



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: David Sykes

**SUBJECT: CORONAVIRUS RELIEF FUND
AND GENERAL FUND
ADJUSTMENTS**

DATE: May 27, 2020

RECOMMENDATION

1. Include the Coronavirus Relief Fund Statement of Source and Use of Funds into the 2020-2021 Proposed Operating Budget as recommended in this memorandum.
2. Approve the amendments to the 2020-2021 Proposed Operating Budget in the Coronavirus Relief Fund and General Fund as recommended in this memorandum.

BACKGROUND

The level of response necessary to respond to the COVID-19 public health crisis has been enormous. As an organization, the City has dramatically altered much of its day-to-day service delivery in days leading up to and after the County of Santa Clara's shelter-in-place order took effect on March 17, 2020. We have also leaned into the response in partnership with other jurisdictions, the non-profit community, and the private sector, working to protect and support those most vulnerable. These efforts have coincided with sudden changes to the economy that required the City to address estimated General Fund shortfalls of \$45 million in 2019-2020 and another \$71.6 million in 2020-2021 – projections that could certainly become worse as revenue impacts from the pandemic continue to unfold.

Fortunately, the State and federal government have taken important steps to provide local jurisdictions with an initial tranche of funding to help respond to the crisis, providing critical resources that pay for City costs to help address the pandemic's impact. The largest of these is the Coronavirus Relief Fund (CRF), an allocation of \$178.3 million to the City of San José authorized by the federal CARES Act passed and signed into law on March 27, 2020. The City Council approved an ordinance establishing a special City CRF fund to account for the expenditure of the \$178.3 million of CRF funds at its meeting on May 12, 2020, appropriating \$45 million of the \$178.3 million for initial response efforts and allocating the remaining \$133.3 million to a reserve for future use. The guidance provided by the U.S. Treasury Department on the use of CRF funds is generally broad to ensure that jurisdictions have as many tools as possible to address the public health crisis. Allowable uses include new direct spending on supplies and services related to the response, as well as the reimbursement for previously

budgeted costs that have been diverted to response efforts. Once eligible costs are reimbursed by the CRF, the resulting proceeds are returned to the originating funds – including the General Fund – and become available for use in 2020-2021.

The purpose of this memorandum is to: 1) incorporate the City’s Coronavirus Relief Fund into the 2020-2021 Proposed Operating Budget and estimate the cost of the City’s response efforts through December 30, 2020; 2) recognize the reimbursement of General Fund response costs to the COVID-19 pandemic during the current fiscal year (2019-2020); and 3) allocate the reimbursed costs to restore cuts recommended in the City Manager’s 2020-2021 Proposed Operating Budget or otherwise address critical needs for the City, including the establishment of reserve funding for future use in 2020-2021.

ANALYSIS

Coronavirus Relief Fund and Estimated Response Costs

Over the past few weeks, the Administration has worked to estimate the cost of the City’s response with the intent to leverage the variety of external federal and State funding sources eligible to reimburse the City for costs incurred related to the COVID-19 pandemic. Though future costs will continue to shift as the nature of the response changes and as new information becomes available, estimates are provided below on the broad categories of response through June 30, 2021. Even though the response will evolve, the Administration’s focus will remain on those most vulnerable and those disproportionately impacted.

Response Effort	Coronavirus Relief Fund	Other Funding Sources (FEMA, Housing, etc.)	Total Estimated Cost
Communications & Translation Services	\$500,000		\$500,000
Consulting and Planning Support	2,000,000		2,000,000
COVID-19 Personal Services	50,000,000		50,000,000
Digital Inclusion	5,000,000		5,000,000
Facilities Improvements	5,000,000		5,000,000
FEMA Local Match	7,000,000		7,000,000
Food and Necessities	50,000,000	10,040,000	60,040,000
Homeless Sheltering and Support	45,000,000	35,910,000	80,910,000
Local Assistance	10,000,000		10,000,000
PPE & Janitorial Services	1,500,000	11,550,000	13,050,000
Remote Work Facilitation	1,000,000		1,000,000
Testing, Tracing and Isolation	-	16,000,000	16,000,000
Reserve	1,295,248		1,295,248
Total	\$178,295,248	\$ 73,500,000	\$ 251,795,248

A brief description of each response effort is listed below.

- ***Communications and Translation Services.*** Costs to communicate the status of the COVID-19 response to the community, including translating materials into multiple languages.
- ***Consulting and Planning Support.*** Costs related to acquiring outside expert consultants to help develop and implement the emergency response, as well as to assist with documentation and cost recovery efforts.
- ***COVID-19 Personal Services.*** Cost of City staff to support the response efforts. As described in more detail below, staff support costs for response and recovery will continue through 2020-2021. However, for the purposes of ensuring that sufficient resources are available to pay for other direct costs related to the pandemic, an amount of \$50 million is assumed for COVID-19 personal services costs.
- ***Digital Inclusion.*** Costs to broaden access to the internet and online learning resources in order to facilitate distance learning for the City's disadvantaged and low-income students.
- ***Facilities Improvements.*** Costs to construct and install physical improvements to City facilities to align with social distancing requirements required by the continued presence of the coronavirus to comply with public health precautions, even as shelter-in-place orders are lifted.
- ***FEMA Local Match.*** Resources to provide a local match for FEMA reimbursements, including PPE, food distribution and EOC/DOC Management..
- ***Food and Necessities.*** Costs to provide food and basic necessities to those who are either medically vulnerable and deemed as an at-risk population to contract COVID-19 in order to facilitate compliance with the shelter-in-place orders, or as economic support to those have been economically impacted as a result of business closures required by the shelter-in-place orders issued to mitigate the spread of COVID-19. This estimate has been lowered in recent weeks due to revised estimates on the level of current and future participation in the food and necessities program funded by the City.
- ***Homeless Sheltering and Support.*** Costs for the sheltering and support services for homeless residents, including temporary shelters in converted City facilities, and site preparing, purchase, installation and support of bridge housing sites to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.
- ***Local Assistance.*** Costs to help residents, businesses, and non-profit community respond to and recover from the economic impacts of the shelter-in-place orders issued to mitigate the spread of COVID-19. Information about the structure of the local economic support assistance program is forthcoming and expected to include a number of grant programs targeted to various community, cultural, and local business groups. In addition, the Administration will investigate the feasibility of supporting the San José "Al Fresco" initiative from this allocation.
- ***PPE & Janitorial Service.*** Cost to acquire personal protective equipment (PPE) for City employees as necessary, and provide enhanced cleaning and sanitation services of City facilities in response to the COVID-19 emergency.
- ***Remote Work Facilitation.*** Costs to facilitate City staff to work from home to the extent possible to preserve continuity of operations, including the purchase of laptops, tablets,

and software licensing for City employees' use in order to comply with the public health precautions.

- **Testing, Tracing, and Isolation.** Costs to monitor the status of the disease as the shelter-in-place orders are lifted. Though the Bay Area has been successful in flattening the curve, the virus is still circulating within the community; proactive testing, tracing, and isolation of infected or exposed residents will be critical to preventing another wide-scale outbreak and the re-imposition of strict shelter-in-place orders. While County Public Health leads this effort, the City anticipates involvement in the "Isolation" phase of this program. In addition, portions of the City have been disproportionately impacted and the Administration is projecting to redirect services to the areas most impacted.
- **Reserve.** Funding placed in a reserve for use as needed due to the shifting nature of the response.

While the City will work to maximize reimbursements from all available sources, including State grants and allocations, federal affordable housing funds, and FEMA reimbursement, the Coronavirus Relief Fund as authorized by the CARES Act is the City's largest and most flexible funding source to help pay for response efforts. As a result, over half of estimated costs are allocated to the Coronavirus Relief Fund (CRF).

The CARES Act provides that payments from the CRF 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); and 3) were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020. The U. S Department of the Treasury ("Treasury") subsequently issued guidance on April 22, 2020 and Frequently Asked Questions (FAQs) on May 4, 2020 that further clarified eligible uses.

Eligible expenditures are generally categorized as follows: medical, public health, payroll expenses for public safety, public health, health care human services and similar employees who are substantially dedicated to mitigating and responding to the COVID-19 public health emergency, actions to facilitate compliance with COVID-19 public health measures, provision of economic support in connection with the COVID-19 public health emergency, and a general category of COVID-19 related expenses reasonably necessary to the functioning of government that meet the eligibility requirements.

The allocation of costs in the table above are in compliance with CRF eligibility based on the information received to date from the U.S. Treasury regarding permitted use of the funds. The CRF source and use statement shown below estimates how eligible costs will be incurred in 2019-2020 and 2020-2021. On May 12, 2020, the City Council appropriated an initial \$45 million from the CRF to provide sufficient capacity to pay for the initial response and to execute a number of contracts related to food and necessities distribution and sheltering services. The Administration will bring forward appropriation actions for the City Council's consideration on June 23, 2020 to reallocate this \$45 million, plus an additional \$34 million, into the various expenditure appropriations as shown below in the Source and Use Statement. It is important to note that these estimates may shift somewhat between the data of this memorandum's publication and June 23rd to reflect any updated information and cost estimates.

Coronavirus Relief Fund (401)

STATEMENT OF SOURCE AND USE OF FUNDS

	2018-2019	2019-2020	2019-2020	2019-2020	2020-2021
	Actuals	Adopted	Modified	Estimate	Proposed
SOURCE OF FUNDS					
Beginning Fund Balance					
COVID-19 Emergency Response Reserve	-	-	-	-	99,045,248
Unrestricted	-	-	-	-	-
Total Beginning Fund Balance	0	0	0	0	99,045,248
Revenue from Federal Government					
CARES Act - Coronavirus Relief Funding	-	-	178,295,248	178,295,248	-
Total Revenue from Federal Government	-	-	178,295,248	178,295,248	-
TOTAL SOURCE OF FUNDS	0	0	178,295,248	178,295,248	99,045,248
USE OF FUNDS					
Expenditures					
Communications and Translation Services	-	-	-	250,000	250,000
Consulting and Planning Support	-	-	-	1,000,000	1,000,000
COVID-19 Personal Services	-	-	-	50,000,000	-
COVID-19 Emergency Response	-	-	45,000,000	-	-
Digital Inclusion	-	-	-	1,000,000	4,000,000
Facilities Improvements	-	-	-	1,500,000	3,500,000
FEMA Local Match	-	-	-	1,000,000	6,000,000
Food and Necessities	-	-	-	15,000,000	35,000,000
Homeless Sheltering and Support	-	-	-	5,000,000	40,000,000
Local Assistance	-	-	-	2,000,000	8,000,000
PPE & Janitorial Services	-	-	-	1,500,000	-
Remote Work Facilitation	-	-	-	1,000,000	-
Testing, Tracing and Isolation	-	-	-	-	-
Total Expenditures	0	0	45,000,000	79,250,000	97,750,000
Ending Fund Balance					
COVID-19 Emergency Response Reserve	-	-	133,295,248	99,045,248	1,295,248
Unrestricted	-	-	-	-	-
Total Ending Fund Balance	0	0	133,295,248	99,045,248	1,295,248
TOTAL USE OF FUNDS	0	0	178,295,248	178,295,248	99,045,248

Estimated Reimbursement of COVID-19 Personal Services Costs

[The FAQs released on May 4, 2020](#) provide specific direction for how local governments should consider payroll expenses for public safety personnel and their role in responding to the public health crisis, and how to treat previously budgeted costs redeployed for a substantially different use due to emergent needs of the COVID-19 pandemic. These two FAQs are reproduced below for ease of reference.

The Guidance says 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 does a government determine whether payroll expenses for a given employee satisfy the “substantially dedicated” condition?

The 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.

The Guidance says that a cost was not accounted for in the most recently approved budget if the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation. What would qualify as a “substantially different use” for purposes of the Fund eligibility?

Costs incurred for a “substantially different use” include, but are not necessarily limited to, costs of personnel and services that were budgeted for in the most recently approved budget but which, due entirely to the COVID-19 public health emergency, have been diverted to substantially different functions. This would include, for example, the costs of redeploying corrections facility staff to enable compliance with COVID-19 public health precautions through work such as enhanced sanitation or enforcing social distancing measures; the costs of redeploying police to support management and enforcement of stay-at-home orders; or the costs of diverting educational support staff or faculty to develop online learning capabilities, such as through providing information technology support that is not part of the staff or faculty’s ordinary responsibilities.

The City has incurred eligible costs that meet both criteria. The City’s Fire and Police Departments have been on the front lines during this public health emergency, responding to medical calls for service, implementing increased levels of proactive community policing to create a visible community presence, collaborating with other departments and the community to facilitate adherence to shelter-in-place orders, and altering many of their day-to-day functions to accommodate the pandemic’s impacts.

While the public health emergency has substantially impacted Police Department operations, Field Patrol is the primary unit associated with monitoring compliance to the County’s public health orders, and has modified their response to calls for service to address the risks posed by

COVID-19, including the use of PPE for each service call. From the end of March through May, Police Department personal services costs total \$39.7 million for Field Patrol operations.

Similarly, for the Fire Department, emergency medical service calls are essential to responding to COVID-19 impacts and all medical calls must be treated as if they are a COVID-19 case. Estimated Fire Department personal services expenses for emergency medical calls for service total \$28.0 million from the beginning of March through mid-May. Going forward, Fire and Police services will continue to be critical, both as the region adapts to the evolving shelter-in-place orders and if COVID-19 cases spike later in the year, requiring the renewal of restrictive social distancing orders.

Non-public safety staff have also been redeployed to the COVID-19 response effort, including staffing the Emergency Operations Center and Department Operations Centers, providing food and necessities to the community, sheltering vulnerable homeless residents, providing childcare services for first responders, and screening City employees who are required to report to work for symptoms of COVID-19. Through May, the expenses for these non-public safety staff total \$11.6 million. Projections of non-public safety staff costs from March 1, 2020 through December 30, 2020 are estimated to total \$36.1 million.

The City has incurred, and will continue to incur, significant costs related to the COVID-19 pandemic that were not contemplated or specifically budgeted for prior to March 27, 2020. Applying the methodology provided by Treasury, reimbursing the General Fund for all eligible staff costs allocated to the response through December 30, 2020 would surpass the \$178.3 million in the CRF. For purposes of administrative convenience and to ensure that sufficient funding remains in the CRF to continue other response efforts through December 30, 2020, recommendations are included in this memorandum that assume reimbursement of labor costs incurred in the General Fund in 2019-2020 in the amount of \$50 million.

Appropriation adjustment actions to reimburse the General Fund for these costs in 2019-2020 will be recommended to the City Council on June 23, 2020. This will have the effect of increasing the General Fund Ending Fund Balance Reserve in 2019-2020 by \$50 million, which will carry forward into 2020-2021 as Beginning Fund Balance. The recommended allocation of the additional \$50 million Beginning Fund Balance is described below.

Recommended Adjustments to the 2020-2021 Proposed Operating Budget

As the additional \$50 million of Beginning Fund Balance is one-time, the Administration has focused its recommendation on the allocation of this funding on restoring one-time expenses of high importance to serving the needs of the community (especially services supporting communities of concern) and that meet the following criteria:

1. Items reduced or eliminated in the 2020-2021 Proposed Budget to generate cost savings;
2. Items previously funded on a one-time basis in the 2019-2020 Adopted Budget, but not recommended in the 2020-2021 Proposed Budget due to the lack of available funding;
3. Items that address the City's deferred infrastructure/maintenance backlog;
4. Items that preserve the functioning of the City's core service delivery; and/or

5. Align with the direction provided in the Mayor’s March Budget Message for Fiscal Year 2020-2021, as approved by the City Council.

The technical budget adjustment actions are listed and summarized below.

POLICE DEPARTMENT

1. 2020-2021 Sworn Hire Ahead Program \$6,750,000

This action partially restores one-time overtime funding of \$6.75 million to fund the Sworn Hire Ahead Program in 2020-2021, which was eliminated in the 2020-2021 Proposed Operating Budget. In 2019-2020, \$7.0 million was allocated for the program to fill vacant positions with street-ready officers within an average of 90 days. The dedicated funding was used to overstaff the Department above authorized sworn staffing levels to get a head start on training recruits so they are street-ready when sworn vacancies occur. It takes approximately 12-14 months for a recruit to complete the academy and field training necessary to be considered street-ready. As part of the 2019-2020 Adopted Budget, \$7.2 million was set aside in a reserve to continue this program in 2020-2021. However, due to the revised General Fund shortfall as a result of the COVID-19 pandemic, these funds were recommended for elimination as part of the General Fund budget balancing strategy. The most recent analysis conducted by the Police Department anticipates vacancy levels that would require approximately \$6.75 million to continue the Hire Ahead program for 2020-2021.

2. 2021-2022 Sworn Hire Ahead Program Reserve \$7,000,000

This action sets aside \$7.0 million to continue the Sworn Hire Ahead Program for 2021-2022 to enable the Department to overstaff above authorized sworn staffing levels to get a head start on training recruits and fill vacancies as they occur.

3. Patrol Car Mobile Data Computer Replacements \$4,263,000

This action allocates one-time non-personal/equipment funding of \$4.3 million to replace the Mobile Data Computers (MDC) in patrol cars. The mobile data computing equipment is an essential part of the Police Department’s secure mobile computer network and was last installed in 2015-2016 and are expected to last up to five years. This action is funded at a much lower level in the 2020-2021 Proposed Operating Budget (\$197,000), and is an expense that the City will need to incur in the near future. Modernizing MDCs is a critical component of Police services and will improve computing efficiency and communications, enabling the Department to more efficiently support the residents of San José.

4. Foot Patrol in High Need Areas Neighborhoods and Downtown \$1,000,000

This action allocates one-time overtime funding in the Police Department for foot patrol in high needs areas within the City. In the 2019-2020 Adopted Budget, a total of \$1.35

million was allocated for additional foot patrol activity in High Need Neighborhoods (\$750,000) and the Downtown (\$600,000). Currently the 2020-2021 Proposed Operating Budget does not continue these services into 2020-2021. By approving this action, \$1.0 million will be available in 2020-2021 for High Need Neighborhoods (\$750,000) and the Downtown (\$250,000).

5. Police Redistricting – Improving Deployment Efficiency \$350,000

This action adds one-time non-personal/equipment funding of \$350,000, as included in Tier 3 of the Mayor’s March Budget Message for 2020-2021, as approved by the City Council, for contractual services to complete a comprehensive analysis and realignment of the Police Department's boundaries - by division, district, and beat – to optimize the distribution of police resources, accounting for demographic changes and projected growth, economic development, and community needs. In-depth analyses of calls for service, reported offenses, response times, radio frequency saturation, geographic impedances, census data, economic development, and the Envision San Jose 2040 General Plan Four-Year Review Cycle #2 will inform the boundary realignments. This effort will also prompt Computer-Aided Dispatch (CAD) system configuration changes, updated GIS mapping to ensure the accuracy of redrawn 9-1-1 CAD maps, and the coordination and testing of modifications to the Records Management System, Business Intelligence, analytics suite, and departmental performance reports.

FIRE DEPARTMENT

6. Fire SAFER Grant Reserve \$1,237,000

This action establishes the Fire Staffing for Adequate Fire and Emergency Response (SAFER) Grant Reserve in the General Fund, in the amount of \$1,237,000, to provide funding for the City's match for the first two years (2021-2022 and 2022-2023) of the 2020 SAFER Grant from the Federal Emergency Management Agency (FEMA) to better position the City’s application in early 2021. If awarded, the SAFER Grant would provide \$4.8 million in total funding from 2021-2022 to 2023-2024, with corresponding required City match funding of \$3.2 million, to enable the Fire Department to add 14 new Firefighter positions. Matching requirements increase from 25% in 2021-2022 (\$485,000) and 2022-2023 (\$748,500) to 65% in 2023-2024 (\$2.0 million). The SAFER Grant helps improve Fire Department staffing levels by increasing or maintaining the complement of front-line firefighters. With the addition of several new fire stations in the coming years, including Fire Station 37 in January 2022, additional line personnel and recruits are needed to support the station expansions.

7. Fire Information Technology Master Plan \$300,000

This action adds one-time non-personal/equipment funding of \$300,000 for consultant services to develop a Fire Information Technology (IT) Master Plan. The proposed IT Master Plan will establish five-year technology vision and strategic goals; assess the current and future network architecture, hardware, and software to identify and prioritize

IT investment needs; design a phase-out plan for legacy systems and a rollover plan for new platforms; establish IT governance matrix to identify roles and responsibilities in supporting Department IT architecture, hardware, and software; assess adequacy of IT staffing levels and provide a forecast of future needs; and forecast costs for implementation of the five-year IT strategic goals.

LIBRARY DEPARTMENT

8. Delay Library Branch Four Hour Reduction by One Year \$500,000

This action delays by one year the reduction of branch operating hours by four per week. The City anticipates a phased re-opening of libraries as shelter-in-place orders are methodically relaxed. The re-openings will need to accommodate the reality that social distancing requirements and guidelines will be in place for a number of months, changing the Library Department's staffing and operations model. The 2020-2021 Proposed Operating Budget assumes savings of \$1.5 million (\$1.1 million in the General Fund) through the elimination of 27.8 vacant positions and a reduction of operations by four hours per week. As a recommended alternative, this action reduces 2020-2021 General Fund costs by approximately \$600,000 (instead of \$1.1 million), reflecting that a number of positions will be held vacant and operating costs will be lower due to the modified operations. The ongoing service reduction and position elimination of 27.8 vacant positions will remain in effect for 2021-2022. This action, in effect, buys time for the Library Department to identify other potential ongoing cost savings measures through an alternative service delivery model that may be able to preserve the current number of operating hours while reducing the total ongoing cost.

TRANSPORTATION DEPARTMENT

9. Beautify San José Landscape Maintenance Program \$500,000

This action increases one-time non-personal/equipment funding in the Transportation Department for the Beautify SJ Landscape Maintenance Program from \$500,000 to \$1.0 million. Previously funded at a level of \$1.4 million in the 2019-2020 Adopted Budget (including contributions from the General Purpose Parking Fund and the Construction Excise Tax Fund), this action helps restore program funding closer to 2019-2020 levels for the bi-monthly cleaning, weed abatement, some tree maintenance, and other basic streetscape improvement activities at key gateway locations throughout the City.

ENVIRONMENTAL SERVICES DEPARTMENT

10. Clean Creeks Non-Profit Organizations \$100,000

This action adds one-time non-personal/equipment funding of \$100,000 in the Environmental Services Department to support two external non-profit organizations: Keep Coyote Creek Beautiful and South Bay Clean Creeks Coalition. This funding will

support these two organizations in efforts to protect San Jose waterways and reduce solid waste dumping in these areas.

GENERAL FUND CAPITAL AND RESERVES

11. 2020-2021 Continuity of Operations Reserve \$25,000,000

This action sets aside \$25.0 million of General Fund resources to support the continued operation of basic City services and emergency response activities through 2020-2021 should conditions differ from current expectations. The evolving nature of the COVID-19 pandemic corresponds with a significant level of uncertainty regarding the City's response, and the public health and economic impacts of the disease. This action reserves capacity to continue to provide basic City services and/or increase emergency response efforts should the disease surge later in 2020-2021. This action also provides resources to continue services should conditions differ or if the economic recovery from the shelter-in-place orders is slower than anticipated. The strategic use of reserves to partially mitigate service impacts will be necessary for the next several years as the shortfall previously projected for 2021-2022 prior to the arrival of COVID-19 is certain to grow.

12. Unmet Deferred Infrastructure/Maintenance Needs \$2,000,000

- Unanticipated/Emergency Maintenance (\$500,000). This action restores one-time funding for Unanticipated/Emergency Maintenance projects back to \$1,250,000. These funds are used to implement projects that correct safety problems or address other urgent and unanticipated maintenance needs. The 2020-2021 Proposed Operating Budget still retains the ongoing reduction to this program of \$500,000 in 2021-2022.
- Animal Care Center and Services Center – Various Improvements (\$450,000). This action adds one-time funding for the procurement and installation of new mechanical system controls for the HVAC units at the site, along with repair work to the interior flooring and plumbing system. Due to the year-round and heavy usage of the facility, these building systems have deteriorated and require replacement to continue supporting the essential services provided at the site.
- Hammer Theatre Center Improvements (\$350,000). This action adds one-time funding to support high-priority mechanical and electrical improvement work needed due to the age and reliability of the systems.
- EV Charging Stations for Police Hybrid-Electric Vehicles (\$210,000). This action establishes one-time funding for the procurement and installation of additional electric vehicle charging stations for the new Police Department hybrid vehicles at the Police Administration Building. These electric vehicle charging stations will support the new hybrid police vehicles that were approved for purchase earlier this fiscal year and supports the overall city-wide green fleet program.

- South Yard Fence Replacement (\$200,000). This action adds one-time funding for the replacement of the perimeter fencing at the South Corporation Yard. The current fence has been susceptible to frequent breaches creating a security concern for the South Corporation Yard and Fire Station #18. This work may also assist in further separating the debris traveling between the corporation yard and the adjacent mobile home park.
- Remote Sensing Equipment for Generators (\$150,000). This action adds one-time funding for the procurement and installation of remote sensor equipment to the emergency back-up generators supporting critical radio equipment which relays emergency response calls throughout the City. This sensor equipment will provide real-time status and diagnostics for the generators connected to the radio equipment that are located in remote areas. This equipment will help enhance the reliability of the radio equipment during public safety power shutoff and other unplanned power outages.
- General Fund Fleet Replacement (\$140,000). This action partially restores one-time funding for the Transfer to the Vehicle Maintenance and Operations Fund from the General Fund for the scheduled replacement of the City's non-public safety, general fleet vehicles. The allocation for the City's vehicle fleet will increase from \$1.25 million to \$1.39 million. In 2021-2022, this allocation will be reduced back to \$1.25 million.

13. Essential Services Reserve

\$1,000,000

This action increases the Essential Services Reserve recommended in the 2020-2021 Proposed Operating Budget by \$1.0 million, from \$1.0 million to \$2.0 million, to be used to support services that are of essential importance to our residents. Services deemed essential by the City Council will be funded with the use of these one-time funds.

COORDINATION

This memorandum was coordinated with the City Attorney's Office.

CONCLUSION

This Manager's Budget Addendum reflects the Administration's continued commitment to bringing forward new or updated information as it become available during this challenging budget environment, with a continued focus on those with the greatest service need, mindful of the need to sustain core City services, and helping to ensure continued fiscal resilience in the months and years ahead.

A handwritten signature in black ink, appearing to read "D. Sykes".

DAVID SYKES
City Manager