

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Laura Qualey, Economic Development

SUBJECT: 2020 CARES Act Fund Budget for the City of Cannon Falls

DATE: September 1, 2020

BACKGROUND:

The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, is a \$2.2 trillion economic stimulus bill passed by the 116th U.S. Congress and signed into law by President Donald Trump in March 2020 in response to the economic fallout of the COVID-19 pandemic in the United States.

Through the Coronavirus Relief Fund, the CARES Act provides for payments to State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak and the City of Cannon Falls has been allocated \$310,327 of these funds.

To qualify, expenses must satisfy three distinct elements:

(1) Necessary expenditures incurred due to the public health emergency with respect to COVID-19. An expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Coronavirus Relief Fund payments. Expenditures must be used for actions taken to respond to the public health emergency, including expenditures incurred to respond directly to the emergency, as well as expenditures incurred to respond to second order effects, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.

(2) Costs not accounted for in the city's budget most recently approved as of March 27, 2020.

(3) Performance or delivery must occur during the covered period, and payment of funds must be made during that time. For cities, the covered period is March 1, 2020, to Nov. 15, 2020. There are two limited exceptions. Payroll expenses incurred through Nov. 15 and paid on the next regularly scheduled payroll are allowed. Additionally, items or services ordered with expected delivery by Nov. 15, which are delayed due to supply chain disruption, are allowed.

The categories include expenses for:

- Medical expenses (public hospitals, clinics, testing).
- Public health (personal protective equipment, enforcement of public health orders).

- Payroll (public health and public safety workers, employees repurposed for COVID-19 response).
- Unemployment Insurance costs for reimbursable employers.
- Public health measures (food delivery to vulnerable, required paid leave for employees, telework capabilities).
- Economic support (provision of grants to small businesses to reimburse the costs of business interruption caused by required closures).
- Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the fund's eligibility criteria.

Common themes we observed about how cities plan to use the funds include:

- Payroll (public safety, administration devoted to pandemic management, administrative leave, unemployment) ([U.S. Treasury Guidance, page 1](#))
- Building and sanitation expenses (HVAC sanitation system, hand sanitizer, sprayers for sanitizing at parks, hands-free door pulls)
- Elections (pens for each voter, plexiglass dividers, additional sanitation employee)
- Business subsidies (EDA, county partnerships) ([U.S. Treasury Guidance, page 5](#))
- Telework technology (laptops, tablets, web cameras)
- City attorney costs (unbudgeted for COVID-19-related advice)
- Meeting room technology (AV system)

The Finance Committee convened on August 12, 2020 to discuss potential uses of the funds and with the assistance of the Department Heads and staff, research dictated potential needs and quotes were received to determine a budget that will satisfy the requirements of the uses of the CARES Act Funds.

An overview breakdown of the funds are outlined below. The detailed budget is attached as Exhibit A.

Public Health	\$ 3,400.00
Payroll Expenses	\$ 25,832.00
Compliance w/ Public Health	\$223,995.00
Economic Support	\$ 57,000.00
<u>Other</u>	<u>\$ 100.00</u>
Total	\$310,327.00

REQUESTED COUNCIL ACTION:

Motion to approve the budget for the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act for the City of Cannon Falls for eligible identified expenditures to comply with public health compliance, economic relief and Coronavirus related payroll.



PROGRAM DESCRIPTION	ALLOCATED FUNDS	ACTUAL SPENT	%
Medical Expenses			0%
TOTAL MEDICAL EXPENSES	\$ -	\$ -	
Public Health Expenses			
Custom Masks	\$ 300.00		
Touchless Hand Sanitizer Stands & sanitizer	\$ 600.00	\$ 588.10	
PPE, hand sanitizer, gloves, masks, shields	\$ 2,500.00	\$ 2,399.04	
TOTAL PUBLIC HEALTH EXPENSES	\$ 3,400.00	\$ 2,987.14	
Payroll Expenses			
CEDA Contract May CARES	\$ 1,876.45	\$ 1,876.45	
CEDA Contract August CARES	\$ 4,925.00		
CEDA Contract September CARES	\$ 4,925.00		
CEDA Contract October CARES	\$ 4,925.00		

Exhibit A

CEDA Contract November CARES	\$	4,925.00	
COVID sick leave	\$	4,255.55	
TOTAL PAYROLL EXPENSES	\$	25,832.00	\$ 1,876.45
Compliance w/ Public Health Measures			
ZOOM subscription for City Hall & library	\$	350.00	\$ 340.84
Council Chambers Tech upgrade	\$	27,910.00	
Conference Room Tech Upgrade	\$	5,970.00	
Hand-held radios CFPD	\$	58,050.00	
Car Radios CFPD	\$	24,215.00	
City Hall phone system upgrade	\$	20,000.00	
Updated Server for remote access	\$	8,995.00	
Laptops for council and city staff	\$	27,000.00	
Server hardware	\$	3,727.00	
Exchange software	\$	6,138.00	
Server Installation services	\$	1,600.00	
Training	\$	3,200.00	\$ 3,109.10
Facility modification (glass installation)	\$	2,000.00	\$ 1,642.00
Upgrade Software for Water Treatment Plan	\$	34,840.00	
TOTAL COMPLIANCE W/PUBLIC HEALTH	\$	223,995.00	\$ 5,091.94
Economic Support			
Cannon Valley Senior Center	\$	2,000.00	\$ 2,000.00
ISD #252	\$	30,000.00	
Small Business Grant	\$	25,000.00	
TOTAL ECONOMIC SUPPORT	\$	57,000.00	\$ 2,000.00

Exhibit A

Other		
Mileage	\$ 100.00	\$ 33.93
TOTAL OTHER	\$ 100.00	\$ 33.93
	\$ 310,327.00	\$ 11,989.46
Funds remaining	\$ -	\$ 289,337.54
TOTAL CARES FUNDS ALLOCATED TO CANNON FALLS	\$ 310,327.00	\$ 301,327.00