



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: David Sykes

SUBJECT: COMMUNITY AND ECONOMIC
RECOVERY BUDGET STUDY
SESSION PRESENTATION

DATE: May 15, 2021

Attached is the presentation for the Budget Study Session on Community and Economic Recovery scheduled for May 17, 2021, and will occur immediately after review of the 2021-2022 Proposed Capital Budget and 2022-2026 Capital Improvement Program. This presentation will also be posted on the May 17, 2021 Study Session Agenda.

A handwritten signature in black ink, appearing to read "D. Sykes".

David Sykes
City Manager

ATTACHMENT: Community and Economic Recovery Study Session Presentation

Community and Economic Recovery Budget Study Session

May 17, 2021

Dave Sykes, City Manager

Lee Wilcox, Deputy City Manager, Emergency Operations Center Director

Kip Harkness, Deputy City Manager, Emergency Operations Center Director

Jim Shannon, Director, Budget Office

Zulma Maciel, Director, Office of Racial Equity

Sarah Zarate, Director, Office of Administration, Policy, and Intergovernmental Relations

Dolan Beckel, Director, Office of Civic Innovation

Alexandria Felton, Interim Director, Intergovernmental Relations

For City COVID-19 information: <https://www.sanjoseca.gov/covid19>



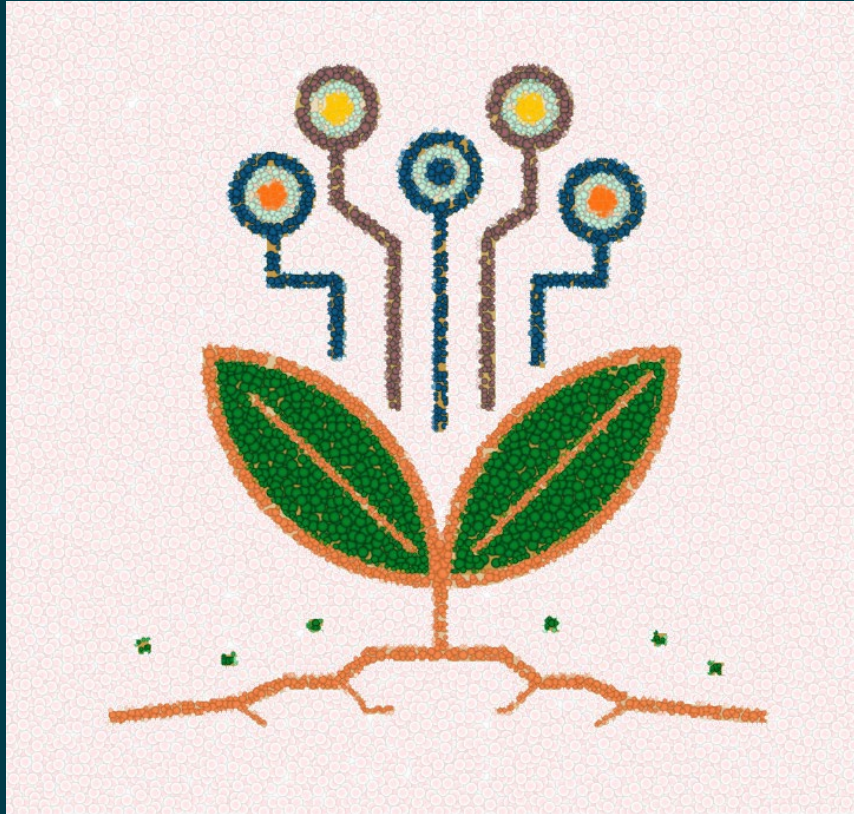


Agenda



1. Introduction
2. Federal and State Funding Sources
3. Advancing Racial Equity Through the American Rescue Plan
4. COVID-19 Response and Recovery: Needs & Initial Recommendations
5. Public Comment
6. Conclusion and Next Steps

Intended Outcomes of Our Time Together



- Develop a common understanding of funding sources supporting recovery efforts, particularly the American Rescue Plan
- Explore how the administration is applying equity in budgeting
- Develop a common understanding of the shifting funding landscape and unknown funding restrictions that are informing a flexible and iterative recovery budgeting framework

San José City Roadmap | FY 2021-2022

Legend: ■ COVID-19 Response ■ Enterprise Initiatives

Enterprise Priority
COVID-19 Pandemic: Community + Economic Recovery
Emergency Management + Preparedness
Creating Housing + Preventing Homelessness
Safe, Vibrant, + Inclusive Neighborhoods + Public Life
Building the San José of Tomorrow with a Downtown for Everyone
Smart, Sustainable, + Reliable City: 21 st Century Infrastructure

Project					
Housing Stabilization	Re-Employment + Workforce Development	Small Business Recovery	Food + Necessities Distribution	Digital Equity	Child Care Learning Pods
Vaccination Taskforce					
Emergency Housing Construction + Operation	Sheltering + Enhanced Encampment Services				
Police Reforms Work Plan	San José 311 + Service Delivery	Encampment Waste Pick-Up BeautifySJ	Vision Zero Traffic Safety		
Align Zoning with General Plan	Development Services Transformation	Google Development	Major Real Estate Development Projects		
Pavement, Fire, EOC, Transit Capital Improvements	Regional Wastewater Facility Capital Improvements	Electrical Service for Major Development	Climate Smart American Cities Climate Challenge		

Strategy	
North San José Strategy	
Equity Strategy Development	Neighborhood Services Access Strategy
BART + High-Speed Rail Strategy	
Lowering PG&E Above Market Costs for Clean Energy	

Policy
Build Back Better + Recovery Taskforce + AI Fresco Forever
Soft-Story Building Earthquake Retrofit Policy
Encampment Management + Safe Relocation Policy

Enterprise Priority Foundational
Strategic Fiscal Positioning + Resource Deployment
Powered by People

Project					
Federal + State Stimulus Advocacy	Secure City Cybersecurity	Procurement Improvement	Pension Obligation Bond Analysis		
Continuity of City Services	Safe Workplace	Employee Health + Wellness	Drive to Digital	Effective Teams	

Strategy	
Budgeting for Equity	City Roadmap Budgeting, Accountability, + Performance
City Workforce Diversity + Skill Building	

Policy

Community and Economic Recovery

*No event in living memory has been more painful or traumatic for the people of San José than the COVID-19 Pandemic and economic crisis that has laid bare and exacerbated existing inequalities. **In this moment our biggest challenge, and our biggest opportunity, is to foster an equitable recovery to a “Better Normal”.** The journey to healing, recovery and resilience will require unprecedented effort, resources, and creativity across our community and organization. Recovery is not for us to do alone, rather **this work must be done WITH the whole community, for the benefit of those most burdened by the crisis, guided by their wisdom, tapping into their potential, and building on their deep enduring strength.***

Guiding Values for the City Organization (“We”)

How we ground our work.

- People
- Equity
- Dignity
- Empathy
- Action



Current Funding Landscape

There's a lot to be cautiously optimistic about, but there are still a lot of unknowns.

- Unprecedented amounts of one-time funding from federal government
- Federal funding appears flexible, but guidance is still developing and changing
- Funding will reach the City and its partners
- A lot of allocation amounts are still unknown (federal and state)

Three Approaches to Financial Recovery

1. Do the Recovery Right
2. Maximize Reimbursement
3. Minimize the General Fund Impact

Funding Sources Supporting Recovery Efforts

Other Federal Sources included the Consolidated Appropriations Act of 2021 that passed in December 2020. It continued many of the CARES ACT programs by adding new phases, new allocations, and new guidance.

FEMA + Other Federal Sources

American Rescue Plan Act (ARP)

<includes Coronavirus State and Local Fiscal Recovery Fund>

State of California

General Fund

Importantly, ARP funds are distributed in many forms. Some go directly to states, counties, and local municipalities. Others are allocated through block grants or through federal or state competitive grant programs.

Receiving ARP Funds

Federal Guidance on Use of Funds

The life cycle of working through federal funding use guidance...



Funding Sources Supporting Recovery Efforts

American Rescue Plan Funds (ARP)

State & Local Fiscal Recovery Fund \$212M+

Utilities Assistance (Water Assist.) \$TBD

HOME Investments Partnerships Program \$11M+

Broadband \$TBD

Emergency Rental Assistance \$36M+

Utilities Assistance (Energy Assist.) \$TBD

Airport \$50M (Preliminary Estimate)

State of California Funds

A lot more funding is on the horizon, but a lot of unknowns

Emergency Rental Assistance \$33M

FEMA

Known

Reimbursement

Unknown

Funding Sources Supporting Recovery Efforts

FEMA + Other
Federal Sources

American Rescue Plan Act (ARP)

<includes Coronavirus State and Local Fiscal Recovery
Fund>

State of
California

General
Fund

FEMA – Maximizing Reimbursement

Obligated and Pending

▪ Personal Protective Equipment	\$	5,545,721
▪ Food Distribution & Necessities		19,397,933
▪ Temporary Housing Facilities		1,900,000
▪ Isolation/Quarantine Facilities and Support		11,000,000
▪ Vaccination Support		<u>4,900,000</u>
	\$	42,743,654

Funding Sources Supporting Recovery Efforts

FEMA + Other
Federal Sources

American Rescue Plan Act (ARP)

<includes Coronavirus State and Local Fiscal Recovery
Fund>

State of
California

General
Fund

American Rescue Plan (ARP) – What is it?

\$1.9 Trillion
Economic Stimulus Bill



\$350 Billion
State + Local Govt
Flex Funding



\$65 Billion
Direct Aid to Cities,
Towns, and Villages

Some funding allocations and guidance-use is starting to come in, but this is a dynamic, evolving space

ARP: Funding Highlights

Coronavirus State & Local Fiscal Recovery Fund	\$350 billion, \$212 million to San José	Direct Stimulus Payments	\$1,400 to individuals making less than \$75k and couples making \$150k
Housing	Emergency Rental Assistance - \$27.4 billion Homeowner Aid - \$10 billion Homelessness Programs - \$4.75 billion	Child Care	Increases childcare credit from \$1,500 to \$4,000 and child credit from \$2,000 to \$3,000 per child Childcare Development Block Grants and childcare stabilization fund - \$39 billion
Utilities Assistance	Low Income Home Energy Assistance Program - \$4.5 billion Low Income Household Water Assistance Program - \$500 million	Food	Food Assistance - \$5 billion WIC - \$800 million Extends 15% SNAP increase to September 2021
Broadband	Expanding connectivity for libraries and schools - \$7.1 billion	Unemployment Insurance	Extra \$300 a week, extension through Aug 2021
State Small Business Credit Initiative	State Small Business Credit Program - \$10 billion Restaurant Grants - \$28.66 billion Shuttered Venues - \$1.25 billion Economic Injury Disaster Loan - \$15 billion Paycheck Protection Program - \$7.25 billion	Vaccines	Vaccine deployment - \$20 billion
		Transportation	Airports - \$8 billion

ARP: What We Know Now About Local Funding

Partners KNOWN

- **ARP (State & Local Fiscal Recovery Funds)**
 - County \$374+ Million
 - State \$27+ Billion
- **Emergency Rental Assistance Program (County)**
 - ARP \$30+ Million
- **HOME (County)**
 - ARP \$3.5+ Million
- **Testing & Contact Tracing**
 - State - \$887+ Million State Block Grant
- **State Relief and School Reopening Grants**
 - County - \$44 Million
- **Federal Relief for Schools**
 - State - \$7+ Billion for allocation to districts and offices of education



City of San Jose KNOWN

- **ARP (State & Local Fiscal Recovery Funds)- \$212+ Million**
- **Emergency Rental Assistance Program –**
 - ARP \$36+ Million
 - State Program \$33+ Million
- **HOME**
 - ARP \$11.6+ Million
- **Transportation (Airport)**
 - ARP \$50 Million (estimate)

Partners UNKNOWN

- **Broadband (County) –** Reimbursement eligible schools & libraries
- **Childcare Development Block Grant –** Subsidy payments childcare providers
- **Vaccine Distribution**
 - County –TBD / State - TBD
- **Testing & Contact Tracing**
 - County –TBD / State - TBD

City of San Jose UNKNOWN

- **Broadband –** Reimbursement eligible schools & libraries
- **Utilities (Water Assistance) –** TBD
- **Utilities (Energy Assistance) –** TBD
- **Others???**

ARP – Coronavirus State and Local Fiscal Recovery Fund

Funding Objectives

- ✓ Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control
- ✓ Replace lost public sector revenue 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 unequal impact of the pandemic

ARP: Coronavirus State and Local Fiscal Recovery Fund

Eligible Use Examples

- Support Public Health Response
- Address Negative Economic Impacts
- Premium Pay for Essential Workers
- Broadband Infrastructure
- Replace Public Sector Revenue Loss
- Water + Sewer Infrastructure



Equity-Focused Services

- Additional flexibility for hardest-hit communities and families
- Broadly applicable to qualified census tracts and other disproportionately impacted areas

ARP: Coronavirus State and Local Fiscal Recovery Fund

Ineligible Uses



1

Net Reduction in
Tax Revenue



2

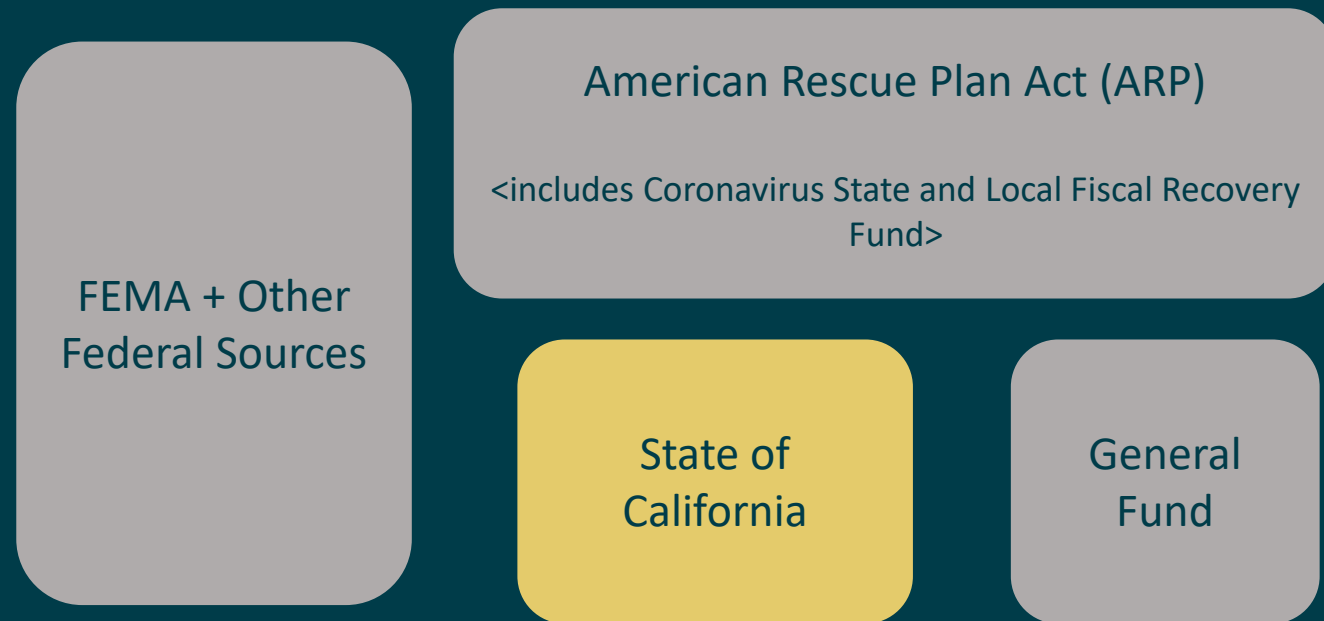
Deposits into
Pension Funds



3

Other Use
Restrictions

Funding Sources Supporting Recovery Efforts



State of California – Funding Coming, Allocations Unknown

City Funding Received

- \$33 Million Emergency Rental Relief

Other Funding We're Watching – Governor's \$100B "California Comeback" Proposal (Allocations Unknown)

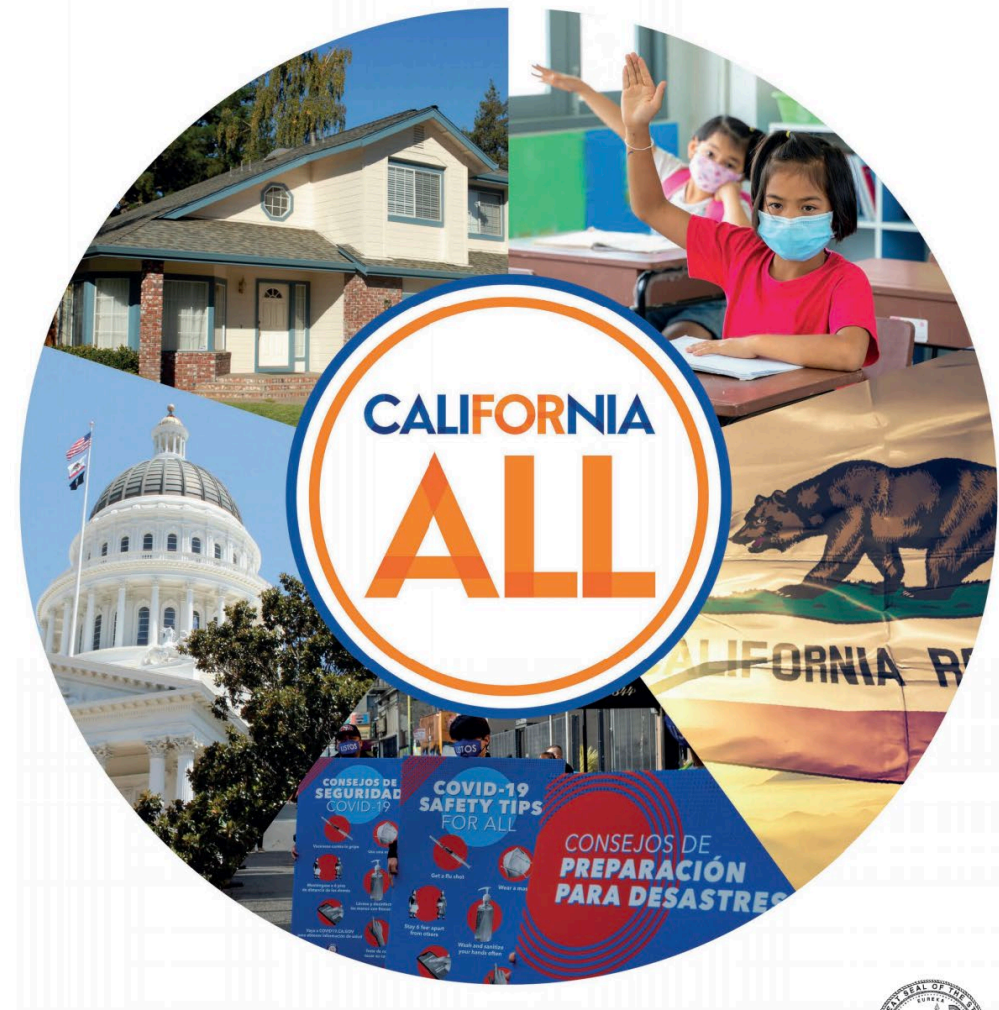
- \$12B for Homelessness
- \$5B for Drought response and water infrastructure
- \$1.5B for the California Small Business COVID-19 Relief grants
- \$1.5B to Clean and Revitalize Neighborhoods
- \$7B for Broadband
- \$20B for Schools, including early learning & before/after school activities + enrichment programs

State of California – May Revise Released May 14th

Budget Allocation from State Programs to City (Timeline)

- May 14th Governor released 200+ page revised budget based on latest economic forecasts
- This is a point in time and will change throughout the unfolding legislative budget process
- Final State Budget Passes by June 15th
- Signed by Governor (typically late June)

City staff reviewing document now with state lobbyists



Direct aid to cities creates an **unprecedented opportunity to transform** the lives of residents devastated by the pandemic, who have been, and continue to be, disproportionately people of color.

In San Jose, we will be **relentless in our pursuit of equitable opportunity and outcomes**. We will apply equity in budgeting and will lead with race.



Picture from *The Basics of Equity in Budgeting* - GFOA

WHAT is Racial Equity?
Race no longer predicts life outcomes.

WHY is it important?
Systems that are failing communities of color are failing all of us.

Applying Equity in Budgeting
How does one consider and apply an equity lens in budgeting?

Applying Equity in Budgeting

Local government

- ✓ Can reduce pain experienced by disadvantaged parts of the community and the community as a whole
- ✓ Is closest to low-wage workers and communities of color who lost the most during pandemic

Path Forward Must

- ✓ Lay strong foundation to build direct linkages between budgeting and equitable decision-making
- ✓ Apply race-conscious approach
- ✓ Ask equity-focused questions and deliver measurable benefits

Towards an Equitable Recovery

10 Priorities for Advancing Racial Equity Through the American Rescue Plan

PolicyLink

...for equitable, efficient and strategic budget investments

1 Explicitly name racial equity as a goal, with specific targets to produce results at scale

2 Engage historically underserved communities in prioritizing investments

3 Connect unemployed and low-wage workers with good jobs and careers

4 Stabilize and grow businesses owned by people of color and immigrants

5 Restore and expand public services that deliver critical physical and care infrastructure to disadvantaged communities

6 Invest in frontline, Covid-impacted, and disinvested communities

7 Prevent displacement and increase community ownership of land and housing

8 Strengthen civic infrastructure that builds the power and capacity of marginalized communities

9 Prioritize a few deep, cross-sector, high-impact equity investments

10 Track disaggregated data to ensure accountability to equity goals

San Jose's Racial Equity Principles: Budgeting for Equity

Focus on **Impact**

Consider how the department's budget proposal package impacts the well-being of the community

Center **Community Voices**

To the extent feasible, include the considerations of those for whom the resources/services are intended, especially communities of color



Leverage **City Data**

Disaggregate + analyze existing data or gather evidence to support or guide your proposal package development

Establish **Accountability**

Use performance measures to assess progress - how much, how well, and the extent to which anyone is better off

Applying Equity in Budgeting

Allocate resources where they are needed most throughout the budget process by:

Asking who benefits & who is burdened



Collecting & Analyzing Data



Conducting Community Engagement



Applying Equity in Budgeting

Allocate resources where they are needed most during the transition to recovery by influencing the Recovery Workstream Prioritization

Ask who benefits & who is burdened to understand **Community Value**

Collect & analyze data to understand how to ensure **Opportunity Enablement** and **Risk Mitigation**

Conduct community engagement to understand **Time Criticality** of action or inaction

An equity driven assessment of small business needs impacted by COVID

✓ Co-Designed Delivery & Outcomes

✓ Equity Highlights Included:

- 90% Businesses owned by Black, Indigenous, + People of Color
- 90% Latino owners, Vietnamese 8%, Indian, Filipino and Chinese 2%
- 61% women owned – 75% are single mothers & are the sole provider of income for their household
- 30% of business owners likely to be undocumented

✓ Developed 6 Month Plan

- Establish 3 new programs
- Resurvey businesses
- Open new business center in Quetzal Gardens



COVID-19 **BUSINESS RECOVERY**
NEEDS ASSESSMENT

April 2021



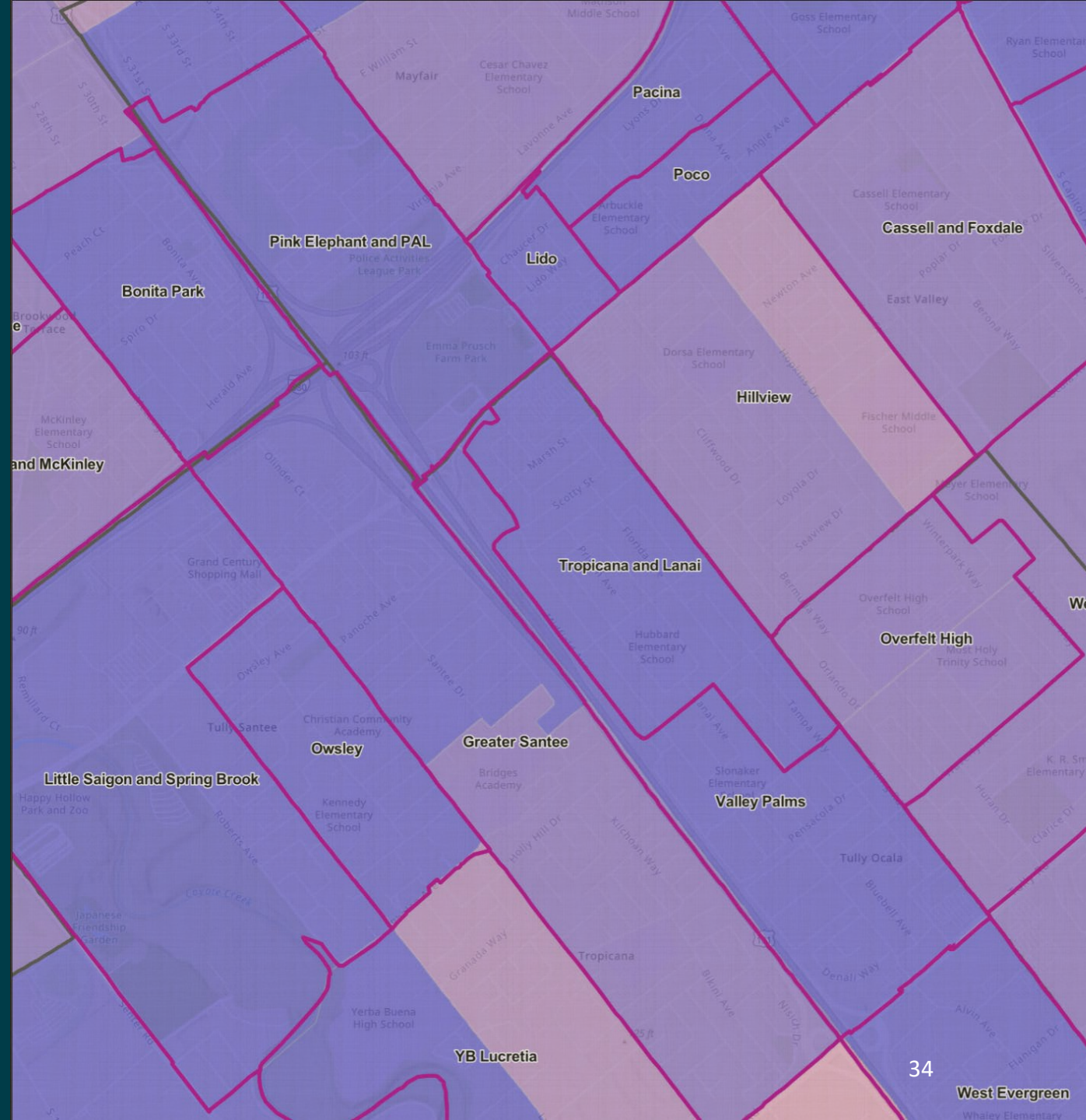
LATINO
BUSINESS
FOUNDATION
♦ SILICON VALLEY ♦



Applying Equity – From Budget to Action

Place-based Approach

- Concentrating/integrating investments and strategies
- Placing residents at center
- Neighborhood as unit of analysis
- Project leads will identify outcomes sought, driving factors, and indicators measuring impact



Roadmap Guides Focus on Response & Transition to Recovery

41 City Roadmap Initiatives



18 COVID Response/Recovery Related

San José City Roadmap FY 2021-2022							Legend: ■ COVID-19 Response ■ Enterprise Initiatives	
Enterprise Priority	Project						Strategy	Policy
COVID-19 Pandemic: Community + Economic Recovery	Housing Stabilization	Re-Employment + Workforce Development	Small Business Recovery	Food + Necessities Distribution	Digital Equity	Child Care Learning Pods		Build Back Better + Recovery Taskforce + AI Fresco Forever
Emergency Management + Preparedness	Vaccination Taskforce							Soft-Story Building Earthquake Retrofit Policy
Creating Housing + Preventing Homelessness	Emergency Housing Construction + Operation	Sheltering + Enhanced Encampment Services					North San José Strategy	Encampment Management + Safe Relocation Policy
Safe, Vibrant, + Inclusive Neighborhoods + Public Life	Police Reforms Work Plan	San José 311 + Service Delivery	Encampment Waste Pick-Up BeautifySJ	Vision Zero Traffic Safety			Equity Strategy Development	Neighborhood Services Access Strategy
Building the San José of Tomorrow with a Downtown for Everyone	Align Zoning with General Plan	Development Services Transformation	Google Development	Major Real Estate Development Projects			BART + High-Speed Rail Strategy	
Smart, Sustainable, + Reliable City: 21 st Century Infrastructure	Pavement, Fire, EOC, Transit Capital Improvements	Regional Wastewater Facility Capital Improvements	Electrical Service for Major Development	Climate Smart American Cities Climate Challenge			Lowering PG&E Above Market Costs for Clean Energy	
Enterprise Priority Foundational	Project						Strategy	Policy
Strategic Fiscal Positioning + Resource Deployment	Federal + State Stimulus Advocacy	Secure City Cybersecurity	Procurement Improvement	Pension Obligation Bond Analysis			Budgeting for Equity	City Roadmap Budgeting, Accountability, + Performance
Powered by People	Continuity of City Services	Safe Workplace	Employee Health + Wellness	Drive to Digital	Effective Teams		City Workforce Diversity + Skill Building	

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Strategic Fiscal Positioning + Resource Deployment
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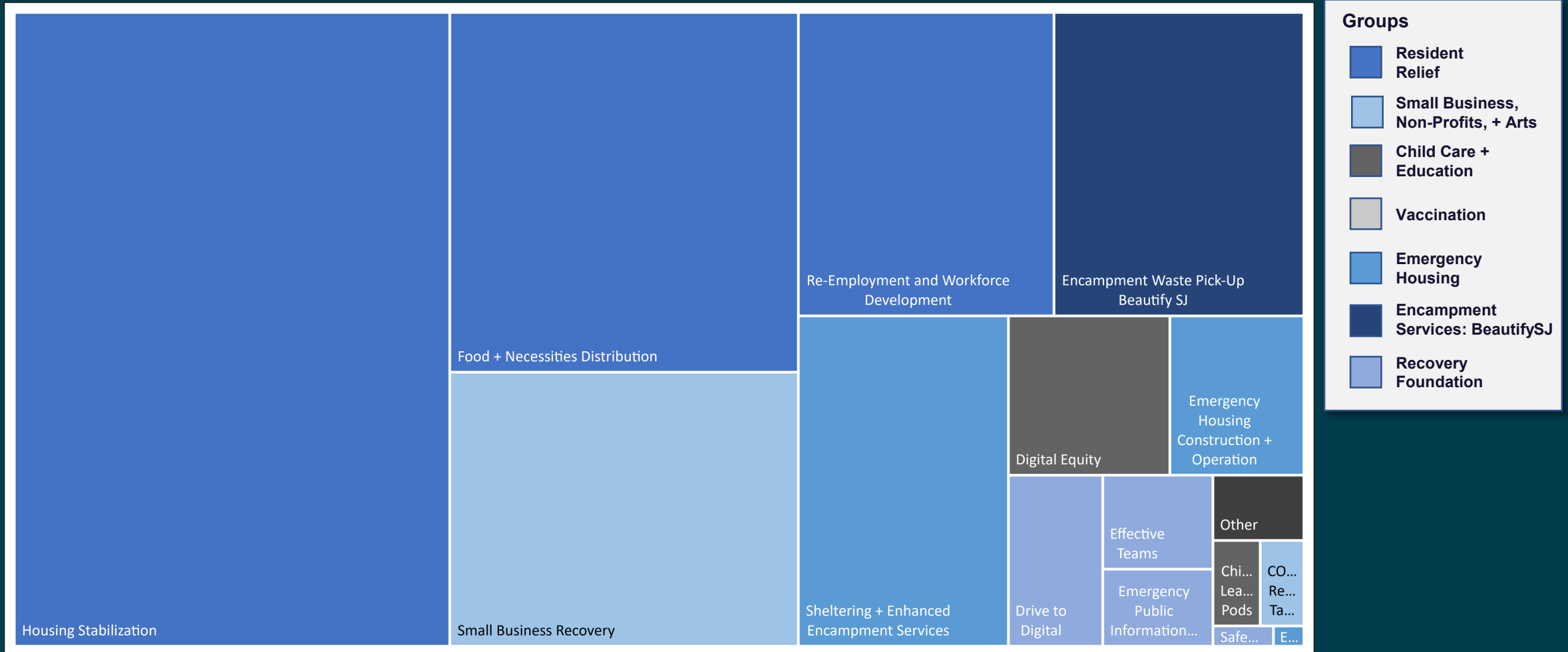
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Policy

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Significant Estimated Community & Economic Recovery Resource Needs



FY 2021-2022 Total Additional Budget Need: ~\$153,100,000
Total Additional Staff Need: ~90+ FTEs

FY 2022-2024 Total Additional Budget Need: ~\$65,000,000
Total Staff Need: ~90+ FTEs

57 Key Workstreams for 18 Recovery Initiatives

Housing Stabilization

- Emergency Rental Assistance
- Eviction Help Center
- Hotel Sheltering Operation + Services
- Isolation + Quarantine
- Sanctioned Encampments
- South Hall Demobilization + Housing Assistance Center

Re-Employment + Workforce Development

- Environment Resilience Corps*
- Food Distribution Resilience Corps*
- Learning Resilience Corps*
- Small Business Resilience Corps*
- Vaccine Champions Resilience Corps*

Food + Necessities Distribution

- Continued Food Services

Digital Equity

- Comms, Outreach, + Education*
- Community WiFi*
- Data Equity Lead*
- Device Access*

Child Care Learning Pods

- Continued Child Care Services
- San José Learns*

Small Business Recovery

- Arts + Cultural Development
- Business Communications + Translation
- Business Owner Space Platform Revamp
- Create Community & Economic Recovery Zone
- Establish non-profit commercial property development
- San José Abierto*
- Small Business + Manufacturing Recovery Initiative*
- Small Business Outreach, Grants, Center, Displacement Study, Shop Local
- Storefront Activation Program*
- Supplement EDA Capacity
- Supplemental Legal Assistance for Tenants
- Underwrite creation of new PBID/BIDs
- Virtual Accelerator Program for New Businesses

COVID-19 Recovery Taskforce

- San José Al Fresco*

Vaccination Taskforce

- Vaccination Support

Emergency Housing Construction + Operation

- Emergency Interim Housing Operations*
- Site Identification + Construction*

Sheltering + Enhanced Encampment Services

- Homeless Services Outreach Assistance + Resources (SOAR)*

Encampment Management + Safe Relocation

- Policy Development

Encampment Waste Pick-Up BeautifySJ

- BeautifySJ Consolidated Model*
- BeautifySJ Grants
- Downtown Automated Public Toilets
- Encampment Abatement
- Guadalupe River Park + Coyote Creek Clean-Up*
- Increase Encampment Trash Pick-Up
- SJ Bridge Public Restrooms*
- Vehicle Abatement Program + Proactive Patrol + Complaint Response

Other Foundational

- Continuity of City Services
- Employee Health + Wellness
- Federal + State Stimulus Advocacy

Safe Workplace

- Continued Safe Workplace Support

Drive to Digital

- Hybrid Workplace
- Omnichannel Strategy
- OneCity Workplace

Effective Teams

- Recovery Team

Emergency Public Information

- Communications

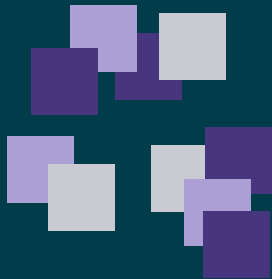
Other

- San José Aspires Administrative Support*
- YIGBY Land Use Policy Development*
- Energy Saving Retrofits*

Prioritization Process for Workstreams with Racial Equity Lens

1. City Roadmap Brainstorming

Build a list of potential initiatives to be completed from now until June 30, 2022 in Response and Recovery



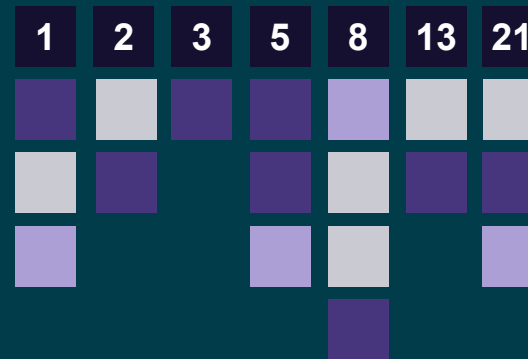
2. WSJF Attributes

Understand the Weighted-Shortest-Job-First (WSJF) attributes: community value, opportunity enablement / risk mitigation, time criticality, and job duration (see next slide for attribute descriptions)



3. Prioritization

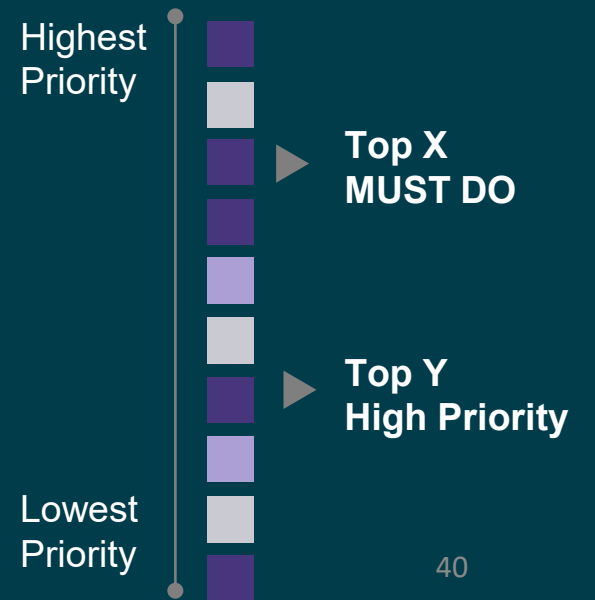
Collectively score each initiative across the four attributes: community value, opportunity enablement / risk mitigation, time criticality, and job duration



4. Recovery Roadmap

Develop a relative prioritization of initiatives based on the scored results. Debate, refine, and produce a recommendation for Council.

Proposed Roadmap



Recovery Workstream Prioritization with a **Racial Equity Lens**

Community Value

- **How equitable is the initiative? Who is benefitting? Who is burdened? What neighborhoods?**
- What is the relative value to the community and how does it contribute? How many people are served?
- **Is this serving marginalized communities? Is it intersectional? Are there higher order positive impacts?**
- What is the magnitude of impact/change and change to the efficiency or effectiveness of service?

Opportunity Enablement / Risk Mitigation

- Would failure open the community up to risk for human, material, economic, or environmental losses?
- **Does this serve an at-risk population? What is the risk within certain neighborhoods in the City?**
- How reimbursable is this? Does this bring in tax revenue?
- Does this initiative pave the way for others which need this to come first?
- How likely is not completing the initiative to cause litigation against the organization?

Time Criticality

- **How susceptible is the neighborhood to pandemic impact in the short-term?**
- How important is it that this initiative gets done quickly?
- Is there no other solution? Are other partners better at providing the solution?
- Is there another external funding source to move on to? Are they eligible for another solution?
- **What is the current community impact, especially marginalized communities, if we do not complete?**

Job Duration

- How long will the initiative take to execute?
- How complex and how many unknowns does the initiative have?
- How many dependencies are outside of our control? How controversial is the initiative?
- How is the relationship with the partner?
- How much staff time and effort will this take?

Recovery Workstreams Prioritized with Racial Equity Lens

Excludes Foundational Enterprise Priority Workstreams

#	Critical Priorities
1	BeautifySJ Consolidated Model
2	Emergency Rental Assistance
3	Eviction Help Center
4	Vaccination Support
5	Vaccine Champions Resilience Corps
6	Isolation + Quarantine
7	San José Abierto
8	Business Communications and Translation
9	Continued Food Services
10	Food Distribution Resilience Corps
11	Continued Child Care Services
12	Environment Resilience Corps
13	South Hall Demobilization + Housing Assistance Center
14	Digital Equity Comms, Translation, Outreach, + Education
15	Community WiFi
16	Digital Equity Device Access

#	Very High Priorities
17	Encampment Abatement
18	Encampment Management + Safe Relocation Policy
19	Homeless Services Outreach Assistance + Resources
20	Increase Encampment Trash Pick-Up
21	Small Business Outreach, Grants, + Other Programs
22	San José Al Fresco
23	Emergency Interim Housing Operations
24	Hotel Sheltering Operation + Services
25	Supplement EDA Capacity
26	Guadalupe River Park + Coyote Creek Clean-Up
27	Sanctioned Encampments
28	Supplemental legal assistance for tenants
29	Arts + Cultural Development
30	BeautifySJ Grants
31	Create Community & Economic Recovery Zone
32	San José Learns

#	High Priorities
33	Vehicle Abatement + Patrol + Complaint Response
34	Data Equity Lead
35	Small Business + Manufacturing Recovery Initiative
36	Site Identification + Construction
37	Underwrite creation of new PBID/BIDs
38	Business Owner Space Platform Revamp
39	Storefront Activation Program
40	Learning Resilience Corps
41	Virtual Accelerator Program for New Businesses
42	YIGBY Land Use Policy Development
43	Small Business Resilience Corps
44	Downtown Automated Public Toilets
45	SJ Bridge Public Restrooms
46	Energy Saving Retrofits
47	Establish Non-Profit Commercial Property Development

Recovery Funding Approach

NOW (May and June)

- ✓ Receive City Council feedback during this study session and issue a Manager's Budget Addendum next week to recommend allocation of the initial budget among known funding sources,
- ✓ Prepare for recovery efforts by allocating initial budget based on the City Roadmap prioritizing;
 - Critical safety net services,
 - Workstreams where City must lead and execute,
 - Foundational work such as planning, hiring/procurement and communication/language
 - March budget message items
- ✓ Allow for flexibility and partnering opportunities,
- ✓ Pursue, understand, and unlock additional Federal and State funding programs,
- ✓ Initiate planning, hiring, procurement, and other long lead items,
- ✓ Transition from EOC to Recovery Teams.

NEXT (July and beyond)

- ✓ Continue providing critical safety net services, developing hand-off plans to partners where possible,
- ✓ Listen deeply to people and businesses most burdened to center the work in their lived experience,
- ✓ Engage with partners to develop a collective impact approach to recovery that plays to strengths,
- ✓ Develop and launch equity focused, place based, recovery initiatives,
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- ✓ Return to Council on a regular basis for guidance, direction and additional budget appropriations.

Initial Group Allocations

#	Group	Initial FY2021-2022 Budget Allocation	
		Amount	Percentage of Total
1	Resident Relief	\$89,800,000	59%
2	Small Business, Non-Profits, + Arts	\$18,600,000	12%
3	Child Care + Education	\$5,500,000	4%
4	Vaccination	\$0	0%
5	Emergency Housing	\$17,100,000	11%
6	Encampment Services: BeautifySJ	\$14,200,000	9%
7	Recovery Foundation	\$6,800,000	4%
-	Other	\$1,100,000	1%
Grand Total		\$153,100,000	100%

Vaccination Budget was previously allocated for FY2020-2021

Remaining FY2021-2022 Vaccination Budget allocated separately through Resilience Corps

Known and Unknown Funding Sources

Group: Resident Relief

Enterprise Priority: COVID-19 Pandemic: Community + Economic Recovery

City Roadmap Initiative	Workstreams	Known City Funding Sources	Known Partner Funding	Unknown State Funding Sources (May Revise Being Reviewed)	Unknown Federal Funding Sources
Housing Stabilization	<ul style="list-style-type: none"> •Emergency Rental Assistance •Eviction Help Center •Hotel Sheltering Operation + Services •Isolation + Quarantine •Sanctioned Encampments •South Hall Operations + Housing Assistance Center 	<ul style="list-style-type: none"> • Emergency rental relief (State Program) • Emergency rental assistance (CAA & ARP) • HOME (CAA & ARP) 	<ul style="list-style-type: none"> • County - Rental Assistance (CAA & ARP) • County HOME 	<ul style="list-style-type: none"> • Homelessness – additional funding • Clean and revitalize neighborhoods • Other affordable housing 	<ul style="list-style-type: none"> • FEMA for Isolation and Quarantine. and South Hall Operations (City)
Re-Employment + Workforce Development	<ul style="list-style-type: none"> •Environment Resilience Corps •Food Distribution Resilience Corps •Learning Resilience Corps •Small Business Resilience Corps •Vaccine Champions Resilience Corps 	<ul style="list-style-type: none"> • ARP – Coronavirus State & Local Fiscal Recovery Fund 		<ul style="list-style-type: none"> • CA Small Business COVID-19 Relief Grants • Other Workforce Development funding • Green economy 	<ul style="list-style-type: none"> • State Small Business Credit Program (partners)
Food + Necessities Distribution	<ul style="list-style-type: none"> •Continued Food Services 	<ul style="list-style-type: none"> • ARP – Coronavirus State & Local Fiscal Recovery Fund • FEMA 		<ul style="list-style-type: none"> • Non profits have access to State funding • ARP provided states with additional funding for Pandemic-EBT program 	<ul style="list-style-type: none"> • Nonprofits have access to Federal funding • Schools + Food bank partners – USDA funding • Direct to Individuals - Food assistance, WIC, SNAP

Draft Initial Cost Estimates by Group

Group: Resident Relief

Enterprise Priority: COVID-19 Pandemic: Community + Economic Recovery

City Roadmap Initiative: Housing Stabilization
Department Owner: Housing
Leadership:
 Jacky Morales-Ferrand
 Ragan Henninger

City Roadmap Initiative: Re-Employment + Workforce Development
Department Owner: Economic Development
Leadership:
 Nanci Klein
 Jeff Ruster

City Roadmap Initiative: Food + Necessities Distribution
Department Owner: PRNS
Leadership:
 Jon Cicirelli
 Jill Mariani

City Roadmap Initiative	FY 2021-2022	FY 2022-2023	FY 2023-2024	Grand Total
Housing Stabilization	\$51,800,000	\$8,900,000		\$60,700,000
Re-Employment + Workforce Development	\$14,500,000			\$14,500,000
Food + Necessities Distribution	\$23,500,000			\$23,500,000
Grand Total	\$89,800,000	\$8,900,000		\$98,700,000

Why Take an Incremental Approach to Budgeting?



- **Recovery with the Community + Focus on Racial Equity**

- Need time to engage with our community to understand community needs
- Need to establish best method for input

- **A lot of unknowns**

- For the City
- For the region
- For our partners (County, School Districts, etc.)
- **Funding Timelines**
- ARP – May 10th
- Governor May Revise – May 14th
- ??????????

- **This is a marathon**

- Funding must last 2-3 years
- Dynamic national and local recovery - speed at which recovery accelerates necessitates flexibility to change as needed
- Flexibility allows us to pivot with social/economic/environmental changes
- Mindful that ARP funding will also be needed to mitigate future adverse General Fund budgetary impacts, including the \$28.3 million ongoing shortfall carried into 2022-2023

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Public Comment



- Limit 2 minutes per person to allow as many speakers as possible
- Mute all other audio devices before speaking

Community and Economic Recovery Budget Study Session

May 17, 2021

Dave Sykes, City Manager

Lee Wilcox, Deputy City Manager, Emergency Operations Center Director

Kip Harkness, Deputy City Manager, Emergency Operations Center Director

Jim Shannon, Director, Budget Office

Zulma Maciel, Director, Office of Racial Equity

Sarah Zarate, Director, Office of Administration, Policy, and Intergovernmental Relations

Dolan Beckel, Director, Office of Civic Innovation

Alexandria Felton, Interim Director, Intergovernmental Relations

For City COVID-19 information: <https://www.sanjoseca.gov/covid19>

Appendix

Draft Initial Cost Estimates by Group

Group: Small Business, Non-Profits, + Arts

Enterprise Priority: COVID-19 Pandemic: Community + Economic Recovery

City Roadmap Initiative: Small Business Recovery

City Roadmap Initiative: COVID-19 Recovery Taskforce

Department Owner: Economic Development

Department Owner: CMO

Leadership:

Nanci Klein
Chris Burton

Leadership:

TBD

City Roadmap Initiative	FY 2021-2022	FY 2022-2023	FY 2023-2024	Grand Total
Small Business Recovery	\$17,900,000	\$18,000,000		\$35,900,000
COVID-19 Recovery Taskforce	\$700,000			\$700,000
Grand Total	\$18,600,000	\$18,000,000		\$32,400,000

Draft Initial Cost Estimates by Group

Group: Child Care + Education

Enterprise Priority: COVID-19 Pandemic: Community + Economic Recovery

City Roadmap Initiative: Digital Equity

City Roadmap Initiative: Child Care Learning Pods

Department Owner: Library

Department Owner: PRNS

Leadership:

Jill Bourne

Ann Grabowski

Abby Shull

Leadership:

Jon Cicirelli

Hal Spangenberg

City Roadmap Initiative	FY 2021-2022	FY 2022-2023	FY 2023-2024	Grand Total
Digital Equity	\$4,800,000	\$1,900,000	\$600,000	\$7,300,000
Child Care Learning Pods	\$750,000			\$750,000
Grand Total	\$5,500,000	\$1,900,000	\$600,000	\$8,050,000

Draft Initial Cost Estimates by Group

Group: Vaccination

Enterprise Priority: Emergency Management + Preparedness

City Roadmap Initiative: Vaccination Taskforce

Department Owner: Emergency Management

Leadership:

Ray Riordan

Anh Tran

City Roadmap Initiative	FY 2021-2022	FY 2022-2023	FY 2023-2024	Grand Total
Vaccination Taskforce	\$1,800,000			\$1,800,000
Grand Total		\$0		\$0

Vaccination Budget was previously allocated for FY2020-2021

Remaining FY2021-2022 Vaccination Budget allocated separately through Resilience Corps

Draft Initial Cost Estimates by Group

Group: Emergency Housing

Enterprise Priority: Creating Housing + Preventing Homelessness

City Roadmap Initiative: Emergency Housing Construction + Operation

Department Owner: Housing
Leadership:
 Jacky Morales-Ferrand
 Ragan Henninger

City Roadmap Initiative: Sheltering + Enhanced Encampment Services

Department Owner: Housing
Leadership:
 Jacky Morales-Ferrand
 Ragan Henninger

City Roadmap Initiative: Encampment Management + Safe Relocation Policy

Department Owner: PRNS
Leadership:
 Jon Cicirelli
 Neil Rufino

City Roadmap Initiative	FY 2021-2022	FY 2022-2023	FY 2023-2024	Grand Total
Emergency Housing Construction + Operation	\$4,000,000	\$16,000,000		\$20,000,000
Sheltering + Enhanced Encampment Services	\$13,000,000			\$13,000,000
Encampment Management + Safe Relocation Policy	\$100,000			\$100,000
Grand Total	\$17,100,000	\$16,000,000		\$33,100,000

Draft Initial Cost Estimates by Group

Group: BeautifySJ

Enterprise Priority: Safe, Vibrant, + Inclusive Neighborhoods + Public Life

City Roadmap Initiative: Encampment Waste Pick-Up
BeautifySJ

Department Owner: PRNS

Leadership:

Jon Cicirelli

Neil Rufino

City Roadmap Initiative	FY 2021-2022	FY 2022-2023	FY 2023-2024	Grand Total
Encampment Waste Pick-Up BeautifySJ	\$14,200,000	\$9,900,000	\$6,600,000	\$30,700,000
Grand Total	\$14,200,000	\$9,900,000	\$6,600,000	\$30,700,000

Draft Initial Cost Estimates by Group

Group: Recovery Foundation

Enterprise Priority: Strategic Fiscal Positioning + Resource Deployment | Powered by People

City Roadmap Initiative: Federal + State Stimulus Advocacy
Department Owner: CMO
Leadership: Alexandria Felton

City Roadmap Initiative: Continuity of City Services
Department Owner: Emergency Management
Leadership: Ray Riordan, Jay McAmis

City Roadmap Initiative: Safe Workplace
Department Owner: HR
Leadership: Jennifer Schembri, Kelli Parmley

City Roadmap Initiative: Employee Health + Wellness
Department Owner: HR
Leadership: Jennifer Schembri, Kelli Parmley

City Roadmap Initiative: Drive to Digital
Department Owner: Information Technology
Leadership: Rob Lloyd, Jerry Driessen

City Roadmap Initiative: Effective Teams
Department Owner: HR
Leadership: Jennifer Schembri, Kelli Parmley

City Roadmap Initiative	FY 2021-2022	FY 2022-2023	FY 2023-2024	Grand Total
Federal + State Stimulus Advocacy				
Continuity of City Services				
Safe Workplace	\$200,000			\$200,000
Employee Health + Wellness				
Drive to Digital	\$3,000,000	\$300,000		\$3,300,000
Effective Teams	\$2,000,000	\$1,000,000		\$3,000,000
EPIO	\$1,600,000	\$1,300,000		\$2,900,000
Grand Total	\$6,800,000	\$2,600,000		\$ 9,400,000

Draft Initial Cost Estimates by Group

Group: Other

Enterprise Priority: N/A

Workstreams:

- San José Aspires Administrative Support
- YIGBY Land Use Policy Development
- Energy Saving Retrofits

Group	FY 2021-2022	FY 2022-2023	FY 2023-2024	Grand Total
Other	\$1,100,000			
Grand Total	\$1,100,000			\$1,100,000