



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 22-353

Board Meeting Date: 5/17/2022

Special Notice / Hearing: None

Vote Required: Majority

To: Honorable Board of Supervisors

From: Michael P. Callagy, County Executive
Peggy Jensen, Assistant County Executive

Subject: San Mateo County Recovery Initiative Funding

RECOMMENDATION:

Adopt a resolution:

- A) Authorizing an allocation of \$6,000,000 from the second tranche of San Mateo County's American Rescue Plan Act funds to various specified San Mateo County Recovery Initiatives related to housing and food security; and
- B) Authorizing the County Executive, or designee(s), to negotiate and enter into agreements with various providers to implement the \$6,000,000 in specified American Rescue Plan Act funded San Mateo County Recovery Initiatives related to housing and food security; and
- C) Directing the County Executive, or designee, to report back on progress quarterly starting in July 2022.

BACKGROUND:

The federal government has allocated \$148,897,819 in American Rescue Plan Act (ARPA) funds to San Mateo County. The first tranche of these ARPA funds, \$74,448,909, was received on May 20, 2021 and appropriated by the board in the adopted budget on September 28, 2021. The second tranche is expected on May 20, 2022. The second tranche in the same amount (\$74,448,909) is expected on May 20, 2022.

All ARPA fund expenses must be incurred by December 31, 2024, which means a service, program or investment must be committed or under contract by that date; and all the funds must be expended not later than December 21, 2026. The majority of the first tranche of ARPA funds has been expended and work is progressing on the last round of allocation that were approved by the Board on February 8, 2022.

Allocation of the County's ARPA funds has been guided by community priorities. Over 300 community members contributed to the initial strategic recovery plan, which was developed in the summer of 2020 and covered the distribution of all but \$10,000,000 of the first tranche of ARPA funds. Those remaining \$10,000,00 in ARPA funds were set aside for programs identified through an update to the community priorities, with an emphasis on input from residents of communities most impacted by the COVID-19 pandemic.

In the fall of 2021, Chief Equity Officer Shireen Malekefzali worked with the Gardner Center at Stanford University to identify the current priorities of these most impacted communities. After assessing survey, focus group, town hall, and community poster data, the Gardner Center found that housing remained the highest priority for almost all respondents, followed by anxiety related to food insecurity. Other priorities included job training and placement assistance, and access to childcare and out-of-school care. Challenges with accessing County programs and the need for expanded communication with the Latino/x community were themes the Gardner Center noted spread across all the priorities.

The next step in the allocation process was to develop specific projects to address the communities' priorities and incorporate their suggestions by working groups of local partners and subject matter experts. This process was facilitated by the Boston Consulting Group through a contract funded by the Silicon Valley Community Foundation and, in December 2021, resulted in a proposed allocation plan for \$84,448,909 in ARPA projects, to be funded by the remaining \$10,000,000 from the first tranche of ARPA funds, as well as \$74,448,909 expected in the second tranche payment.

The allocation plan for the \$84,448,909 focuses on responding to the pandemic and its negative economic consequences by assisting children and families, addressing basic needs of the most vulnerable residents, promoting economic recovery, and preparing for infrastructure investments. The initial plan was reviewed by the Equity Recovery Group and the Recovery Coordinating Council, and components of the plan have been shared with the Home for All Steering Council, the Child Care Coordinating Council, and the THRIVE Education and Child Care Committee. Comments from all those groups have been incorporated into the second tranche allocation plan.

The Board approved allocations for the final \$10,000,000 from the first tranche of ARPA funds on February 8, 2022. Work is currently underway on all the approved allocations, including distribution of \$3,200,000 in grants to expand summer enrichment programs, funding for the Pacifica Safe Parking program for residents experiencing homelessness, the Mental Health First Aid training program in collaboration with city Mayors, a sewer system assessment and improvement plan for North Fair Oaks, and mental health and wellness grants to agencies that provide services to residents experiencing homelessness.

DISCUSSION:

Since development of the initial allocation plan for the full \$84,448,909 in ARPA funding, staff has worked with community partners to refine the plan for the second tranche of ARPA funds. The refined recommended project plan, summarized in the chart below, is organized into five priority areas: housing, children and families, economic recovery, support for vulnerable populations, and infrastructure. The recommended plan also leaves unallocated \$28,753,909 to provide some flexibility for addressing evolving or subsequently identified needs that may arise and are ARPA eligible.

Staff has identified three projects for action by the Board: Rent & Utility Assistance (\$2,000,000); Legal Assistance for Renters (\$2,000,000); and Second Harvest Food Bank (\$2,000,000). These projects are highlighted in bold on the chart below and address housing and food security, the areas identified as the highest concern for the County’s most vulnerable (and therefore disproportionately impacted) residents. The funding requested for these three projects for approval by the Board totals \$6,000,000, pending receipt of the second tranche of ARPA funds. Staff will bring back to this Board for future action contracts for other recommended ARPA fund allocations approved by the Board in concept, pending programmatic development and ARPA compliance.

Category	Amount	Project Detail
Housing	\$24,500,000	<ul style="list-style-type: none"> • Rent & Utility Assistance - \$2,000,000 • Legal Assistance for Renters - \$2,000,000 • ADU Help Center - \$250,000 • Affordable Housing Expertise: schools & faith communities - \$125,000 • Affordable Housing Expertise: smaller/mid cities - \$125,000 • ARPA Eligible Housing Needs - \$20,000,000
Children and Families	\$9,195,000	<ul style="list-style-type: none"> • Out-of-school enrichment programs - \$2,500,000 • 2023 summer enrichment - \$2,500,000 • Childcare operating grants - \$4,095,000 • Technical Assistance for childcare development - \$100,000
Economic Recovery	\$5,000,000	<ul style="list-style-type: none"> • Additional small business and job seeker centers: North Fair Oaks - \$2,500,000 • Coastside - \$2,500,000
Vulnerable Populations Support	\$3,500,000	<ul style="list-style-type: none"> • Second Harvest Food Bank - \$2,000,000 • Unincorporated Area Financial Assistance - \$1,000,000 • Pilot Full-Service Community Outreach - \$500,000
Infrastructure	\$3,500,000	Public WIFI maintenance and operations
Unallocated	\$28,753,909	For emerging but currently undetermined ARPA-eligible needs, additional funding as needed in specific areas, expansion of successful pilot programs currently underway
TOTAL	\$74,448,909	

The above recommended projects are described in more detail below, along with the recommended ARPA funding allocations.

Housing: \$24,500,000

1. Preventing Homelessness: \$4,000,000

Staff recommends that the Board approve at this meeting the two the “preventing homelessness” allocations detailed below so funds can be made available prior to the end of the eviction moratorium on June 30, 2022.

a. Emergency Rent, Utilities and Transportation Assistance: \$2,000,000

Impacted lower income households continue to require support as a consequence of the pandemic. Early in the pandemic the County, along with cities, philanthropical organizations, and other funders, contributed \$15,000,000 to support the County’s emergency rent, utility,

and transportation assistance program administered by the Core Services Agencies (Cores). With these funds, the Cores helped residents earning less than 60% of the Average Median Income meet their basic housing needs. When the State Emergency Rental Assistance Program (ERAP) began in mid-2021, demand for County assistance through the Cores declined. However, ERAP applications closed March 31, 2022 and the state's eviction moratorium is currently scheduled to end June 30, 2022. The Cores report that, while more residents are requesting financial assistance, most of the County funds have already been spent. This additional recommended funding will help prevent homelessness by providing rental assistance to qualifying renters, specifically, those awaiting a decision on their ERAP application or who were ineligible for ERAP.

b. Eviction Counseling and Legal Representation: \$2,000,000

As the end of the eviction moratorium approaches on June 30, 2022, staff anticipates an increased need for legal assistance regarding current housing, landlord-tenant, and renter protection laws. The Department of Housing will solicit proposals from non-profit organizations with a history of working with renters, to provide up to \$2,000,000 in eviction counseling and legal services to assist tenants who are low-income.

2. Unlocking Land: \$500,000

a. ADU Help Center: \$250,000

Accessory Dwelling Units (ADUs) can add much-needed housing in single family neighborhoods without increasing visual density. Constructing a legally-compliant ADU, however, can be a daunting task. This recommended allocation will cover the start-up costs of a countywide ADU Help Center modeled on such a center serving Napa and Sonoma Counties, subject to review of programmatic details and compliance with ARPA. The Help Center concept will be developed in collaboration with cities in the County, 21 Elements, and other community partners. If the ADU Help Center is successful, a funding plan, that includes city participation, would be developed after the start-up period. The plan for the County contribution would be subject to review of programmatic details to ensure compliance with ARPA.

b. Affordable Housing Expertise for Small and Mid-Sized Cities: \$125,000

Most of the small and mid-sized cities in the County lack staff with affordable housing development experience. These cities are currently partnering with 21 Elements to develop a plan for sharing affordable housing expertise that would assist impacted and disproportionately impacted residents. This recommended allocation of ARPA funds would support the start-up costs of a shared housing consultants program, with future funding provided by cities utilizing the service. The plan for the County contribution would be subject to review of programmatic details to ensure compliance with ARPA.

c. Affordable Housing Expertise for School Districts and Faith Leaders: \$125,000

Many school districts and faith communities in San Mateo County own land they would like to develop into worker and/or affordable housing, but few are familiar with housing development. This recommended allocation would pilot a project to provide affordable housing development consulting expertise to a small group of school districts and faith leaders to help them better understand the housing development process. If successful, this program could be expanded with additional ARPA funds and/or a pro-rated fee structure. The plan for the County

contribution would be subject to review of programmatic details to ensure compliance with ARPA.

3. ARPA Eligible Affordable Housing Needs: \$20,000,000

This allocation for ARPA eligible housing related needs would be used for all types of housing, from shelters and associated supportive services, to interim housing and the supports needed by residents of those facilities, to the development of affordable housing units. An allocation plan for this funding will be brought to the Board as we move forward with the functional zero homelessness initiative and identify the additional investments in housing and services needed to reach that goal.

Children and Families: \$9,195,000

1. Childcare for Children 0 to 5 years of Age: \$4,195,000

a. Child Care Center and Day Care Operating Grants: \$4,095,000

ARPA funding may be used to provide new or expanded childcare services, increase access to services, efforts to bolster, support, or preserve existing providers and services, and similar activities for impacted households and communities. At the recommendation of the Child Care Coordinating Council, First Five, and other members of the childcare community, staff recommends allocating \$4,095,000 to fund a grant program to assist childcare centers and family day care providers in San Mateo County. This recommended funding would provide a total of 120 grants; specifically, 60 grants of \$10,000 each to qualifying family day care centers and 60 grants of \$55,000 each to qualifying childcare centers. The grant program would be modeled on the childcare assistance grant program implemented by the County in 2021, prioritizing centers and providers that serve infants and toddlers, families who are lower income, and children with special needs.

b. Technical Assistance for Child Care Center Development: \$100,000

The Build Up Initiative within 4Cs would use this recommended \$100,000 allocation to engage a consultant to help developers in San Mateo County incorporate childcare centers into their projects.

2. Programs for School Age Children: \$5,000,000

a. 2022-23 School Year Enrichment Programs: \$2,500,000

This recommended allocation would extend the concept of the summer enrichment programs through the 2022-23 academic year. These grants would support after-school programs in communities with high numbers of students who are socially and economically disadvantaged. Grants would be distributed using the same equity, access, and expansion evaluation formula as the summer enrichment grant program previously approved by the Board.

b. 2023 Summer Enrichment Program: \$2,500,000

This recommended funding would extend the summer enrichment program through the summer of 2023. The 2023 program would incorporate lessons learned and best practices identified in the evaluation of the 2022 summer enrichment grant program and ideally be expanded with philanthropic funding after the evaluation is shared with charitable foundations.

Economic Recovery: \$5,000,000

Small Business and Job Seeker Centers: \$5,000,000

Providing assistance to small businesses is an eligible use of ARPA funds. Last year, the County contributed \$200,000 to help establish an Economic Advancement Center (EAC) in downtown South San Francisco. The EAC offers coaching, classes, and business assistance to small business owners and entrepreneurs in the northern part of the County through a contract with Renaissance Entrepreneurship Center (REC). Job seekers receive assistance with resumes, interviewing, career planning, and other support at the EAC with counselors from Job Train.

The EAC began virtual operations in July of 2021 and moved into their offices at 366 Grand Avenue in February 2022. Since beginning operation, 126 entrepreneurs and small business owners from Daly City, South San Francisco, Colma, Brisbane, San Bruno, and Pacifica have been assisted by the REC staff and REC has hosted 87 workshops. To date, JobTrain's career center in the EAC has served 99 residents, helping 42 of those individuals secure and start new positions, and 16 individuals pursue education or vocational training. The services most frequently requested by clients are resume building, cover letter, and job search assistance. The average starting salary for new positions is \$22.70 an hour, and 35% of the individuals placed into new positions were previously receiving public benefits.

This recommended allocation of \$5,000,000 is for the costs for start-up and two years of operation for two additional small business and job seeker centers. Staff recommends locating one center in North Fair Oaks and a second in Half Moon Bay to serve coastside residents. Both new centers would be modeled on the South San Francisco EAC, but program design would incorporate input from local leaders and stakeholders so each center can be tailored to meet the specific needs of their respective communities.

Support for Vulnerable Populations: \$3,500,000

1. Second Harvest Food Bank: \$ 2,000,000

Staff recommends that the Board approve at this meeting additional funding for Second Harvest to ensure ongoing support for the individuals and families that continue to require Second Harvest resources to meet the food needs of their households.

Second Harvest Food Bank reported that, during the COVID-19 pandemic, the demand for food rose 40% in San Mateo County. In an effort to continue support for ongoing food needs and help prevent food insecurity in San Mateo County, staff recommends a contribution of \$2,000,000 to Second Harvest. The purpose of this allocation is twofold: first, to assist Second Harvest with meeting the increased demand for food in San Mateo County and, second, to increase awareness surrounding the ongoing need for food in the community and continued support for Second Harvest.

2. Financial Assistance for Unincorporated Area Residents: \$1,000,000

In the first tranche of ARPA funds, the Board allocated \$500,000 to assist impacted residents of the unincorporated area in response to the negative economic consequences of the pandemic. The County's Human Services Agency worked with Puente, Coastside Hope, and the North Fair Oaks Community Center (NFOCC) to develop a program that provided \$500 checks to qualifying

clients most in need. The program will begin to assist impacted residents of unincorporated coastside areas in the coming weeks and residents of North Fair Oaks later this year. Staff recommends adding additional funds to this assistance program should the need exceed the current available funding.

3. Full-Service Community Outreach Pilot Program: \$500,000

The Gardner Center’s research found that outreach, especially to the Latino/x community, should be expanded to ensure that impacted and disproportionately impacted residents can access critical programs. Focus group members suggested a Promotora model, where trusted non-profits would serve as outreach providers for multiple County programs. The Office of Community Affairs (OCA) used the Promotora model for 2020 Census outreach and throughout the pandemic. Staff recommends developing a pilot program focused on outreach to the Latino/x community that would build on the OCA Promotora model.

Unallocated Funds: \$28,753,909

Staff recommends setting aside \$28,753,909 in second tranche ARPA funds as unallocated, pending determination of future eligible uses. Since the ARPA funds can be spent over the course of the next two years, staff further recommends that the unallocated funds be earmarked for use to respond to evolving, ARPA-eligible needs, such as projects that are still being piloted or those for which additional information is needed. When additional information becomes available, in most cases before the end of this fiscal year, staff will return to this Board with funding recommendations.

Potential use of the unallocated funds include:

1. Additional funding for the County rental and utility payment assistance program and for tenant legal and informational support programs could be requested if data demonstrates such a need in coming months.
2. The pilot workforce development program with NOVAworks currently underway is providing job placement and support services for 35 clients (25 adults and 10 young adult) and, if successful, could be expanded in the fall of 2022.
3. The childcare community has requested funding to promote working in childcare and support for individuals who choose to enter this field. If the NOVAworks employment pilot is successful, a childcare component could also be added to an expanded contract.
4. The Board recently asked staff to return at a future date with a new plan for proposed Environmental Health fees, which included a request that \$1.5 million in waived fees be covered by ARPA funds. Some amount of ARPA funds could be used for an Environmental Health fee waiver in 2022.
5. The pilot phase for the Choose Local San Mateo County application will end on September 30, 2022. If the pilot is successful, additional funds could be allocated toward monthly app fees and the local shopper incentive fund.

Staff recommends that the Board authorize the County Executive, or designee(s), to negotiate and enter into agreements with various providers to implement the \$6,000,000 in identified ARPA-funded San Mateo County Recovery Initiatives related to housing and food security. The remaining recommended allocations of ARPA funding and associated contracts will be returned to this Board for specific approvals subject to ARPA eligibility requirements and are subject to revision with this Board’s approval to ensure effective and compliant use of the funds.

The County Executive, or designee(s), will report back to the Board regarding the status of all

allocations, programs, agreements, and expenditures pursuant to the allocation plan for the second tranche of the County's ARPA funding on a quarterly basis starting in July 2022.

FISCAL IMPACT:

The second tranche of ARPA funds has been included in the Fiscal Year 2022-23 budget with no fiscal impact on the County General Fund. There is also no fiscal impact on the non-ARPA County General Fund associated with providing direction to staff on the allocation of the pending second tranche of ARPA funds. Furthermore, there is also no impact on the General Fund associated with approving the specific \$6,000,000 allocation of ARPA funds to implement housing and food security programs based on the continuing need for recovery support due to the COVID-19 public health emergency and its negative economic impacts, pending receipt of the second tranche of ARPA funds.