City Council Work Session
October 28, 2021

American Rescue Plan Act

THE AMERICAN RESCUE PLAN

AMERICAN RESCUE PLAN
ACT OF 2021

American Rescue Plan Act (ARPA) Timeline

- May 25, 2021 – U.S. Department of Treasury issued a notice to the City of Staunton that the first half of funding had been issued and sent to City’s account.
- Amounts received equaled $2,421,374.50 and $4,056,838.50 for County and City funding respectively – **a total of $6,478,213**
  - This represents one half of the City’s total allotment of ARPA Funds.
- Treasury guidance calls for all expenditures to be encumbered by December 31, 2024 and spent by December 2026.
- All localities continue to operate under “Interim Final Rule”.
  - Treasury is expected to “finalize” these rule in the upcoming weeks. Changes in cooperative procurement and loss of revenue calculations are reportedly continue to be in play.
- Given the expanded expenditure timeline staff recommends focusing on utilizing the funds already received and return to Council after the second installment is issued to the City.
  - The premise here is that the City’s needs landscape will undoubtably change over the next five years.

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

In this category we have fifteen sub categories:

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
7. Assistance for Impacted Households

A. Support for the Public Health and Economic Impacts

Types of programs include:

8. Assistance to Small Business and Non Profit
9. Aid to Impacted Industries
10. Rehiring of Local Government Employees
11. Assistance to Unemployment Workers
12. Improve ability of Economic Relief Programs
13. Services for Qualified Census Tract and other Disproportionately Impacted Communities
14. Investments in Education Disparities
15. Promotion of Health Childhood Environments

B. Premium Pay

Compensation up to $13 per hour and capped at $25,000 aggregate per employee for the entire length of the program. Eligible employees include:

- Any eligible work performed by an employee of the state or local 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. This is a different interpretation than we provided for CRF funds received in FY20/21. The National Association of Counties has provided an excellent comparison to assist in distinguishing the differences between the two grants.

No City Employees Would Qualify in this Case

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

D. Revenue Loss

- ARPA allows for localities to recapture of 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 are calculated by the formula provided by the US Treasury Department and measures actual revenue verses potential revenue. Under this formula the greater of the lost revenue percentage above the base year or 4.1% is used. Under this calculation the City of Staunton is allowed to capture a significant portion of it's allotment.
- Key advantage of the loss of revenue calculation is it allows for a more flexible use of funds utilizing local procurement rules.
- Localities are allowed to perform this calculation at 12/31/20; 12/31/21; 12/31/22; 12/31/23; and 12/31/24. These calculations stand on their own and are not cumulative.

E. Investments in Infrastructure

- City has a broad latitude to fund improvements to existing infrastructures in water, sewer, stormwater and broadband 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

Recommended Expenditure Framework

Recognizing the City has up to five years to apply these funds towards programs and projects, staff is asking Council to consider a spending framework for the first half of the funds. Subsequent requests will be submitted to Council in the coming months.

- Staff is asking Council to consider a split between investments in capital projects and investments in community outreach programs of 80%/20% for the first installment.
- An 80 %/20% split equates the following:
  - **$5.2 million** to address **capital projects** which traditionally are funded by fund balance carryover and or debt issuance..
  - **$1.3 million** in **community outreach support**
  - **City operational needs.**
- Staff will adjust the second ARPA ratio application upwards or downwards in response to community and City needs at that time.

ARPA Requests

Community Needs Requests

- Augusta Regional Dental
- Valley Community Services Board
- Discussions with Community Foundation of the Central Blue Ridge
  - Childcare and Affordable Housing Needs Assessments
  - Mental Health Needs
  - Transportation
- City Council Requests:
  - Home repairs for low income households within the Qualified Census Track areas
  - Discount facility and connection utility fees in affordable dwelling units

ARPA Requests

City Departments

- Sheriff Department – Body Camera Funding
- Fire Department – Response apparatus
- Parks and Recreation – Gypsy Hill Bathrooms
- Public Safety – Emergency Radio Funding
- Planning and Development – Stormwater Management
- Information Technology – Building security upgrades (City Council request); security cameras at city facilities
- City Sheriff and Clerk of Courts – additional positions to address backlog of court cases
- Sidewalk projects

What’s Next?

- Waiting for Interim Final Rule
- Starting community survey and engagement process in November
- Validating and assessing requests is ongoing
- Seeking input from City Council

Questions and Feedback

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