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 CONSIDER PROPOSED RECOMMENDATIONS ON THE USE OF THE CITY'S AMERICAN RESCUE PLAN FUNDS AND ADOPTION OF RESOLUTION 22-039 TO AMEND THE FISCAL YEAR 2021-2022 BUDGET (CITY COUNCIL).

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Report to Mayor and City Council

Tuesday, March 15, 2022

Discussion

SUBJECT:

AMENDED DISCUSSION ITEM

CONSIDER PROPOSED RECOMMENDATIONS ON THE USE OF THE CITY'S AMERICAN RESCUE PLAN FUNDS AND ADOPTION OF RESOLUTION 22-039 TO AMEND THE FISCAL YEAR 2021-2022 BUDGET (CITY COUNCIL).

I. SUMMARY

On March 11, President Joe Biden signed the American Rescue Plan Act 2021 (ARPA), which launched the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to provide \$350 billion in emergency funding for state and local governments. The emergency economic stimulus bill provides fiscal aid to address the ongoing COVID-19 public health crisis. The SLFRF provides funding to meet local needs, including COVID19 response, replacing public sector revenue loss, premium pay for essential workers, improving facilities to ensure health and safety, increase usage of outdoor spaces, as well as investing in public infrastructure and broadband. Of the \$350 billion economic stimulus bill, the City will receive \$17,776,763 in direct one-time funding. At its March 1st, 2022 meeting, the City Council voted 5-0 to make changes to first proposal of ARPA spending plan by modifying certain budget appropriations between projects as well as the addition of

premium pay as a standalone line item.

The City Council's strategic priorities are the blueprint for prioritizing policy decisions and the proposed spending plan. The proposed spending plan is in alignment with the City Council's strategic priorities which includes:

1. Make quality of life improvements (infrastructure, maintenance, beautification)
2. Prioritize economic development
3. Adopt governance policies and procedures pertaining to districts
4. Promote housing development
5. Increase public safety
6. Make progress on development that provides community benefits in the long term
7. Maintain quality City programs and services
8. Advocate for funds from county, state, and federal government
9. Increase outreach and information to the community

This one-time funding will provide significant financial resources for health and safety of the City while also making investments that improve our resident's quality of life.

II. RECOMMENDATION

1. APPROVE proposed recommendations on the use of the City's American Rescue Plan Act funds.
2. ADOPT Resolution No. 22-039, A RESOLUTION OF THE CITY OF CARSON CITY COUNCIL AMENDING THE FISCAL YEAR 2021-2022 BUDGET IN THE AMERICAN RESCUE PLAN FUND.
 - 1.

III. ALTERNATIVES

DO NOT APPROVE the proposed ARPA financial plan and PROVIDE additional direction to staff.

IV. BACKGROUND

The American Rescue Plan Act of 2021 (ARPA) is a \$1.9 trillion economic stimulus bill. Within the ARPA, the Coronavirus Local Fiscal Recovery Fund (SLFRF) provides \$350 billion for states, municipalities, counties, tribes, and territories. Of the \$350 billion, the City will receive an estimated \$17.8 million in one-time funding. These funds can be spent by local governments to provide for healthier and safer indoor and outdoor environments for

residents, visitors, and employees; assist with investments in outdoor spaces and programs that promote responsible public gatherings; help pay for essential affordable housing, broadband and other critical public infrastructure; and compensate for relevant first responder expenses. The U.S. Treasury continues to update and finalize procedures, processes, and detailed reporting requirements on eligible uses. Funds cannot be used toward pensions or to offset revenue resulting from tax cuts. Funding will be received in two disbursements. The first \$8.8 million was received and this revenue will be held in a separate fund subject to quarterly and annual audits, with the second disbursement anticipated within the next 6 months. City staff will be implementing a dedicated website page for specific communications, frequent mandated updates, including quarterly reporting on the use of the funds as part of the budget update. The ARPA spending must be completed by December 31, 2026. At its March 1st, 2022 meeting, the City Council voted 5-0 to make changes to first proposal of ARPA spending plan (exhibit A) by modifying certain budget appropriations between projects as well as the addition of premium pay as a standalone line item.

In addition to the \$17.8 million of direct relief to the City of Carson, California will receive \$26 billion, and Los Angeles County will receive \$1.9 billion. The funds cover expenses incurred through December 2024 and can be used to:

- Respond to the COVID-19 emergency and address its negative economic impacts, including aid to households, small businesses, nonprofit organizations
- Provide premium pay to public employees that carry out essential services and to employers whose workers conduct essential services
- Provide government services for local governments that have suffered revenue reductions as a result of COVID-19; note these are eligible expenses that the CARES ACT had specifically prohibited
- Make investments in water, sewer, or broadband infrastructure

The City Council's Strategic Priorities are the blueprint for prioritizing policy decisions for the City's future and the proposed \$17.8 million ARPA spending plan. The revised proposal (Exhibit B) has been developed by staff based on recommendations for the City Council at the March 1st, 2022 meeting and the City's priorities. The revised proposal may be amended based on Council's input. The current proposal is detailed below.

A. Premium Pay for City Employees

According to the US Treasury's Final Rule, all local government employees are among the categories of eligible workers, including full-time, part-time, permanent, temporary employees and Elected Officials. The Final Rule maintains that "essential work" is that (1) is not performed while teleworking from a residence and (2) involves either (i) regular, in-person interactions with patients, the public, or coworkers of the individual that is performing the work or (ii) regular physical handling of items that were handled by, or are to be handled by, patients, the public, or coworkers of the individual that is performing the work. The Premium Pay proposal is based on options of \$15,000, \$12,500 or \$10,000 for all Full-time, Part-time employees and Elected Officials. The City Council will either

approve one of the options or decide an even lesser amount based on their discussions during the meeting.

B. City's Enterprise Resource Planning (ERP) Software upgrade for Business License, Online Payment, Permit Issuance and Public Safety online portals \$2.2 Million

These funds will support one-time investment in the City's Enterprise Resource Planning, Tyler Munis, as part of the City's continued transition to web and cloud-based services to empower the City to better connect departments, processes and citizens for enhanced collaboration and communication. The ERP software investment will include the following components:

- The community Development upgrade will allow the city to automate its operations in land use, planning, permitting, enforcement, inspection and more.
- The Business Development application will expedite and automate the administration of licensing and regulatory review, approval, issuance, renewal, revenue collection and enforcement process.
- The Tyler Payment will manage all aspects of the City's online payment processing and it will be accessible from any device enabling residents and businesses to make payments for anywhere, any time.

C. Street Maintenance and Roadway Repairs

Funding in this category is an investment to address the basic road maintenance rehabilitation, and critical safety needs for our local streets and roads. Public Works department intends to add these funds to the City's capital Improvement Program for resurface and other roadway improvements or projects that were delayed because of the pandemic and reduction in infrastructure funds.

D. Investment in Broadband Improvement Solutions

Funding is included to engage a consultant to conduct an assessment study of any connectivity gaps within the City and provide recommendations on options to address these gaps and related service needs. This study will identify coverage gaps, unreliable and/or slow services, potential internet service models, and lessons from municipalities where mistakes were made. Findings and recommendations will be presented to the City Council. Funding set-aside will implement relevant recommendations from the study, including additional analysis where needed, development of operational and/or financial plans, and immediate connection improvements to residents, such as providing free Wi-Fi coverage at City-owned facilities.

E. Emergency Operations Center (EOC) Upgrade

The EOC is the focal point for coordination of the City's emergency planning, training, response, and recovery efforts. The City's current EOC has aging and deteriorating

equipment and does not meet the most basic requirements of the Office of Emergency Services (OES). An investment will help provide the City's EOC with much needed and adequate equipment. Staff will engage a consultant to perform a study to determine the EOC adequate equipment and technological infrastructure needs.

F. Emergency Generators

Acquisition and installation of emergency generators at critical city facilities including City Hall, Community centers and corporate yard. This investment in emergency generator will provide ample power resources to various critical functions throughout the City during power outages. Staff will request independent competitive bids to replace our current Emergency Generators with equipment that will meet all our requirements and specifications.

G. Wi-Fi in Parks

Over the past year, the City has offered free public Wi-Fi at City Hall, Community Services and Parks facilities. Funding will help increase fee Wi-Fi to include Parks across the City. The primary goal of the Wi-Fi expansion project is to support the City Council's goals of digital equity and economic development. This project will assist with bringing the digital divide by providing wireless access that some of our residents may not have access to.

H. Small Business Loan Relief Program \$765,000

The City Council is committed to supporting individuals, families, and local businesses that have been severely impacted by the pandemic and unable to access other federal, state, and local assistance funding. On April 13, 2020, the Disaster Council approved a contract with the California Community Economic Development Association ("CCEDA"), a California non-profit organization, to quickly create and implement a focused business assistance program for Carson commercial and retail businesses and non-profit organizations, with a special emphasis on the COVID-19 response. At the same meeting, the Disaster Council made a recommendation to Council to consider the establishment of General Fund small business loan program. To date, the City issued \$530,000 in small business loans to 35 Carson based businesses. These loans are subject to interest rates and repayment terms. The City also spent \$235,000 in the contract with CCEDA. The \$765,000 is an investment to help relief the small businesses that received the loan from the obligation paying the City back.

I. Creating a City Brand and Community Engagement Strategic Plan

These funds will help City staff create a Community Engagement Strategy with a consistent theme and branding for public communications. The City brand will be reflected through social media marketing campaigns and other communications efforts across departments. Future campaigns will include business spotlights, city news, community events, public safety awareness, and other focused campaigns. The Public Information Team will work together to brand the City's communications materials.

J. Small Business Grant Program \$1,000,000

The City is committed to supporting individuals, families, and local businesses that have

been severely impacted by the pandemic and unable to access other federal, state and local assistance funding. \$1 million has been set aside for efforts that will be defined in consultation with Community Development department.

K. Non-Capitalized Equipment Needs \$760,000

During Fiscal Year 2021-2022 budget workshops, City Council identified and requested that staff return with a list of non-capitalized equipment needs for various parks and programs managed by the Community Services Department. Staff has completed a cursory assessment and has identified a total of \$760,000 in possible equipment items that may serve to improve service delivery and enhance programs offered by the Department. Exhibit C provides a detail of all the items and associated categorical cost for each.

V. FISCAL IMPACT

Upon City Council's approval of the revised ARPA spending plan, and if a recommendation is approved, \$17.8 Million would be allocated to certain budget accounts by department as identified in Exhibit D - Resolution No. 22-039.

VI. EXHIBITS

Exhibit A - Original Proposal of The American Rescue Plan Act Spending Plan (pg 7)

Exhibit B - Revised Proposal of The American Rescue Plan Act Spending Plan (pg 8)

Exhibit C - Non-Capitalized Equipment Needs (pg 9 - 13)

Exhibit D - Resolution No. 22-039 (pg 14 - 16)

Exhibit F - Premium Pay Scenarios (pg 17)

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