

City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2021-01161

October 19, 2021

Consent Item 04

Title: American Rescue Plan Act: Accept Funding and Establish Program and Project Budgets

Location: Citywide

Recommendation: Adopt a Resolution authorizing the City Manager or City Manager's designee to: 1) accept \$112.2 million of American Rescue Plan Act of 2021 (ARPA) funding from the United States Department of Treasury; 2) establish the ARPA Reinvestment Fund (Fund 1003); 3) allocate \$112.2 of ARPA funds to provide government services and budget the resulting available resources in the ARPA Reinvestment Fund to assist with the recovery and reopening resulting from the impacts from COVID-19; 4) establish the appropriate grant, multi-year, and capital improvement projects and the necessary revenue and expenditure budgets in the appropriate funds or projects to properly track and report on the use of ARPA funding; 5) make any necessary revenue and expenditure budget adjustments to funds and projects established under section 4, above, and report back to City Council on the budget adjustments; and 6) execute contracts and contract amendments in amounts not to exceed \$500,000 per contract or amendment to implement the Old Sacramento Improvements.

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Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Small Business Programs
- 3-Old Sacramento Improvements
- 4-Resolution
- 5-Exhibit A (Old Sacramento Improvements)

Description/Analysis

Issue Detail: On March 13, 2020, the City declared a local emergency in response to the spread of the COVID-19 pandemic. On April 21, 2020, the City received \$89.6 million in Coronavirus Relief Funds (CRF) from passage of the federal government's Coronavirus Aid, Relief and Economic Security (CARES) Act to assist with the City's response to the pandemic. The City expended the funds in the following areas:

- Small Business Recovery and Assistance
- Youth and Workforce Training Programs
- Arts, the Creative Economy and Tourism
- Homelessness and Rapid Re-Housing
- Arts, the Creative Economy and Tourism
- Social Services
- Citywide Operation Response

To further assist government entities with the pandemic response and recovery, on March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law making \$350 billion available through the State and Local Fiscal Recovery Funds (SLFRF) to assist states, tribal governments and local governments. The City of Sacramento became eligible for \$112.2 million to be paid in two installments. On May 19, 2021, the City received the first installment in the amount of \$56.1 million. The second installment is expected to be received 12 months later (May 2022).

On August 24, 2021, the City Council held a workshop to discuss the Mayor's proposed ARPA Framework and Funding Priorities. During the workshop City Council and stakeholders expressed overall interest in funding programs and projects in the following areas:

- Small Business and Commercial Corridor Revitalization
- Homeless and Housing
- Youth, Workforce Training and Gang Prevention
- Arts and the Creative Economy
- Valuing City Employees and Addressing Organizational Needs.

On September 14, 2021, City Council adopted the Mayor's proposed ARPA Framework and Funding Priorities and directed the City Manager, City Attorney, City Auditor, City Treasurer, and City Clerk to implement City Council direction consistent with the adopted ARPA Framework.

The recommendations contained in this report accept the ARPA funds, identify the funds for federal reporting purposes as revenue replacement for the purposes of providing government services, establish the ARPA Reinvestment Fund (Fund 1003), place the resulting budgetary savings originally budgeted for those government services into the ARPA Reinvestment Fund, and allocate a portion of those funds to several critical projects and programs needed to address immediate needs related to vaccine outreach, housing and homeless, and small business and worker assistance. Specific contracts that fall within the categories outlined below that exceed the City Manager's signature authority will return to City Council for approval after staff receives all required City and federal contracting documentation and completes scope development. Additional budget allocations for the balance of the ARPA Reinvestment Fund will incrementally return to Council for approval based on urgency and project/program readiness. Below is a description of the recommended initial ARPA reinvestment allocations:

Vaccine Outreach and Education

Continued vaccination outreach and education efforts to City employees, local businesses, and the City's most at-risk communities. The City released a Request for Proposals (RFP) for a consultant to lead the design and implementation of the outreach campaign on September 24, 2021.

Small Business

Informed by the work of the "Sacramento Business Priorities" working group that included many local businesses and community leaders, staff is recommending an array of programs for use of \$8.2 million. These initiatives include making the Al Fresco program permanent, clean and safe programs, expanding the "City of Festivals" grant program citywide, enhanced City resources for business success through technical assistance, trusted navigators and ensuring language access and a citywide gift card program to stimulate local purchasing. A more detailed list of the recommended program allocations is included as Attachment 2.

Old Sacramento Improvements

Old Sacramento has long been a priority for the City and requires additional investment to ensure a safe and quality visitor experience. Utilizing \$5 million, staff from Public Works, the Office of Innovation and Economic Development, Convention and Cultural Services, and Police have been working with the Downtown Sacramento Partnership and local merchants on a list of improvements to enhance the Old Sacramento environment. Lighting improvements to the existing streetlights, private buildings, and at the pedestrian level will utilize Crime Prevention Through Environmental Design (CPTED) approaches to address and eliminate pockets of darkness and create a welcoming area. Approximately 19 security cameras will be installed at key locations throughout the district. A list of the recommended improvements and associated funding is included as Attachment 3.

Aggie Square Workforce Initiative

As part of the Aggie Square Community Benefits Partnership Agreement, a commitment was made to develop a robust Aggie Square Workforce Initiative or “Job Center”. The \$1 million in proposed funding will be utilized to create a pipeline of trained local residents needed to meet the agreed upon goal for 20% local hire for the project.

City Housing and Homeless Commitment

The adopted ARPA spending framework included a commitment of \$41 million to implement the Comprehensive Siting Plan that was approved by City Council on August 10, 2021.

Gang Prevention and Intervention

There has been an uptick in gang and gun violence since the onset of the pandemic. In response, staff created the Evidence-Based Community Violence Intervention (EBCVI) grant program. The purpose of the EBCVI grant program is to reduce violence and address the health disparities and the social determinants of health caused by the COVID-19 pandemic through evidence-based community violence intervention programming. The City Council adopted ARPA funding framework allocated \$1.5 million to this effort.

Center for Workers’ Rights

The City Council adopted ARPA funding framework allocated \$550,000 to continue funding the Coronavirus Job Protection Helpline for the next two years. The helpline was established to assist workers impacted by the pandemic with accessing unemployment benefits, paid family leave, the Family Medical Leave Act, disability, sick leave, paid time off, and other questions related to the Coronavirus. These services are offered to the community in multiple languages.

Sacramento Inclusive Economic Development Collaborative (SacIEDC)

The SacIEDC is a collaborative of six chambers of commerce, nine Property Business Improvement Districts, and Hacker Lab. The sixteen partners have historically served the City’s ethnically diverse small business community, as well as geographically served some of the City’s most disadvantaged corridors. The allocation of \$3.5 million over two years will provide resources to address the needs of Sacramento’s small business community and commercial corridors in a number of ways including but not limited to technical assistance, outreach, business consulting, access to capital, and overall small business support.

Policy Considerations: The City continues to be impacted by the global pandemic. Acceptance of the ARPA funds and establishing programs and budgets for this funding are consistent with Council direction relative to state and federal grant awards and consistent with City Council’s adopted ARPA Framework and Funding Priorities.

Economic Impacts: Similar to the CARES funds, the City will primarily use the ARPA reinvestment funds to provide assistance to residents and business impacted by COVID-19. These funds will support people, places, and actions that promote overall economic recovery and result in impacts immediately and well beyond the pandemic.

Environmental Considerations:

California Environmental Quality Act (CEQA); National Environmental Policy Act (NEPA): The proposed actions are not a project under CEQA because they relate to government fiscal activities that do not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment. (Cal. Code Regs., tit. 14, §§15060(c)(3), 15378(b)(4)). Even if any of the proposed actions are a project, they are not subject to CEQA because it can be seen with certainty that there is no possibility that any of them may have a significant impact on the environment (Cal. Code Regs., tit. 14, §15061(b)(3)). No implementation action that may have an impact on the environment will be deemed approved until after the City conducts appropriate environmental review.

With respect to the Homeless Siting Plan, as set forth in the Notice of Exemption filed on August 11, 2021, the City determined the Homeless Siting Plan is exempt from CEQA (Cal. Code Regs., tit. 14, §§ 15269(c), 15061 (b)(3); Government Code §65660(b)) and approved the Plan on August 10, 2021. The proposed action is a government fiscal activity that does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment and therefore is not a project subject to CEQA. (Cal. Code Regs., tit. 14, §15378(b)(4).)

The proposed actions involve activities that are exempt from NEPA under title 24, section 58.34, of the Code of Federal Regulations.

Sustainability: None.

Commission/Committee Action: None.

Rationale for Recommendation: Acceptance and budgeting of the ARPA funds will allow for the City to support residents, businesses, and community partners that have been impacted by COVID-19.

Financial Considerations: Through the passage of ARPA the City became eligible for \$112.2 million and has already received the first distribution of \$56.1 million. Under ARPA, funds may be used for the provision of government services to the extent of the reduction in revenue due

to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency. Using the method required by ARPA, the City calculated a reduction in revenue in excess of \$112.2 million, which means that the City may use up to \$112.2 million to provide government services. The recommendation is that the funding received through ARPA be reported as revenue replacement and expended to provide government services. The resulting budgetary savings will be budgeted in the ARPA Reinvestment Fund (Fund 1003) as outlined below. Staff will return with future staff reports to allocate the balance of the funding.

	Revenue/ Expenditure Budget
ARPA SLFRF Funds (Fund 2705)	112,200,000
ARPA Reinvestment Fund (Fund 1003)	112,200,000
Project/Program Descriptions	
<i>Small Business and Commerical Corridor Revitalization</i>	
Small Business Priorities	8,200,000
Downtown Core and Old Sacramento Revitalization	5,000,000
Vaccine Outreach and Education	1,000,000
Sacramento Inclusive Economic Dev. Collaborative	3,500,000
<i>Homeless and Housing</i>	41,000,000
<i>Youth Workforce Training, and Gang Prevention</i>	
Center for Workers' Rights	550,000
Aggie Square Job Center	1,000,000
Gang Prevention and Intervention	1,500,000
Summary of Actons	61,750,000
ARPA Balance	\$ 50,450,000

Local Business Enterprise (LBE): Not applicable.

ATTACHMENT 2
SMALL BUSINESS SUPPORT

PROPOSED PROGRAM	PROGRAM DESCRIPTION	PROPOSED BUDGET
CLEAN AND SAFE		
Lighting Program	Support public safety and ensure areas are well lit to increase security and are welcoming for customers with a goal of consistent lighting following CEPTD guidelines. Focus on areas that were negatively impacted by pandemic and that are high in pedestrian traffic.	\$2,000,000
Enhanced safety and security measures	Enhance feeling of safety with increased security services and security cameras in commercial districts, particularly those with areas of nighttime traffic.	\$750,000
Enhanced Cleaning	Basic rapid response clean-up and improve cleanliness and sanitation through increased power washing, debris removal, graffiti abatement and trash collection. This includes increasing frequency of cleaning City-owned garages	\$825,000
PLACEMAKING		
Citywide Reopening Support "Al Fresco" Program	Farm to Fork Al Fresco: Helping restaurants thrive with outdoor dining. The program would be made permanent by assisting restaurateurs on how to utilize the public right of way for expanded outdoor dining. The program will provide design concepts and guide applicants through a streamlined approval process.	\$2,000,000
Vacant Storefront Window Activation	Incentivize removal of boards from windows and upkeep of outside property. Incentivize Façade improvements of blighted storefronts due to pandemic	\$200,000

Street/Alley Closures and Paving Improvement	To interface with events and AI Fresco and retain flexibility in use of public right of ways. This also includes some repair work needed in highly trafficked areas to enhance aesthetics for returning patrons and decrease City liability	\$350,000
PATRON AND EMPLOYEE RETURN		
Citywide Reopening Support "City of Festivals Grant" Program	To encourage outdoor events and activities and to infuse energy into the City's reopening, the city would expand its "City of Festival's Grant Program" citywide. The Program would provide support in the form of grants for special events and activations with the goal of stimulating a range of events throughout the City.	\$700,000
Citywide Reopening Support E-gift card program	A Sacramento e-Gift Card program would allow an unlimited number of businesses Citywide to register to participate at no charge. Customers can purchase online for usage at participating City of Sacramento businesses. To enhance usage, the program would incentivize purchases A marketing campaign would launch the program.	\$250,000
Business Attraction Campaign	Business recruitment campaign to recruit retail tenants to vacant storefronts in older corridors throughout the city that have been affected by the pandemic	\$375,000
EXPAND AND IMPROVE ACCESS TO CITY RESOURCES FOR BUSINESS SUCCESS		

Language Access and Trusted Messengers	Language Access. – Translate all materials and ensure staff offering are bilingual in key languages. Materials include programs for economic relief, work force, marketing, and many more. Support for trusted messenger to provide info about business resources	\$200,000
Technical Assistance	Provides technical assistance to small businesses negatively impacted economically by the pandemic.	\$400,000
Marketing for Program Outreach	Provide ongoing marketing support to ensure broad distribution of resources and funding opportunities	\$150,000
TOTAL		\$8,200,000

ATTACHMENT 3
OLD SACRAMENTO IMPROVEMENTS

PROPOSED PROGRAM	PROGRAM DESCRIPTION	PROPOSED BUDGET
Lighting and Public Space Enhancement Program	Support public safety and ensure areas are well lit to increase security and welcome for customers with a goal of consistent lighting following CEPTD guidelines. Improvements would be made to street lighting, pedestrian scale lighting and lighting to increase Old Sacramento visibility from freeway. Additional projects may include pedestrian scale public space enhancement projects.	\$4,340,000
Clean and Safe- Enhanced safety and increased security	Enhance feeling of safety with increased security services in commercial districts. Hire additional private security to increase safety and enhance visitor experience.	\$300,000
Clean and Safe - Security camera installation	Security camera deployment at key locations. Responds to crimes, graffiti, and violence prevention	\$300,000
Street/Alley Closures	To provide more flexibility and increase safety for events and pedestrian experience, installation of bollards in key locations	\$60,000
	Total	\$5,000,000

RESOLUTION NO. 2021-

Adopted by the Sacramento City Council

American Rescue Plan Act (ARPA) Funding Acceptance and Budget Authority

BACKGROUND

- A. On March 4, 2020, Governor Newsom proclaimed a State of Emergency as a result of the threat of the coronavirus disease (COVID-19) in the State of California.
- B. On March 5, 2020, the County of Sacramento proclaimed a public health emergency as a result of the threat of COVID-19 (pandemic) in the county.
- C. On March 13, 2020, the City Council adopted a resolution declaring a local emergency relating to the pandemic.
- D. On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law making available \$350 billion through the State and Local Fiscal Recovery Funds (SLFRF) to assist states, tribal governments, and local governments with the reopening and recovery from the adverse health and economic impacts caused by COVID-19. The City of Sacramento became eligible for \$112.2 million.
- E. On May 19, 2021, the City received the first installment in the amount of \$56.1 million of ARPA funds. The second installment is expected to be 12 months later (May 2022).
- F. On August 24, 2021, the City Council held a workshop to discuss the Mayor's proposed ARPA Framework and Funding Priorities. During the workshop, the City Council and stakeholders expressed overall interest in funding programs and projects in the following areas: Small Business and Commercial Corridor Revitalization; Homeless and Housing; Youth, Workforce Training and Gang Prevention; Arts and the Creative Economy; and Valuing City Employees and Addressing Organizational Needs.
- G. On September 14, 2021, City Council adopted the Mayor's proposed ARPA Framework and Funding Priorities and directed the City Manager, City Attorney, City Auditor, City Treasurer, and City Clerk to implement City Council direction consistent with the adopted ARPA Framework.
- H. Environmental review will be conducted, where necessary, in advance of implementation of the projects and programs identified in this resolution, and adoption of this resolution does not constitute the approval of a project for purposes of the California Environmental Quality Act. Projects and programs will be modified to address any environmental concerns identified in the environmental review process.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager or the City Manager’s designee is authorized to accept \$112.2 million of American Rescue Plan Act of 2021 (ARPA) funding from the United States Department of Treasury.
- Section 2. The City Manager or the City Manager’s designee is authorized to establish the ARPA Reinvestment Fund (Fund 1003).
- Section 3. The City Manager or the City Manager’s designee is authorized to allocate \$112.2 million in ARPA funds to provide government services and budget the resulting available resources in the ARPA Reinvestment Fund to assist with the recovery and reopening resulting from the impacts from COVID-19.
- Section 4. The City Manager or the City Manager’s designee is authorized to establish the appropriate grant, multi-year, and capital improvement projects and establish the necessary revenue and expenditure budgets in the appropriate funds or projects to properly track and report on the use of the ARPA funding for the programs as outlined below:

	Revenue/ Expenditure Budget
ARPA SLFRF Funds (Fund 2705)	112,200,000
ARPA Reinvestment Fund (Fund 1003)	112,200,000
Project/Program Descriptions	
<i>Small Business and Commerical Corridor Revitalization</i>	
Small Business Priorities	8,200,000
Downtown Core and Old Sacramento Revitalization	5,000,000
Vaccine Outreach and Education	1,000,000
Sacramento Inclusive Economic Dev. Collaborative	3,500,000
<i>Homeless and Housing</i>	
<i>Youth Workforce Training, and Gang Prevention</i>	
Center for Workers' Rights	550,000
Aggie Square Job Center	1,000,000
Gang Prevention and Intervention	1,500,000
Summary of Actons	61,750,000
ARPA Balance	\$ 50,450,000

Section 5. The City Manager or the City Manager's designee is authorized to make any necessary revenue and expenditure budget adjustments to funds and projects established under section 4, above, and report back to City Council on the budget adjustments.

Section 6. The City Manager or the City Manager's designee is authorized to execute contracts and contract amendments in amounts not to exceed \$500,000 per contract or amendment to implement the Old Sacramento Improvements, which are identified in Exhibit A.

Section 7. Exhibit A is part of this Resolution.

Table of Contents:

Exhibit A – Old Sacramento Improvements

Exhibit A

OLD SACRAMENTO IMPROVEMENTS

PROPOSED PROGRAM	PROGRAM DESCRIPTION	PROPOSED BUDGET
Lighting and Public Space Enhancement Program	Support public safety and ensure areas are well lit to increase security and welcome for customers with a goal of consistent lighting following CEPTD guidelines. Improvements would be made to street lighting, pedestrian scale lighting and lighting to increase Old Sacramento visibility from freeway. Additional projects may include pedestrian scale public space enhancement projects.	\$4,340,000
Clean and Safe- Enhanced safety and increased security	Enhance feeling of safety with increased security services in commercial districts. Hire additional private security to increase safety and enhance visitor experience.	\$300,000
Clean and Safe - Security camera installation	Security camera deployment at key locations. Responds to crimes, graffiti, and violence prevention	\$300,000
Street/Alley Closures	To provide more flexibility and increase safety for events and pedestrian experience, installation of bollards in key locations	\$60,000
	Total	\$5,000,000