



Legislation Text

File #: 1569-2023, **Version:** 1

BACKGROUND: This legislation authorizes the Director of the Department of Development to execute a grant agreement with the Tony R. Wells Foundation dba The Wells Foundation in an amount up to \$26,125,000.00 of U.S. Department of Treasury Emergency Rental Assistance 2 (ERA 2) funds to act as a Fiscal Manager for the disbursement of ERA funds to eligible recipients as part of the department's ERA 2 Investment Strategy and to authorize an agreement start date of June 1, 2023.

The Wells Foundation, a non-profit philanthropic organization, is a "contractor" under federal uniform guidance rules and the agreement that will be used by the department is the city's Grant Agreement because funds are being advanced.

Ordinance 2275-2021 authorizes the City of Columbus to accept and appropriate up to \$90,537,806.23 of federal Emergency Rental Assistance (ERA 2) program funds, as passed by the Consolidated Appropriations Act of 2021. Federal guidelines allows for payment of eligible expenses starting March 3, 2021.

Of this amount, \$26,125,000.00 will be used for an agreement with The Wells Foundation to partner with local non-profit agencies and other program service providers and act as the program Fiscal Manager to disburse funding directly to eligible recipients of the ERA program. Disbursements will be to landlords, utility companies, and other service providers on behalf of eligible recipients.

The City has disbursed approximately \$23 million of the \$90.5 million of ERA 2 funds received from the U.S. Department of Treasury as a result of the COVID-19 emergency. This is in addition to the \$38.3 million of ERA 1 funds disbursed. The remaining \$67.5 million of ERA 2 funds will be disbursed under two programs: Investment Strategy and Innovations Strategy.

The department's ERA 2 Investment Strategy program will require a number of agreements/contracts with various entities and legislation will come before City Council as the agreements/contracts are needed. Similar to how prior ERA funds were contracted/expended, the department shall work with various non-profit agencies to inform the public that these funds are available and the non-profit agencies will provide intake/application services. There are other entities involved that will provide "operation services" (web site hosting, eligibility determination, monitoring, fraud investigation, software platform, etc.) as well. Instead of giving funds directly to the non-profits to disburse to eligible recipients, the department would contract with The Wells Foundation to hold and disburse the funds. The U.S. Department of Treasury has encouraged jurisdictions to look at ways to expedite payments by centralizing payment processing as one of their best practices.

The department will put in place a number of risk reduction and monitoring procedures to safeguard the funds under this agreement. First, funds will not be advanced all at once. Instead, \$2,000,000.00 will be advanced at a time. When \$1,200,000.00 has been disbursed, The Wells Foundation can request another advancement. This will continue until the funds have been disbursed. Next, the department will contract with consultants to provide federal monitoring services and fraud investigation services. The Wells Foundation will also be required to provide Commercial Crime Insurance. The Wells Foundation shall provide 1099s as required under law.

Emergency action is requested to set up the infrastructure for the Investment Strategy Program as soon as possible in order to provide funding to eligible recipients who are in immediate need of financial support to prevent eviction or loss of utilities as well the city needing to expend these federal funds by December 2025.

FISCAL IMPACT: Funding is available in Fund 2208, ERA 2 fund.

CONTRACT COMPLIANCE: The vendor number is 038668 and expires July 20, 2023.

To authorize the Director of the Department of Development to execute a grant agreement with the Tony R. Wells Foundation dba The Wells Foundation in an amount up to \$26,125,000.00 of U.S. Department of Treasury Emergency Rental Assistance 2 (ERA 2) funds to act as a Fiscal Manager for the disbursement of ERA funds to eligible recipients as part of the department's ERA 2 Investment Strategy; to authorize an agreement start date of June 1, 2023; to authorize payment of eligible expenses after March 3, 2021; to authorize the advancement of funds on a pre-determined schedule during the term of the agreement; to authorize the expenditure of up to \$26,125,000.00 from the Emergency Rental Assistance 2 Fund; and to declare an emergency. (\$26,125,000.00) **(AMENDED BY ORD. 2443-2023 PASSED 9/18/2023) BA**

WHEREAS, the city has disbursed approximately \$23 million of the \$90.5 million of ERA 2 funds received from the U.S. Department of Treasury and the remaining \$67.5 million of ERA 2 funds will be disbursed under two programs: Investment Strategy and Innovations Strategy; and

WHEREAS, the department is building the Investment Strategy Program infrastructure to disburse over \$25 million to eligible recipients before the grant ends in December 2025; and

WHEREAS, The Wells Foundation will act as the Fiscal Manager and distribute funds to eligible recipients after determination is made by another entity; and

WHEREAS, the department has put guardrails in place to safeguard the funds under this agreement; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to set up the infrastructure for the Investment Strategy Program as soon as possible in order to provide funding to eligible recipients who are in immediate need of financial support to prevent eviction or loss of utilities as well the city needing to expend these federal funds by December 2025, all for the preservation of the public health, peace, property, safety, and welfare; **NOW, THEREFORE**,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Director of the Department of Development is hereby authorized to execute a grant agreement with the Tony R. Wells Foundation dba The Wells Foundation in an amount up to \$26,125,000.00 of U.S. Department of Treasury Emergency Rental Assistance 2 (ERA 2) funds to act as a Fiscal Manager for the disbursement of ERA 2 funds to eligible recipients as part of the department's ERA 2 Investment Strategy Program; to authorize an agreement start date of June 1, 2023; to authorize the advancement of funds on a pre-determined schedule during the term of the agreement; and to authorize payment of eligible expenses starting March 3, 2021.

SECTION 2. That the expenditure of \$26,125,000.00 or so much thereof as may be needed is hereby authorized in Fund 2208 (ERA Fund), Dept-Div 44-10 (Housing Division), in object class 05 (Other) per the accounting codes in the attachment to this ordinance.

SECTION 3. That this agreement is awarded pursuant to the relevant provisions of Columbus City Code related to executing grant agreements.

SECTION 4: Funds are hereby deemed appropriated and expenditures and transfers authorized to carry out the purposes of this ordinance and the City Auditor shall establish such accounting codes as necessary.

SECTION 5: That the City Auditor is authorized to make any accounting changes to revise the funding source for all contracts or contract modifications associated with this legislation.

SECTION 6: That for reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.