



DATE: April 27, 2021

TO: Mayor and City Council

FROM: City Manager

SUBJECT: Federal Stimulus Funding: Adopt a Resolution Authorizing the Acceptance of the Federal Stimulus Allocation Under the American Rescue Plan Act of 2021 to Address the Economic and Fiscal Impacts of the COVID Crisis in the City of Hayward; and Provide Feedback on a More Detailed Plan and Process for Expenditure of Federal Stimulus Funding

RECOMMENDATION

That the Council:

1. Adopts a resolution (Attachment II) authorizing the acceptance of the federal stimulus allocation under the American Rescue Plan Act of 2021 to address the economic and fiscal impacts of the COVID crisis in the City of Hayward, and the creation of Fund 103 to account for stimulus funds; and
2. Provides feedback on a more detailed plan and process for the expenditure of \$38 million in stimulus funding to be received from the federal government by the City of Hayward (Attachment III).

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 over the next year. 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. Staff recommends that the Council adopt a resolution this evening authorizing acceptance of the federal stimulus funds (Attachment II).

At the April 6, 2021 Council meeting, City staff recommended 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 partial implementation of some 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 at the April 6th meeting, staff developed an updated and more detailed expenditure plan and process for further review and comment by the Council and community (Attachment III).

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 over the next year. 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, staff anticipates 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.

At the April 6, 2021 Council meeting, City staff recommended 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. In addition, staff presented general guidelines for identifying specific projects and programs for use of Hayward's stimulus funding:

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.

Upon receiving feedback from the Council at the April 6th meeting, staff developed an updated and more detailed expenditure plan and process for further review and comment by the Council and community this evening (Attachment III). Additionally, staff recommends that the Council adopt a resolution this evening authorizing acceptance of the federal stimulus funds (Attachment II) to allow the City to receive these funds.

DISCUSSION

As discussed on April 6, staff recommended dividing the stimulus expenditures into two major categories: (1) Community Safety & Economic Recovery; and (2) Fiscal Recovery & Stabilizing City Operations, as well as into a number of potential expenditure sub-categories

(i.e., economic development, housing and homelessness, clean-up, replenishment of General Fund revenues, technology investment, and building upgrades, etc.).¹

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 partial implementation of some 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.

Based on Council feedback, a review of the City's Strategic Roadmap priorities and projects, current trends and data, unfunded capital needs, previous residential surveys, internal discussions among staff, and other plans, documents, and ongoing community processes, staff has developed a more detailed expenditure plan, as well as review process for each of the sub-categories and included a list of potential projects, programs and focus areas within each sub-category (Attachment III). The following table outlines a summary of the plan and process for spending the stimulus funding:

Summary of Detailed Expenditure and Process Plan

<i>I. Community Safety & Economic Recovery</i>				
Sub-Category	Project/Program Examples	Budget Range	Overview of Outreach & Review	Budget Appropriation
Economic & Community Recovery	Business recovery programs; tech lending library; community agency funding augmentation; etc.	\$3,000,000 to \$6,000,000	Business community, CEDC, CIC, and CSC review and recommendation	July Stimulus Budget Approval and 6-Month Reviews
Housing & Homelessness	Extend hotel annex; foreclosure assistance; down payment assistance	\$10,000,000 to \$14,000,000	Housing stakeholders; Let's House Hayward! process; HHTF review and	July Stimulus Budget Approval; 6-Month Reviews; and Let's House Hayward! plan

¹ [CITY OF HAYWARD - File #: WS 21-017 \(legistar.com\)](#)

	program, etc.		recommendation	approval
Enhanced Clean-up & Infrastructure	Operation Clean Sweep; hotel vouchers for encampment abatements; mobile pressure washer; etc.	\$2,000,000 to \$4,000,000	Complete for certain items; CIC review and recommendation	July Stimulus Budget Approval

II. Fiscal Recovery & Stabilizing City Operations				
Sub-Category	Project/Program Examples	Budget Range	Overview of Outreach & Review	Budget Appropriation
Fiscal Recovery	Replenishment of General Fund reserves; offset of future revenue loss; repayment of employee concessions	\$15,000,000	Complete	July Stimulus Budget Approval
Building & Technology Upgrades	Technology investment; building security upgrades; corporation yard remodel; etc.	\$2,000,000 to \$5,000,000	CIC review and recommendation	July Stimulus Budget Approval
Disaster Preparedness	Fire Training Center funding gap; rescue pumper vehicle; etc.	\$2,000,000 to \$4,000,000	CIC review and recommendation	July Stimulus Budget Approval

Upon receiving further feedback from the Council and community this evening, staff will implement the additional community and Council review process for each of the various expenditure categories outlined in the staff report and in Attachment III and return to the Council in July 2021 with a budget appropriation for expenditure of stimulus funding. Additionally, staff will return to the Council for 6-month expenditure reviews, including any further budget appropriations or amendments.

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.

The approval of the resolution this evening will authorize: (1) acceptance of the anticipated \$38,232,335 in ARPA stimulus funding to be provided to the City to address the economic and fiscal impacts of the COVID crisis in Hayward; and (2) creation of a new fund, "Fund 103 – ARPA," to account for all ARPA funding received and expended.

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 and community this evening, staff will implement the additional community and Council review process for each of the various expenditure categories outlined in the staff report and in Attachment III and return to the Council in July 2021 with a budget appropriation for expenditure of stimulus funding. Additionally, staff will return to the Council for 6-month expenditure reviews, including any further necessary budget appropriations or amendments.

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Approved by:



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