

**CITY OF TEMECULA  
AGENDA REPORT**

**TO:** City Council

**FROM:** Aaron Adams, City Manager

**DATE:** November 15, 2022

**SUBJECT:** Receive and File the Recommended Updated Allocations from Community Reinvestment Program Funding (At the Request of Subcommittee Members Mayor Rahn and Council Member Edwards)

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**PREPARED BY:** Kevin Hawkins, Assistant City Manager

**RECOMMENDATION:** That the City Council receive and file the recommended updated allocations from Community Reinvestment Program (CRP) Funding and provide general direction regarding the same.

**BACKGROUND:** At the Strategic Fiscal Planning Ad Hoc Council Subcommittee (Mayor Rahn and Council Member Edwards) meeting on October 5, 2022, Staff provided the Subcommittee with the latest status update on allocated CRP funds. The City Council approved CRP funding allocations on March 8, 2022, in the following six categorical appropriations over the next two fiscal years (from the Community Reinvestment Fund):

- |           |                                |                           |
|-----------|--------------------------------|---------------------------|
| <b>1.</b> | <b><u>Business Support</u></b> | <b><u>\$3,580,000</u></b> |
|-----------|--------------------------------|---------------------------|
- **Outdoor dining in Old Town (\$2,000,000)**  
Funds originally designed to assist restaurants within Old Town to develop dining parklets that meet the City’s aesthetic criteria, as well as ADA standards and pedestrian safety. Funding was subject to the approval of the City Council this Spring, to determine whether the Outdoor Dining program would be extended beyond June 30, 2022. The program was not extended, leaving a balance of \$2,000,000 within the Community Reinvestment Program Fund for business support as part of the COVID-19 Pandemic Community Reinvestment Program. \$1,500,000 was allocated for the Outdoor Dining Program in Old Town with the remaining \$500,000 appropriated to launch comprehensive "way-finding" decorative signage throughout Old Town. This includes the development of a sign program and construction of decorative signs. Currently in design, these decorative way-finding signs are intended to help direct visitors to parking, restaurants, businesses, and civic facilities throughout Old Town.
  - Marketing campaign to increase local economy (\$500,000). The City’s Office of Economic Development has partnered with the Small Business Development Center (SBDC) on bringing brick-and-mortar businesses into the digital world, through a program called “Main Street Digital”. This program will assist Temecula businesses in creating a digital

presence learning to drive traffic through paid and non-paid advertising. Each business owner will be assigned an SBDC business consultant to assist them. Every quarter the SBDC will track and measure the success of each business owner as they deploy their marketing campaigns. The SBDC will track changes in sales, jobs created and increase in customer traffic. The funds will be used as grants for each business owner to pay for eligible expenses relating to the marketing digitalization of their business. The City will designate SBDC for implementation of the program and issuance of the \$500,000 grant funds. The SBDC will work with each business to complete a W-9 and grant agreement.

- **General Business Grants (\$1,000,000)**

The overall use of this grant is concentrated on providing Temecula local businesses with support for workforce and staffing needs. Multiple strategies will be deployed for this, which includes:

- \$300,000 Externship Funding (\$100k annually for three years): Business Grants will place and fund qualified workers into paid externships with Temecula in the automotive, manufacturing, hospitality, construction, and non-profit sectors. This is an expansion of the Temecula Summer Youth Employment Program, which has successfully placed youth ages 16-24 with local businesses. This effort assists local businesses in also addressing the workforce gap and provide valuable training, mentorship, skills, and paid experience to local youth.
- \$180,000 Internship Funding (\$60k annually for three years): This will expand the highly successful Internship program to support internal City operations and to provide local Temecula area youth with opportunities for learning and advancement. The funding will assist the City in placing paid interns in nearly all departments, including at the TVE2, the City's business resource center.
- Proposed \$520,000 Business Support Grants (working on TVE2 Expansion to 2<sup>nd</sup> floor to create an Entrepreneurial Resource Center with ED regional partners; this grant program will be vetted thereafter with expanded partnerships at TVE2 for best program outcomes.
  
- **Rent waiver for businesses at the Temecula Valley Entrepreneur's Exchange (\$80,000):** To support the entrepreneurs of the Temecula Valley, the Office of Economic Development proposes to waive rent at the City's business incubator, the TVE2, for a timeframe of three years or until the \$80,000 is expended. The rental waiver will apply to all existing and incoming incubator tenants that occupy the TVE2. The rent waiver expands the City's support of local entrepreneurs in the Temecula Valley and will be used to recruit prospective tenants.

**2. Non-Profit Support**

**\$2,000,000**

- Non-profit support grant funding will invest in the community and assist in recovery from the economic impacts of the global pandemic. The grant will aid local tax exempt 501(c)(3) nonprofit organizations with eligible programs/projects that serve Temecula residents in some of the following categories: families, youth, special needs, seniors, veterans, social service providers, the arts, and minorities (which includes cultural, ethnic, racial, or other distinct groups that experience a narrowing of opportunities in proportion to their total population).

- A total of \$2,000,000 appropriated for nonprofit support is proposed to be divided into two application rounds at \$1,000,000 each. Round 1 will be in 2022 (with Community Services Funding Subcommittee – Schwank/Stewart) recommendations from the meeting of 10/25/22 and Round 2 will be in 2023. The application periods for both will be open from July through September. Applicants may request up to \$50,000 for goods/services expended no earlier than March 20, 2020 (when the pandemic started) and no later than June 30, 2024. This grant will follow a similar policy currently used for the City’s annual Community Service Funding (CSF) Grant, <https://temeculaca.gov/440/Community-Service-Funding-Grants> in terms of general policy, funding philosophy, eligibility, guidelines, procedure, criteria, and compliance. Expenditures may be made prior to grant submission at the start of the pandemic when fundraising opportunities for nonprofits were bleak. In such cases, receipts shall be included with the application. Additionally, because of the large nature of possible grant awards, quotes/estimates will be requested to be included with the application for future purchases. In all cases, compliance requires the award applicant to substantiate all grant funds were spent with the approved purpose stated on the application. As noted, these applications will be vetted through the Community Service Subcommittee and brought to City Council for full approval.

**3. Homeless Services \$1,000,000**

- This additional funding will assist staff in continuing to combat homelessness, mitigate encampment activity (including cleanups and fencing), provide outreach services and ongoing support to the Responsible Compassion partners. Staff recommended dividing this allocation roughly in half and funding approximately \$500,000 in expanded outreach, prevention and diversion programs and other services, and \$500,000 in infrastructure, primarily fencing. Fencing has been a key element in developing City infrastructure which discourages unwanted behavior such as trespassing and vandalism, so an additional investment in fencing will allow staff to install fencing in identified high-value areas along Temecula and Murrieta Creeks.

**4. Housing Assistance \$5,500,000**

- Vine Creek Affordable Housing Project (\$4,000,000)  
Funding to assist project in becoming competitive for tax-credit financing. This project will provide for 60-units of affordable housing with 12 units designated for families with special needs. *Note: This funding was approved at the February 22, 2022, City Council Meeting.*
- Uptown Temecula Future Affordable Housing Project (\$1,000,000)  
Funding designed to attract future affordable housing project in Uptown Temecula.
- Residential Rehabilitation Grant Program (\$500,000)  
Funding to be provided through Habitat for Humanity to low/moderate-income households to expedite the completion of critical home improvements, including those related to health and safety, the Americans with Disabilities Act, and specific needs of seniors.

**5. Behavioral Health Services Support \$1,000,000**

- Funding to support Veterans, First Responders (police, fire, medical services) and other at-risk individuals as identified by the City's Homeless Outreach Team (comprised of Community Services and law enforcement personnel), typically associated with the City's at-risk youth and homeless population needing behavioral health services in the form of a Temecula Safe grant. The City will provide a grant to the Temecula Valley Hospital to assist veterans, first responders and the other at-risk homeless individuals that reside/work in Temecula needing behavioral health services, which would seek to cover the gap between insurance coverage and the cost of behavioral health care. The proposed grant amount would be from \$5,000 - \$25,000 per individual/family within the identified groups. The City's Quality of Life Master Plan prioritizes a core value of a healthy and livable city that will allow for adequate community benefit findings to support the aforementioned and not a for profit entity.

**6. Higher Education/Workforce Development \$1,000,000**

- CSUSM/MSJC community & business certificate programs \$1,000,000:  
The City's Office of Economic Development proposes to continue to work alongside California State University San Marcos Temecula Campus and Mt. San Jacinto College Temecula Campus in fostering and creating a comprehensive higher education facility to benefit the residents and businesses of the Temecula Valley. The City is particularly interested in seeing CSUSM Temecula and MSJC Temecula continue to work together on the creation of accelerated degrees and certificate programs that are relevant and needed to help support the business and economic ecosystem in Riverside County, and to equip residents with the tools needed to secure quality employment. The recent completion of MSJC's Temecula Campus, which includes thousands of square feet of growth opportunity, makes it the perfect location for both campuses to grow and flourish in creating the next level of higher education. The City proposes that CSUSM Temecula and MSJC Temecula each receive \$500,000 to be spent on completing the buildout of a collaborative higher education environment located at the newly opened Mt. San Jacinto College Temecula Campus.

Additionally, at the recent Strategic Fiscal Planning Subcommittee meeting, representatives from Temecula Valley Hospital (TVH), CAL FIRE, and Riverside Sheriff's Office attended to provide background on possible options for allocating the *Category 5. Behavioral Health Services Support - \$1M*, which at the recommendation of this subcommittee, had previously been set aside by the City Council to address mental and behavioral health needs in the community.

At the conclusion of the meeting, it was recommended that staff explore the reallocation of the discontinued Old Town Outdoor Dining program funding, which was budgeted at \$1,500,000. Following powerful testimonials from Fire Chief Crater and RSO Capt. Hall on the need for additional focus, support, and resources for behavioral and mental health services in public safety, the Subcommittee concluded that CRP funding would make an immediate and significant impact for those public safety/first responders personnel assigned to Temecula.

As such, with the concurrence of the Subcommittee, it is recommended that the Old Town Outdoor Dining allocation be reduced by \$500,000 (from \$1.5M to \$1M), and reallocate the monies to CAL FIRE and RSO (\$250,000 each) to support their direct-to-members mental health resources. Additionally, TVH requested to receive \$575,000 annually for two years to provide mental health resources to veterans, first responders, and other at-risk populations upon the completion of their expansion in 2024. Prior to any additional consideration of funding reallocation, the Behavioral Health component prescribed to TVH was allocated at \$1,000,000. The current TVH proposal exceeds that amount by \$150,000.

Staff recommends maintaining the \$1M allocation to TVH at \$500,000 annually for two years. The revised categories still total \$14,080,000 (see attached).

Previously, the Subcommittee entertained the following Old Town Outdoor Dining funding reallocation options: 1) Old Town Parklets (small gathering areas), 2) Vacant lot beautification, and 3) Enhancing Old Town Holiday lights/decorations. The recommended funding allocation still maintains an available balance of \$1,000,000 to pursue those recommendations and/or other City Council considerations for overall community benefit, impact, and fiscal transparency.

**FISCAL IMPACT:** It is anticipated that a total of \$14,080,000 in community support grants will be appropriated from the Community Reinvestment Program Fund over the next two fiscal years, to assist in mitigating the economic impacts of the global pandemic.

**ATTACHMENT(S):** COVID-19 Pandemic Community Reinvestment Program (CRP) Summary