



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: April 27, 2021

TITLE: COVID-19 SITUATIONAL UPDATE AND PROPOSED SPENDING PLAN FOR AMERICAN RESCUE PLAN ACT OF 2021 RELIEF FUNDS

Marianna Maryshova

Interim City Manager

RECOMMENDED ACTIONS

1. Receive updates from staff on relevant COVID-19 related developments.
2. Approve staff's recommended spending plan for the \$53 million Federal COVID-19 Relief funding allocation.

EXECUTIVE SUMMARY

This item is for the City Council to receive updates on relevant COVID-19 items that may become available on or before April 27, 2021, and provide direction to the Director of Emergency Services on relevant actions related to COVID-19. At the March 9 meeting, the City Council extended sunset dates for all previously issued orders and resolutions through May 12.

On March 11, President Joe Biden signed the American Rescue Plan Act 2021 (ARP), delivering \$65 billion of aid to America's cities, towns, and villages. Congress continues to refine allocations from the State and Local Fiscal Relief Funds, estimates project that the City of Irvine will receive \$53 million in direct one-time funding. Staff is seeking City Council's approval of a proposed spending plan to best utilize these one-time dollars on prioritized City investments.

DISCUSSION

COVID-19 Financial Impact

The COVID-19 pandemic has significantly impacted City revenues. The City took swift actions early on to reduce expenditures through a vacancy freeze and overtime management; renegotiating City contracts for price reductions; delaying capital improvement projects to preserve cash; and limiting expenses on supplies, training, and administrative needs.

As the pandemic continues to impact revenues with anticipated shortfalls of \$10 million to \$14 million over the next five years, the City's executive leadership team established

balancing principles setting the foundation for preparing a budget that is balanced while meeting the City's standards for excellent service that align with Strategic Priorities.

COVID-19 Funding Received To Date

To date, the City has received approximately \$29 million in Coronavirus relief funding (including \$9.2 million to be received shortly for rental assistance). Funding has been used for a variety of relief efforts to assist City residents and businesses.

Federal, State, and County funding includes:

- \$19.7 million for rental assistance for residents (Federal and State)
- \$5.8 million to aid Irvine businesses (Federal and County)
- \$3.4 million for costs incurred due to the pandemic (State and County)
 - Reimbursement for additional sick and family leave for COVID-19, supplies such as plexiglass, disinfecting supplies, PPE, salaries and benefits for redeployment of staff for park patrol and park ambassadors, and public safety, and telecommuting technology expenses.
- \$336,000 to support meals for vulnerable residents (Federal and County)

The American Rescue Plan Act 2021 (ARP) Overview

The American Rescue Plan Act of 2021 (ARP) – the latest COVID-19 stimulus package – is a \$1.9 trillion economic stimulus bill. Within the ARP, the Coronavirus Local Fiscal Recovery Fund provides \$350 billion for states, municipalities, counties, tribes, and territories, including \$130 billion for local governments split between municipalities and counties.

The \$350 billion in State and Local Emergency Relief Fund includes an estimated:

- **\$53 million on one-time funding for Irvine**
- \$615 million for the County of Orange
- \$42 billion for the State of California.

Federal guidelines on the use of funds are still pending, but preliminary allowed uses include the following:

1. Responding 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.
2. Providing premium pay to essential employees or grants to their employers.
3. Providing government services affected by a revenue reduction resulting from COVID-19.
4. Making investments in water, sewer or broadband infrastructure.

Funds cannot be used toward pensions or to offset revenue resulting from a tax cut enacted since March 3, 2021.

Funding will be received in two tranches. The first disbursement within 60-days of the ARP signing (estimated mid-May) and the second disbursement within 12 months. The U.S. Department of Treasury (Treasury) is expected to release guidance in the coming weeks on how the federal administration interprets the statutory language in the ARP.

This revenue will be held in a separate fund subject to both regular and Federal audits.

Staff will report on the use of the funds quarterly as part of the budget update, first to the Finance Commission and then the City Council.

Proposed Spending Plan

The following proposed spending plan has been developed by staff based on the City's current and long-term priorities, and preliminary input from the Mayor and City Council members.

1. Investment in City infrastructure: \$44 million
 - a. *Heritage Community Park improvements - \$42 million*
 - i. Rehabilitation of this very old complex, including rebuilding the community center, expanding the fine arts center, adding parking and shade structures, expanding sport courts, and reconfiguring the pond with water features.
 - b. *City building and playground enhancements - \$2 million*
 - i. Projects will be prioritized to ensure the health and safety of residents and employees utilizing these facilities.
 - ii. Building enhancements include HVAC and air filtration system upgrades in various facilities.
 - iii. City staff has identified City playground enhancements with the greatest needs, due to age and usage for renovation opportunities. Playground enhancements include antimicrobial treatments for highly used equipment at select playgrounds and installation of hand-sanitizing stations.
2. Supplemental Rental Assistance Program: \$3.5 million
 - a. Expand the current \$17.7 million program administered by United Way Orange County to ensure that all eligible applicants are funded.
 - b. If additional rental assistance resources are made available, funding will be allocated to the Heritage Community Park improvements.
3. Investment in Employees: \$1.5 million
 - a. Recognize our resilient employees for stepping up to continue providing exceptional services during the pandemic, by offering one-time bonuses of \$500 for part-time and \$1,000 for full-time staff.
 - b. Improvements to the City Hall and Operations Support Facility (OSF) to ensure proper air filtration, hygienic protocols and social distancing, including upgrades to outdated exercise and health equipment. These capital investments are essential to protect and promote the health and safety of our employees.

- c. Update City Hall seating to ensure social distancing of both visitors and employees.
4. Investment in One Irvine: \$2 million
 - a. One Irvine is a community reinvestment program targeting specific neighborhoods throughout the City through a variety of resources including funds for residential rehabilitation, City capital project investment, education, and code enforcement. The North El Camino neighborhood is the current focus of the program, but, due to the important role of community engagement and neighborhood-focused in person events, the full rollout of the program has been postponed due to COVID-19.
 - b. This funding will augment the program through grants or low interest loans for home improvement, façade and front yard upgrades.
 5. Exploration of Municipal Broadband Solutions: \$2 million
 - a. Engage a consultant for a study of municipal broadband solutions to recommend suitable options to the City Council, including lessons from municipalities where mistakes were made.
 - b. Provide immediate connection improvements to our residents by purchasing and renting (free of charge) portable units.

In addition to the above spending recommendations, the following funding requests have been received from members of the City Council, for additional consideration:

1. Waivers of the annual Business License Fees (ranging from \$50 to \$70 annually per business depending on size).
2. Additional spending considerations have been submitted by Councilmember Larry Agran via the attached memo (Attachment 1).

Next Steps

If the above recommended spending plan is approved by the City Council, staff will return to the City Council with the following:

1. Investment in City infrastructure
A specific plan and timeline to invest \$42 million into the Heritage Community Park complex.
2. Investment in One Irvine
A specific plan and timeline to augment the One Irvine program through grants or low interest loans for home improvement, façade and front yard upgrades.
3. Exploration of Municipal Broadband Solutions: \$2 million
 - a. A scope of work and timeline for a Request for Proposals to engage a consultant for a study of municipal broadband solutions to recommend suitable options to the City Council.

- b. A plan and timeline to implement immediate connection improvements to our residents by purchasing and renting (free of charge) portable units.

ALTERNATIVES CONSIDERED

The City Council may choose to modify the proposed investment framework with different or additional considerations.

FINANCIAL IMPACT

Upon Treasury certification, the \$53 million in one-time funding will be received in two tranches. The first disbursement will be within 60 days of the ARP signing (estimated to occur in mid-May). The second disbursement will occur within 12 months. Funds must be used by December 31, 2024.

Included within the ARP are numerous provisions and funding opportunities that staff will continue to monitor and pursue. It is anticipated that additional funding will be available for rental assistance from the federal government through the state.

REPORT PREPARED BY

Michelle Grettenberg, Assistant City Manager
Kristin Griffith, Director of Financial Management and
Strategic Planning

ATTACHMENT

1. Memo from Councilmember Larry Agran

APR 15 2021

CITY OF IRVINE
CITY MANAGER'S OFFICE

Memo

To: Mayor and City Council
Marianna Marysheva, Interim City Manager

From: Larry Agran, Councilmember *LA*

Date: April 15, 2021

Re: Allocation of Funds from the American Rescue Plan Act

Introduction

This Memo is in response to the Interim City Manager's invitation to suggest ideas for allocating the \$53 million that the City of Irvine will soon receive under the provisions of the recently enacted American Rescue Plan Act.

In Irvine, as elsewhere, the COVID-19 pandemic has revealed institutional gaps and deficiencies in our municipal government that require immediate and sustained attention if we are to ultimately "Build Back Better" — the slogan of the Biden administration — in the aftermath of the pandemic.

In preparing these recommendations my office directly surveyed 186 Irvine residents. The survey results reveal that affordability and health are top of mind for Irvine residents as the City sets a course to move past the COVID-19 pandemic. Specifically, respondents expressed that allocation of these funds be prioritized in areas such as affordable housing, healthy school environments, Irvine's COVID-19 response, small business supports, climate action, child care, and more. (For more details on this survey, please visit www.theofficeofcouncilmemberlarryagran.org.) In an effort to respond to these prevailing concerns, I have consulted experts across the City and County; conducted extensive independent research; and collaborated with my team of commissioners, appointees, and staff to recommend the following.

Recommendations

I suggest we focus much of the \$53 million coming to Irvine on building institutional capacity in order to alleviate hardship, restore the health and welfare of our community, and speed the City's recovery and prosperity in the next two years and beyond.

Specifically, I suggest the following:

1. Establish a City Hall Office of Public Health - \$6 million over two years.

The COVID-19 pandemic revealed that our City — which now has a resident population of nearly 300,000 people and a workday population of approximately 500,000 people — began the year 2020 with no institutional public health capacity. We have been reliant, instead, on the Orange County Health Agency which itself has been overwhelmed by the pandemic. The cities in Southern California that appear to have done better in meeting the public health challenges of the past year include Pasadena (pop. 141,000) and Long Beach (pop. 463,000) — both of these cities have their own Public Health Departments, built up over the years. I suggest the City establish an Office of Public Health (OPH), initially comprising a chief health officer and several highly trained public health professionals. The OPH would undertake a needs assessment — preferably in consultation with the University of California – Irvine (UCI) — and then recommend policies, programs and best practices for citywide adoption and application. In addition to the ongoing COVID-19 response, the OPH could also address mental health and absorb other existing City-driven public health campaigns.

2. Establish a City Office of Small Business Assistance - \$4 million over two years.

During the pandemic, the City has served as a pass-through for millions of dollars in federal and state funding to assist hundreds of Irvine businesses. The City, however, lacks the capacity to proactively assist small businesses to navigate the maze of state and federal programs that can help businesses to survive and succeed. An Office of Small Business Assistance could include a chief officer and several experienced professionals, such as “navigators” who specialize in helping small businesses to access Federal and State resources.

3. Establish a City Office of Emergency Housing Assistance - \$10 million over two years.

The pandemic has turned the chronic problem of inadequate affordable housing into a looming emergency. Instead of outsourcing the administration of millions of dollars in federal and state emergency housing assistance, the City should have a small professional staff to secure housing funds and efficiently distribute millions of dollars in ways that support distressed renters and homeowners, and avoid evictions and homelessness.

4. Invest in School Nurses & Resource Officers - \$6 million over two years.

IUSD and TUSD will be receiving tens of millions of dollars in support under the American Rescue Plan, which may include funds for school nurses essential to the reopening and continued safe operation of schools and addressing the mental health needs of children. Currently, IUSD and TUSD are staffed with

school nurses at roughly half the nationally recommended standard of one nurse: one school. Irvine currently provides nearly \$10 million per year in both in-kind aid and cash-grants to IUSD and TUSD for school nurses and for the deployment of School Resource Officers — highly trained police officers — in Irvine high schools and middle schools. Recognizing improved school health translates into better community health, the City should enter into an agreement with IUSD and TUSD to expand our support to schools attended by Irvine residents to help eliminate the shortfall in school health and safety services. The City should also recruit and deploy at least five additional School Resource Officers in Irvine high schools and K-8 schools. In short, annually this would amount to approximately \$2 million for school nurses and \$1 million for school resource officers.

5. Improve Participation & Access to City Council, Commission, & Committee Meetings - \$2 million over two years.

The pandemic has introduced the use of Zoom technology for live-commenting over Internet and phone, improving public participation options in City Council meetings beyond pre-pandemic standards. As in-person participation at City Council meetings resumes, this participation should continue and be expanded from City Council to the City's Commissions, Committees, and Advisory boards. Additionally, over a two-year period, the viewing and commenting experience should be standardized across City Council, Commissions, and Committee meetings — with all meetings broadcasted live on Facebook and YouTube. These improvements will ensure residents do not need to attend in-person to be heard by their elected representatives and do not need to acquaint themselves with multiple web applications and access protocols to keep up with City affairs. Finally, to maximize accessibility for the elderly and hard of hearing, closed captioning should be made available on all City broadcasts.

6. Expand Support for Child Care - \$4 million over two years.

City-supported childcare programs and facilities should be expanded and made more affordable and accessible through lower sliding-scale fees and additional scholarships for lower-income families. In order to recruit and retain outstanding childcare workers, the City should support higher compensation for hourly workers.

7. Accelerate Implementation of Irvine's Climate Action Plan - \$10 million over two years.

In cooperation with UCI and other institutional partners, the City should accelerate the preparation, adoption and implementation of a comprehensive City of Irvine Climate Action Plan. This should include funding of select investments in pilot project programs (e.g., converting the City transportation fleet to electric vehicles) that can demonstrate an impressive return on investment in terms of de-carbonization. In turn, this will help establish Irvine's leadership role in combating climate change.

8. Support Irvine’s Senior Centers & Programs – \$2 million over two years.

9. Accelerate Design/Construction of the IBC Trail System – \$2 million over two years.

This may include seed money for planning purposes to improve access to outdoor spaces, active transportation, and otherwise turn the IBC into a more sustainable, resident-friendly community.

Cost summary*

#	Item	Two-year cost
1	Establish a City Hall Office of Public Health	\$6M
2	Establish a City Office of Small Business Assistance	\$4M
3	Establish a City Office of Emergency Housing Assistance	\$10M
4	Invest in School Nurses & Resource Officers	\$6M
5	Improve Participation & Access to City Council, Commission, & Committee Meetings	\$2M
6	Expand Support for Child Care	\$4M
7	Accelerate Implementation of Irvine’s Climate Action Plan	\$10M
8	Support Irvine’s Senior Centers & Programs	\$2M
9	Accelerate Design/Construction of the IBC Trail System	\$2M
	Total	\$46M
	Unallocated	\$7M

*To maximize City investments, where applicable, the City may consider a range of funding options including but not limited to: public/private partnerships, matching grants for eligible organizations, and the direct transfer of City relief funds to qualified community partners. City staff may also be encouraged to apply for additional COVID-19 pandemic special assistance funding available via Federal and State resources.