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Staff Report for a Presentation on COVID-19 Recovery - American Rescue Plan Act Funding

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council review the Proposed Recovery Plan regarding COVID-19 Recovery - American Rescue Plan Act Funding and provide feedback.

BACKGROUND

ARPA Background and 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 half of the allocation in May 2021 and anticipates receiving the remaining balance in May 2022.

Eligible Uses

- 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.
- 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.

Ineligible Uses

- Restore reserve/rainy day fund/budget stabilization fund
- Fund pension liability/reserve
- Fund debt services, legal settlements, matching funds (unless allowed by the federal program)
- General infrastructure spending (outside of broadband, water, and sewer) unless under revenue loss provision

Important Dates

- January 27, 2020 - Beginning of the COVID-19 public emergency
- March 3, 2021 - Funds can be used to cover costs incurred from this date forward
- December 31, 2024 - Funds must be obligated
- December 31, 2026 - Funds must be expended

Proposed Recovery Plan

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 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 the benefits for the community.

Guiding Principles

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

Of the \$18.6 million funding allocation, approximately \$6.7 million has been programmed into the fiscal year 2021-2022 budget to fund important programs such as streets and roads, parks and facilities, human services, and library services. The Recovery Plan reflects the remaining \$11.9 million.

The Recovery Plan focuses on short-term community and economic recovery efforts and long-term sustainable investments in San Leandro. Staff believes that this plan provides the needed resources to support our residents and businesses and achieve long-term benefits by investing in infrastructures. As presented below, the spending categories include community health and safety, human services, community and economic recovery, and infrastructure enhancements.

The column labeled “use of recovered revenue” indicates that funds from the Revenue Recovery category needs to be used to support certain projects. The Revenue Recovery category provides agencies broad latitude on the use of funds. In general, funds can be used to support government services with certain limitations. The COVID-19 Response/Negative Economic Impact, Premium Pay for Essential Workers, and Infrastructure Investments categories have specific restrictions on the use of funds. Projects that cannot be funded by these three categories can be funded by recovered revenues. After the U.S. Treasury issued the initial guidelines in May 2021, the City made a conservative estimate for the General Fund lost revenue for the period ended December 31, 2020, which is approximately \$6.7 million. The actual amount is expected to be higher when accounting for other relevant funds, and staff will finalize the calculation once the U.S. Treasury issues the final guidelines.

Summary of Funding Allocation - Total \$11.9 Million

Spending Category	FY 2021-22 Proposed Allocation	FY 2022-23 Proposed Allocation	Total	Use of Recovered Revenue
Community Health and Safety	3,685,000	2,729,984	6,414,984	1,850,000
Human Services	1,500,000	50,000	1,550,000	100,000
Community and Economic Recovery	969,500	270,000	1,239,500	75,000
Infrastructure Enhancements	2,700,000	-	2,700,000	-
Total	8,854,500	3,049,984	11,904,484	2,025,000

The following projects and programs are included in the four spending categories. Please refer to the Recovery Plan attached to this staff report for detailed project and program descriptions and proposed allocation amounts.

Community Health and Safety

- Emergency Preparedness and Response
- COVID Oversight
- Public Facility HVAC and Air Filtration Upgrades
- Citywide Ambassador Program (Pilot)
- Clean Streets Team
- Enhanced Street Cleanliness

- Tree Master Plan
- Soft Story Retrofit

Human Services

- Food Insecurity Support
- Domestic Violence Programs
- Expanded Homeless Outreach Team Services
- Long-term Navigation Center
- Pilot Program for a RV Safe Parking Lot
- Investment in Youth Programs
- Additional Covid-related ARPA Grants for San Leandro Non-profits

Community and Economic Recovery

- Recovery Plan Administration and Assistance
- Economic Development Strategic Plan Update
- Housing Counseling/Fair Housing Support
- Commercial Relief Grants
- Small Business Technical Assistance
- Shop Local/Reopening Marketing

Infrastructure Enhancements

- Digital Divide and Broadband Infrastructure Enhancements
- Storm Drainage Improvements

Highlights of Project and Program Changes and Additions

At the July 19th City Council meeting, staff presented the proposed projects and programs to the City Council for consideration. Following the meeting, certain projects and programs were further refined based on updated information related to program needs and available funding/programs provided by other agencies such as the County, State and federal governments. New projects and programs were also added to the list. Highlights of these changes and additions are described below. Please refer to the attached Detailed Recovery Plan for the full list of projects and programs.

The proposed allocation for public facility air filtration and HVAC upgrades is \$3.8 million. The total cost is estimated at \$5.5 million. Subject to Council approval, the \$1.7 million funding gap is expected to be covered by \$400,000 from the General Fund and a \$1.3 million loan from the

California Energy Commission. The interest rate is projected at 1%. This major investment will help prevent the transmission of COVID-19 and enhance the cooling center functionality, while energy savings are also expected from the upgrades. The savings are anticipated to offset the borrowing costs over time. The City would like to take advantage of the low interest rate and leverage multiple funding sources to create infrastructure that will benefit the community for many years to come.

The proposed Recovery Plan includes \$250,000 in funding for a Citywide Ambassador Program. In partnership with the Police Department, this pilot program will deploy security aids citywide to increase friendly ambassador patrols easily accessible to the public. Staff will also explore the feasibility of a mobile neighborhood watch program.

In addition to \$800,000 in funding for the Clean Streets Team, \$1.1 million is proposed for Enhanced Street Cleanliness. Funds will be used to arrange for bulky items pick-ups for residents at no charge, install self-cleaning restrooms at key locations, create DIY cleaning programs for neighborhoods, provide general assistance with citywide cleaning (i.e., power washing), and create marketing and educational campaign for litter prevention.

Funding in \$200,000 is proposed for a Tree Master Plan. The plan will be integrated with the climate change mitigation and adaptation strategies that were adopted as part of the City's Climate Action Plan. Linking a Tree Master Plan to the Climate Action Plan will allow the City to apply for grant funds for green projects. Trees beautify the community and support public health.

\$100,000 in funding to conduct a feasibility study for Soft Story Retrofit is included in the Recovery Plan. The study will help the City to develop a framework for outreach and necessary technical analyses to support a local ordinance.

The Recovery Plan proposes to expand homeless outreach including funding for staff, case managers, and Community Based Organization (CBO) partners to conduct on-site street outreach. \$50,000 is proposed for this program.

Certain resources are allocated in the fiscal year 2021-23 budget for mental health services and the short-term navigation center. The City is also working with the County to secure additional funding for these services. These combined resources are expected to cover the full cost and ARPA funds are not needed at this point. \$750,000 in ARPA funds is allocated for the long-term navigation center. The City also plans to use restricted affordable housing funds for the acquisition and rehabilitation/construction of a long-term navigation center to leverage other public financing (i.e., State, federal).

There are investments to youth programs including partnerships with non-profits to create at-risk youth programs citywide and to develop a comprehensive intern/mentor youth program with multiple City departments working with outside agencies (e.g., Hayward Area Recreation and Parks District and the San Leandro Boys and Girls Club). \$100,000 is included in the Recovery Plan for these programs.

\$150,000 in additional Covid-related grants for San Leandro non-profits is also included in the Recovery Plan. Grants are for San Leandro community-based organizations to address ongoing impacts related to direct and indirect impacts of COVID-19. The pandemic has caused a negative impact to the economy, jobs, wage loss, housing, food insecurity, health and mental health. This funding will boost support to the non-profit community to assist the San Leandro community.

For economic development, \$75,000 in funding is included to update the City's Economic Development Strategic Plan. The plan will work to increase economic opportunity and prosperity for all San Leandro residents and businesses. The City is planning to partner with the Alameda County Workforce Development Board to ensure existing and new workforce development programs utilizing federal funds serve San Leandro. Due to the anticipated partnership, ARPA funds are not expected to be used for workforce development.

The State and the U.S. Treasury have allocated \$62.0 million to the County for emergency rental assistance. This significant funding allocation is beneficial to the residents in Alameda County. To date, the County has provided close to \$4.0 million to support low and very low-income renter households in San Leandro. Since the County offers a residential rent assistance program, the City's ARPA funds will focus on supporting commercial renters. \$750,000 is proposed for commercial relief grants.

It should be noted that \$2.7 million is proposed to be invested in infrastructure including \$1.7 million for Digital Divide and Broadband Infrastructure Enhancements and \$1.0 million for storm drainage Improvements. The broadband infrastructure will help the underserved households and create business connectivity. The mandated storm drainage project will install trash collection devices at various locations throughout the City to capture 100% of trash as defined by the Water Board in the Municipal Regional Permit. ARPA funds are well suited for infrastructure investments.

Fiscal Impacts

None. This report is for discussion only.

Next Steps

Staff will finalize the programs and allocation amounts after receiving feedback from the City Council. Staff plans to present the Recovery Plan Budget to the Council for approval in November 2021.

Staff will provide regular updates to the City Council regarding project and program implementations.

ATTACHMENT:

- City of San Leandro Detailed Recovery Plan

PREPARED BY

Susan Hsieh, Finance Director