



Staff Report

File #: 21-1011

REQUEST FOR CITY COUNCIL ACTION

DATE: 11/03/2021

TO: Honorable Mayor and City Council Members

FROM: Finance Department

SUBJECT:
Appropriation of American Rescue Plan Act Funds.

EXECUTIVE SUMMARY:

The American Rescue Act Plan of 2021 allocates funds to states, territories, tribal areas, cities, and counties for pandemic relief. The City of Corona is expected to receive \$29.2 million. The project options were presented to the City Council at the September 29, 2021 Fall Workshop. Based on discussions at the workshop, staff is recommending the appropriation of American Rescue Plan Act Funds.

RECOMMENDED ACTION:
That the City Council:

- a. Approve an estimated revenue increase of \$29,158,725 in the American Rescue Plan Act (ARPA) Fund 413.
- b. Approve appropriations totaling \$29,077,125 in the American Rescue Plan Act (ARPA) Fund 413 to the following items that will be set up as capital improvement projects (CIP) to provide precise tracking of ARPA funds:
 1. \$10,000,000 to a new CIP titled Fire Station Rebuild.
 2. \$8,000,000 to a new CIP titled 6th Street Beautification and Revitalization Project.
 3. \$6,000,000 to a new CIP titled Traffic Signal Optimization.
 4. \$1,500,000 to the Corona Innovation Center CIP (CIP #7170).
 5. \$1,018,825 to a new CIP titled PPE/Vaccine Programs.
 6. \$1,000,000 to a new CIP titled Business Grants.
 7. \$500,000 to a new CIP titled Nonprofit Grant Program.
 8. \$370,000 to a new CIP titled Armored Rescue Vehicle.

9. \$200,000 to a new CIP titled Communications Studio.
10. \$200,000 to a new CIP titled Rental Assistance to Historic Civic Center (HCC) Non-Profit Tenants.
11. \$120,000 to a new CIP titled Business Support.
12. \$100,000 to a new CIP titled Broadcast System Overhaul.
13. \$50,000 to a new CIP titled Open Air Stage - Circle City Center.
14. \$18,300 to a new CIP titled Computer Equipment - Senior Center.

- c. Approve a cash transfer of \$50,000 from the American Rescue Act Plan Fund 413 to the General Fund to replenish unemployment trust funds.
- d. Approve a cash transfer of \$31,600 from the American Rescue Act Plan Fund 413 to the General Fund for digital access and support activities. Appropriate \$27,600 to the Community Services' operating budget.

BACKGROUND & HISTORY:

The American Rescue Plan Act ("Act") of 2021 appropriates nearly \$220 billion to states, territories, and tribal areas, and \$130 billion to cities and counties for pandemic relief. Funds will be distributed in block grant fashion. In the case of CDBG eligible cities ("metropolitan cities," generally those with a population of 50,000 or larger), dollars are allocated according to the CDBG distribution formula, not by population. In the cases of smaller cities and counties, the Act provides that dollars will be distributed solely by population.

ANALYSIS:

The American Rescue Plan Act was approved to provide direct pandemic relief allocations to states, territories, tribal areas, cities, and counties. For local governments, funding may be used for the following purposes (quoted from the Act):

- A. To respond to the public health to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; or
- B. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the metropolitan city, non-entitlement unit of local government, or county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; or
- C. For the provision of government services to the extent of the reduction in revenue of such metropolitan city, non-entitlement unit of local government, or county due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city, non-entitlement unit of local government, or county prior to the emergency; or
- D. To make necessary investments in water, sewer, or broadband infrastructure.

The Act specifically precludes agencies from using the funds for deposit into any pension fund.

Additionally, funds cannot be used to reduce taxes or delay a tax increase. Lastly, the funds may not be used as a non-Federal match for other Federal programs.

The City of Corona is estimated to receive \$29,158,725 from the American Rescue Plan Act of 2021. The funding will be distributed in two tranches. The City received the first distribution of \$14,579,362.50 in July 2021. The second allocation is expected in July 2022. By December 31, 2024, funds must be fully encumbered to projects, with a final expenditure deadline of December 31, 2026.

Information on the ARPA funds was initially presented at the Committee of the Whole meeting on June 9, 2021. After further developing the projects and recommendations for funding, a second presentation was made at the Fall Workshop on September 29, 2021. Based on the discussions at that meeting, the appropriations and transfers are requested for approval. The appropriation and transfer explanations are included below.

Item b1. \$10,000,000 to a new CIP titled Fire Station Rebuild

Several Corona Fire Stations are at end of life and in need of significant renovation or rebuild. The identified project allocation will allow for the design/build of a new fire station. A complete assessment of all fire facilities prioritizing specific facility needs will take place at the end of FY 2022.

Item b2. \$8,000,000 to a new CIP titled 6th Street Beautification and Revitalization Project

Sixth Street corridor improvements including asphalt, curb, gutter, water, sewer, landscape, irrigation, and general deferred maintenance.

Item b3. \$6,000,000 to a new CIP titled Traffic Signal Optimization

Citywide traffic optimization utilizing artificial intelligence with advanced traffic algorithms to produce real time traffic signal timing adjustments. This project aims to reduce vehicle delays, environmental impacts, and improve quality of life for motorists in Corona.

Item b4. \$1,500,000 to the Corona Innovation Center CIP (CIP #7170)

Rehabilitation of existing City facility to repurpose for an Innovation Center. The Innovation Center will offer business services, events, trainings, and entrepreneurship development opportunities. This could include adults and youth.

Item b5. \$1,018,825 to a new CIP titled PPE/Vaccine Programs

Provides funding for vaccination programs, regular testing, and personal protective equipment.

Item b6. \$1,000,000 to a new CIP titled Business Grants

Business grants to support our community, including entrepreneurial development and those hit hard through the pandemic. A portion of the grant funds could be offered in partnership with the Emprendedor@s program.

Item b7. \$500,000 to a new CIP titled Nonprofit Grant Program

Grant program to support community nonprofit groups doing work in support of City goals. Nonprofit applicants must operate in Corona or operate as an affiliate of a larger organization which operates

locally.

Item b8. \$370,000 to a new CIP titled Armored Rescue Vehicle

The purchase of a second armored rescue vehicle is needed due to our current retrofitted vehicle's age (1993) and overall ineffectiveness. The best practice on critical, high-risk tactical calls in today's environment is to have two armored vehicles. One is used to evacuate victims and neighbors or move essential assets/gear to and from the command post. The other is utilized to protect SWAT operators, tactical medics, and negotiator personnel near the primary location for immediate response. In addition, a second armored rescue vehicle can be utilized as a regional asset to our neighboring agencies.

Item b9. \$200,000 to a new CIP titled Communications Studio

The need for digital engagement and real time communication has grown in light of the pandemic. In order to increase the production of digital media and provide real-time, critical information to our residents, we need to streamline our media production process by building an integrated studio space. The studio will feature sets, backdrops, a sound stage, fixed lighting, an editing bay and a production office to allow for weekly output of formatted content in the fashion of news, PSA's, talk shows, podcasts, ads and other short form non-fiction media.

Item b10. \$200,000 to a new CIP titled Rental Assistance to Historic Civic Center (HCC) Non-Profit Tenants

Provide rental support to nonprofit tenants with existing leases at the Historic Civic Center.

Item b11. \$120,000 to a new CIP titled Business Support

Funding for technology investments to offer more digital services to businesses. Funding to provide educational events aimed at further supporting remote working, business development, etc. Develop marketing materials in multiple languages to promote better accessibility for entrepreneurs/owners.

Item b12. \$100,000 to a new CIP titled Broadcast System Overhaul

Since the beginning of the pandemic, the need for reliable Broadcast Systems to deliver virtual participation for our Council, Commission, and Committee meetings has grown and is as important as ever. These demands have pushed the limits of our current system, resulting in frequent technical malfunctions that have hindered the Councils ability to conduct meetings. By overhauling our broadcast system, we will eliminate many of these technical issues as well as enhance the overall experience of our citizens participating virtually.

Item b13. \$50,000 to a new CIP titled Open Air Stage - Circle City Center

Activate this large and under-utilized outdoor space at our community center. Improvements include lighting and sound to accommodate a range of performances and outdoor events and programs.

Item b14. \$18,300 to a new CIP titled Computer Equipment - Senior Center

These 10 Surface Pros will replace the four obsolete desktop stations currently available to the Seniors. This provides current technology for our Seniors for personal use or for instruction. In addition, the space currently housing the desktop stations may be used for activity space.

Item c. \$50,000 cash transfer to the General Fund to replenish the unemployment trust funds

This item will backfill the City's unemployment funds that were depleted due COVID-19. While the City did not lay off staff due to the pandemic, unemployment claim costs increased due to reduced part-time hours and the additional unemployment compensation provided to claimants. The City is self-funded, and departments will receive increased costs for unemployment claims without the replenishment of the unemployment trust fund. This figure is revised since the Fall Workshop presentation due to some CARES Act credits that were received through the Employment Development Department.

Item d. \$31,600 cash transfer to the General Fund for digital access and support. Appropriate \$27,600 to the Community Services' operating budget.

The Corona Public Library resumed operations May 26, 2020 to provide access for residents to digital resources, print materials, and Wi-Fi. This essential foundation provided support for access to workforce information, social services, and educational resources. The appropriation of \$27,600 is for expenditures in the current fiscal year. The additional \$4,000 included in the cash transfer incorporates an expenditure from FY 2021, making the General Fund whole for the digital access and support activities.

Staff is working to develop program guidelines for the grant programs. As the guidelines are finalized, those items will come before the City Council for approval. For allocations that involve purchases, departments will follow purchasing guidelines in compliance with the City's Purchasing Policy and Federally funded programs. Staff will provide the City Council with an ARPA update at least twice per year to make project adjustments as needed to meet the expenditure deadline of December 31, 2026.

FINANCIAL IMPACT:

Approval of the recommended actions will have fiscal impacts as noted in the following tables.

GENERAL FUND	
Adopted Budget - FY 2022 Estimated Revenue Over Expenditures	\$ 14,593,660
Less Measure X Reserves	(13,144,418)
Previously Approved/Revised Budget Adjustments (Net)*	(97,316)
Current Estimated Revenue Over Expenditures [Note 1]	1,351,926
Cash Transfer From ARPA Fund 413 - Unemployment Insurance	50,000
Reserve for Unemployment Claims	(50,000)
Cash Transfer From ARPA Fund 413 - Digital Access and Support	31,600
Digital Access and Support - Appropriation	(27,600)
Revised Estimated Revenue Over Expenditures [Note 1]	\$ 1,355,926
Budget Balancing Measures Reserve - Estimated 06/30/2021	27,665,595
Estimated FY 2022 Change in Budget Balancing Measures Reserve	1,355,926
Estimated Budget Balancing Measures Reserve - 06/30/22	\$ 29,021,521

* Approved through Council Action or other operational process.

Note 1: Includes other General Fund items on the November 3, 2021 agenda.

Fund	07/01/21 Est. Fund Balance	Budgeted Revenues/ Sources	Budgeted Expenditures/ Uses	Fund Balance Impacts	06/30/22 Est. Fund Balance
American Rescue Plan Act Fund 413	\$0	\$0	\$0	Revenue \$29,158,725 Appropriation (\$29,158,725) Transfers (\$81,600)	\$0
Action a) Revenue Increase					
Action b) Appropriations					
Action c) Cash Transfer					
Action d) Cash Transfer					

Appropriations:

b1) Fire Station Rebuild	\$ 10,000,000
b2) 6th Street Beautification and Revitalization Project	8,000,000
b3) Traffic Signal Optimization	6,000,000
b4) Corona Innovation Center - CIP #7170	1,500,000
b5) PPE/Vaccine Programs	1,018,825
b6) Business Grants	1,000,000
b7) Nonprofit Grant Program	500,000
b8) Armored Rescue Vehicle	370,000
b9) Communications Studio	200,000
b10) Rental Assistance to Historic Civic Center (HCC) Nonprofit Tenants	200,000
b11) Business Support	120,000
b12) Broadcast System Overhaul	100,000
b13) Open Air Stage - Circle City Center	50,000
b14) Computer Equipment - Senior Center	18,300
	<u>\$ 29,077,125</u>

Cash Transfers:

c) Unemployment Trust Funds	\$ 50,000
d) Digital Access and Support	31,600
	<u>\$ 81,600</u>

GRAND TOTAL**\$ 29,158,725****ENVIRONMENTAL ANALYSIS:**

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the action is not subject to CEQA. This action is to approve budgetary adjustments for Fiscal Year 2022, and there is no possibility that approval of the recommended actions will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: KIM SITTON, FINANCE DIRECTOR