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MAY 18 2020

MARY JO SPINO
COUNTY CLERK

QUINTON D. LUCAS
Mayor

May 18, 2020

The Honorable Frank White, Jackson County Executive
The Honorable Members of the Jackson County Legislature
Jackson County Courthouse
415 East 12th Street
Kansas City, Missouri

Re: Funding Needs for Kansas City

Dear County Executive White and Members of the Legislature,

I hope this note finds you well. I write to provide a summary of the eligible expenditures Kansas City expects to incur in our continued efforts to mitigate the devastating health and economic impacts of COVID-19.

A Memorandum of Understanding (MOU) drafted by Missouri State Treasurer Scott Fitzpatrick regarding the distribution of funds to Kansas City proposes a detailed, clear, and secure set of responsibilities of the State of Missouri, Jackson County, and the City of Kansas City in ensuring the appropriate use of CARES Act funds. Specifically, the MOU recommends that the County “provide the State a portion of those funds in an amount equal to the quotient of the population of the City located in the County.” In exchange for this, the state *will indemnify and hold harmless Jackson County for any funding* the County provides to the State or City pursuant to the terms of the MOU and will assume responsibility for returning any unused funds to the federal government. The City will take responsibility for ensuring that all funds are used for necessary expenditures as defined in official federal government guidance incurred during the period that begins on March 1, 2020 and ends on December 30, 2020. This MOU should alleviate any concerns that the County will be held responsible for funds provided to the City from its federal allocation due to the clear and unambiguous indemnification clause holding the County harmless.

Based on expenses already incurred and recent projections, city departments expect that they will incur the following eligible expenses pursuant to the CARES Act over the coming months:

- \$11.3 million in spending by our Health Department, including \$1,381,396 incurred through May 6, and an anticipated \$9.9 million in additional expenses to support increased

testing, particularly for asymptomatic persons, contact tracing, compliance, and community outreach about COVID-19.

- \$12.5 million in Fire and Police spending, including \$2,639,029 incurred through May 6. The majority of this funding is needed to purchase protective equipment and to pay additional staff wages made necessary by changed protocols, and for overtime related to quarantines among fire and police department personnel exposed to COVID-19 (requiring other workers to cover shifts), which unfortunately, may continue.
- \$3.3 million in sanitation, equipment purchasing, and staffing expenses for city departments and staff subject to quarantines, workforce changes, and overtime relating to preparing City buildings and operations to be safer, including \$662,337 already incurred through the first week of May to protect our city workforce.

Kansas City also proposes to utilize CARES Act funds to bolster efforts to support economic relief efforts for residents and businesses impacted by COVID-19. Per U.S. Department of Treasury guidance issued on May 4, 2020, all of these uses qualify for reimbursement.

- \$18 million in Small Business Assistance to reimburse the costs of business interruptions caused by required closures and other necessary public health measures.
 - Kansas City has already allocated \$1 million for small business relief through the Economic Development Corporation (EDC) Loan Corp and the Central City Economic Development (CCED) Board.
 - The Kansas City small business support office, KC BizCare, is expected to expend \$3.5 million to provide technical assistance to businesses shifting to an increased use of online and telework methods since the onset of the pandemic, particularly those in the urban core of our city;
 - We expect to allocate an additional \$13.5 million in grants through the Economic Development Corporation to support small businesses citywide to reimburse the costs of business interruption and disruptions.
- \$10 million in Housing (rental, mortgage) assistance, support for landlords who have cancelled, suspended, or modified rent obligations during the pandemic, and legal aid support for low and moderate-income households directly threatened by eviction or foreclosure due to a loss of income from COVID-19.
 - The city proposes to allocate \$500,000 to hire temporary tenant advocates and expand existing contracts to offer legal assistance and mediation support for tenant-landlord disputes.
 - An additional \$9.5 million will be allocated for direct financial assistance to assist with the payment of overdue rent or mortgage payments to avoid eviction or foreclosure.
- \$5.5 million in general social service assistance (food banks, utility assistance, support for homeless shelters, and other temporary housing providers for individuals facing economic hardship due to COVID-19).

- The city has already allocated \$500,000 in funding from the CCED to provide social assistance from impacted residents.
- \$1.5 million in business relief for arts-based organizations, including support for local artists deprived of work during the pandemic and since the beginning of stay-at-home orders.
 - The city expects to allocate support to arts-based businesses and non-profits in Kansas City, including performers, galleries, and collectives, to assist those with severe business interruptions due to COVID-19 and event cancellation.

Kansas City believes this proposal to represent a fair and detailed schedule of spending to support our City's recovery under COVID-19 and is based on U.S. Treasury guidelines for spending. The United States Department of Treasury has issued clear guidance that "a county may transfer funds to a city, town, or school district within the county...provided that the transfer qualifies as a necessary expenditure incurred due to the public health emergency and meets the other criteria of section 601(d) of the Social Security Act." The U.S. Treasury position is shared by both of our United States Senators, our United States Representatives serving Jackson County, the Governor and Treasurer of Missouri, and the Missouri Association of Counties.¹

Based on guidance from the Department of Treasury, our state treasurer, and given Kansas City's unique position as a city with its own health department and the second highest number of COVID-19 cases in the metropolitan area, we respectfully urge you to enable our city to receive direct funding from the portion of the County's CARES Act funds set aside for local units of government based on our 44.5% of our Jackson County population, equivalent to \$54.59 million (\$54,588,149) of the total Jackson County disbursement. As directed by federal law, all expended and proposed Kansas City expenses will be federally qualifiable.

I appreciate your time and support. If you ever have any questions for me, please feel free to call me at 816-679-1662. You also can contact my General Counsel, Jane Brown, Esq., at 816-985-8941 to discuss this matter or any other issues.

I thank you for your service to our community and look forward to being in touch.

Sincerely,



Quinton D. Lucas

¹ https://www.mocounties.com/images/278/document/coronavirus-relief-fund-frequently-asked-questions-updated-may-4-2020_1040.pdf