



CITY COUNCIL AGENDA REPORT

Meeting Date: 12/05/2024

From: Carolina Yuen, Finance Director

Subject: Final Determination of Use of Remaining State and Local Fiscal Recovery Funds (SLFRF)

Community Goal/Result

Safe Community; Community Building; Ecological Sustainability; Fiscally Prudent

Purpose

To authorize projects to be supported with the remaining State and Local Fiscal Recovery Funds (SLFRF)

Recommendation

City Council authorize and direct staff to execute agreements on indicated projects up to \$195,000 by December 31, 2024, and use any remaining SLFRF towards revenue replacement in Fiscal Year 2025.

Background

In March 2021, the president signed the American Rescue Plan Act (ARPA) into law. The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program was established under ARPA and awarded funds to every county, metropolitan city, and non-entitlement units of government, including the City of Brisbane, as an eligible recipient of SLFRF funding as administered by the U.S. Treasury.

The SLFRF program provided governments across the country with resources to fight the pandemic, maintain public services, and build a resilient recovery by making investments in infrastructure. The City of Brisbane was awarded a total amount of \$1,117,402, paid in two installments of \$558,701 each in 2021 and 2022.

In 2021, City Council decided to use up to \$200,000 in grants to assist local small businesses that suffered revenue losses due to the pandemic, but who were not eligible for grants offered through the county programs at the time. After the grants were issued, plus the related costs to administer the program, the City was left with approximately \$890,000 of SLFRF program funds. The terms of the SLFRF program allowed agencies to take up to five years to determine how to use the funds.

The five-year deadline is coming to term on December 31, 2024. The City must make a determination how the remaining funds will be used and authorize to obligate accordingly.

Therefore, at the October 3, 2024, City Council meeting, staff presented Council with a list of eligible projects to consider for possible application of funds to comply with the deadline.

Discussion

In the initial release of the funds, the Treasury restricted the use of SLFRF to respond to direct impacts of the COVID-19 public health emergency, primarily targeted to public health agencies, through improvements to facilities used for public health services, public health programs, and premium pay to eligible emergency workers. Non-public health agencies could use funds to the extent of the reduction of revenue of such recipient due to the COVID-19 public health emergency; to make necessary investments in water, sewer, or broadband infrastructure; or to provide assistance to households, small businesses and nonprofits impacted by the pandemic.

The US Government expanded the list of eligible uses for granted funds and clarified compliance requirements in January 2022 (2022 Final Rule), in December 2022 (2023 Interim Final Rule) and again in March 2024 (Obligation Interim Final Rule). Upon review of the various rulings, staff interpreted the following areas as eligible uses for the City of Brisbane:

Eligible Use of Funds pertaining to Brisbane:

1. Responding to the public health and negative economic impacts of the pandemic including the following sub-categories:
 - a. Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment;
 - b. Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (*e.g.*, emergency response radio systems);
 - c. Transportation projects that respond to a public health need or specific negative economic impact.
2. Capital Improvements that are non-COVID related, including the following sub-categories
 - a. Installation and improvements of ventilation systems;
 - b. Investments in water, sewer, and broadband infrastructure;
 - c. Capital improvements in facilities and spaces for general public use.
3. Mitigation measures in small businesses, nonprofit, and impacted industries
4. Investment in programs to support racial and economic equity

In addition to the uses, the following timeline and other information was considered when making the selection:

- Funds must be committed and obligated towards a project by 12/31/24.

- Funds must be expended by 12/31/26. We therefore have two years from commitment to spend and complete the projects.
- The funds do not have to be used for one project alone but can be used for several projects.
- The funds may be used towards a project, even if it does not cover the complete cost of a given project.
- A portion of the funds can be used towards administrative costs for compliance of reporting requirements.

Recommended Projects Identified by Staff and Council Selections

City Staff identified seven projects that potentially qualified under the expanded use guidelines and presented to City Council at the October 3, 2024, regular meeting. Out of the seven projects, the following projects were selected by Council to consider eligibility and feasibility to meet the deadline:

1. **Crocker trail CEQA - \$150,000** - The master plan can't be implemented (nor grants secured) until this is completed. Using criteria of "Improvements for general public use."
2. **Mission Blue Center Renovations Design - \$45,000** - Given that Mission Blue is a Red Cross designated shelter during a disaster, this fits the criteria for "Improvements to or construction of emergency operations centers." Design would review potential improvements to include kitchen overhaul, door repairs, flooring, rotting exterior beams, etc. Amount designated is for design. Improvement costs to be determined and not part of the SLFRF determination.

Staff is requesting Council make a final determination for staff to move forward with said projects using up to \$195,000 of SLFRF, as within the City Manager's discretion and spending limits. Any remaining SLFRF monies would be designated as revenue replacement for FY25.

Fiscal Impact

The total of \$890,00 is already part of the FY25 Budgeted Revenues as a transfer from the ARPA Fund to the General Fund. An amount up to \$195,000 to be added to FY25 General Fund expenditures. Depending on the selected project, there may be other related costs in future years.

Measure of Success

Staff authorized to proceed on selected projects, and City commits by deadlines allowed through the Final Ruling of the SLFRF program and any remaining funds applied as revenue replacement.

Attachments

Attachment 1 Copy of October 3, 2024, Recommendations of Use of SLFRF Staff Report

Carolina Yuen
Carolina Yuen, Finance Director

Jeremy Dennis
Jeremy Dennis, City Manager



CITY COUNCIL AGENDA REPORT

Meeting Date: 10/03/2024

From: Carolina Yuen, Finance Director

Subject: Consider Recommendations of Use of State and Local Fiscal Recovery Funds (SLFRF)

Community Goal/Result

Safe Community
Community Building
Ecological Sustainability
Fiscally Prudent
Economic Development

Purpose

To provide a list of recommended projects to review and consider on how to use remaining funds received through the State and Local Fiscal Recovery Funds program (SLFRF)

Recommendation

City Council consider recommendations on how to use remaining funds from the SLFRF program and, if there is an interest in one or more projects, direct staff to return such projects to Council for further consideration.

Background

In March 2021, the president signed the American Rescue Plan Act (ARPA) into law. The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program was established under ARPA and awarded funds to every county, metropolitan city, and non-entitlement units of government, including the City of Brisbane, as an eligible recipient of SLFRF funding as administered by the U.S. Treasury.

The SLFRF program provided governments across the country with resources to fight the pandemic, maintain public services, and build a resilient recovery by making investments in infrastructure. The City of Brisbane was awarded a total amount of \$1,117,402, paid in two installments of \$558,701 each in 2021 and 2022.

Discussion

In the initial release of the funds, the Treasury restricted the use of SLFRF to respond to direct impacts of the COVID-19 public health emergency, primarily targeted to public health agencies, through improvements to facilities used for public health services, public health programs, and premium pay to eligible emergency workers. Non-public health agencies could use funds to the

extent of the reduction of revenue of such recipient due to the COVID-19 public health emergency; to make necessary investments in water, sewer, or broadband infrastructure; or to provide assistance to households, small businesses and nonprofits impacted by the pandemic.

In 2021, City Council decided to use up to \$200,000 in grants to assist local small businesses that suffered revenue losses due to the pandemic, but who were not eligible for grants offered through the county programs at the time. Businesses that were selected had to meet certain criteria and show evidence of loss.

After the grants were issued, plus the related costs to administer the program, the City was left with approximately \$890,000 of SLFRF program funds. The terms of the SLFRF program allowed agencies to take up to five years to determine how to use the funds. At the time, Council decided that the remaining funds would be placed on hold in case of future emergency economic needs, as the duration of the pandemic impact was unknown, and it was uncertain how many years were needed for the City to recover for revenue losses from the health crisis.

We are nearing the five-year deadline of December 31, 2024, where the City must determine and obligate how the remaining funds will be used. With this known deadline, staff included the funds as an incoming transfer in the Fiscal Year 2025 Budget. During Budget discussions, staff was asked to provide a list of projects for consideration at a later 2024 Council meeting.

Since several agencies were having difficulty finding programs that fell within the strict guidelines of program use, the US Government expanded the list of eligible uses for granted funds and clarified compliance requirements in January 2022 (2022 Final Rule), in December 2022 (2023 Interim Final Rule) and again in March 2024 (Obligation Interim Final Rule). Upon review of the various rulings, staff has interpreted the following areas are now eligible uses for the City of Brisbane:

Eligible Use of Funds pertaining to Brisbane:

1. Responding to the public health and negative economic impacts of the pandemic including the following sub-categories:
 - a. Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment;
 - b. Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (*e.g.*, emergency response radio systems);
 - c. Transportation projects that respond to a public health need or specific negative economic impact.
2. Capital Improvements that are non-COVID related, including the following sub-categories

- a. Installation and improvements of ventilation systems;
 - b. Investments in water, sewer, and broadband infrastructure;
 - c. Capital improvements in facilities and spaces for general public use (this is still being reviewed by agencies and auditor guidance for clearer interpretation).
3. Mitigation measures in small businesses, nonprofit, and impacted industries
 4. Investment in programs to support racial and economic equity

In addition to the uses, the following timeline and other information should be considered when making a selection:

- Funds must be committed and obligated towards a project by 12/31/24.
- Funds must be expended by 12/31/26. We therefore have two years from commitment to spend and complete the projects.
- The funds do not have to be used for one project alone but can be used for several projects.
- The funds may be used towards a project, even if it does not cover the complete cost of a given project.
- A portion of the funds can be used towards administrative costs for compliance of reporting requirements.

Recommended Projects Identified by Staff

City Staff has identified the following projects that potentially qualify under the expanded use guidelines. Several of the projects listed have been reviewed as part of the Capital Improvement Plan (CIP) discussion last reviewed January 2024. Attachment A offers more detail on each project listed below:

1. Rollout of an Advanced Metering Infrastructure (AMI)
2. Install San Bruno/Bayshore Long-Term Improvements (New Traffic Signal System)
3. Update audio/video equipment for the Council Chambers/Community Meeting Room
4. Crocker trail CEQA
5. Mission Blue Center Renovations
6. Cultural Activities Grants for Local Artists
7. City Ambassador Program

Staff is requesting the Council review and consider one or several of the listed projects to be funded through SLFRF, and if there is an interest, to direct staff to return such projects to council at a future meeting for further consideration. Council can also direct projects be moved forward if within the City Manager’s discretion and spending limits.

Fiscal Impact

The remaining funds of \$890,000 are part of the FY25 Budget. No additional funds are expected to impact the current year’s budget. Depending on the selected project, there may be annual maintenance or other related costs in future years.

Measure of Success

The City Council selects a project, and City commits by appropriate deadlines allowed through the Final Ruling of the SLFRF program.

Attachments

List of Staff-Recommended Projects to Use Remaining SLFRF

Carolina Yuen
Carolina Yuen, Finance Director

Jeremy Dennis
Jeremy Dennis, City Manager

ATTACHMENT A

City of Brisbane

List of Staff-Recommended Projects for use of State Local Fiscal Recovery Funds (SLFRF)

No.	CIP No.	Description	Amount	City Goal
1		<p>Advanced Metering Infrastructure (AMI) - This project will replace an aging meter infrastructure with AMI, smart meters. This project will replace all water meters and install individual meter interface units along with an AMI system server and a meter data management system that will work together with the City’s billing system and customer interface. This project was part of the proposed projects for a utility bond in 2021, which we could not issue until rates were increased.</p>	1,500,000	<p>Safe Community; Ecological Sustainability; Fiscally Prudent</p>
2	DPW 44a	<p>San Bruno/Bayshore Long-Term Improvements - Design and install new traffic signal system. A federal grant is being sought to cover this project, but there will be a requirement for City matching funds. The timing of when federal funds will be available may cause delays and should be considered when evaluating projects.</p>	850,000	<p>Safe Community</p>

No.	CIP No.	Description	Amount	City Goal
3		<p>Update audio/video equipment for the Council Chambers/Community Meeting Room - The City currently records and broadcasts meetings for the Council, Commissions, Committees, and other special events on Comcast Ch. 27 and livestreams them on YouTube. The A/V equipment used to record and broadcast was acquired in 2008. Over the years, parts have been upgraded to allow for hybrid meetings during the pandemic, but the underlying system components are starting to fail. As a result, we have experienced numerous delays and disruptions to public meetings. The heavy reliance and heightened demand for access to these services leads to this request for a full replacement of the broadcast, streaming, and switching equipment in the broadcast booth.</p>	300,000	Safety; Community Building; Ecological Sustainability
4		<p>Crocker trail CEQA – The master plan can't be implemented (nor grants secured) until this is completed. Using criteria of "Improvements for general public use" so may be limited dependent on final guidance.</p>	150,000	Safe Community; Community Building; Ecological Sustainability
5	PR-18	<p>Mission Blue Center Renovations - Given that Mission Blue is a Red Cross designated shelter during a disaster, this fits the criteria for "Improvements to or construction of emergency operations centers." Improvements would include kitchen overhaul, door repairs, flooring, rotting exterior beams, etc. Amount designated is for design. Improvement costs to be determined.</p>	45,000	Safe Community; Community Building; Ecological Sustainability; Fiscally Prudent

No.	CIP No.	Description	Amount	City Goal
6		<p>Cultural Activities Grants for Local Artists (\$500- \$1,000 cultural grants) -</p> <p>The Brisbane Cultural Activities Grant Program is a program to support community organizations and artists who wish to offer free or low-cost events and activities that will promote inclusion, diversity, and equity in the City of Brisbane. To qualify for these funds, applicants must demonstrate that they are serving the Brisbane community. Typical grant awards will range from \$500-\$1,000 and will be selected by the Inclusion, Diversity, Equity and Accountability Committee.</p>	5,000	Community Building
7		<p>City Ambassador program (5 ambassador groups) - The Brisbane Ambassador Program is a program to empower diverse groups of Brisbane residents to become community ambassadors and leaders in local government through an intensive leadership academy. This program is working to bridge the racial and social gap in civic engagement. Targeted participants will include seniors, young-adults, neighborhoods and cultural groups.</p>	5,000	Safety; Community Building