



DATE: April 6, 2021

TO: Mayor and City Council

FROM: City Manager

SUBJECT Stimulus Funding Expenditure Plan: Provide Feedback on a Proposed Expenditure Framework for Stimulus Funding from the American Rescue Plan Act of 2021 to Address the Economic and Fiscal Impacts of the COVID Crisis in the City of Hayward

RECOMMENDATION

That Council provides feedback on a proposed expenditure framework for the \$38 million in stimulus funding to be received from the federal government by the City of Hayward pursuant to the American Rescue Plan Act of 2021 to address the economic and fiscal needs of the City of Hayward due to the COVID crisis.

SUMMARY

The recently passed America Rescue Plan Act of 2021 (ARPA), also known as the COVID-19 Stimulus Package, included over \$65 billion in direct federal relief to cities in order to address the economic and fiscal impacts of the COVID crisis and to assist in the recovery of local communities. The City of Hayward is estimated to receive approximately \$38 million in local relief from the federal government to address the internal and external needs of the City associated with the COVID crisis. The funding will be delivered to the City in two payments: the first 50% or \$19 million within 30-60 days and the second 50% or \$19 million within 12 months. The funds are intended to be flexible as long as they address a need in the City associated with the COVID-19 crisis and are expended by December 2024.

City staff recommend splitting the funding into two major expenditure categories in a range of approximately \$15 to \$25 million each: (1) Community Safety & Economic Recovery; and (2) Fiscal Recovery & Stabilizing City Operations. The Community Safety & Economic Recovery category will prioritize the external needs of the community in the areas of: economic development and recovery for small businesses and other impacted business industries; housing and homelessness programs and assistance for the City's most vulnerable populations; community and nonprofit programs and efforts; enhanced clean-up and maintenance; and implementation of the recommendations from the community public safety workshops. This category will focus particularly on addressing the needs of Hayward's most vulnerable populations and implementing funding and programs with an equity lens as has been done throughout the City's COVID response. The Fiscal Recovery & Stabilizing City Operations category will focus 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 revenue, and any associated reduction in City reserves and service provision; funding to eliminate City furloughs and staffing reductions to allow the restoration of critical City services; investments in technology needed to return-to-work safely and 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.

Upon receiving feedback from the Council, staff will develop an updated and more detailed expenditure plan for review and recommended approval at the April 27, 2021 Council meeting.

BACKGROUND

The recently passed America Rescue Plan Act of 2021 (ARPA), also known as the COVID-19 Stimulus Package, included over \$65 billion in direct federal relief to cities in order to address the economic and fiscal impacts of the COVID crisis and to assist in the recovery of local communities. The City of Hayward is estimated to receive approximately \$38 million in local relief from the federal government to address the internal and external needs of the City associated with the COVID crisis. The funding will be delivered to the City in two payments: the first 50% or \$19 million within 30-60 days and the second 50% or \$19 million within 12 months. The funds are intended to be flexible as long as they address a need in the City associated with the COVID-19 crisis and are expended by December 2024. While the funds are explicitly allowed to be used to replenish loss of city revenue due to the COVID crisis, such as loss of sales, transient occupancy, and other tax and local revenues, they are prohibited from being used to fund pension obligations. There are also other specific funding opportunities in ARPA for local economic recovery outside of the local government funding, such as a Small Business Opportunity Fund to provide growth capital to main street small businesses in economically disadvantaged areas, including minority-owned businesses. The following provides a link to an overview of the entire ARPA legislation: [American-Rescue-Plan-Fact-Sheet.pdf \(whitehouse.gov\)](#). Additionally, there is anticipated to be other upcoming federal legislation to address transportation and infrastructure needs.

The Hayward community has suffered significant impacts related to the COVID crisis, including COVID-related illness and deaths, temporary and permanent business closures, loss of jobs, increased crime, blight, and illegal dumping, and increased housing instability and homelessness. These adverse impacts have hit Hayward's communities of color the hardest. Additionally, the City organization experienced a substantial decrease in City revenues and an associated reduction in City reserves, financial concessions from employees, increased need for technological support and staff resources for an abrupt transition to remote work, and intense expectations to urgently address the emergency both internally and externally.

In response to, and in spite of, all of these challenges, the Council, City organization, and its employees demonstrated remarkable leadership and dedication of financial and staff resources towards addressing these numerous problems, resulting in major accomplishments over the last year. This occurred in addition to carrying out the City's regular operations and programs. A summary of these key accomplishments include:

- Launching a [COVID telephone hotline](#) to provide reliable up-to-date information about the virus, its local impact, and the resources available;
- Establishing a local COVID testing center and eventual vaccine rollout with a priority towards Hayward's communities of color and most vulnerable populations;
- Creating and implementing a small business grant program, and outdoor permits and street closures to help restaurants and other businesses adhere to the latest public health orders and guidance;
- Developing and implementing a rent relief grant program for low-income residents;
- Enacting and extending moratoria on residential and commercial evictions due to the pandemic;
- Establishing a weekly food distribution site and program, as well as facilitating the eventual transition of management of the site to another community partner;
- Developed the Hayward Library "HPL to Go" Program to allow for contactless curbside pick up of library materials via phone or online requests;
- Supported high-need Hayward Unified School District students through the Tech Lending Library by providing over 600 devices (tablets, hotspots, and Chromebooks) to support distance learning and help close the digital divide;
- Allocating and managing over \$3 million in federal CARES Act and Community Development Block Grant monies to the City's nonprofit and community partners and programs for emergency needs;
- Developing and finding a community partner to administer the [Hayward Family Support Grants](#) program for Hayward residents with COVID income loss who were ineligible for other relief programs;
- Managing and responding to the more acute and highly visible needs of the City's unhoused populations across numerous departments, including the creation of a new hotel annex project to provide 35 additional beds of transitional housing to the City's most vulnerable homeless individuals;
- Responding to the call for police reform in the wake of the murder of George Floyd with extensive community conversations and policy innovation workshops about public safety, race, and policing;

- Transitioning much of the City's workforce and services (i.e., library, permit and housing functions, etc.), as well as Council and Commission meetings to remote work and participation; and
- Taking fiscal austerity measures and carefully managing the City's operating, capital, and emergency budgets.

These are only a few of the many ways the City has responded to the impacts of the COVID crisis.

DISCUSSION

Based on a review of the ARPA legislation, community and City needs, the programs and services being offered by other public and private partners, and inter-departmental discussions, City staff recommend splitting the funding into two major expenditure categories in a range of approximately \$15 to \$25 million each: (1) Community Safety & Economic Recovery; and (2) Fiscal Recovery & Stabilizing City Operations.

The Community Safety & Economic Recovery category is proposed to prioritize the external needs of the community in the following key areas:

- Economic development and recovery for small businesses and other impacted business industries;
- Housing and homelessness programs and assistance for the City's most vulnerable populations;
- Community and nonprofit programs and efforts;
- Enhanced clean-up and maintenance; and
- Implementation of the recommendations from the community public safety workshops.

The Fiscal Recovery & Stabilizing City Operations category is proposed to focus on the internal fiscal and organizational needs of the City to stabilize operations and services by:

- Replenishing and offsetting the loss of past and projected City revenue, and an associated reduction in City reserves;
- Funding to eliminate City furloughs and staffing reductions to allow the restoration of critical City services;

- Investing in technology needed to return-to-work safely and to facilitate ongoing remote Council, employee and community participation in local services and operations; and
- Funding other building and infrastructure investments needed to help maintain and expand City operations and services in a post-COVID environment.

In addition, staff developed general guidelines for identifying specific projects and programs for use of Hayward's stimulus funding that will be developed over the next couple of weeks:

1. Falls into one of the established two expenditure categories: Community Safety & Economic Recovery, and Fiscal Recovery & Stabilizing City Operations;
2. Addresses the established internal and external needs created due to the COVID crisis that can be substantiated by data;
3. Meets multiple public purposes or is cross-departmental;
4. Fills a funding gap and/or leverages other sources of funds;
5. Helps create more sustainable sources of local funding in the future;
6. Ineligible or unlikely to be funded through other source of funds;
7. Can be expended prior to December 2024, the ARPA deadline for expenditure of all stimulus funds; and
8. Can be implemented with existing or one-time contract staff resources and does not create a long-term fiscal liability.

Staff seeks Council guidance this evening on the proposed expenditure framework for stimulus funding, including the guidelines for identifying specific projects and programs moving forward. Upon receiving feedback from the Council, staff will develop an updated and more detailed expenditure plan for review and recommended approval at the April 27, 2021 Council meeting.

ECONOMIC IMPACT

As described above, the City and local community have experienced adverse economic impacts related to the COVID crisis. The expenditure of stimulus funding over the next 3.5 years will make a substantial difference in helping the local economy recover from the pandemic.

FISCAL IMPACT

The COVID crisis has resulted in significant fiscal impacts to the City of Hayward and its employees. Since the crisis started, excluding the costs associated with staffing the efforts listed above, the City has expended over \$5 million in direct services to the community to address COVID impacts. The City is projected to experience a total reduction of approximately \$9.2 million in City reserves by the end of this fiscal year due to a loss of tax and other City revenues. Additionally, employees contributed approximately \$2.3 million in financial concessions and furloughs in 2020 to assist the City in stabilizing its operations and services. The expenditure of stimulus funding over the next 3.5 years will significantly help the City to stabilize its operations and fiscal situation.

STRATEGIC ROADMAP

Although this agenda item supports all of the Strategic Priorities in the City's approved Strategic Roadmap, it is not currently a specific project within the final Roadmap.

NEXT STEPS

Upon receiving feedback from the Council, staff will develop an updated and more detailed expenditure plan for review and approval at the April 27, 2021 Council meeting.

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Approved by:



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