

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: DARYEL DUNSTON, ASSISTANT CITY MANAGER  
JASON NUTT, ASSISTANT CITY MANAGER  
CITY MANAGER'S OFFICE  
ALAN ALTON, CHIEF FINANCIAL OFFICER  
FINANCE DEPARTMENT  
SUBJECT: ARPA SPENDING PLAN UPDATE

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the City Manager's Office and the Finance Department that the Council receive an update of the American Rescue Plan Act (ARPA) Spending Plan, and by Resolution: 1) approve a change in the Spending Plan, moving budget totaling \$2,000,000, from the Samuel Jones Hall Capital Projects Program to the Hearn Community Hub project; and 2) authorize the City Manager to shift funding between programs as needed, not to exceed \$500,000 without returning to Council, to comply with federal regulations ensuring all ARPA funds are expended within the period of performance.

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EXECUTIVE SUMMARY

This item provides an update on ARPA programs following the approval of the ARPA Spending Plan by the City Council in February 2022 and suggests modifications to the 2022 ARPA spending plan. In addition, staff seeks approval to shift funding between programs to address funding needs and ensure ARPA funds are spent during the period of performance.

BACKGROUND

Santa Rosa received an allocation of funding through the ARPA in the amount of \$34,637,465, to support the public health response to the COVID-19 pandemic and lay the foundation for a strong and equitable economic recovery. These funds must be obligated by December 31, 2024, and fully spent by December 31, 2026. The City Council formally adopted the City's ARPA Spending Plan on February 15, 2022. The programs in the Plan comply with the guidelines established by the US Treasury

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Department. The table below provides an overview of the Spending Plan, including initial budget and expenditures to date.

**AMERICAN RESCUE PLAN ACT (ARPA) SPENDING PLAN**

**As Of 11/01/2023**

ARPA Program Title	ARPA Budget	ARPA Expenditures To Date	Dept.	% Spent
ARPA Administration	\$ 250,000.00	\$ 74,163.75	Finance	29.7%
Safe Parking Pilot	\$ 2,568,234.24	\$ 1,637,081.64	HCS	63.7%
Secure Family Fund	\$ 100,000.00	\$ 81,153.04	HCS	81.2%
Homeless Services	\$ 8,887,230.76	\$ 4,106,454.40	HCS	46.2%
Child College Savings Accounts (Baby Bonds)	\$ 1,567,000.00	\$ 787,500.00	PED	50.3%
Childcare Support Program Facility Funds	\$ 2,900,000.00	\$ 1,484,850.85	PED	51.2%
Small Business Tenant Improvements	\$ 1,178,000.00	\$ 110,419.03	PED	9.4%
Universal Basic Income / Guaranteed Basic Income	\$ 1,008,000.00	\$ 1,008,000.00	PED	100.0%
InRESPONSE Mental Health Support Team	\$ 3,979,000.00	\$ 851,639.85	SRPD	21.4%
Sam Jones Hall Capital Project	\$ 2,000,000.00	\$ -	TPW	0.0%
ED Strat Plan Pilot Programs	\$ 200,000.00	\$ -	PED	0.0%
Hearn Community Hub	\$ 10,000,000.00	\$ 824,468.20	TPW	8.2%
<b>Total</b>	<b>\$ 34,637,465.00</b>	<b>\$ 10,965,730.76</b>		<b>31.7%</b>

**PRIOR CITY COUNCIL REVIEW**

Following the City Council's approval of the ARPA Spending Plan in February 2022, an update was provided to the Council during its Goal Setting Session held in March 2023. No substantive changes to the Spending Plan were made at that time.

**ANALYSIS**

**ARPA Administration**

The Finance Department contracts with Hagerty Consulting to ensure compliance with federal regulations that outline eligible ARPA expenditures, as well as federal monitoring and reporting requirements. Hagerty assists the City with setting up subrecipient data in the US Treasury reporting portal, quarterly expenditure reporting,

and ongoing analysis of US Treasury guidance relative to the use of ARPA funds. Hagerty will also assist with post period of performance reporting. As of November 1, 2023, approximately 27 percent (\$74,163.75) of the total ARPA Administration allocation has been expended to date.

### **Safe Parking Pilot Program**

*Council Goal / Priority: Reduce Homelessness and its Impacts*

The Safe Parking Pilot Program provides up to 50 spaces for persons living in recreational and passenger vehicles. Basic services are provided in addition to housing-focused case management services. As of November 1, 2023, cumulative totals are as follows:

- All 50 spaces are occupied
- 30 people on the wait list
- 170 total individuals sheltered to date
- 65 participants received case management services and developed a housing plan
- 19 participants exited to temporary housing
- 33 participants exited to permanent housing

As of November 1, 2023, approximately 64 percent (\$1,637,081.64) of the total Safe Parking Pilot allocation has been expended to date.

### **Secure Family Fund**

*Council Goal / Priority: Ensure a Safe and Healthy Community For All*

Special Immigrant Juvenile Status (SIJS) is a path to citizenship for undocumented youths who are single, under the age of 21, and have experienced abuse, neglect, or have been abandoned by at least one parent. This funding provides a full-time youth immigration attorney and bilingual caseworker to assist clients with attaining SIJS. Clients are also screened for other legal needs including rental housing issues, domestic violence, family law, guardianship, and debtor creditor relief.

Outcomes are reported quarterly, and during the first quarter of Fiscal Year 2023-24, one workshop and four community events were held, 17 screening appointments were completed, and two new SIJS cases were opened. Eight state court findings and four SIJS pending petitions were also carried over from the last quarter of Fiscal Year 2022-23.

As of November 1, 2023, approximately 81 percent (\$81,153.04) of the total Secure Family Fund allocation has been expended to date.

## Homeless Services

*Council Goal / Priority: Reduce Homelessness and its Impacts*

**Sam Jones Hall** is the City's emergency shelter for single adults. It provides up to 213 beds along with housing-focused case management services. Outcomes are reported quarterly, and at the end of quarter one in Fiscal Year 2023-24, a total of 313 individuals were sheltered, 38 participants were exited to temporary housing, and nine participants were exited to permanent housing.

The City's **Homeless Outreach Services Team (HOST)** provides street outreach services that are targeted to individuals residing in encampments and places not meant for human habitation. Outcomes are reported quarterly, and at the end of quarter one in Fiscal Year 2023-24, 198 individuals were engaged, 46 individuals were provided shelter or temporary housing, and six individuals obtained permanent housing.

The **Caritas Family Support Center** is an emergency shelter dedicated to supporting families experiencing homelessness. The shelter provides up to 138 beds along with housing-focused case management services. Outcomes are reported quarterly, and at the end of quarter one in Fiscal Year 2023-24, 253 adults and children were sheltered, 37 families exited to temporary housing, and 42 families exited to permanent housing.

The **Homeless Services Center** is a drop-in center that provides basic services that include showers, laundry services, telephone and mail services, wrap-around support referrals, and linkages to shelter services. Outcomes are reported quarterly, and at the end of quarter one in Fiscal Year 2023-24, 317 individuals visited the drop-in center, 4,576 showers were provided, and 1,518 loads of laundry were washed.

The City is a partner to the **Community Action Partnership of Sonoma County**, which administers a fund dedicated to supporting families in need of financial assistance to prevent eviction and displacement. In addition to rental assistance and support with security deposits or mortgage payments, the partnership also provides credit counseling and financial literacy services. Outcomes are reported quarterly, and at the end of quarter one in Fiscal Year 2023-24, 40 participants were provided financial assistance, 33 participants maintained or improved their housing status, five participants avoided eviction, and three individuals exited homelessness.

The City also partners with Sonoma County's **YWCA Safe House Domestic Violence Shelter** for families and individuals experiencing homelessness due to domestic violence. Supportive services include one-on-one advocacy, support groups, and individual counseling services with the goal of empowering victims with the skills necessary for self-sufficiency and increased safety. Outcomes are reported quarterly, and at the end of quarter one in Fiscal Year 2023-24, 104 adults and children were sheltered, 44 clients were enrolled in a two-year supportive services program, 20

participants exited to temporary housing, and 15 participants exited to permanent housing.

The City is also a partner to the **Community Housing Assistance Program (CHAP)**, which allows for the provision of homeless services on property owned or leased by faith-based organizations. Grant funding supports the operation of two safe parking locations, totaling 18 parking spaces.

As of November 1, 2023, approximately 46 percent (\$4,106,454.40) of the total Homeless Services allocation has been expended to date.

### **Child College Savings Accounts (Baby Bonds)**

*Council Goal / Priority: Promote Economic and Community Vibrancy*

The City has partnered with First 5 of Sonoma County to establish a child college savings account program, which includes \$500 in seed funding per account. Eligible children must be ages zero to five years old, must be a Santa Rosa resident, and must have a household adjusted gross income of \$75,000 or less. The funds are invested into ScholarShare529, a State of California college savings plan. The funds will be available for withdrawal after the beneficiary graduates from high school and enrolls in a college or career education program.

Parents who utilize qualifying programs and services that promote early childhood development, optimal child health programs, and community connectedness initiatives will have the opportunity to earn up to \$100 in additional incentives. Parents or caregivers who open a parent-owned ScholarShare529 account will also be matched up to \$100 - bringing the total potential contribution to \$700 if all incentives are utilized.

To date, 885 accounts have been opened, including 172 accounts that were opened in the first quarter of Fiscal Year 2023-24. As of November 1, 2023, approximately 50 percent (\$787,500) of the total Child College Savings allocation has been expended.

### **Childcare Facility Support Fund**

*Council Goal / Priority: Promote Economic and Community Vibrancy*

The goal of the Childcare Facility Support Fund is to leverage local, state, and federal funds to establish a sustainable source of assistance for the development of high-quality childcare facilities. The fund provides financial support for the build-out of new childcare and early learning facilities to be included in new housing or business construction, as well as rehabilitation, renovation, and repair of existing childcare and early learning facilities. ARPA funds are awarded through a competitive grant process managed by the City's Economic Development Division.

A total of 39 Letters of Intent (LOI) were submitted to the City by childcare operators. Of the 39 LOIs, 26 facilities submitted an LOI for a minor renovation and repair grant

without increasing childcare capacity, totaling \$989,442 in funding requests. Four facilities submitted an LOI for a minor renovation and repair grant, where the renovation will increase the facilities capacity to care for additional children, and those requests total \$155,250. Nine facilities submitted an LOI for a major renovation and new construction grant, totaling \$1,731,250 in funding requests.

As of November 1, 2023, approximately 51 percent (\$1,484,850.85) of the total Childcare Facility Support Fund allocation has been expended to date.

### **Small Business Tenant Improvement Program**

*Council Goal / Priority: Promote Economic and Community Vibrancy*

The primary goal of the Tenant Improvement program is to encourage economic development in Qualified Census Tracts (QCT) that have historically experienced under-investment. The program aims to enhance the physical appearance and commercial viability of storefront businesses.

A total of 47 applications for funding were received, and the amount of grant funding that was requested far exceeds the funding that is available. Awards were capped at \$40,000 per project given reporting requirements, and staff continues to work closely with applicants to track the progress of each project, disbursing funds as project milestones are completed.

As of November 1, 2023, approximately nine percent (\$110,419.03) of the total Small Business Tenant Improvement allocation has been expended to date.

### **Universal Basic Income Pilot Program**

*Council Goal / Priority: Reduce Homelessness and its Impacts & Promote Economic and Community Vibrancy*

In partnership with First 5 of Sonoma County, the Universal Basic Income Pilot Program aims to alleviate financial stressors felt particularly by lower income, pregnant, and parenting families with young children in Sonoma County - particularly those families most impacted by the pandemic. The cohort of participants consists of 305 households (at least 80 of which are Santa Rosa residents) and participants receive \$500 per month, beginning January 2023 through December 2024 (24 months).

Social Policy Research Associates is the evaluation firm that tracks and analyzes the experiences of each family, documenting the impacts of stable income over the length of the pilot program. Social Policy Research Associates will publish their findings in 2025.

As of November 1, 2023, 100 percent (\$1,008,000) of the total Universal Basic Income Pilot allocation has been expended to date.

### **inRESPONSE Mental Health Support Team**

*Council Goal / Priority: Ensure a Safe and Healthy Community For All*

inRESPONSE is designed to respond to calls for service with a mental health first approach. The team is comprised of a licensed mental health clinician, a paramedic, a homeless outreach specialist, and supported by a wrap-around support services provider. inRESPONSE team members are trained in de-escalation and social work interventions, as well as physical and mental health evaluations.

While inRESPONSE works in partnership with the Santa Rosa Police Department, the inRESPONSE team is unarmed and best equipped to support and provide mental health resources to individuals and families experiencing a crisis. ARPA funding supplements additional funding sources to provide the level of staffing required to mitigate the mental and behavioral health needs of the City.

As of November 1, 2023, approximately 21 percent (\$851,639.85) of the total inRESPONSE ARPA allocation has been expended to date.

### **Sam Jones Hall Capital Improvements**

The capital improvements needed at Sam Jones Hall, which includes the installation of additional restroom facilities for clients and improved workspace for shelter staff, will not be completed within the period of performance, and staff recommends reallocating \$2,000,000 from this project to the Hearn Community Hub project.

### **Economic Development Strategic Plan Programs**

*Council Goal / Priority: Promote Economic and Community Vibrancy*

The Economic Development Strategic Plan is still under development, and funding will be drawn down during the implementation of specific projects and initiatives that will be outlined in the Strategic Plan following the Plan's adoption by the City Council.

### **Hearn Community Hub**

*Council Goal / Priority: Ensure a Healthy and Safe Community for All & Build and Maintain a Sustainable Infrastructure*

The Hearn Community Hub is a capital project that envisions a six-acre complex that includes multiple community services, such as a new Fire Station, a new Sonoma County Library branch, and a multi-faceted community and cultural center. Total project

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costs exceed ARPA funding, and staff recommends shifting any unused ARPA funding to the Hearn Community Hub project to mitigate the funding gap.

As of November 1, 2023, approximately 8 percent (\$824,468.20) of the total Hearn Community Hub allocation has been expended to date.

The City used the \$10 million exemption for lost City revenue during the COVID-19 pandemic as its initial investment of ARPA funds for the Hearn Community Hub project. These funds may be used for any general government service, and provided the greatest amount of flexibility for the use of funds for a capital project.

In August 2023, US Treasury issued an Interim Final Rule for 2023 that, among other things, expanded the eligibility of capital projects to include "Surface Transportation and Title 1" projects. This guidance would allow the City to use ARPA funds to pay for much needed site and roadway extension work associated with the Hearn Community Hub project; however, the new guidance did not increase the City's allocation of ARPA funds, so funding for these new projects would have to come from the City's existing allocation. Staff identified projects that would not be spent by the period of performance for reallocation to the Hearn Community Hub project. This funding would come from the Samuel Jones Hall Capital Projects (\$2,000,000).

### FISCAL IMPACT

This item does not appropriate any new funds, and as such, does not impact the General Fund; however, there may be future impacts to the General Fund. Any APRA-funded program operating past the ARPA period of performance that does not have an identified funding source would need to be funded by the General Fund, which would add to the current General Fund budget deficit.

### ENVIRONMENTAL IMPACT

The proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under sections 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 that no further environmental review is required.

### ATTACHMENTS

- Resolution / Exhibit A

### PRESENTER

Daryel Dunston, Assistant City Manager