



**\*\*\*ADDITIONAL INFORMATION AND BACK-UP REPORT FOR ITEM 2\*\*\***  
**Coronavirus Relief Fund Proposed Strategic Plan**

The first draft of a strategic plan for the City of Phoenix's \$293 million Coronavirus Relief Fund (CRF) has been updated based on City Council discussion and input from Thursday, April 30, 2020. The City Manager requests further input and direction from the City Council on strategy, proposed resource allocation, and program development and implementation timing including:

- A. Employee Testing Program
- B. Utility and Rent Assistance
- C. Small Business Assistance

**Summary**

**Federal Guidance: Attachment A** provides the existing federal guidance, including a question and answer sheet that has a new response addressing public safety costs added as of Friday, May 1, 2020. In brief, the guidance has three components about using the CRF to cover costs that:

1. Are incurred due to the COVID-19 public health emergency;
2. Were not accounted for in the budget adopted before March 2020; and
3. Occur between March 1 and December 30, 2020

**City Guiding Principles:** The City Manager recommends the following guiding principles in defining Phoenix's strategy for deploying the funds:

1. Provide a transparent approach that can receive a clean audit by the federal Office of Inspector General.
2. Allocate to one-time uses that avoid ongoing obligations for the City.
3. Use existing processes where possible to expedite deployment and avoid duplicated administrative burden.
4. Preserve City services and the City employees who provide them to avoid worsening the impact of the recession on the community.
5. Fund programs that reduce the economic burden on residents and businesses from the COVID-19 downturn.

6. Identify opportunities for ongoing improvements that will benefit the community and the organization in a post-COVID-19 economy.

**City COVID-19 Strategic Plan, Version 2:** This revised version of the Strategic Plan (**Attachment B**) builds on the guiding principles. It also contains a Trial Allocation of funds for the City Council's review, discussion and feedback as follows:

**Community Investment** (\$75,000,000)

- Residential City utility and rent/mortgage assistance and business City utility bill assistance (\$22,000,000)
- Assistance for economic disruption effects on small businesses, airport small businesses, microenterprises and artists (\$10,000,000)
- Wi-fi for Phoenix public housing families with students (\$1,000,000)
- Mitigation for vulnerable populations, including the homeless population and domestic violence victims (\$10,000,000)
- Food delivery systems (\$5,000,000 allocation)
- Health and community testing (\$5,000,000 allocation)
- In the short amount of time, staff did not have the ability to further research other deserved and worthy options. An allocated amount of \$22 million remains for further Council discussion and direction on COVID-19 related community needs.

**City COVID-19 Expenses** (\$75,000,000)

- Employee testing (\$6,000,000)
- PPE purchases / COVID-19 cleaning costs (\$20,000,000)
- City employee COVID-19 leave costs (\$19,000,000)
- COVID-19 related medical and public safety costs (\$5,000,000)
- Telework expenses and E-gov retrofit (\$15,000,000)
- City facility and Public Transit retrofit (\$10,000,000)

**Reserve to Preserve Public Safety & Community Programs** (\$143,000,000)

- Hold for further guidance on use to prevent significant public safety and community program and employment cuts in City of Phoenix
- City Council can reallocate these funds at any time for specific Community or City COVID-19 Expense needs

**Timing for Implementation:** There are many other items on the Strategic Plan that

are not funded at this point, but need to be developed in the event funding is moved from the Reserve or from other suggested programs. An implementation suggestion is as follows:

Phase 1 immediate action (May):

- Track city operations costs for PPE, Cleaning, Employee COVID leave, Employee time dedicated to COVID enforcement, telework expenses to date
- Implement Employee testing programs
- Implement COVID-19 Homeless assistance program (non-CRF funds adopted April 21, 2020)
- Implement Phoenix Public Housing wi-fi plan to ensure on-line access for all public housing students
- Implement Public Transit fleet retrofit
- Fund remainder of initial Phoenix IDA/Arizona Community Foundation program

Phase 1 Program development:

- Develop Small Business, Airport small business, micro enterprise, and arts assistance programs
- Develop utility and rent assistance program
- Develop employee workspace retrofit program
- Develop COVID-19 City facility retrofit plan

Phase 2 implementation (June):

- Implement Small Business, Airport small business, micro enterprise, and arts assistance programs
- Implement utility and rent assistance
- Implement employee workspace retrofit program
- Implement City facility retrofit plan

Phase 2 development:

- Develop Food Assistance plan
- Work with health department on Community Testing and contact tracing
- Develop robust remote meeting capabilities and E-government service access plan, including 311, and video court options with Phoenix Municipal Court
- Evaluate 911 Telemedicine opportunities

- Evaluate Community and School wi-fi access

Phase 3 implementation (July and after)

Ongoing:

- Evaluate federal guidance for additional opportunities for programming
- Evaluate Reserve level to avoid budget shortfall and address community need
- Management and Equity oversight
- Financial oversight and review
- City expense tracking

**Other items to be determined:** At the April 30, 2020 meeting and after, Council members discussed or suggested the following COVID-19 related impacts for consideration that we will track for further input:

- Gating alleys and parks affected by displaced persons
- Refugee/asylum seeker assistance
- Showers for individuals living near Human Services Campus
- Assistance for city contractors' employees
- Ventilator donation
- Health care navigation service
- Resource center for displaced workers

**Responsible Department**

This item is submitted by City Manager Ed Zuercher and Deputy City Manager Jeff Barton.

## Attachment A

### Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments April 22, 2020

The purpose of this document is to provide guidance to recipients of the funding available under section 601(a) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). 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 (consisting of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands); and Tribal governments.

The CARES Act provides that payments from the Fund may only be used to cover costs that—

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.<sup>1</sup>

The guidance that follows sets forth the Department of the Treasury’s interpretation of these limitations on the permissible use of Fund payments.

#### ***Necessary expenditures incurred due to the public health emergency***

The requirement that expenditures be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. These may include expenditures incurred to allow the State, territorial, local, or Tribal government to respond directly to the emergency, such as by addressing medical or public health needs, as well as expenditures incurred to respond to second-order effects of the emergency, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.

Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments.

The statute also specifies that expenditures using Fund payments must be “necessary.” The Department of the Treasury understands this term broadly to mean that the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.

#### ***Costs not accounted for in the budget most recently approved as of March 27, 2020***

The CARES Act also requires that payments be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020. A cost meets this requirement if either (a) the cost cannot lawfully be funded using a line item, allotment, or allocation within that budget *or* (b) the cost

---

<sup>1</sup> See Section 601(d) of the Social Security Act, as added by section 5001 of the CARES Act.

is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.

The “most recently approved” budget refers to the enacted budget for the relevant fiscal period for the particular government, without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by that government in response to the COVID-19 public health emergency. A cost is not considered to have been accounted for in a budget merely because it could be met using a budgetary stabilization fund, rainy day fund, or similar reserve account.

***Costs incurred during the period that begins on March 1, 2020, and ends on December 30, 2020***

A cost is “incurred” when the responsible unit of government has expended funds to cover the cost.

***Nonexclusive examples of eligible expenditures***

Eligible expenditures include, but are not limited to, payment for:

1. Medical expenses such as:
  - COVID-19-related expenses of public hospitals, clinics, and similar facilities.
  - Expenses of establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs.
  - Costs of providing COVID-19 testing, including serological testing.
  - Emergency medical response expenses, including emergency medical transportation, related to COVID-19.
  - Expenses for establishing and operating public telemedicine capabilities for COVID-19-related treatment.
2. Public health expenses such as:
  - Expenses for communication and enforcement by State, territorial, local, and Tribal governments of public health orders related to COVID-19.
  - Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment, for medical personnel, police officers, social workers, child protection services, and child welfare officers, direct service providers for older adults and individuals with disabilities in community settings, and other public health or safety workers in connection with the COVID-19 public health emergency.
  - Expenses for disinfection of public areas and other facilities, *e.g.*, nursing homes, in response to the COVID-19 public health emergency.
  - Expenses for technical assistance to local authorities or other entities on mitigation of COVID-19-related threats to public health and safety.
  - Expenses for public safety measures undertaken in response to COVID-19.
  - Expenses for quarantining individuals.
3. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

4. Expenses of actions to facilitate compliance with COVID-19-related public health measures, such as:
  - Expenses for food delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions.
  - Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions.
  - Expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions.
  - Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.
  - COVID-19-related expenses of maintaining state prisons and county jails, including as relates to sanitation and improvement of social distancing measures, to enable compliance with COVID-19 public health precautions.
  - Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.
5. Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency, such as:
  - Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.
  - Expenditures related to a State, territorial, local, or Tribal government payroll support program.
  - Unemployment insurance costs related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.
6. Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund's eligibility criteria.

***Nonexclusive examples of ineligible expenditures<sup>2</sup>***

The following is a list of examples of costs that would *not* be eligible expenditures of payments from the Fund.

1. Expenses for the State share of Medicaid.<sup>3</sup>
2. Damages covered by insurance.
3. Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

---

<sup>2</sup> In addition, pursuant to section 5001(b) of the CARES Act, payments from the Fund may not be expended for an elective abortion or on research in which a human embryo is destroyed, discarded, or knowingly subjected to risk of injury or death. The prohibition on payment for abortions does not apply to an abortion if the pregnancy is the result of an act of rape or incest; or in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed. Furthermore, no government which receives payments from the Fund may discriminate against a health care entity on the basis that the entity does not provide, pay for, provide coverage of, or refer for abortions.

<sup>3</sup> See 42 C.F.R. § 433.51 and 45 C.F.R. § 75.306.

4. Expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds.
5. Reimbursement to donors for donated items or services.
6. Workforce bonuses other than hazard pay or overtime.
7. Severance pay.
8. Legal settlements.

**Coronavirus Relief Fund  
Frequently Asked Questions  
April 22, 2020**

***Do governments have to return unspent funds to Treasury?***

Yes. Section 601(f)(2) of the Social Security Act, as added by section 5001(a) of the CARES Act, provides for recoupment by the Inspector General of the Department of the Treasury of amounts received from the Coronavirus Relief Fund (the “Fund”) that have not been used in a manner consistent with section 601(d) of the Social Security Act. If a government has not used funds it has received to cover costs that were incurred by December 30, 2020, as required by the statute, those funds must be returned to the Department of the Treasury.

***May a State receiving a payment transfer funds to a local government?***

Yes, provided that the transfer qualifies as a necessary expenditure incurred due to the public health emergency and meets the other criteria of section 601(d) of the Social Security Act. Such funds would be subject to recoupment by the Treasury Inspector General if they have not been used in a manner consistent with section 601(d) of the Social Security Act.

***May governments retain assets purchased with these funds?***

Yes, if the purchase of the asset was consistent with the limitations on the eligible use of funds provided by section 601(d) of the Social Security Act.

***What records must be kept by governments receiving payment?***

A government should keep records sufficient to demonstrate that the amount of Fund payments to the government has been used in accordance with section 601(d) of the Social Security Act.

***Treasury’s Coronavirus Relief Fund guidance states that funding can be used to meet payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. How do I determine whether payroll expenses for a given employee satisfy the “substantially dedicated” condition?***

The Coronavirus Relief Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. For this reason, and as a matter of administrative convenience in light of the emergency nature of this program, a State, territorial, local, or Tribal government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.

## Attachment B



# City of Phoenix

## City of Phoenix Coronavirus Relief Fund Strategic Plan Proposal, Version 2 May 5, 2020

Suggested areas of funding and suggested amounts for discussion purposes:

- A. Community Investment - \$75,000,000
- B. City Expenses - \$75,000,000
- C. Reserve to Preserve City Services - \$143,000,000

### **Community Investment (\$75,000,000):**

#### **Business and Employee Assistance (\$10,000,000)**

- Small Business assistance (IDA, ACF) \$5,000,000 (approved 4/30)
- Airport small business assistance
- Microenterprise/arts assistance
- Job Training for displaced workers / retraining for COVID-19 response

#### **Utility & Rent/Mortgage Assistance (\$22,000,000)**

- Utility and rent/mortgage assistance for individuals affected by COVID-19 economic disruption (\$17,000,000)
- Utility assistance for businesses affected by COVID-19 economic disruption (\$5,000,000)

#### **Distance Learning and Wi-Fi Access (\$1,000,000)**

- Broader Wi-Fi access for students' on-line learning
  - o Public Housing Wi-Fi (\$1,000,000)
- Community access to on-line city services & remote meeting access

#### **Mitigation and Care for Vulnerable Populations (\$10,000,000)**

- City Homelessness and Affordable Housing Strategy (approved 4/21)
- Domestic violence impacts of COVID-19

#### **Food Delivery (\$5,000,000)**

- Seniors, Schools, Food banks

#### **Better Health Outcomes and Community Testing (\$5,000,000)**

- Ensure broad testing, especially in underserved communities
- Assist Maricopa County Public Health with contact tracing
- Acquire Public Health expertise to inform City decision-making

**Unallocated** - \$22,000,000 to be allocated within Community categories

**City Expenses (\$75,000,000):**

Employee Testing for COVID-19 (\$6,000,000)

PPE and Cleaning/Sanitizing Related to COVID-19 (\$20,000,000)

- PPE for employees and customers
- City facilities
- Public Transit
- Extra Street cleanups
- COVID-19 jail costs or central booking facility expenses

Medical and Public Safety Measures for COVID-19 (\$5,000,000)

- Emergency Medical Transport
- Police / Fire response and enforcement of COVID-19 orders or illness
- Parks & Recreation enforcement of park closures/restrictions

Payroll Expense Reimbursement/Management Oversight for COVID-19 (\$19,000,000)

- COVID-19 Leave for employees
- Police / Fire, Emergency Management
- Human Services, Parks & Recreation, etc.
- Management/accounting/Equity oversight

Telework / E-government Solutions for COVID-19 (\$15,000,000)

- Telework expenses
- Enhanced E-government capabilities (311 Center, video court, teleconferencing, virtual public meetings, etc.)
- 911 Telemedicine development

Public Facility Retrofit for COVID-19 (\$10,000,000)

- Employee workspace and Public facility retrofit (\$6,000,000)
- Public Transit retrofit (\$4,000,000)

**Reserve to Preserve City Services (\$143,000,000):**

To protect the City against program/employee cuts in 2020-21, hold for any change in Federal guidance on revenue replacement. Also available for added expenses from recurrence of COVID later in the year. Funds are available for re-assignment by the City Council to other COVID needs each month beginning in July.

Follow up issues raised by Councilmembers on April 30 and after:

- Gated alleys / parks affected by displaced persons
- Showers for individuals living near Human Services Campus
- Non-profits/Refugee/Asylum seeker assistance
- Assistance for city contractor employees – janitorial, airport, bus drivers, security, landscape, convention workers
- Ventilator donation
- Health care navigation service
- Resource center for displaced workers