

Date: December 31, 2024

To: Thomas B. Modica, City Manager



From: Meredith Reynolds, Deputy City Manager



For: Mayor and Members of the City Council

Subject: **Federal Grant Funding Assessment**

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The City receives millions of federal grant dollars every year, supplementing the City's General Fund and Capital Funds, to address a variety of City needs. Over the past four years, the City has taken advantage of federal grants made available through the Bipartisan Infrastructure Law (November 2021) and Inflation Reduction Act (August 2022). With a new incoming federal administration, the City has identified that there is likely to be differing funding priorities and has prepared for the possibility of the federal government delaying or discontinuing current and future federal grant opportunities that would benefit City programs, projects, and operations. Although changes to federal grant funding programs are uncertain at this point, the City is taking the prudent action of assessing all pending federal grants to prepare for any potential impact a reduction of federal grant funds may have on the City.

### **Impacts of Federal Grant Funding for Fiscal Year 2024**

Federal grant funding was a key part of initiating a number of projects in Fiscal Year 2024 (FY24), and the City continued to apply for additional federal grant funding to support future projects.

In FY 24, the City initiated 54 projects funded by approximately \$111 million in federal grant funds:

- Approximately \$87 million of these grant funds were secured through a competitive process, where the City vied with other entities for the same pool of funding.
- Approximately \$24 million was provided through formula grant funding, a non-competitive process in which the City is guaranteed a specific amount of funding based on factors like population, the number of people experiencing homelessness, and other relevant criteria.
- A few of the projects funded by the \$111 million in federal grant funds include a \$30 million grant from the U.S. Department of Transportation for the Shoreline Drive Gateway Project, a \$30 million grant from the U.S. Maritime Administration for the Port Infrastructure Development Program, and a \$1.2 million grant from the Environmental Protection Agency for the City's Recycling Education and Outreach Program.

In FY 24, the City submitted 31 competitive federal grant applications totaling \$1.1 billion:

- 8 applications totaling \$33 million were selected for funding.
- 14 applications totaling \$684 million were not selected for funding.
- 9 applications totaling \$409 million are still pending funder notification.

This data only includes applications submitted by Departments that report to the City Manager. The dataset does not include grant applications submitted by the Harbor or Long Beach Utilities Departments, since they do not require authorization from the City Manager to apply for grants. It is anticipated that changes to federal grant funding programs would also impact the Harbor Department and Long Beach Utilities to the degree that they rely on federal grant funding to supplement programs, projects, or operations.

### **Current Status**

In light of the anticipated changing priorities of the incoming federal administration, City staff are carefully monitoring all pending federal grants, including outstanding grant applications, grants awaiting contract execution, and projected formula grants.

The City is waiting to hear back on the 9 federal grant applications submitted in FY 24 as well as two addition grant applications submitted in FY 25:

- These 11 pending grant applications total approximately \$416 million.
- These pending grant applications include the Department of Public Works' \$400 million request to the Department of Transportation to fund a portion of the Shoemaker Bridge Replacement Project.

The City has also been awarded federal grant funding for 13 projects, totaling approximately \$524 million, that are still awaiting contract execution. These grants include:

- Approximately \$486 million to fund Harbor Department's Port Infrastructure Development Program, Nationally Infrastructure Project Assistance Program, and the Regional Clean Hydrogen Hubs Program.
- \$25 million to fund the Public Works Department's Safer Pacific Avenue Corridor Improvement Project.
- \$1.2 million to fund Parks, Recreation and Marine Department's Hamilton Loop Project.

The City is also slated to receive dozens of federal formula grants between FY 26 and FY 28. Although the exact dollar amount is difficult to determine due to varying grant cycles and funding allocations, the City estimates it will be eligible for over \$50 million in federal formula grant funding over this period.

- The majority of formula grant funding will come from the U.S. Department of Housing and Urban Development (HUD), which will provide the City with Continuum of Care funding to assist people experiencing homelessness, and Community Development Block Grant (CDBG) and HOME Investment Partnership Program funds to support housing and community development activities that primarily benefit low-income residents and those with special needs.
- These federal formula grant funds provide for significant portions of programs and staffing in the Departments of Community Development, Health and Human Services, Economic Development, Police, Fire, and Parks, Recreation and Marine.

## Next Steps & Potential Impacts

There are a number of next steps City staff are pursuing and are preparing for any delays or the discontinuance of federal grants.

- City staff are working to ensure that the City receives all pending federal grant funds that have been or will be awarded. The City will continue to contact congressional offices to advocate for federal funding and will continue to contact federal funders to expedite funding decisions and accelerate the contract negotiation process. Once grant agreements are prepared, the City Manager's Office will fast-track requests to City Council for the acceptance and appropriation of grant funds, ensuring prompt execution of contracts.
- City staff continues to monitor information being released by the new incoming federal administration. While actions to delay or discontinue federal grant programs are complex, staff are monitoring proposed congressional actions, federal budget proposals, and executive orders that may propose to redirect federal grant funds that the City relies on for funding.
- The City Manager's Office has directed City Departments to engage in a broader assessment of the potential impact on core services funded by federal grants. Should larger impacts be expected due to a change in federal policy, these impacts will be presented as a part of the FY26 budget process.

For more information, please contact Meredith Reynolds, Deputy City Manager, at [Meredith.Reynolds@longbeach.gov](mailto:Meredith.Reynolds@longbeach.gov) or 562-570-6677.

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