



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: NOVEMBER 9, 2021**

FROM: CITY MANAGER'S OFFICE **WARDS: ALL**

SUBJECT: APPROVAL OF THE AMERICAN RESCUE PLAN ACT EXPENDITURE PLAN FOR THE FIRST ALLOCATION OF GRANT FUNDS IN THE AMOUNT OF \$36,767,594

ISSUE:

Approval of the American Rescue Plan Act Expenditure Plan for the first allocation of grant funds in the amount of \$36,767,594.

RECOMMENDATIONS:

That the City Council:

1. Review and approve the proposed American Rescue Plan Act Expenditure Plan for the first allocation of grant funds in the amount of \$36,767,594;
2. Upon Expenditure Plan approval, authorize an increase in revenue and offsetting expenditures in the amount of \$36,767,594, to accounts to be established by the Finance Department;
3. Grant the City Manager, or his designee, the flexibility to reallocate funds from the proposed Expenditure Plan to other similar and eligible uses should feasibility or timeliness concerns arise; and
4. Authorize the City Manager, or his designee, to negotiate and execute all agreements, contracts and documents related to the implementation of the approved Expenditure Plan for the American Rescue Plan Act funding, including making minor non-substantive change.

LEGISLATIVE HISTORY:

On March 11, 2021, President Biden signed into law the American Rescue Plan Act to facilitate the recovery from the devastating economic and health effects of the COVID-19 pandemic. The American Rescue Plan Act established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund, which provides a combined \$350 billion in assistance to eligible state, local, territorial, and Tribal governments to assist in the economic and health

recovery by providing resources to address impacts resulting from the crisis.

BACKGROUND:

The Coronavirus Local Fiscal Recovery Fund was established through the American Rescue Plan Act (ARPA) to provide resources to support communities that are struggling with the impacts of COVID-19. Many community needs experienced during the response phase of the crisis persist and resources may be used to support a strong and equitable recovery.

The US Department of the Treasury released Interim Final Rule providing eligibility guidance as well as Frequently Asked Questions (FAQ) that are updated regularly. The Interim Final Rule provided initial guidance and has served to help communities develop proposals for funding. The Treasury received comments on the Interim Final Rule on July 16, 2021 with the Final Rule to follow.

On July 13, 2021, the ARPA funding Expenditure Category Plan for the first allocation in the amount of \$36,767,594 was presented to City Council. The City Council unanimously approved a motion to return the proposed expenditure categories to City Council for discussion to assist in the development of the Expenditure Plan for the American Rescue Plan Act.

On August 31, 2021, the City submitted the required one-time Interim Report and the annual Recovery Plan Performance Report. The one-time Interim Report identified expenditures by Expenditure Category from the date of the award to July 31, 2021. Outside of the Interim Report, the City is required to submit quarterly Project and Expenditure Reports and annual Recovery Plan Performance Reports.

In addition to the submittal of the reports to the Treasury, the City established a committed webpage for ARPA where the annual Recovery Plan Performance Report is available to the public. Upon approval of an expenditure plan for the ARPA funds, the current Recovery Plan Performance Report will be updated.

DISCUSSION:

The American Rescue Plan Act established the Coronavirus State and Local Fiscal Recovery Funds (Fiscal Recovery Funds) to provide assistance to eligible state, local, territorial, and Tribal governments. The Secretary of Treasury issued the Interim Final Rule to implement the Fiscal Recovery Funds. These funds may be used to respond to pandemic response needs including mitigation and prevention, support to communities and populations most impacted by the COVID-19 crisis, and fill revenue shortfalls. The Fiscal Recovery Funds provide flexibility for each jurisdiction to meet local needs and also invest in building, maintaining, or upgrading their water, sewer, and broadband infrastructure. Recipients may use funding to:

1. Support public health expenditures: address broad range of public health needs across COVID-19 mitigation, medical expenses, behavioral healthcare, and public health resources.
2. Address negative economic impacts caused by the public health emergency: delivering assistance to workers and families, supporting small businesses, expediting tourism recovery efforts to include travel and hospitality sector, and rebuilding public sector capacity.

3. Replace public sector revenue loss.
4. Serving the hardest-hit communities and families: addressing health disparities and the social determinants of health, investments in housing and neighborhoods, addressing educational disparities, and promoting healthy childhood environments.
5. Provide premium pay for essential workers.
6. Invest in water, sewer, and broadband infrastructure.

State, local, territorial, and Tribal governments that are facing budget shortfalls may use Fiscal Recovery Funds to avoid reduction of government services. Treasury's Interim Final Rule establishes a methodology that can be used to calculate lost revenue. This calculation considers revenue expected in the absence of the crisis compared to actual revenue.

The City of Riverside will receive Fiscal Recovery Funds in two installments for a total amount of \$73,535,189. The first allocation in the amount of \$36,767,594 was received in June 2021, and the City will receive the second allocation 12 months later in June 2022 in the amount of \$36,767,594.

The proposed Expenditure Plan considers the first allocation of funding only. The first allocation helps to continue efforts to decrease the spread of Covid-19 and address public health and economic challenges. The table below is a consolidation of the proposed funding breakdown by Expenditure by Category. The Expenditure Categories are those that must be used per US Department of the Treasury (Treasury). The term "Expenditure Category" refers to the detailed level and "Category" refers to all expenditures within that Category.

Category Recommendations		
1: Public Health	\$ 1,086,250	2.95%
2: Negative Economic Impacts	\$12,270,000	33.37%
3: Services to Disproportionately Impacted Communities	\$13,120,000	35.68%
4: Premium Pay	-	
5: Infrastructure	\$ 2,500,000	6.80%
6: Revenue Replacement	\$ 7,525,000	20.47%
7: Administrative	\$ 266,344	0.72%
TOTAL	\$36,767,594	100%

The proposed ARPA Expenditure Plan (Attachment 1) includes programs/projects that are listed by Expenditure Category recommendation. Recommendations are based upon insights from the community input received from the CARES Act survey, lessons learned from CARES Act funded services, departments' familiarity with services that will serve disproportionately impacted communities; guidance by the approved Riverside Road to Recovery and the Riverside 2025 Strategic Plan, and input received by the City Council on October 5, 2021. Further, the ARPA Expenditure Plan by Expenditure Category recommendations are to address needs that persist in the community as well as identified needs that were not covered by CARES Act funding and are eligible uses under ARPA.

The updates made to the proposed Expenditure Plan based on City Council input and additional discussions with city departments include:

- **Increase in the amount for Childcare Support:** an increase in the amount of \$500,000 is included in this program. Additional funding will be considered in the second allocation based on findings of assessment of program upon launching. Program structure is under development and will address families' needs for immediate childcare services to allow a return to work, subsidy for families, support for childcare providers to ensure childcare remains available. The second phase of the program may include partnerships with employers to increase childcare services to employees.
- **Business Security Match Program:** program funding was moved to separate line item to facilitate administration of program and ensure reporting compliance.
- **EOC Improvements, Cybersecurity Infrastructure, and ARPA – Grant Management Software:** funds are redirected for these projects due to the urgent nature of each. These projects support organizational resiliency to ensure uninterrupted services to the community.

ARPA Funds: Second Allocation

The second allocation will be brought for consideration at a future date. Staff will be conducting ongoing evaluation of projects/programs for reporting purposes and to ensure that funding is being expended in the most impactful way. In addition to ongoing assessments, current funding will be used to start programs in phases and will allow for programs to be structured for continued benefits moving forward. Examples include, but are not limited to:

- **Nonprofit Support:** funding in the first allocation will help build nonprofits in the community and prepare them to provide proposals for programs and services to the community that meet the ARPA guidelines and intended use for ARPA funds. The second allocation will include funding to help support programs administered by these nonprofits that can help provide services to the community.
- **Emergency Operations Center (EOC):** a resilient community requires emergency service resources to be maintained and prepared for emergencies. Initial improvements to the EOC will ensure continued response. The second allocation will include second phase of improvements that will build on the initial improvements and ensure response is conducted in a safe environment with no interruption in service.
- **Family and Childcare Support:** additional programs will be considered that support families in need of childcare support, academic support, and recreational opportunities that are provided by the Parks, Recreation and Community Services and Library departments. These programs will look ahead to creating a resource for families that is sustainable and affordable while fostering social and community connectedness.
- **Food Security:** additional programs will consider public-private partnerships to build resources and grow the capacity of the local food system and evaluation of first allocation programs will assist in the development of ongoing partnerships that provide resources to support food security in the community.
- **Infrastructure:** city departments assessment of infrastructure projects for second allocation funding will consider changes if any to the Final Rule issued by the US

Department of the Treasury but will focus on: strengthening community preparedness for emergencies to ensure effective response and recovery; sustainable management of local water resources; utilization of technology to increase efficiencies; and providing and expanding equitable access to sustainable modes of transportation that connects people to employment, education, healthcare, and community amenities that promote well-being. In the following months, staff will seek input on infrastructure projects that meet community needs.

Community Engagement

An ongoing online survey will be available on the ARPA webpage for community input. In addition to the survey, staff will seek input from community partners and will use available applicable data to evaluate and structure future projects/programs. Community partners often provide resources and services to our community and have a deep understanding of community needs. These community partners will have an opportunity to provide proposals for the second allocation of funding through a formal process that will ensure equitable opportunities for recommendations.

Communication and marketing efforts that encourage community feedback through online survey submission include:

- University Village/Marketplace/Auto Center electronic signs
- Webslider on City homepage and TV slider in City Hall lobby
- Press release/media page
- City social media: Facebook, Instagram, and Twitter
- City Email to subscribers
- Information signs in public facilities
- Survey link and information in community newsletters

As of the development of this report, the city has received 211 responses. The following table provides an overview of the survey results (English):

Question	Percentage of Responses
Have you experienced a need for assistance in the last 18 months (April 2020 – September 2021)?	41.23% answered YES 58.77% answered NO
Please indicate areas of assistance your household would use to help recover from impacts of the pandemic	60.15% - Housing, Rent/Mortgage, Utilities, Eviction Prevention 43.61% - Food Assistance 37.59% - Childcare Support, Education Assistance
Are you currently experiencing a need for Health Service Support?	18.10% answered YES 81.90% answered NO
Please indicate areas of Health Service Support that will help maintain or improve your health and well-being	56.21% - Mental health and wellness programs 39.22% - Assistance in understanding public assistance programs 37.25% - Covid-19 vaccination and testing 22.22% - Medical expense recovery
Do you have children or adults in your household that are currently enrolled in school?	43.13% answered YES 56.87% answered NO

Please indicate areas of assistance that will help support success in school or other education/training programs	58.33% - Virtual connectivity (internet, broadband) 57.64% - Tutoring, afterschool programs 45.14% - Tuition assistance and/or Library resources
Do you manage or own a local business/nonprofit?	38.39% answered YES 61.61% answered NO
Please indicate areas of assistance that will help your business/nonprofit recover from the negative economic impacts of the pandemic	60.98% - Recruitment of employees/volunteers 43.90% - Mitigation and prevention, i.e. enhanced cleaning efforts, barriers or partitions, etc. 37.40% - Technical assistance, i.e. counseling or other services to assist with business planning

STRATEGIC PLAN ALIGNMENT:

The ARPA Expenditure Plan is interwoven throughout the entire 2025 Envision Riverside Strategic Plan and Goals.

The item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Riverside is committed to providing a transparent process and gather community input to support how funds will be used. To assist with these efforts, the City has developed an ARPA webpage that includes program information, a public survey and dedicated ARPA email address.
2. **Equity** – Riverside is supportive of the ongoing evaluation of potential programs and projects that ensure a response to disproportionately impacted groups and the exacerbation of health inequities along racial, ethnic, and socioeconomic lines.
3. **Fiscal Responsibility** – this item ensures fiscal responsibility of ARPA funds by identifying a need or negative impact and identifying how the project/program addresses the identified need.
4. **Innovation** – Riverside is committed to responding to the community's changing needs and preparing for the future through developing ARPA funded projects/programs that build on collaborative partnerships.
5. **Sustainability & Resiliency** – this item ensures sustainability through ongoing evaluation of projects and programs to allow for adaptation to meet the current Covid-19 public health emergency and future needs ensuring the City's capacity to persevere, adapt and grow.

FISCAL IMPACT:

The fiscal impact of this action is \$36,767,594. There are no matching funds required.

Prepared by: Kris Martinez, Interim Assistant City Manager
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Al Zelinka, FAICP, City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Proposed Expenditure Plan
2. Presentation