



DISCUSSION

City of San Bernardino Request for Council Action

Date: October 2, 2024

To: Honorable Mayor and City Council Members

From: Rochelle Clayton, Acting City Manager
Jeannie Fortune, Interim Director of Finance & Management Services; Mary Alvarez-Gómez, Grants Division Manager

Department: City Manager's Office

Subject: **American Rescue Plan Workshop (Fall 2024) (All Wards)**

Recommendation:

It is recommended that the Mayor and City Council of the City of San Bernardino, California:

1. Receive and file a report on City of San Bernardino unallocated or project surplus American Rescue Plan Act (ARPA) funds; and
2. Adopt Resolution No. 2024-212, approving staff recommendations for unallocated or project surplus American Rescue Plan Act Funds (ARPA) or provide staff direction.

Executive Summary

The City of San Bernardino was awarded \$77,656,407 in American Rescue Plan Act (ARPA) funds. The City received 2 tranches, half of the funds in May 2021, and the remainder of the funds in May of 2022. As of October 2024, the City has allocated a total of \$76,304,896 of the City's \$77,656,407 original distribution from the Treasury, and must formally obligate all funds prior to the December 31, 2024, deadline.

Staff have identified \$1,351,511 in unallocated ARPA funds from the City's original ARPA disbursement, \$5,129,398 in project surplus funds, \$5,580,158 in projects with extended timelines, and \$655,887 in ARPA funds from the Encanto Community Center project. Staff recommend strategically reallocating the total available funds (\$12,716,954) to three (3) new projects, and two (2) existing projects; Library Animaker Space (\$1,797,174), Police Department Real-Time Information Center (\$2,497,500), Economic Development Software Program (\$129,948), Seccombe Lake Park project

shortfall (\$3,792,332), and Navigation Center Construction fund (\$4,500,000) increasing the total construction budget to \$16,950,000.

Background

The U.S. Treasury requires ARPA funds to be obligated by December 31, 2024, and fully expended by December 31, 2026. For ARPA funds to be considered obligated by the Treasury, a legally binding agreement committing the funds must be executed for each program or project. This is typically done through Professional Services Agreements, Construction Contracts, etc., where the City procures goods and services through third-party vendors (i.e., an “External Obligation”). For ARPA-funded programs that are being provided directly by the City, ARPA funds will need to be obligated through inter-agency agreements (i.e., an “Internal Obligation”). Simply allocating funds through a resolution alone is not sufficient by Treasury standards. To date the City Allocated ARPA funding to projects on the following dates:

October 20, 2021	\$8.16M - Violence Intervention Program, City-Wide Graffiti Abatement, Paintbrush Program, Water Lead Connectors Replacement Project
February 2, 2022	\$24.05M - Park Rehabilitation: Seccombe Lake Park, Nicholson Park, Roosevelt Bowl, Lytle Creek Soccer Field; Small Business & Non-Profit Grant Program
December 7, 2022	\$24.65M – Lutheran SS Wellness Center Project, Homelessness Outreach Services, Mobile Shower & Laundry Program, Navigation Center, ASU Tenants Assistance & SBVC Housing Project
July 19, 2023	\$10M – Enterprise Resource Planning (ERP) System
August 16, 2023	\$500K – Emergency Nuisance Abatement Services
September 6, 2023	\$5.145M – “Hero Pay” for City and Water Employees
April 17, 2024	\$655K – Encanto Community Center Project
April 17, 2024	\$1.05M – City Streets Improvement Project
June 5, 2024	\$2.06M - Guadalupe Field Improvement Project

Total Allocated: \$76,304,896

Discussion

Currently, the Mayor and City Council have allocated \$76,304,896 of the City's \$77,656,407 ARPA funds, leaving \$1,351,511 unallocated. Of the allocated amount, \$11,365,443 is projected to go unobligated by December 31, 2024, due to a combination of funding surpluses and changes in project timelines. In total, \$12,716,954 in ARPA funds will need to be reallocated to a combination of existing and new projects.

American Rescue Plan Act Fund Status		
Total ARPA Funds Received:		\$77,656,407
Total ARPA Funds Allocated by The Council:		\$76,304,896
➡ ARPA Funds Currently Obligated:		\$31,016,660
➡ ARPA Funds Expected To Be Obligated:		\$33,922,793
➡ Allocations Not Expected To Be Obligated:		\$11,365,443
Projects with Surpluses	Allocation	Surplus Funding
Nicholson Park	\$8,850,000	(\$1,769,398)
Guadalupe Field	\$2,063,851	(\$1,200,000)
Water Infrastructure Lead Connectors	\$5,160,000	(\$2,160,000)
Projects with Extended Timelines	Allocation	Unable to Obligate
Street Improvements	\$1,080,158	(\$1,080,158)
Navigation Center Operations	\$4,500,000	(\$4,500,000)
Strategic Reallocation	Allocation	To Reallocate
Encanto Community Center	\$655,887	(\$655,887)
Unallocated ARPA Funds		\$1,351,511
Total ARPA Funds Available for Reallocation:		\$12,716,954

The existing projects that are recommended to receive additional ARPA allocations include \$3,792,332 for Seccombe Lake Park and \$4,500,00 for the construction of the Navigation Center.

Seccombe Lake is expected to have a project budget shortfall of \$3,792,332. It is recommended to use the ARPA funding from the Encanto Community Center as part

of the reallocation to Seccombe Lake. The Encanto Community Center is a \$9.2M phased project, with an ARPA allocation of \$655,887 and a shortfall of \$5.395M in funding. Rather than fund a small portion of a phased project, staff recommendation is to reallocate and fully fund the Seccombe Lake project.

Changes in the Navigation Center construction timeline will result in operations commencing in the fall of 2025. As a result, the City will not be able to obligate the \$4.5 million ARPA allocation for operations before the December 31, 2024, deadline. Additionally, the construction costs are expected to exceed the original allocation amount making it necessary to reallocate these ARPA funds to construction. A contract award for the modular units that will make up the Navigation Center will be awarded in November 2024.

ARPA Funds Available for Reallocation		\$12,716,954
Existing Projects	Current Allocation	Additional Allocation
Seccombe Park	\$9,000,000	\$3,792,332
Navigation Center Construction	\$12,450,000	\$4,500,000
New Projects		New Allocation
Police Real Time Information Center		\$2,497,500
Economic Development Software Program		\$129,948
Library Animaker Space		\$1,797,174
Total ARPA Funds Remaining		\$0

Staff recommend that Mayor and City Council allocate American Rescue Plan Act funds to two (2) new projects and one (1) software program: the City of San Bernardino Library Animaker Space (\$1,797,174), the City of San Bernardino Police Department (\$2,497,500), and an Economic Development Software Program (\$129,948).

Library Animaker Space

- The Animaker Space concept combines creative learning with entrepreneurial support, offering a dynamic environment where both students and small businesses can thrive. Programming will be designed to address the impact of learning loss for K-12 students through engaging students in real-world, career-focused, hands-on science, technology, engineering, arts, and math (STEAM).

Police Real-Time Information Center

- The Police Department seeks to develop a Real-Time Information Center in support of a city-wide crime camera program with the goal of increasing response time to violent crime within the City. Real-time information centers are commonly comprised of a blend of personnel and technology systems brought into one location to increase situational awareness across a jurisdiction, facilitate improved responses to calls for service, faster detection of threats to public safety, and better information sharing during field operations.

Economic Development Software Program

- The Placer AI software program is an analytics dashboard that can provide enhanced and informed real estate and business opportunities with location intelligence and foot traffic insights. Additionally, the analysis of where customers live and work. Focus marketing budget on ideal customers and forecast how new tenants will impact your reach are just some of the benefits of this type of analytics software.

ARPA Programmatic Updates

Violence Intervention Program – On September 18, 2024, the Mayor and City previously requested a programmatic update on the City of San Bernardino Violence Intervention Program, including data, program outcomes, and a recommendation for the remaining \$250K in budgeted ARPA funds originally allocated to the program.

VIP Cycle 3 (10/1/2020 – 12/31/2023)

Cycle 3 serviced 257 participants in the span of 3 years. The program goals focused on *reduction of gang related homicides* and *15% reduction of victimization and recidivism in population serviced*. Out of the 257 participants, 30 remained arrest free (12% reduced recidivism) and 67 participants engaged in lifestyle and behavioral changes (26% reduced victimization). Cycle 3 also captured overarching objectives linked to the case management and job training support offered to participants to encourage lifestyle changes:

- 14% of the participants improved school attendance
- 17% of the participants gained stable housing
- 25% of the participants secured employment
- 30% of the participants had a red

Cycle 3 data documented a 21% reduction of gang related homicides from 2022 to 2023.

VIP Cycle 4 (7/1/22 - 12/31/25)

Programmatic Goals:

1. Reduce Gang-Related Violence by 5%
2. Reduce Recidivism Among Program Participants by 15%

The City is currently in the 9th quarter of program implementation for this cycle. Data captured by providers shows a total of 249 program participants with several months of services data still to be captured. As per data received by the San Bernardino Police Department, from 2022 to 2023 the City of San Bernardino had a 21% reduction in shooting incidents and a 35% reduction on shooting incidents when comparing the data from September 2023 to September 2024. VIP Cycle 4 Programmatic highlights:

- 2023-2024: 3% reduction in gang related shootings
- 2023-2024: 22% assault with a firearm

American Rescue Plan Act (ARPA) funding:

The City was awarded \$3.8 million dollar from the California Board of State and Community Corrections (BSCC) for Cycle 4 of the Violence Intervention and Prevention program. The grant agreement included an obligation for the City to match the funds dollar for dollar. The \$1,000,000 ARPA funding currently allocated to the VIP program contributes to the overall total amount the City is utilizing to comply with the match requirement. A total of \$750,000 in American Rescue Plan Act funds are currently obligated to three (3) different VIP service providers. Staff recommend a 4th VIP service provider is identified to allocate the remaining \$250,000 of the original budget. A recommendation for this action will be presented to council for review and approval in November 2024.

Challenges:

The VIP program experienced several challenges during the implementation of the previous program quarters. The City will need to submit a program modification request to the state to adjust the budget, and the scope of work, to comply with the grant programs contractual obligations. A recommendation to reduce the awarded grant amount to the city, along with a recommendation to add providers to this grant cycle, will be presented to council for review and approval in November 2024.

2021-2025 Strategic Targets and Goals

Investments in the community using the American Rescue Plan funds support Key Strategic Goal 2. Focused, Aligned Leadership and Unified Community, b. Evaluate operations and performance, investment in resources, technology, and tools to continually improve organizational efficiency and effectiveness; and Goal 3. Improved Quality of Life.

Fiscal Impact

There is no fiscal impact associated with receiving and filing the City of San Bernardino American Rescue Plan Act (ARPA) update on unallocated or project surplus funds, as the ARPA funds have already been received, and adopting staff recommendations for their reallocation.

Conclusion

It is recommended that the Mayor and City Council of the City of San Bernardino, California:

1. Receive and file a report on City of San Bernardino unallocated or project surplus American Rescue Plan Act (ARPA) funds; and
2. Adopt Resolution No. 2024-212, approving staff recommendations for unallocated or project surplus American Rescue Plan Act Funds (ARPA) or provide staff direction.

Attachments

Attachment 1	Resolution No. 2024-212
Attachment 2	ARPA Reallocation Presentation
Attachment 3	Master ARPA Funding Table
Attachment 4	Mayor City Council American Rescue Plan Act (ARPA) Update (Fall 2024) Staff Report

Ward:

All Wards

Synopsis of Previous Council Actions:

September 18, 2024	Mayor and City Council received and filed an update on ARPA funds, projects, allocations, and spending to date.
July 19, 2023	Mayor and City Council received and filed an update on ARPA funds and adopted Resolution No. 2023-107 assigning \$10,000,000 in American Rescue Plan Act funds for the replacement of the City's Enterprise Resource Planning System and amending the FY 2022/23-2024/24 Biennial Budget by \$10,000,000.
May 17, 2023	Mayor and City Council reallocated unspent funding from the ASU Temporary Housing and the full allocation from the San Bernardino Valley College for a total of \$973,500 for interim housing during development of the SB Hope Campus

December 7, 2022	Mayor and City Council Adopted Resolution No. 2022-26 Amending the FY 2021/22 Operating and Capital Budget allocating \$24,650,000 in ARPA funds
February 2, 2022	Mayor and City Council Adopted Resolution No. 2022-26 Amending the FY 2021/22 Operating and Capital Budget allocating \$24,050,000 in ARPA funds
October 20, 2021	Mayor and City Council Adopted Resolution No. 2021-247 Amending the FY 2021/22 Operating and Capital Budget allocating \$8,160,000 in ARPA funds
August 4, 2021	Mayor and City Council received a report and discussed the categories for spending the City's American Rescue Plan Allocation
March 17, 2021	Mayor and City Council received a presentation on the American Rescue Plan from Congressman Pete Aguilar