

# MEMORANDUM

Office of the City Manager



**DATE:** March 18, 2024

**TO:** Mayor and Councilmembers

**THROUGH:** Ned Thomas, City Manager *N Thomas*

**FROM:** Matt Cano, Assistant City Manager

**SUBJECT: Status of Programs Funded by the American Rescue Plan Act (ARPA)**

This Memorandum provides a status of the programs funded by the American Rescue Plan Act (ARPA) through February 14, 2024. In April, staff will bring forward an agenda report to Council for a further discussion on the current status of all ARPA allocations.

## **BACKGROUND:**

The American Rescue Plan Act (ARPA) of 2021 is a \$1.9 trillion economic stimulus bill that provides \$350 billion through the Coronavirus State and Local Fiscal Recovery Fund (SLRFR) program for states, municipalities, counties, tribes, and territories to support the response to and recovery from the Covid-19 public health emergency. Funds have successfully been deployed in Milpitas to support families and businesses struggling with its public health and economic impacts; maintain vital public services, even amid declines in revenue resulting from the pandemic; and build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity. The City's share of the SLRFR funds is \$16.7 million. In 2021, Council approved 25 programs based on five investment areas:

- Community Services
- Economic Vitality
- Infrastructure
- Public Safety
- Technology

## **Discussion**

The status of each program is described below. While the project statuses are current as of February 14, 2024, the expenditures reflect data as of December 31, 2023, in **Table 1**. Six of the twenty-five programs are completed: (1) weed abatement; (2) small business assistance grant program; (3) hotel assistance grant program; (4) public safety staffing; (5) catalytic converter public safety initiative; and (6) cybersecurity and training. Approximately \$8.6 million or 52 percent of the \$16.7 million had been expended by the end of 2023.

## **Community Services**

### **1. Rent and Mortgage Relief - In Progress**

Eligible Milpitas households at or below 120% of the Area Median Income (AMI) may receive up to \$5,000 in rent relief. Eligible Milpitas households at or below 150% of the AMI may receive up to \$15,000 for mortgage relief. The \$1,100,000 budget is divided into four categories: (1) \$216,125 for mortgage relief, (2) \$648,375 for rent relief, (3) \$150,000 for a 3-year limited term staff analyst, and

(4) \$85,500 for a program administrator firm called FORWARD. The rent relief program distributed approximately \$384,000 to 104 households, averaging about \$3,700 per household. About \$264,000 remains available for rent relief. None of the mortgage relief funds were expended since most applicants were not eligible based on income and demand continues for rent relief over mortgage assistance. Staff is reviewing alternatives for the expenditures of the mortgage relief funding.

## 2. Social Services - In Progress

Funds are used to provide a variety of social services for: (1) mental health, (2) LGBTQA+ community, (3) at-risk youth, and (4) victims of domestic violence and abuse. The ARPA funds have been awarded, and programming and services have been ongoing.

## 3. Financial Assistance to Low- and Moderate-Income Residents for Water Utility Payments and Childcare Costs - In Progress

This program provides financial assistance to low- to moderate-income households for childcare and water utility payments. All childcare subsidy monies should be expended by approximately November 2024. Water utility payment assistance enrollment is low, despite multiple campaigns to inform the residents. Most low-income families are renters rather than homeowners, and thus, do not pay for water. Staff anticipates savings in the water utility payment category.

### 4a. Beautify Milpitas Program - In Progress

This program provides staffing support for one clean-up day each month and a National Clean-Up Day once a year. The funds are also used to purchase litter pick up kits and graffiti removal kits for public use through the Lend-A-Tool program. The litter pick-up kits are composed of a Beautify Milpitas tote bag containing garbage and recycling bags, gloves, instructions, waiver liability form, and litter pick-up stick. Litter pick-up kits are distributed at park clean-up and other various events throughout the year. In the past two years, 1,050 of the 1,500 kits were distributed. The graffiti removal kits contain Milpitas branded gloves, graffiti removal solvent, sponge, rags, and safety glasses. Recently, the 20 original graffiti removal kits were used, and an additional 50 kits are assembled and now available. Staff anticipates savings in this program.

### 4b. Weed Abatement - Complete

Seasonal staff was hired to perform weed and brush abatement throughout the city. The Public Works Department manages the weed abatement program for all City owned properties, undeveloped parkland medians, and along roadways to reduce fire hazards. All ARPA funds in this program have been expended.

## 5. Homeless Outreach and Assessment - In Progress

Funds were used to continue services with the Santa Clara County Office of Supportive Housing and the County's Homeless Engagement and Access Team (HEAT) to provide direct outreach, assessment, and case management services for the City's unhoused residents. All ARPA funds were expended, and staff is awaiting invoices for work completed in 2023.

## 6. Public Works Maintenance Staffing - In Progress

Funds were used to supplement General Fund Public Works service level by adding additional positions in Fiscal Year 2023-2024.

## Economic Vitality

### 7. Small Business Assistance Grant Program - Complete

Approximately \$1,570,000 in ARPA grants were disbursed to provide financial assistance to 343 businesses impacted by the Covid-19 pandemic. Every business that was deemed eligible received grant funds. While all business sectors were eligible, the Council gave priority to fitness facilities, childcare centers, and home-based childcare. Restaurants/food and beverage, personal services, childcare centers, education services, fitness studios, and health care were the business sectors that were highly represented. The grant funds were used for mortgage, rent, utilities, operations, maintenance, recruitment, and safety equipment. An additional \$70,000 from the Hotel Assistance Grant Program was redirected to this Small Business Assistance Grant Program.

### 8. Hotel Assistance Grant Program – Complete

Milpitas is home to twenty hotels which serve the Silicon Valley region. The local lodging industry plays a significant multiplier role in the local economy. During the pandemic, hotels suffered tremendous loss in revenues and jobs. The Department of Treasury has determined that aid to impacted industries such as tourism, travel, and hospitality take place to restore these industries to pre-pandemic levels. The ARPA grant funds have been disbursed and the program is complete. Thirteen hotels in Milpitas applied for the ARPA funds, and each received \$10,000 for a total of \$130,000. The City Council allocated a total of \$200,000 of ARPA funds for the Hotel Assistance Grant Program. Since 13 hotels received \$10,000 grants, the remaining \$70,000 was redirected to the ARPA funded Small Business Assistance Grant Program by City Council approval.

### 9. Accessory Dwelling Unit Program - In Progress

The ARPA allocation subsidizes permit fees to incentivize the building of new accessory dwelling units (ADUs) and encourage the legalization of unpermitted ADUs through the ADU Incentive Program and the Safe ADU Legalization Program. These ADU programs can provide housing options, foster economic growth through increased construction activity, and increase property values. As of January 29, 2024, 139 ADU permits were either fully or partially funded by ARPA depending on the applicant's project status. All the funds allocated for this program will be expended if the applicants currently in the plan check phase move into the building permit phase. At this time, staff has paused subsidizing new ADU permits since all ARPA funds will be expended with the applications submitted through January 2024.

### 10. Storefront Improvement Grant Program - In Progress

The Storefront Improvement Grant Program is intended to spur Main Street revitalization and economic vitality. Five applications were approved with eligible project scopes to move forward in the program totaling \$95,000 in grants for exterior building and site improvements including painting, landscaping, exterior lighting, and permanent signage. Staff has entered into an agreement with a firm to provide design services for the applicants. Based on feedback from the applicants, staff is currently streamlining the participation agreement process by making it easier for applicants to meet obligations and deliverables. Following completion of these revisions, staff will coordinate execution of these agreements.

### 11. Community Events - In Progress

Funds were used to hire a program coordinator and to host events, including Earth Day, Family Campout, Lantern Festival, ArtWalk, Dia de Los Muertos, and Holi Festival. All monies will be expended by June 2024. As part of the Fiscal Year 2024-2025 budget development process, the Recreation and Community Services Department will work with the City Council to re-align the Citywide event calendar to attempt to continue certain ARPA funded events in future years.

**12. Workforce Development Program - In Progress**

Funds were dispersed to multiple organizations to address workforce development, including the following organizations for the first funding round: (1) Milpitas Youth Force to support low-income youth for two summer programs (\$110,000), (2) First 5 Santa Clara County for a pilot early childhood education teacher apprenticeship program (\$40,000), (3) Rising Sun Center for Opportunity Climate Careers to develop a program addressing climate change by employing local youth to provide energy efficiency services (\$10,000), and (4) Build It Green for a Certified Green Building Professional (CGBP) training program that introduced green building and construction concepts to residents (\$10,000). The remaining \$18,000 from the previous Milpitas Youth Force programs will be utilized for the 2024 summer program as stated in the October 17, 2023 City Council agenda report.

In the second round of funding, grants were disbursed to two organizations: (1) the Milpitas Unified School District's Adult Education Career Training Center to support workforce development programming and education services (\$30,000) and (2) the SEMI Foundation to support hands-on learning using Science, Technology, Engineering, and Mathematics (STEM) Kits benefitting local youth in workforce development and education services (\$44,750). The Adult Education Career Center program has started, and the STEM kits program will be launched soon.

**13. Limited Term Economic Development Specialist Position - In Progress**

This position is currently occupied by a part-time Senior Special Projects Associate to assist with implementation of the ARPA Economic Vitality investment areas.

**14. Business Improvement District - In Progress**

Staff is assessing the feasibility of establishing a business improvement district on Main Street by hosting stakeholder meetings to define needs, establish the study area boundaries, and prepare a Feasibility and Assessment Report with findings and recommendations. The formation of a Property-Business Improvement District (PBID) involves levying a special assessment or fee on properties located within the defined boundary area. These assessments are collected by the local government and pooled together to fund improvements and services beyond those already provided by the City that benefit the businesses or properties, and the overall community. The Phase 1 feasibility report for a PBID is under staff review and will be presented to the City Council in the near future. If a majority of property owners vote to establish a PBID, the Phase 2 Management Plan and Petition Process Implementation could proceed with the remaining \$66,724 in the contract. If Phase 2 does not move forward, staff anticipates using the balance of ARPA funds for Main Street revitalization.

**Infrastructure**

**15. Park Rehabilitation - In Progress**

This project provides for design and construction to address health and safety repairs and short-term improvements at 12 City parks: Ben Rogers, Foothill, Hidden Lake, Murphy, Oliver W. Jones Memorial Park, Parc Metro West, Robert E. Brown, Sandalwood, Sinnott, Strickroth, Starlite, and Sunnyhills Albert Augustine Jr. Memorial. Improvements include fitness stations, playground areas, decorative pavement areas, pathways, amenities, furnishings, drainage, and restrooms. Phase I of this project was completed in 2023. Construction for Phase II of this project is anticipated to start construction in Spring 2024.

**16. Public Safety Facilities' Rehabilitation - In Progress**

This project supplements the replacement of the modular building at Fire Station No. 1 that has reached its useful service life. The modular building is being used as the City's Office of Emergency Services (OES) and for training. The modular building selection is expected to be completed by Summer 2024, with complete installation by late 2025.

**17. Mobile Emergency Operation Center - In Progress**

This project provides partial funding for the purchase of a Mobile Emergency Operations Center (MEOC) vehicle to be used by the Police and Fire Departments during extended incidents and field deployments. This vehicle provides a safe operational environment for staff to plan and coordinate resources during a major incident. The MEOC will also serve as a backup Public Safety Answering Point (PSAP) allowing the City to provide continuous and uninterrupted service to the community in the event the primary system fails. The vehicle was delivered the first week of February 2024.

**Public Safety**

**18. Public Safety Staffing - Complete**

This program funded two police officers to restore pre-pandemic staffing levels. Four firefighter-paramedic positions were also funded which enabled the Fire Department to deploy an ambulance in FY 2022-23.

**19. Fire Pumper Truck Equipment - In Progress**

The addition of the new fire pumper truck will substantially improve the reliability of the reserve fleet. The oldest fire pumper truck will be removed from the reserve, thereby maintaining three reserve pumbers. By adding a new fire pumper truck to the fleet in front line status, the useful life of the two existing front-line apparatuses will be extended. This purchase is in progress with the projected build date of mid-2024.

**20. Emergency Management Program Assessment Study - In Progress**

This funding will partially pay for the high priority Emergency Management Program (EMP) Assessment Study. The Milpitas Fire Department Office of Emergency Management (OEM) coordinates the City's preparedness efforts to mitigate against, plan for, respond to and recover from natural and technological disasters. Department directors and City Manager's Office final reviews are currently underway with an estimated final completion in the next few months. The next step is to begin the process of integrating the annexes into the current City Emergency Operations Plan.

**21. Catalytic Converter Public Safety Initiative - Complete**

This program provided funding for various catalytic converter programs to provide economic support to local businesses and enhance public safety. A total of 148 residents participated and seven businesses were supported.

**Technology**

**22. Human Resources Information System - In Progress**

This funding enables the City to implement a new HR Information System (HRIS). Currently, the City relies on an outdated 26-year-old financial management system with limited human resources functionality. While the City implemented multiple upgrades throughout the years, the current system is obsolete, resulting in: (1) paper-intensive, manual procedures, (2) higher risks of error, (3) insufficient information for informed labor relations/management, and (4) insufficient reporting for fiscal management and transparency. This new system will address many of the current system deficiencies. On December 12, 2023, Council approved a five-year Software as a Service (SaaS) agreement with Tyler Technologies for the Human Resources Information System (HRIS). In January 2024, the project officially commenced. Staff established a project team and is in the beginning stages for engaging with Tyler. The target "go live" date is January 2026 for the human resources core functionalities.

**23. Cybersecurity and Training - Complete**

This funding will assist the City in addressing cyber threats. The City procured several cybersecurity protection systems and continued with the employee security training program. The hardware for the remaining project has been delivered and is expected to be implemented in March 2024. All funding has been encumbered.

**24. Technology Infrastructure - In Progress**

This project supports general technology improvements, including but not limited to: (1) addressing outdated and vulnerable systems, (2) improving security, (3) implementing additional infrastructure necessary to better support the City's remote workforce, and (4) supporting hybrid public meeting requirements. The City completed two rounds of end-user equipment replacements, increased data backup storage capacity, and completed network documentation and security assessment. The remaining funds will be used to make 9-1-1 dispatch system improvements and to replace the City's aging Wi-Fi wireless infrastructure. All funding is expected to be encumbered by June 2024.

**ARPA Funds Administration**

**25. Procurement, Monitoring, Compliance - In Progress**

The U.S. ARPA program is a Federal program wherein the U.S. Treasury imposes comprehensive, complex procurement, monitoring and compliance requirements. These mandates endeavor to ensure best practices in procurement, fiscal oversight, and achieving the primary desired program outcome of helping the United States rebuild from the COVID-19 pandemic. The City sets aside 2.1% of the total Milpitas ARPA funding to assist with procurement, monitoring, and compliance. The procurement administration is on-going. Quarterly Treasury reports are submitted timely, and staff participates in the Government Finance Officers Association (GFOA) meetings on emerging policies.

**Table 1**  
**ARPA Program Appropriations and Expenditures through December 31, 2023**  
**City of Milpitas**

No.	Program	Status as of 2/14/24	Approved Appropriation	Expenditures as of 12/31/23	Balance	% Remaining
<b>Community Services</b>						
1	Rent and Mortgage Relief	In Progress	\$1,100,000	\$688,160	\$411,840	37.4%
2	Social Services	In Progress	\$500,000	\$443,314	\$56,686	11.3%
3	Financial Assistance to Low- and Moderate-Income Residents for Water Utility Payments and Childcare Costs	In Progress	\$575,000	\$279,288	\$295,712	51.4%
4a	Beautify Milpitas Program	In Progress	\$100,000	\$21,810	\$78,190	78.2%
4b	Weed Abatement	Complete	\$90,000	\$89,961	\$39	0.0%
5	Homeless Outreach and Assessment	In Progress	\$100,000	\$57,897	\$42,103	42.1%
6	Public Works Maintenance Staffing	In Progress	\$172,344	\$0	\$172,344	100.0%
<b>Subtotal</b>			<b>\$2,637,344</b>	<b>\$1,580,430</b>	<b>\$1,056,914</b>	<b>40.1%</b>
<b>Economic Vitality</b>						
7	Small Business Assistance Grant Program	Complete	\$1,565,100	\$1,565,100	\$0	0.0%
8	Hotel Assistance Grant Program	Complete	\$130,000	\$130,000	\$0	0.0%
9	Accessory Dwelling Unit Program	In Progress	\$990,000	\$605,277	\$384,723	38.9%
10	Storefront Improvement Grant Program	In Progress	\$365,000	\$0	\$365,000	100.0%
11	Community Events	In Progress	\$125,000	\$105,006	\$19,994	16%
12	Workforce Development Program	In Progress	\$300,000	\$224,750	\$75,250	25.1%
13	Limited Term Economic Development Specialist Position	In Progress	\$330,000	\$233,074	\$96,926	29.4%
14	Business Improvement District	In Progress	\$126,500	\$40,906	\$85,540	67.6%
<b>Subtotal</b>			<b>\$3,931,600</b>	<b>\$2,904,113</b>	<b>\$1,027,433</b>	<b>26.1%</b>
<b>Infrastructure</b>						
15	Park Rehabilitation (1)	In Progress	\$4,386,815	\$1,289,220	\$3,097,595	70.6%
16	Public Safety Facilities' Rehabilitation	In Progress	\$250,000	\$0	\$250,000	100.0%
17	Mobile Emergency Operations Center (MEOC)	In Progress	\$425,000	\$3,091	\$421,909	99.3%
<b>Subtotal</b>			<b>\$5,061,815</b>	<b>\$1,292,311</b>	<b>\$3,769,504</b>	<b>74.5%</b>

**Table 1 Continued**  
**ARPA Project Appropriations and Expenditures through December 31, 2023**  
**City of Milpitas**

No.	Program	Status as of 2/14/24	Approved Appropriation	Expenditures as of 12/31/23	Balance	% Remaining
<b>Public Safety</b>						
18	Public Safety Staffing	Complete	\$1,200,000	\$1,200,000	\$0	0.0%
19	Fire Pumper Truck Equipment	In Progress	\$920,000	\$455,580	\$464,420	50.5%
20	Emergency Management Program Assessment Study	In Progress	\$200,000	\$180,748	\$19,253	9.6%
21	Catalytic Converter Public Safety Initiative	Complete	\$200,000	\$65,562	\$134,438	67.2%
<b>Subtotal</b>			<b>\$2,520,000</b>	<b>\$1,901,890</b>	<b>\$618,110</b>	<b>24.5%</b>
<b>Technology</b>						
22	Human Resources Information System	In Progress	\$1,100,000	\$0	\$1,100,000	100.0%
23	Cybersecurity Programs and Training	Complete	\$300,000	\$269,123	\$30,877	10.3%
24	Technology Infrastructure	In Progress	\$710,000	\$610,520	\$99,480	14.0%
<b>Subtotal</b>			<b>\$2,110,000</b>	<b>\$879,643</b>	<b>\$1,230,35</b>	<b>58.3%</b>
<b>Administration</b>						
25	ARPA Funds Administration	In Progress	\$350,000	\$117,010	\$232,990	66.6%
<b>Subtotal</b>			<b>\$350,000</b>	<b>\$117,010</b>	<b>\$232,990</b>	<b>66.6%</b>
26	ARPA Funds - Unallocated		<b>\$126,056</b>	<b>\$0</b>	<b>\$126,056</b>	<b>100.0%</b>
<b>Grand Total</b>			<b>\$16,736,815</b>	<b>\$8,675,397</b>	<b>\$8,061,36</b>	<b>48.2%</b>