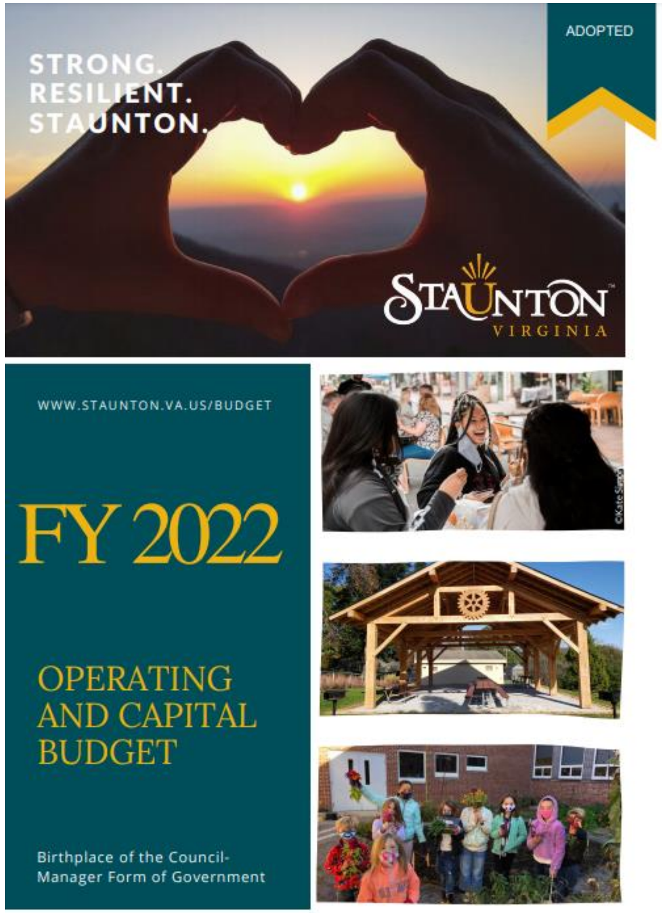
City Council Work Session
June 24, 2021

FY2022 Budget Amendment # 1

American Rescue Plan Act & ESSER III Funds



FY2022 Budget Amendment # 1

Total Budget Amendment = $7,700,360

- City Budget Amendment = $7,646,134
- School Budget Amendment = $54,226

City Budget Amendment

- $6.4 million of American Rescue Plan Act (ARPA)
- $1.1 million for the repair of the clear well tank at the Water Treatment plant

FY2022 Budget Amendment # 1 – City Budget Amendment

City Budget Amendment—$7,646,134

1. General Fund – $6,543,777 includes the following:
    - $6,477,913 American Rescue Plan Act funding
    - $41,864 state support and local match of Office of the Registrar wages/benefits
    - $17,417 to break out the Reservoir Hill cell tower rental revenue from the billing invoice
2. Water Fund – $1,101,640 appropriation includes $1.1 million for the repair of the Clear Well tank; $1,640 to break out the Reservoir Hill cell tower rental revenue from the billing invoice
3. Sewer Fund - $372 to break out the Reservoir Hill cell tower rental revenue from the billing invoice
4. Environmental Fund - $251 to break out the Reservoir Hill cell tower rental revenue from the billing invoice
5. Stormwater Fund - $94 to break out the Reservoir Hill cell tower rental revenue from the billing invoice

Summary of Budget Amendment # 1

FEDERAL FUNDS - ARPA

Category	Department	Description	Amount
Non Department	Non Department	American Rescue Plan Act	$ 6,477,913

Total Federal Funds	**$ 6,477,913**

APPROPRIATION OF STATE / LOCAL SUPPORT FOR THE OFFICE OF THE REGISTRAR

Category	Department	Description	Amount
Board of Elections	Registrar	Appropriate State / Local support for Office of the Registrar	$ 41,864

Total Appropriation Adjustment	**$ 41,864**

APPROPRIATION OF RESERVOIR HILL CELL PHONE TOWER BILLING BREAKOUT

Category	Department	Description	Amount
General Fund	Multiple	Appropriate telephone billing rental breakout	$ 17,417
Water Fund	Water	Appropriate telephone billing rental breakout	$ 1,640
Sewer Fund	Sewer	Appropriate telephone billing rental breakout	$ 372
Stormwater Fund	Stormwater	Appropriate telephone billing rental breakout	$ 94
Environmental Fund	Environmental	Appropriate telephone billing rental breakout	$ 251
Education Fund	Education Fund	Appropriate telephone billing rental breakout	$ 4,226

Total Appropriation Telephone / Cell Tower Rental	**$ 24,000**

Summary of Budget Amendment # 1

APPROPRIATION OF WATER FUND

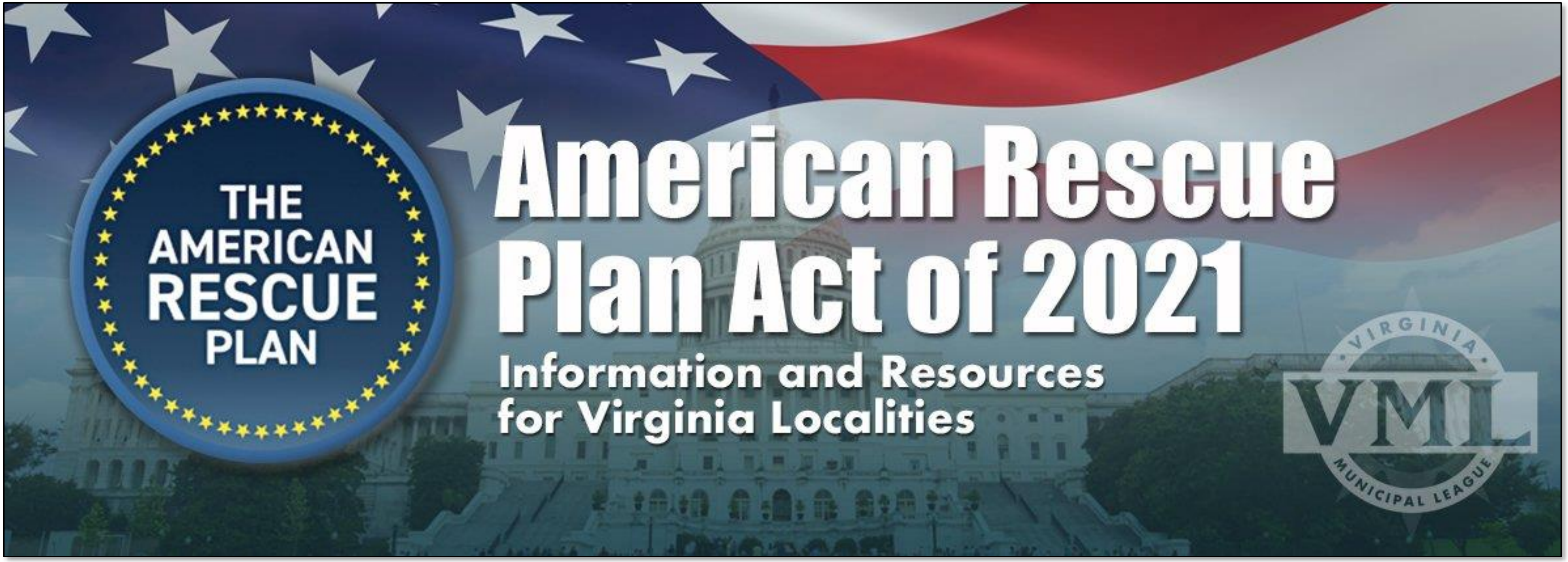
Category	Department	Description	Amount
Water Fund	Water Production	Appropriate Clear Well Tank Repair	$ 1,100,000
Water Fund	Water	Appropriate telephone billing transfer for cellphone tower rental breakout	$ 1,640

Total Appropriation **$ 1,101,640**

APPROPRIATIONS FOR EDUCATION FUND

Fund	Funding Source	Description	Amount
Education Fund	Local Funding	Appropriate telephone billing rental breakout	$ 4,226
Education Fund	State Funding	Appropriate State School Improvement Grant Funding	$ 50,000

Total Telephone / Improvement Grant **$ 54,226**


THE
AMERICAN
RESCUE
PLAN
American Rescue
Plan Act of 2021
Information and Resources
for Virginia Localities
VIRGINIA
VML
MUNICIPAL LEAGUE

FY2022 Budget Amendment #1 – American Rescue Plan Act

- On May 25th the City of Staunton received $2,421,374.50 and $4,056,838.50 for County and City funding respectively
  - This represents one half of the City's total allotment of ARPA Funds
- Funds obligated by December 31, 2024 and spent by December 31, 2026
- ARPA funds are being "fronted" and staff will continue to work with our auditors to ensure a proper use of the funds
- US Treasury Department issued "Interim Final Rules" to guide localities on eligible uses of these funds
  - Given the title "Interim Final Rules", staff expects Treasury's **interim** interpretations to be refined which will impact how we will be able to proceed with utilizing the funding

ARPA Funding Categories

A. Support for the Public Health and Economic Impacts
B. Premium pay for essential workers
C. Payroll Expenses for Public Health & Safety Employees
D. Replace public sector revenue loss
E. Water, Sewer, and Broadband infrastructure

A. Support for the Public Health and Economic Impacts

1. Prevention and mitigation of COVID 19
2. COVID 19 treatment and medical services
3. Enhanced behavioral and mental health services
4. Support for local health and Public Safety workforce
5. Improving the design and execution of health and public health programs
6. Address disparities in public health outcomes

A. Support for the Public Health and Economic Impacts

7. Assistance for Households
8. Assistance to Small Business and Non Profit
9. Aid to Impacted Industries
10. Rehiring of Local Government Employees
11. Assistance to Unemployed Workers
12. Improve ability of Economic Relief Programs
13. Services for Qualified Census Tract and other Disproportionately Impacted Communities
14. Investments to address education disparities
15. Promotion of healthy childhood environments

B. Premium Pay

- Compensation up to $13 per hour and is capped at $25,000 aggregate per employee for the entire length of the program
- Eligible employees include:
  - Any work performed by an employee of the state, local or tribal government
  - Staff at nursing homes, hospitals, and home care settings
  - Workers at farms, food production facilities, grocery stores, and restaurants
  - Janitors and sanitation workers
  - Truck drivers, transit staff and warehouse workers
  - Public health and safety staff
  - Childcare workers, educators and other school staff
  - Social service and human services staff
- Localities should prioritize low- and moderate-income persons

C. Payroll Expenses for Public Health & Safety Employees

ARPA will cover payroll expenses of public health and safety employees to the extent that the employees services are devoted to mitigating or responding to the COVID 19 emergency. Employees that are predominantly devoted to these services can be assumed to be totally devoted to such activities.

ARP FISCAL RECOVERY FUND GUIDANCE	CARES ACT CRF GUIDANCE
• Funds may be used for payroll/benefits for public, safety, public health, health care, human services and similar employees • Funds can be used to support the payroll/benefits **for the portion of the employee's time that is dedicated to responding to COVID-19** • Counties may consider public health/safety employees to be entirely devoted to mitigating/responding to COVID-19, and are fully recovered, **if the employee, or his/her operating unit or division, is primarily dedicated to responding** to the COVID-19 public health emergency.	• As a matter of administrative convenience in light of the emergency nature of this program, **a state, territorial, local or tribal government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID–19 public health emergency,** unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise • **All costs of such employee may be covered** using payments from the Fund

Comparison Provided by National Association of Counties

D. Revenue Loss

- ARPA allows localities to recapture general revenues lost as a result of the COVID 19 pandemic
- General revenues include taxes, current charges, miscellaneous general revenue, and intergovernmental transfers between state and local governments and parking
  - Utility revenues and revenue proceeds from the issuance of debt are expressly prohibited
- Loss of revenues is calculated by the formula provided by the US Treasury Department which measures actual revenue vs. potential revenue
  - The City can use the greater of the lost revenue percentage above the base year, or 4.1%, whichever is greater
  - City of Staunton is estimating to be in a position to capture $3 million plus, in calculated lost revenue

D. Revenue Loss

- US Treasury Department has expressly listed the following expenditures as eligible:
  - Maintenance or pay-go funded building of infrastructure, including roads
  - Modernization of cybersecurity, including hardware, software, and protection of critical infrastructure
  - Health services
  - Environmental remediation
  - School or educational services
  - Provision of police, fire, and other public safety services
- City's external auditors indicated these funds can be used to support the FY2022 and FY2023 budget given the revenue losses experienced

  For example: City can utilize the loss of revenue funds to support projects in the CIP that are already budgeted

E. Investments in Infrastructure

- City has broad latitude to fund improvements to existing infrastructures in water, sewer, stormwater, and broadband projects
- Eligible projects:
  - Clean Water Projects to improve water quality and address water pollution
  - Drinking Water Projects to include the installation of failing treatment and distribution systems
  - Broadband Infrastructure for unserved/underserved households

STAUNTON™
CITY SCHOOLS

Elementary and Secondary School Emergency Relief III
ESSER III

Elementary and Secondary School Emergency Relief (ESSER III)

- Staunton City Schools awarded $6.2 million in federal funds
- Funds obligated by September 30, 2023 and spent by September 30, 2024
- Schools must post a plan on its website for safe return to school for in person instruction and continuity of services
- Prior to finalizing this plan, the schools must seek public comment on the plan

Elementary and Secondary School Emergency Relief (ESSER III)

- Twenty percent of these fund ($1.24 million) must address learning loss through implementation of evidence based interventions to respond to student social, emotional, and academic impacts brought on by the pandemic
- Special emphasis on students who are in underrepresented groups
- Remaining expenditures fall under the guidelines of:
  - Individuals with Disability Education Act (IDEA)
  - Elementary Secondary Education Act (ESEA)
  - Adult Education and Family Literacy Act (AEFLA)
  - Perkins Career Technical Education (CTE)
  - Expenditures designed to implement CDC recommendations

Elementary and Secondary Emergency School Relief (ESSER III) Acceptable Uses

Questions