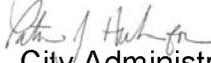


REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 17, 2020
To: The City Council
From: Richard H. Llewellyn, Jr.,  City Administrative Officer
Reference: C.F. 20-0147-S38
Subject: **COVID-19 Report Back on Short and Long Term Impacts on the City's Budget**

CAO File No. 0220-05744-0002
Council File No. 20-0147-S38
Council District: All

RECOMMENDATION

That the City Council receive and file this report.

SUMMARY

This report is in response to C.F. 20-0147-S38, which directed the City Administrative Officer to report on the COVID-19 pandemic's short and long term impacts on the City's Budget. On June 5, 2020, we provided a report in response the Motion and in this report we are providing an update on the City's costs incurred through June 30, 2020 and projected costs through December 31, 2020. Please note, the numbers provided reflect direct costs only, there are no indirect benefit costs included.

An update on the City's response and recovery efforts and associated costs is provided in Attachment 1, which shows reported (not verified) costs through June 30, 2020 of approximately \$277 million as well as a projection of costs through December 31, 2020 of \$1.2 billion for these efforts. This chart also provides an estimate of the amount that is projected to be reimbursed \$548 million based on the \$1.3 billion estimate. Please note, this amount includes estimated FEMA reimbursement for eligible activities although there is some State reimbursement funds for Senior Meals and Project Roomkey. In addition, there is \$166 million from State and Federal housing funds and County operating funds for the Homelessness Roadmap as detailed in our report of August 12, 2020 (CFs 20-0841, 20-0687 and 20-0941).

In our prior report, we had projected June 30 expenditures at approximately \$256 million and a Dec 31 projection of \$548 million. The most significant driver of the increase to the Dec 31 projection is the addition of \$540 million towards the Homelessness Road map as well as greater than projected direct salary and overtime expenditures, which includes the City's Disaster Service Worker efforts in support of various programs such as Testing, Contact Tracing, Project Roomkey and the Mass Shelter Expansion Program (MSEP). Our earlier report assumed the later of these efforts to ramp down, and some are such as MSEP but at a slower pace than previously assumed given the

ongoing nature of the pandemic. Additionally, Contact Tracing was just beginning to ramp up and will be ongoing through December.

One category of note is Project Roomkey as the estimate included in Attachment 1 assumes that these efforts will ramp down by the end of September. However, continuation of these efforts later into the calendar year is likely due to the time it takes for providers to make housing placements. The total amount could be in the range of \$81.2 million if the ramp down extends into December. Please note, this assumes that the ramp down timeline would be extended not that all current hotels and trailers would be operational until Dec 31.

As previously noted, FEMA has approved and obligated three projects for expedited funding as shown below. We are working to gather the required documentation to submit for reimbursement as quickly as possible. Please note, that the amount for the surge hospital will be less than the obligation amount as actual expenditures have been less than estimated as the facility has only been on standby and the estimate submitted to FEMA included assumed costs associated with actual operation of the facility. It is important to note, that even with the approval of the expedited funding program by FEMA, the entire process is reimbursement based and the City must provide documentation of expenditures to be reimbursed.

Project Name	Total Estimated Cost Submitted to FEMA	Expedited Funding Amount (50% of Estimated Cost)	Obligation Amount (75% of Expedited Funding Amount)	Obligation Date	Status
Great Plates COVID-19 Meal Delivery	4,116,941	2,058,470	1,543,852	7/8/2020	Reconciling actual costs
COVID-19 Testing Sites	79,715,167	39,857,583	29,893,187	7/20/2020	Reconciling actual costs
Surge Hospital at Los Angeles Convention Center	7,263,674	3,631,837	2,723,877	6/16/2020	Reconciling actual costs
Total	91,095,782	45,547,891	34,160,918		

In addition to providing updates on the City's response activities, we are also providing a chart (Attachment 2) that provides a summary of the actions Council has taken to date to allocate the Coronavirus Relief Funds (CRF) allocated to the City from the CARES Act. The total received is \$694 million and as of this report, Council has acted to allocate \$432 million towards key initiatives including rental assistance, homelessness and reimbursement towards the City's costs to respond to the emergency. As of today, the amount remaining to be allocated is approximately \$262 million.

We have also included a section noting the items pending before the Ad Hoc Committee at its August meeting. If all these are approved at the requested amounts, another \$106 million will be allocated, leaving a remaining amount of \$156 million available to fund ongoing response activities

or new recovery efforts.

FISCAL IMPACT STATEMENT

The City has spent and is projected to expend considerable resources to respond to and recover from the COVID-19 pandemic. As of June 30, 2020, expense are approximately \$277 million. By December 31, 2020, approximately \$1.3 billion could be expended based on projections.

Offsetting these costs, the City could receive an estimated \$548 million in FEMA reimbursements as well as State and County funds as noted in our report. We anticipate having up to \$34 million reimbursed by FEMA in the short term from the projects approved for expedited funding but the remaining FEMA amount could take 12 months or more to materialize due to the significant documentation efforts needed to support these reimbursements.

The overall General Fund impact is currently estimated at \$308 million by Dec 30, 2020, of which \$145 million in CRF funds have already been provided for the City's ongoing response efforts. This leaves an estimated General Fund impact of \$163 million or more depending on the timing of Project RoomKey ramp down efforts.

As of this report, \$75 million has been loaned from the Public Works Trust Fund to assist departments needing to cash flow their response efforts but it is anticipated that additional funds will be required to meet ongoing response and recovery efforts.

Attachments:
COVID-19 Expenditures and Projections
Summary of Coronavirus Relief Fund

RHL:PJH

COVID-19 Expenditures and Projections (as of August 2020)

	FY 19-20 Expenses (Through June 30)	CY 2020 (est.) (End dates vary and is cumulative)	Estimated FEMA Reimbursement (1)	CRF/Other City Funds	General Fund
Expanded City Services					
Senior Meals	\$11,805,659	\$37,263,771	\$19,271,503	--	\$17,992,268
Childcare for Hospital Workers/Summer Play LA	\$248,128	\$3,779,355	--	--	\$3,779,355
Small Business Microloan Program	\$5,487,100	\$11,000,000	--	\$1,000,000	\$10,000,000
Rental Assistance Program	--	100,000,000	--	\$100,000,000	--
Subtotal	\$17,540,887	\$152,043,126	\$19,271,503	\$101,000,000	\$31,771,623
Equipment and Supplies					
PPE for City Operations	\$15,499,245	\$37,968,086	\$28,476,065	--	\$9,492,022
Subtotal	\$15,499,245	\$37,968,086	\$28,476,065	\$0	\$9,492,022
Medical Relief Facility at LACC	\$1,034,087	\$2,275,489	\$1,706,617	--	\$568,872
COVID-19 Testing	\$77,680,515	\$283,606,789	\$251,553,521	--	\$32,053,268
Subtotal	\$78,714,602	\$285,882,278	\$253,260,138	\$0	\$32,622,140
Homeless Services					
Mass Shelter Expansion Program	\$17,068,602	\$24,221,470	--	--	\$24,221,470
Project Roomkey Hotels/Trailers	\$22,763,289	\$59,048,808	\$53,428,879	--	\$5,619,929
Health and Hygiene Services	\$1,314,684	\$4,484,052	\$3,363,039	--	\$1,121,013
Homelessness Roadmap (2)	--	\$540,157,654	\$165,567,900	\$374,589,754	--
Subtotal	\$41,146,575	\$627,911,984	\$222,359,818	\$374,589,754	\$30,962,412
Other Expenses					
Direct Salary Expenditures (Includes DSW)	\$66,095,183	\$121,685,580	--	--	\$121,685,580
Overtime Expenditures (Includes DSW)	\$17,243,072	\$31,746,591	\$23,809,943	--	\$7,936,648
COVID19 Admin Leave (Council Controlled)	\$29,224,417	\$51,142,730	--	--	\$51,142,730
COVID 19 Admin Leave (Proprietaries excluding DWP)	\$12,868,041	\$22,519,072	--	--	\$22,519,072
Increased Trash Pick Up	\$286,568	\$1,146,272	\$859,704	--	\$286,568
Subtotal	\$125,717,281	\$228,240,245	\$24,669,647	\$0	\$203,570,597
Total:	\$278,618,590	\$1,332,045,719	\$548,037,171	\$475,589,754	\$308,418,794
			Less CRF Allocation		\$145,000,000
					\$163,418,794

1. Includes reimbursement from State and County for Senior Meals, PRK and Homelessness and insurance for Testing

2. Represents FY 2020-21 total estimated cost. City Funds include CRF, HEAP/HHAP and ESG/CVOID funds

**Summary of
Coronavirus Relief Fund (CRF)
as of August 2020**

CRF Starting Amount	\$694,405,323
Approved Allocations	
Rental Assistance Program	\$100,000,000
Homeless Recovery Roadmap	\$187,100,000
PPE for Summer Play LA	\$567,510
Reimbursement of City Response Costs 19-20	\$145,000,000
Subtotal	\$432,667,510
CRF Remaining After Approved Allocations	\$261,737,813
Actions Pending Approval	
LA Regional Fund (small business/nonprofit grants)	\$20,000,000
Childcare Business Grant Program	\$10,000,000
RAP Alternative Learning Sites	\$10,296,887
Childcare Stipend	\$10,000,000
Right to Recover	\$50,000,000
Project Safe Haven (Domestic Violence Response)	\$5,500,000
Subtotal	\$105,796,887
CRF Remaining After Approved and Pending Allocations	\$155,940,926