

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

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

EXECUTIVE SUMMARY

The City has \$7 million remaining of PG&E settlement funds that remain unobligated. In addition, the City must develop a spending plan for \$34,367,436 of the American Rescue Plan Act (ARPA) funding, which will be allocated to the City in two equal tranches of \$17,183,718. The first tranche was received in May 2021, and the second tranche is expected in May 2022.

At a Study Session on July 13, 2021, the City Council provided staff with a list of projects that may be funded through either ARPA funds, or PG&E settlement funds. In addition, City staff identified projects which may also be considered for funding. In total, approximately \$171.5 million of projects were identified.

A working group of eight City employees met to review the projects, and determine their respective rankings based on sustainability, economic, and equity considerations/factors.

BACKGROUND

The City received PG&E settlement funds in the amount of \$95 million in July 2020. The City Council has obligated \$88 million of those funds, including:

- \$40 million to provide fiscal stability to the General Fund
- \$10 million contribution to the Renewal Enterprise District (RED)
- \$10 million for the development of the Roseland Library

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- \$20 million for fire recovery projects in Coffey Park and Fountaingrove areas
- \$8 million for fire resiliency projects

There are no legal restrictions relating to use of the remaining \$7 million PG&E settlement funds.

The City will receive a total of \$34,367,436 in American Rescue Plan Act (ARPA) funding, which is sent in two equal tranches. The first tranche totaling \$17,183,718 was received in May 2021, and the second tranche expected in May 2022. The City must develop a spending plan, report expenditures on a quarterly basis to the U.S. Treasury, and obligate all funds by December 31, 2024.

Unlike the PG&E settlement funds that have no use restrictions, ARPA funds must be consistent with eligible uses as established by the U.S. Department of Treasury, including: 1) response to the COVID-19 public health emergency and its negative economic impact; 2) premium pay for eligible essential workers; 3) provision of general government services to the extent of revenue loss experienced; and 4) water, sewer, and broadband infrastructure.

A diverse working group of eight City employees from various departments in the City, including: Sustainability Coordinator; Chief Information Officer; Deputy Director – Economic Development; Diversity, Inclusion, and Equal Employment Officer; Deputy Director – Community Engagement; Deputy Director – Finance; and both Assistant City Managers, was responsible for developing criteria for ranking proposed programs, reviewing the programs, and developing a spending plan.

PRIOR CITY COUNCIL REVIEW

July 13, 2021, “One-Time Monies” study session

ANALYSIS

Following the July 13, 2021 study session on one-time monies, staff assembled a list of 67 programs totaling \$171.5 million; these represent a mix of those suggested by the City Council, and those developed at the staff level, and which process entailed the following activities for spending plan development:

- Use of consultant to verify program eligibility under ARPA, and to identify any conditions that would need to be met to verify eligibility.
- Working group review and scoring of all projects through the lens of sustainability, economic, and equity factors. More specifically, projects were scored based on the following criteria:
 - **Environmental Equity** – Addresses the tendency to overburden poor areas with environmentally harmful uses (e.g., does a citywide program identify funding to direct investment specifically in vulnerable communities?)

- **Environmental Health** - Projects/programs that aid or add to health benefits, or access to health benefits. (e.g., physical infrastructure e.g., healthy food sources, alternative transportation like walkability and bike paths, parks, etc., or programs - especially in a way that addresses a vulnerable part of our community)
 - **Socio-Economic Upstream Investment** - Addresses inequities in access to resources / addresses macro factors that comprise social-structural influences on health, gov. policies, and the social, physical, economic and environmental factors that determine health.
 - **Economic Determinants of Health** - Projects/programs that will affect/influence the socioeconomic position, neighborhood conditions, and/or societal and cultural factors that influence health and wellbeing
 - **Advances Diversity (of problem solving)** - Identifies and mitigates potential harm for vulnerable and underrepresented populations and/or areas of the City
 - **Advances Equity/Access** - Uses place-based or quality of life disparity data to locate priority areas and efforts
 - **Advances Inclusion** - Resources specified for community engagement focused on underserved and underrepresented communities
- Application of other factors as part of the evaluation process include program readiness for implementation and staff resource availability to administer a new program.
 - With score-based rankings complete, programs were arranged within the funding allotment for a given year.

Seventeen of the programs are ARPA eligible; however, their total estimated cost is \$45.5 million, which is over \$11 million more than the ARPA funds allocated to the City.

The working group applied the same ranking methodology to the remaining programs. There were 50 remaining programs, with a total estimated cost of over \$126 million. However, with only \$7 million of available funds, some high-ranking projects would need to be passed over because their initial cost estimate exceeded available funds. For these remaining programs, staff reviewed them twice – the second time to under the lens of getting the most return on investment to both the organization and community, and also to pay for smaller capital projects that had to be done but had no other funding source available than the General Fund.

The City Council may ask questions and provide direction to staff.

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.

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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

The proposed 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. No further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

None.

CONTACT

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