Staff Report

Date: September 27, 2022
To: City Council
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Subject: Considering a presentation on recommendations from the Council Ad Hoc Committee for the American Rescue Plan Act Investment Plan and providing direction to staff on next steps.

Report in Brief
During the April 26, 2022 City Council meeting a motion was made by Councilmember McGallian and seconded by Councilmember Birsan to direct staff to agendize the creation of an Ad Hoc Committee to further revise staff's recommended American Rescue Plan Act (ARPA) funding spending categories, dollar allocations to spending categories, and the process for allocating funds within each spending category. Mayor Aliano subsequently announced the formation of a Council Ad Hoc Committee during the May 3, 2022 City Council meeting by appointing himself and Vice Mayor Hoffmeister to the Committee.

The Ad Hoc Committee finalized its recommendations to Council. In broad strokes the Committee’s recommendations include: allocating $7 million for City projects including infrastructure, public safety, and special events; $7 million to be distributed through grants to nonprofit organizations for housing and non-housing projects; $3 million to be combined with the previously allocated funds ($2.4 million) for providing support to the unhoused; and $2 million to be distributed through grants to small businesses including licensed Family Child Care Homes.

Recommended Action
Receive a presentation from staff on recommendations from the Council Ad Hoc Committee for the American Rescue Plan Act Investment Plan, and provide direction to staff on next steps.
Background
ARPA is a $1.9 trillion economic stimulus bill passed by the 117th United States Congress as H.R. 1319 and signed into law by the President on March 11, 2021. The main objective of the act is to speed up the United States’ recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession. The City of Concord received a total of $27,040,883 directly from the U.S. Treasury, split into two payments. The first payment was received in May 2021 with the second payment received in June 2022.

Funding for eligible expenditures must be spent or obligated by December 31, 2024, with a covered expenditure period of March 3, 2021 through December 31, 2024. Funds obligated by December 31, 2024, but not yet spent must be spent by December 31, 2026, or they are returned to the Federal Government. For purposes of ARPA, obligated means an order placed for property or services and entering into contracts, subawards and similar transactions that will require payment after December 31, 2024.

On April 26, 2022 the City Council received a presentation on feedback received from the community on how the funds should be spent. The feedback was the result of outreach that occurred between January and March 2022 and included three public meetings, a scientifically valid survey, a web-based survey, and a focused survey of investment needs within the business community. The City Council then referred the item to a Council Ad Hoc Committee for the purpose of further refining and recommending spending categories, dollar allocations to spending categories, and the process for allocating funds within each spending category.

Analysis
The Ad Hoc Committee developed the recommendations contained in this staff report. Through their conversations, the Committee refined recommendations and developed draft plans and materials for distributing grant funds to small businesses and nonprofit organizations. The following section provides the recommended spending categories and the details of each, with references to corresponding attached materials.

The Ad Hoc Committee Recommendations are as follows:

1. **City Projects, Public Safety, and Special Events**
   1.1. Funding amount shall be $7,000,000.
   1.2. Funding in this category is for city-initiated projects and programs. Staff shall develop a list of funding recommendations to bring forward to Council for consideration.
   1.3. A sum of $500,000 will be earmarked specifically for supporting special events as an economic development tool. Council to refer to HED a discussion on which events and amounts. HED will make recommendations on this topic to Council. Additionally, the Ad Hoc Committee recommends building into the
budget the use of future budget residual funds to sustain event support at this higher level.

2. **Support for Nonprofit Organizations**
   2.1. Funding amount shall be $7,000,000.
   2.2. Create program to distribute one-time funding for two categories of projects or programs: housing and non-housing.
   2.3. To help ensure the greatest possible impact for the Concord community the funding amounts shall be $50,000 minimum and $2,000,000 maximum.
      2.3.1. The amount provided up front shall be capped at 80%.
      2.3.2. Remaining 20% released upon verification of fund usage in a manner consistent with the funding proposal.
      2.3.3. Must show proof of possessing the matching amounts necessary for proposed use prior to any payment from the City.
   2.4. Utilize a simplified, CDBG-style funding application such that the greatest possible impact and benefits are given to the Concord community (draft application is included as Attachment 1).
   2.5. Once application submitted, staff would review applications for completeness; the Ad Hoc Committee would review, score and rank all submittals and make funding recommendations. All Ad Hoc Committee recommendations would go before the full Council for consideration (draft ranking sheet is included as Attachment 2).

3. **Support for the Unhoused**
   3.1. Funding amount shall be $3,000,000.
   3.2. The recommended funding amount to be combined with the previously allocated one-time funds in the amount of $2.4 million that were allocated by the City Council during its mid-cycle budget update on March 8, 2022, for a total amount of $5.4 million.
   3.3. At the appropriate point in the future, refer to HED the task of determining how to allocate funds in concert with the development of a Homeless Strategic Plan, and the recommendations developed within the plan.

4. **Support for Small Businesses**
   4.1. Funding amount shall be $2,000,000.
   4.2. Create program to distribute $5,000 grants to businesses having ≤ 25 employees.
4.3. To be eligible the business must be open and physically located in the City of Concord and have an active business license as of June 30, 2020 through the date of application.

4.4. Family Child Care Homes located in the City of Concord that were licensed by the State of California as of June 30, 2020 and are still operating shall be eligible for the grant.

4.5. Franchise businesses that are not independently owned and operated within the City of Concord, and home-based businesses with the exception of Family Child Care Homes, shall be ineligible for grant.

4.6. Businesses and Family Child Care Homes must provide statement of financial burden caused by the COVID-19 pandemic.

4.7. The grant shall be a reimbursement for select operating costs; including:
   4.7.1. Commercial rent or lease payments.
   4.7.2. Utility payments including electricity, gas, water, sewage, and garbage.
   4.7.3. Facility repairs (including those caused by vandalism) and upgrades (including security systems) to support recovery efforts.
   4.7.4. Payroll.

4.8. Priority shall be given to restaurants, retail, and personal service establishments, and businesses that did not receive funding from previous City grant programs to help boost brick and mortar establishments while minimizing vacancy rates.

4.9. Grant program shall be managed by the Concord Chamber of Commerce; the Chamber shall be paid a 7.5% fee for managing the grant program.
   4.9.1. Program will occur in two rounds of $1,000,000 each (less 7.5% fee).
      4.9.1.1. A total of 370 grants shall be distributed at $5,000 each, with 185 grants distributed in each round. The first round will take place fall 2022 and the second round spring 2023.
   4.9.2. A lottery system shall be used if number of eligible applications exceeds available funding.

Next Steps
Should Council concur with these recommendations as they are currently written, staff will take the following actions:

1. Agendize for the Mayor an extension of the existing ARPA Ad Hoc for the specific purpose of reviewing applications and recommending awards for the nonprofit grant program to the full Council.

2. Prepare a proposed list of staff-initiated City/Public Safety projects and programs totaling $6.5 million and bring to Council for consideration prior to the end of this
calendar year. (The Ad-Hoc Committee has recommended that Council set aside $500,000 from the $7 million in funding to support special events).

3. Schedule an HED Committee meeting for the purpose of discussing how the $500,000 should be purposed toward special events. The Committee’s recommendations would return to Council for review and a decision.

4. Build into future budgets, when/if such funds exist, the allocation of residual funds to sustain special event support.

5. Open and announce a $7,000,000 nonprofit grant program on September 30, 2022 using the attached application (applications will be accepted and managed through an online portal). Staff will work with the ARPA Ad Hoc Committee for the purpose of finalizing the committee’s funding recommendations and return to Council on December 6, 2022 (see Attachment 1 for complete schedule).

6. Work with the HED Committee to determine how to allocate $5.4 million of funds in concert with the development of a Homeless Strategic Plan, and the recommendations developed within the plan. The HED recommendations will be brought to Council for consideration at a future date.

7. Work with the Concord Chamber of Commerce to open and announce a $2,000,000 small business grant program in two rounds using the criteria and process outlined in this staff report. The application period for the first round will open and close in November, with recipients being notified of award on November 30. The second round will occur in spring 2023.

Alternatives
The Council may modify any of the above Ad Hoc Committee recommendations and/or next step action items.

Financial Impact
ARPA funds are one-time funds that if not spent or committed by the ARPA deadlines would need to be returned to the Federal Government.

Environmental Determination
None of the activities addressed herein constitute a “project” within the meaning of Public Resources Code Section 21065, 14 Cal Code Regs. Sections 15060(c)(2), 15060(c)(3), or 15378 because none of the activities has the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment; even if any activity was a project under CEQA, each is exempt under 14 Cal. Code Regs. Sections 15061(b)(2), 15061(b)(3) and 15378(b)(4).

Public Contact
The City Council Agenda was posted.
Attachments

1. Draft – Nonprofit Grant Application
2. Draft – Nonprofit Grant Application Ranking Sheet