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Title: Action pertaining to budgeting American Rescue Plan Act of 2021 (ARPA) funds:
 1. ***RESOLUTION - 30th Amendment to the Annual Appropriations Resolution (AAR) No. 2021-178 appropriating \$38,155,000 for citywide operational support that will be funded from first tranche of ARPA funds (Requires 5 Affirmative Votes)(Subject to Mayor's Veto)

Sponsors: Office of Mayor & City Manager

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Attachments: 1. 1. 30th Amendment to the Annual Appropriations Resolution No. 2021-178 appropriating \$38,155,000, 2. 2. FY 2022 Proposed Budget Allocations for ARPA Expenditure Items No. 1, 2, 3, 4, and 6., 3. Supplement_Dec 2_Public_Comments, 4. Public Comments- Late Submissions

Date	Ver.	Action By	Action	Result
12/2/2021	1	City Council	continued as noted	Pass

REPORT TO THE CITY COUNCIL

FROM: THOMAS C. ESQUEDA, City Manager
Office of Mayor & City Manager

BY: GEORGEANNE A. WHITE, Assistant City Manager
Office of Mayor & City Manager

HENRY FIERRO, Budget Manager
Budget and Management Studies Division

SUBJECT

Action pertaining to budgeting American Rescue Plan Act of 2021 (ARPA) funds:
 1. ***RESOLUTION - 30th Amendment to the Annual Appropriations Resolution (AAR) No. 2021-178 appropriating \$38,155,000 for citywide operational support that will be funded from first tranche of ARPA funds (Requires 5 Affirmative Votes)(Subject to Mayor's Veto)

RECOMMENDATION

The Administration recommends the Fresno City Council approve the Resolution for the 30th Amendment to the Annual Appropriations Resolution No. 2021-178 to allocate \$38,155,000 of American Rescue Plan Act (ARPA) funding for eligible uses as defined in the ARPA Interim Final Rules.

EXECUTIVE SUMMARY

The American Rescue Plan Act (ARPA) is a \$1.9 trillion emergency relief measure authorized by Congress and signed into law by the President March 11, 2021, to address the adverse impacts of COVID-19 on public health and the national economy. The City of Fresno has been programmed to receive \$170,808,029, which will be paid in two tranches: May 2021 and May 2022.

Based on the eligible uses defined in the ARPA Interim Final Rules, the Administration has prepared a Phase I ARPA Expenditure Plan to appropriate approximately \$38.2 million of the \$85.4 million the City has received in ARPA funds. The recommended Phase I ARPA Expenditure Plan consists of ten (10) items that address the following categories of eligible expenses as defined in the Interim Final Rule:

1. Response to public health emergency including public health, police and fire, and housing insecurity.
2. Response to negative economic impacts including small business assistance and build healthy living environments and neighborhoods.
3. Provide premium pay for eligible workers, and eligible worker means those workers needed to maintain continuity of operations of essential critical infrastructure sectors.

The Administration recommends the Fresno City Council approve the Resolution for the 30th Amendment to the Annual Appropriations Resolution No. 2021-178 to allocate \$38,155,000 of American Rescue Plan Act (ARPA) funding for eligible uses as defined in the ARPA Interim Final Rules.

BACKGROUND

The American Rescue Plan Act (ARPA) is a \$1.9 trillion emergency relief measure authorized by Congress and signed into law by the President March 11, 2021, to address the adverse impacts of COVID-19 on public health and the national economy. The Interim Rules for ARPA were published Monday, May 10, 2021, and comments on the Interim Rules were due to the U.S. Treasury on Friday, July 16, 2021. The U.S. Treasury received comments from the City of Fresno.

The City of Fresno has been programmed to receive \$170,808,029, which will be paid in two installments: The first tranche of \$85,404,014.50 was received by the City on Monday, May 24, 2021, and the second tranche will be received on, or about, May 24, 2022. The City of Fresno has until December 31, 2024, to encumber the funds. The Interim Rules identify five categories of eligible expenditures:

1. Response to public health emergency including public health, police and fire, and housing insecurity.
2. Response to negative economic impacts including small business assistance and build healthy living environments and neighborhoods.
3. Replace lost public sector revenue.
4. Provide premium pay for eligible workers, and eligible worker means those workers needed to maintain continuity of operations of essential critical infrastructure sectors.
5. Invest in water, sewer, and broadband infrastructure.

PROPOSED PHASE 1 ARPA INVESTMENT PLAN

Based on the eligible uses defined in the ARPA Interim Final Rules, the Administration has prepared a Phase I ARPA Expenditure Plan to appropriate approximately \$38.2 million of the \$85.4 million the City has received in ARPA funds. The recommended Phase I ARPA Expenditure Plan consists of ten (10) items for Council consideration. Once the ARPA Final Rules are published, the Administration will coordinate with the City Council to develop and adopt supplemental ARPA Expenditure Plans based on the eligible expenses authorized in the Final Rule.

1. **\$2,098,300** for Police Technology & Equipment (Response to Public Health Emergency)
2. **\$5,637,000** for Police Vehicles (Response to Public Health Emergency)
3. **\$3,083,500** for Fire Drill Schools (Response to Public Health Emergency)
4. **\$2,000,000** for Fire Department Overtime (Response to Public Health Emergency)
5. **\$2,000,000** for Relocation and Consolidation of Police and Fire 911 Call Center (Response to Public Health Emergency)
6. **\$3,132,600** for Public Works to Building Healthy Living Environments and Neighborhoods (Response to Negative Economic Impacts)
7. **\$2,253,600** for Eligible City of Fresno employees (Premium Pay for Essential Workers)
8. **\$250,000** for Mobile Showers to Serve the Homeless (Responding to Public Health Emergency)
9. **\$13,200,000** to Develop New Emergency Shelter Housing and Permanent Affordable Housing (Response to Public Health Emergency)
10. **\$4,500,000** for Small Business Assistance and Façade Improvement Program (Response to Negative Economic Impacts)

\$38,155,000 TOTAL, Phase I ARPA Expenditure Plan

During the FY 2022 Budget Adoption process, the Administration prepared a preliminary list of potential expenditures recommended for funding with ARPA based on the Interim Final Rule. Item Numbers 1, 2, 3, 4, and 6 presented above were included in the Proposed Budget for FY 2022, and additional definition for the expenditures are presented as Attachment 2. A description of ARPA Expenditure Plan Items is presented below for Council consideration.

Item Nos. 1, 2, 3, and 4: Response to Public Health Emergency. Since the onset of the COVID-19 pandemic in March 2020, the City of Fresno, as well as many other large cities across the nation, have experienced a significant increase in criminal activity and fire activity. For calendar year 2017, 2018, and 2019, the City averaged 301 Fire service calls per month, and during calendar year 2020 and the first six (6) months of 2021, the City has average 519 Fire service calls per month - a 72-percent increase from pre-pandemic conditions. For Police services, the City has experienced a 70-percent, 17-percent, and 22-percent increase in homicides, rapes, and auto thefts, respectively, from

pre-pandemic conditions.

The Interim Final Rule indicates that Fiscal Recovery Funds may be used for public safety expenses to the extent that their services are devoted to mitigating or responding to the COVID-19 public health emergency. The recommended expenditure of \$12.8 million for Item Nos. 1, 2, 3, and 4 will be used to increase staffing for police and fire services, including the purchase and acquisition of all required equipment, materials, and supplies to support the increased staffing for police and fire services. These investments are critically important to address the significant rise in criminal activity and fire activity continuing to occur in the City of Fresno because of the COVID-19 pandemic.

Item No. 5: Response to Public Health Emergency, Relocate and Consolidate 911 Call Center.

The Fresno Police Department is the designated a Public Safety Access Point (PSAP) by the State of California for the City of Fresno, and all 911 calls in the City of Fresno are received at the Fresno Police Department 911 Call Center by Fresno Police Department Call Takers. Depending on the nature of the call, the Call Taker then routes the call to the appropriate authority having jurisdiction to respond to the emergency call for service. For example, for medical events or fire events, Fresno Police Department Call Takers transfer the calls to the Fresno County Fire/EMS Call Center, who assumes responsibility for dispatching resources for the call for service.

The Fresno Police Department 911 Call Center has an authorized employee count of 105 staff and receives more than 1 million calls for service per year. The 911 Call Center's goal is to answer 90 percent of all emergency calls within 15 seconds and based on current demands for 911 Call Center service, that performance standard is not being achieved. As stated above, this is due to the fact that the Police Department has experienced a 70-percent, 17-percent, and 22-percent increase in homicides, rapes, and auto thefts, respectively, and the Fire Department a 72-percent increase in fires from pre-pandemic conditions, which has increased the amount of calls coming into the 911 Call Center at a corresponding level.

To address the issue, it is necessary to add additional Call Takers and equipment to the 911 Call Center; however, it is not feasible to add additional staff and additional equipment within the existing 911 Call Center location in the basement of Police Headquarters due to space limitations. Accordingly, there is a need to relocate the 911 Call Center to a larger location, and to consolidate Police and Fire 911 Call Center service.

The recommended expenditure of \$2 million to relocate and consolidate the City's 911 Call Center will increase the capacity of the City's 911 Call Center to respond to 90 percent of emergency calls for service within 15 seconds under all demand conditions. The Administration is currently evaluating alternative locations for a consolidated 911 Call Center.

Item No. 6: Response to Public Negative Economic Impacts, Public Works Building Healthy Living Environments and Neighborhoods.

The Interim Final Rule indicates that Treasury will presume that certain types of services are eligible uses to address disparities in public health outcomes, when provided in Qualified Census Tracts (QCT). The Interim Final Rule specifies that the City of Fresno may use payments from the Fiscal Recovery Funds to facilitate access to resources that improve health outcomes, including services that connect residents with health care resources and public assistance programs to build healthier environments and neighborhoods.

The recommended expenditure of \$3.1 million for Item No. 6 will be used to purchase equipment, materials, and supplies for the Department of Public Works to build healthy living environments and neighborhoods in QCTs, where such infrastructure investments have traditionally lagged, and the

neighborhoods have inadequate infrastructure to support healthy living environments and neighborhoods.

Item No. 7: Premium Pay for Essential Workers. The Interim Final Rule authorizes the City of Fresno to provide premium pay to eligible workers. The Interim Final Rule defines eligible worker to mean “those workers needed to maintain continuity of operations of essential critical infrastructure sectors”. Further, the Interim Final Rule indicates that the chief executive of the City of Fresno has the discretion to add additional sectors to the list of eligible workers, so long as additional sectors are deemed critical to protect the health and well-being of residents.

The City of Fresno has approximately 3,500 employees, all of whom were relied on by the chief executive to serve as essential workers to maintain continuity of operations of essential critical infrastructure, programs, and services critical to protecting the health and wellbeing of the City’s residents and businesses. After the adoption of Emergency Orders and Emergency Ordinances prompted by the COVID-19 pandemic, the chief executive of the City of Fresno redirected city staff to alternate duties and responsibilities to support the community during the pandemic, implemented a hiring freeze, and assigned employees to modified work schedules and workplace conditions to maintain continuity of operations of essential critical infrastructure, programs, and services, while protecting employee health and safety and community health and safety.

The recommended expenditure of \$2.3 million for Item No. 7 will be used to compensate qualified employees for essential work performed on behalf of the City to maintain continuity of operations of essential critical infrastructure, programs, and services critical to protecting the health and wellbeing of the City.

Item No. 8: Response to Public Health Emergency, Purchase Mobile Showers for Homeless Service. During the FY 2022 Budget Adoption process, the Mayor proposed and the Fresno City Council approved, the creation of the Homeless Assistance Response Team (HART) to engage directly with individuals experience homelessness to offer housing, food, and public health and mental health services.

The recommended expenditure of \$250,000 will purchase a 28-foot, mobile shower with 4 shower stall stations and one restroom station. The mobile shower will be designed to hook up to a fire hydrant for water service and a sanitary sewer manhole for wastewater discharge service. The City owns and controls both of these types of assets. The HART will be responsible for scouting locations throughout the City to schedule the placement of the mobile shower to serve individuals experiencing homelessness, and the locations will be readily accessible and provide a secure and safe environment for bathing and hygiene. The mobile shower events will be scheduled for one-day events from 900 am to 300 pm.

Item No. 9: Response to Public Health Emergency, Develop New Emergency Shelter Housing and Permanent Affordable Housing. The City of Fresno is experiencing a housing crisis, and the impacts of the crisis are evident with the increase in homeless population counts in the City of Fresno. The housing crisis, and associated increase in homelessness is a state-wide and national challenge.

To address this issue, the City of Fresno collaborated with several other agencies to increase the capacity of low-barrier emergency shelter beds in the City of Fresno. The other agencies that agreed to collaborate with the City included The Fresno Housing Authority, Turning Point of Central California, Poverello House, Kingsview, and others. The City of Fresno is grateful for the support the

City has received from these agencies to increase the number of low-barrier emergency shelter beds available in the City of Fresno. However, this is a temporary solution, as the long-term solution to homelessness in the City of Fresno will require the development of additional low-barrier shelter beds, more permanent affordable housing units, and increased high-quality case-management services.

The recommended expenditure of \$13.2 million will expand on the collaboration with other agencies to develop more low-barrier shelters and permanent affordable housing to address the City's housing and homeless crisis. The \$13.2 million will be invested to provide matching funds for the acquisition of additional motels using Project Homekey 2.0; gap funding for privately developed permanent affordable housing projects; and direct development of permanent affordable housing units on City-owned property.

Item No. 10: Response to Negative Economic Impacts, Small Business Assistance and Façade Program. The ARPA Interim Final Rule acknowledges that small businesses faced significant challenges in covering payroll, rent, and other operating costs because of the public health emergency and the measures taken to contain the spread of the virus. The ARPA Interim Rules authorize local governments to aid small businesses with ARPA funds to adopt safer operating procedures, weather periods of closure, or mitigate financial hardship resulting from the COVID-19 public health emergency.

The recommended expenditure of \$4.5 million for small business assistance and business façade improvements will be invested in the form of grants, matching grants, loans, and revolving loan funds to enable small businesses to recovery from negative economic impacts of COVID-19. The Administration is currently working to prepare the application process for small businesses to access ARPA funds for small business assistance and façade improvements.

COMMUNITY-BASED ORGANIZATION INVESTMENTS

Once the Treasury Department issues the Final Rules for ARPA funding, the City of Fresno will issue a Notice of Funding Availability (NOFA) to solicit proposals from community-based organizations to provide services authorized as eligible expenditures in the Final Rules for ARPA.

Individual proposals may offer programs or services that address one or more of the eligible categories identified in the Final Rules for ARPA. Proposals will be reviewed by City staff to determine which proposals align with the eligible funding categories defined by the U.S. Treasury, and which proposals align with other community investments currently underway in the City to maximize the benefit of these one-time funds through coordinated and combined investment.

Proposers will explain how their program or service offering contributes to the pandemic recovery through one or more of the categories authorized as eligible for funding. Proposers will describe the community outreach, engagement, education, and assistance services that will be used to support the program or service offering. Priority will be placed on proposals that contribute to building a foundation for a strong and equitable recovery.

In order to ensure the City's compliance with the Uniform Guidance (Title 2, Subtitle A, Chapter II, Part 200, Subpart D, Section 200.332), proposers will be required to complete a risk assessment before any funding is awarded. The risk assessment will be used to determine if the proposer has adequate internal controls necessary to mitigate the risk that ARPA funds will be used to pay ineligible costs. Proposers will also be required to submit to regular reviews of their ARPA funded

expenditures in order to insure compliance with the Uniform Guidance and ARPA regulations.

Preference will be given to proposals that demonstrate the following:

1. Thoroughness and clarity of proposal's purpose and intent to address the adverse impacts of COVID-19 on the residents, businesses, industries, and institutions in the City of Fresno.
2. Alignment of the proposed program or service with other investments and initiatives currently underway in the City to achieve collective impact of combined and coordinated investments.
3. Financial sustainability of program or service to remain active and effective after the one-time ARPA funding is expended.
4. Community outreach and education plan for the proposed program or service.
5. Qualifications and experience of team and community-based organization.
6. Demonstrates ability, through the Uniform Guidance risk assessment, to possess adequate internal controls and processes to minimize risk that ARPA funds are being spent on ineligible items.

ENVIRONMENTAL FINDINGS

By the definition in the California Environmental Quality Act (CEQA) Guidelines Section 15378, this AAR does not qualify as a "project" as defined by CEQA.

LOCAL PREFERENCE

Local Preference does not apply.

FISCAL IMPACT

As described above, the source of funds for the AAR is the City's award of American Rescue Plan Act (ARPA) funds. The General Fund will not be impacted.

Attachments:

1. 30th Amendment to the Annual Appropriations Resolution No. 2021-178 appropriating \$38,155,000
2. FY 2022 Proposed Budget Allocations for ARPA Expenditure Items No. 1, 2, 3, 4, and 6.