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CITY OF FRESNO
CITY CLERK'S OFFICE

**Regular Council Meeting
February 10, 2022**

FRESNO CITY COUNCIL



Information Packet

ITEM(S)

File ID 22-94, 3-C

WORKSHOP – Proposed ARPA Expenditure Plan

File ID 22-273, 3-D

WORKSHOP – FY2022 Mid-Year Budget Review

Contents of Supplement:

PowerPoint Presentation covering *both* items

Item(s)

Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

Americans with Disabilities Act (ADA):

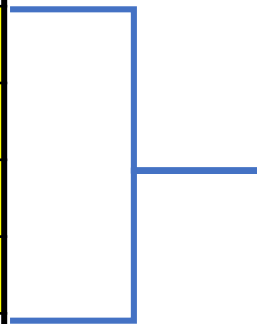
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FY 2022 Mid-Year Budget Review & Proposed ARPA Expenditure Plan

FY 2022 Mid-Year Budget Review

GENERAL FUND – 10101
REVENUES
Sales Tax
Property Tax
Business License
Room Tax
Franchise Fees
Other Taxes and Fees
Charges for Current Services
All Other Revenue
Total Annual Operating Revenue
Total Available Funding



These revenue sources represent **greater than 79%** of the City’s Total Annual Operating Revenue.

1. These revenue sources are the best indicators of the level of economic activity in our community.
2. Increased Business Tax revenue means increased business revenue from increased sales of goods and services by local businesses.
3. Increased Sales Tax revenue means residents are spending more money in the economy for goods and services.
4. Increased Room Tax means more people are visiting the City for work, family, or leisure.

The higher the level of economic activity, the greater the revenue generated for the City.

FY 2022 Mid-Year Budget Review – Revenues

GENERAL FUND – 10101	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Actuals
PRIOR YEAR CARRYOVER	18,228,000	24,806,000	25,432,600
REVENUES			
Sales Tax	100,831,000	95,060,000	119,640,200
Property Tax	137,207,000	141,332,000	151,479,300
Business License	20,030,000	19,805,000	19,332,300
Room Tax	14,113,000	12,152,000	11,980,700
Franchise Fees	14,216,000	14,931,000	16,710,100
Other Taxes and Fees	5,642,000	5,672,000	5,294,800
Charges for Current Services	37,348,000	38,671,000	37,961,800
All Other Revenue	28,262,000	23,817,000	27,166,600
Total Annual Operating Revenue	357,649,000	351,440,000	389,565,900
Total Available Funding	375,877,000	376,246,000	414,998,500

FY 2022 Mid-Year Budget Review – Revenues

GENERAL FUND – 10101	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Actuals	FY 2022 Adopted	FY 2022 Estimate as of 02/07/22
PRIOR YEAR CARRYOVER	18,228,000	24,806,000	25,432,600	26,596,600	45,524,100
REVENUES					
Sales Tax	100,831,000	95,060,000	119,640,200	112,891,500	138,503,600
Property Tax	137,207,000	141,332,000	151,479,300	160,000,200	154,307,300
Business License	20,030,000	19,805,000	19,332,300	21,996,700	22,301,000
Room Tax	14,113,000	12,152,000	11,980,700	13,994,400	13,994,400
Franchise Fees	14,216,000	14,931,000	16,710,100	15,646,200	15,646,200
Other Taxes and Fees	5,642,000	5,672,000	5,294,800	5,081,500	5,081,500
Charges for Current Services	37,348,000	38,671,000	37,961,800	40,036,900	41,156,700
All Other Revenue	28,262,000	23,817,000	27,166,600	30,027,700	24,936,800
Total Annual Operating Revenue	357,649,000	351,440,000	389,565,900	399,675,100	415,927,500
Total Available Funding	375,877,000	376,246,000	414,998,500	426,271,700	461,451,600

FY 2022 Mid-Year Budget Review – *Expenses*

GENERAL FUND - 10101	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Actuals	FY 2022 Adopted	FY 2022 Estimate as of 02/07/22
Total Available Funding	375,877,000	376,246,000	414,998,500	426,271,700	461,451,600
Total Annual Operating Expenses	(317,325,000)	(339,615,000)	(422,667,500)	(395,331,400)	(401,246,600)
Total Annual Operating Transfers	(33,043,000)	(11,300,000)	(7,669,000)	(30,749,600)	(27,951,800)
Annual Net Ending Balance	24,806,000	25,331,000	45,423,800	190,700	32,253,200

FY 2022 Mid-Year Budget Review – Expenses

GENERAL FUND - 10101	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Actuals	FY 2022 Adopted	FY 2022 Estimate as of (02/07/22)
Annual Net Ending Balance	24,806,000	25,331,000	45,423,800	190,700	32,253,200
FY 21-FY22 Approved Commitments:					Parks/PW Unspent Capital Balances (3,326,500)
					FY 22 Net Ending Balance (Budget Surplus) 28,926,700
Unbudgeted:					Fuel Increases (448,200)
					PD Safety Equipment (1,050,000)
					PW Equipment (3,132,600)
					Animal Center (1,600,000)
					Infill/Affordable Housing Incentives (5,000,000)
					Street Repair/Replacement (10,000,000)
					Fleet Fund Deficit (1,500,000)
					Improved PBID Maintenance (300,000)
					Real Estate Purchases (10,500,000)
					Van Ness & Weldon Park (500,000)
					Water Tower Improvements (200,000)
					Amtrak ADA Engineering (100,000)
					ARPA Revenue Replacement 10,000,000
					Total of Unbudgeted Items: (24,330,800)
					FY22 Free Ending Balance 4,595,900



FY 2022 Proposed ARPA Expenditure Plan

ARPA Survey Results

ARPA Community Survey Feedback

COVID-19 Committee Review

Context for today's update

- **Questions** – Three mandatory questions asked pertinent to study. Seven additional optional demographic questions asked.
 - **Q1:** Aligned question on general preference for funding use. Options based on ARPA interim rule definitions
 - **Q2:** Aligned question with specific preference of local use by category.
 - **Q3:** Question asked as free-form open response.
- **Survey tool** – SurveyMonkey
- **Survey translations** – English, Spanish, Hmong, Punjabi
- **Survey Range** – Launched December 2nd 2021 through January 30th 2022
- **Total Responses** – 1000 (less those who stated they did not live in Fresno). Total qualified respondents in this study = **868**
- **Survey distribution** - City of Fresno media channels, community organizations and major media outlets.
- **Analysis** – Is based on scientific ‘Top-Two box’ survey methodology

Overview Question 1

Q1 - Please provide us your general preferences for City investment of ARPA funding by ranking the following categories. (1 = Most Preferred, 5 = Least Preferred)

Key Takeaway

In terms of general preference, survey respondents desire for ARPA spending to be used in **“Response to public health emergency including public health, public safety (police and fire), and housing insecurity.”**

(67% marked this as either a ‘1’ or ‘2’ spending priority).

	1	2	3	4	5	TOTAL
Response to public health emergency including public health, public safety (police and fire), and housing insecurity.	43.43% 377	23.27% 202	13.82% 120	8.41% 73	11.06% 96	868
Response to negative economic impacts including small business assistance and build healthy living environments and neighborhoods.	19.24% 167	28.92% 251	27.76% 241	15.90% 138	8.18% 71	868
Provide premium pay for eligible workers, and eligible worker means those workers needed to maintain continuity of operations of essential critical infrastructure sectors.	12.90% 112	17.97% 156	22.35% 194	25.81% 224	20.97% 182	868
Replace lost public sector revenue.	3.92% 34	7.26% 63	13.48% 117	32.14% 279	43.20% 375	868
Invest in water, sewer, and broadband infrastructure.	20.51% 178	22.58% 196	22.58% 196	17.74% 154	16.59% 144	868

Overview Question 2

Q2 - Please provide us your specific preferences for City investment of ARPA funding by ranking the following categories. (1 = Most Preferred, 6 = Least Preferred):

Key Takeaway

In terms of specific preferences, survey respondents desire for ARPA spending to be used for **“Homelessness: Services to address homelessness, such as buying motels to create more shelter beds, building supportive housing and using innovative new approaches to create much more affordable housing in Fresno.”** (46% marked this as either a ‘1’ or ‘2’ spending priority)

	1	2	3	4	5	6	TOTAL
Economic Revitalization: provide assistance to small businesses who suffered under COVID-19 restrictions and create more good-paying jobs	15.55% 135	18.43% 160	25.12% 218	18.89% 164	15.67% 136	6.34% 55	868
Homelessness: Services to address homelessness, such as buying motels to create more shelter beds, building supportive housing and using innovative new approaches to create much more affordable housing in Fresno	26.38% 229	19.12% 166	14.40% 125	14.29% 124	10.25% 89	15.55% 135	868
Public Safety: Expanding 911 Dispatch Center to reduce 911 hold times. Provide new vehicles, equipment and technology to our police officers and firefighters to keep the public safe.	28.46% 247	17.40% 151	13.48% 117	11.52% 100	9.91% 86	19.24% 167	868
Broadband: Invest in access to and expansion of broadband for unserved and underserved households and businesses	4.61% 40	11.18% 97	15.55% 135	24.19% 210	26.50% 230	17.97% 156	868

Overview Question 2

Q2 - Please provide us your specific preferences for City investment of ARPA funding by ranking the following categories. (1 = Most Preferred, 6 = Least Preferred):

Key Takeaway

The previous spending priority is tied with a preferred use of funds for **“Public Safety: Expanding 911 Dispatch Center to reduce 911 hold times. Provide new vehicles, equipment and technology to our police officers and firefighters to keep the public safe.”** (46% marked this as either a ‘1’ or ‘2’ spending priority)

	1	2	3	4	5	6	TOTAL
Economic Revitalization: provide assistance to small businesses who suffered under COVID-19 restrictions and create more good-paying jobs	15.55% 135	18.43% 160	25.12% 218	18.89% 164	15.67% 136	6.34% 55	868
Homelessness: Services to address homelessness, such as buying motels to create more shelter beds, building supportive housing and using innovative new approaches to create much more affordable housing in Fresno	26.38% 229	19.12% 166	14.40% 125	14.29% 124	10.25% 89	15.55% 135	868
Public Safety: Expanding 911 Dispatch Center to reduce 911 hold times. Provide new vehicles, equipment and technology to our police officers and firefighters to keep the public safe.	28.46% 247	17.40% 151	13.48% 117	11.52% 100	9.91% 86	19.24% 167	868
Broadband: Invest in access to and expansion of broadband for unserved and underserved households and businesses	4.61% 40	11.18% 97	15.55% 135	24.19% 210	26.50% 230	17.97% 156	868

Continued...

Q2 - Please provide us your specific preferences for City investment of ARPA funding by ranking the following categories. (1 = Most Preferred, 6 = Least Preferred):

Key Takeaway

Ranking 3rd was public preference for **“Infrastructure: Invest more funding to repair streets, curbs, gutters, provide safe routes to school and other infrastructure needs in the older parts of Fresno.”**

(45% marked this as either a ‘1’ or ‘2’ spending priority)

<ul style="list-style-type: none"> Infrastructure: Invest more funding to repair streets, curbs, gutters, provide safe routes to school and other infrastructure needs in the older parts of Fresno. 	19.47% 169	25.23% 219	20.05% 174	15.21% 132	14.75% 128	5.30% 46	868
<ul style="list-style-type: none"> COVID-19 Economic Recovery: Continue and expand current city public health support activities in response COVID-19. This includes providing safer more resilient public services/ facilities that address disparities in public health exacerbated by the pandemic. 	5.53% 48	8.64% 75	11.41% 99	15.90% 138	22.93% 199	35.60% 309	868

Overview – Question 3

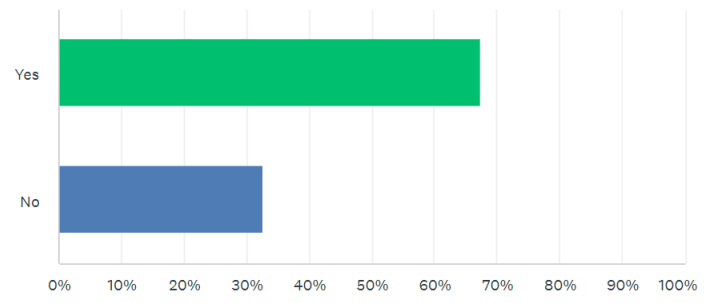
We asked respondents to “Please provide any other feedback or input you would like to share.” 552 individuals responded. By way of a data mining common thread language surfaced:

1. Neighborhood Infrastructure Comments: Street, Road, Sidewalk, Water, Sewer, Lights, Infrastructure, Trees, Potholes, Paving = **198 references**
2. Housing/Homeless Comments: Homeless, Housing, Mental Health, Shelter = **219 references**
3. Public Safety Comments: Police, Officers, Firefighters, Crime, Criminals, Public Safety = **199 references**
4. Small Business Assistance: Business, Jobs = **60 references**
5. Park Comments: Parks, Playgrounds = **38 references**
6. Beautification Comments: Trash, Litter, Cleanup, Dump, Debris = **26 references**

Demographics: COVID Impact, Race and District

Have you personally been impacted by COVID-19?

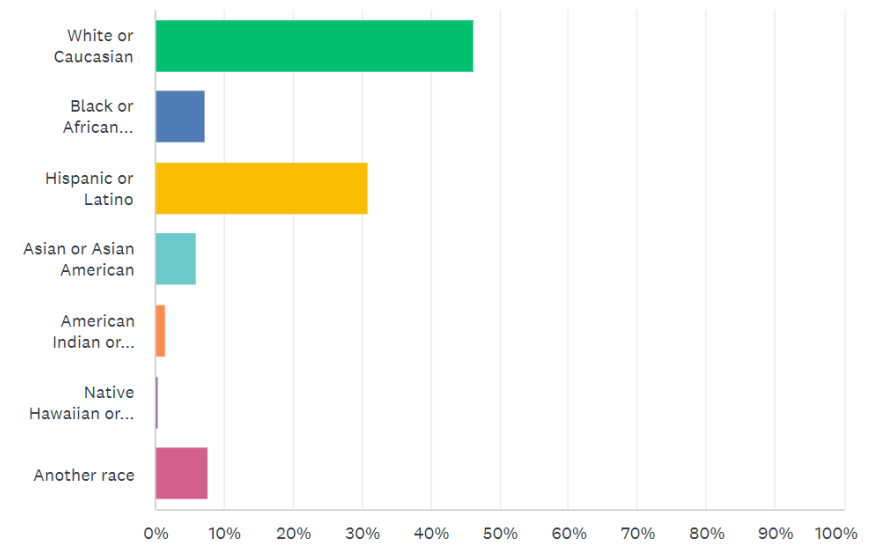
Answered: 865 Skipped: 3



ANSWER CHOICES	RESPONSES
Yes	67.40% 583
No	32.60% 282
TOTAL	865

What is your race?

Answered: 858 Skipped: 10



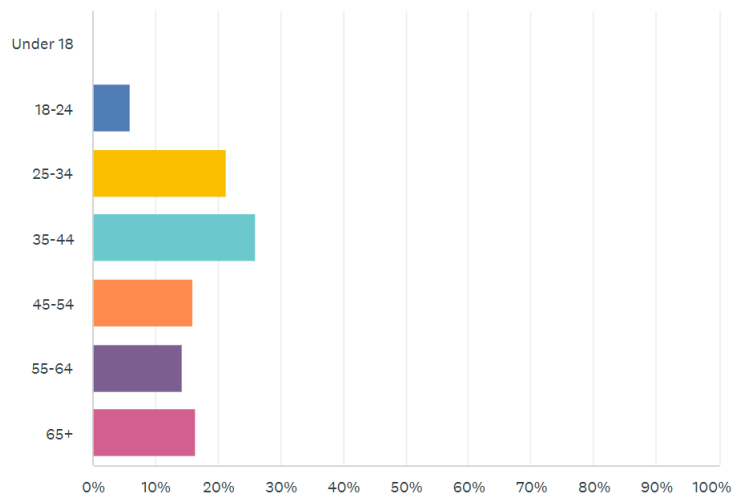
ANSWER CHOICES	RESPONSES
White or Caucasian	46.27% 397
Black or African American	7.23% 62
Hispanic or Latino	30.89% 265
Asian or Asian American	5.94% 51
American Indian or Alaska Native	1.52% 13
Native Hawaiian or other Pacific Islander	0.47% 4
Another race	7.69% 66
TOTAL	858

ANSWER CHOICES	RESPONSES
District 1 - Esmeralda Soria	16.10% 137
District 2 - Mike Karbassi	19.51% 166
District 3 - Miguel Arias	11.99% 102
District 4 - Tyler Maxwell	13.28% 113
District 5 - Luis Chavez	10.69% 91
District 6 - Garry Bredefeld	23.27% 198
District 7 - Nelson Esparza	5.17% 44
TOTAL	851

Demographics: age and income

What is your age?

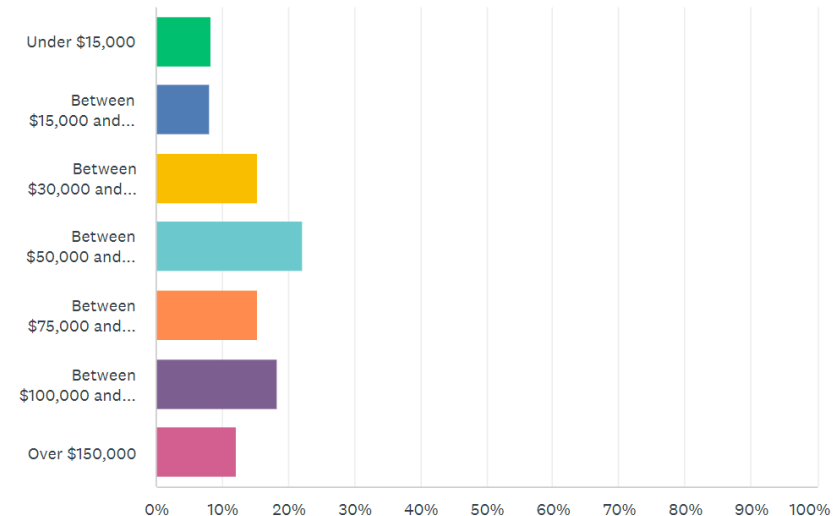
Answered: 866 Skipped: 2



ANSWER CHOICES	RESPONSES
Under 18	0.12% 1
18-24	5.89% 51
25-34	21.36% 185
35-44	25.98% 225
45-54	15.94% 138
55-64	14.32% 124
65+	16.40% 142
TOTAL	866

What is your annual income?

Answered: 845 Skipped: 23



ANSWER CHOICES	RESPONSES
Under \$15,000	8.28% 70
Between \$15,000 and \$29,999	8.17% 69
Between \$30,000 and \$49,999	15.38% 130
Between \$50,000 and \$74,999	22.25% 188
Between \$75,000 and \$99,999	15.38% 130
Between \$100,000 and \$150,000	18.34% 155
Over \$150,000	12.19% 103
TOTAL	845

Public Works Department

Project Planning and Delivery – Ongoing Efforts

- 1. Street Maintenance Division (City forces) - 130 FTE, \$31 million budget**
 - a. Pothole, patching, crack seal, paint & signs, street sweeping & general maintenance
 - b. Single paving crew, capacity of \$5-6 million annually
 - c. Six concrete repair crews for strike team, ADA, seven-week program and SB1 neighborhood concrete repair - \$5.4 million annually
- 2. Landscape Maintenance Division - 105 FTE, \$24 million budget**
 - a. Maintenance of median islands, street trees, parks, trails, buffers, CFD/LLMD
 - b. Capacity of \$800-900k annually in special projects and CFD enhancements

Public Works Department

Project Planning and Delivery – Ongoing Efforts

1. Engineering & Facilities – Project Management

- a. Managing 184 capital improvement projects in design (\$346 million)
- b. 35 Project Managers and Engineering Design Staff
- c. 11 Currently vacant positions
- d. Challenges – strong economy, private sector opportunities, higher salaries with some public agencies

2. Construction Management

- a. A team of 46 construction inspectors, contract compliance staff, surveyors and office administrative staff
- b. Currently managing 90 City construction contracts (\$190 million)

Public Works and PARCS Departments

Deferred Maintenance Needs

1. PARCS Department

- a. 2018 Parks Master Plan – \$112 million in deferred maintenance from a partial assessment completed in 2016.
- b. Did not include irrigation system replacement or parking lots in need of complete repaving. Total needs exceed \$200 million.
- c. Parks Master Plan Update currently in process.

2. Public Works Department

- a. Pavement Management workshop (February 17, 2022) - \$505 million
- b. Tree-damaged curbs, gutters & sidewalks - \$200 million
- c. Missing sidewalks - \$475 million
- d. Vandalism to streetlight system > \$1 million

Public Works Department

FY 2022 Council Budget Motions Estimates to Date

Department	Council District 1	Council District 2	Council District 3	Council District 4	Council District 5	Council District 6	Council District 7	Multi District	Grand Total
Citywide								6,000,000	6,000,000
DPW/PARCS	31,135,257	4,773,000	50,929,873	1,564,400	94,550,969	2,113,625	1,885,000	5,000,000	191,952,124
Economic Development								1,500,000	1,500,000
Fire	8,600,000							25,000,000	33,600,000
Planning & Development								31,000,000	31,000,000
Grand Total	39,735,257	4,773,000	50,929,873	1,564,400	94,550,969	2,113,625	1,885,000	68,500,000	264,052,124

Public Works Department

ARPA Recommendations

\$25 million ARPA Investment Neighborhood Infrastructure

1. ARPA Final Rule Published January 6, 2022
2. Eligible uses now include parks & green spaces that can demonstrate impacts from the Covid-19 pandemic (over \$1M requires approval from Treasury), recreational facilities, sidewalks, pedestrian safety features like crosswalks, streetlights, and neighborhood cleanups.
3. Street paving projects are an ineligible expense unless incidental to an allowable expense (i.e. water, sewer, broadband projects)

Public Works Department

ARPA Recommendations

\$25 million ARPA Investment Neighborhood Infrastructure

1. The Administration recommends 7-10 projects be selected
2. Project selected based Council priorities, with consideration for deferred maintenance priorities
3. Due to lack of room at the MSC for more vehicles and equipment, and lack of sufficient staffing - additional project workload needs to be outsourced.
4. Public Works shall issue RFQ for engineering design firms
5. Project Delivery Schedule
 - a. Environmental approval and design work – Spring 2022 to Spring 2023
 - b. Acquire Right-of-Way for ADA Compliance – by Summer 2023
 - c. Bid, award & begin construction – by Spring 2024
 - d. Complete all construction & close out – by December 2024

Public Works and PARCS Departments

Project Planning and Delivery Process

Project Selection – Needs Identification

1. Council District requests
2. Constituents (FresGO, calls, emails, neighborhood meetings)
3. Staff recommendations
4. Formal studies and guiding documents
 - a. General Plan
 - b. Parks Master Plan
 - c. Active Transportation Plan (ATP) – trails, sidewalks, bike lanes
 - d. Citywide update of Pavement Condition Index (PCI)
 - e. Electronic Asset Management system
 - f. ADA Facilities and Right-of-Way Transition Plans
 - g. Traffic and pedestrian counts, accident reports, warrant studies

ARPA Investment Recommendations

FY22 ARPA INVESTMENT		AMOUNT
Total Available Funding (1st Tranche)		85,404,015
	Council Approved Allocations	(28,210,500)
Remaining Unallocated Funds		57,193,515
Recommended Allocations		
	Public Sector Revenue Replacement	(10,000,000)
	39th AAR Abatement Team	(420,000)
	FPOA Agreement (51st AAR)	(3,308,200)
	IAFF "Me Too" (52nd AAR)	(369,600)
	Approved Labor Agreements	(1,213,500)
	Fire Overtime	(1,163,600)
	FPOA Retro	(1,300,000)
	911 Call Center	(2,000,000)
	Peach Property Phase I	(8,500,000)
	Van Ness & Weldon Park	(999,900)
	Real Estate Purchases	(2,599,800)
	Personal Protective Equipment (PPE)	(100,000)
	Small Business Assistance/Façade	(4,500,000)
	Neighborhood Infrastructure	(25,000,000)
	Community Partnerships	(10,000,000)
	H Street Warehouse	(5,000,000)
	Landlord Incentives/Rent Stabilization Grants	(1,000,000)
	Lighting repairs at Downtown Brewery District	(500,000)
	Total Recommended Allocations	(77,974,600)
Remaining Balance after Recommended Allocations		(20,781,085)



QUESTIONS

QUESTIONS