



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kim Welsh

SUBJECT: SEE BELOW

DATE: August 14, 2020

Approved

Date

8/14/20

SUPPLEMENTAL

SUBJECT: COMMUNITY AND ECONOMIC RECOVERY AND CORONAVIRUS RELIEF FUNDS FOR LOCAL ASSISTANCE EFFORTS

REASON FOR SUPPLEMENTAL OR REPLACEMENT

On August 12, 2020, the Community and Economic Recovery team held two focus groups with community leaders representing San José communities and neighborhoods most vulnerable to COVID-19. Our goal was to gather recommendations on community needs and solutions to help shape the \$4,479,500 funding allocation plan for the unallocated resident assistance plan. In the process, we also gathered feedback on the overall local assistance expenditure plan.

RECOMMENDATION

Note: Item 2 of the original staff recommendation has been updated.

- (1) Accept the verbal staff report on the Emergency Operations Center Community and Economic Recovery efforts.
- (2)
 - (a) Approve allocating \$2,479,500 of the Coronavirus Relief Funds for Resident Assistance to fund a job training and subsidized employment program through work2future, including wrap-around services such as childcare for individuals who have experienced job loss or other impacts related to COVID-19, and
 - (b) Direct the City Manager to conduct additional community outreach regarding the expenditure of the remaining Resident Assistance funding.

- (3) Adopt a resolution authorizing the City Manager to negotiate and execute the following grant agreements, including any amendments and revisions to said agreements and any necessary documents to effectuate the grant, to use Coronavirus Relief Funds to provide assistance to San José residents, small businesses, and nonprofits that have been negatively impacted by the COVID-19 pandemic:
- (a) With Sacred Heart Community Services in an amount not to exceed \$7.5 million to provide rental relief and other eligible financial assistance to San José residents, as well as to fund outreach efforts to connect San José residents with rental relief, job training, and other assistance;
 - (b) With the Enterprise Foundation, through its Small Business Development Center program, in an amount not to exceed \$3.8 million to provide rental relief and other eligible financial assistance to low-income and moderate-income San José small business owners;
 - (c) With the Center for Cultural Innovation in an amount not to exceed \$208,000 to provide financial assistance for creative entrepreneurs and artists;
 - (d) With First 5 Santa Clara County in an amount not to exceed \$2.5 million to provide financial assistance to Family Childcare Homes that have been impacted by the COVID-19 pandemic; and
 - (e) With Silicon Valley Community Foundation in an amount not to exceed \$5 million to administer grants to cross-sector nonprofit organizations, inclusive of the arts and other social sectors; to fund technical assistance for nonprofits and small businesses to the extent feasible; to fund the procurement of personal protective equipment by nonprofit programs for their staff and the community; to fund community outreach efforts related to the COVID-19 pandemic; and to provide contract administration for the District 4 Economic Assistance Program. Should any single category not require all of the funds originally allocated, the City Manager is authorized to shift funding into another of these grantmaking categories.

BACKGROUND

On June 16, 2020, the City Council approved the [Mayor's June Budget Message](#) and approved the Proposed Operating Budget for fiscal year 2020-2021. Included within the plan to provide \$25 million in Coronavirus Relief Funds for local assistance was direction for staff to return to Council with a funding allocation plan for spending \$4,479,500 designated for resident assistance.

ANALYSIS

Since June 16, 2020, the Community and Recovery Branch of the Emergency Operations Center has worked first to understand the regulations and guidance governing the use of Coronavirus Relief Funds for local assistance. We have then worked to quickly put in place partnerships and bring forward a resolution to give the City Manager authority to negotiate and execute agreements to implement Council direction, as outlined in the August 12, 2020 staff report.

In addition, we developed an expenditure plan for the \$4,479,500 in Resident Assistance per Council direction. We felt it was critical to engage with the community, but didn't want to do so before we fully understood the limitations of what types of assistance were allowable using Coronavirus Relief Funds.

On August 12, 2020, the Community and Economic Recovery branch, with guidance from the Office of Immigrant Affairs and consultants Actionable Insights, held two forums with community leaders. We invited participation from coalitions and organizations representing the East San José neighborhoods and communities of color that have experienced high rates of COVID-19, and been disproportionately impacted by illness and job loss due to the pandemic.

Our communities of color were already suffering from adverse experiences due to the persistence of structural racism and marginalization before the COVID-19 pandemic and pandemic-induced recession hit. While Coronavirus Relief Funds offer some relief, the funds are only a temporary intervention. Additionally, the funds come with restrictions, as outlined in the original staff report that are challenging to apply. For example, to receive rental assistance, it is not sufficient that an individual or family is low-income or experiencing financial hardship. That lack of income or hardship must be linked to the pandemic or pandemic-induced recession. So having lost work due to having COVID-19, or needing to provide care for someone who had COVID-19, or due to an employer closing due to public health orders would be eligible causes.

The overwhelming issue highlighted by community leaders is the need for cash. Unfortunately, that isn't easily done due to the documentation required with Coronavirus Relief Funds. Other needs included:

- Childcare;
- Groceries, diapers, feminine hygiene products, and other necessities;
- Assistance with paying rent and/or forgiveness of back rent;
- Computers and internet access for adults, as well as school-age children;
- Employment, particularly to jobs that pay a living wage and will last beyond the current recession; and
- Access to health, mental health, and community-based services.

Leaders highlighted the critical needs the pandemic was creating among seniors, disabled, unhoused, undocumented, and recently released, formerly incarcerated residents.

Community leaders stressed the importance of working through trusted community-based partners, but at the same time, expressed concerns about potentially burdensome documentation and reporting requirements of the federal funds. They also expressed a desire for more time to work with the City to shape the resident assistance and longer-term recovery efforts.

We welcome a partnership with residents that meets the Community and Economic Recovery objective of empowering our residents through shared decision-making. So while we are mindful of the urgency that we only have until December 30, 2020 to spend Coronavirus Relief Funds, we are recommending that we take more time to collaborate with the community regarding the remaining \$2 million of the resident assistance funds. We will engage in meaningful conversation, listen to recommendations, and bring back to Council a plan that includes diverse voices and meets the federal requirements.

There is one program that we are recommending move forward now: work2future has put together a program that offers employment training and paid work experience, including wrap-around services. Approval of this program is time sensitive to ensure participants are enrolled and complete their work experience and training by December 30, 2020.

The recommended funding of \$2,479,500 will allow the program to serve approximately 175 residents with the following services:

- Provide work experience and training opportunities for low-income, unemployed San José residents impacted by the COVID pandemic.
- Serve between 145 and 175 participants depending on employer commitments secured during the course of the upcoming months.
- Pay for participant wages/stipends, case management, supportive services (rental assistance, transportation, child care, etc.), job readiness and occupational skills training
- Work experience placements for up to 10 weeks (30 hours per week). The work experience will be fully subsidized (up to \$20/hour) and will provide many of the participants with exposure to potential high growth, high wage occupations in such fields as advanced manufacturing, construction/trades, finance and business services, and healthcare.
- Provide some program participants with occupational training as a first step on paths to new careers that offer greater upward mobility and opportunities to attain self-sufficiency. This training and case management component will be led by Goodwill Industries of Silicon Valley in partnership potentially with other training agencies.
- Participants anticipated to come from hard-hit industries such as food service, retail, and hospitality.
- work2future will utilize its existing contract with the Foundation for California Community Colleges that will serve as the employer of record.
- Clients will be referred to work2future through the Bridge to Recovery Initiative led by Catholic Charities and in partnership with more than a dozen community-based agencies, including the rental assistance program through Sacred Heart Community Services.
- Worksite agreements will be entered into with the participating employers and will required among other things that the employer maintain a safe workplace.

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- work2future anticipates the launch of this program by no later than the first week of September 2020.

BUDGET REFERENCE

The table below is updated from the original staff report and identifies the fund and appropriations to fund the contracts recommended as part of this memorandum.

Fund #	APPN #	Appn. Name	Current Total Appn*	Amt. for Contract **	2020-2021 Adopted Operating Budget Page ***	Last Budget Action (Date, Ord. No.)
401	210T	Local Assistance	\$23,000,000	\$21,287,500	N/A	6/23/2020, Ord. No. 30437

* 2020-2021 Adopted Operating Budget as approved by City Council on June 23, 2020. Subsequent action will be brought forward to rebudget the \$2.0 million unexpended during 2019-2020 for Local Assistance within the Coronavirus Relief Fund.

** Amounts represent revised NTE compensation for the contracts/agreements recommended in this memorandum.

*** Refer to MBA #33, Adoption of the 2020-2021 Operating and Capital Budgets (pp. 29 – 30) for a detailed summary of the allocations within the Coronavirus Relief Fund, pending the publication of the 2020-2021 Adopted Operating Budget.

CEQA

Not a Project, File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant physical impact on the environment.

/s/

KIM WALESH

Deputy City Manager

For questions, please contact Andrea Flores Shelton, Acting Deputy Director of Parks, Recreation, and Neighborhood Services and Director, Community and Economic Recovery Task Force at (408) 535-3571 or Michelle McGurk, Assistant to the City Manager and Assistant Director, Community and Economic Recovery Task Force, at (408) 535-8254.