



## Legislation Details (With Text)

<b>File #:</b>	21-0227	<b>Version:</b>	1	<b>Name:</b>	CM - Federal Funds Expenditure Plan and Economic Recovery Strategy
<b>Type:</b>	Resolution	<b>Status:</b>		<b>Status:</b>	Adopted
<b>File created:</b>	2/24/2021	<b>In control:</b>		<b>In control:</b>	City Council
<b>On agenda:</b>	3/16/2021	<b>Final action:</b>		<b>Final action:</b>	3/16/2021
<b>Title:</b>	Recommendation to:  (1) Receive a presentation on the Proposed Long Beach Recovery Plan, provide input and policy direction, and approve the Long Beach Recovery Plan and its priorities to address the public health and economic impacts of the COVID-19 pandemic utilizing Federal, State, and County relief funding, with approval subject to confirmation of compliance with American Rescue Plan Act regulations, when issued, with direction to return to the City Council if there are required material changes;  (2) Adopt resolution authorizing City Manager, or designee, to execute all Block Grant award documents on behalf of the City of Long Beach (City), and any documents necessary including necessary amendments, to accept State Emergency Rental Assistance Program funding for the City's Emergency Rental Assistance Program;  (3) Increase appropriations in the Community Development Grants Fund Group in the Development Services Department in the amounts of \$13,754,734 for the Federal Rental Assistance Program (ERAP) and \$16,404,412 for the State ERAP, for a total amount of \$30,159,146, to provide for costs related to assisting lower-income renters who have experienced economic impacts due to the COVID-19 pandemic;  (4) Increase appropriations in the Health Fund Group in the Health and Human Services Department in the amount of \$26,753,750 for the Centers for Disease Control and Prevention's (CDC) Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC) grant from the County of Los Angeles, to support COVID-19 public health response efforts; and  (5) Approve the Economic Recovery Strategy Report. (Citywide)				
<b>Sponsors:</b>	City Manager				
<b>Indexes:</b>					
<b>Code sections:</b>					
<b>Attachments:</b>	1. 031621-R-15 Revised.pdf, 2. 03162021-R-15 TFF Memo 3.11.21.pdf, 3. 031621-R-15 PowerPoint CM.pdf, 4. 031621-R-15 PowerPoint-Mayor.pdf, 5. 031621-R-15 Correspondence.pdf, 6. RES-21-0020.pdf				

Date	Ver.	Action By	Action	Result
3/16/2021	1	City Council	approve recommendation and adopt	Pass

### Recommendation to:

(1) Receive a presentation on the Proposed Long Beach Recovery Plan, provide input and policy direction, and approve the Long Beach Recovery Plan and its priorities to address the public health and economic impacts of the COVID-19 pandemic utilizing Federal, State, and County relief funding, with approval subject to confirmation of compliance with American Rescue Plan Act regulations, when issued, with direction to return to the City Council if there

are required material changes;

- (2) Adopt resolution authorizing City Manager, or designee, to execute all Block Grant award documents on behalf of the City of Long Beach (City), and any documents necessary including necessary amendments, to accept State Emergency Rental Assistance Program funding for the City's Emergency Rental Assistance Program;
- (3) Increase appropriations in the Community Development Grants Fund Group in the Development Services Department in the amounts of \$13,754,734 for the Federal Rental Assistance Program (ERAP) and \$16,404,412 for the State ERAP, for a total amount of \$30,159,146, to provide for costs related to assisting lower-income renters who have experienced economic impacts due to the COVID-19 pandemic;
- (4) Increase appropriations in the Health Fund Group in the Health and Human Services Department in the amount of \$26,753,750 for the Centers for Disease Control and Prevention's (CDC) Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC) grant from the County of Los Angeles, to support COVID-19 public health response efforts; and
- (5) Approve the Economic Recovery Strategy Report. (Citywide)

Since March 10, 2020, when the City Council declared a local health emergency to address the COVID-19 pandemic, the City's top priority has been to mitigate the risks to residents' health and well-being, as well as impacts to the economy and the local business community. This report presents the Proposed Long Beach Recovery Plan (Recovery Plan), which includes an overview of the federal stimulus funding the City anticipates receiving in the coming weeks, and the three major tranches in which this funding will be targeted-Economic Recovery, Healthy and Safe Community, and Securing Our City's Future. As the effects of the pandemic have resulted in greater health and economic impacts to some communities than others, the Recovery Plan in all aspects utilizes an equity lens to identify the different needs for different communities and includes funding for specific programs, outreach, language access, and digital access to ensure the Recovery Plan will assist all those in need throughout Long Beach. The funding and program details are outlined in Attachment A.

The COVID-19 pandemic has created an economic recession that has further intensified existing economic inequities. The economic impacts of the COVID-19 recession have been unequal and have impacted specific sectors, business owners, workers, property owners, nonprofit organizations, geographic areas, and racial groups differently. The sudden and unanticipated public health emergency necessitated the immediate restrictions (through State and local Health Orders) and, in many cases, closure of specific businesses and customer activities. Following these Health Orders, unemployment rapidly increased from a pre-pandemic low of 4 percent to a high of 21 percent during the peak summer months of 2020, affecting businesses and workers in sectors most impacted by the health restrictions such as retail, hospitality, and services.

Recognizing the inordinate economic impacts that the pandemic has had on Long Beach residents, workers, and business owners, on December 15, 2020, the City Council requested that staff develop an Economic Recovery Strategy to address the economic impacts of COVID-19. Over the past several months, staff have initiated five economic equity studies through the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, conducted more than 30 listening sessions with over 350 community leaders and representatives, and received City Council input at numerous steps in the process of drafting this plan. Incorporating this diverse input and existing City Council-adopted recommendations for digital and economic inclusion and racial equity, the Economic Recovery Strategy (Strategy), detailed in Attachment B, includes proposals for the economic development strategies needed to create equitable economic opportunities for residents, workers, investors, and entrepreneurs in Long Beach for sustained economic recovery. The feedback, recommendations, and areas of need identified in the Strategy were critical in the development of the programs and initiatives proposed in the Proposed Long Beach Recovery Plan.

## **PROPOSED LONG BEACH RECOVERY PLAN FUNDING SOURCES**

### American Rescue Plan Act (estimated \$152 Million)

On January 20, 2021, President Biden announced a two-phased approach to address the public health and economic crises caused by the COVID-19 pandemic. The first phase, the American Rescue Plan, totals \$1.9 trillion in relief funding and is currently moving through the legislative process in Congress. The second phase, the Build Back Better Plan, is expected to be released after the passage of the American Rescue Plan and will be focused on long-term economic recovery from the detrimental impacts of COVID-19 through infrastructure investments and job creation.

The American Rescue Plan Act of 2021 (Senate version) includes \$360 billion in relief for state and local governments. The legislation proposes to allocate \$219.8 billion to states, Washington, D.C., tribes, and territories; \$10 billion for capital projects to support work, education, and health monitoring; and, the remaining \$130.2 billion would be evenly divided between counties based on population (\$65.1 billion) and cities using a modified Community Development Block Grant formula (\$65.1 billion). The City is estimated to receive \$141 million in general support for purposes identified below, with the State of California expected to receive \$26.2 billion and Los Angeles County \$1.964 billion. The estimated amounts are subject to change through the legislative process, and final allocations will only be available following enactment of the legislation. Funding would be allocated directly from the federal government to the City in two tranches: 50 percent would be made available within 60 days after enactment, and the remaining 50 percent would be distributed 12 months after the initial allocation. The deadline to expend funds is December 31, 2024.

The legislation provides broad guidance related to eligible use of funds, and staff expect additional regulatory clarification from the U.S. Treasury after it is enacted, similar to the process for the CARES Act funding. As currently drafted in the Senate-approved version,

funding must be used to:

- 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;
- Respond to workers performing essential work during the COVID-19 emergency by providing premium pay to eligible workers of a local government performing essential work or providing grants to eligible employers that have eligible workers who perform essential work;
- Provide government services affected by a revenue reduction resulting from the COVID-19 emergency relative to revenues collected in the most recent fiscal year prior to the emergency; and,
- Make investments in water, sewer, and broadband infrastructure.

The CARES Act allowed for similarly broad public health and economic emergency expenditures; however, the revenue reduction provision of the American Rescue Plan Act is new. It will be imperative to analyze regulatory guidance, once available, regarding what items are considered eligible because of the COVID-19 emergency.

The American Rescue Plan Act includes \$5 billion for homeless assistance, and the City anticipates a direct allocation of \$10 million (bringing the total estimated allocation to Long Beach to \$151 million, with \$141 million in a general grant and \$10 million in homeless assistance). These funds will be made available through the Department of Housing and Urban Development (HUD) and must be expended by September 30, 2025. Funding can be used for tenant-based rental assistance, the development and support of affordable housing, supportive services such as counseling and homeless prevention, and the acquisition and development of non-congregate shelter.

On February 27, 2021, the House of Representatives voted 219-212 to advance the American Rescue Plan Act to the Senate; and on March 6, 2021, the Senate voted 50-49 to support an amended version of the legislation. Since the Senate made changes to the legislation, it will return to the House for final legislative approval before President Biden is expected to sign the legislation this week. Final regulations clarifying what the funds may be used for may take a few months after adoption. Staff recommend not appropriating, committing, or expending these funds until the City Council-approved uses are compliant with the final version of the legislation signed into law and substantially final regulations regarding use of the funds.

### Emergency Tenant Assistance Program (\$30 Million)

The Federal Consolidated Appropriations Act of 2021, enacted on December 27, 2020, authorized the Emergency Rental Assistance Program (ERAP) and appropriated \$25 billion in federal rental assistance. California Senate Bill 91 (SB 91) established the State of California's program for administering its share of ERAP funds. On February 9, 2021, the

City Council adopted the staff recommendation related to the ERAP, directing staff to request the City's reserved Block Grant amount of \$16.4 million from the State, conform the City's program to the State's ERAP rules, and self-administer a local tenant assistance program combining the State Block Grant with the previously received \$13.75 million direct Federal Allocation, totaling more than \$30 million in new funding to the City. The City Council cited direct local control of a self-administered rental assistance program as a key factor in its adoption of this implementation option. Combined with the \$5.3 million rental assistance program administered last year, which served more than 2,000 tenants, this brings rental assistance for Long Beach to more than \$35 million throughout the COVID-19 pandemic.

To receive its allocation of State Rental Assistance Funds, the City submitted a request for a Block Grant award to the State Department of Housing and Community Development (HCD) on February 12, 2021. The attached Resolution authorizes the City Manager, or designee, to execute all necessary documents and amendments necessary for the City to receive the State Block Grant funds for the rental assistance program.

#### Epidemiology and Laboratory Capacity Grant (\$26.7 Million)

The City will receive \$26.7 million from the Centers for Disease Control and Prevention's (CDC) Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC) grant. The Long Beach Health Department (Health Department) will receive a pro rata share of 4.63 percent of the Los Angeles County's total funding, based on Long Beach population data. As part of the [COVID-19 federal interim spending package <http://longbeach.gov/globalassets/city-manager/media-library/documents/memos-to-the-mayor-tabbed-file-list-folders/2020/april-27--2020---covid-19-federal-interim-spending-package>](http://longbeach.gov/globalassets/city-manager/media-library/documents/memos-to-the-mayor-tabbed-file-list-folders/2020/april-27--2020---covid-19-federal-interim-spending-package) enacted on April 24, 2020, the ELC program was awarded \$10.25 billion to provide state, local, and territorial health departments resources for COVID-19 testing, contact tracing, and epidemiologic surveillance activities. These are restricted funds for health epidemiology and laboratory work. In addition to COVID-19 testing, this funding can be used to modernize public health surveillance systems, such as strengthening data collection, interoperability of reporting systems, and advancing workforce capacity. Currently, vaccination administration is not an eligible expense for ELC funding. These funds will help support both business and residents in tracking COVID-19, providing free testing for residents, businesses, and contact tracing in the event of outbreaks.

### **PROPOSED LONG BEACH RECOVERY PLAN (\$208 million)**

Given the magnitude of these one-time federal investments in the City, the Proposed Long Beach Recovery Plan (Recovery Plan) responsibly, effectively, and equitably allocates stimulus funding to address three key areas of impacts since the pandemic: Economic Recovery, Healthy and Safe Community, and Securing Our City's Future. These programs as summarized in the following discussion.

#### **1. Economic Recovery (\$51 million)**

The Recovery Plan allocates \$51 million in total to the City's Economic Recovery Strategy. Guiding the recommendations for an effective, efficient, and inclusive economic recovery are key principles and focus areas that are critical to recovering businesses and jobs lost to COVID-19. The strategy focuses resources on the areas of the economy that have been most impacted, seeks to relaunch business sectors hardest hit by the pandemic, and proposes ways to strengthen revenue generation and leverage consumer spending to promote lasting economic growth. An effective and efficient economic response needs to be targeted, data-driven, and equitable. The Recovery Plan recommends targeted investments in the following activities that will provide the most benefit to business owners, workers, and residents in Long Beach.

#### Protection for Businesses and Non-Profits (\$13 million)

This program provides funding for COVID-19 testing, epidemiology support, contact tracing, and epidemiologic reporting activities to help protect service sector businesses, nonprofits, workers, customers, and visitors stay safe from future spread of COVID-19. Funding from Los Angeles County ELC will help to keep businesses open by tracking COVID-19, providing free testing for businesses and workers, and contact tracing in the event of outbreaks through the Health Department's ELC Enhancing Detection funding. Businesses and nonprofits will have access to educational materials and visits to their sites to ensure they understand and meet the COVID-19 guidelines for their business, free testing at the City's test sites, mobile testing by appointment, access to personal protective equipment (PPE), and contact tracing in the event of exposures or outbreaks in the businesses. This also includes backbone infrastructure, reporting systems, and other functions to support epidemiological services. These funds are currently restricted and not available for vaccine efforts.

#### Direct Business Support (\$25 million)

The public health restrictions and closures have had an outsized impact on certain industry sectors. Direct relief funding to these sectors is a core economic strategy to support the businesses and organizations hardest hit. Direct Business Support programs will provide working capital grants to assist industry sectors that have experienced financial hardship due to the pandemic—namely restaurants, breweries, bars, fitness and personal services, arts and cultural organizations, and nonprofits. Funds can be used to retire debt, pay fixed costs and utilities, pay rent, rehire employees, buy startup inventory, and relaunch as allowed by public health orders. The proposal also includes a fee waiver program for businesses and nonprofits. Grants will be provided on a pro-rated basis to cover the costs of existing or delinquent business licenses, inspection fees, utilities, and other City-related permits for the period of 2021 to help businesses reopen and begin to recover revenue. These local direct relief programs are in addition to more than \$2.5 billion in small business and nonprofit grants offered by the State, and the federal forgivable loan programs through the Small Business Administration.

The Recovery Plan would further leverage funds to provide customer support programs to assist nonprofits, small businesses, and displaced workers with technical assistance regarding City, State, and federal grant guidelines, health orders, loans, PPE acquisition, and

other services. This includes grant funding for community-based support organizations to assist with language access, application, research of grant programs, customer generation strategies, worker safety, customer safety, business transition, accounting, permitting, access to capital, and business planning to help service sector businesses survive and recover. It would also fund inclusive business navigator grants to provide technical assistance to underrepresented business owners of color, re-entry entrepreneurs, and women-owned service sector businesses in communities most impacted by COVID-19.

Business closures have crippled the City's commercial corridors. Relaunching business sectors hardest hit by the pandemic is the most important strategy for recovering lost jobs, reducing unemployment, and ensuring the stability of our local economy. The Recovery Plan recommends funding to assist businesses and property owners with reopening along high-need commercial corridors impacted by business closures through property reactivation and storefront reopening grants, programming, and beautification efforts.

Generating customers and visitors is a critical strategy for businesses to strengthen revenue streams and survive through the pandemic. Closures due to COVID-19 have dramatically curtailed consumer spending in service sectors such as tourism, hospitality, entertainment, and accommodations. Attracting investment in local service sector businesses experiencing the greatest economic impacts, revenue decline, and job losses is a key step to advancing lasting economic recovery. These programs would provide funding for visitor attraction and customer activation to promote citywide accommodations and visitor services for the hotel, hospitality, entertainment, and visitor-serving sectors needed to reopen businesses and recover lost jobs.

### Economic Inclusion (\$7.5 million)

Economic inclusion is critical to the City's Economic Recovery Strategy, and it is essential that the City leverage funding to address historic economic inequities that have intensified as a result of the COVID-19 recession. Building on the recommendations of the City Council-directed Everyone In Implementation Plan, Framework for Racial Reconciliation, and Digital Inclusion Roadmap, these programs will support an aggressive approach to economic inclusion through focused investments to create a more prosperous, resilient, and inclusive local economy for all Long Beach residents, business owners, and workers. Funding includes efforts to conduct community outreach to implement a citywide business council for diverse entrepreneurs, inclusive local procurement strategies to uplift diverse small businesses and create economic opportunities for underrepresented business owners, and the development of an empowerment fund to provide financial services for underserved communities.

A significant portion of the funds would be leveraged to plan, develop, and establish economic empowerment zones to address economic inequities that have been exacerbated by COVID-19. Residential and commercial tenants and landlords have also experienced significant financial hardship due to the pandemic. With changing laws regarding evictions protections and the development of local emergency rental assistance programs for

residential and commercial tenants, there is a clear need to provide City coordination to assist tenants, property owners, and lenders to access rental relief grants, technical assistance, and other support programs and strong language access components included in all these programs.

A consistent theme of the Economic Recovery Strategy community outreach meetings and City Council input has been to protect public health and job security of workers. The service sector of the economy has experienced the highest job loss and unemployment caused by the pandemic, impacting low-wage service sector workers who are predominately people of color and women. Relaunching the sectors hardest hit and advancing local job opportunities and workforce development is a critical step for economic recovery. These programs seek to expand access to job training and job attainment in areas that have higher unemployment and lower wage jobs. Funding will support service sector workers most impacted by COVID-19 layoffs and workforce development assistance for underemployed job seekers, independent contractors, and re-entry workers.

Additionally, funding would help service workers find work and generate income through the expansion of WorkLB, a multifaceted, interactive workforce development platform that offers underemployed job seekers, independent contractors, and re-entry workers, broad flexibility and choice in their work hours, locations, and type of work for which they are eligible. The platform uses mobile technology to quickly connect employers with workers and functions in any web browser, as an application available for iPhones/iPads and Android devices.

COVID-19 has heightened the need for equitable access to and use of digital literacy training, the Internet, technology devices, and other digital resources. The City leveraged \$1.5 million in CARES Act funding to provide more than 1,400 computing devices and nearly 1,000 mobile hotspots with one-year paid Internet service plans to low-income Long Beach residents. Long-term economic recovery hinges on access to these technologies and resources to fully participate in the 21<sup>st</sup> Century economy. Additional funding will provide grants to bridge the digital divide in both residential communities and along commercial corridors. Community-based organizations would be selected to deliver Chromebooks, hot spots, and technical assistance to serve residents and businesses adversely affected by COVID-19 and the stay at home health orders. These programs will support nonprofit digital navigator grants for technical assistance and training to help small businesses with online customer generation, activation, and payment processing.

#### Clean City (\$5 million)

Keeping commercial corridors clean and attractive is also important to businesses reopening and attracting customers. Illegal dumping, trash and debris, and general cleanliness in the city has gotten progressively worse during the pandemic, and City staffing capacity has been impacted by COVID-19. Funding would be used to expand illegally dumped items collection crews and promote scheduled special collection programs to reduce illegal dumping. New equipment will allow for staff to access narrow alleys and other difficult terrain for cleanups and provide additional support to business associations, neighborhood associations, and



others to support group cleanup activities for litter abatement in commercial corridors. To enhance customer retention for businesses impacted by the pandemic, the City will expand the graffiti abatement program to address the increased number of requests throughout Long Beach. The City will also develop campaigns to educate residents about free, scheduled special collection opportunities to discourage illegal dumping as well as a new litter abatement campaign. These campaigns will focus on the impacts of peoples' behavior on the environment and their local community's health.

Additional resources would be available to address dumped items on State and County property, which are often reported to the City but beyond our capability to respond. The City Council has requested that staff continue to coordinate with Caltrans and other partners to perform needed maintenance and seek reimbursement for City actions taken to clean up State and County property. This funding will be used to increase staffing to post cleanup locations and provide cleanup services like pressure washing after debris abatement. Additional staffing would be available to assist the State and County in maintenance of their areas of responsibility. The City will also strengthen partnerships with community organizations and contractors to supplement City cleanups and provide cleanups at locations that are still inaccessible by City staff or that require HAZMAT collection that staff cannot conduct.

#### Technical Assistance (\$500,000)

Throughout the pandemic, the City has operated a BizCare Call Center and pop-up service centers in high-need areas of the city to provide information regarding business resources, assist with the application for grants, and leverage CARES Act funding to expand the City's outreach efforts through partnerships with community-based organizations and business supporting nonprofits. Funding will expand support for BizCare customer support programs to assist nonprofits, small businesses, and displaced workers with technical assistance regarding City, State, and federal grant guidelines, health orders, loans, PPE acquisition, and other services; as well as funding for BizCare Pop-up Centers at locations including City facilities such as libraries located in high-need areas to promote access and equity. This program provides funding for the "Economic Equity Analysis" from CSULB and/or additional nonprofit research organizations to help track, report, and inform the community regarding the Economic Recovery Strategy to mitigate racial impacts of the COVID-19 recession; and, to prevent economic disparities from growing.

## **2. Healthy and Safe Community (\$73.8 million)**

It is abundantly clear that the COVID-19 pandemic has exacerbated existing structural inequities across the country, having an inordinate impact on our most vulnerable and historically underserved communities. The Recovery Plan proposal has been developed with equity front and center. Just as the City utilized an equity lens to develop and implement each of the City's CARES Act programs, the Recovery Plan aims to address the highest needs of community members most adversely impacted by the COVID-19 pandemic. Creating a healthy and safe city for all Long Beach communities is the second pillar of the

Recovery Plan, and the recommended programs and services in this section focus on addressing the underlying social determinants of health and prioritizing the needs of those who have been hit hardest by the pandemic.

The COVID-19 health crisis worsened health inequities among older adults and communities of color. Adults over the age of 65 account for nearly 73 percent of the deaths caused by COVID-19, largely due to the virus spread in long-term care facilities. Latinx, Black, Cambodian, and Native Hawaiian/Pacific Islander community members have been hardest hit, caused by longstanding health, economic, and social inequities. Communities of color are also at higher risk of exposure to the virus because many cannot work from home, cannot afford to miss work, are more likely to live in multigenerational homes, and are disproportionately affected by underlying chronic health conditions that lead to more severe illness. The severity of illness experienced by individuals who have a chronic health condition that are infected by COVID-19 is adding to our already strained healthcare system, resulting in longer hospitalizations and more costly care. A comprehensive response to the COVID-19 pandemic must include evidence-based prevention efforts and support for initiatives, led by public health.

#### Public Health COVID-19 Response (\$13 million)

A key component of recovery will be to keep COVID-19 case rates low and provide tools to detect, respond, and isolate individuals who are exposed and test positive. The City's Health Department provides these services through epidemiological services and the City's public health lab. The City's COVID-19 [data <https://app.powerbigov.us/view?r=eyJrJoiMDNmNWM3ZjgtNjA2OS00YTEyLTlhMjUtNTQyMTU1ZWYjYjYk5liwidCI6IjMxM2YxMWMzLTQyNjgtNGY2YS04ZDNIWm3ZTY1MDE4M2U3OCJ9>](https://app.powerbigov.us/view?r=eyJrJoiMDNmNWM3ZjgtNjA2OS00YTEyLTlhMjUtNTQyMTU1ZWYjYjYk5liwidCI6IjMxM2YxMWMzLTQyNjgtNGY2YS04ZDNIWm3ZTY1MDE4M2U3OCJ9) illustrate the correlation between areas of Long Beach with the highest rates of people who have tested positive for COVID-19 and highest rates of poverty and highest rent overburdened communities. Many areas with the highest burden of COVID-19 illness and poverty are also areas that have the densest population of Latinx, Black, Cambodian, Asian-Pacific Islander, Indigenous and other communities of color.

The Health Department, through its ELC Enhancing Detection funding, will provide free testing at the City's testing sites as well as mobile testing in communities most impacted by COVID-19, PPE to nonprofit organizations serving the City's most-impacted communities, contact tracing, educational materials and the COVID-19 language access program to ensure educational materials, social media, appointments, and phone responses are available to those where English is not the primary language. These funds are currently restricted and not available for primary vaccine efforts.

#### Basic Needs (\$7.4 million)

In response to the COVID-19 pandemic, the City created the LB Resource Line, which is averaging 240 calls per week. The LB Resource Line has provided telephone access to resources for residents in English, Spanish, Khmer, and other languages, greatly reducing

the barriers for low-income residents who may not have other means of connecting to services. CARES Act funding was initially utilized to support staffing the hotline and to implement a resources and referral technology platform to navigate resources. Funding would support the expansion of this basic needs response infrastructure to increase capacity and clients served, including mental health support, food delivery, social connections, education, and more.

Necessary public health strategies to mitigate the spread of the virus and the concurrent economic impact of COVID-19, combined with limitations on access to healthy and affordable food, have exacerbated poor dietary quality and inadequate nutrition placing our community at greater risk for negative health outcomes due to COVID-19 infection. The number of households which have enrolled in federally-funded nutrition assistance programs, including our Long Beach WIC (Women, Infant and Children) program and CalFresh (SNAP), has significantly increased, demonstrating the need for food security resources. The City has provided large-scale food distribution and meal and grocery delivery for individuals who are homebound through CARES Act funding, and additional resources are needed to ensure continued support during the pandemic. Funding will be used to expand existing programs and to create a more sustainable long-term infrastructure for healthy food access through market conversions, access to fresh produce and culturally-appropriate healthy food offerings, and mobile farmers' markets for areas that have limited access to supermarkets or grocery stores, including a focus on areas where grocery stores have recently closed or other food desert areas.

Unemployment and job instability created by the pandemic has rapidly exacerbated the housing affordability crisis in Long Beach, particularly impacting low-income residents. The Basic Needs Resource Line has reported that besides vaccines, housing resources are the highest request for support from residents. It is thus crucial to invest in eviction prevention and housing stability to preserve families, prevent trauma, and avoid exhausting City resources. Housing services and resources are often spread throughout different City agencies and nonprofit organizations, such as the Housing Authority, Homeless Services, the Continuum of Care, and the Development Services Department. To assist tenants to connect with appropriate services, the City would develop a position based in Housing and Neighborhood Services in the Development Services Department to coordinate housing resources across the City. This program would also expand the Right to Counsel pilot to provide legal services to prevent evictions and displacement.

COVID-19 has also had a uniquely devastating impact on the older adult population in Long Beach. Currently, adults aged 60 and over represent 11.5 percent of the positive cases of COVID-19, but those aged 65+ represent 73 percent of the fatalities. In addition to being at highest risk of COVID-19 morbidity, many older adults face poverty, difficulty living independently, food insecurity, social isolation or loneliness, and lack digital access and knowledge. This program will expand multilingual staffing for all levels of referral and case management support and telehealth opportunities, through the Healthy Aging Center's Senior Links Program. Community grants will also be created for organizations to survey and address mental and physical health needs of older adults such as increasing social and civic

engagement with physical activity. Funding will also enable the City's Senior Centers to increase virtual programming for older adults to engage older adults in healthy activities, while decreasing their risk of contracting COVID-19 in the community.

#### Physical and Mental Health Equity (\$5.3 million)

Latinx, Cambodian, Pacific Islanders, and Black populations have been disproportionately affected by the public health impacts of the COVID-19 pandemic in terms of cases, hospitalizations, and deaths. As of February 2021, all people of color in Long Beach had higher rates of COVID-19 cases, hospitalizations, and deaths as shown in the table below.

<b>COVID-19 Metrics</b>	<b>Native Hawaiian/ Pacific Islanders</b>	<b>Hispanic or Latino</b>	<b>Black or African American</b>	<b>Asian</b>
Cases	4.2x	2.7x	1.4x	1.4x
Hospitalizations	9.2x	3.3x	2.3x	2.0x
Deaths	7.7x	2.9x	1.8x	1.5x

The Health Equity Fund would focus resources on the populations that have experienced outsized impacts due to longstanding structural inequities and underlying social determinants of health, specifically Latinx, Black, Cambodian, and Pacific Islander populations. Funding would provide direct grants to support nonprofit community-based organizations to advance physical and mental health services, COVID outreach and education, connection to food resources, and other needed supports. Investments would focus on proportionality of population in Long Beach as well as COVID-19 impacts in each community.

Communities impacted by the COVID-19 pandemic and other health challenges are often some of the hardest to reach populations for government. Promotora, or community health workers, programs are best-practice efforts for trusted voices to promote education and wellness in their communities. This funding would support training for promotora/community health workers and expand nonprofit organization capacity to implement the programs. Promotoras would be trained in chronic disease education and would focus on the underlying health conditions associated with increased risk for COVID-19 complications (i.e., Heart Disease, Hypertension, Cancer, and Diabetes) to encourage and provide access to preventive health screenings and resources at community centers and places where people meet and gather in neighborhoods such as barber shops, nail salons, and community centers. Funding would also support two community health workers at the Health Department, Khmer and Spanish speakers, to coordinate efforts for this program and connect with communities to strengthen health equity efforts.

The COVID-19 pandemic has led to increased mental health challenges across Long Beach, and many community members experience difficulties accessing mental health services. Now more than ever, awareness about mental health and treatment options and domestic violence services is needed. The stressors that have accompanied COVID-19 have resulted

in a 15 percent increase in calls to the Long Beach Police Department to respond to violence in the home. The Mental Health and Resilience Taskforce, comprised of City staff and community-based mental health providers, have created a mental health awareness campaign including bus ads, social media, paid social media as well as taped conversations in English, Spanish and Khmer. This funding would seek to expand this citywide campaign, support trauma and resiliency care training for the City and community-based organizations to better respond to people who have experienced trauma, and a mental health crisis response pilot program for responses to lower-risk 911 calls related to mental health, addiction, and homelessness.

#### Early Childhood Education and Childcare Supports (\$2.1 million)

The COVID-19 pandemic has led to the closing of many Early Childhood Programs, due to the changing health protocols. Even when programs can reopen, they are required to operate with significantly fewer children but maintain pre-COVID-19 staff numbers and purchase more supplies to ensure that children are cared for and educated with social distance. Many centers have decreased hours of service to allow for adequate time for heightened levels of cleaning between service days. Working families are especially impacted by the early closures and decreased childcare capacity. This funding would expand the CARES Act resources to offer free developmental and emergency supplies for families in need. These resources provide early childhood development support for at-home, virtual learning and infant supplies. Funding would also support childcare subsidies for families and the transformation of the Health Department's West Facility to create an additional 28 early childhood education slots in West Long Beach. To support the development of early literacy skills, funding would expand the Long Beach library's bilingual parent engagement program.

#### Violence Prevention and Safe Cities (\$4 million)

In the wake of family stress, disconnection from friends and peers, and virtual learning, children and teens have similarly experienced increased mental health challenges during COVID-19. Funding will be used to create programming at parks and teen centers, offering youth safe and developmentally appropriate places to engage in recreation activities, socialize, and build connections while their parents are at work. Expanding full-range summer youth programs at parks would provide working parents with safe spaces for their children during the day, with enhanced programming to support additional opportunities for recreation. Community Safety Programs such as the Be Safe program, midnight basketball, or a modified Police Athletic League could be focused in areas with the highest rates of violence to provide safe recreation activities and activation of public spaces. Mobile recreation programming would also continue to allow for recreation and physical activity in areas with limited park access.

Like many urban cities across the nation, Long Beach has experienced increased violent crime rates during the pandemic, disproportionately affecting the Black community as well as our Latinx and Cambodian communities. Unemployment and other social stressors caused by COVID-19 have resulted in increased rates of violence in Long Beach. Public health

approaches to violence prevention focus on interrupting violence before it occurs. This funding would build on the successes of the Washington School neighborhood area service model to develop a community interventionist program in areas of the city with high-poverty, high-COVID rates, and high gun-related violence to expand outreach and activate safe community spaces to provide programs, resources, and services. This model is based on a Quality of Life framework, anchored with Habitat for Humanity as a lead organization in partnership with the City to provide a holistic approach to neighborhood revitalization that includes economic opportunity and safety as critical to the wellbeing of an entire neighborhood. The program has helped coordinate the implementation of the Safe Passage program to ensure Washington Middle School students walk to and from school safely and increase parent engagement, continual activation of neighborhood parks, and COVID-19 resources for the community. With additional funding, the City will expand the reach of the Long Beach Activating Safe Communities interventionist team in high-impact communities (high poverty, high COVID rates and high violence) to outreach to community and reach families impacted by community violence and bridge access to family supportive service. These efforts will create a network of grassroots engagement that will also support a re-entry pilot program to establish an integrated social services and employment model for people who are released from prison or jails during the COVID-19 pandemic.

#### Homelessness (\$12 million)

People experiencing homelessness across the city are among those most susceptible and vulnerable to contracting COVID-19 and suffering or dying from severe COVID-19 illness due to underlying health conditions from living on the streets. The negative impacts of the economic downturn due to the pandemic, particularly on lower income individuals, has drastically increased the demand for interim and permanent housing solutions and supportive services. To respond to this crisis, the Health Department's Homeless Services Division (HSD) proposes to use \$10 million in dedicated homeless services funding, in addition to \$2 million from the City's flexible funding through the American Rescue Plan, for the following activities to prioritize the most immediate needs of people experiencing homelessness.

With additional funding, the City would purchase and set up a site for 50 modular units at the Multi-Service Center (MSC) to provide temporary shelter and engagement for persons seeking services. The modular units are an ideal resource for persons when there is not a bed available or for persons that do not qualify for a non-congregate interim housing bed and are wary about going to a congregate shelter.

To give people experiencing homelessness greater access to resources and linkages to service, the HSD will implement and operate two Mobile Outreach Stations. The program will increase capacity to serve people experiencing homelessness across the City and eliminate barriers for people seeking services. The Mobile Outreach Stations will consist of six outreach workers, four case managers, and representatives from partner agencies that will provide outreach services, intake and assessment, case management, referrals, and other social service programs. Services will be provided five days a week and can include programming on days that the City's Multi-Service Center is closed.

To increase partnerships and leverage opportunities at the federal, state and local level, staff recommend an allocation of funding earmarked for local matching funds or gap funding toward property acquisition and/or capital improvements for the development of interim or permanent housing. As many of these property acquisition options require further planning and collaboration with other agencies, staff recommend making this a flexible allocation of funding reserve for the first year to support the acquisition of another Project Homekey site with additional State investment; capital improvements, master leasing, or programming on properties surrounding the Atlantic Farms bridge housing community; or the acquisition of other property around the MSC.

As the City creates a new model for the Homeless Education and Response Team (HEART) staffed with outreach workers and public health nurses, additional funding will provide two years of programming. Programming costs include vehicle outfitting, fuel and maintenance, as well as program materials consisting of outreach incentives, hygiene kits, PPE, and technology for staff out in the field. This funding allows for HSD personnel to connect persons experiencing homelessness to services and provides engagement with proactive medical outreach, which is critical to addressing COVID-19 in this vulnerable community.

Through the pandemic we have seen increased barriers for people experiencing homelessness to access restrooms and hygiene services. The purchase of a trailer that has showers and restrooms could service multiple high-density areas throughout the city where restroom and hygiene is not readily available. There also is an immediate need to provide non-congregate sheltering during the pandemic. To quickly address the issue, funding will be allocated toward motel vouchers while clients are connected to the MSC where they are given case management and access to services. These clients will be people experiencing homelessness that are more medically vulnerable and would be best suited for a non-congregate shelter setting.

The City has continued to work to provide permanent supportive housing opportunities to people experiencing homelessness. However, supportive housing can often take years as new projects are built or new funding opportunities from HUD become available. A local Flexible Housing Subsidy Pool (FHSP) will quickly create supportive housing for 75 people experiencing homelessness in Long Beach. Through partnership with a nonprofit, Long Beach would provide case management, support, and rental assistance to persons experiencing homelessness. Based upon future funding opportunities, the program could be expanded or shifted to leverage federal rental assistance to cover the cost of subsidies.

Employment and training opportunities for people experiencing homelessness is important to their future ability to maintain housing. A social enterprise would bring an additional training and income-generating opportunity for people experiencing homelessness. The Health Department would partner with a nonprofit agency to create an affordable healthy food market at the convenience store owned by the City at 6841 Atlantic Boulevard. In addition to ensuring affordable health foods for people living in that neighborhood, the project would provide supported employment opportunities for young adults who are experiencing

homelessness. Salaries and operations would be subsidized through programming to ensure both training opportunities as well as to support keeping prices low to customers.

#### Tenant Assistance - Emergency Rental Assistance Program (ERAP) (\$30 million)

Long Beach is a majority renter city, and tenants in the city have experienced severe financial impacts during the pandemic. The City's ERAP is designed to assist lower-income renters who have experienced financial hardship due to COVID-19. Economic impacts and job losses due to COVID-19 have been concentrated in areas of Long Beach that are considered severely cost-burdened and concentrated with renters, where the tenant is paying more than 30 percent of their monthly income on housing. The City's ERAP must fully conform to all State requirements, including the requirement that the program launch no later than mid-March 2021. Households earning up to 80 percent of Area Median Income (AMI) who have experienced economic impacts due to COVID and are at risk of housing instability are eligible to apply. However, the City's ERAP will prioritize assistance to households under 50 percent of AMI who have been unemployed for longer than 90 days due to COVID-19 impacts and who have past due rent from April 1, 2020 to March 31, 2021. The City's ERAP will pay 80 percent of the past due rent directly to the landlord if the landlord agrees to forgive the remaining 20 percent. If the landlord does not wish to participate, the ERAP will provide 25 percent of the past due rent directly to the tenant. Additionally, the program will provide 25 percent of up to 3 months' future rents, as well as pay for past due utility payments owed to the City (natural gas, water, sewer, and refuse).

### **3. Securing our City's Future (\$83.2 million)**

The City, like communities across the country, has faced severe budget impacts due to the public health and economic malaise caused by the COVID-19 pandemic. The City budget relies in part on revenue streams such as sales tax, oil production, tourism, and fees, which have dramatically decreased due to the pandemic. As described in the [Fiscal Year 2020 Year-End Budget Performance Report <http://longbeach.legistar.com/View.ashx?M=F&ID=9169223&GUID=7F4CBF53-450D-46D6-A2E5-154A88FB4DB6>](http://longbeach.legistar.com/View.ashx?M=F&ID=9169223&GUID=7F4CBF53-450D-46D6-A2E5-154A88FB4DB6), the City ended FY 20 with a significant budgetary shortfall and has taken necessary actions to balance the budget, including drawing down operating and emergency reserves, cutting departmental budgets, and implementing up to 26 days of staff furloughs. In addition to these budget cuts and revenue losses, the City incurred substantial emergency expenditures for COVID-19 emergency response, given that the City operates its own public health jurisdiction. The fiscal stability of the City is critical to the long-term resiliency of our community.

#### Replenishing Reserves (\$48 million)

Long Beach has an excellent AA bond/financial rating and has had it since at least 2000. Even at the worst times in the last 20 years, the Mayor and City Council have made decisions that have allowed Long Beach to maintain its bond/financial rating due to good financial management, maintaining reserves, having structurally-balanced budgets, and having and executing sound financial recovery plans. The City Council have improved Long Beach's



reserves and have adopted budgets that have maintained a structural balance - a budget where the City lives within its means and does not use reserves or other one-time sources to pay for operations.

These actions have built up the City's financial strength and its financial resiliency. Fiscal strength and resiliency helps provide the ability to survive a major disaster such as an earthquake (or a pandemic); helps avoid major service disruptions during a crisis, and provides easier access to credit markets during difficult financial times; keeps borrowing cost low; and, helps future residents and businesses by not requiring them to pay in the future for services provided earlier to potentially different residents and businesses.

Unfortunately, the financial strength and resiliency of the City have been substantially impacted due to the pandemic and structurally unbalanced budgets. This is also putting at risk the City's excellent bond/financial rating. The City has recently been put on a negative watch list for a potential rating downgrade by a key rating agency, due in part to significant use of reserves and loss of revenue.

The City ended FY 20 with a \$21 million budget shortfall in the General Fund. That shortfall essentially used all the General Fund Operating Reserve and some of the Emergency Reserve. The FY 21 budget included an additional \$8 million use of reserves as a budget balancing mechanism, resulting in a total potential use of reserves of \$29 million over FY 21 and FY 22 combined. The City's Operating Reserve was nearly depleted, while City Council policy identifies a minimum of 2 percent and a maximum of 7 percent for that reserve. The Emergency Reserve has declined to about 6.9 percent, while City Council policy requires a minimum of 8 percent and a target of no less than 10 percent for that reserve.

Other funds have also been adversely impacted and millions of dollars more have been lost due to the pandemic. The losses in other funds are still being analyzed and calculated. Some of the most impacted other funds include Tidelands Operating, Special Advertising and Promotion (SAP), Towing, and the utilities funds. The SAP Fund also experienced heavy pandemic-related revenue losses and required utilizing \$3 million of its funds available in FY 20, with the potential that it would need to further draw down on the remaining funds available and possibly into reserves in FY 22 and beyond depending on revenue recovery. The recommendations regarding the restoration of the City's fiscal resiliency includes using the one-time federal funding to replenish and restore these other fund reserves.

City Council policy requires that: "If emergency or operating reserves are drawn down below the minimums, a plan will be developed and implemented to replenish them, generally from future surpluses. Replenishing reserves will be a priority use of one-time resources." As a result of this City Council policy and because it is critical that the City have the financial strength and resiliency to act in emergencies and to address opportunities and threats, the City Manager is recommending that these reserves be reestablished as soon as possible and possibly increased beyond previous levels. The recommended approach is to use one-time federal funding (from the American Rescue Plan Act's replenishment of lost revenues) to first restore reserves in various funds where other replenishment options from federal funding or

other solutions are not available. About \$48 million will be needed for this purpose across several funds. The City does have other reserves originally intended for special purposes, some of which may be able to be released to help restore the emergency and operating reserves and/or provide for critical needs. They are in the process of being reviewed for potential use in FY 22 and future years.

### Maintaining Services for Residents and Businesses (\$35.2 million)

Over the last few years, even with the excellent economy, the cost of providing services has been projected to increase faster than revenues. This creates a potential structural imbalance that is normally solved when the budget is adopted. One of the key reasons the Mayor and City Council have a reputation for good financial management in the financial community is the adoption of a structurally-balanced budget, year after year. However, for good reasons (as described below), the adopted budgets for both FY 20 and FY 21 (current year), while balanced with one-time resources, are structurally unbalanced.

For FY 22, the structural shortfall is currently projected to be \$28 million. There is also approximately \$1.9 million of reductions allocated to the Fire Department in FY 21 that has not been identified yet how this savings will be achieved in FY 22. There is not expected to be available funding for critical one-time needs other than from reserves or one-time federal American Rescue Plan Act funding.

As the pandemic has continued, FY 22 is anticipated to be a recovery year for the City, its residents, and businesses. To best meet the interests of the City's current residents and businesses and to be consistent with the Mayor and City Council priorities to address those interests and to maintain services in FY 21 and FY 22 as much as possible, the City Manager recommends that the proposed FY 22 budget be balanced primarily with federal one-time funds (not a use of reserves). Although the use of one-time funding to temporarily resolve an ongoing structural deficit situation is not consistent with the City's financial policies, it is believed that maintaining services during this time is a higher priority along with addressing the needs of the City's residents and businesses during the pandemic recovery. The City Manager may also later propose to the City Council the use of federal funds for critical one-time uses if they are not fully needed to cover the shortfall or if reserves are sufficiently funded.

About \$30 million of the American Rescue Plan Act funds will be needed to balance the FY 22 budget. This will allow services to be mostly maintained for residents and businesses during this difficult time, allow more time to see how the economy recovers and whether revenue projections improve; and provide more time to develop a strategy to address future shortfalls. Additionally, consistent with the desire to minimize service impacts to the community due to the pandemic, the City Manager also recommends utilizing \$5.2 million of the federal funds to eliminate furloughs for the remainder of the year in FY 21. This will allow the restoration of services impacted by the furloughs for the entire organization, including non-General Fund funds.

This approach will help the recovery in FY 22 but will result in the City having to address a

very substantial structural shortfall in FY 23, currently projected at \$37 million, since no or little structural reductions will have been made in FY 22 to structurally balance the budget. The shortfall is projected to increase each year over the next few years, and as a result, it is likely that very significant service reductions will be needed in FY 23 and beyond.

Even though there are good reasons for the structurally unbalanced budgets of the last few years and the use of reserves, it is important to note, as stated earlier, that the City has been put on formal notice by a key rating agency that the City's excellent bond/financial rating may be dropped if the City does not address its reserves and structural imbalance issues. The City Manager's proposal addresses reserves but delays the restoration of a structurally-balanced budget for another year. It is not clear if that combination will be acceptable to the rating agency as showing adequate progress. The more quickly the City develops a plan to restore structural balance in FY 23 and future years the more likely the City's rating will be retained and the faster the City will achieve the financial strength and resiliency that it had before the pandemic.

## POTENTIAL FUTURE FUNDING

In addition to the funding sources outlined above to support the Proposed Long Beach Recovery Plan, staff anticipate more funding opportunities this year and in the future that will support the City's efforts to secure long-term economic resiliency. The American Rescue Plan Act also includes funding for vaccines. The CDC will administer \$7.5 billion in grants to state and local health departments for vaccine distribution and administration. Another \$1 billion would be dedicated to strengthening vaccine confidence through information and education campaigns. Finally, an additional \$7.66 billion will be available to expand the public health workforce in state and local health departments to support vaccine deployment. Staff anticipate these funding opportunities will function similarly to the ELC grant described above, whereby Los Angeles County receives a direct federal allocation and the City is allocated a pro rata share. The overall amount available to the City will be known in the coming weeks.

The American Rescue Plan Act includes additional funding to support the City's priorities regarding tenant and homeowner assistance. The package currently allocates \$21.6 billion for emergency rental assistance and utility arrears, on top of the \$25 billion that has already been appropriated. The City will be eligible to receive funding to expand the existing \$30 million local program outlined above. The measure would also provide almost \$10 billion for homeowner assistance to prevent mortgage defaults, foreclosures, and housing loss due to COVID-19; and another \$5 billion for emergency housing choice vouchers.

The State is also prioritizing resources for housing and homelessness. Governor Newsom's January budget proposal for FY 22 recommends \$1.75 billion for the acquisition of transitional and supportive housing. As described in a January 27, 2021 [memorandum <http://longbeach.gov/globalassets/city-manager/media-library/documents/memos-to-the-mayor-tabbed-file-list-folders/2021/january-27--2021---governor-newsom-s-proposed-fy-22-state-budget>](http://longbeach.gov/globalassets/city-manager/media-library/documents/memos-to-the-mayor-tabbed-file-list-folders/2021/january-27--2021---governor-newsom-s-proposed-fy-22-state-budget), the proposed budget builds upon investments over the past year for Project

Roomkey and Project Homekey. The allocation is split among three priorities: \$750 million to purchase motels and hotels for transitional and long-term affordable housing; \$750 million to develop community mental health housing; and, \$250 million for housing dedicated for vulnerable seniors. Staff are monitoring the development of the State budget and will continue to advocate for the inclusion of flexible operational funding to support the wrap-around services needs at transitional housing sites purchased through State acquisition funds.

Staff also expect infrastructure will be a top priority this year. As mentioned above, following enactment of the \$1.9 trillion American Rescue Plan Act focused on relief, President Biden intends to release the second phase of his administration's plan to achieve economic recovery from the COVID-19 pandemic through infrastructure investments and job creation, coined the Build Back Better Plan. While details are likely to be released in the coming weeks, staff anticipate the plan will propose significant investments in projects to rebuild the nation's highways, roads, transportation infrastructure; expand digital and economic inclusion through broadband deployment; and, advance water quality, energy efficiency, and climate resiliency.

## EQUITY STATEMENT

The Proposed Recovery Plan incorporates recommended strategies from the City's Equity Toolkit, as directed by the City Council on April 21, 2020. Consistent with findings from the Economic Equity Studies project described earlier, the COVID-19 recession has increased existing racial, economic, health, education, and gender inequities in Long Beach. The Recovery Strategy programs and initiatives include funding, outreach, language and digital access, and navigation resources across the spectrum of Business and Economic Recovery programs and Healthy and Safe City programs. As with the CARES Act funding, as grants and dollars are being provided, all programs will be designed and reviewed with an equity lens, using similar, racial, health, and economic criteria to identify and assist the businesses, workers, and residents most vulnerable to, and impacted by, the pandemic.

The American Rescue Plan Act legislation is expected to be signed by President Biden on or before March 14, 2021. Having a plan in place and approved by the City Council on March 16 will allow further development of the specific programs and funding opportunities for businesses, nonprofits and partners available as soon as possible. It can be revised later, if necessary, to reflect the actual amount allocated to Long Beach and the final use regulations.

In total, the City anticipates receiving approximately \$208 million across the funding sources described above. In FY 21, the City will receive a total of \$30,159,146 in Federal Allocation and State Block Grant funds for the ERAP. An increase in appropriation in the amount of \$30,159,146 is requested in the Community Development Grants Fund Group in the Development Services Department, offset by grant revenue. The City will also receive a total of \$26,753,750 in ELC grant funding through Los Angeles County. An increase in

appropriation in the amount of \$26,753,750 is requested in the Health Fund Group in the Health and Human Services Department, offset by grant revenue. There is no match or in-kind requirement to receive these funds. These grants generate a positive impact on job creation and retention in the community. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities.

The City Manager's recommended uses of the Recovery Plan funding detailed in this document include restoring reserves to protect the City's ability to deal with emergencies and unexpected situations; maintaining existing services and mitigating adverse service reductions to the community; providing for one-time critical needs; and, expanding community and business support to address pandemic impacts. The American Rescue Plan Act (ARA) funding is temporary and any staff hired as a result of the ARA funding will need to be temporary, likely no more than two years for most programs. There is expected to be a significant amount of staff work needed to appropriately manage these funds, secure other federal funds, create the various programs, and perform other administrative tasks. Portions of funding from each allocation will be used to provide this administrative support.

The Recovery Plan funding includes the cost of administrative support at a level of approximately 10 percent across the various funding sources and will be used as needed to implement programs over the next two to three years. In light of current staffing capacity issues related to furloughs and the City's ongoing COVID-19 response, it is anticipated that outside assistance will be needed to effectively and efficiently administer some of the robust efforts outlined in this Recovery Plan in a timely manner. City staff will provide oversight of all programs and will directly manage those within existing staff expertise and resources. However, many programs will benefit from the greater efficiency and expertise of independent contractors with experience, established community contacts, and relationships that ensure a high level of service delivery. Where practical, programs will be delivered by staff so as to maximize the use of funding for support and service delivery to the community.

It is expected that within a few months of the ARA becoming law, regulations will be released to allow staff to definitively determine the allowed uses of ARA funding. The City Manager's recommendations for the use of the ARA funds are assumed to be consistent with the final regulations, but it is important to point out apparent areas of risk based on the current version of the legislation. The key risk areas are identified in the table below:

#### **Risk Areas for Use of ARA funding**

- |  |
|--|
| 1. Whether the City recommended restoration of reserves, maintenance of services are fully consistent with the revenue reduction requirements                |
| 2. Whether all the City's recommended uses fall under the allowed uses of the funding in accordance with the regulations, which have not yet been developed. |

The recommendations regarding the use of ARA funding are contingent on the final regulations of the final bill. To the extent the final regulations are not consistent with the uses approved by the City Council, the City will need to revisit the recommended uses. It is

recommended that budgetary commitments (e.g., appropriations, purchase orders, contracts, disbursements, or other use of funds) be delayed and be contingent until there is an opportunity to compare the final regulations to the City Council-approved uses. This is to protect the City as the legislation appears to require a return of funds if an actual use does not comply with an allowed use. Any major changes needed as a result of regulatory clarifications will be brought back to the City Council. Minor changes such as those due to oversubscribed or undersubscribed programs where simple realignment of funds to better meet demand will be made by staff to ensure expeditious action with notification to the City Council with sufficient time for the Council to provide alternative direction if they so choose.

The ARA funding would be allocated in two tranches in 2021 and 2022, and the expenditure deadline is December 31, 2024. The City Manager's recommendations as to uses will focus on getting the recovery going and started now, with an emphasis on maintaining City services and providing relief to residents and businesses. Staff anticipate providing an update to the City Council and the public every six months regarding the use of these funds.

Approve recommendation.

[Enter Body Here]

THOMAS B. MODICA  
CITY MANAGER