

## **Project Summary**

Below is an explanation of how revenue replacement funds were allocated to government services as of March 31, 2022.

In June of 2021, the City introduced a two-phased strategy for the use of the ARPA State and Local Fiscal Recovery Funds (SLFRF). By August 2021, as part of the FY 2022 Budget process, the two-phased strategic approach was approved by the City Council:

- Phase I was approved as part of the FY 2022 Budget and focused on stabilizing the City budget and addressing community needs.
- Phase II began in the fall of 2021 with an extensive community engagement process to set spending priorities for the use of the federal funds.

### **Phase I**

In Phase I, the City allocated \$97.5 million of the first tranche received in May 2021. Of the \$97.5 million, \$46.5 million was allocated to the General Fund to stabilize the City budget and to address community needs exacerbated by the pandemic. This includes but not limited to programs that support mental health, domestic violence, housing, and community navigators. The funds were allocated over two years (FY 2022 and FY 2023). \$51 million was allocated to the Hotel Occupancy Tax (HOT) Fund from FY 2021 through FY 2023 to support the convention, hospitality, and arts industry. Additionally, in November 2021, \$30 million in funding was allocated for household utility assistance to aid San Antonians who were financially impacted by the COVID-19 crisis and in need of financial assistance with utility payments in arrears.

Of the \$97.5 million allocated during Phase I, below is the list of the programs that have been designated to the General Fund for government services and Hotel Occupancy Tax (HOT) Fund.

#### ***General Fund \$46.5 million***

##### **Affordable Housing - \$4.4 million**

This funding reinforces some of the findings in the San Antonio Housing Policy Framework that addresses the growing housing affordability gap. The funding supports the total housing investment of \$35.7 million in FY 2022 by enhancing the housing stability services to help families with programs, such as Owner-occupied Rehabilitation, Minor Repair, and Under 1 Roof programs. Additionally, this includes providing funding for Relocation Assistance to aid in risk mitigation. This is a one-time ARPA investment in FY 2022.

##### **Emergency Preparedness - \$5.0 million**

The ARPA funds provide support to the City's resiliency to future weather events and other disruption plans that total a resiliency investment of \$8.5 million. This funding will enhance the City's emergency management and resiliency by supporting purchases to replace critical building systems in key public safety facilities including generators and setting up four resiliency hubs

strategically located across the city. As an example, the resiliency hubs can serve as a warming or cooling site in the event of a weather emergency. This is a one-time ARPA investment in FY 2022.

**Homelessness - \$464 thousand**

This supports the City's \$32.5 million in homelessness funding. This enhances support to the Partners with South Alamo Regional Alliance for the Homeless (SARAH) to divert households from entering homeless emergency shelters. The program assists individuals and families with immediate needs such as rent, utility assistance, or hotel vouchers to quickly stabilize housing situations. This will help leverage additional private philanthropy funds secured by SARAH for the Diversion Program. This is a one-time ARPA investment in FY 2022.

Additionally, the City is enhancing contract monitoring with two positions to monitor and work with nonprofit organizations in effectively and efficiently using funding allocated to support the City's policy priorities and ensure compliance with local, state, and federal regulations and federal grant deliverables. This funding covers support in FY 2022 and FY 2023.

**311 Customer Service Operations - \$919 thousand**

The City is enhancing its 311 Call Center with seven customer service positions to increase efficiency and satisfaction in customer service when responding to resident requests for information. This funding covers support in FY 2022 and FY 2023.

**Community Navigators - \$2.7 million**

This funding supports a navigator program to assist older adults, families, and individuals. Older adults will be connected to financial counseling services focusing on issues facing older adults including identity theft, scams, and reverse mortgages. Families will be provided assistance with fair housing, housing navigations services, and homeless individuals will be connected to services including shelter, mental health, domestic violence, and job training resources. This funding covers support in FY 2022 and FY 2023.

**Mental Health Coordinated Response - \$3.4 million**

This funding will provide an alternative response to police calls by introducing a dedicated multi-disciplinary response team to address mental health calls in one of the six police substations. The On-Scene Crisis Response/Coordinated Response Pilot Program will enhance the City's response to mental health calls by expanding staffing levels to the Mobile Integrated Healthcare (MIH) Program for a paramedic to provide treatment to individuals suffering from acute behavioral and/ or emotional disorders. Additionally, clinicians are added to be on-scene community advocates that will be trained in rapid intake and triage to identify if a person needs a more intensive clinical intervention and notify specialized services when appropriate. Also, included is overtime for police officers and equipment to support the coordinated pilot program. This funding covers support in FY 2022 and FY 2023.

**Domestic Violence Expansion - \$7.6 million**

Funding supports twenty-seven positions to expand hours for domestic violence calls to include evenings and weekends, additional case management and wrap around services, stronger evaluation and data driven strategies, and enhanced community education initiatives focused on prevention. Additionally, these crisis community advocates will respond alongside police officers on calls related to domestic violence. This funding covers support in FY 2022 and FY 2023.

**Vision Zero Crossings - \$5.2 million**

Vision Zero pedestrian safety improvements will support design, vehicle and pedestrian traffic counts, and some construction of mid-block crossings across eight corridors to address severe pedestrian injury areas, which were identified by the City's Vision Zero 2020 Severe Pedestrian Injury Report. The projects will take place in areas of persistent poverty, which are disproportionately impacted by severe pedestrian injuries and fatalities. The safety improvements will facilitate crossings to places that people want to go but that are not well served by the existing traffic network. This is a one-time ARPA investment in FY 2022.

**Telemedicine Emergency Medical Services - \$2.1 million**

Leveraging Telemedicine Technology for Emergency Medical Services (EMS) calls to expand a Clinical Dispatcher Pilot Program that increases access to emergency response services through telemedicine with eight clinical dispatchers that primarily serve low-income communities and communities of color. The program frees ambulance and paramedic resources to respond to critical emergencies. This funding covers support in FY 2022 and FY 2023.

**Metro Health Strategic Growth Plan - \$5.0 million**

In response to the pandemic-related lessons learned around health disparities, health equity, and social justice and to capitalize on additional funding for public health, Metro Health developed its Strategic Growth Plan as an expansion to the department's Strategic Plan. This expansion includes additional programs and initiatives in the areas of Mental Health, Health Justice, Access to Care, and Technology Infrastructure. Funds in the amount of \$5.0 million will support some of these initiatives within the Metro Health Strategic Growth Plan from FY 2023 and FY 2024. The specific initiatives to be supported by this allocation will be identified as part of the City's FY 2023 Budget Process.

**Street Maintenance - \$9.7 million**

This allocation supports the City's total investment of \$110 million in street maintenance. The annual program serves to prolong the useful life of streets by mitigating deteriorating pavement conditions caused by age, utility cuts, and underlying soil conditions. This funding covers support in FY 2022 and FY 2023.

**Hotel Occupancy Tax (HOT) Funds - \$51 million**

COVID-19 had an unprecedented impact on the Hotel Occupancy Tax (HOT) Revenues. The City experienced a 44% decline in FY 2020. In April of 2020, the City Manager implemented a hiring

freeze due to budgetary and service impacts resulting in the furlough of 266 employees from departments funded by the HOT Funds, including Convention & Sports Facilities, Alamodome, and Arts & Culture. This funding provided support for tourism, convention center activities, and the Arts in FY 2021, and will provide continued support through FY 2024.

In FY 2021, the City utilized \$12.7 million for the purposes of providing support to the HOT Funds to ensure continuity of vital government services. In FY 2021, SLFRF revenue replacement funds were utilized to support the cost of operations for the Convention Center and the Alamodome due to a decline in tourism and conventions activities that occurred. Additionally, SLFRF supported the return of employees at the Convention Center.

The City allocated \$38.2 million from FY 2022 through 2024 to the HOT funds to continue to ensure continuity of vital government services to support the cost of operations for the Convention Center and the Alamodome due to a decline in tourism and conventions activities, as well as arts and cultural programming across the City.

Below is the list of the programs that have been allocated to the HOT Funds for government services.

**Convention Facilities Fund Support - \$24.3 Million**

Support to restore funding and staffing levels to sustain upcoming conventions and events at the Convention Center and Alamodome.

**Visit San Antonio – Tourism - \$6.6 Million**

Support for the Destination Marketing Agreement with Visit San Antonio. Visit San Antonio is a main source of marketing destination information on the city and local events, which provides interaction with current visitor and potential travelers choosing San Antonio for their destination.

**Hosting Obligations - \$4.8 Million**

Provides supplemental funding to support major conventions, meetings, and/ or events to successfully ensure the selection of San Antonio as the destination for annual meetings, conventions, and/ or special events.

**Arts - \$2.6 Million**

This allocation supports arts agencies to FY 2019 funding levels from the City of San Antonio’s arts and cultural institutions, events, programming, and local artists. City-funded arts and cultural organizations increase awareness of the impact and value of arts and culture to the City by hosting thousands of events, including classes, performances, exhibits, festivals, and workshops each year. These activities enrich the quality of life in San Antonio by connecting and engaging residents and visitors with local artists, thereby helping to make San Antonio an exciting place to live and visit.

**Phase II**

On October 20, 2021, the City Council was briefed and presented with a potential spending framework, strategic guiding principles, and a community input plan for the use of SLFRF. As part of Phase II, during the month of November 2021, the City engaged the community to obtain feedback on the use of SLFRF.

The City hosted eight community meetings and conducted outreach to seniors to gather feedback from residents regarding their priorities for the use of SLFRF. A survey was made available from November 18 through December 1, 2021. A total of 2,417 surveys were completed and 593 residents participated at the town hall meetings through audience live polling.

In addition, the City Council requested that the Small Business Advisory Commission (SBAC) be engaged to discuss the needs and priorities of small businesses impacted by COVID-19. Three public meetings with the SBAC were held on November 17, November 29, and December 4, 2021, to garner input from the small business community. SBAC received input from a small business survey, two written statements and comments during the three listening sessions. The report summarizing the results of the community input and the SBAC presentation can be found on the City’s ARPA website at <https://covid19.sanantonio.gov/What-Were-Doing/ARPA>.

On December 9, 2021, staff presented the results of the Community Input and SBAC meetings to the City Council and City Council provided feedback on spending priorities. On January 26, 2022, staff presented a recommended spending framework reflecting the Community and City Council input. After the input was provided by the City Council at these two meetings, the City Council approved the spending framework for the remaining amount of \$199.4 million on February 3, 2022 as illustrated in the following table:

Fiscal Recovery Phase II Spending Framework - Category	Amount (In Millions)
COVID-19 Response/Emergency Preparedness	\$ 50.00
Infrastructure	45.80
Small Business <sup>1</sup>	26.25
Mental Health <sup>1</sup>	26.00
Emergency Housing Assistance	10.00
Employee Retention	10.00
Youth <sup>1</sup>	10.00
Continuation of Domestic Violence Programs	8.84
Arts <sup>1</sup>	5.00
Seniors <sup>1</sup>	5.00
Non-Profit Social Services <sup>1</sup>	2.50
<b>Total Allocation</b>	<b>\$ 199.39</b>

<sup>1</sup>Implementation Plans are being discussed at the City Council Committee Meetings.

As part of the spending framework, the City Council identified six spending categories for further discussion at City Council Committees with the goal of defining specific goals and outcomes that the SLFRF should drive. A policy discussion with the City Council took place on March 22, 2022 prior to the Council Committees beginning their work. The task given to each of the Council Committees is described below:

- Provide policy direction to City staff to develop a plan for each of the expense categories (Youth, Seniors, Mental Health, Non-Profits, Small Business, and Arts) that will:
  - Identify a COVID-19 impact
  - Respond to impact identified, benefit those impacted, and promote equitable outcomes
  - Define key outcome goals and performance indicators
  - Include a 4-year implementation plan (all funds should be committed by December 2024 and spent by December 2026)
- Present recommendation to City Council for approval by no later than the fall of 2022.

The Section below provides a description of the spending framework approved by City Council on February 3, 2022.

#### **COVID-19 Response - \$50 Million**

This allocation provides support to aid in the City's COVID-19 response for the community and City employees with one-time funding in FY 2022. Community services provide testing sites, contact tracing, and vaccine incentives. Support for City employees provides personal protective equipment, employee testing, and vaccine incentives. This funding also includes administrative budget components for the management, oversight, and reporting of ARPA grants, which provides support from FY 2022 through FY 2025.

#### **Infrastructure - \$45.8 Million**

This allocation provides support in the amount of \$13.8 million for streets and bridges and \$32 million for three capital projects. The three capital projects are listed below:

- Morgan's Wonderland - \$15 million to support the construction of a new pediatric care center, new park amenity and park enhancements. Morgan's Wonderland is a theme park that welcomes everyone and was built to provide and create an atmosphere of inclusion for those with and without disabilities while encouraging everyone to gain a greater understanding of one another. At this theme park children and adults with special needs have access to facilities that enable them to enjoy outdoor recreation fully.
- Educare San Antonio - \$7 million for the design and construction a 40,000 square foot state-of-art infant, toddler, preschool, and kindergarten site.
- Texas Biomedical Research Institute - \$10 million for campus infrastructure improvements.

**Emergency Housing Assistance - \$10 Million**

Provides support to the City’s Emergency Housing Assistance Program to for tenants to pay for rent and mortgage. Support primarily benefits families at or below 80% Average Median Income (AMI), households in historically redlined areas and those facing eviction. The program focuses on addressing the housing security needs for lower-income households that have been exacerbated by the COVID-19 pandemic.

**Employee Retention - \$10 Million**

Provides support for an investment in our City employees with an employee compensation, benefits, and retention program. With feedback from both our Employee Management Committee and our larger employee population, we hope to build a compensation and benefits package that brings maximum value to our City employees and serves to recognize each of them for the value they bring to the organization.

**Continuation of Domestic Violence Programs - \$8.8 Million**

Funding supports the Domestic Violence Program Expansion that was approved in the FY 2022 Budget with SLFRF funds. This program expansion extends service victim advocacy and crisis response team hours in three of the six police substations. This funding will continue this program expansion through FY 2025.

As mentioned earlier six spending categories are being discussed at three Council Committees with the goal of developing implementation plans by no later than the fall of 2022. The table below reflects the spending categories and the City Council Committees overseeing the development of the plans:

Spending Category	Amount (In Millions)	City Council Committee
Mental Health	\$ 26.0	Public Safety
Small Business <i>(This budget was augmented with City’s Funds for a total of \$30.9 Million)</i>	26.25	Economic & Workforce Development
Youth	10.0	
Arts	5.0	Community Health, Environment & Culture
Seniors	5.0	
Non-Profit Social Services <i>(This budget was augmented with City’s Funds for a total of \$4 Million)</i>	2.5	

***Next Steps***

The City Council Committees will continue their work by meeting and coordinating with City staff and incorporating community input to develop program plans and outcomes for each of the spending categories. The plans will be completed by the fall of 2022 with implementation to begin immediately thereafter.

The City of San Antonio looks forward to future reports that outline the results of the programs described above.