



AGENDA REPORT

CITY MANAGER'S OFFICE

DATE: April 6, 2021

TO: Mayor Butt and Members of the City Council

FROM: Laura Snideman, City Manager
LaShonda White, Acting Deputy City Manager – Internal Services
Belinda Brown, Finance Director

SUBJECT: FY 2021-22 BUDGET DEVELOPMENT PROCESS, 10-YEAR FINANCIAL FORECAST, AND AMERICAN RESCUE PLAN ACT FUNDING

STATEMENT OF THE ISSUE:

On March 9, 2021, the City Council engaged in an initial discussion regarding the development of the FY 2021-22 budget process and on March 23, 2021, they received a presentation from Management Partners on the development of a 10-year financial forecast and interactive dashboard tool. City staff would like to provide an opportunity for further discussion related to these items, as well as introduce information regarding the American Rescue Plan.

RECOMMENDED ACTION:

RECEIVE a presentation and PROVIDE feedback on the (1) FY 2021-22 budget development process, (2) 10-year financial forecast presented by Management Partners, and (3) the proposed process and/or ideas on how Richmond should spend its \$20.81 million ARPA allocation - City Manager's Office/Finance Department (Laura Snideman/LaShonda White/Belinda Brown 620-6512).

FINANCIAL IMPACT:

There is no financial impact to receiving this presentation; however, the potential outcome of this discussion will ultimately impact the development of the FY 2021-22 and future budgets.

BACKGROUND:

City staff would like to provide an opportunity for further discussion related to the development of the FY 2021-22 budget process, the development of a 10-year financial forecast, and the American Rescue Plan Act (ARPA).

FY 2021-22 Proposed Budget Development Timeline

As part of the March 9th City Council presentation, staff presented a proposed FY 2021-22 budget development timeline and highlighted points for Council, community and stakeholder input and discussion. The timeline has been slightly updated to include opportunities for conversations regarding Richmond's allocation of the ARPA funding.

March	
3/2 and 3/9	City Council: Budget principles and budget development process
3/23:	Management Partners: Presentation on 10-year financial forecast and interactive dashboard tool
3/25	Unions/Finance meeting: FY 20-21 budget update, FY 21-22 budget process, ARPA and 10-year financial plan
April	
4/6	City Council: FY 20-21 budget update, FY 21-22 budget development update, and American Rescue Plan (ARP) discussion
4/7	Community Budget Meeting: FY 21-22 budget and ARPA
Mid-late April	Council workshop(s)
4/15	Unions/Finance meeting
April or May	City Manager/Union Quarterly Meeting
May	
5/4	First draft of FY 21-22 annual budget to council
5/6	Community Budget Meeting
5/18	FY 21-22 Budget: Department budget presentations ARPA: Presentation on input gathered regarding ARPA funding; Council input
Mid-late May	Management Partners: Fiscal sustainability plan update
5/20	Unions/Finance meeting
June	
6/1	FY 21-22 Budget: Council budget presentations and discussions
6/15	FY 21-22 Budget: Council budget presentations and discussions ARPA: Expenditure plan recommendations and discussions (subject to various factors)
6/3	Community Budget Meeting
6/17	Unions/Finance meeting
6/22	Council approval of FY 21-22 Budget & CIP Budget

It is important to note that what is presented above is proposed and that dates and topics might change based on input received from Council, community, City staff and

other stakeholders. For example, based on feedback, there may be a demand for an additional community meeting(s) in April 2021 to discuss the FY 21-22 budget, the City's budget forecast & dashboard, and/or ARPA funding.

10-Year Fiscal Forecast and Dashboard Presentation – March 23, 2021

On March 23, 2021, the City Council received a presentation on the outcomes of Management Partners' analysis of the City's forecast, the key assumptions used in developing the updated forecast, the resulting impact on the General Fund's long-range fiscal outlook, and a brief demonstration of the dashboard tool that City Council and staff will be able to use to model budget options now and in the future (Attachment 1). Management Partners will present to the community and City Council in April or May 2021 with updates on their work including offering budget options for long-term fiscal sustainability.

American Rescue Plan

Through the passage of H.R. 1319, the American Rescue Plan Act (ARPA), state, tribal and local governments are expected to receive billions in much needed assistance to help offset the negative impacts of COVID-19. Richmond is currently situated to receive \$20.81 million and it is anticipated that funds will be received in 2 equal installments one year apart. The first allocation is expected to come around June or July 2021, with the final installment expected one year later in 2022. All funds must be spent by the end of calendar year 2024.

The National League of California Cities presented information on ARPA on March 16, 2021 and the presentation is included in the agenda packet (Attachment 2). Per the presentation and according to the legislation, local governments, like Richmond, can use ARPA funds to:

- Respond to the public health emergency associated with COVID-19 or negative economic impacts to households, small businesses, non-profit organizations, and impacted industries such as tourism, travel, and hospitality
- Provide premium pay to essential employees or grants to their employers
- Provide government services affected by a revenue reduction resulting from COVID
- Make investments in water, sewer or broadband infrastructure
- Funds are not to be used/ for directly or indirectly offsetting a tax cut and pension funds

The following is a list of some other allowable uses that will positively impact Richmond residents and businesses and the region:

- Agriculture and nutrition programs, including extending SNAP and the Pandemic EBT program to keep families fed through the pandemic;
- Schools and institutions of higher education to safely reopen schools, address learning loss, and support students and staff, including support for broadband for students;

- Child care to help sustain child care providers and expand child care assistance;
- COVID-19 vaccinations, testing, treatment, and prevention, especially for hard to reach communities and areas;
- Mental health and substance-use disorder services;
- Emergency rental assistance, homeowner assistance, and other housing programs to help families pay rent, mortgages, and utilities; and
- Small business assistance, including specific programs for restaurants.

The funding coming to cities will be administered by the U.S. Department of Treasury, which will develop detailed rules and guidance regarding the eligible uses for the funds. City staff will share new information as we receive it. At the April 6th Council meeting, staff would like feedback on a proposed process which would help the City development an expenditure plan for Richmond's portion of the funds based on ARPA allowable uses, community/stakeholder/staff input, and City Council direction (Attachment 3).

Guiding Questions

On March 9th, City staff presented the first three guiding questions below to gather input from Council and others on the FY 21-22 budget process. The last two questions are new as they relate to the March 23rd Management Partners presentation and the American Rescue Plan Act funding. Staff would like to present these questions for discussion during the April 6th City Council meeting.

1. Do you have feedback on the proposed FY 21-22 budget timeline and process?
 - Additional outreach? Additional stakeholders? Other comments/feedback?
2. What budget items should we consider for inclusion in the FY 21-22 budget?
3. Do you want to engage in a mission, vision, values development process?
4. Are there any questions/comments from the March 23rd Management Partners presentation about the 10-year financial forecast and dashboard tool?
5. Do you have feedback on the proposed process and/or ideas on how Richmond should spend its \$20.81 million ARPA allocation?

Next Steps

Per the proposed timeline, and incorporating any feedback received during the Council meeting, staff plan to engage in conversations with City Council and other stakeholders over the next few months regarding the (1) FY 21-22 budget, (2) American Rescue Plan process and development of a spending plan, and (3) the 10-year financial forecast, interactive dashboard and long-term fiscal sustainability plan.

ATTACHMENTS:

1. National League of California Cities Presentation – March 16, 2021
2. Management Partners Presentation - March 23, 2021
3. American Rescue Plan Act Proposed Input Process
4. PowerPoint Presentation – April 6, 2021