

BUDGET IN BRIEF

AMERICAN RESCUE PLAN ACT (ARPA)

On March 11, 2021, the federal stimulus package, the American Rescue Plan Act (ARPA), was signed into law, providing \$1.9 trillion in economic stimulus to address impacts due to the COVID-19 crisis. Specifically, the federal relief provided over \$65 billion in direct funding to cities in order to address the economic and fiscal impacts of the COVID-19 crisis and to assist in the recovery of local communities.

The City of Hayward was awarded an allocation of approximately \$38.4 million in relief funds from the federal government to address the internal and external needs of the organization and Hayward community associated with the COVID-19 crisis. The Hayward community suffered significant impacts related to the COVID-19 crisis, including COVID-related illness and deaths, temporary and permanent business closures, loss of jobs, increase in crime, blight, and illegal dumping, as well as increased housing instability and homelessness. These adverse impacts have statistically impacted hit Hayward's communities of color the hardest. Additionally, the City organization experienced a substantial decrease in revenues in Fiscal Years 2020 and 2021 to many of its key operating revenue sources.

Hayward's Federal Stimulus Expenditure Plan:

In an effort to prioritize the needs of the organization and community, the City created two major internal expenditure categories: (1) Community Safety and Economic Recovery, and (2) Fiscal Recovery and Stabilizing City Operations. The Community Safety and Economic Recovery category prioritizes the external needs of the community in the areas of: economic development; housing and homelessness prevention; community and nonprofit programs and efforts; and enhanced clean-up and maintenance. The Fiscal Recovery and Stabilizing City Operations category focuses on: the internal fiscal needs of the City to stabilize City operations and services through replenishing and offsetting the loss of past and projected City revenues; investments in technology needed to return-to-work safely and to enhance remote participation moving forward; and other building and infrastructure investments needed to help maintain and expand City operations and services in a post-COVID environment.

On July 13, 2021, the City Council adopted the City of Hayward Federal Stimulus Expenditure Plan for \$38.4 million in federal stimulus funding and authorized the appropriation of \$18.9 million in stimulus funding for Year 1 (FY 2022) of Projects and Programs. The projects and programs funded by ARPA include: (1) Support Public Health Expenditures, including Capitalizing Investments in Public Facilities to Meeting Pandemic Operational Needs; (2) Address Negative Impacts Caused by the Public Health Emergency; (3) Replacement of Lost Public Sector Revenue; and (4) Investment in Water, Sewer, and Broadband Infrastructure. Table 1, below, provides a summary of federal relief funding efforts by project/program categories:

Table 1: Summary of Hayward Federal Stimulus Expenditure Plan

| PROJECT/PROGRAM CATEGORY | BUDGET AMOUNT | YEAR 1 BUDGET APPROPRIATION (FY 2022) | YEAR 2 BUDGET APPROPRIATION (FY 2023) | YEAR 3 BUDGET APPROPRIATION (FY2024) |
|--------------------------------------|---------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Public Health | \$ 6,940,000 | \$ 3,240,000 | \$ 2,981,000 | \$ 719,000 |
| Negative Economic Impacts | \$15,700,000 | \$ 7,845,000 | \$ 4,755,000 | \$ 3,100,000 |
| Replacement of Lost Revenue | \$14,500,000 | \$ 7,250,000 | \$ 7,250,000 | \$ - |
| Water/Sewer/Broadband Infrastructure | \$ 1,238,000 | \$ 588,000 | \$ 450,000 | \$ 200,000 |
| TOTAL | \$38,378,000 | \$ 18,923,000 | \$ 15,436,000 | \$ 4,019,000 |

Implementation of Year 1 projects and programs commenced in FY 2022 with the adoption of the Hayward Federal Stimulus Expenditure Plan. Funding for projects and programs in Year 2 (FY 2023) and Year (FY 2024) will be included as part of the annual budget process.

As shown in Table 1, the proposed FY 2023 budget (Year 2) includes budget appropriations that total \$15.4 million to support previously identified project and programs outlined in the Hayward Federal Stimulus Expenditure Plan. FY 2024 (Year 3) includes funding of projects and programs to be completed by December 2024.

ARPA Project and Program Updates (Year 1):

The City remains dedicated to the transparency of how federal relief funds are allocated and spent. To adhere to this commitment, the following provides an update on the status of Year 1 (FY 2022) projects and programs:

Supporting Public Health Projects, Including Investments in Public Facilities:

Several projects were identified to support public health expenditures, including capitalizing investments in public facilities to meet pandemic operational needs. Projects related to technology investment in City operations, building upgrades, and improvements are included in the Hayward Federal Stimulus Expenditure Plan.

EnerGov Contingency Funding: This project supports the implementation of an online permitting software solution, and is currently in progress. Development This project is currently in progress. Development Services staff along with Information Technology, Public Works, and the Fire department are currently performing User Acceptance Testing. Go-live is scheduled by the end of the calendar year.

Corporation Yard Campus Fiber Upgrade: This project is complete. Fiber connections were installed at four buildings at the Corp Yard. These connections allow for a faster, more secure and reliable network connection.

Network Security Software: This project has not started due to project sequencing constraints and scheduled for FY 2023. Staff will research, solicit, procure, and implement appropriate services/solutions to increase the overall security posture for the City to support the high utilization of hybrid work.

Weekes Public Library Redundant Internet Carrier: This project is complete. A redundant solution was implemented increasing the network speed as well as providing a more secure and reliable internet connection.

Council Chamber Upgrades: This project is currently in progress. Phase 1 is complete and included retrofitting the Council Chambers to allow for hybrid meetings, install a camera in conference room 2A to allow for better viewing, and install/upgrade screens in the center dais. Phase 2 is in progress and includes: upgrading the content delivery carousel device, upgrading the conferencing system in conference room 2A, upgrading the production switcher to allow for better viewing. All work is scheduled to be complete by August 2022.

Laptop Purchase/Upgrades: This project has not started. Staff is currently identifying laptop specifications and preparing to place an order by the end of the fiscal year. Supply chain for technology equipment is taking considerably longer. Staff will configure and implement equipment upon arrival.

Access Hayward Replacement Implementation: This project is currently in progress. Staff submitted a solicitation, received proposals, and are currently evaluating different solutions. Demonstrations of product solutions are scheduled for the May/June timeline.

Portable PA System and Mixer: This project is currently being planned for in the June/July timeframe. Staff will work with the City Manager's Office to identify the necessary equipment, order, and implement.

SD-WAN Implementation: This project is currently in progress. Staff have purchased and received the necessary networking equipment after severe supply chain delays. Staff is currently staging equipment and will work with staff in June to plan the deployment and implementation.

Web Camera / Headset Purchase Upgrades: This project is currently in progress. Staff purchased over 100 webcams and headsets, and are deploying to City staff as needed. Ongoing deployment of equipment will occur as needed.

Expand Fiber Network: This program includes ARPA funding allocation in Year 2 (FY 2023) of the Hayward Federal Stimulus Expenditure Plan.

Building Safety Upgrades: This project is currently in progress. Staff submitted a solicitation and is reviewing vendor proposals. Authorization of purchase will be presented to City Council for consideration in May/June. Upon approval, construction will commence immediately.

Vaccination Record Management Solution: Implementation of the product solution to manage vaccination records has been deployed. Maintenance and management of the solution will be ongoing to ensure accurate and current recordkeeping.

Contribution to Animal Control Facility Renovation: This program includes ARPA funding allocation in Year 3 (FY 2024) of the Hayward Federal Stimulus Expenditure Plan.

Weekes Branch Feasibility Assessment: This project includes a Community Needs Assessment and an Architectural Assessment of the Weekes Branch Library. Due to unforeseen events, this project has been

delayed as staff identifies additional consultants that can complete both the Community Needs Assessment and Architectural Assessment. This project will carry forward into FY 2023.

Contribution to The Stack Center: This program includes ARPA funding allocation in Year 2 (FY 2023) of the Hayward Federal Stimulus Expenditure Plan.

Address Negative Economic Impacts Caused by the Public Health Emergency:

Economic Development Business Recovery: Five of the nine Economic Development programs have been launched: (1) Together for Hayward Gift Card (\$250K), (2) Small Business Assistance Grants - \$5000 grants to 20 businesses (\$100K), (3) Open for Business Marketing Program - marketing campaign in coordination with CSUEB to create videos highlighting our small businesses (\$250K), (4) Restaurant Relaunch - grant program to help restaurants update their space to meet the modern customer expectations (\$250K), and (5) Restore and Reopen Facade Program - grants to assist businesses to improve the exterior look of the business to bring customers back to the stores (\$200K). The remaining Economic Development Business Recovery programs, including (6) Hire Hayward, (7) Earn and Learn, (8) Tuition Assistance, and (9) Get Digital, are scheduled to be funded in Year 2 (FY 2023).

Community Agency Funding Augmentation: This supplemental funding was allocated during the FY 2022-FY 2023 Community Agency Funding process and will be supporting job training programs for Downtown Streets Team, Inc. and Love Never Fails, and will be supporting the Hayward Public Library's Family Education Program.

Extend Hotel Annex Program: The creative utilization of these ARPA funds enabled the extension of this critically needed resource offering expanded non-congregate interim housing capacity during the pandemic for an additional two years. Effectively doubling the capacity of the existing Nav Center bed count and creating much-needed interim housing for individuals with medical conditions that create increased vulnerability to COVID-19, this program was able to serve 102 individuals to date thus far this fiscal year, supporting more than 75% of those who've exited the program to transition into permanent, stable housing.

Expand Winter Warming Shelter Year-Round, Including Daytime Hours: The City of Hayward used ARPA funding to expand a temporary Winter Warming Shelter into a yearly shelter open from 6:30 pm until 7:00 am and provides dinner and breakfast to guests. Funding also provides a daytime program as part of the expansion. From October 1st, 2021 - December 31st, 2021, 310 individuals received shelter services through the South Hayward Parish Winter Warming Shelter; an additional 240 individuals were served in the quarter from January 1st, 2022 - March 31st, 2022. First Presbyterian Church of Hayward dba South Hayward Parish was also able to hire the first staff member of its new medical team, bringing deeply-needed clinical levels of care to shelter/Resource Center guests. Several guests were referred to high levels of medical care that they would not have received otherwise. Two other guests successfully transitioned to permanent housing, with an additional guest transitioning to temporary/impermanent housing.

Shallow Subsidies for Homelessness Prevention: This project is in progress. A Request for Proposal (RFP) for a program operator is currently open and will close on May 20, 2022. An operator will be selected, and a contract executed before the close of FY 2022.

Hayward Navigation Center Contribution: ARPA funds were a vital resource in the Navigation Center being able to continue operations during the pandemic and maintain occupancy numbers by expanding the living quarters to support a third communal living bungalow on the site. This allowed the site to safely maintain the level of residents living on-site at one time and maximize the impacts – enabling the center to serve 115 individuals thus far this fiscal year with the critical wraparound and re-housing services associated with the program.

Foreclosure Legal and Financial Assistance: This program is also funded through CDBG-CV and was launched in December 2021. The City has partnered with Housing and Economic Rights Advocates (HERA) to provide services through this program and to date, HERA has provided default and foreclosure prevention services to 22 Hayward residents. Four workshops have been hosted on a variety of foreclosure prevention topics in multiple languages.

Relocation Assistance for Displaced Tenants: Tenant Relocation Assistance Ordinance Regulations are completed, creating the guidelines and structure for program implementation. As of May 3, 2022, two apartment fires have displaced several tenants eligible under the ordinance.

First-Time Homebuyer Down Payment Assistance / Wealth-Building Program: This program includes ARPA funding allocation in Year 2 (FY 2023) of the Hayward Federal Stimulus Expenditure Plan.

Tax-Defaulted / Foreclosed Property Program: This program includes ARPA funding allocation in Year 2 (FY 2023) of the Hayward Federal Stimulus Expenditure Plan.

Hotel Vouchers for Encampment Abatement: This project has served 12 households for a total of 161 shelter nights. In partnership, staff from Maintenance Services, Police, and Fire have referred households into the Hotel Voucher program. Staff has issued a Request for Proposal (RFP), and selected a hotel to work with.

Encampment Cleanup: This project support cleanup efforts, and maintenance of unsafe and illegal encampments, when appropriate and necessary. This project is ongoing through all three years of the Hayward Federal Stimulus Expenditure Plan.

Mobile Pressure Washer for Encampment Cleanup Efforts: The purchase of two different mobile pressure washers was made in FY 2022. This equipment will continue to be used in efforts related to encampment cleanups.

Operation Clean Sweep – Citywide Enhanced Clean-Up: This project termed "Operation Clean Sweep" is active and staff continues to utilize this funding to perform strategic clean-ups and improvements in areas frequented by the unhoused population and areas along the City's main thoroughfares.

Replace Lost Public Sector Revenue:

Replacement of Lost Public Sector Revenue: Consistent with methodology provided by the Treasury Guidelines, Council authorized the appropriation of ARPA funding to replace lost public sector revenue due to the COVID crisis. Funding to replace lost revenue was allocated in Year 1 (FY 2022) and Year 2 (FY 2023), which reflects a transfer of \$14.5 million, split equally between the two fiscal years. The first transfer of \$7.25 million in ARPA funds to the General Fund has been completed.

Invest in Water, Sewer, and Broadband Infrastructure:

Tech Lending Library: Chrome Books / Hot Spots for 3 years: Prior to ARPA Funding, 684 computing and broadband internet devices were available to HUSD students and adult literacy learners. This included 304 hotspots, 168 Chromebooks, 82 Wi-Fi-connected tablets, and 130 refurbished desktop computers and laptops. ARPA funding has been used to continue providing access to families already benefiting from the Tech Lending Library (such as the issuance of hotspot, Chromebook, and tablet). Funding towards the ongoing data plans for the 600+ devices ensures that families will not experience a gap in access to services.

Corporation Yard Renovation to Support Infrastructure Work: Project scope has been finalized with staff awaiting a proposal from a qualified contractor. Construction will begin in Summer/Fall of 2022.

Fleet Shop Expansion to Support Infrastructure Work: This program includes ARPA funding allocation in Year 2 (FY 2023) of the Hayward Federal Stimulus Expenditure Plan.

In accordance with the Hayward Federal Stimulus Expenditure Plan, Year 1 (FY 2022) included an appropriation \$18.9 million to support projects and programs that help the City stabilize its operations and fiscal situation. To date, a total of \$14.0 million has been expended or encumbered in an effort to complete each project and/or program identified in the Hayward Federal Stimulus Expenditure Plan. Any unspent budget appropriations in Year 1 (FY 2022), will be carried forward into Year 2 (FY 2023) to allow for the completion of each project before December 2024.

ARPA Project and Program Proposed Budget Appropriations (Year 2):

As part of the FY 2023 budget process, the City referred to the Hayward Federal Stimulus Expenditure Plan to determine budgetary needs for the continued support of City Council-approved ARPA projects and programs. The tables below provide an overview of the ARPA projects and programs by category that are planned for Year 2 (FY 2023), including corresponding proposed budget appropriations needed to complete each project and/or program.

Table 2: Overview of FY 2023 “Public Health” Projects/Programs

| Projects / Programs | Year 2 Budget Appropriation (FY 2023) |
|---------------------------|---|
| Network Security Software | \$46,000 |
| SD-WAN Implementation | \$135,000 |
| Expand Fiber Network | \$800,000 |
| The Stack Contribution | \$2,000,000 |
| TOTAL | \$2,981,000 |

Table 3: Overview of FY 2023 “Negative Economic Impact” Projects/Programs

| Projects / Programs | Year 2 Budget Appropriation (FY 2023) |
|--|---------------------------------------|
| Economic Development Business Recovery | \$500,000 |
| Community Agency Funding Augmentation | \$500,000 |
| Extend Hotel Annex Program | \$1,000,000 |
| Expand Winter Warming Shelter Year-Round, including Daytime Hours | \$355,000 |
| Shallow Subsidies for Homelessness Prevention | \$1,000,000 |
| First-Time Homebuyer Down Payment Assistance/Wealth-Building Program | \$1,000,000 |
| Hotel Vouchers for Encampment Abatements | \$50,000 |
| Encampment Clean-Ups | \$250,000 |
| Operation Clean Sweep – Citywide Enhanced Clean-Up | \$100,000 |
| TOTAL | \$4,755,000 |

Table 4: Overview of FY 2023 “Replacement of Lost Revenue” Projects/Programs

| Projects / Programs | Year 2 Budget Appropriation (FY 2023) |
|---|---------------------------------------|
| Replacement of Lost Public Sector Revenue | \$7,250,000 |

Table 5: Overview of FY 2023 “Water, Sewer, and Broadband Infrastructure” Projects/Programs

| Projects / Programs | Year 2 Budget Appropriation (FY 2023) |
|--|---------------------------------------|
| Corporation Yard Renovation to Support Infrastructure Work | \$200,000 |
| Fleet Shop Expansion to Support Infrastructure Work | \$250,000 |
| TOTAL | \$450,000 |

The City will continue to focus on completing ARPA-funded projects and programs identified and prioritized based on its highest impact on services provided to the Hayward Community, as well as stabilizing ongoing City operations. The projects and programs included in the Hayward Federal Stimulus Expenditure Plan supports City operations, and the Hayward community most impacted by the COVID crisis.

Year 3 (FY 2024) will be presented to the City Council for consideration with the FY 2024 annual budget process. Staff continues to value the importance of transparency and is dedicated to providing regular updates to the City Council on the progress of each of the ARPA-funded projects and/or programs.