

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: ALAN ALTON, CHIEF FINANCIAL OFFICER
FINANCE DEPARTMENT
SUBJECT: APPROPRIATION OF FUNDS FOR ONE-TIME PROGRAMS AND
APPROVAL OF LIMITED TERM MEDIA SERVICES TECHNICIAN
FOR THREE YEARS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution, increase appropriations to fund one-time programs using PG&E settlement funds and American Rescue Plan Act (ARPA) funds, as set for in Exhibit A and B of the resolution, and amend the City Classification and Salary Plan to add 1.0 FTE Limited Term Media Services Technician for three years in the Information Technology Department.

EXECUTIVE SUMMARY

The City Council has received several study sessions where staff presented programs that could be funded using the City's allocation of \$34.6 million of American Rescue Plan Act (ARPA) funds and the remaining \$7 million of PG&E settlement funds. At the November 30, 2021 study session, the Council provided direction to staff as to which programs should be funded.

Staff is moving forward with this item to appropriate program funding outside the budget process to expedite program initiation, rather than waiting until budget adoption. Funding for some programs, including the Safe Parking pilot program, Asawa Fountain panels, and Limited-Term City Planner have already been approved and appropriated by the Council and are noted in the Spending Plan summaries. Contracts have been approved by Council for the inRESPONSE unit; however, funds must still be appropriated from ARPA to support the program.

BACKGROUND

The City received PG&E settlement funds in the amount of \$95 million in July 2020. Of that amount, the City Council has obligated \$88 million to various programs, including \$40 million to provide financial stability to the General Fund; \$10 million contribution to

APPROPRIATION OF FUNDS FOR ONE-TIME PROGRAMS AND APPROVAL OF LIMITED TERM MEDIA SERVICES TECHNICIAN FOR THREE YEARS
PAGE 2 OF 5

the Renewal Enterprise District (RED); \$10 million for the development of the Roseland Library; \$20 million for fire recovery projects in Coffey Park and Fountaingrove areas; and \$8 million for fire resiliency projects. The City has been allocated a total of \$34.6 million of American Rescue Plan Act (ARPA) funds, with the first tranche received in May 2021, and the second to be received in May 2022.

Over the last half of 2021, a working group of City staff reviewed potential programs that could be funded by the City's ARPA allocation, or with the remaining \$7 million of PG&E settlement funds, based on sustainability, economic, and equity factors. The working group provided a ranked program list to the Council as part of Study Session presentations on October 26, 2021, and again on November 30, 2021, at which time the Council provide direction for funding the spending plans.

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, October 26, 2021, and November 30, 2021.

ANALYSIS

ARPA Programs. The City's ARPA allocation is \$34,637,465, of which the City has received half. The remaining allocation will come in May 2022. Staff reviewed and presented to Council a number of ARPA-eligible projects that will provide programs to assist vulnerable populations, impacted households, and other services in the community. These programs focus their services in "qualified census tracts (QCT)" ensuring their focus is to the under-served areas of the community.

Recently, US Treasury issued their Final Rule for the use of ARPA funds which provides more flexibility for states and local governments to use the funding. The most impactful change relative to the City's spending plan was the ability to declare a \$10 million revenue loss, without developing a revenue calculation. The revenue loss declaration will allow the City to put that amount toward general government services with greater reporting flexibility; however, it does not increase the City's ARPA allocation.

The summarized spending plan is based on Council consensus to move forward, with minor modifications.

Construction of Roseland Community Center (\$10 million): 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.

There have been historical proposals for a unified community center that combines a community area, a pool, and a library facility. Initial cost estimates for the facility are

APPROPRIATION OF FUNDS FOR ONE-TIME PROGRAMS AND APPROVAL OF LIMITED TERM MEDIA SERVICES TECHNICIAN FOR THREE YEARS
PAGE 3 OF 5

\$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.

To fit within the City’s ARPA allocation amount, staff reduced the third-year estimate for homeless services and eliminated the line item for COVID-19 testing. The City is currently pursuing 100% reimbursement for COVID-19 testing costs through the FEMA reimbursement program in place until March 31, 2022. At that point, if testing is still needed, the reimbursement amount from FEMA drops to 75%.

Staff was able to confirm that because the Children’s Savings Account program will distribute funds to families through a sub-recipient, the funds will no longer be the City’s responsibility once the subrecipient distributes the funds.

ARPA-Funded Programs	Est. Total Cost
After School Programs	\$168,000
Homeless Assistance Program	\$9,455,000
Guaranteed Basic Income	\$1,000,000
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
Roseland Community Center	\$10,000,000
Subtotal Programs	\$32,637,000
<u>Previously Approved Projects</u>	
Safe Parking With Wrap Around Services	\$2,000,000
Total	\$34,637,000

PG&E Settlement Fund Programs

There is \$7 million remaining of PG&E settlement funds. As with the ARPA funds, staff reviewed and presented a spending plan that would address a number of critical needs within the City. These programs are a mix of providing support for building and plan review services relative to housing and fire rebuilding; providing critical support for Diversity, Equity, and Inclusion programs and training; community engagement programs, among other programs. Council reviewed the spending plan and agreed to fund the program with two notable additions. These were a Down Payment Assistance Program, and Vegetation Management to further support fire resiliency.

APPROPRIATION OF FUNDS FOR ONE-TIME PROGRAMS AND APPROVAL OF LIMITED TERM MEDIA SERVICES TECHNICIAN FOR THREE YEARS
PAGE 4 OF 5

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. Because the loan program would last beyond the period of performance for ARPA (December 31, 2026), the funding needed to come from PG&E settlement funds.

Vegetation Management (\$1.225M, PG&E). The \$1,225,000 represents the local match funding to allow the City to compete for much needed Vegetation Management grants.

The Council previously funded two programs, the Asawa Fountain Panels, and a Limited-Term City Planner in previous Council actions, which is noted in the summary. The addition of the Down Payment Assistance Program and the Vegetation Management Grant Local Match will bring the total budget for these programs over the \$7 million of PG&E funds remaining, by \$1,038,550. The balance could be paid out of the General Fund, of which there are available funds resulting from paying the Homeless Services budget with ARPA funds.

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
Public Records Management Update	\$900,000
Implement Trusted System	\$85,000
Fire Inspection Database – Fire Resiliency/recovery	\$190,000
Transit Radio Upgrade	\$100,000
(1) Three-year Limited-Term Media Technician	\$240,000
Climate Action Plan Update Implementation	\$200,000
Evacuation Equipment (Public Works – Streets)	\$150,000
Down Payment Assistance Program	\$2,000,000

APPROPRIATION OF FUNDS FOR ONE-TIME PROGRAMS AND APPROVAL OF LIMITED TERM MEDIA SERVICES TECHNICIAN FOR THREE YEARS
PAGE 5 OF 5

Vegetation Management Grant Local Match	1,225,000
Subtotal New Programs	\$7,498,000
<u>Previously Approved Projects</u>	
Asawa Fountain Panels	\$300,000
Two-Year LT City Planner	\$240,550
Total	\$8,038,550

FISCAL IMPACT

The programs funded by ARPA and PG&E Settlement funds do not have an ongoing funding source. As pilot programs, or true one-time projects, there is no ongoing negative impact to the General Fund. Even with the addition of Down Payment Assistance Program and Vegetation Management Grant Local Match amounts, there is not an ongoing negative impact on the General Fund. The Down Payment program is a revolving loan program, so it is self-sustaining, and the local match funding for grants are true one-time expenditures.

However, should the council decide to extend any of these programs beyond their funding amounts, they would add to the General Fund deficit unless alternative funding sources are found.

ENVIRONMENTAL IMPACT

The actions provided for herein are 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 - ARPA Spending Plan
- Resolution - Exhibit A and Exhibit B

CONTACT

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