to negotiate and execute related documents without further City Council action to accept these grant funds.
- (c) Adopt the following Appropriation Ordinance Amendments in the General Fund:
 - (1) Decrease the 2019-2020 Ending Fund Balance Reserve in the amount of \$10,000,000; and
 - (2) Establish a Transfer to the Emergency Reserve Fund in the amount of \$10,000,000.
- (d) Adopt the following Appropriation Ordinance and Funding Sources Resolution Amendments in the Emergency Reserve Fund:
 - (1) Establish an estimate for Transfers and Reimbursements in the amount of \$10,000,000;
 - (2) Establish an estimate for Revenue from the State of California in the amount of \$3,919,821;
 - (3) Decrease the Ending Fund Balance in the amount of \$500,000; and
 - (4) Establish an appropriation for COVID-19 Emergency Response in the amount of \$14,419,821.

OUTCOME

The recommended actions provide sufficient budget within the Emergency Reserve Fund to allow for continued emergency operations and the execution of various agreements over the next month.

BACKGROUND

As described in previous reports to the City Council, the City's Emergency Operations Center has prioritized strategies and actions through a roadmap to effectively respond to the COVID-19 pandemic. These actions require the City to procure goods and services that were not previously budgeted. Section 4.12.220 of the City of San José's Municipal Code authorizes the City Manager to procure goods and services in excess of normal limits for the purposes of meeting a public emergency involving the threatening of lives, property, or welfare of the people of the City or the property of the City. In accordance with this Section, the recommended actions allocate sufficient resources within the Emergency Reserve Fund to continue the City's response to the COVID-19 pandemic over the next month. Subsequent recommendations will be brought to Council authorizing the City Manager to negotiate and execute various agreements and amendments, and to ratify the provision of certain COVID-19 emergency services that have previously commenced.

On March 17, the Governor signed SB89 which provides funding to protect the health and safety of the homeless population during the pandemic. On March 23, the City of San Jose was notified that it was awarded \$3,919,820.88 from State SB89 funds. The funds are specifically intended for prevention and containment measures at shelters serving the homeless population and are recommended for immediate allocation to offset costs for homeless sheltering initiatives.

ANALYSIS

The Administration is proactively and strategically leading a suite of initiatives to address community needs as they emerge and continue to evolve. The major cost drivers related to these COVID-19 response initiatives are briefly described below:

- Food & Necessities Distribution initiatives are underway with public, non-profit, and private partners to forecast, and best meet, the rapidly evolving need for distribution of food and other necessities to vulnerable populations impacted by COVID-19 – targeting an immediate need for approximately 30,000 meals per day, potentially scaling to 150,000 meals per weekday;
- Homeless Sheltering initiatives are also in various stages of planning and execution to significantly increase the capacity for emergency shelter, isolation, and quarantine, in coordination with multiple public agency and non-profit partners – Parkside Hall and South

Hall have been readied for temporary shelter capacity, with plans to convert overnight warming locations to 24/7 operation and leverage capacity at the Mabury Road Bridge Housing Community and Plaza Hotel;

- Continuity of Operations activities, including the procurement of Information Technology (IT) equipment, software, and other solutions to facilitate remote, and the acquisition of cleaning and sanitizing supplies and janitorial services to maintain safe working conditions are ongoing;
- Personal protective equipment (PPE), such as respiratory masks, face shields, protective eyewear, gloves, protective clothing, diagnostic equipment, etc. Costs for these items are volatile given their limited availability amid soaring global demand; and
- Emergency Operations Center (EOC) and Department Operations Centers (DOC) activities to plan, coordinate, and execute emergency response activities.

As the nature of the EOC work and roadmap are refined, the Administration will provide a more comprehensive overview of costs anticipated through the remainder of this fiscal year. It is important to note costs will grow along with the continuation of the shelter-in-place order. In the interim, the recommended actions establish a \$14.4 million appropriation in the Emergency Reserve Fund to support initial COVID-19 response activities by transferring in \$10 million currently in the General Fund 2019-2020 Ending Fund Balance Reserve, recognizing \$3.9 million in State grant funding, and allocating \$500,000 from the Emergency Reserve Ending Fund Balance.

Staff anticipates that most activities undertaken will be reimbursed to some extent by the various state and federal disaster relief packages, which are summarized in the information memorandum anticipated for release prior to April 7, 2020. With the exception of the \$3.9 million grant from the State of California to offset homeless sheltering services, the exact amounts and timing are not yet known; and as a result, only the \$3.9 million in offsetting revenue is being recognized at this time. It is important to note that the \$10 million transferred from the General Fund into the Emergency Reserve Fund is expected to be replenished prior to June 30, 2020 from State and/or Federal grant and disaster relief funding so as to avoid additional budgetary impacts.

CONCLUSION

The Administration continues to lean forward in response to the COVID-19 pandemic, working quickly and strategically in accordance with the Emergency Operations Roadmap. The recommended actions allocate resources to the Emergency Reserve Fund – including \$3.9 million in State funding – ensures the emergency efforts continue without interruption.

EVALUATION AND FOLLOW-UP

The Administration will return to City Council as appropriate to execute or ratify contracts necessary and to provide additional funding as necessary to support emergency operations.

CLIMATE SMART SAN JOSÉ

The recommendation in this memo does not have any negative impact on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the April 7, 2020, Council agenda.

COORDINATION

This memorandum, related documents and resolutions were prepared in coordination with the Finance Department, the Housing Department, and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

This item does not require any input from an advisory board or commission.

BUDGET REFERENCE

The table below identifies the fund and appropriations recommended to be amended as part of this memorandum.

Fund #	Appn #	Appn. Name	Current Total Appn.	Rec. Budget Action	2019-2020 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
001	NEW	Transfer to the Emergency Reserve Fund	\$0	\$10,000,000	N/A	N/A
001	8579	2019-2020 Ending Fund Balance Reserve	\$10,000,000	(\$10,000,000)	N/A	2/11/2020, 30361

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406	R003	Transfers and Reimbursements	\$0	\$10,000,000	N/A	N/A
406	R100	Revenue from the State of California	\$0	\$3,919,821	N/A	N/A
406	8999	Ending Fund Balance	\$1,033,728	(\$500,000)	X - 31	10/22/2019 30325
406	NEW	COVID-19 Emergency Response	\$0	\$14,419,821	N/A	N/A

CEQA

Not a Project, File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a special project which may result in a potentially significant physical impact on the environment.

/s/

KIP HARKNESS

Director, Emergency Operations Center

/s/

JIM SHANNON

Budget Director

I hereby certify that there will be available for appropriation in the Emergency Reserve Fund in the Fiscal Year 2019-2020 moneys in excess of those heretofore appropriated wherefrom, said excess being at least \$3,919,821.

/s/

JIM SHANNON

Budget Director

For questions please contact Jim Shannon, Budget Director, at (408) 535-8142.