

FINANCE MEMORANDUM
#9-2021

DATE: Aug. 23, 2021

TO: Honorable Mayor Meredith Leighty and City Council Members

THROUGH: Heather Geyer, City Manager *hmg*

FROM: Jason Loveland, Director of Finance *JL 2*

SUBJECT: American Rescue Plan Act

PURPOSE

To provide staff recommendations on the use of \$9.8 million allocated to the City from the American Rescue Plan Act (ARPA).

BACKGROUND

The American Rescue Plan Act of 2021 was signed by the President on March 11, 2021. This \$1.9 trillion federal package builds on approximately \$3.6 trillion in previous federal spending packages to address the impacts of the COVID-19 pandemic.

The intended use of the funding is to support the immediate pandemic response, bring back jobs, and lay the groundwork for a strong and equitable recovery. ARPA established the Coronavirus State and Local Fiscal Recovery Funds, designed to deliver \$350 billion to state, local, territorial, and Tribal governments to bolster their response to the COVID-19 emergency and its economic impacts.

Uses of Funding

ARPA provides the City with resources to meet pandemic response needs and rebuild the economy. Within the categories of eligible uses, the City has broad flexibility to decide how best to use this funding. Allowable uses include:

- **Support public health expenditures** by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
- **Address negative economic impacts** caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector
- **Replace lost public sector revenue**, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic
- **Provide premium pay** for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and expand access to broadband internet

On July 19, staff presented a general framework for Council consideration to allocate 10% of the \$9.8 million to immediate needs of the community. This includes utility; rent and mortgage; and

other grant programs. The remaining funds were recommended to be used for long-term investments into the community through infrastructure investments.

On Aug. 4, the Finance Committee met and discussed ARPA spending and its intersection with the budget process. The committee requested staff bring forward recommendations to Council prior to presenting the proposed 2022 Budget.

BUDGET/TIME IMPLICATIONS

The City will receive \$9,757,146.14 of ARPA funding in two tranches, or portions. The first half of the allocation was received on June 15, and the second installment will be received in June 2022.

The funds must be spent, or encumbered, by Dec. 31, 2024. All funds must be spent by Dec. 31, 2026.

Supplemental budget appropriations will come forward as spending and programming commitments are made.

STAFF RECOMMENDATION

Through several conversations with the City's Leadership Team, it is recommended by staff to support all categories of allowable uses under ARPA.

Staff recommends the following programs and projects:

Category	Project/Location	Amount	Notes
Economic Impact	Support to residents/businesses	\$975,146	Assist those most impacted by pandemic
Public Health	Crisis Response Unit	1,320,000	Behavioral health support
Premium Pay	Frontline workers	380,000	Support public safety, other frontline staff
Revenue Loss	East 104 th Avenue	830,000	Road improvements
	Park playgrounds	250,000	Maintenance/replace
	Police vehicles	323,000	Unfunded replacements
	Huron Street	3,500,000	Water line replacement
Utility Infrastructure	Water quality	1,100,000	Automated filter system
	Sewer, stormwater	1,079,000	Citywide replacements
		\$9,757,146	Total

The Economic Impact category will support the community through focused and coordinated efforts to assist residents and businesses. This may include support of local food banks, utility assistance, and rent and mortgage programs. Evaluation of Federal, State, and County programs are ongoing as staff identifies the most effective use and need.

At the Aug. 16 study session, Council agreed to use ARPA funds to implement the Crisis Response Unit pilot program as part of the public health response to the pandemic. Staff is moving forward with the direction given at the meeting.

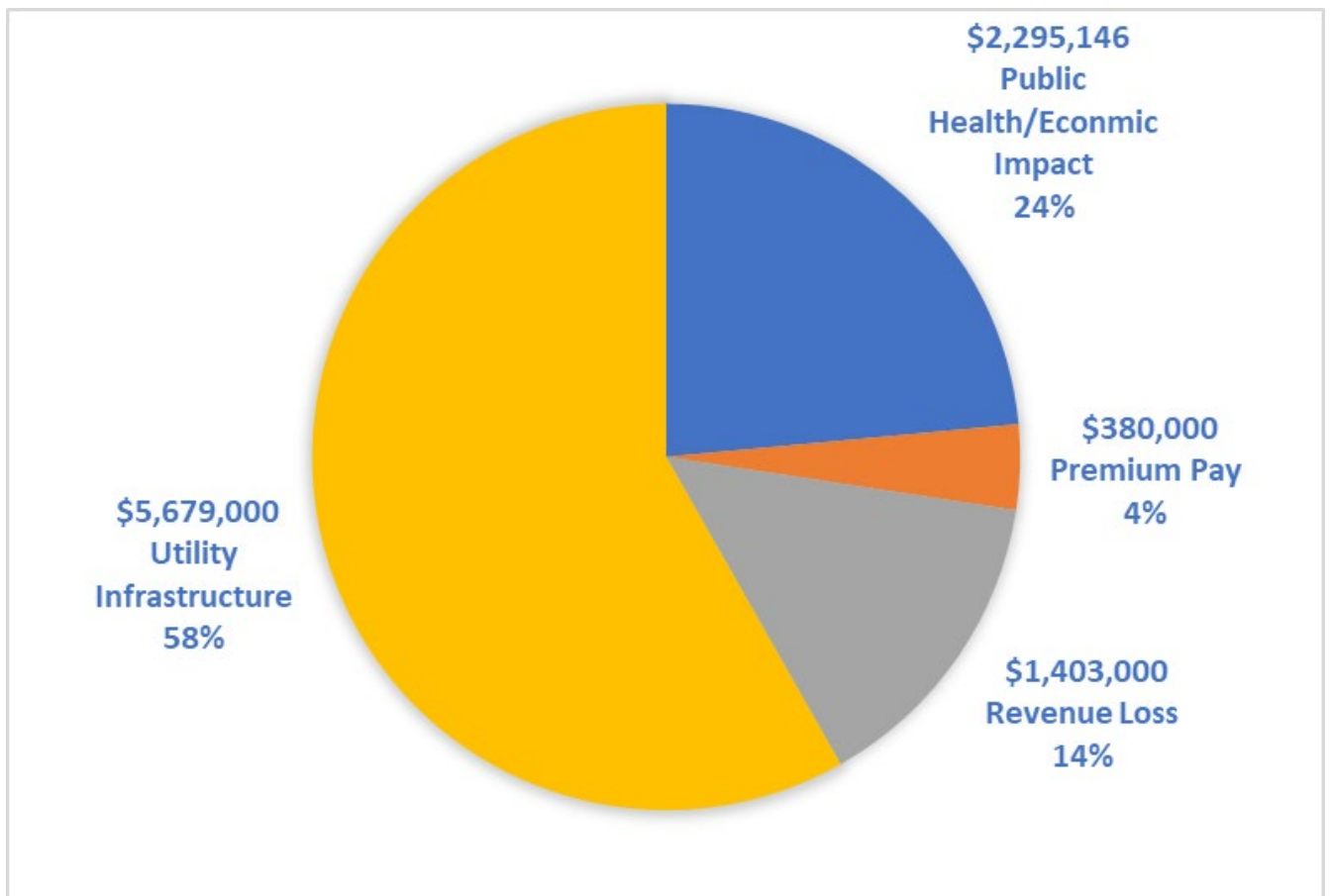
Premium pay to essential workers who took on the greatest health risks during the pandemic is recommended. The program would provide additional one-time pay. The plan contemplates placing staff into five categories, ranging from a high level of health risk to no health risk during the pandemic. The one-time funds would be distributed on a scale. The highest-risk workers

would receive more compensation and no risk would not receive any additional compensation. ARPA guidance limits premium pay to those making less than approximately \$98,000.

The Revenue Loss category requires a calculation of lost revenue in 2020. Staff has calculated that loss to be \$1.4 million. It is recommended to fund an arterial roadway project, make improvements to City parks, and purchase unfunded police replacement vehicles.

The investment in utility infrastructure addresses water quality, water line replacements, and upgrades to the sewer and stormwater systems.

Recommended allocation of ARPA funds:



Staff is seeking Council direction to implement the recommendations. If supported, staff will bring supplemental appropriations forward for consideration, or include funding for the programs and projects in the proposed 2022 Budget.

STAFF REFERENCE

If Council members have any questions, please contact Jason Loveland, Director of Finance, at jloveland@northglenn.org or 303.450.8817.