

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: RAISSA DE LA ROSA  
ECONOMIC DEVELOPMENT DIVISION DIRECTOR  
SUBJECT: PROFESSIONAL SERVICES AGREEMENT WITH FIRST 5  
SONOMA COUNTY FOR ADMINISTRATION OF THE CITY OF  
SANTA ROSA GUARANTEED BASIC INCOME PROGRAM

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council, by resolution, approve a Professional Services Agreement with First 5 Sonoma County for administration of the City of Santa Rosa funded Guaranteed Basic Income Program in an amount not to exceed \$1,008,000.

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EXECUTIVE SUMMARY

In 2021 the Council held several study sessions where staff presented and received input on programs that could be funded using the City's allocation of American Rescue Plan Act (ARPA) funds and the remaining PG&E settlement funds. On February 15, 2022, Council passed Resolution RES-2022-029 appropriating these one-time monies and approving the related spending plan. Included in the spending plan is the ARPA funded Guaranteed Basic Income Program in the amount of \$1,008,000, which will be augmented by County of Sonoma ARPA allocated funds, and First 5 Sonoma County fund sources for program administration. This program, generally acknowledged as a pathway to income equity, will be administered by First 5 Sonoma County via a professional service agreement with input and involvement from the City and related service providers. The program aligns with 2022-2023 Council Goal 3 (ensure a healthy and safe community for all), and Goal 4 (promote economic and community vibrancy).

BACKGROUND

With the February 15, 2022, passage of Resolution RES-2022-029 allocating \$1,008,000.00 of the City's ARPA funds to a Guaranteed Basic Income (GBI) program, staff began working in earnest with the County of Sonoma Human Services Department (HSD) to develop a program leveraging HSD's services and systems. In the course of this work, and in acknowledgement of the Cities of Healdsburg and Petaluma, and the County

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of Sonoma subsequently allocating ARPA funds for their own GBI programs, it was recognized that a broader, coordinated program development effort would be needed, and would be benefited by the additional participation of trusted community service providers.

From this, the GBI Coalition was launched, and partner coordination was shifted from the County's Human Services Department to First 5 Sonoma County. City funds will be utilized only within the respective cities' boundaries, supplemented by County funds to support community service provider participation, a robust evaluation of the pilot via an external evaluator (Social Policy Research Associates), the cost of a user-friendly payment platform (a Fund for Guaranteed Income built site), staffing costs for outreach and project management, and direct basic income payments to participants within the County. GBI Coalition ARPA allocations and number of families assisted by jurisdiction is as follows:

	<u>GBI Prg Allocation</u>	<u># of Families</u>
County of Sonoma	\$3,045,250	156
<b>City of Santa Rosa</b>	<b>\$1,008,000</b>	<b>80</b>
City of Petaluma	\$636,000	49
City of Healdsburg	\$240,000	20
<b>TOTAL</b>	<b>\$5,289,250</b>	<b>305</b>

The guaranteed income pilot began accepting applicants on September 1, 2022, at a Fund for Guaranteed Income (F4GI) built site, [PathwaysSonomaCounty.org/apply](https://PathwaysSonomaCounty.org/apply). As like with the other jurisdictional funds, Santa Rosa's GBI funds will directly support the participation of families residing within identified qualified census tract areas (QCTs) in the City. A robust outreach effort by a collaboration of nonprofits ensures the most vulnerable and marginalized families have access to the opportunity to apply. Of the eligible and targeted applicants, 305 (including at least 80 Santa Rosa families) will be randomly selected and onboarded by mid-December 2022. The 24 monthly unrestricted basic income payments will begin in January 2023 and end in December 2024.

Specific to Santa Rosa:

- \$960,000 will fund monthly payments of \$500 for 24-months to 80 Santa Rosa families via Fund for Guaranteed Income (F4GI), a nonprofit financial institution and payment platform that specializes in cash distribution to marginalized populations (i.e. unbanked, previously incarcerated people, etc.). Dedicated funds for guaranteed basic income payments will be advanced by the City in a lump sum to First 5 Sonoma upon execution of the professional services agreement. First 5 Sonoma will then transfer the total amount in a lump sum to F5GI prior to January 2023.

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- \$48,000 is allocated as a 5% administrative fee to support dedicated First 5 staffing required to manage and administer ARPA programming, data/financial tracking, and reporting over the 2.5 years on the City's behalf. The cost of program administration will be augmented by County of Sonoma Funds, as well as approximately \$200,000 in funding from the state's Proposition 10 tobacco tax.

**About First 5 Sonoma County:** First 5 Sonoma County invests in Sonoma County's youngest children by funding programs and services that promote, support, and improve the early development of children from the prenatal stage through age five. It is funded by Proposition 10, a statewide ballot initiative passed in 1998 that added fifty cents per pack to cigarettes and other tobacco products. The resulting revenues are allocated statewide to First 5 California (20%) and to a First 5 Children and Families Commission in every California county (based on birth rate).

First 5 Sonoma is an independent public agency that has administered over \$90 million in grants across our county over the last 22 years, including multiple rounds of ECE facility grant cycles. In 2021, the organization administered the Child Care Resiliency Fund grant program, partnering with the City of Santa Rosa and the Community Foundation to distribute over \$1m to small providers struggling with the impacts of the pandemic. First 5 intends to continue leveraging that capacity as the lead agency for the City's ARPA funds and General Funds directed at childcare. As only a relatively small amount of the City's allocation will partially pay for First 5's administrative costs associated with these efforts, the organization will leverage Prop. 10 tobacco tax revenue to cover remaining administrative costs.

#### PRIOR CITY COUNCIL REVIEW

Staff gave presentations on the use of ARPA monies at two City Council study sessions: July 13, 2021, and October 26, 2021.

On February 15, 2022, Council passed Resolution RES-2022-029 appropriating one-time ARPA and PG&E settlement monies and approving the related spending plans.

#### ANALYSIS

GBI Programs, also referred to as guaranteed minimum income or universal basic income programs, provide unconditional, guaranteed monthly payments to support recipients' fundamental needs. The concept has been tested in multiple jurisdictions in California and across the United States, including Stockton, Oakland, San Francisco and Marin County. According to the Stockton Economic Empowerment Demonstration preliminary analysis report, that program led to increases in recipients' financial stability and full-time employment, in part by enabling new opportunities for self-determination and goal-setting while reducing anxiety and depression. Analysis of monthly expenditures by participants

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in the Stockton program revealed that the largest spending category was food followed by merchandise, utilities, auto care and transportation. Less than 1 percent of monthly purchases were for tobacco and alcohol.

A 2021 United Ways of California study revealed that 52% of Sonoma County households with children under 6 struggled to cover basic needs, with single mothers most likely to live below the study's self-sufficiency standard. Additionally, Black, Latino, Asian and Native American households make up 33 percent of the total population in Sonoma County but comprise 70 percent of the households struggling to meet their basic needs. Furthermore, research shows conclusively that poverty is closely tied to a child's lack of readiness to succeed in kindergarten, poor academic achievement, a higher likelihood of dropping out of high school, and multiple long-term adverse health outcomes.

The Sonoma County Guaranteed Basic Income Coalition is unified around racial equity, addressing income inequality, and ensuring that ARPA resources are targeted to those at the margins who were most negatively impacted by the pandemic. The group worked to develop culturally responsive and linguistically inclusive messaging, outreach strategies and materials to ensure that all eligible individuals learn of the opportunity to enroll and can access support and assistance to apply.

In addition, First 5 is working with the county, the state Department of Social Services and other entities to secure temporary eligibility waivers for participating families so they will not have to choose between the cash payments and critical public benefits, such as CalFresh and Head Start. Participating families will also have access to information about services across the county that promote financial stability, healthy development, nurturing parenting and school readiness.

GBI Coalition Program Purpose:

- To increase family financial security and mobility and decreased child poverty by provision of unrestricted monthly guaranteed financial support for 24 months.  
*(This is the focus of and what the City funds will be used for.)*
- To demonstrate the impacts achievable for families through the guaranteed income intervention in order to drive future investments in and sustainability of the approach, and to advance public policies that increase family economic mobility.  
*(This is what County funds will be used for.)*

Program Eligibility:

- Must live in Sonoma County – City funds will be used within city limits.
- Income up to 185% of Federal Poverty Level, dependent on family size (e.g. \$51,338 or below for a family of four).
- Pregnant and/or parenting a child under the age of six.
- Impacted by Covid-19 (loss of employment, income, childcare and/or housing).

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In addition to the four jurisdictions funding the program, and First 5 Sonoma County which provides the administrative oversight, the Coalition includes an array of trusted local service providers and community organizations contracted to operate as application assistance sites:

- Community Action Partnership
- Community Baptist Church
- Corazon Healdsburg
- Petaluma People Services Center
- La Luz Center
- Child Parent Institute
- River to Coast Children Services
- West County Health Centers

FISCAL IMPACT

As the ARPA funds are finite and wholly separate from the General fund, there is no negative impact to the General Fund resulting from these programs.

ENVIRONMENTAL IMPACT

This action 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, and no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/Exhibit A – First 5 Sonoma County PSA

CONTACT

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