City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
July 6, 2021

TOPIC: Revive Santa Ana Spending Plan

AGENDA TITLE:
Approve the $80,012,101 Revive Santa Ana Spending Plan and Appropriate Federal American Rescue Plan Act (ARPA) Funding

RECOMMENDED ACTION
1. Approve the $80,012,101 Revive Santa Ana Spending Plan to protect and revive our community as we emerge from the impacts of the COVID-19 pandemic.
2. Approve an appropriation adjustment of $64,180,000 to authorize spending from the federal American Rescue Plan Act (ARPA) for various expenditures to recover from COVID-19, including authorization for the City Manager to move appropriated money between spending plan line items to reflect evolving federal guidelines and individual program popularity.

DISCUSSION
Background
The American Rescue Plan Act (ARPA) of 2021 is the latest COVID-19 stimulus package approved by the U.S. Congress and signed into law by President Biden. ARPA is a $1.9 trillion economic stimulus bill. Within ARPA, the Coronavirus State and Local Fiscal Recovery Fund provides $350 billion in direct funding for states, municipalities, counties, tribes, and territories, including $130.2 billion for local governments split evenly between municipalities and counties. Of this, the City of Santa Ana is expected to receive $128,360,813. The City has received its first of two payments from the U.S. Department of the Treasury, in the amount of $64,180,000.

Coronavirus State and Local Fiscal Recovery Fund
The Coronavirus State and Local Fiscal Recovery Fund provides a substantial infusion of resources to help turn the tide on the COVID-19 pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery. The purpose of the use of these funds are as follows:
- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control.
- Replace lost revenue for eligible state, local, territorial, and Tribal governments to strengthen support for vital public services and help retain jobs.

- Support immediate economic stabilization for households and businesses.
- Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic.

The Coronavirus State and Local Fiscal Recovery Fund provides substantial flexibility for each local government to meet local needs—including support for households, small businesses, impacted industries, essential workers, and the communities hardest hit by the pandemic. These funds can be used to make necessary investments in water, sewer, and broadband infrastructure, among other uses. As a recipient of these funds, the City has been working diligently to find the best way to use the City's allocation of the Coronavirus State and Local Fiscal Recovery Fund. To that end, the City created *Revive Santa Ana*, a community engagement initiative and spending plan to use the expected $128,360,813 in federal funding.

Revive Santa Ana Spending Plan
City staff launched the Revive Santa Ana Spending Plan mid-March 2021, referring to the City's direct allocation as "Revive Santa Ana" funding. The spending plan includes five expenditure categories:

- Recovery from the Pandemic:
  - Public Health Equity, expansion of critical communication methods, sanitization, emergency response, mental health recovery, and a COVID-19 memorial, support services for COVID-19 response
- Direct Assistance Programs:
  - Rental assistance, housing vouchers, food supply/distribution, business and non-profit assistance, early childhood support, daycare and head start, after-school programs, youth violence, sexual assault intervention, technology skill courses, direct resident assistance
- Public Health and Safety:
  - 5k Run, additional green/open space, healthy food access, property compliance programs, rapid response homeless services, park restrooms, increased security for parks and community centers, First Street safety enhancements
- Critical Infrastructure:
  - Broadband access, community center renovations, transformation of Central Library to support early childhood learning, expansion of library accessibility, IT and process upgrades, streetlights, storm drain gates, parking structure improvements
- City Fiscal Health:
  - Legal support services, contract management, unemployment fund / paid leave reimbursement, accounting and compliance for federal funding, reserve for revenue loss allocation

Community Engagement
The first engagement opportunity was a community budget meeting on March 25, 2021, whereby community members were able to give input on the proposed spending plan. Additionally, the City launched a community feedback survey, available in English, Spanish, and Vietnamese, to gauge the community's thoughts on how the City should spend its Revive Santa Ana funding. The survey was available online and was distributed on the City's digital communications channels. Additionally, print surveys were available and shared at the City's main library and at City Hall. In total, 1,579 responses were collected. The findings of the survey were shared with the City Council.

Separately, the City Council discussed Revive Santa Ana at several public meetings, including on March 16, May 18, May 24, June 1, and June 3, 2021. Several iterations of the Revive Santa Ana Spending Plan have been shared and discussed, whose changes reflect discussions by the City Council, comments from community members, and changing guidance from the U.S. Department of the Treasury relating to how the funds could be expended.

Appropriation of Funds
Below are the final Revive Santa Ana Spending Plan allocations for each of the proposed expenditure categories for the first allocation (for FY 2021-22):

Expenditure Category	Amount
Recovery from the Pandemic	$5,150,000
Direct Assistance Programs	$26,132,101
Public Health and Safety	$16,350,000
Critical Infrastructure	$20,750,000
City Fiscal Health	$11,630,000
Total	**$80,012,101**

Staff recommends that the City Council approve the $80,012,101 Revive Santa Ana Spending Plan, and appropriate the City's primary ARPA allocation of $64,180,000 (first tranche only). The appropriation recommendation for the $14,026,593 Emergency Rental Assistance Program is in a separate staff report on this same agenda. The remaining $1,805,508 of the $80,012,101 spending plan is for federal housing vouchers, scheduled for City Council consideration on July 20.

Staff anticipates the spending plan will evolve, as the U.S. Department of Treasury is continually updating the spending guidelines and program popularity and use will affect spending priorities. Similar to the spending authorization for the Coronavirus Aid, Relief and Economic Security (CARES) Act, staff requests the City Council grant authorization to the City Manager to shift money between line items within the spending plan. The

City Manager will not have the authority to increase or decrease the overall appropriation.

ENVIRONMENTAL IMPACT
There is no environmental impact associated with this action.

FISCAL IMPACT
Multiple departments will manage the various spending initiatives, and accounting units have been set-up accordingly in the new ARPA special revenue fund 181 to account for $64,180,000 of expenditures.

Department	Account Number	Amount
City Attorney's Office	18108013-6XXXX	$500,000
City Manager's Office	18103013-6XXXX	4,400,000
Community Development	18118013-6XXXX	9,250,000
Finance	18110013-6XXXX	12,630,000
Information Technology	18120013-6XXXX	5,500,000
Library	18111013-6XXXX	9,000,000
Parks and Recreation	18113013-6XXXX	12,650,000
Planning and Building	18116013-6XXXX	1,000,000
Police	18114013-6XXXX	1,000,000
Public Works	18117013-6XXXX	8,250,000
First Tranche of Primary Allocation		$64,180,000

EXHIBIT(S)
1. Revive Santa Ana Spending Plan

Submitted By: Kathryn Downs, Executive Director Finance and Management Services

Approved By: Kristine Ridge, City Manager