

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: ALAN ALTON, ACTING CHIEF FINANCIAL OFFICER, FINANCE
DEPARTMENT
SUBJECT: ONE-TIME MONIES

AGENDA ACTION: NO ACTION REQUIRED

RECOMMENDATION

It is recommended by the City Manager and Finance Department that the Council hold a Study Session to provide Council the opportunity to receive information, and to ask questions related to use of one-time monies. No action is required.

EXECUTIVE SUMMARY

At the October 26, 2021, study session, the Council received a presentation on potential programs using \$34.4 million of American Rescue Plan Act (ARPA) funds and the remaining \$7 million of PG&E settlement funds. The Council provided feedback to staff to either return with more information, or to find ways to redirect funding to projects initially not receiving funding.

Based on this feedback, staff has developed a revised spending plan.

BACKGROUND

There have been four study sessions discussing the use of one-time monies, including two in late 2020 focused on PG&E settlement funds, and sessions on July 13 and October 26, 2021, addressing the remaining PG&E settlement funds and proposed ARPA-funded projects. Of the initial \$95 million of PG&E settlement funds, only \$7 million remain uncommitted, and there is no adopted spending plan for the ARPA funds.

At the October 26, 2021, study session, there were several projects identified by staff that received little or no comments from the Council. Additionally, there were projects not included on a spending plan that the Council indicated they wanted to fund. This presentation classifies the projects into different groups: 1) programs with no objections that could move forward; 2) programs that could be reprogrammed to fund previously unfunded programs; and 3) programs developed by staff to meet the needs of the community.

PRIOR CITY COUNCIL REVIEW

Staff gave presentations on the use of one-time monies at four previous City Council study sessions: November 17, 2020, December 15, 2020, July 13, 2021, and October 26, 2021.

ANALYSIS**ARPA Programs**

To move forward with a spending plan, the staff working group reviewing these programs assembled lists of programs that seemed to have Council support to move forward, which are shown below. The program costs shown below reflect their total cost including third-party administration of the program. At \$24,990,000 in proposed program expenditures, \$9,287,436 would be available for additional programming.

ARPA-Funded Programs	Est. Total Cost
After School Programs	\$168,000
Homeless Assistance Program	\$9,800,000
Universal Basic Income	\$960,000
Safe Parking w/ Wrap-around services	\$2,000,000
Expanded Recreation Programs	\$210,000
SJH Capital Projects	\$2,000,000
Childcare Funding	\$2,900,000
inRESPONSE Mental Health Response Team	\$3,979,000
Small Business Tenant Improvements	\$1,000,000
City ARPA Administration	\$250,000
Youth Immigration Attorney	\$100,000
Children's Savings Account (Baby Bonds)	\$1,575,000
Total	\$24,990,000

The Council requested additional information on several programs, relative to who would be served and how the program would be administered.

Youth Immigration Attorney (\$100,000, ARPA). This funding would provide resources for the Secure Family Fund, through Legal Aid, for an immigration attorney specializing in ensuring due process for unaccompanied children and other children who were the victims of crime or have been abused, neglected, or abandoned by a parent. It is virtually impossible for children to navigate the U.S. immigration system alone.

Homeless Services Budget (\$9.8 million, ARPA). Utilizing ARPA funding to supplant the use of General Funds to support the program allows the greatest flexibility to pay for one-time programs not eligible under ARPA.

Universal Basic Income (\$1M, ARPA). With an interest in leveraging the new \$35 million State program, the County of Sonoma is seeking to establish their own UBI program prioritizing the same eligible population as the State (foster youth phasing out of the system and pregnant women) to be better positioned to apply for ongoing, sustainable State funding. Should Santa Rosa allocate \$960,000 in ARPA funds toward this effort, the City funds would be added to the County pool but restricted for use toward Santa Rosa residents. Implementation of the program would be managed by the County's Human Services Department, with the potential of a small administrative fee for that service.

Small Business Tenant Improvement Grants (\$1M, ARPA). Designed to support investment for commercial retail buildings with storefront businesses, the primary goal of the Tenant Improvement Program is to encourage re-tenanting of vacant sites to encourage economic development and avoid or reduce blight by enhancing the physical appearance and commercial viability of storefront businesses. This is an incentive and enabling program offering matching grants for improvements of commercial buildings within QCTs, particularly those that are or have been recently vacant. This is meant for business owners who are tenants only, though on a case-by-case basis, property owners who are opening a new business in their formerly vacant property may also be considered for eligibility. Business owner applicants should have a minimum of 3 years remaining on their lease and provide a letter of approval from the property owner.

Childcare Support Program (\$2.9M, ARPA). The City's Childcare Support Program was established with \$2m in 2020 to stabilize the city's childcare businesses through COVID, a time during which providers were permanently closing in unprecedented numbers. The program was created to establish a 3-legged base of support focused on access and affordability, facility needs (including rehabilitation and development), and provider resources and wages. Of the original, pre-ARPA funds provided, \$600,000 was used for operating grants to successfully stabilize and keep the businesses open or to reopen, and to train and assist new providers to open their own sites or work within existing sites. The remaining \$1.4m establishes the no-interest revolving loan tenant improvement Childcare Facility Fund Program, the development of which is nearing completion and will be administered for a small fee through First 5.

The \$2.9m ARPA funds being requested will add to this pool but will be administered as grants and will include an emergency fund component to provide faster, easier access to funds to address catastrophic facility events as a result of flooding or other unanticipated emergencies. City funds will be restricted for use within City limits and focused primarily in QCTs.

Children's Savings Account (Baby Bonds) (\$1.575M, ARPA). The investment of ARPA dollars in the Children's Saving Account (CSA) is a transformational investment

into the future of qualifying 2–5-year-olds in the City of Santa Rosa. The program will build on an existing CSA program called *First 5 Sonoma Futures* offered by First 5 Sonoma County. The First 5 Sonoma Futures program currently provides the opportunity for each family to earn up to \$400 for each of their children ages 2-5 through an initial investment and incentivized amounts for program participation, including support in financial literacy, school readiness, and parent engagement, all supporting a college-going culture and understanding all post-secondary learning options. The City ARPA investment would match those investments allowing each qualified child to earn up to \$800 through the program's life.

The \$1,575,000 in ARPA funds being requested will be used to match the investment for the 2- 5-year-olds and their family. Currently, First 5 Sonoma County leverages First 5 Family Resource Centers to engage and assist families in opting into First 5- owned 529 college savings accounts for their children and establish a parent-owned 529 college savings account through ScholarShare 529. City funds will be restricted for use within City limits and focused on qualifying families residing in QCTs. 5% of the request will go to administrative support with the named partner.

PG&E Settlement Fund Programs

PG&E Settlement Fund Programs	Est. Total Cost
Translation Services (Written and Oral)	\$500,000
Youth Promotores/Youth Council	\$50,000
Enhanced Infrastructure Finance District	\$80,000
Intern Program	\$80,000
Community Equity Capacity Building	\$35,000
City Staff Equity Capacity Building (Training)	\$115,000
DEI Spaces	\$150,000
SEED Equity Plan Prioritized Recommendations	\$300,000
Community Empowerment Plan	\$250,000
PED Plan Check and Inspection Contract Services	\$298,000
Fire Plan Review Contract Services	\$500,000
Equity Data Dashboard	\$50,000
(1) Two-year Limited-Term Planner	\$240,550
Public Records Management Update	\$900,000
Implement Trusted System	\$85,000
Fire Inspection Database – Fire Resiliency/recovery	\$190,000
Transit Radio Upgrade	\$100,000
Asawa Fountain Bronze Art Panels	\$300,000
(1) Three-year Limited-Term Media Technician	\$240,000
Climate Action Plan Update Implementation	\$200,000
Evacuation Equipment (Public Works – Streets)	\$150,000
Total	\$4,813,550

There is \$7 million remaining of PG&E settlement funds. The questions relative to PG&E settlement funded programs involved redirecting funding from the Roseland Creek Park (\$1.5M) and the Santa Rosa Avenue Specific Plan (\$600,000) to a Down Payment Assistance program (\$2M), and to fund a California Tiger Salamander (\$300,000) mitigation program. Adding those two programs to the PG&E spending plan would bring the total to \$7,113,550.

Programs Requested to be Added

California Tiger Salamander (CTS) Mitigation (\$300,000, PG&E). The funding would allow the City to partner with the County of Sonoma's Habitat Conservation Plan (HCP) Grant. The benefits of this program would be to update a federally permitted HCP with the existing Santa Rosa Plain Conservation Strategy; provide predictable mitigation costs for all covered activities; reduce project level mitigation costs; provide streamlined resource agency permitting; and provide conservation fund pooling to implement larger-scale, high priority actions.

Down Payment Assistance (\$2M, PG&E). This revolving loan program would provide assistance to moderate income, first-time buyers within Santa Rosa city limits. The program would be administered by Housing and Community Services staff and could be effective in 2022. This would be a first-come, first-served program where applicants would complete a Homebuyer Education Course. Approved applicants will have funds reserved for up to six months to purchase a home. Repaid loans would fund future loans.

Unless US Treasury provides different guidance, revolving loans programs existing beyond December 31, 2026 are not ARPA eligible.

Council identified Roseland Creek Park (\$1,500,000) and Specific Plan (\$600,000) as projects that could be reprogrammed to fund this program. With funding of \$2,000,000, the Down Payment Assistance revolving loan program would service 25 households.

Vegetation Management (\$1.225M, PG&E). The \$1,225,000 represents the local match for Vegetation Management grants, which would extend and expand the City's current five-year program.

"Hot" Emergency Operations Center (EOC) (\$1M, Federal Infrastructure Bill). The City's existing EOC, located at the Transit Operations Building, requires staff time to set up operations when the EOC is activated due to emergency. These funds will provide enhancements to the existing facility so that the EOC is continually operational, regardless of it being activated. This will allow for better use of staff time in the early stages of an emergency.

The recently signed federal infrastructure bill has \$1 million set aside for this project. This project is scalable, and a fully functional "hot" EOC can be created with \$1 million and would not need to be funded with PG&E settlement funds.

Boys and Girls Club Facility (\$10M, ARPA). Prior to the October 26, 2021 study session, the Boys and Girls Club submitted a request for \$10 million in ARPA funding to go toward building a childcare and community center in Roseland. This amount would be added to other funds the Boys and Girls Club have raised toward building the project. Should the Council choose to provide funding to an organization to build such a facility, it may want to consider going through a formal request for proposal process to ensure transparency of the allocation of funds.

Additional Programs for Consideration

The Council also expressed support for finding funding for a Parklet Program (\$500,000); roof replacement at Burbank Home and Gardens (\$1M); and support for downtown programs (\$100,000). While these programs appear to be in QCTs, the City would need show how these programs address the negative economic impact from the COVID-19 pandemic. If that nexus cannot be drawn, they would need to be prioritized against existing PG&E settlement funded programs.

The Parklet program would provide grants to business to create parklets in front of their businesses, which could be included as an element of the tenant improvement program if so desired. The roof at Burbank Home and Gardens is still under design. The \$1 million is a placeholder amount.

Potential Funds for Reprogramming

City COVID-19 Testing (\$1M million, ARPA). The initial request for \$1.2 million of ARPA funding for COVID-19 testing for miscellaneous employees was based on early estimates for a contractor to provide weekly on-site testing. Testing began on October 1, however due to staffing issues with the contractor, it is a supervised self-test program. FEMA Public Assistance will reimburse the city for 100% of its costs associated with this program until December 31, 2021, and from that point will reimburse 75% of the costs.

The City can use the FEMA PA funding to reimburse all costs through December 31, 2021, and then allocate a smaller portion of ARPA funds to pay for local match costs not reimbursed through FEMA. Dedicating \$200,000 of ARPA to pay for local match costs would free \$1 million of ARPA funds for other projects.

Fiber Backbone – Westside (\$8.6 million, ARPA). This project was initially estimated \$10 million to combine with County funds to create a regional project. At this time, there is no documented proposal for the use of the initial funds, and as such we have scaled back the initial estimate from \$10 million to \$8.6 million to help fund other projects. These funds could be programmed to other ARPA eligible projects with a more defined scope and ability to be completed by December 31, 2026.

New Programs for Consideration

Family Childcare Provider Shared Services Alliance – (\$1.05M, ARPA). The need for childcare support in the City is even more significant in the specific age span of infant to toddler (newborn- two). There is an ongoing need to create more childcare spaces for this young age group and during nontraditional times, such as evenings and weekends when many hourly wage workers need but are challenged to find childcare. This trusted support of home-based family childcare providers allows women to enter or return to the workforce, contributing to greater financial stability for their families, simultaneously increasing the provider's stability. Additionally, many families are likely to desire home-based (versus center-based) services for their personal, relational, and individualized attention that infants and toddlers need and that supports their optimal development. With this proposal, there would be an exponentially mutually beneficial investment. The \$1.05 million for the Alliance would support new microentrepreneurial efforts of women, focusing on bilingual and bicultural opportunities, culturally relevant and responsive services, and opportunities by creating home-based childcare businesses. The City would partner with First 5 to create the cohort support model. The complete model for the program does not currently exist and would take approximately four months to develop. The desired start period for selected applicants in the program is June 2022.

The \$1.05 million investment proposal would provide approximately \$50,000 worth of services and support to each qualified applicant to develop home-based infant-toddler care businesses. Each business would create approximately four slots for infant and toddler childcare. The \$50,000 would be used to support licensure, business mentoring, quality childcare support, and initial facility changes required for licensure and/or high-quality childcare environments. The goal would be to create a yearly cohort of 10 new micro-business startups for two years, creating a minimum of 80 new childcare (newborn-two) slots in the City's priority communities. Additionally, this cohort would operate as part of a collective and share services across the cohort to maximize purchasing power, affordability and promote professional networking and mutual support.

City funds will be restricted for use within City limits and focused on qualifying families and service locations residing in QCTs. 5% of the request will go to administrative support for the named partner.

Roseland Community Center (\$10M, ARPA):

There is a long-held community interest in situating specific public spaces for residents in the Roseland area. There have been historical proposals for a unified community center that combines a community area, a pool, and a library facility. The potential may be realized with an investment of additional ARPA dollars.

The total cost estimate for the facility is \$37,120,000, including \$5.1 million for the community pool; \$10.5 million for the community recreation center; \$10 million for the community library; and \$11,520,000 for design, construction management and oversight.

The City earmarked \$10 million for a community library in Roseland from the PGE fire recovery funds. This proposal would be to combine \$10 million of ARPA funding with funding from a partnership with the Sonoma County Library system for the remaining amount.

Such an investment in a publicly owned Roseland Community Center would ensure a culturally safe space and sense of belonging, would reflect the voices of the community in the design process, represent an equitable investment in the City infrastructure for the newly annexed Roseland, and provide more opportunities for the City's youth and elders.

Business Support Program (\$2.4M, ARPA). Should a Roseland Community Center not be deemed feasible at this time, the Economic Development Division has proposed a \$2.4m QCT Micro-Entrepreneurial Business Support Program consisting of the following elements:

- Data analysis and development of a tracking platform to understand and track Black, Indigenous, and People of Color (BIPOC) owned business needs, opportunities, and challenges, including immigrant and undocumented entrepreneurs.
- Real estate support to relocate, grow and model Mercadito with the goal of encouraging micro-entrepreneurial business ownership for BIPOC and immigrant communities.
- Business literacy programs and QCT focused start up grants in partnership with Small Business Development Center (SBDC) and the Hispanic Chamber of Commerce.
- QCT Placemaking Façade Improvement Program coordinated through the City's Public Art Program.

Next Steps

The purpose of this study session is to provide direction to staff to as to a spending plan for projects funding either by ARPA funds, or PG&E settlement funds. Staff will bring back to the Council later to adopt the spending plan, and appropriate funding.

Admittedly, the list of projects is extensive. Staff is providing a list of programs it believes the Council may want moved forward based on the comments, or lack of comments, from the October 26, 2021 study session. In a separate section, staff has identified programs the Council indicated they may want added to the spending plan.

The Council may give direction to staff to move forward with a portion of the spending plan and bring back remaining programs for further discussion in the future. The City is currently under no immediate deadline to adopt a spending plan for ARPA funds. ARPA funds must be obligated by December 31, 2024, and all funds spent by December 31, 2026.

FISCAL IMPACT

The study session, itself, does not create a fiscal impact for the organization, as the Council cannot act on the spending plans presented.

The ARPA and PG&E settlement funds are finite. Should the Council ultimately fund a program, or several programs that would require an ongoing budget should the program be successful, this would create an ongoing impact to the General Fund unless equal budget offsets are found within the General Fund.

ENVIRONMENTAL IMPACT

This Study Session is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment. No further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 - Qualified Census Tract (QCT) Map

CONTACT

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