Agenda Item #15.1
For Council Meeting of: December 17, 2024

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: DARYEL DUNSTON, ASSISTANT CITY MANAGER
ALAN ALTON, CHIEF FINANCIAL OFFICER
SUBJECT: AMERICAN RESCUE PLAN ACT SPENDING PLAN UPDATE

AGENDA ACTION: REPORT

RECOMMENDATION

It is recommended by the City Manager's Office and the Finance Department that the Council receive an update on the American Rescue Plan Act (ARPA) spending plan, including expenditures to date, program progress, noteworthy outcomes, and to ensure compliance with the US Treasury's ARPA obligation deadline of December 31, 2024.

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 includes Council authorized modifications to the spending plan adopted in December 2023.

BACKGROUND

Santa Rosa received an ARPA appropriation from the US Treasury in the amount of $34,637,465 to support the public health response to the COVID-19 pandemic, laying the foundation for a strong and equitable economic recovery. These funds must be fully obligated by December 31, 2024, and completely exhausted by December 31, 2026.

The City Council formally adopted the City's ARPA spending plan on February 15, 2022. The programs in the spending plan comply with the guidelines established by the US Treasury. In December 2023, Council authorized the City Manager to shift ARPA funds between programs, not to exceed $500,000. The table below provides an overview of the spending plan, including an updated budget with expenditures and obligations to date.

AMERICAN RESCUE PLAN ACT (ARPA) SPENDING PLAN							
(as of 11-01-24) ARPA Program Title	Dec '23 ARPA Budget	Adjusted ARPA Budget	Expenditures To Date	Encumbered Funds	Obligated Funds	Total	Utilization
ARPA Administration	$ 250,000.00	$ 250,000.00	$ 89,646.25	$ 160,353.75	N/A	$ 250,000.00	100%
Safe Parking Pilot Program	$ 2,568,234.24	$ 2,556,416.00	$ 1,895,346.55	$ 661,069.45	N/A	$ 2,556,416.00	100%
Secure Family Fund	$ 100,000.00	$ 100,000.00	$ 100,000.00	N/A	N/A	$ 100,000.00	100%
Homeless Services	$ 8,887,230.76	$ 9,099,049.00	$ 7,642,206.00	$ 1,456,843.00	N/A	$ 9,099,049.00	100%
Child College Savings Accounts (Baby Bonds)	$ 1,567,000.00	$ 1,567,000.00	$ 1,288,807.71	$ 278,192.29	N/A	$ 1,567,000.00	100%
Childcare Facility Support Fund	$ 2,900,000.00	$ 2,900,000.00	$ 2,900,000.00	N/A	N/A	$ 2,900,000.00	100%
Small Business Support Program	$ 1,178,000.00	$ 1,178,000.00	$ 576,059.84	$ 424,893.00	$ 177,047.16	$ 1,178,000.00	100%
Universal Basic Income Pilot Program	$ 1,008,000.00	$ 1,008,000.00	$ 1,008,000.00	N/A	N/A	$ 1,008,000.00	100%
inRESPONSE Mental Health Support Team	$ 3,979,000.00	$ 3,979,000.00	$ 3,500,197.29	N/A	$ 478,802.71	$ 3,979,000.00	100%
Sam Jones Hall Capital Improvements	$ 2,000,000.00	Reallocated					
Economic Development Strategic Plan Implementation	$ 200,000.00	Reallocated					
Hearn Community Hub	$ 10,000,000.00	$ 12,000,000.00	$ 444,004.55	$ 3,811,442.58	$ 7,744,552.87	$ 12,000,000.00	100%
Total	**$ 34,637,465.00**	**$ 34,637,465.00**	**$ 19,444,268.19**	**$ 6,792,794.07**	**$ 8,400,402.74**	**$ 34,637,465.00**	100%

PRIOR CITY COUNCIL REVIEW

Following the City Council's approval of the ARPA spending plan in February 2022, an update was provided to Council during the December 12, 2023, meeting. Through resolution number RES-2023-216, Council approved a modification in the spending plan, reallocating two million dollars ($2M) from the Samuel Jones Hall Capital Improvement Project to the Hearn Community Hub project, while also authorizing the City Manager to adjust funding between programs up to $500,000 to comply with federal regulations and spenddown requirements.

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, 2024, the ARPA Administration program expended $89,646.25, with the remaining $160,353.75 encumbered (to be drawn down as Hagerty invoices the City for services rendered throughout 2025 and 2026). All ARPA Administration funding is in compliance with the federal obligation deadline.

Safe Parking Pilot Program

Council Goal / Priority: Reduce Homelessness and its Impacts

The Safe Parking Pilot Program provides up to fifty-two spaces for persons living in recreational and passenger vehicles and are provided basic services and housing-focused case management services. As of November 1, 2024, cumulative totals are as follows:

- 260 total individuals sheltered to date.
- 137 participants received case management services and developed a housing plan.
- 22 participants exited to temporary housing.
- 71 participants exited to permanent housing.

As of November 1, 2024, Safe Parking has expended $1,895,347, with the remaining $661,069 encumbered (to be drawn down as the subrecipient, Catholic Charities, invoices the City for services rendered in 2025). All ARPA funding allocated to the Safe Parking Pilot program are in compliance with the federal obligation deadline, and it is important to note that ARPA funding for this specific program will be exhausted at the end of the current fiscal year (FY). Should the Council decide to continue the Safe Parking Pilot in FY 2025 – 26, and alternate funding source will need to be identified.

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 twenty-one, 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 housing insecurity, domestic violence, family law, guardianship, and debtor-creditor relief.

The program concluded on June 30, 2024. Over its 20-month duration, SIJS staff actively engaged the community by hosting or attending twenty-seven events to promote their services. During this time, they screened and counseled 117 potential clients, filed 26 SIJS cases, and secured SIJS status for nine youths. Additionally, the program supported clients with other court filings, including guardianship and custody cases (14 filed, 11 attained) and work authorization applications (5 filed, 2 attained). All individuals assisted by the program were extremely low-income (below 30% AMI) or very low-income (below 50% AMI).

As of November 1, 2024, 100 percent ($100,000) of the total Secure Family Fund allocation has been expended.

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, basic services plus housing-focused case management services. The outcomes reported for FY 2023-24 are: a total of 640 individuals were sheltered, 88 participants were exited to temporary housing (18% of total exits), and sixty-three participants were exited to permanent housing (13% of total exits).

The City's **Homeless Outreach Services Team (HOST)** provides street outreach focused on engaging unsheltered individuals, building trust, and connecting them with critical resources, and supporting their transition toward stability and permanent housing. The outcomes reported for FY 2023-24 are: 813 individuals were engaged, 171 individuals were provided shelter or temporary housing, and 189 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. The outcomes reported for FY 2023-24 are: 502 adults and children were sheltered, 108 participants exited to temporary housing, and 184 participants exited to permanent housing.

The **Caritas Drop-in Center** provides basic services that include showers, laundry services, telephone and mail services, wrap-around support referrals, and linkages to shelter services. The outcomes reported for FY 2023-24 are: 1,114 individuals visited the drop-in center, 19,360 showers were provided, and 5,937 loads of laundry were washed.

The City partnered with **Community Action Partnership of Sonoma County: Seasons of Sharing**, 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. The outcomes reported for FY 2023-24 are: 197 participants were provided financial assistance, 168 participants maintained or improved their housing status, and 51 participants avoided eviction.

The City partnered 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. The outcomes reported for FY 2023-24 are: 223 adults and children were sheltered, 101 participants exited to temporary housing, and 60 participants exited to permanent housing.

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

As of November 1, 2024, the Homeless Services program expended $ 7,642,206, with the remaining $ 1,456,843 encumbered (to be drawn down by various service providers throughout 2025 and 2026), ensuring all ARPA funding allocated to Homeless Services are in compliance with the federal obligation deadline.

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. Research indicates that children from families saving between $1 and $499 for education are three times more likely to attend college and four times more likely to graduate compared to those without college savings.

To be eligible for the program, children must be ages zero to five years old, reside in Santa Rosa, and belong to a household with an adjusted gross income up to $75,000. The funds are invested into ScholarShare529, a State of California college savings plan, on behalf of the child (beneficiary). 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.

As of November 1, 2024, 1,679 accounts have been opened, including 149 accounts that were opened in the first quarter of FY 2024-25. The program has expended $1,288,807.71 with the remaining $278,192.29 encumbered (to be drawn down as new savings accounts are established). All ARPA funding allocated to the Child College Savings Account program are in compliance with the federal obligation deadline.

Childcare Facility Support Fund

Council Goal / Priority: Promote Economic and Community Vibrancy

The Childcare Facility Support Fund leverages 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 to the childcare sector,

supporting the build out of new childcare/early learning facilities included in new housing or business construction, as well as rehabilitation, renovation, and repair of existing childcare/early learning facilities. ARPA funds were awarded through a competitive grant process, and the City of Santa Rosa has partnered with First 5 Sonoma County as a sub-recipient to administer, implement, and track these grants.

Grant agreements and award disbursements were executed in two rounds, with project updates outlined below.

Completed Projects:

- 32 projects completed across both funding rounds:
  - 25 minor renovations and repairs to preserve existing facilities projects (Licensed Family Childcare Homes).
  - Five minor renovations and repairs to increase licensing capacity projects.
  - Two major renovations/new constructions projects: (one at a license-exempt center and one at a Licensed Family Childcare Home).

Site Visits:

- Nine site visits completed recently:
  - Three between July and September.
  - Six in October and November.

Projects In Progress:

- Eight projects in progress, with most expected to be completed by January 2025:
  - Three minor renovations and repairs to preserve existing facilities.
  - Two minor renovations and repairs to increase licensing capacity.
  - Three major renovations/new constructions at center-based facilities.

Projects Not Started:

- Two projects:
  - One major renovation/new construction project delayed due to development issues.
  - One minor renovation and repair project to preserve an existing facility, with work anticipated to begin in December 2024 after finalizing agreements.

As of November 1, 2024, 100 percent ($2,900,000) of the total Childcare Facility Support Fund allocation has been expended.

Small Business Support Program

Council Goal / Priority: Promote Economic and Community Vibrancy

The primary goal of the Small Business Support Program is to foster economic opportunity and development, with a focus on advancing racial equity and supporting underserved communities. The program achieves this through initiatives such as Façade Improvement/Parklet Grants and Placemaking Improvements, which enhance

the physical appearance, commercial viability, and destination awareness of storefront businesses in historically under-invested areas and Qualified Census Tracts (QCTs). Additionally, the Business Incubator program promotes the incubation and launch of small business start-ups, focusing on the inclusivity of underrepresented groups.

A total of 45 grants were awarded for façade improvements, parklets, and placemaking (murals) and are distributed directly to applicants or through the services provided by contractors. Of the 45 grant awards, 37 agreements have been fully executed.

Given the overwhelming response, only one round of funding focused on the QCTs of downtown, Santa Rosa Ave/Petaluma Hill Rd, and Roseland was offered. There was not fund availability for a second round of grants that would have included all other qualifying QCT neighborhoods in the city.

The Business Incubator is funding two programs managed by North Coast Builders:

- Contractors License Courses - This program aims to provide seventy aspiring contractors with the necessary education and training to obtain their licenses.
- North Bay Construction Corps - This workforce development program offers hands-on construction training for 60 high school students, equipping them for immediate employment in the industry.

As of November 1, 2024, the Small Business Support Program has expended $576,059.84; encumbered $424,893 in executed contracts; and has obligated the remaining $177,047.16 in agreements currently being processed. All ARPA funding allocated to the Small Business Support program are in compliance with the federal obligation deadline.

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 most impacted by the pandemic. The cohort of participants consists of 305 households, at least 80 of which are Santa Rosa residents participating through the City of Santa Rosa’s ARPA allocation. Monthly payments of $500 began in January 2023 and continued for 24 months through December 2024.The evaluation firm Social Policy Research Associates tracks and analyzes the experiences of each family, documenting the impacts of stable income on family functioning, child development, mental health, and other factors for the duration of the pilot program. The report from this tracking and analysis is expected sometime in 2025. As of November 1, 2024, 100 percent ($1,008,000) of the Universal Basic Income Pilot allocation has been expended.

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 hospital liaison, a homeless outreach specialist, and are 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.

In partnership with the Santa Rosa Police Department, the inRESPONSE team responded to 4,759 calls and provided 4,418 system navigation services in calendar year 2023. These services are provided by unarmed civilian staff trained in holistic intervention techniques, addressing crises involving mental health, homelessness, and substance use. ARPA funding supplements other funding sources to support the staffing needed to address the mental and behavioral health needs of the City.

As of November 1, 2024, inRESPONSE has expended $3,500,197.29 and has obligated the remaining $478,802.71 in an agreement currently being processed, ensuring all ARPA funding allocated to inRESPONSE are in compliance with the federal obligation deadline.

Sam Jones Hall Capital Improvements

Council approved Resolution Number RES-2023-216, authorizing the reallocation of $2,000,000 (two million dollars) from the Samuel Jones Hall Capital Improvement Program to the Hearn Community Hub project.

Economic Development Strategic Plan Implementation

Council Goal / Priority: Promote Economic and Community Vibrancy

Resolution number 2023-216 also provided the City Manager the authority to reallocate ARPA funding designated for the implementation of the Economic Development Strategic Plan, totaling $200,000 (two hundred thousand dollars), to support Homeless Services programs. The General Fund will cover costs associated with the implementation of the Economic Development Strategic Plan moving forward.

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, a community gymnasium, and a multi-faceted community and

cultural center. Total project costs exceed available ARPA funding and will be supported through additional sources.

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 provide the greatest amount of flexibility for the use of funds for a capital project. Furthermore, the US Treasury issued a final rule in 2023 that expanded the eligibility of capital projects to include “Surface Transportation and Title 1” projects. The expanded eligibility criteria and the passage of Council resolution number RES-2023-216 allowed for $2,000,000 (two million dollars) from the Samuel Jones Hall Capital Project to contribute towards the Hearn Community Hub, brining the total ARPA allocation for this project to $12,000,000 (twelve million dollars).

The demolition and site preparation were finished in May 2024. The process of gathering bids and selecting contractors has been completed. In the first quarter of 2025, the City aims to begin the design phase of the project and hold the groundbreaking ceremony.

As of November 1, 2024, ARPA fund expenditures for the Hearn Community Hub total $444,004.55, with $3,811,442.58 encumbered. The remaining $8,323,355.58 funds have been obligated to a sub-recipient and the agreement is being processed, ensuring all funds are in compliance with the federal obligation deadline.

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 identify an alternative funding source. Should the General Fund be utilized to subsidize ARPA funded programs, it would likely add to the current General Fund deficit projections.

ENVIRONMENTAL IMPACT

Pursuant to CEQA Guidelines Section 15378, the proposed action is not a “project” subject to the California Environmental Quality Act (CEQA) because it does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. In the alternative, the proposed action is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the project may have a significant effect on the environment.

ATTACHMENTS

- Attachment 1 – ARPA Spending Plan

PRESENTER

Luke Faser, Administrative Analyst