



Modesto Forward

City of Modesto – Pandemic Recovery Strategy



Message from the City Manager



Joseph P. Lopez
City Manager

The City of Modesto is the 18th largest city in the State of California and is a diverse community dedicated to preserving a great quality of life, improving economic vitality, and maintaining organizational excellence for 220,000 residents. This report is intended to provide an overview of the City's spending plan for the first tranche in relief funding from the American Rescue Plan in the amount of \$22.9 million.

The second allocation is expected to be received in 12 months (May 2022) and will be used for additional programming during Fiscal Year 2022-2023.

The key areas of focus for the Year 1 allocation include critical investments in the following areas:

- ***Quality of Life***
- ***Economic Vitality***
- ***Governance and Service Delivery***

I look forward to working with the Council and community to further these initiatives.

Sincerely,

A handwritten signature in blue ink that reads "Joseph P. Lopez".

Joseph P. Lopez
City Manager
City of Modesto

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Background

On March 18, 2020, the Modesto City Council declared a local health emergency in response to the rapid spread of the novel coronavirus, COVID-19. While the City of Modesto is not directly responsible for containing, contact tracing, or addressing COVID-19, the City has a critical role supporting the County of Stanislaus with public adherence to Public Health Orders, emergency planning and coordination, and the provision of essential services. This section provides an overview of the key events and response activities of the City of Modesto Emergency Operations Center that occurred between February 27, 2020 and March 2021.

On January 30, 2020, the World Health Organization declared the outbreak a “public health emergency of international concern” (PHEIC). First detected in the United States in January 2020, the COVID-19 virus quickly spread across the nation and was declared a global health emergency by the World Health Organization on January 30, 2020. Shortly after the first case in the United States was detected in the state of Washington, the first case in the state of California was confirmed. In early March 2020, the pandemic was declared a National Emergency and Stanislaus County recorded the first two positive cases of COVID-19. The COVID-19 pandemic in Modesto and Stanislaus County was exceptional in its scale, duration and response.

As of March 13, 2020, it has been reported that COVID-19 has spread to over 90 countries including many parts of the United States, including the city of Modesto. Based on the rapidly evolving information from the Stanislaus County Public Health Officer, the Governor of California, and the President of the United States, the City Manager declared a local emergency in response to this pandemic to help ensure the safety of residents and visitors.

The unprecedented nature of the pandemic challenged the City of Modesto to design and implement approaches to prevent the spread of the disease without the benefit of prior experience or use of traditional pandemic response plans. The City’s response was in coordination with the County of Stanislaus and was characterized by a concentrated focus on protecting residents through a multifaceted approach which included a reliance on local community partnerships, active engagement with the community through public information channels and innovative mitigation strategies tested for the first time. While the pandemic response efforts are ongoing, the City’s strategy and the lessons learned offer an opportunity to enhance future preparedness efforts which will serve as a local standard and act as a best-practice response model for the State of California.

Despite the County’s initial measures to prepare for and prevent the spread of the virus, COVID-19 cases continued to increase across the state and in Modesto throughout the duration of the incident period. Anticipating the need for an unprecedented response, the County Public Health Officer declared a local health emergency on March 11, 2020.



Shortly after, the Modesto City Council declared a local health emergency within the City of Modesto on March 18, 2020. As cases continued to mount, the Governor of the State of California proclaimed a State of Emergency on March 18, 2020 and issued a statewide Stay-at-Home Order.

This action supported the County of Stanislaus and other jurisdictions to take extreme mitigation measures toward preventing the spread of COVID-19 in the community. Stanislaus County saw its first two COVID-19 cases on March 11, 2020 and the first death was recorded on April 10, 2020. While the virus continued to spread in the community, an isolated outbreak at a local skilled nursing facility caused a clear spike in positive cases and deaths to which the County rapidly responded.

On May 12, 2020, the Stanislaus County Public Health Officer and Board of Supervisors determined local health orders to be unnecessary based on the conditions in Stanislaus County and elected to defer to the order issued by the California Public Health Officer. The decision was made to rescind the Stanislaus County Public Health Order with a few exceptions. The Board of Supervisors resolved that no county resources would be expended to enforce State issued orders in unincorporated areas of the county.

In early May, the Governor's Office required cities and counties alike to follow the phased reopening plan in 4 stages, that include:

- Stage 1. Only essential businesses identified by the Federal government's previously identified essential sectors are permitted to operate
- Stage 2. Lower risk workplaces: Gradually reopen retail (curbside only), childcare, manufacturing, logistics
- Stage 2-1. Lower risk workplaces: Relax retail restrictions, adapt and reopen schools, offices, and limited hospitality and personal services.
- Stage 3. Higher risk workplaces: Adaptation and reopening of movie theaters, religious services, and personal and hospitality services
- Stage 4. End stay at home order: Reopen areas of highest risk such as concerts and conventions

On Friday, May 8, 2020, Governor Newsom announced that based on the progress with meeting the statewide metrics, the state moved into Stage 2. On May 20, 2020, the State approved Stanislaus County's attestation for variance to the state orders to expedite the safe reopening of the community and allowing the County to move into the latter part of Stage 2. At that time, the County had 685 COVID-19 positive cases. Since reopening further into Stage 2 on May 20th and into Stage 3 on June 12th, 1,404 confirmed cases have been reported (105% increase), including 35 deaths.

About a month later on July 1, the Governor announced that Stanislaus County (and 18 other counties) were ordered to close indoor operations of restaurants, wineries, cardrooms and other industries and shutter bars for a 3-week period due to the surge in



COVID-19 positive cases. This order is intended to help alleviate the pressure of hospitals and reduce community transmission.

In July, the Governor's Office modified the 4-stage reopening plan to a 4-Tier Color System titled the Blueprint for a Safer Economy. This color-coded system ranks counties by the average daily number of new Covid-19 cases and the percentage of positive cases out of the total number of tests administered, both averaged over seven days; the colors included Purple – Widespread, Red – Substantial, Orange – Moderate, and Yellow – Minimal. The principal impact that this system has on the community is when businesses can reopen. But it also had a major impact on the ability of schools to reopen for in-person instruction. Until recently, if a county was in the purple tier, schools in that county could not open for in-person instruction for regular classes.

The subsequent activity required a closure of key industries from July 2020 through February 2021 because of the Purple Tier assignment. However, the State allowed for a brief reopening from mid-October through mid-November 2020 for meeting the requirements to move into the Red Tier.

On January 12, 2021 the County Emergency Operations Center requested support from the City of Modesto in the operation of a vaccination clinic at the Modesto Centre Plaza due to parking and physical distance issues that the County was experiencing at the Scenic Hospital. City staff in coordination with the County opened the Modesto Centre Plaza Vaccination Clinic (POD) 3 days later on January 15, 2021.

The City, in partnership with the County, has initiated a robust effort to make vaccines available to all individuals over the age of 16 who live or work in Stanislaus County – and this work continues.

Overall, the City's response to COVID-19 has been effective, offering free transit opportunities, small business grants, in-door shelter for at-risk homeless individuals, outdoor business operation program to promote physical distancing, education protocol for noncompliant businesses, and telecommuting opportunities for employees. The early detection, applied interventions, and mitigation strategies along with the City's coordination with local, state and federal partners were all essential to the initial success of the response by the City of Modesto.



American Rescue Plan Act

This report presents the Proposed strategy to support the local recovery from the pandemic, which includes an overview of the federal stimulus funding the City anticipates receiving in the coming weeks, and the three major focus areas in which this funding will be targeted—Quality of Life, Economic Vitality, and Governance and Service Delivery.

On January 20, 2021, President Biden announced a two-phased approach to address the public health and economic crises caused by the COVID-19 pandemic. The first phase, the American Rescue Plan, totals \$1.9 trillion in relief funding. The second phase, the American Jobs Plan, is focused on long-term economic recovery from the detrimental impacts of COVID-19 through infrastructure investments and job creation.

The American Rescue Plan Act of 2021 includes \$360 billion in relief for state and local governments. The legislation signed by President Biden will allocate \$219.8 billion to states, Washington, D.C., tribes, and territories; \$10 billion for capital projects to support work, education, and health monitoring; and, the remaining \$130.2 billion would be evenly divided between counties based on population (\$65.1 billion) and cities using a modified Community Development Block Grant formula (\$65.1 billion).

The City is slated to receive **\$45.89 million** in relief funding for purposes identified below, with the State of California expected to receive \$26.2 billion. Funding will be allocated directly from the federal government to the City in two tranches: 50 percent (\$22.94m) would be made available within 60 days after enactment – expected to be received by in the month of May. The remaining 50 percent (\$22.94m) would be distributed 12 months after the initial allocation. The deadline to encumber funds is December 31, 2024, and the deadline to expend funds is 2026. The legislation provides broad guidance related to eligible use of funds, and staff expect additional regulatory clarification from the U.S. Treasury, similar to the process for the CARES Act funding. The allowable uses for the funding as identified by the guidance released to-date includes six broad categories:

1. Public Health Response
 - a. Coronavirus State and Local Fiscal Recovery Funds provide resources to support the public health and safety response required due to the pandemic. Additionally, these funds also can support through services that address disparities in public health that have been exacerbated by the



pandemic. The City is able to use this funding to address a broad range of public health needs across COVID-19 mitigation, medical expenses, behavioral healthcare, and public health resources.

2. Address Negative Economic Impacts

- a. To help alleviate the economic hardships caused by the pandemic, Coronavirus State and Local Fiscal Recovery Funds enable eligible state, local, territorial, and Tribal governments to provide a wide range of assistance to individuals and households, small businesses, and impacted industries, in addition to enabling governments to rehire public sector staff and rebuild capacity. Among these uses include:
 - i. Supporting small businesses, helping them to address financial challenges caused by the pandemic and to make investments in COVID-19 prevention and mitigation tactics, as well as to provide technical assistance. To achieve these goals, recipients may employ this funding to execute a broad array of loan, grant, in-kind assistance, and counseling programs to enable small businesses to rebound from the downturn.
 - ii. Speeding the recovery of the tourism, travel, and hospitality sectors, supporting industries that were particularly hard-hit by the COVID-19 emergency and are just now beginning to mend. Similarly impacted sectors within a local area are also eligible for support

3. Supporting the Hardest-Hit Communities and Families

- a. Support with investments in housing and neighborhoods, such as services to address individuals experiencing homelessness, affordable housing development, housing vouchers, and residential counseling and housing navigation assistance to facilitate moves to neighborhoods with high economic opportunity;
- b. Addressing educational disparities through new or expanded early learning services, providing additional resources to high-poverty school districts, and offering educational services like tutoring or afterschool programs as well as services to address social, emotional, and mental health needs.

4. Replacing Lost Public Sector Revenue

- a. Recipients may use these funds to replace lost revenue. The Treasury's Interim Final Rule establishes a methodology that each recipient can use to calculate its reduction in revenue. Specifically, recipients will compute the extent of their reduction in revenue by comparing their actual revenue



to an alternative representing what could have been expected to occur in the absence of the pandemic.

5. Investments in Water and Sewer Infrastructure

- a. Recipients may use Coronavirus State and Local Fiscal Recovery Funds to invest in necessary improvements to their water and sewer infrastructures, including projects that address the impacts of climate change. Recipients may use this funding to invest in an array of drinking water infrastructure projects, such as building or upgrading facilities and transmission, distribution, and storage systems, including the replacement of lead service lines.

6. Investments in Broadband Infrastructure

- a. Recognizing the acute need in certain communities, Treasury's Interim Final Rule provides that investments in broadband be made in areas that are currently unserved or underserved—in other words, lacking a wireline connection that reliably delivers minimum speeds of 25 Mbps download and 3 Mbps upload.

This guidance has been identified as an interim ruling and the Treasury Department has confirmed that additional clarification will be made available in the coming weeks.



Themes from Council Committees

To prepare this strategy and to ensure it adequately captured the recovery strategies to help the community exit this extraordinary pandemic period, the City Manager's Office solicited priorities from the public and the City Council Standing Committees, including: Safety and Communities, Finance, and Economic Development Committees.

The key themes from each of the committees fall under the three key focus areas of the City's 5-year Strategic Plan:



Economic Vitality
Economic Development Committee

These initiatives are intended to improve the economic vitality of the community.

- Downtown Housing
- Business support, retention, attraction, and expansion
- Downtown Beautification
- Revitalization of Public Spaces
- Broadband Infrastructure



Governance and Service Delivery
Finance Committee

These initiatives are intended to improve the organization and service delivery for residents.

- COVID-19 Expenses/Response
- Staffing levels for Critical Dept's
- Deferred Maintenance
- Program Improvements
- Facility Upgrades
- Revenue Loss



Quality of Life
Safety and Communities

This portion of funding is intended to improve the quality of life for residents.

- Public health focus – mental health, homelessness, poverty
- Police-community relations
- Mental health support program
- Homelessness
- Blight and Forestry Program Enhancements
- Support for Community Amenities
 - The Awesome Spot
 - Children's Museum



Pandemic Recovery Initiatives





Economic Vitality

Program Goal	Allocation
Support for Community Amenities including the Children's Museum, Car Museum, and Awesome Spot Playground	\$1,500,000
Implementation of a business expansion, and retention program that directly supports Modesto-based businesses – and encourages future investment in Modesto.	\$1,000,000
Development of a Downtown Housing Program intended to help spur development.	\$1,000,000
Revolving loan program designed to waive or defer water, sewer and stormwater fees.	\$1,000,000
Tuolumne River – Economic Development Strategy intended to help improve the vitality of the River.	\$750,000
Relief Across Downtown Card investment to help drive downtown foot traffic.	\$708,500
Job / Career Training in a local emerging industry for residents whose employment was impacted by the Coronavirus.	\$500,000
Support for Convention and Visitor's Bureau to aid the tourism industry.	\$250,000
Expanded Wi-Fi downtown and available at community facilities to help bridge the digital divide.	\$200,000
Funding to support the development of Enhanced Infrastructure Financing District to create a sustainable funding model for infrastructure needs across the City.	\$200,000

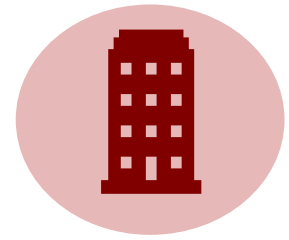
Quality of Life



Program Goal	Allocation
Labor expenses from the Coronavirus pandemic	\$4,750,000
Additional Support for affordable housing and homeless programs	\$1,000,000
Mental Health Clinician Program – Partnership with Police Department and BHRS	\$800,000
Support for Blight Abatement programs	\$750,000
Support for Downtown Beautification	\$700,000
Acquisition of Emergency Medical Service equipment to support COVID response	\$600,000
Grants to neighborhood associations to support safe re-gathering	\$120,000



Governance and Service Delivery



Program Goal	Allocation
Fire Station 1 Deferred Maintenance	\$2,000,000
Forestry Program Enhancements to help address the backlog of deceased trees, mistletoe, stumps, etc.	\$1,850,000
General Plan Update to help expedite the completion of the plan	\$700,000
Discoverer Replacement to sustain the City's primary payroll record system	\$500,000
Cybersecurity Mitigation to ensure the City is secure	\$490,000
TSP Battery Back Up System Upgrade to support the organization during a power outage	\$250,000
Address deferred maintenance at various parks and public facilities including ways to reduce water use	\$1,270,028
Upgrade secure online service application software for Utility billing	\$60,000



Tentative Spending Plan



Year 1 - Tentative Spending Plan

Dept.	Description	Allocation
<i>Economic Vitality</i>		
CED	Small biz support with expansion and retention	\$1,000,000
CED	Revolving loan fund for attraction of downtown development	\$1,000,000
CED/ UTL	Revolving loan fund for water/sewer connection fees	\$1,000,000
PRN/CED	Tuolumne River – Economic Development	\$750,000
CED	Relief Across Downtown Card	\$708,500
CED	Implementation of a workforce development program	\$500,000
CMO	Support for Children’s Museum	\$500,000
CMO	Support for Awesome Spot Playground	\$500,000
CMO	Support for Car Museum	\$500,000
CMO	Support for Convention and Visitor’s Bureau*	\$250,000
IT	Expanded Wi-Fi downtown and available at community facilities	\$200,000
CED	Funding to support the development of Enhanced Infrastructure Financing District	\$200,000
<i>Quality of Life</i>		
CMO	COVID-19 labor expenses	\$4,750,000
CMO	Homeless Support Program	\$1,000,000
CMO	Mental Health Clinician Program – Partnership with BHRS	\$800,000
CMO	Blight Abatement*	\$750,000
CED	Downtown Beautification	\$700,000
Fire	Emergency Medical Service equipment	\$600,000
CMO	Grants to neighborhoods	\$120,000
<i>Governance and Service Delivery</i>		
Fire	Fire Station 1 Deferred Maintenance	\$2,000,000
PW	Forestry Program Enhancements*	\$1,850,000
CED	General Plan Update	\$700,000
IT	Discoverer Replacement	\$500,000
IT	Cybersecurity Mitigation	\$490,000
IT	TSP Battery Back Up System Upgrade	\$250,000
PRN	Address deferred maintenance at various parks and public facilities	\$1,270,028
UTL	Upgrade secure online service application software for Utility billing	\$60,000
TOTAL		\$22,948,528

**Proposed funding for 2 years*

