



## CITY OF MILPITAS AGENDA REPORT (AR)

<b>Item Title:</b>	<b>Receive American Rescue Plan Act (ARPA) Update and Provide Direction on Proposed ARPA Investment Framework and Preliminary ARPA Investment Plan</b>
<b>Category:</b>	Leadership and Support Services
<b>Meeting Date:</b>	6/8/2021
<b>Staff Contact:</b>	<b>Ashwini Kantak, Assistant City Manager, 408-586-3053</b>
<b>Recommendation:</b>	Receive American Rescue Plan Act Update and Provide Direction on Proposed ARPA Investment Framework and Preliminary ARPA Investment Plan

### **Background:**

In March 2020, due to the rampant spread of the Coronavirus (Pandemic), a state of emergency was declared at the local, state, and federal levels and stay-at-home orders issued, which had an enormous impact on the local, State and national economy as well as the City's finances.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act (ARPA), a \$1.9 trillion stimulus package, to counteract the economic impacts of the pandemic. The bill contains a \$350 billion allocation for state and local government aid. Of that amount, the local portion of the funding is approximately \$130 billion, equally divided between cities and counties. For cities, \$45.5 billion of the \$65 billion will be allocated to metropolitan cities (population over 50,000), such as the City of Milpitas, utilizing a modified CDBG (Community Development Block Grant) formula.

On March 16, Staff provided for Council consideration, a policy framework for the Federal Coronavirus Relief Funds ([link to agenda report](#)). At that time, Council directed staff to bring this item back to the Budget Study Session on May 11 for further consideration. On May 11, staff presented preliminary information on ARPA's state and local fiscal recovery funding and the Interim Final Rule (IFR) issued by the U.S. Treasury Department on May 10. Staff also provided information on other funding through ARPA that could benefit the Milpitas community. The ARPA allocation of \$16,736,815 to the City is available in two tranches, with the first half received on June 1, and the second half to be provided in June 2022. Funds need to be either expended or encumbered by December 31, 2024, with all funds to be expended by December 31, 2026. The IFR gives recipients substantial flexibility for each government to meet local needs—including government services, support for households, small businesses, impacted industries, essential workers, and the communities hardest hit by the crisis. These funds can also be used to make investments in water, sewer, and broadband infrastructure. The Treasury Department will be accepting comments on the Interim Final Rule until July 10 after which the Final Rule will be released.

The stated goals of the funds are:

- 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 inequal impact of the pandemic

## **Funding Categories**

The IFR outlines four funding categories consistent with the ARPA legislation as well as ineligible uses as summarized below. Please refer to Attachment A for additional details.

### COVID-19 Response

#### *Public Health and Economic Recovery*

*This category includes funding for activities, programs, and projects to combat COVID. It also includes funding for assistance to businesses and residents impacted by COVID.*

### Revenue Replacement

This category provides funding in the amount of lost revenue for various governmental services. Lost revenue calculations are defined in the IFR and allow recipients to calculate extend of reduction in revenue over the course of four years. This approach recognizes that some recipients may experience lagged effects of the pandemic on revenues. The IFR states that funds made available for the provision of governmental services (to the extent of reduction in revenue) are intended to support direct provision of services to citizens. Contributions to rainy day funds are not considered provision of government services, since such expenses do not directly relate to the provision of government services.

### Water, Sewer, and Broadband Infrastructure

Eligible uses align with the wide range of types or categories of projects that would be eligible to receive financial assistance through the Environmental Protection Agency's Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF). Types of eligible projects include storage, treatment, transmission, and distribution of water systems, publicly owned sewer system infrastructure, water reuse projects, efforts to address climate change and to meet cybersecurity needs. Eligible broadband projects have to reliably deliver certain minimum speeds and serve unserved or underserved households and businesses.

### Premium Pay for Essential Workers

Funds can be used to provide premium pay to essential workers. Essential workers are those in critical infrastructure sectors who regularly perform in-person work, interact with others at work, or physically handle items handled by others. The IFR emphasizes the need for recipients to prioritize premium pay for lower income workers.

### Ineligible Uses

1. Paying interest or principal on outstanding debt.	5. Pension deposits.
2. Replenishing rainy day or other reserve funds.	6. Non-federal funding match if barred by regulation or statute.
3. Paying settlements or judgments.	7. General new infrastructure projects, economic development, and workforce development, if not related to the pandemic.
4. Offsetting tax reductions or delaying a tax or a tax increase.	

The City Council provided general feedback on potential areas of investment and directed staff to bring back a recommended funding plan. The Council feedback from the May 11 City Council meeting as well as any subsequent requests sent by individual Councilmembers are included in Attachment B. On June 1, Council requested staff to bring back the list of eliminated and defunded positions as part of the ARPA funding discussion. This list is included as Attachment C.

### Analysis:

The City applied for the first tranche and received \$8,368,407.50 on June 1. In order to understand the ARPA fund uses, City staff have attended several webinars hosted by the National League of Cities (NLC), the Treasury Department, and the Government Finance Officers Association (GFOA), and also reviewed the

guidance documents and FAQs from the Treasury. The webinars hosted by NLC and GFOA provided useful interpretation of the guidance as well as a set of fiscal considerations for spending the one-time ARPA funds.

Based on the eligible uses of the funding, as currently defined in the IFR, input from the Council, community, and employees through the budget process, and specific input from Council on the use of ARPA funding, staff recommends an ARPA Investment Framework and a preliminary ARPA Investment Plan for use of the one-time ARPA funds. If Council wishes to fund programs or staffing that will require ongoing funding, staff recommends using ARPA funding through December 2024.

### ARPA Investment Plan Development

In response to the fiscal crisis caused by the pandemic, the Council authorized the net use of \$7 million in reserves and the defunding of capital projects in the amount of approximately \$6 million. If allowable, staff would have recommended using ARPA funds to replenish reserves consistent with Fiscal Policy #16, which states that, "One-time revenues will be used for one-time expenditures only including capital outlay and reserves." However, this is not an eligible use of ARPA funds. NLC and GFOA have also developed a set of fiscal considerations for spending ARPA funds, which staff has taken into consideration.

Staff is proposing an ARPA Investment Framework which includes Fiscal Guidelines and Investment Areas. Based on the City's fiscal policies and the NLC and GFOA fiscal considerations, staff is recommending the following **ARPA Investment Plan Fiscal Guidelines**:

1. Identify and promote **other ARPA or State funding sources** to the extent possible before dedicating local ARPA funds.
2. Use one-time ARPA funds for **one-time expenditures** such as investment in infrastructure or technology with minimum ongoing operating costs.
3. **Avoid ongoing General Fund commitments** with additional programs and positions.
4. **Avoid creating a structural budget deficit** if restoring any reduced services.
5. Leverage **regional agencies, non-profit partners, and existing programs** to maximize efficiency in delivering programs and services.

As mentioned above, at the May 11 Special Council Meeting, staff presented the four funding categories for ARPA CLFRF funds. The broadest category relates to providing government services up to the calculated revenue replacement amount. Per Finance's initial calculation, using the IFR methodology, the City incurred a revenue loss of approximately \$45 million, which is more than the \$16,736,815 million allocation the City will receive during the next 12 months. This funding category allows the maximum flexibility and administrative efficiencies; hence, staff intends to document the use of ARPA funds under the revenue replacement category. Additional instructions on the revenue loss calculation will be issued at a later date, which may further refine the initial calculation.

At the May 11 meeting and thereafter, staff received Council feedback regarding ARPA Plan spending priorities (see attachment with all Council requests received). There were 39 requests received at the Council meeting and 24 requests received subsequently, thus resulting in a total of 63 requests. Staff created a matrix of all Council spending priorities and grouped overlapping priorities. A majority of the requests were related to financial assistance and social services to those impacted by the pandemic, economic vitality, infrastructure, public safety, and technology. Although several Council requests align with the existing seven Council Priority Areas, there are a large number of requests related to financial assistance and social services that are not representative of typical City services and hence do not align well with the existing Council Priority Areas. Although the majority of Council requests have been incorporated into the proposed Investment Plan, some items have not been included due to one or more of the following reasons:

1. Considered an ineligible use for ARPA funds.
2. Funded through a separate effort.
3. Not aligned with the Proposed ARPA Fiscal Guidelines.
4. Requires further policy direction from the Council.

Thus, staff is recommending the following five ARPA Investment Areas:

1. **Community Services:** provide funding assistance to low and moderate income residents, social services to vulnerable populations, and fund senior nutrition services.
2. **Economic Vitality:** support re-building our local economy.
3. **Infrastructure:** invest in eligible infrastructure projects.
4. **Public Safety:** prioritize public safety services and equipment.
5. **Technology:** invest in hardware, software, and protection of critical infrastructure to improve organizational productivity, efficiency and cybersecurity.

### Proposed Preliminary ARPA Investment Plan

Based on the IFR, the ARPA Investment Plan Fiscal Guidelines, and the ARPA Investment Areas, staff is recommending a preliminary ARPA Investment Plan. After Council deliberation, staff intends to return in August for approval of the final Plan. This will allow staff to incorporate information about other federal and State programs which may be available to businesses and residents, which, depending on Council direction, would free up funds for investments into park or other infrastructure. For example, per the forthcoming Park Master Plan, the identified total short-term improvement needs for our parks amounts to \$8 million. The initial ARPA Investment Plan recommends allocating \$3 million for park improvements.

Staff is recommending allocating **\$2,200,000** to the area of **Community Services**. This will allow funding for rental and mortgage assistance to low and moderate income residents and social services including mental health services and services to the LGBTQ plus community and at risk youth as well as victims of domestic violence and abuse. Supplemental funding for the senior nutrition program is also recommended in this area. The funding will supplement the City's existing Milpitas Assistance Program to subsidize digital access and financial assistance to low and moderate income residents for utility payments and recreation programs. Funding for a one year pilot curbside trash pick-up program is also recommended, staff is still working on potential costs and may need to come back with a revised amount for funding in August. Funding will also be provided for staffing and materials for the Beautify Milpitas program.

Given the impact of the pandemic on the local economy and the multiple Council requests related to this, staff is recommending investing **\$4,100,000** in the **Economic Vitality** area to fund financial assistance to businesses impacted by the pandemic, including local hotels, establish a program to incentivize Accessory Dwelling Units (ADUs), revitalize Main Street, fund community events, in partnership with other entities, and provide financial assistance to the Milpitas Chamber of Commerce so as to support their mission of assisting the business community. A limited term Economic Development Specialist position is also recommended to be funded for two years.

An allocation of **\$4,136,815** is proposed for the area of **Infrastructure**. The City has a significant amount of infrastructure funding needs and although the proposed funding will only be able to address a fraction of these needs, staff is recommending \$3.3 million in funding for critical rehabilitation of Fire Stations and parks. A more detailed investment plan for parks will be brought forward after the Recreation and Parks Master Plan discussion on June 15. Staff is also recommending funding improvements to ensure that City facilities are retrofitted to be COVID safe.

In the area of **Public Safety**, staff is recommending an allocation of **\$2,200,000**. This will allow funding of the defunded positions of 2 Police Officers and 4 Firefighters. This funding may be used for FY 21-22 if a FEMA waiver for the SAFER grant, which funds the 4 Firefighter positions, is denied or alternatively it could be used to fund the positions in FY 22-23, resulting in a General Fund savings of \$1.2 million. Additionally, staff is recommending funding a Pumper which is a critical component of the fire fleet and implementing high priority items included in the recently approved Emergency Management Plan.

An allocation of **\$4,100,000** is recommended for the area of **Technology**. The City is a service organization, with the majority of its budget going towards personnel costs. However, it currently does not have an HR Information System (HRIS) to manage this critical asset. Furthermore, the City's financial management system is also 24 years old (implemented in 1997) and needs to be evaluated for potential modernization. Thus, staff is recommending \$3 million towards a new HRIS/financial management system, as well as cybersecurity improvements and related trainings and several technology improvements to support hybrid public meetings, increased teleworking and virtual City services.

No.	Program/Activity	Proposed Funding	FY 21-22 Funding	Estimated Time
<b>Community Services</b>				
1.	Rent relief and mortgage assistance to low and moderate income residents – related to pandemic	\$1,200,000	\$600,000	2 years
2.	Social services – mental health services, services for domestic violence and abuse victims and LGBTQ plus community, senior nutrition program	\$500,000	\$150,000	3 years
3.	Low and moderate income assistance for utility payments, recreation classes, and digital access	\$300,000	\$100,000	3 years
4.	Beautify Milpitas staffing and materials	\$100,000	\$25,000	4 years
5.	Pilot curbside trash pickup program	\$100,000	\$100,000	1 year
	<b>Subtotal</b>	<b>\$2,200,000</b>	<b>\$950,000</b>	
<b>Economic Vitality</b>				
1.	Small business assistance – related to pandemic	\$1,200,000	\$600,000	2 years
2.	Assistance to hotels	\$100,000	\$100,000	1 year
3.	Accessory Dwelling Unit program	\$1,500,000	\$500,000	3 years
4.	Main Street Revitalization including façade improvements and staffing	\$400,000	\$200,000	2 years
5.	Community events, including grants and staffing	\$300,000	\$150,000	2 years
6.	Workforce development	\$300,000	\$100,000	3 years
7.	Limited term Economic Development Specialist position	\$330,000	\$165,000	2 years
	<b>Subtotal</b>	<b>\$4,100,000</b>	<b>\$1,865,000</b>	
<b>Infrastructure</b>				
1.	Parks Rehabilitation (e.g.: \$2.2 million defunded for Sandalwood as part of FY 2020-21 Budget; \$8 million for short-term park rehabilitations per forthcoming Parks Master Plan)	\$3,461,815	\$2,000,000	4 years
2.	Public Safety Facilities’ Rehabilitation	\$300,000	-	1 year (FY 22-23)
3.	COVID Safe City Facilities Improvements	\$375,000	\$375,000	1 year
	<b>Subtotal</b>	<b>\$4,136,815</b>	<b>\$2,375,000</b>	
<b>Public Safety</b>				
1.	Public Safety staffing (funding for 2 Police and 4 Fire positions for one year)	\$1,200,000	\$1,200,000	1 year
2.	Fire Pumper	\$800,000	\$800,000	1 year
3.	Implementation of High Priority Emergency Management Program Assessment Study	\$200,000	\$100,000	2 years
	<b>Subtotal</b>	<b>\$2,200,000</b>	<b>\$2,100,000</b>	
<b>Technology</b>				
1.	Human Resources/Financial Management system	\$3,000,000	\$100,000	4 years
2.	Cybersecurity programs and training	\$300,000	\$100,000	4 years
3.	Technology infrastructure to enable hybrid public meetings, teleworking, virtual services, and ongoing replacement	\$800,000	\$400,000	4 years
	<b>Subtotal</b>	<b>\$4,100,000</b>	<b>\$600,000</b>	
	<b>Grand Total</b>	<b>\$16,736,815</b>	<b>\$7,890,000</b>	

## Reporting Requirements

Financial records and supporting documents related to the award must be retained for a period of five years after all funds have been expended or returned to Treasury, whichever is later. Recipients will be required to submit an interim report, quarterly project and expenditure reports, and annual recovery plan performance reports (for communities with population over 250,000) regarding their utilization of Coronavirus State and Local Fiscal Recovery Funds. All entities receiving CSFRF and LSFRF funding will be required to submit an interim report of their expenditures from date of award through July 31 by August 31, 2021 with the first quarterly report due by October 31, 2021. Additional detailed guidance and instructions on the reporting requirements will be issued at a later date.

Reporting requirements for each funding category are different. The guidance to date appears to provide the most flexibility and streamlined reporting process for the Revenue Replacement funding category. Thus, staff is recommending aligning the investment areas with this funding category for reporting purposes.

Audit/Reporting		
Report Type	Due Date	Who Submits
<b>Interim Report</b> - recipient's expenditures by category at summary level from date of award to July 31, 2021; additionally states and territories to provide info on distribution to NEUs	Aug. 31, 2021	States, territories, metro cities, counties, Tribal governments
<b>Quarterly Report</b> –financial data, information on contracts and subawards over \$50,000, types of projects funded, and other information regarding a recipient's utilization of award funds; first quarterly report will cover the two quarters from date of award to Sept. 30, 2021, subsequent reports will only cover one calendar quarter	First quarterly report due Oct. 31, 2021 Subsequent quarterly reports due within 30 days after calendar quarter end	States, territories, metro cities, counties, Tribal governments
<b>Annual Project and Expenditure Reports</b> - First annual report will cover activity from the date of award to Sept. 30, 2021	First annual report due Oct. 31, 2021 Subsequent reports due Oct. 31 each year	NEUs
<b>Annual Recovery Plan Performance Report</b> – First report will cover period from the date of award to July 31, 2021, subsequent reports will cover 12-mo period with the second report covering from July 1, 2021 – June 30, 2022	First performance report due Aug. 31, 2021. Subsequent reports due within 30 days after the end of 12-mo. period, e.g. by July 31, 2022	States, territories, metro cities, and counties <b>with population over 250,000</b>

## Next Steps

Based on Council direction staff will bring back a final spending plan in August. Since the proposed FY 2021-22 budget does not include the use of any ARPA funds, once Council has approved a plan for ARPA funds, a budget amendment will be brought forward for Council approval.

For any time-sensitive funding needs, such as funding for COVID Safe facilities and technology improvements or other assistance programs staff will bring back separate appropriation actions for Council consideration.

## Policy Alternative:

Not applicable

**Fiscal Impact:**

The ARPA allocation to the City is in the amount of \$16,736,815. \$8,368,407.50 has been received on June 1, 2021 and \$8,368,407.50 is scheduled to be received in June FY 21-22. Staff will bring forward for Council consideration future appropriation actions consistent with Council direction regarding the ARPA Investment Plan.

**California Environmental Quality Act:**

This item is not a Project under CEQA in accordance with CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption) as it can be seen with certainty that a general discussion of funding priorities by the City Council will not have a significant effect on the environment. Further, the item is also not a Project pursuant to CEQA Guidelines Section 15378(b)(4) as it is a government fiscal activity that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. Although the use of funding will be discussed for various potential projects, any project scope and potential environmental analysis would be speculative to analyze at this time and future environmental analysis will be conducted for the various potential projects prior to the City making any commitment or approval of any project.

**Recommendation:**

Receive American Rescue Plan Act Update and Provide Direction on Proposed ARPA Investment Framework and Preliminary ARPA Investment Plan.

**Attachments:**

Attachment A - ARPA CLFRF Funding Categories

Attachment B - Councilmember Requests

Attachment C – List of defunded and eliminated positions in Adopted FY 21-22 budget

## Attachment A – ARPA Coronavirus Local Fiscal Recovery (CLFRF) Funding Categories

### COVID -19

#### *Public Health*

Several activities and programs to combat COVID-19 could be eligible such as vaccination programs, testing, support for isolation or quarantine, enforcement of public health orders, public communication efforts, and purchases of personal protective equipment. Capital investments in public facilities to meet pandemic operational needs are also eligible, such as adaptations to public buildings to implement COVID-19 mitigation tactics.

#### *Economic Recovery*

Eligible uses include assistance to households; small businesses and nonprofits; and aid to impacted industries. Assistance to households includes, but is not limited to: food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance; emergency assistance for burials, home repairs, weatherization, or other needs; internet access or digital literacy assistance; or job training to address negative economic or public health impacts experienced due to a worker's occupation or level of training. Assistance to small business and non-profits includes, but is not limited to:

- a. loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs;
- b. loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccination, testing, or contact tracing programs; and
- c. technical assistance, counseling, or other services to assist with business planning needs.

### Revenue Replacement

The IFR states that funds made available for the provision of governmental services (to the extent of reduction in revenue) are intended to support direct provision of services to citizens. Contributions to rainy day funds are not considered provision of government services, since such expenses do not directly relate to the provision of government services.

The IFR refined the calculation of lost revenue as provided for in underlying legislation. Recipients are permitted to calculate the extent of reduction in revenue as of four points in time: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023. This approach recognizes that some recipients may experience lagged effects of the pandemic on revenues. Upon receiving Fiscal Recovery Fund payments, recipients may immediately calculate revenue loss for the period ending December 31, 2020.

Base Year Revenue is General Revenue collected in the most recent full fiscal year prior to the COVID-19 public health emergency. General Revenue includes revenue from taxes, current charges, and miscellaneous general revenue. It excludes refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and revenue generated by utilities and insurance trusts. To estimate the revenue shortfall, recipients may incorporate their average annual revenue growth rate in the three full

fiscal years prior to the public health emergency. Use of pre-pandemic projections are not allowed.

### Water, Sewer, and Broadband Infrastructure

Eligible uses align with the wide range of types or categories of projects that would be eligible to receive financial assistance through the Environmental Protection Agency's Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF). Under the DWSRF, categories of eligible projects include treatment, transmission and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development. Under the CWSRF, categories of eligible projects include construction of publicly owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment systems, stormwater systems, water conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act. Eligible projects under the DWSRF and CWSRF also include efforts to address climate change, as well as to meet cybersecurity needs to protect water and sewer infrastructure.

Eligible broadband projects have to reliably deliver minimum speeds of 100 Mbps download and 100 Mbps upload. In cases where it is impracticable due to geography, topography, or financial cost to meet those standards, projects must reliably deliver at least 100 Mbps download speed, at least 20 Mbps upload speed, and be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed. Projects must also be designed to serve unserved or underserved households and businesses, defined as those that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.

### Premium Pay for Essential Workers

Funds can be used to provide premium pay to essential workers. Essential workers are those in critical infrastructure sectors who regularly perform in-person work, interact with others at work, or physically handle items handled by others. The IFR emphasizes the need for recipients to prioritize premium pay for lower income workers.

## May 11, 2021 Minutes Excerpts

Council asked clarifying questions regarding staffing, Measure F funding, and FEMA grant funding and stated support for the proposed budget.

The following spoke during Public Comment:

1. Voltaire Montemayor
2. Barbara Navarro

No further motions were made for this item.

2. American Rescue Plan Act Update

Assistant City Manager Kantak gave a presentation on the American Rescue Plan Act (ARPA) and noted that the United States Treasury Department issued guidance on May 10, 2021. She further stated that the presentation was based on a preliminary review and staff will need to go back to analyze the interim final rule in more detail.

Mayor Tran requested that the City Manager send more information and the plan guidelines along with recommendations.

Councilmember Chua gave a PowerPoint presentation and requested ARPA funding for the following items:

1. Increase affordable housing and generate property tax revenue by allocating grant funding for Accessory Dwelling Units (ADU) and waiving the fees for plan review and inspection. She requested \$3.13 million for this grant program.
2. Support for Microenterprise & Small Business Round 2 grant funding, focusing on Daycare, restaurants, and small landlords who have rental properties with no more than three units. She requested \$1.5 million for this grant program which includes \$100,000 for hotels.
3. Increase Transient Occupancy Tax (TOT) by providing digital tools for the safety of customers and staff. She requested \$100,000; this amount is part of the \$1.5 million previously stated.
4. Support workforce creation by providing 20 City Interns for four years. She requested \$48,000.
5. Support to the Milpitas Chamber of Commerce with a requested amount of \$100,000.
6. Support for a storefront improvement grant program in line with the revitalization of Main Street. She requested \$100,000.

Councilmember Dominguez requested ARPA funding for the following items:

1. Invest funding to support a mobile crises intervention service know as MCIS to the Milpitas Police Department to address nonviolent calls of service when someone is experiencing a mental health crisis. Have professional licensed clinical social workers with advanced training work with the Police Department in situations where individuals experiencing mental health crises need immediate site assessment and connection to immediate resources. She is requesting \$1 million.
2. Investment into community partnerships to implement yoga, tai chi, art therapy, and healing sessions.
3. Partner with the Santa Clara Behavior Health Services to provide continual care to those in need.
4. Invest in aquatic underwater equipment.
5. Implementing a family camp in Yosemite for children.
6. Reinvest money into broadband infrastructure to revitalize the economy and to attract businesses.
7. Invest in workforce development, education strategies, Economic Development Department, key workforce programs, and the Chamber of Commerce.
8. Consider a temporary limited-term Economic Development specialist that focuses on COVID19 business recovery and assistance for a term of 24 months.

9. Invest in training for law enforcement that is survivor-centered and trauma-informed when responding to calls of service involving domestic violence. She is requesting \$100,000.
10. Invest in training in strangulation response for law enforcement. She is requesting \$50,000.
11. Increase the need for legal services for victims to get restraining orders, food, housing, and shelter. She is requesting \$100,000.
12. LGBT assistance for exiting domestic and partner violence relationships. She is requesting \$100,000.
13. Join a response system such as the Victim Advocacy Program and have the Milpitas Police Department ensure that a victim advocate present before questioning clinical counseling. She is requesting \$100,000.
14. Community solutions to provide coordination support for the South Bay Coalition to end human trafficking and keep accessible data. She is requesting \$50,000.
15. Investment into the Economic Development of \$3 million.
16. Reinvest in a rental assistance program and build a first-time homebuyer's program.

Vice Mayor Montano requested ARPA funding for the following items:

1. Help provide Water Utility assistance and raise the threshold for the Milpitas Assistance Program (MAP), so more residents can qualify for assistance
2. Support small business, restaurants, childcare providers, and nonprofits
3. Include youth sports in the Milpitas Assistance Program
4. City assistance to low-income programs such as "After the Bell," allowing more middle-income people to qualify
5. Rent relief and mortgage relief
6. Direct payment for Childcare
7. Broadband to close the digital divide
8. A pilot program to provide counseling when domestic violence occurs
9. Economic development for the revitalization of Main Street
10. Increase the Library hours or sustain what the City had
11. Provide youth sports and possible use APRA funding for the softball field

Councilmember Phan requested ARPA funding for the following items:

1. Provide funding for the existing nonprofit services proposals
2. Support the at-risk youth
3. Support mental health services
4. Expand existing services and programs such as rent relief and mortgage assistance
5. Funding positions to the extent possible to eliminate layoffs

Councilmember Chua spoke about dumpster days and requested free curbside pick-ups.

No Motion was made for this item.

3. Potential Hero/Hazard Pay Ordinance

This Item was deferred indefinitely during the approval of the agenda and approved as follows.

Motion/Second: Mayor Tran / Vice Mayor Montano

Motion carried by a vote of:

AYES: 4

NOES: 1 (Dominguez)

4. Discussion to Create Middle-Income Workforce Housing Through the

Councilmember Phan spoke about a proposal to convert existing market-rate housing to middle-income workforce housing. He asked Council to consider engaging an independent consultant to do a study on this and join the JPA as part of the Statewide program allowing municipalities to produce middle-income housing. This program is

Requests sent by Vice Mayor Carmen Montano subsequent to the May 11, 2021 Council Meeting

ARPA Suggestions

May 14, 2021

1. Replace city reserves used during COVID
2. Increase and add a water, utility fund to the MAP (Milpitas Assistance Program)
  - a. Raise the threshold guidelines so middle-class can be included
  - b. Include electricity assistance
3. Increase MAP city assistance programs to include scholarships to youth groups in sports such as: PAL, YMCA, theatre, music, math, and tutoring clinics and increase After the Bell afterschool programs for low income and lower middle-class families
4. Provide a childcare assistance fund to help families struggling to pay for childcare
5. Increase rent relief to include middle-class continue to include rent relief to include homeowners behind in their mortgage payments and HOA fees
6. Purchase building on Main Street as or a Community Multipurpose Center that provides activities and resources to the community in that end of town
7. Lease or purchase a building on Main Street to make it a city run Museum
8. Lease or purchase a building on Main Street or other site for a Theatre for the Performing Arts or expand existing community center
9. Funding CIP Girls Softball fields to expedite Girls softball fields
10. Infrastructure projects such as streetlights, street paving, storm drains, etc.
11. Provide citywide broadband
12. Create a youth jobs work program for under-privileged kids so they can help out the family unit
  - a. Summer programs
13. Create a Day-worker program for unemployed adult labor workers. Mountain View and San Jose have one and we can model from them
14. Create a pilot program to create a Social worker/police officer (dual role) to provide counseling/mediator skills to help diffuse volatile police calls that deal with mental illness and domestic violence and other social issues.
15. Create a Beautify Milpitas fund or use our current EDC (Economic Dev. Corporation) to solicit funds from private donors to Beautify Milpitas.
16. Create a Main Street new development impact fees ordinance
17. Extend library hours to include tutoring services program in partnership with MUSD
18. Increase Microenterprise fund to help our small businesses
19. Waive taxes for one year to invite new businesses in town to revitalize economically depressed areas
20. Create a Chamber of Commerce fund for an economic development strategy for them to create a citywide community social event such as Arts & Wine festival, Rancho Days, Little cornfields festival, or Frontier Days themes.

21. Create a Teen Center 24-hour refuge “time out” place for teenagers to go when they are experiencing family problems at home. It will be a counseling center and it can be a partnership with MUSD. We used to have a youth bureau at PD but not sure if it still exist.
22. Create a “Cultural fund” to fund a Multicultural Day event in Milpitas where our diversity is shared and celebrated.
23. Create an economic development fund to create a “Little India” shopping center on South Main Street

Vice Mayor- Carmen Montano

**Requests sent by Councilmember Evelyn Chua subsequent to the May 11, 2021 Council Meeting**

**FUNDING ARPA REQUESTS**

Revenue Generation	Description	Grant Amount	Count	Ask	Eligible Category	Description
Property Tax	ADUs	\$10K	300	\$3M	Infrastructure	Increase affordable housing
Sales Tax	Micro/Small Business	\$5K	300	\$1.5M	Infrastructure	Restaurants, Daycare, Small landlords (no more than 3) rentals
Hotel Tax	Hotels' Touchless Tools	\$5K	20	\$100K	Health	Safety, Pandemic related tools
	Interns	20X4X160X15	20	\$48K		Manpower replacements (tasks related to pandemic)
	Chamber of Commerce	\$150K	1	\$150K	Small Business	Business recovery and rebuilding
	Storefront Enhancements	\$100K	4	\$400K	Small Business	Business recovery and rebuilding
	Free Curbside Trash Pickup	TBD	TBD	TDB	Public Safety	Homeowners' Assistance; Health
<b>Additional</b>						
	Library Commission Project	\$3K	1	\$3K	Education	Education
	Monthly Clean-up	TBD	12X4=48	TBD	Climate Change	Reduce Greenhouse Gas (GHG) emission
	VW Rainwater Capture Rebates	TBD	TBD	TBD	Climate Change	Water conservation; More and increase incentives
	VW Irrigation Equipment Rebates	TBD	TBD	TBD	Climate Change	Water conservation; More and increase incentives
	Software/Hardware	TBD	TBD	TBD	IS	HRS; Cyber Defense Software (cybersecurity)
	Parks Repair/Upgrade	TBD	TBD	TBD	Infrastructure	More outdoor congregation; defunded projects
	Additional Temporary/Hotel Housing	\$50K	1	\$50K	Housing	Low income temporary housing
	COVID-free Compliant City Hall	TBD	TBD	TBD	Public Safety	If applicable, retrofit City Hall for Employee and Public Safety

## **Attachment C –**

### **List of defunded and eliminated positions in Adopted FY 21-22 budget**

#### **Delete:**

- One (1) FTE Administrative Assistant – City Attorney’s Office
- One (1) FTE Chief Fire Enforcement Officer – Fire Department
- One (1) FTE Planning Manager – Planning Department

#### **Defund:**

- One (1) FTE Office Specialist – City Manager’s Office
- One (1) FTE Building Inspector – Building Safety & Housing Department
- One (1) FTE Building Plan Checker - Building Safety & Housing Department
- One (1) FTE Associate Civil Engineer – Engineering Department
- One (1) FTE Financial Analyst – Finance Department
- Four (4) FTE Fire Fighters – Fire Department until June 30, 2022.
- One (1) FTE Entry Level Fire Inspector – Fire Department
- One (1) FTE Human Resources Technician – Human Resources Dept until 12/31/21
- One (1) FTE Information Systems Analyst – Information Technology Dept until 6/30/2022
- Two (2) FTE Police Officers – Police Department until June 30, 2022.
- One (1) FTE Equipment Maintenance Worker II – Public Works Department
- One (1) FTE Equipment Maintenance Worker III – Public Works Department
- One (1) FTE Recreation Supervisor – Recreation & Community Services Department
- One (1) FTE Recreation Services Assistant IV - Recreation & Community Services Department
- One (1) FTE Public Services Assistant - Recreation & Community Services Department
- One (0.75) FTE Office Assistant II - Recreation & Community Services Department
- One (1) FTE Special Events Coordinator - Recreation & Community Services Department
- One (1) FTE Recreation Services Assistant III - Recreation & Community Services Department

#### **Reallocate**

- One (1) FTE Assistant Planner to One (1) FTE Associate Planner
- One (1) FTE Assistant Planner to One (1) FTE Junior Planner

**Transfer** One half time (0.5) FTE Office Assistant II from the City Clerk’s Office to the City Manager’s Office