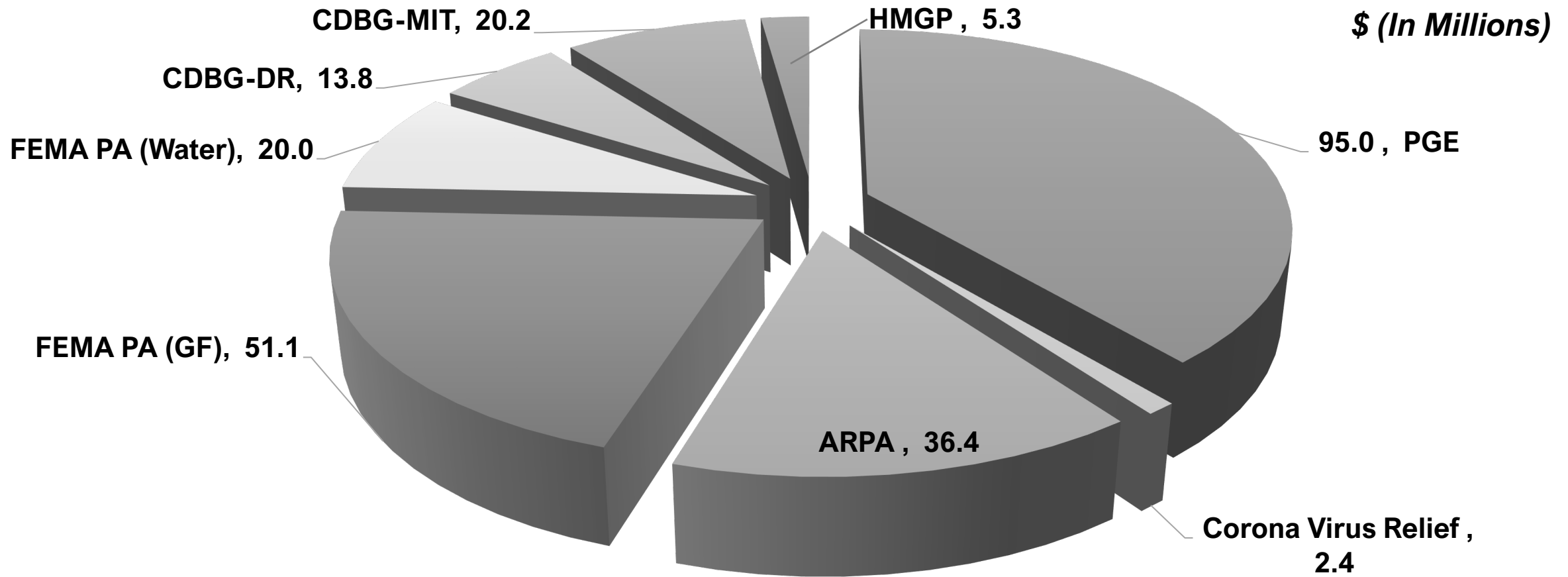




# **Building for the Future: One-time revenues**

**Long Term Financial Policy and Audit Subcommittee**

8 April 2021



***Gross one-time revenues available: \$244.4 mn***

***All reimbursements are dependent upon eligible uses of funds (except PGE monies which have been fully reimbursed)***

***One-time sources of revenues: Each program has its required sources and uses of funds. Gross revenues available = \$244.4 mn***

FUNDS BY DIRECT ALLOCATION				
	FUNDING SOURCE	ALLOCATION	COLLECTED	NOTES
<b><i>PG&amp;E</i></b>	Court Settlement	\$95.0	\$95.0	<ul style="list-style-type: none"> <li>▪ Funds “assigned” in General Fund reserves</li> <li>▪ May be appropriated only with Council approval</li> </ul>
<b><i>Corona Virus Relief Funds</i></b>	CARES Act via State Coronavirus Relief Fund	2.4	2.4	<ul style="list-style-type: none"> <li>▪ Emergency Response from March – June 2020</li> <li>▪ Freed-up reserves to be used toward Child Care Program</li> </ul>
<b><i>American Rescue Plan Act (“ARPA”)</i></b>	United States Department of the Treasury (“Treasury”)	36.4	0	<ul style="list-style-type: none"> <li>▪ Issued directly from Treasury</li> <li>▪ Two (2) tranches: May 2021 and May 2022</li> <li>▪ Eligibility &amp; restrictions included on page 5</li> </ul>

***Project costs allocable and obligated = \$71.2 mm; receipts to date = \$12.1mm***

FEMA Public Assistance Funds				
	Obligated Amount	City Estimate	Received	Notes
<b><i>FEMA PA: (General Fund)</i></b>	\$19,287,657	\$51.1	\$7.7	<ul style="list-style-type: none"> <li>▪ <i>Emergency Response and Permanent projects for Tubbs Fire</i></li> <li>▪ <i>Requests for reimbursement supported by payments made by the City. Obligated amount in FEMA agreed-upon project cost; however, true cost of project paid at closeout.</i></li> <li>▪ <i>Reimbursement repayments the City's General Fund for monies advanced</i></li> </ul>
<b><i>FEMA PA: (Water Fund)</i></b>	13,276,351	20.0	4.5	<ul style="list-style-type: none"> <li>▪ <i>Water Related FEMA PA projects. Reimbursement repays monies advanced from Water reserves</i></li> </ul>

## ***Project cost reimbursement: Total Allocation = \$39.3M***

Disaster Grant Funds				
	Funding Source	Amount	Received	Notes
<b><i>CDBG - DR</i></b>	State of CA HCD	\$13.8	0	<ul style="list-style-type: none"> <li>▪ <i>Funding for Disaster Recovery Infrastructure Projects</i></li> <li>▪ <i>State determines the amount available and makes awards to each agency</i></li> <li>▪ <i>Project-specific funding, subject to HUD and HCD guidelines</i></li> <li>▪ <i>Project cost &gt; allotment is borne by the City</i></li> </ul>
<b><i>CDBG - MIT</i></b>	State of CA HCD	20.2	0	<ul style="list-style-type: none"> <li>▪ <i>Funding for Resilient Infrastructure Projects.</i></li> <li>▪ <i>Same requirements as CDBG-DR enumerated above</i></li> </ul>
<b><i>Hazard Mitigation Grant Program (HMGP)</i></b>	FEMA and CalOES	5.3	0.1	<ul style="list-style-type: none"> <li>▪ <i>Project costs through Request for Reimbursement process</i></li> <li>▪ <i>Costs &gt; project award is borne by the City</i></li> </ul>

# ***ARPA monies of \$36.4 mn must be spent by December 31, 2024***

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## **FUNDS' ELIGIBILITY**

- ☐ Revenue replacement for government services
- ☐ Limited to amount of revenue reduction as a direct result of COVID-19 in FY 19/20
- ☐ COVID-19 expenditures and/or negative economic impacts of COVID-19 for
  - Small business assistance
  - Industries that are hard hit
  - Economic-recovery specific
- ☐ Premium pay for essential workers
- ☐ Investments in water, sewer, and broadband infrastructure

## **RESTRICTIONS**

- ☐ Funds cannot be used to directly or indirectly to offset tax reductions or delay a tax or tax increase
- ☐ Funds cannot be deposited into any pension fund

***Note that additional legislation will be forthcoming in weeks, including the requirement that the City's chief executive certify that funds will be used solely for eligible purposes***

- 👍 Capital investment in long-lived assets
- 👍 Investment in other critical infrastructure; deferred maintenance
- 👍 Rebuild reserves to enhance financial flexibility and resilience
- 👍 Cover **temporary** operating shortfalls until economic conditions and the City's business operations normalize
- 👍 Consider regional initiatives and opportunities for partnering
- 👍 Use ARPA funds for priorities ineligible for other federal and state assistance programs
- 👍 Uses of ARPA monies should be spent over the period in which it is qualified, i.e., within date of funds receipt and December 31, 2024

***Note: credit ratings impacted by decision-making***

***How do we strategically invest in the City's future? Let us take time to consider prudent uses prior to making commitments. Let's build for the future.***