



# CITY COUNCIL STAFF REPORT



**December 7, 2021**

## **ITEM TITLE**

Approve Agreement: American Rescue Plan Act (ARPA) Spending Plan Amendment and Subrecipient Agreement with Alpha Project

**Report Number:** 21-0236

**Location:** No specific geographic location.

**Department:** Development Services

**Environmental Notice:** The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required. Notwithstanding the foregoing, the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines.

## **Recommended Action**

Approve a resolution (1) amending the American Rescue Plan Act Spending Plan, (2) waiving competitive bidding requirements and approving a subrecipient 2-party agreement with Alpha Project, and (3) reallocating funds therefor.

## **SUMMARY**

On May 10, 2021, the U.S. Department of the Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021 (“ARPA”), to provide \$350 billion in emergency funding for eligible state, local, territorial, and Tribal governments. The Coronavirus State and Local Fiscal Recovery Funds provide substantial flexibility for each jurisdiction to meet local needs, including support for households, small businesses, impacted industries, and essential workers, in communities hardest hit by the crisis. On August 24, 2021, the City Council approved the appropriation of \$28.76 million from the ARPA funds, with a subsequent first amendment to the Spending Plan on November 16th. This action proposes to provide a second amendment to the Spending Plan by reallocating \$100,000 from the Economic Development Category to the Public Health Category, more specifically, delivering assistance to workers and families through the Alpha Project’s “Take Back the Streets Program”.

## **ENVIRONMENTAL REVIEW**

The proposed activity has been reviewed for compliance with the California Environmental Quality Act (CEQA) and it has been determined that the activity is not a “Project” as defined under Section 15378 of the state CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Although environmental review is not required at this time, once the scope of potential project(s) has been defined, environmental review will be required for each project and the appropriate environmental determination will be made. Notwithstanding the foregoing, it has also been determined that the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines. Thus, no environmental review is required.

## **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

Not applicable.

## **DISCUSSION**

To support the immediate COVID-19 pandemic response, provide for basic emergency needs, bring back jobs, and lay the groundwork for a strong and equitable recovery, ARPA established the Coronavirus State and Local Fiscal Recovery Funds designed to assist state, local, territorial, and Tribal governments to bolster their response to the COVID-19 emergency and its economic impacts. The Treasury has launched much-needed relief to:

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control;
- Replace lost public sector revenue to strengthen support for vital public services and help retain jobs;
- Support immediate economic stabilization for households and businesses; and,
- Address systemic public health and economic challenges that have contributed to the inequal impact of the pandemic on certain populations.

The Coronavirus State and Local Fiscal Recovery Funds provide substantial flexibility for each jurisdiction to meet local needs. On August 21, 2021, City Council approved the formal allocation in the amount of \$28.7 million which represented the first round of ARPA funds received in May 2021. A subsequent amendment was approved on November 16, 2021 to provide funding to the San Diego Food Bank.

Despite recent improvements in the economy and the lifting of California’s pandemic restrictions, many individuals in our community continue to struggle. The City’s Homeless Outreach Team conducted a “point-in-time” count in August 2021 which revealed that the number of homeless has doubled from the last official count in 2019. With this increase, so did the amount of trash and debris. In March 2020 the City received a direct allocation of Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) funds through the Community Development Block Grant (“CDBG”) program. Along with the allocation, the Department of Housing and Urban Development issued programmatic waivers that eliminated the standard fifteen percent (15%) cap on Public Services CDBG expenditures. The City seized this opportunity to fund a City initiative, Operation Pride. This multidisciplinary approach spans various City departments and agencies to assist in the City’s clean-up efforts. As partners, the City selected McAlister Institute (Work for Hope Program) and Alpha Project (Take Back the Streets) - allocating \$135,000 of CDBG to support two employment programs

that not only provided for job opportunities to formerly homeless individuals but assisted City staff in maintaining clean and safe public spaces, including parks and streets from September 2020 to June 2021.

Since its initial funding, the program demonstrated that it serves as a catalyst for homeless people who are able to work, providing them with immediate transitional employment and training while providing the community with vital cost saving services through the removal of over one million pounds in trash and debris throughout Chula Vista. Unfortunately, the expenditure waivers did not apply to subsequent CDBG funding for FY22. In FY22, the City was therefore limited to \$80,000 to support both programs, including \$45,000 for Alpha Project's "Take Back The Streets Program" in FY22. The significant rise in trash resulted in staff's determination that an increase of services from Alpha Project to continue and maintain clean-up efforts would be a substantial benefit to the program and the City. For this reason, staff is proposing the addition and funding allocation for a new activity under the public health category of the ARPA Spending Plan in the amount of \$100,000 to ensure the "Take Back the Street Program" continuation through June 2022.

The table below reflects the new proposed allocation of ARPA funds.

ARPA Funding Recommendation			
Category	FY 2022	FY 2023	Total
<b>Revenue Recovery</b>			<b>\$ 32,200,000</b>
Governmental Funds	\$ 14,000,000	\$ 18,200,000	
<b>Public Health</b>			<b>\$ 19,935,250</b>
HVAC (GGV0261)	\$ 9,000,000	\$ 9,500,000	
Jacobs and Cushman San Diego Food Bank	\$ 100,000	\$ -	*
<b>Alpha Project - Take Back the Streets</b>	<b>\$ 100,000</b>		
COVID Testing/Vaccinations	\$ 667,625	\$ 567,625	
<b>Premium Pay to Essential Workers</b>	<b>\$ 1,000,000</b>	<b>\$ 500,000</b>	<b>\$ 1,500,000</b>
<b>Economic Development</b>			<b>\$ 3,000,000</b>
Small Business Grants	\$ 2,600,000	\$ -	
<b>Choose Chula</b>	<b>\$ 100,000</b>	\$ -	**
Curb/Sidewalk Café Grant	\$ 300,000	\$ -	
<b>Infrastructure</b>			<b>\$ 900,000</b>
Broadband Design (GGV0263)	\$ 900,000	\$ -	
<b>TOTAL</b>	<b>\$ 28,767,625</b>	<b>\$ 28,767,625</b>	<b>\$ 57,535,250</b>
* Public Health Category: New allocation of \$100,000 for Alpha Project			
** Economic Development Category: Choose Chula allocation reduced from \$200,000 to \$100,000			

## **DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov't Code §87100, et seq.). Staff is not independently aware and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

## **CURRENT-YEAR FISCAL IMPACT**

There is no current year fiscal impact to the City's General Fund as all costs associated with the program are covered by available American Rescue Plan Act funds. Approval of the resolution reallocates \$100,000 in ARPA funds that have been previously appropriated.

## **ONGOING FISCAL IMPACT**

There is no ongoing fiscal impact to the City's General Fund as all costs associated with the program are covered by available American Rescue Plan Act funds.

## **ATTACHMENTS**

1. Alpha Project Subrecipient Agreement

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