

OFFICE OF CITY MANAGER

August 10, 2020

TO: Honorable Mayor Julie Moore Wolfe and City Council Members

FROM: Scot Wrighton, City Manager
Jon, Kindseth, Deputy City Manager

SUBJECT: Discussion over increased revenue from unanticipated grants

BACKGROUND: The FY 2020 budget is likely going to be one of the most distorted budgets the City has had for many years. As was previously discussed, there has already been and we anticipate a continued disappointing trend in revenue receipts through the rest of this fiscal year. The purpose of this memo is to highlight the positive side of our budget uncertainty with discussion of significant grant monies received to help soften the loss in revenue. I say soften because to date none of the multiple funding sources that we have been able to secure really can be used for general fund revenue replacement.

The City has been apportioned just short of \$10 Million dollars that was unanticipated when the FY2020 budget was adopted. The bulk of this apportioned money has come from the federal CARES Act. It is important to note that the CARES act grants are reimbursable apportioned amounts, meaning we can get up to this amount reimbursed, if we incur the expenses within the specific timeframes and parameters of each specific issuing agency of CARES Act monies. The City has received or reasonably believes we will receive the following grant amounts or apportionments. This list below also does not include pass through grants like CDBG, HOME, or IHDA monies where the City simply serves as a conduit (except overhead) to get this to low/mod income residents. The list below is money that can be used by the City for our expenditures.

CARES Covid-19 Money

Transit Capital & Operations	\$6,168,000
City Covid-19 Expenses (CURE)	\$3,140,263
Police Department	\$99,423
Fire Department	\$30,918

Other Unbudgeted Grant Money

Air Pack replacement across entire department	\$271,091
2020 Census Grant	\$101,500

Total Grant Monies available	\$9,811,195
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The City has been apportioned \$6,168,000 of CARES money through the Federal Transit Administration. This funding is for operating assistance and capital expenses. The operational assistance monies have been spent towards, safety equipment such as (PPE) Personal Protective Equipment and sanitizing the buses and transit facilities during the COVID-19 pandemic. This money can also be used to offset our loss in fare revenue as we stopped collecting fares since March. On the capital side of this same grant we have proposed replacing two trolleys as well as other facility rehabilitation and retrofitting buses with protective barriers. This grant also been used to provide temporary supplemental pay to transit employees for their service during this pandemic. This grant is limited to transit operations of the City and largely has no impact on the City's General Fund. We anticipate spending 20-40% of this grant on facility improvements or technology needs which will reduce our operating costs in future years.

The CURE money is the state apportioned amount of money for City of Decatur to reimburse for unbudgeted Covid-19 expenses. This money can be used by any department or function within the City. This money cannot be used for revenue replacement. The City has spent approximately \$150K of this money since March. We anticipate spending the rest of this money by the end of the calendar year, with approximately 50% of it going to technology improvements (hardware & software). The remaining 50% will be split between personnel costs, testing site expenses, and other PPE expenses to be used across city departments. We anticipate 10-30% of this grant money used will offset general fund expenditures in the current, or future year's, budgets.

The remaining two CARES grants for police and fire were approved for specific budgeted needs for these departments, but largely follow the same parameters as the CURE grant above. These two grants will be used for primarily for PPE and technology needs, though the police department grant has 30% to be used for payroll overtime expenses. We hope that 10-20% of these two grants can offset the current or next year's expenditures.

The Airpack grant will replace all of our air packs across the fire department, which have a life span of approximately 10 years. This reduces the replacement cost for the next 10 years, though doesn't have much impact on the budget, as this replacement was not yet budgeted for.

The 2020 Census grant has been used primarily for promotional advertisement and event giveaways for the census. We have advertised on virtually every type of medium, but more importantly we did so in a way that benefitted our local economy. We provided grant money directly to 8 nonprofits throughout Macon County, like United Way and Oasis. The City partnered with the foodbanks to provide assistance to multiple food drives, including the one this Saturday. We have partnered with the Library to improve their curbside pickup using Census grant. We anticipate 10-15% of this grant to offset budgeted payroll expenses from the year's general fund budget.

All of these grants make a significant source of unanticipated revenue to the City, though each one has distinctive set of time frames and rules of eligible expenses. Staff is

navigating each one of these independently and utilizing these on the basis of which one expires first as some like, the transit grant can be utilized through 2024. The goal of all of these grants is to spend the money as prudently as possible to maximize future potential savings or efficiencies, after of course the immediate needs are met. We believe collectively all of these grants, except the transit portion, will generate current year and future year expenditure reductions.

BUDGET/TIME IMPLICATIONS: We anticipate these grants to offset some of the increased expenditures and soften the significant loss in budgeted revenue.