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Title: Update on the Implementation of the COVID-19 Recovery Plan Using American Rescue Plan Act Funds and the Community Advisory Budget Task Force Recommendations

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Attachments: 1. Att A - Implementation Status of ARPA Projects, 2. Att B - List of Budget Task Force Recommendations, 3. Att C - Implementation Status of Budget Task Force Recommendations, 4. Presentation Update Implementation of ARPA Projects and BTF Recs

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Update on the Implementation of the COVID-19 Recovery Plan Using American Rescue Plan Act Funds and the Community Advisory Budget Task Force Recommendations

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council review the implementation status of the ARPA projects and the Task Force recommendations. This report is for information only.

BACKGROUND

ARPA Projects

ARPA Overview

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. The City received the first tranche in fiscal year 2020-21 and the second tranche in fiscal year 2021-22. 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 spent by December 31, 2024. If obligated by December 31, 2024, agencies have until December 31, 2026, to incur the costs.

Recovery Plan

Approximately \$6.7 million of the \$18.6 million funding allocation, was programmed into the fiscal year 2021-2022 budget to fund important programs such as streets and roads, parks and recreation facilities, human services, and library services. At the November 1, 2021 meeting, the City Council approved the remaining \$11.9 million of the Recovery Plan. In December 2021 and April 2022, the Council approved the funding allocations adjustment for the Public Facility Upgrade project and the Expanded Homeless Outreach Team Services program. With these adjustments, the total appropriation is approximately \$18.3 million. As the City continues to implement the various projects and programs, there will be adjustments to reflect program needs/funding status. For example, the City received EPA funds for the Storm Drainage Improvements project, and staff will recommend reallocation of these funds for the Lake Chabot Stabilization project. Staff is planning to present adjustments to the Council during the current fiscal year.

The City Council has directed the 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 2021-22, 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: The goal is to work with food pantries to provide nutritious food to San Leandro residents during the COVID-19 pandemic. Ensure those in need have enough food and be able to maintain a healthy life for all household members. Staff is in the process of vetting community-based providers. The goal is to distribute the funds during July 2022.

Expanded Homeless Outreach Team Services: The goal is to provide outreach funding for staff, case managers, 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. Human Services staff and Building Futures staff will officially launch

program in Summer 2022.

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 funding with the State - implementation in fiscal year 2022-23 pending State Homekey funding for the Nimitz Motel.

Commercial Relief Grants: The goal is to provide grants for commercial tenants to pay past due rent, paid directly to landlord. This grant program is nearing completion, and the remaining funds to be utilized in fiscal year 2022-23 for additional business assistance grants and programs, which may include permanent outdoor dining and business organization assistance.

Small Business Technical Assistance: The goal is to provide one-on-one 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 are underway, related to topics such as City permitting, City contracting, security, and financing. Contracts and programs for technical assistance consultant and online/website assistance to be established in fiscal year 2022-23. Staff is also exploring the reallocation of funds to Building Futures for the San Leandro Shelter renovations phase 2.

Public Facility HVAC and Air Filtration Upgrades: This project will upgrade the air filtration and HVAC systems in public facilities (Library, Senior Center, City Hall, etc.) to prevent the spread of COVID-19. The upgrades will also enhance the cooling center functionality. The total estimated cost is \$5 million including \$3.3M from ARPA funds. The equipment for this project has been ordered by the City's contractor Climatec, but the manufacturing/delivery timeframe may be long due to supply chain challenges.

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. Design is in progress, and construction contract award is scheduled for the first City Council meeting in October 2022.

ARPA projects and programs will 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.

Community Advisory Budget Task Force Recommendations

Task Force Overview

On July 21, 2020, the City Council created the Community Advisory Budget Task Force (Task Force), to seek input from residents and stakeholders and make recommendations to the City Council on community priorities and strategies to maintain a high quality of service delivery while taking tangible steps to reduce ongoing budget deficits. The City Council further directed the Task Force to focus on changes necessary to rebalance the City budget considering budget deficits, the COVID-19 pandemic, the accompanying shelter-in-place orders, and the reallocation of \$1.7 million from the Police Department budget.

The following summarizes the mission for the Task Force:

- Develop an understanding of the City's budget and fiscal issues.
- Provide input on community priorities and develop recommendations on fiscal strategies and program delivery that ensure a balanced budget and reflects those priorities.
- Make recommendations to enhance public understanding of the City budget and community input into the budget development process.
- Make recommendations for the most efficient and effective reallocation of funding that was recently deducted

from the Police Department budget.

- Make recommendations to help achieve a long-term, sustainable budget through reducing expenditures and/or increasing revenues.

The Task Force met between October 2020 and March 2021. The Task Force schedule included a Town Hall meeting which was held in early March 2021. The Task Force covered a wide range of topics during that time, becoming familiar with all aspects of the City's budget, in particular the General Fund. As part of their work, the Task Force heard from each City Department including a description of their core service delivery, some of their challenges and a high-level summary of how they will respond given more or less resources.

The Task Force created several Ad Hoc committees, to better accomplish their work in a timely manner and dive into particular topics of interest. The committees included: Shared Values, Participatory Budgeting, Revenue Enhancement, and Summarizing Final Recommendations for the City Council.

On March 22, 2021, the Task Force presented their top eleven recommendations to the City Council. The recommendations range from a navigation center, police oversight, funding for building and street maintenance, a community engagement plan for budget development, to an ambassador program. The full list of recommendations that were presented to Council is attached to this staff report (Attachment B). Please refer to the list for details.

After receiving the presentation, the City Council provided feedback and gave staff direction to review the recommendations. Staff worked internally to review the recommendations and assessed those currently in progress, ones requiring funding, the timing of possible implementation, and the internal capacity to accomplish the recommendations.

Funding Allocations

On April 26, 2021, as part of the 2021-23 preliminary budget presentation, staff presented the recommendations with proposed funding allocations and received feedback from the City Council. Resource allocations for funded recommendations are included in the 2021-23 budget that was adopted by the City Council in June 2021. These programs are presented in Attachment C. The table presents the funded recommendations, lead departments, allocation amounts, and the implementation status.

The implementation of certain recommendations would only require internal resources such as staff's time. Therefore, budget allocations were not required. Due to resource constraints and limited staffing capacity, certain recommendations were not funded or partially funded in the current budget cycle including reallocating certain activities from sworn officers to other experts. More studies would be required to determine the appropriate structure or change. The recommendation regarding participatory budgeting is partially funded with funding for an enterprise resource planning (ERP) system, and a plan is in development to conduct robust community engagement and outreach during the budget development process.

Implementation Status

Attachment C to the staff report presents the implementation status for each program. Some programs have been implemented and some programs are in the development/implementation stage. Please note that an update regarding Task Force recommendation implementation status was presented to the Finance Committee in November 2021. Below is the implementation status for selected projects. Please refer to Attachment C for more details.

The Safety Ambassadors are in operation; the City has engaged a consultant for grant writing and funding advocacy; the Community Police Review Board and an Independent Police Auditor Ordinance has been approved by the City Council; funding has been set aside for a Navigation Center and the streets and roads program; and the City is in phase 1 of the ERP system implementation.

Fiscal Impacts

None. This report is for information only.

ATTACHMENTS:

Attachment A - Implementation Status of ARPA Projects

Attachment B - List of Budget Task Force Recommendations

Attachment C - Implementation Status of Budget Task Force Recommendations

PREPARED BY

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