

Date: March 11, 2021

To: Mayor and Members of the City Council

From: Thomas B. Modica, City Manager 

Subject: **Updated Funding Estimates for the Proposed Long Beach Recovery Plan**

On March 8, 2021, the City of Long Beach (City) released its [Proposed Long Beach Recovery Plan](#) (Proposed Plan) for consideration at the March 16th City Council meeting. The Proposed Plan is based in large part on funding from the American Rescue Plan Act, which has now been signed by President Biden.

The legislation includes \$360 billion in relief for state and local governments, including a total of \$65.1 billion directly to cities allocated through a modified CDBG formula. The original estimate for direct flexible funding to the City from the American Rescue Plan Act was \$141 million, based on initial estimates provided by Congress. Following Senate amendments and action over the past weekend, Congress has released updated estimates, and the direct allocation through this provision of the legislation is now estimated at \$153.3 million for Long Beach. While this is the most up-to-date official estimate from Congress, the final amount will be released by the U.S. Treasury, and the City's amount may still change slightly.

The additional \$12 million expected in flexible direct funding to the City could potentially be used in the following areas or as otherwise directed by the City Council:

- Add to the City's reserves, in particular to set aside funding for any potential Measure M litigation loss or other unforeseen event.
- Set aside additional funding for COVID-related expenses that could hit in the current FY 21 budget as part of the City's response to the pandemic.
- Enhance any of the programs in the City Manager's Proposed Plan.
- Create new programs in the Proposed Plan that are not already identified but are eligible expenditures in accordance with the final federal guidelines, which will be released after enactment.
- Fund any other authorized use as outlined in the March 8th [memorandum](#).

The American Rescue Plan Act also includes \$8 billion in emergency relief to airports, and the Long Beach Airport is estimated to receive approximately \$15 million, though the exact amount is not yet known. According to the legislation, these funds may be used to prevent, prepare for, and respond to the COVID-19 pandemic. Similar to the \$18 million

Updated Funding Estimates for the Proposed Long Beach Recovery Plan

March 11, 2021

Page 2

Long Beach Airport received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020, the funds will be used to support the Airport in funding operations and debt obligations over the next year. These funds may not be used for any purpose not directly related to the Airport, and the legislation requires that airports retain 90% of the workforce employed as of March 27, 2020 through September 30, 2021. The funds also include a concessionaire relief component. The receipt of these funds ultimately improves the Airport's financial position as the travel industry continues to recover and will support the continued phasing of Airport terminal area projects. The deadline to expend these funds is September 30, 2024.

In addition to the estimated \$10 million for homeless services through the American Rescue Plan Act, \$29 million the City received for the Emergency Rental Assistance Program, and \$27 million from the Epidemiology and Laboratory Capacity grant described in the March 8th [memorandum](#), this would bring our estimated total for the City's Proposed Plan to approximately \$234 million.

On March 16, 2021, the Proposed Plan will be presented to the City Council for review, policy direction, and approval. Significant public input to inform the strategies was provided through dozens of community meetings with stakeholders and meetings of the Economic Development and Finance Committee over the past two months. Additional public comment on the Proposed Plan will be taken at the Federal Legislation Committee meeting on March 11, 2021, prior to the full City Council deliberation on March 16th.

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