



City Council

Approval to Appropriate \$1,000,000 of Economic Development Reserves to Support Community Economic Recovery Efforts

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Title

Approval to Appropriate \$1,000,000 of Economic Development Reserves to Support Community Economic Recovery Efforts

Recommended Action

Committee Recommendation:

On Wednesday, June 17 Finance Committee unanimously approved a motion to direct the City Manager to bring forward a \$1,000,000 funding strategy to support regional economic recovery efforts.

City Manager Recommendation:

Move to approve the appropriation of an additional \$1,000,000 of Economic Development Reserves to support community economic recovery efforts, and direct staff to bring forward a resolution memorializing the decision and include the appropriation in the third quarter budget amendment ordinance which will be presented to Council in October 2020.

Report

Issue:

Whether to approve appropriating \$1,000,000 of Economic Development Reserves to support community economic recovery efforts and direct staff to bring forward a resolution memorializing the decision and include the appropriation in the third quarter budget amendment ordinance which will be presented to Council in October 2020.

Staff Contact:

Mike Reid, Economic Development Director, 360.753.8591

Presenter(s):

Jay Burney, City Manager
Mike Reid, Economic Development Director
Keith Stahley, Assistant City Manager

Background and Analysis:

City Council may revise the City's Budget by approving an ordinance. Generally, budget amendments are presented quarterly to Council for their review and approval but may be made at any time during the year. Authorizing this appropriation to be included in the third quarter budget amendment ordinance, which will be presented to Council in October, provides authorization to expend the funds.

On January 21, 2020, the Washington State Department of Health confirmed the first case of coronavirus (COVID-19) in the US in Snohomish County.

On March 15, 2020, the Governor ordered the closing of all sit-down restaurants and bars and banned gatherings of 50 or more statewide.

On March 17, 2020, City Council passed Ordinance 7233, a Declaration of Public Health Emergency, in response to the COVID-19 epidemic in our community. The order gives the City more flexibility to address the impacts of the coronavirus pandemic on the City of Olympia.

On March 18, Mike Reid, City of Olympia Economic Development Director, presented an Economic Response Plan to Finance Committee. The plan recommends contributing \$50,000 to the Thurston County United Way and Community Foundation's "COVID-19 Community Response Fund." This fund is aimed at getting immediate aid to financially impacted people. Mike also recommended appropriating \$500,000 which will be earmarked for projects identified by a Regional Economic Recovery Task Force.

On March 24, 2020, the City Council approved an ordinance appropriating \$550,000 of the Economic Development reserve funds for use in efforts to support the City's response to the community's economic distress.

On May 17, 2020 Finance Committee recommended that the City Manager bring forward an additional \$1,000,000 funding strategy for regional economic recovery efforts.

Staff is recommending a total of \$1,550,000 million in economic recovery spending with the first \$550,000 having been approved by Council on March 24, 2020. The additional \$1,000,000 funds will be appropriated in the operating budget Special Accounts Funds to be used on efforts like business re-opening grants, residential rental assistance, childcare funding and support, inclusive economy building, cooperative business technical assistance, and maintaining a reserve for emerging needs and opportunities.

Staff will be pursuing a reimbursement of \$550,000 of economic recovery spending through CARES Act Distribution Funding, bringing the total contribution from the City Economic Development Reserve to \$1,000,000.

Neighborhood/Community Interests (if known):

This work is vital to ensuring that residents and businesses, suffering severe financial impacts due to the novel coronavirus COVID-19 epidemic, have the resources they need to aid in their recovery.

Options:

1. Approve appropriating \$1,000,000 in Economic Development Reserves to support community economic recovery efforts and direct staff to include the appropriation in the third quarter

budget amendment ordinance to be presented to Council in October 2020. This provides staff with budget capacity to proceed with economic relief initiatives approved by Council.

2. Do not approve appropriating \$1,000,000 in Economic Development Reserves and direct staff to return to Council with another funding alternative to support community economic recovery efforts.
3. Do not approve appropriating \$1,000,000 in Economic Development Reserves to support community economic recovery efforts. This will impede economic relief initiatives.

Financial Impact:

The funding source for this appropriation is reserves set aside for the purpose of economic development. Most of these reserves have been collected from proceeds received from insurance settlements related to contaminated soils. Currently, the economic development reserves total approximately, \$1.4 million. The appropriation of \$1,000,000 would reduce this reserve to approximately \$400,000. Staff will seek reimbursement of \$550,000 from CARES Act Distribution funding which will restore the balance to \$950,000.

Attachments: None