



Legislation Text

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Staff Report for a City of San Leandro City Council Resolution to Adopt the American Rescue Plan Act (ARPA) Budget for Fiscal Years 2021-2022 and 2022-2023 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 American Rescue Plan Act (ARPA) Budget for Fiscal Years 2021-2022 and 2022-2023 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

At the October 11, 2021 City Council special meeting, the Proposed COVID-19 Recovery Plan was presented to the Council for consideration, and staff received direction from the Council to bring back a Recovery Plan Budget for adoption.

Staff developed an ARPA Budget totaling \$11.9 million for fiscal years 2021-2022 and 2022-2023 based on the funding allocations included in the Recovery Plan, as summarized below. The ARPA Budget is labeled as Attachment 1 and is attached to the resolution.

The information below provides some background information about the ARPA stimulus funds and an overview about the Recovery Plan.

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

- 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.

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 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

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 recreation 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 infrastructure. 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 need 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	-	42,700,000	-
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 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
- Investments 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

These projects and programs will benefit the community in the short and long term, and ARPA funds are well suited for infrastructure investments.

Fiscal Impacts

The ARPA Budget totals \$11.9 million including \$8.9 million for fiscal year 2021-2022 and \$3.0 million for fiscal year 2022-2023.

Next Steps

Once the ARPA Budget is approved, staff will start implementing the proposed projects and programs. Staff will provide regular updates to the City Council regarding project and program implementations.

ATTACHMENT:

- City of San Leandro Detailed Recovery Plan
- Attachment 1 to the Resolution - American Rescue Plan Act (ARPA) Budget

PREPARED BY

Susan Hsieh, Finance Director