

City Council Budget Workshop

MAY 24, 2021

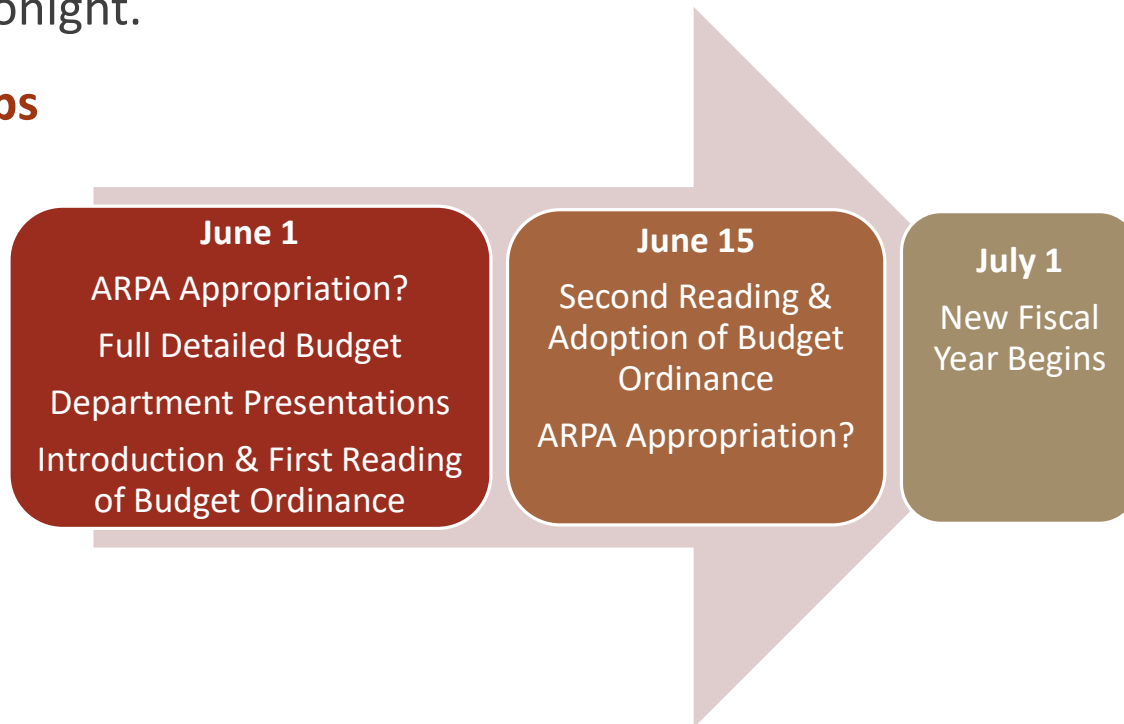
Topics

- Introduction to Presentation
- Budget Information
- General Fund Budget Growth
- Rethinking Police Response
- Funding for City Council Priorities
- Cost of Addressing Homelessness & Housing Assistance
- American Rescue Plan Act Guidelines & Proposed Revive Santa Ana Spending Plan
- Open Q&A with staff

Introduction to Presentation

Purpose: This workshop was added at the request of City Council. The presentation walks through the budget and the Revive Santa Ana spending plan in greater detail. Staff seeks further direction from City Council tonight.

Next Steps



Budget Information

- The City has an incremental budget process (departments submit requests/justifications for additions to the baseline). We're moving towards a hybrid zero-based approach:
 - Baseline assumptions include negotiated employee comp increases, step increases, and required CalPERS contributions
 - We've improved employee position control and tightened up the budget calculation for employee compensation
 - Contracts and Commodities are set at zero and departments must justify all
- Most of the focus is on the General Fund, as other funds have spending restrictions. Many restricted funding sources require separate City Council approval for spending (grant applications, program approval).
- Internal Service Funds account for centralized support services. The majority are underfunded. Funding sources are overhead charges, primarily to the General Fund.
 - IT, Fleet, Insurance, Building Maintenance, City Yard and Central Stores, Engineering support for projects and permits

General Fund Budget Growth

- Revenue – overall growth of \$19.3 million or 6%
 - Sales Tax \$8 million (MX \$3.6 million + Bradley-Burns \$4.4 million)
 - Revenues recovering from the Pandemic \$6 million
 - Cannabis Tax \$1.6 million
- Expenditures
 - Removed one-time items from FY20-21 to arrive at a recurring baseline
 - Added contractual increases \$15.9 million
 - Reduced the hiring freeze from \$5.4 million to \$2.9 million
 - Added ongoing Train Station subsidy of \$1.1 million
 - Increased Cannabis Tax 2/3 set-aside \$1 million
 - Workforce Reallocations and Additions \$0.5 million
 - Converted Assistant Human Resources Director to 2 Managers
 - Added Payroll Technician, Permit Technician, Street Light Maintenance Worker
 - Part-Time Interns in City Manager's Office
 - Part-Time Parks & Recreation Ambassador Program
 - Added Charter Amendments Ballot Measure \$660,000, Increase City Council Allocations for meetings with constituents \$35,000, and mandated Redistricting \$365,000

Potential Future Budget Impacts

- Pension Debt Refinancing savings
- Potential employee negotiations
- Revenue for final Jail Module
- Increased overhead charges to stabilize internal service funds
- Zoning Code update
- Deferred maintenance for facilities

Rethinking Police Response

- Future diversion of all homeless-related 911 calls to a contracted non-profit organization for appropriate rapid response
- No additions to the General Fund budget for FY21-22
 - The only budget increases were related to employee compensation and overhead charges
- Animal Services reassigned to Planning & Building in FY20-21 (\$3.2 million)
- Crossing Guards contract and oversight reassigned to Public Works in FY20-21 (\$0.8 million)

Funding for other City Council Priorities

Proposed FY21-22 Budget includes new spending for:

- Charter Amendments Ballot Measure \$660,000
- City Manager's Office Part-Time Interns to support City Council \$67,920
- City Council allocations for non-profit contributions and constituent meetings increased from \$10,000 each to \$15,000 each
- Recreation PT Staffing for Ambassador Program \$300,000
- Sidewalk Improvements
 - No General Fund FY21-22 Allocation (FY20-21 \$1,000,000 was one-time)
 - Gas Tax fund balance is available for another one-time allocation
 - Heninger Park & Pacific Park \$400,000 & ADA Curb Ramps \$554,582 funded with restricted money
- Additional staffing for Public Works (15 full-time positions = \$1.5 million)

Funding for City Council Strategic Priorities \$196.2 Million

Financial Stability	Community Safety	Modern Facilities & Infrastructure	Efficient City Services	Economic Diversification & Expansion
<ul style="list-style-type: none">Balanced BudgetModernize	<ul style="list-style-type: none">Homelessness Response* \$13.6 MILLIONCrime Prevention \$0.7 MILLIONEmergency Police Response \$56.7 MILLIONCommunity Policing \$0.8 MILLIONSchool Partnerships \$0.3 MILLION	<ul style="list-style-type: none">Infrastructure Master Plans \$1 MILLIONParks Master PlanBridge Digital Divide ARPA SPENDING PLAN \$5.5 MILLION	<ul style="list-style-type: none">Technology Modernization \$4 MILLION + ARPA SPENDING PLAN \$2 MILLIONEffective, Efficient Polices & ProcessesCommunication & Outreach ARPA SPENDING PLAN \$2 MILLION	<ul style="list-style-type: none">Reduce Homelessness* \$24.8 MILLIONEconomic Development \$0.9 MILLIONIncrease Job OpportunitiesAddress Housing Challenges* \$75.4 MILLIONParks, Open Space & Amenities \$8.5 MILLION

*Detailed information presented in the following slides

Cost of Addressing Homelessness \$38.4 million

Department	Activity	Expected FY21-22
Community Development Agency (CDA)	Homeless Navigation Center Impr, Shelter Operations, Youth Housing & Educational Outreach, Temporary Family Housing, & Non-Profit Homeless Service Providers	\$18,121,951
CDA	Street Outreach and Engagement Services	900,000
CDA	Homeless Prevention/Eviction Prevention	5,764,747
Planning & Building	Code Enforcement	282,800
Police Department	Response of ~ 104,000 staff hours	10,630,596
Fire Services	Approximately 4% of response calls	1,860,000
Public Works	Clean-Up	500,000
Parks & Recreation	Clean-Up & Repairs	365,000
Quantified Cost		\$38,425,094

The City also incurs legal costs related to homelessness cases, which is difficult to predict and has not yet been quantified.

FY21-22 Housing Assistance

\$75.4 million

Source	Program	Rental Assistance
ARPA	Emergency Rental Assistance Program (ERAP)	\$14,026,593
ARPA	Emergency Housing Vouchers	1,287,288
Other Federal	State allocation for Santa Ana's ERAP	10,633,695
Other Federal	Emergency Rental Assistance Program	5,930,391
	Total Rental Assistance	\$31,877,967

Source	Program	Other Assistance
Housing Authority	Housing Assistance Payments	\$36,000,000
Housing Authority	Foster Youth to Independence	600,000
Housing Authority	Veteran Affairs Supportive Housing	1,500,000
Housing Authority	Non-Elderly Disable Vouchers	2,250,000
Housing Authority	Mainstream Voucher Program	3,198,500
	Total Other Housing Assistance	\$43,548,500

Up Next

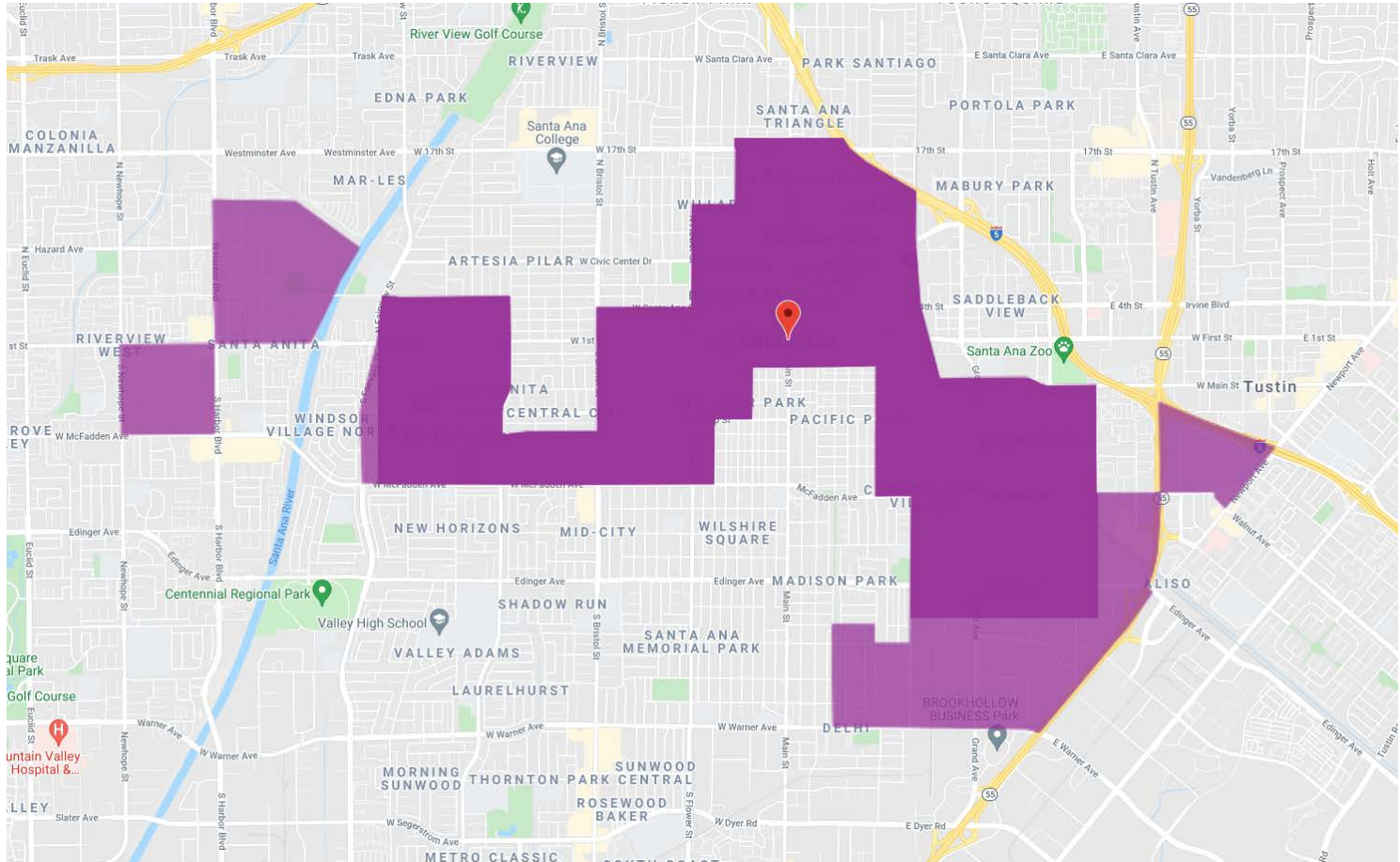
American Rescue Plan Act (ARPA) and



ARPA Guidelines

- All spending must support the following:
 - Prevent or respond to COVID-19 or the negative economic impacts of COVID-19
 - Child mental health, academic & social development, substance abuse, and childcare
 - Improve public health
 - Premium Pay for Essential Workers
 - Water, Sewer or Broadband Infrastructure
 - Expanded spending for Qualified Census Tracts – health, housing, violence intervention, lead paint remediation, early learning
 - Other Governmental Services must come from Revenue Loss Allocation
 - Infrastructure other than water, sewer & broadband must come from Revenue Loss Allocation – future infrastructure-dedicated federal funding is expected
- Due to the timing of Measure X, Santa Ana may not have a Revenue Loss Allocation
 - 51 other CA cities/counties have the same situation – staff pursuing resolution with U.S. Treasury
- If ARPA money is transferred to a non-profit, they must follow the same spending guidelines

Qualified Census Tracts



Proposed Spending Plan

Reported on May 18

Priority	Proposed Allocation
Recovery from the Pandemic	\$6,000,000
Direct Assistance Programs	16,000,000
Public Health & Safety	14,000,000
Critical Infrastructure	24,000,000
City Fiscal Health	15,000,000
First Tranche	\$75,000,000

Updated*

Priority	Proposed Allocation
Recovery from the Pandemic	\$6,000,000
Direct Assistance Programs*	20,613,881
Public Health & Safety	14,000,000
Critical Infrastructure	24,000,000
City Fiscal Health	14,880,000
First Tranche	\$79,493,881

*First Tranche proposed spending increased as Community Development expects to spend more than 50% of housing-specific allocations in the first year.



Recovery from the Pandemic

Local Vaccinations/Education Collaboration	\$500,000
Public Health Equity	1,000,000
Expansion of Critical City Communications Methods	2,000,000
Sanitization & Prevention	1,000,000
COVID Emergency Response	1,500,000
Proposed First Tranche	\$6,000,000



Direct Assistance Programs

Emergency Rental Assistance Program	\$14,026,593
Emergency Housing Vouchers	1,287,288
Food Distribution	1,000,000
Reopening Assistance to Businesses	2,000,000
Early Childhood Support & Head Start (ages 0-5 years)	500,000
After-School Programs	300,000
Youth Violence/Sexual Assault Intervention	1,000,000
Digital Literacy Education	500,000
Proposed First Tranche	\$20,613,881

Second Tranche to include Resident Stimulus Funding Year 2 (residents received federal money in Year 1)



Public Health & Safety

Addition of Green Space at Santa Anita*	\$7,000,000
Healthy Food Access	2,000,000
Trash Abatement & Supplemental Code Enforcement	1,000,000
Support Services for COVID Response	500,000
Rapid Response Homeless Services	1,000,000
Upgrade Park Restrooms	1,500,000
Enhanced Security for usability of Parks/Community Centers*	1,000,000
Proposed First Tranche	\$14,000,000

**If allowable by federal guidelines. Second Tranche to include additional recreation facility enhancements if allowable by federal guidelines.*



Critical Infrastructure

Affordable Broadband Access	\$5,000,000
Community Center Renovations*	2,000,000
Update Central Library to support early childhood learning	7,000,000
New Library Branch/Expansion of Library Accessibility	1,500,000
Pedestrian & Mobility Improvements*	5,000,000
Information Technology & Process Upgrades*	2,000,000
Neighborhood Safety Streetlights*	1,500,000
Proposed First Tranche	\$24,000,000

**If allowable by federal guidelines. Second Tranche to include year 2 of Library improvements.*



City Fiscal Health

Unemployment Fund/Paid Leave Reimbursement	\$500,000
Accounting & Compliance for Federal Funding	200,000
Reserve for Revenue Loss Allocation	14,180,000
Proposed First Tranche	\$14,880,000

Questions for staff?
