



City Council Report

915 I Street, 1st Floor
Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2021-01046

September 14, 2021

Discussion Item 22

Title: Mayor's Proposed American Rescue Plan Act Framework and Funding Priorities

Location: Citywide

Recommendation: Pass a Motion: 1) approving and adopting the Mayor's Proposed American Rescue Plan Act Framework and Funding Priorities ("ARP Framework"), and 2) authorizing the City Manager, City Attorney, City Auditor, City Treasurer, and City Clerk to implement City Council direction consistent with the adopted ARP Framework.

Contact: Mayor Darrell Steinberg, (916) 808-5300, Office of the Mayor

Presenter: Mayor Darrell Steinberg, (916) 808-5300, Office of the Mayor

Attachments:

1-Mayor's Summary of Key Changes

2-Mayor's Proposed ARP Act Framework and Funding Priorities Letter

MEMORANDUM

TO: City Council

FROM: Mayor Darrell Steinberg

SUBJECT: Mayor's Proposed American Rescue Plan Act Framework and Funding Priorities

DATE: September 9, 2021

I want to start by thanking all of you for the productive and thoughtful discussion we had as a Council on August 24. I heard you and our community clearly and have revised my American Rescue Plan (ARP) Framework accordingly.

The purpose of this memo is to serve as a summary of the key changes that have been made.

The amendments include the following:

- 1) A \$5 million set-aside for the Northgate Boulevard commercial corridor
- 2) An additional \$500,000 for childcare services bringing the overall total to \$1.5 million
- 3) A minimum of \$500,000 for our local food banks to supplement our food insecurity work
- 4) A request that the City Manager's Office tracks and reports out all youth-related expenditures, across all funding categories, so we can clearly identify our youth investments
- 5) An additional \$300,000 for the Center for Workers' Rights, as well as a request of the City Manager's Office to work closely with our partners at the Sacramento Central Labor Council
- 6) The addition of strong racial equity language that acknowledges our city's on-going commitment to racial equity and prioritizes it in our ARP funding decisions

Thank you for your valuable input and leadership.

Sincerely,



Darrell Steinberg
Mayor, City of Sacramento



CITY OF SACRAMENTO
CALIFORNIA

September 9, 2021

Dear City Council Colleagues,

Over the last 17 months our city has endured some of the most challenging times in its history. We have faced tremendous adversity, and as Sacramentans have always done, we responded with our unwavering, indomitable spirit.

As you all know well, last year our city received approximately \$89 million of federal funding from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). With your collaboration, we went right to work getting the money out to our neighborhoods where it was needed most. We adopted a four-category framework that expended \$80 million of that federal funding into our community in an efficient and effective manner. Our efforts were resoundingly viewed as a huge success and even viewed as a best practice nationally by other municipalities. This could not have been done without the excellent leadership shown by all of you on the City Council, our City Manager and Charter Officers, our entire City team, and our engaged, diverse community.

Because our approach was so successful last year, I would like to largely replicate that framework with the American Rescue Plan Act (ARP) funding that was approved earlier this year by Congress.

This past May our city received its first \$56 million of funding with a second \$56 million allotment arriving next spring. This brings us to a total of over \$112 million of much needed resources.

Our Council and city are committed to racial equity and are taking concrete steps to co-develop with community a comprehensive racial equity resolution and workplan to ensure we and our city team is trained and active in applying a racial equity lens to city policy, budget, and service delivery decisions.

Building off the great work by our city staff, Council unanimously affirmed that we move forward on a racial equity initiative on December 8, 2020, and on August 24, 2021, we announced a new Racial Equity Ad Hoc that aside from being the public reporting body for our citywide racial equity resolution and workplan initiative, will help ensure racial equity is prioritized with our ARP expenditures as the comprehensive workplan is developed over a multi-year community centered approach. It is the responsibility of the Council to develop this important framework so city staff have clear direction for implementation.

I am proposing the following five-part framework to guide our efforts as we deploy these critical relief dollars.

This letter is intended to start the discussion among those of us on the Council, our city team, and with our community.

I recommend the following five key focus areas as necessary expenditures to address the on-going effects of the COVID-19 pandemic:

1) Small Business and Commercial Corridor Revitalization (\$29M)

With our economy fully re-opening this past June, no sector needs and deserves our support more than our local small businesses. Our economic recovery efforts must be strategically focused both on the downtown core and our neighborhood business corridors. Additionally, everything we do in this space must be purposely done in an equitable and inclusive manner including ensuring language-access for non-English speaking business owners.

We must continue city staff efforts to make Al Fresco dining permanent by removing all the regulatory and permitting obstacles that could get in the way. We have seen how outdoor dining enlivens our streets. This is a silver lining from COVID and a no brainer for a city that loves the outdoors.

We should invest directly to remove boarded up windows from downtown businesses and replace the glass. We should make our storefronts look like storefronts again. Enough of the unsightly buildings. Let's use persuasion, incentives, whatever it takes to convince more state employees to return to their offices and shop and eat downtown.

We should provide additional funding to expand our vibrant arts scene and activate business spaces with pop-up live performances and expand street closures to create more walkable space for street fairs and farmers markets.

We can say yes to neighborhoods, business associations, and event planners by potentially subsidizing the sometimes onerous insurance costs that can prevent a good idea from ever getting off the ground.

We will focus on revitalizing our downtown, but at the same time focus on investing real, tangible resources into our neighborhoods like Del Paso Heights, Oak Park, and Meadowview.

Sacramento Business Priorities Recommendations (\$8.2M)

Vice-Mayor Schenirer has already laid a great foundation for our work by convening the "Sacramento Business Priorities" working group that included many local business and community leaders.

Over a series of four stakeholder meetings, recommendations were formed and organized into the five following priority categories:

- Provide a clean and safe environment for all in our city (e.g. improve rapid response clean up and sanitation services, remove boarded up windows, and address the impacts of homelessness)
- Employees' return to downtown core (e.g. activation of spaces with special events)
- Enhanced city resources for business success (e.g. forgivable loans for bridge financing)

- Placemaking (e.g. maintain and expand the Al Fresco dining program)
- Increased access to all businesses both on and off the grid (e.g. continue intensive technical assistance to business owners)

These recommendations were presented and heard at the City Council on July 20. City staff has estimated that these recommendations total approximately \$8.2 million.

I propose that we allocate the full \$8.2 million now so we can immediately start these important initiatives.

North Sacramento Economic Recovery Plan (\$5M)

I recommend that we set-aside \$5 million to directly focus on Del Paso Boulevard in north Sacramento, our city’s most underserved neighborhood corridor. This effort will be led by Councilmember Loloee and the funding should be aligned with existing City planning efforts and initiatives, **as well as potentially be supplemented with more city funding in future budget deliberations.** This is just the start of our city’s focused investment in north Sacramento.

Downtown Core and Old Sacramento Revitalization (\$5M)

In addition to the \$8.2 million, which also includes the downtown, I propose a minimum of \$5 million be dedicated specifically for our downtown core recovery efforts, including targeted investments and programming in Old Sacramento. Unfortunately, the pandemic forced us to put on hold our catalytic \$40 million waterfront plan that was slated to be funded by the transient occupancy tax (TOT). We must use ARP funding now to revive our downtown and start to realize the potential on our waterfront.

Northgate Boulevard Economic Recovery Plan (\$5M)

I recommend that we set-aside \$5 million to specifically focus on Northgate Boulevard. Over the years, Northgate has not received the investment and resources it deserves as one of our city’s most important commercial corridors. This effort will be led by Councilmember Harris and his capable team. Partners should include the Gardenland Northgate Neighborhood Association (GNNA), the Sacramento Hispanic Chamber of Commerce, and other local organizations.

The Sacramento Inclusive Economic Development Collaborative (\$3.5M)

The Sacramento Inclusive Economic Development Collaborative (Sac IEDC) is an impressive collation of six chambers, nine PBIDS, and Hacker Lab. Each of these sixteen organizations has historically served the City of Sacramento’s ethnically diverse small business community, as well as geographically served the city’s most disadvantaged commercial corridors.

Sac IEDC’s innovative approach has been a huge success this past year as its members have strategically deployed \$3.7 million of our CARES Act funding to serve over 1,500 businesses with comprehensive technical assistance, business consulting services, and other much needed resources.

I strongly recommend that we fully fund this work with \$3.5 million of ARP resources. In future years, I believe we need to leverage other funding sources, including Measure U, to continue these important services.

Continued Vaccine Outreach and Education (\$1M)

Continued vaccine outreach and education is one of the most important priorities for us as a city. We need to do everything we can to keep our community safe. A lot of incredible work has been done, including by Mayor Pro Tem Ashby and Councilmember Vang, but more is needed to boost our vaccination rates to the levels we need to allow us to fully emerge from the pandemic. I propose that we allocate \$1 million to continue our outreach and education efforts to our city employees, local businesses throughout the city, and our most at-risk communities.

Council-Led Strategic Initiatives (\$1M)

Working in coordination with our City Manager's Office, I believe the remaining \$1 million of funding in this overall category should be utilized for Council-led strategic economic development initiatives.

This could include additional funding for "clean and safe" investments in conjunction with our homeless Comprehensive Siting Plan efforts.

I believe we should continue supporting many of the successful partnerships we formed during our CARES Act implementation last year. Local organizations like the Latino Economic Council, the Greater Sacramento Economic Council, and our local chamber and PBID partners have more than proven they can greatly assist our diverse small business community.

With these strategic partnerships, a special focus should be given to our neighborhood business corridors, including but not limited to: Northgate Boulevard, Franklin Boulevard, Florin Road, Stockton Boulevard, the River District, and Mack Road.

Investing in the great work by La Familia Counseling Center, the Sierra Health Foundation, and the Mutual Assistance Network would help us achieve our mutually shared goals in our neighborhoods.

Additionally, we should consider utilizing some of this \$1 million set-aside for Councilmember Harris' idea of strategically funding critical public works projects that can be matched with federal or state dollars and potentially unlock new private investment in our city.

2) City Homeless and Housing Commitment (\$41M)

I will soon introduce an ordinance calling for a legal right to housing for our city. Combined with our Council-approved Comprehensive Siting Plan and unprecedented new resources, we have a chance to make a historic difference on these crucial issues.

Homelessness has been exacerbated with the public health emergency, economic crises, and high demand for rental housing this past year.

The best way to address homelessness is to keep families in their current housing. The City Council authorized rental assistance earlier in the pandemic. With the passage by Congress of emergency rental assistance and a commitment by the Governor to pay back rent for every Californian, the city through SHRA has over \$60 million for emergency rental assistance. Given the large amounts of funding for rental assistance from other categories within the ARP, I am not proposing any additional funding for rental assistance out of our discretionary allotment.

Our discretionary ARP funds must be invested to help thousands out of tent encampments and into shelter and housing.

We must commit extraordinary resources from this once-in-a-generation federal assistance to add thousands of beds, spaces, and roofs in our city. I propose that we commit \$41 million from our ARP discretionary fund to implement the Comprehensive Siting Plan approved by the City Council on August 10. This \$41 million, combined with our other available state and federal resources, will enable us to invest \$100 million for our comprehensive plan implementation.

We must fund all the strategies we have started with previous rounds of funding, including prioritizing women and children, and targeted efforts like the Substance Use Respite and Engagement (SURE) Center to help connect those living with severe substance abuse and mental illness to services.

The Comprehensive Siting Plan is big and bold. However, it does not solve our affordable housing challenge. We must augment the Housing Trust Fund beyond the current approximately \$12 million remaining from the FY 20/21 Midyear Budget for more permanent affordable housing units and replenish the Fund given the expenditures to implement the Comprehensive Siting Plan.

I will propose that growing the Affordable Housing Trust Fund be the top priority when we consider our next Midyear Budget in February 2022.

3) Youth, Workforce Training, and Gang Prevention Programs (\$19M, \$12M ARP)

In recent years, our city has invested more money than ever before in youth programming, workforce training, and gang prevention services. However, these programs and services remain an urgent need in our community, especially given the disproportionate impact the pandemic has had on young people and low-income workers.

Workforce Training Programs (\$9.75M, \$2.75 ARP)

Last year, we allocated \$9.75 million for workforce development from the CARES Act. This year I propose we make the same \$9.75 million investment from a combination of ARP and new discretionary state dollars.

The new state budget allocates \$150 million on a per capita basis to large cities to create or expand youth employment opportunities. Sacramento will soon receive approximately \$7 million from that allocation. An additional \$2.75 million from ARP will replicate last year's CARES Act investment.

All our work in this important area should be consistent with the "Workforce Development Recommendations" presented to the City Council on August 17. Specifically, last year's CARES Act investments provided grant funds to 29 workforce programs serving 2,100 Sacramento residents. We can double that impact by continuing our commitment to workforce training.

I believe the California Mobility Center (CMC) workforce training efforts being led by Councilmember Guerra deserve additional funding again this year.

Organizations like La Familia Counseling Center, the Greater Sacramento Urban League, Asian Resources, and others should be lead non-profits to partner with the city to expand our impact.

To build our internal capacity in this space, I recommend we fund two additional FTE's to support our collective workforce training goals and objectives.

Youth, Gang Prevention, and Social Services (\$9.5M ARP)

I recommend that we invest our remaining \$9.5 million of funding in the following areas:

- \$2.5 million of additional funding for after-school and youth enrichment programs, including our Youth Pop-Ups, our successful #SacYouthWorks program, as well as youth mental health services. Youth funding should also be set-aside separately for our city libraries
- Continued investment of \$250,000 to narrow the digital divide so we can ensure digital inclusion in our city's most underserved communities. It is important to assist with access to devices and high-speed connections. It is equally important to help families understand and interact with the technology. If we want all of our residents to have access to high-skill and high-wage jobs, we must start by bridging the digital divide
- A minimum of \$1.5 million to expand child-care services as working parents continue to transition back to working at their job sites. This includes working with the Childcare Providers Union and our other key local stakeholders
- Supplement and enhance our gang prevention and intervention efforts by issuing an additional RFP for approximately \$1.5 million to partner with local community-based organizations. These important initiatives have been led by Councilmember Jennings
- Utilize \$1 million to support the newly established "Food Justice Task Force" being led by Councilmember Vang to ensure that our most vulnerable communities

recover in an equitable manner from the pandemic and that our city has sufficient healthy food that is accessible to all. In addition to this initiative, I propose a minimum \$500,000 allocation to support our local food bank providers as they continue to address the on-going crisis of food security among our children and families

- As part of the Aggie Square Community Benefits Partnership Agreement, the city, Wexford Science + Technology, UC Davis, Sacramento Investment Without Displacement, and other partners, including the Sacramento Central Labor Council, SETA, and local Sacramento community based workforce development organizations, committed to develop a “Sacramento Job Center” to support the recruitment, training and hiring of local residents for current and future employment at Aggie Square and other businesses. This work will be critical to ensure a pipeline of trained local residents needed to meet the agreed-upon goal of 20% local hire (and 25% after ten years). The Sacramento Job Center will be designed to be self-supporting over time. I propose one-time start-up funds of \$1 million over the next two years to support this effort
- I recommend we allocate \$750,000 to expand the Sacramento Family Independence Initiative (SFII). This initiative is managed by United Way and is our community pilot program for Universal Basic Income (UBI)
- Invest an additional \$550,000 for the Center for Workers’ Rights to continue the Coronavirus Job Protection Helpline, which has been championed by Councilmember Valenzuela. This important work has been a well-documented success over the past year helping workers navigate through the challenges of the pandemic. Additionally, I request that the City Manager’s Office work closely with our partners at the Sacramento Central Labor Council so that we can work collaboratively on critical issue areas facing working people such as childcare, workforce development, and transportation

I recommend that the City Manager’s Office track and separately report out all youth-related investments, including funding in other categories such as Arts and the Creative Economy, so that we can clearly identify all youth-related expenditures made with our ARP resources.

4) Arts and the Creative Economy (\$10M)

Sacramento’s arts and creative economy is an industry that gives every Sacramentan an enormous sense of pride. The pandemic hit this sector hard, but I am optimistic that a big comeback and re-emergence is on the way. Our newly renovated SAFE Credit Union Convention Center and Community Center Theatre is opening its doors at the perfect time this summer with our community (and the broader public) hungrier than ever for live entertainment, performances, and events.

I believe we should follow a similar process and approach as we did last year with the CARES Act funding with a focus on building the capacity for our local artists and established cultural

organizations to compete internationally and showcase the remarkable talent that calls Sacramento home.

By focusing on our local creative sector through equity-focused direct investment and capacity building we can create the foundation for a stronger recovery, reflect our diversity, and come back more dynamic than ever before. Sacramento had a lot of momentum prior to the pandemic, and we can get that momentum back with smart, targeted investments.

I recommend a \$10 million investment in the following areas:

- Build capacity and stability with direct investment, mentorship, education, and training for creative workers and investment in established local organizations and cultural institutions to scale up. This should include financial supports to individuals and organizations that will allow them to hire workers and balance the needs of coming back from being shut down during the pandemic
 - \$2.5 million for grants for creative businesses, cultural institutions, and creative non-profits
 - \$3 million for grants and professional development for creative workers and individual artists
- Support widespread engagement within the creative economy by funding infrastructure projects that address needs such as housing, and spaces for rehearsal, production, exhibition, and distribution. This work would live beyond the pandemic period, and the resources developed as part of these projects could be used to care for strategically identified properties in arts districts (or deserts) while allowing for time and planning to work with partners to develop economically viable models for such projects. This investment would aim to leverage additional dollars from other sources to meet the infrastructure needs of an array of local projects, with particular attention to ensuring cultural facilities reflect the diversity of the people of Sacramento
 - \$500,000 for small and grassroots organizations and individual artists to rent or perform in arts and cultural spaces
 - \$2 million to build a public-private partnership strategy that could leverage additional dollars to support facilities development and access. Partners could include community development finance institutions and trusts and would focus on real estate capacity building, economic modeling, loans, and other forms of financial support
- Establish more opportunities for youth by investing in neighborhood equity-based programming and creative projects that allow youth to explore a wide array of creative sector jobs and develop the skills necessary to work in those fields, such as the work done by the Latino Center for Arts and Culture, Department of Sound, and others
 - \$1.5 million for grants for youth programming and projects that include cohort support and mentorship for program providers

- Strategically support arts and cultural tourism as the sector re-emerges from the COVID-19 pandemic, executing on the findings of the Cultural Tourism Taskforce and making investments in marketing infrastructure for the creative economy
 - \$500,000 for support to implement the cultural tourism strategy and marketing infrastructure for the arts

5) Valuing our City Employees and Addressing Organizational Needs (\$25M, \$20M ARP)

As we did with the CARES Act funding last year, the above broad categories are flexible and can be increased or decreased based on the eventual need. This framework will leave over \$20 million of funding for reimbursable expenses related to the city's response to the pandemic, including supporting our city employees, as well as other organizational needs and costs.

In addition, I propose allocating \$5 million from our existing Housing Trust Fund, bringing the total funding amount to \$25 million for this important category. The Housing Trust Fund must be replenished and be our top priority at the FY 21/22 Midyear Budget in February 2022.

The City Manager and his team will determine the best approach and expenditure plan for these necessary investments in our city.

I recommend that if we expend our first full \$56 million allotment before next May that we begin floating the additional funding with other available city resources, knowing that more federal resources are on the way in the near term. This strategy will allow us to continue providing valuable resources for our community and increase the speed and trajectory of our overall recovery.

Just as we did with the CARES Act process and implementation last year, I recommend that the City Manager's Office work closely with each Council Office and our community stakeholders to identify specific metrics, aligned initiatives, and individual projects consistent with the approach described above. I request the City Manager bring back specific projects and initiatives to the full City Council on a continuing basis over the next 30 to 120 days.

This overall approach will once again make Sacramento a shining example of what community investment should look like. We will grow our economy faster, we will get members of our community off the streets and into housing more rapidly, and we will again invest boldly in ALL of our communities and neighborhoods. I would like to sincerely thank all of you on the City Council, as well as our City Manager and his team for your steadfast leadership throughout this pandemic.

Thank you for your time and your consideration.

Sincerely,



Darrell Steinberg
Mayor, City of Sacramento