COUNCIL STAFF REPORT

TO: City Council Members

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DATE: April 5, 2022

Project Timeline:
1st Briefing: April 5, 2022
2nd Briefing: April 12, 2022 (if needed)
Potential Action: April 19, 2022
*Note: the Council would also need to act in a
budget opening to release the $4 million*

**RE: Ordinance Amendment to Create Community Recovery Committee for the Proposed
American Rescue Plan Act (ARPA) Community Grants Program**

ISSUE AT-A-GLANCE

In October 2021, as part of Budget Amendment #4, the Administration proposed $4 million for new one-time community grants split into two separate offerings: $2 million for business assistance managed by the Economic Development Department (EDD) and $2 million for nonprofit assistance managed by the Community and Neighborhoods (CAN) Department. The Administration transmitted a proposed ordinance amendment that makes several changes to the original proposal last year. The amendment would create a Community Recovery Committee to review funding applications, recommend to the Council funding awards over $50,000 and have delegated authority from the Council to approve funding awards up to $50,000.

Budget Amendment #4 and FY2023 Annual Budget

The Council would need to adopt the ordinance amendment to create the Committee and act in Budget Amendment #4 to appropriate the $4 million for the Community Grants Program. It's important to note that of the City's $85,411,572 ARPA funds, the Council has approved budgets for $33,127,176 or 39% of the total. Most of the budgets used one-time ARPA funds for ongoing costs (both new and existing programs and employees). The upcoming FY2023 annual budget will likely need significant ARPA funding, new revenues, and / or budget reductions to be balanced.

Eligibility and Department Workloads

The grants must be used for eligible activities under the U.S. Treasury's final ARPA guidance and meet Federal reporting, compliance, and spending deadlines. Meeting these requirements would create a significant workload for the City's Finance Department and Attorney's Office. For example, some potential categories are narrowly eligible only for evidence-based programs and practices which must have published research supporting interventions producing desired outcomes.

Grant Categories

Specific categories are identified for the nonprofit assistance grants which are: "offering services to retrain displaced workers; providing legal or other assistance for evictions or rent relief; expanding educational opportunities; deploying resources to mitigate the digital divide; supporting parents or children affected by COVID-19 including childcare or after school programs; and providing access to healthcare services including mental health support." (2.20.040(A)) Note nonprofits may submit applications for programs not listed above.

No specific categories are identified for the business assistance grants. These grants would be focused on small and local businesses and support for artists and artisan businesses. A business must first demonstrate an

economic and/or operational hardship caused by the pandemic, and then propose an ARPA eligible use for the grant funds.

New Time-limited Official City Board: Community Recovery Committee
The Committee would be subject to the Open and Public Meetings Act and other requirements of official City boards. One exception is allowing members of existing City boards to also serve on this new Committee. There would be four members on the Committee selected from the Human Rights Commission, Business Advisory Board, Racial Equity in Policing Commission, and the Economic Development Loan Fund Committee. The Mayor would appoint Committee members subject to the advice and consent of the Council. Mayor's Office staff would provide support for the Committee's activities. Section Four of the ordinance identifies a sunset for the Committee once all the ARPA program funds are expended or the deadline has passed.

Timeline
The two departments report a request for proposals (RFP) would be issued with a one-month window for applicants to submit proposals. Then the committee would score and rank applications over two weeks and recommending funding to the Council for awards over $50,000 and approve awards up to $50,000. Funding would begin to be distributed the following month. ARPA funds must be obligated by the end of calendar year 2024 and must be fully spent by the end of calendar year 2026. The Community Grants Program sets an earlier fully spent deadline of December 31, 2024 to provide public benefits at a faster pace.

POLICY QUESTIONS
1. **Delegation of Authority for Grants up to $50,000** – The Council may wish to discuss whether to delegate authority to the Community Recovery Committee for approving grants up to $50,000. Hypothetically, the Committee could approve 80 grants at $50,000 and no applications would go to the Council for review and approval. The Council could require notification from the Committee for all grants up to $50,000 that they approve.

2. **Cap on Grants Under $50,000** – The Council could discuss placing a maximum cap on the total dollar amount (such as $1 million) that the Committee could approve for individual grants up to $50,000. This approach would ensure some grants return to the Council for review and approval.

3. **Funding Split: $2 Million for Business Assistance and $2 Million for Nonprofits** – The Council may wish to discuss whether to support the proposed split of the $4 million or split the funding into different amounts.

4. **Minimum Grant Amount** – The Council may wish to discuss with the Administration identifying a minimum funding award for individual grants like the $30,000 minimum for annual HUD grants and $50,000 for CIP. Setting a minimum amount is intended to balance the burden of administering the grants with creation of public benefits.

5. **One or Two Sets of Funding Recommendations** – The Council may wish to ask if the Administration intends to provide one or two sets of funding recommendations for grants over $50,000. As part of the annual HUD grants and CIP process, the Council receives two sets of funding recommendations: one from the advisory board and another from the Mayor.

6. **Equity Considerations** – The Council may wish to discuss whether funding should have further equity considerations built-in to the grant categories and scoring. For example, during the pandemic in context of other grant programs Council Members discussed: businesses in and nonprofits serving the Westside, women-owned and/or minority-owned businesses, nonprofits serving low-income residents, addressing root causes of homelessness like domestic violence, and food insecurity.

7. **Applicant Notification and Assistance** – The Council may wish to ask the Administration what community assistance resources will be available for interested organizations to fill out applications? For example, where will in-person computers be publicly accessible, in what languages will the applications and instructions be available, who is the single-point of contact for each of the two grant programs, how will potential applicants learn about the opportunity, etc. Some local businesses expressed concern about earlier funding opportunities that they were not able to access the expedited process due to language or technology barriers, both from the notification of fund availability and application processes.

8. **Priority to Organizations that haven't yet Received Financial Assistance from the City** – The Council may wish to ask the Administration to what extent the Community Grant Program would prioritize businesses and nonprofits that haven't already received financial assistance from the City during the pandemic. Some of the City's earlier pandemic response efforts included small business emergency loan program, RDA tenant rent waivers, directing some of the City's one-time Federal funds directly to non-profits and service providers and supplemental one-time HUD grants, among others.

9. **Even Number of Committee Members** – The Council may wish to ask the Administration why the Community Recovery Committee is proposed to have an even number of members (four) instead of an odd number to avoid tie votes which is a common practice. The Council may also wish to discuss whether additional members should be included from other City boards.

ACRONYMS
ARPA – American Rescue Plan Act of 2021
CAN – Community and Neighborhoods Department
CIP – Capital Improvement Program
EDD – Economic Development Department
HUD – United States Housing and Urban Development Department
RDA – Redevelopment Agency
RFP – Request for Proposals