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Title: Adopt a Resolution to Reallocate \$800,000 in the American Rescue Plan Act (ARPA) Budget to Citywide Beautification and Community Preservation, and to Authorize the City Manager to Approve Carryovers/Unspent ARPA Funds to Future Fiscal Years' Budgets

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Indexes:

Code sections:

Attachments: 1. A - Reso Citywide Beautification and Community Preservation, 2. B - ARPA Plan

Date	Ver.	Action By	Action	Result
7/17/2023	1	City Council	Received and Filed	Pass

Adopt a Resolution to Reallocate \$800,000 in the American Rescue Plan Act (ARPA) Budget to Citywide Beautification and Community Preservation, and to Authorize the City Manager to Approve Carryovers/Unspent ARPA Funds to Future Fiscal Years' Budgets

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council approve the reallocation of \$800,000 in the American Rescue Plan Act (ARPA) Budget to Citywide Beautification and Community Preservation, and authorize the City Manager to approve carryovers/unspent ARPA funds to future fiscal years' budgets if needed.

Some projects and programs may take longer to implement. Authorizing the City Manager to carry over unspent ARPA funds to future fiscal years will ensure timely and successful implementation of projects and programs.

BACKGROUND

On March 11, 2021, President Biden signed into law the American Rescue Plan Act (ARPA). This \$1.9 trillion COVID-19 stimulus package provides significant resources to state, local, territorial, and tribal governments to support urgent COVID-19 response efforts. Within ARPA, the Coronavirus State and Local Fiscal Recovery Fund provides \$130.2 billion for local governments split evenly between municipalities and counties.

The funding allocation to the City of San Leandro is \$18.6 million, which the City has received in full. Funds can be used for the expenditure categories described below.

Eligible Uses

- 1) **COVID-19 Response or Negative Economic Impact:** To respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality.
- 2) **Premium Pay for Essential Workers:** To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the state, territory, or tribal/local government that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work.
- 3) **Revenue Recovery:** For the provision of government services to the extent of the reduction in revenue of such state, territory, or tribal/local government due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the state, territory, or tribal government prior to the emergency.
- 4) **Infrastructure Investments:** To make necessary investments in water, sewer, or broadband infrastructure.

ARPA funds must be obligated by December 31, 2024. If obligated by December 31, 2024, agencies have until December 31, 2026, to incur the costs.

Recovery Plan

Approximately \$18.5 million of the \$18.6 million funding allocation, has been programmed by the City Council since fiscal year 2021-2022 to fund important programs such as streets and roads, parks and recreation facilities, human services, library services, and infrastructure. As the City continues to implement the various projects and programs, there will be adjustments to reflect program needs/funding status. Staff is planning to present adjustments to the Council during fiscal year 2023-2024.

The City Council has directed the guiding principles below for the use of ARPA funds, and the Recovery Plan was developed based on these guiding principles. The proposed projects and programs are intended to improve community wellbeing and help residents and businesses to recover from the combined health, social, and economic impacts of the COVID-19 pandemic. The Recovery Plan aligns with the community's values and focuses on working with our key partners including nonprofit organizations and other business partners to maximize community recovery.

Guiding Principles

- Recover lost revenues first
- Maximize investments for the community
- Assess City operations and community needs
- Meet City Council priorities
- Partner with nonprofits and other organizations
- Use one-time funding for one-time expenditures
- Use restricted resources first

The Recovery Plan focuses on short-term community and economic recovery efforts and long-term sustainable investments in San Leandro. The spending categories include community health and

safety, human services, community and economic recovery, and infrastructure enhancements.

Implementation Status

Attachment A to the staff report presents the implementation status for each project. Many of the projects started in fiscal year 2021-2022, and they are in different project phases including planning/assessment and implementation. Below are highlights of the implementation status for some projects.

Food Insecurity Support: Working with an emergency housing program, this project provides two meals per day to San Leandro's unhoused population. Priority is given to individuals age 65 or over and/or with chronic health conditions. The program is anticipated to run through fiscal year 2024-2025.

Expanded Homeless Outreach Team Services: Provides outreach funding for staff, case managers, and CBO (Community Based Organization) partners to conduct on-site street outreach. The City has executed a contract with Building Futures for a Mobile Outreach Program. The program is anticipated to run through fiscal year 2024-2025.

Long-term Navigation Center: The goal is to provide funding for a long-term navigation center to help homeless people. The City is also planning to use restricted affordable housing funds for acquisition and rehabilitation/construction to leverage other public financing (i.e., State, federal). The City has identified a site/motel for this project and applied for State Homekey grant funding. Implementation is anticipated to be in fiscal year 2023-2024 pending State Homekey funding.

Commercial Relief Grants: Provides grants for commercial tenants to pay past due rents that are paid directly to the landlord. This grant program is nearing completion, and the remaining funds will be utilized in fiscal year 2023-2024 for additional business assistance grants and programs, which may include permanent outdoor dining and business organization assistance.

Small Business Technical Assistance: Provides assistance and services for businesses in areas such as: Adapting business models and physical setup to changing customer demand (including outdoor dining), creating an online presence while setting up ordering systems, accessing capital, and understanding and accessing City services and permitting. Monthly business seminars were conducted, related to topics such as City permitting, City contracting, security, and financing. Contracts and programs for technical assistance consulting and online/website assistance are in place for fiscal year 2023-2024.

Public Facility HVAC and Air Filtration Upgrades: Upgrades the air filtration and HVAC systems in public facilities (Library, Senior Center, City Hall, etc.) to prevent the spread of COVID-19 and also enhance cooling functionality. The total estimated cost is \$5 million including \$3.3M from ARPA funds. To date, most facilities have been upgraded.

Street Overlay/Rehabilitation: Funding for street maintenance in the form of partial or complete pavement replacement. This project addresses street pavement in poor condition and streets with pavement that has failed. A construction contract was awarded in fiscal year 2022-2023, and another award is scheduled for fiscal year 2023-2024.

ARPA projects and programs benefit the community in the short and long term. ARPA funds are well suited for infrastructure investments as recommended by the Government Finance Officers

Association (GFOA). A significant portion of the \$18.6 million funding allocation has been programmed toward improving the City's broadband, street, facility, and park infrastructures.

Tracking Project Progress

Staff will monitor and review the progress of projects that are funded by ARPA allocations. During the course of review, allocations that may need reallocation will be brought to the City Council Finance Committee for discussion and the City Council for subsequent action.

Reallocation

Based on recent review of current ARPA allocations, staff recommends reallocation of \$800,000 currently allocated for a Clean Streets Team to Citywide Beautification and Community Preservation.

Clean Streets Team: The goal is to provide case management and employment opportunities to unhoused and low-income individuals as team members to clean San Leandro streets and beautify the community. The team members would receive stipends, case management and employment services, and access to resources to support their needs.

When evaluating how to design a program for a Clean Streets Team, staff was unable to identify a sustainable model to pursue and implement. Challenges include incorporating the multiple components necessary for a successful program, including how to hire unhoused individuals, who may lack proper identification and documents needed for employment, while ensuring services and linkages are also provided. Additionally, such a model was difficult to structure for a request for proposals (RFP), as service providers providing employment and services are scarce, and staff capacity in a new, understaffed Human Services Department is limited.

Beautification and Community Preservation: The goal is to beautify the City by addressing citywide enforcement around graffiti, landscaping, and residential and commercial code compliance, including residential parking and trash enclosures. Additionally, the funds will support volunteer efforts and coordinated beautification projects. Together, these efforts are intended for residential and commercial neighborhoods to revive hospitality and restore patrons and visitors to the City.

Given the challenges faced by staff in designing a Clean Streets Team program, staff recommends that the Council redirect the \$800,000 originally allocated to a broader scope focused on Citywide beautification and community preservation, which is intended to achieve a similar outcome to a clean streets program.

Fiscal Impacts

There are no new fiscal impacts. The ARPA Budget totals \$18.6 million and remains unchanged with the recommended reallocation of \$800,000.

REVIEW BY FINANCE COMMITTEE

On June 28, 2023, the City Council Finance Committee reviewed and discussed an ARPA Projects Update and the \$800,000 reallocation from a Clean Streets Team to Citywide Beautification and Community Preservation. The Finance Committee unanimously recommended the budget reallocation be moved to the City Council.

ATTACHMENT:

- Attachment A: Resolution Approving Reallocation of \$800,000 from Clean Streets Team to Citywide Beautification and Community Preservation
- Attachment B: City of San Leandro Detailed Recovery Plan

PREPARED BY

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