

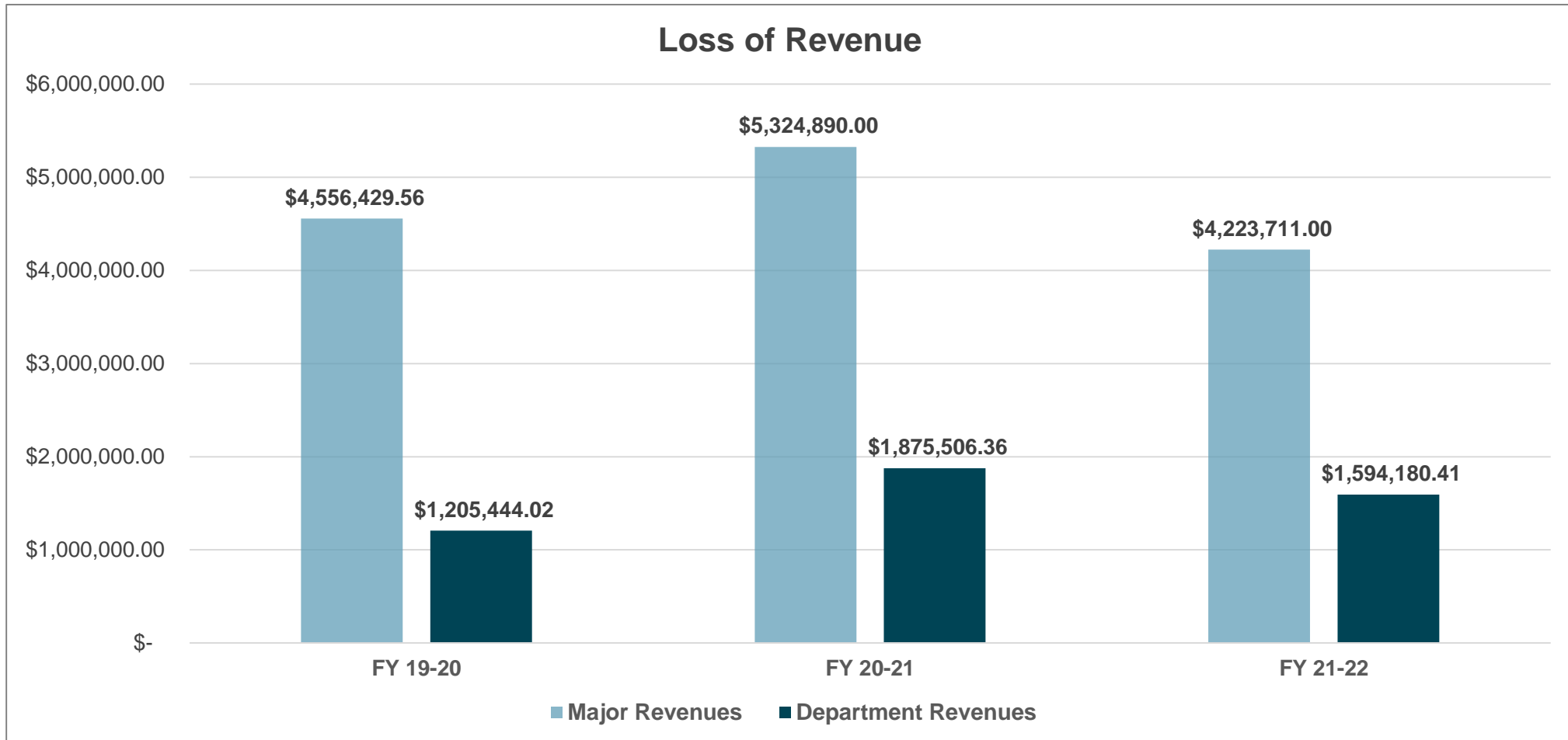
American Rescue Plan & Pandemic Recovery Strategy



CITY OF
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CALIFORNIA

***GENERAL FUND REVENUE LOSS
AND EXPENDITURE GROWTH
DURING THE PANDEMIC***

General Fund Revenue Loss



FY 2020 and 2021 Expenditures

Fiscal years 2020 and 2021 have increased the amount of pandemic related expenditures that have brought additional pressure to the General Fund departmental operating budgets. Below are some areas that have seen increased expenditures directly related to the pandemic and have caused increased use of operating expense budgets in the General Fund:

- Public Safety Overtime directly related to COVID-19 related response
- Staff time directly related to pandemic response from various departments for COVID-19 related work
- COVID-19 Personal Protection Equipment (PPE) and other sanitation/prevention/safety related expenditures



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AMERICAN RESCUE PLAN (ARPA) DETAILS AND PROGRAMS

Background

Relief Plan Details

- \$1.9 Trillion Emergency Relief Measure intended to provide relief to address the impacts of COVID-19 for the American public including first responders, frontline health workers, teachers, local governments, and other providers of vital services.
 - This Plan includes \$130 billion to local government, divided between cities and counties, via a Community Development Block Grant (CDBG) funding formula.

State and Federal Landscape

Other Programs and Initiatives to Monitor

- Additional Federal legislation such as the American Jobs Plan and the American Families Plan – both of which will be investing billions of dollars into infrastructure, jobs, and households.
- Other investments from the American Rescue Bill:
 - Stanislaus County: \$108 million
 - Modesto City Schools: \$92 million
 - City of Turlock: \$16 million
 - City of Ceres: \$9 million
- Adoption of the State Budget – and potential adoption of Build Back Boldly Plan

ARPA - Funding available to the community



ARPA - Funding available to the City

Direct Funding

- The City of Modesto has been allocated approximately **\$47.3 million** in pandemic relief funding, expected to be allocated in two tranches. The first is anticipated to be received in May 2021 and the second is expected to be received within 12 months of the first allocation.
- **\$3.4 million** from the HOME Investment Partnerships Program eligible to create affordable housing for low-income households.

Competitive Funding

- **Airport Funding:** This bill provides \$8 billion for all airports and concessionaires. Of that amount, \$100 million is to be allocated to general aviation airports like the Modesto City–County Airport.
- **Additional FEMA funding:**
 - \$400 million for the Emergency Food and Shelter Program;
 - \$300 million for FEMA Firefighter grants through the Staffing for Adequate Fire and Emergency Response (SAFER) and Assistance to Firefighter Grants (AFG) programs;
 - \$100 million for FEMA Emergency Managers Performance Grants; and
- **Transit:** \$30 billion to transit agencies for the continued threat of the pandemic. Portions of this funding will likely be competitive and others will be non-competitive.
- **Coronavirus Capital Projects Fund:** \$100 million to each state for capital projects directly enabling work, education, including remote options, in response to the pandemic.

Restrictions of Funding

*\$47.3 million in direct funding to the City

Eligible Expenses

- Respond to the COVID-19 emergency and address its economic effects, including through aid to households, small businesses, nonprofits, and industries such as tourism and hospitality
- Replace revenue that was lost, delayed, or decreased as determined based on the projections of the government as of January 27, 2020 as a result of the COVID-19 emergency
- Cost overruns incurred as a result of the COVID-19 emergency
- Make necessary investments in water, sewer, or broadband infrastructure

Ineligible Expenses

- No funds shall be deposited into any pension fund
- Any local government that fails to comply with the federal law and related guidelines shall be required to repay the Federal Treasury

**Specific guidance related to the \$47.3m in funding to the City has not been released so it is still unclear how Treasury will define the restrictions above.*



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FEEDBACK FROM COMMITTEES AND THE PUBLIC

Themes from Committees



Economic Vitality *Economic Development Committee*

These initiatives are intended to improve the economic vitality of the community:

- Business Attraction, Retention, and Expansion Support Program
- Downtown Housing Program
- Revolving loan program for residential and commercial property development
- Broadband Infrastructure
- Downtown Beautification



Governance and Service Delivery *Finance Committee*

These initiatives are intended to improve the organization and service delivery for residents.

- COVID-19 Expenses/Response
- Staffing levels for Critical Dept's
- Deferred Maintenance
- Program Improvements
- Facility Upgrades
- Lost Revenue



Quality of Life *Safety and Communities*

This portion of funding is intended to improve the quality of life for residents.

- Public health focus – homelessness, mental health, poverty
- Police-Community Relations Program Development
- Mental health crisis intervention program
- Homelessness
- The Awesome Spot
- Children's Museum
- Forestry Program Enhancements
- Blight Program Enhancements
- Revitalization of Public Spaces



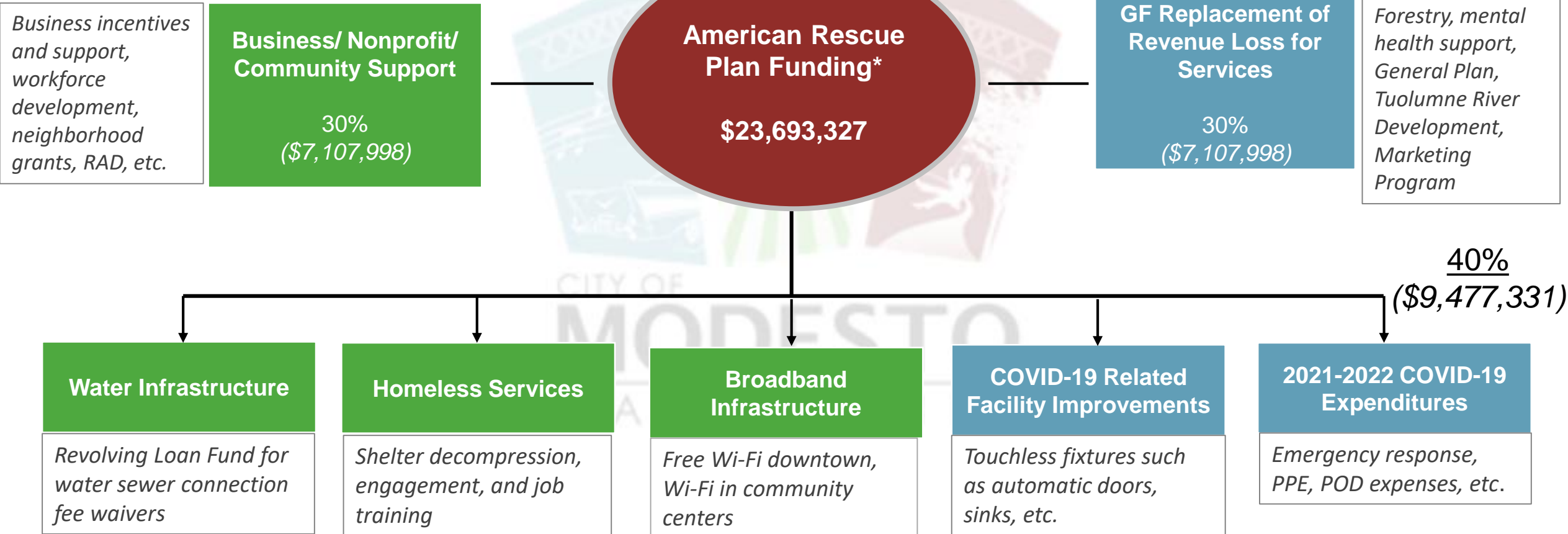
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NEXT STEPS & RECOMMENDED ALLOCATIONS

Modesto Forward

Year 1 - Tentative Funding Recommendations

Examples of expenditures based on public engagement



**Funding is expected to be received in two tranches, one year apart*

Tentative Expenditure Details

Business / Nonprofit / Community Support

- **Business attraction, retention and expansion program (Goal E: Strategy 2)**: Designed to help local businesses and spur economic development through the form of grants, fee waivers/deferrals, and/or other incentives.
- **Downtown Improvements (Goal G: Strategy 2)**: Investments in downtown beautification that may include grants for parklets, façade improvements, etc; and investments to support housing development in downtown through property purchase, fee waivers, and/or deferrals.
- **Relief Across Downtown (RAD) Card (Goal G: Strategy 2)**: Digital gift card that doubles a consumer's purchasing power to promote business activity downtown.

Tentative Expenditure Details

Business / Nonprofit / Community Support

- **Workforce Development Program (Goal E: Strategy 5)**: Designed to support residents impacted by the pandemic to provide critical job training in a local industry with support from partners such as the County, Modesto Junior College, or Opportunity Stanislaus.
- **Neighborhood Grants (Goal I: Strategy 3)**: After a year of social distancing, the neighborhood grant program is designed to reconvene safe gatherings to promote mental health, and creative community events with possible support from Neighborhood Associations.
- **Children's Museum / Awesome Spot (Goal E)**: Investments in amenities for the community that can help drive the quality of life and economic vitality of the City.

Tentative Expenditure Details

General Fund Replacement of Revenue Loss

- **General Plan Support (Goal E, Strategy 1):** Direct funding to help expedite the completion of the General Plan.
- **Forestry Program (Goal D, Strategy 5):** Enhancements to the City's Forestry Division supporting the removal of diseased trees, mistletoe, and stumps.
- **Blight Abatement Program (Goal A, Strategy 6):** Enhancements to the City's blight abatement programs to reduce turn around time in responding to illegal dumping, tagging, and related issues.
- **Mental Health Support Program (Goal A):** In partnership with Behavioral Health and Recovery Services, implementation of a program that puts mental health clinicians in patrol cars with officers to respond to mental health calls for service.

Tentative Expenditure Details

General Fund Replacement of Revenue Loss

- **Robust Marketing Program (Goal F, Strategy 3)**: Implementation of a robust marketing program that serves to inform/educate the programs available by the City.
- **Enhanced Infrastructure Financing District (Goal E, Strategy 2)**: Offers local agencies the ability to use tax increments through the creation of a district to finance a wide variety of projects such as libraries, roads, transit-oriented development, affordable housing, etc.
- **Deferred Maintenance (Goal H, Strategy 5)**: Critical investment in deferred maintenance across the various City facilities such as Fire Station 1.

Next Steps

**April 21,
2021**

Consideration of
Tentative Spending
Plan



**Late April /
Early May**

Anticipated guidance
to be available. Staff
will begin finalizing
strategy based on
restrictions.



**Late May /
Early June**

Staff returns to Council
with final strategy and
spending plan for the
Year 1 Allocation



**July 2021 –
February
2022**

Based on coordination with
partners and additional
engagement, Staff will be
adding to/ enhancing the
post-pandemic strategy with
the Year 2 allocation

Staff Recommendation

- Motion accepting a report back on the funding made available by the American Rescue Plan Act of 2021 (ARPA), provide recommendations on a tentative spending plan, and forwarding to Council for approval.

Any Questions?

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