

AMERICAN RESCUE PLAN ACT

Presentation to City Council

October 26, 2021



American Rescue Plan Act (ARPA)



- On March 11, President Biden signed the \$1.9 trillion American Rescue Plan Act (ARPA), which established the Coronavirus State and Local Fiscal Recovery Fund.
- This fund provides \$130.2 billion to local governments nationwide for COVID-19 pandemic recovery assistance.
- The Commonwealth of Virginia separately will receive \$13.8 billion in direct program aid from ARPA

Virginia ARPA Funds



	<u>\$ Mil.</u>
State Recovery Funds	\$4,293.7
Local Recovery Funds	\$2,910.0
Elementary and Secondary School Emergency Relief	\$2,123.3
Higher Education Emergency Relief Fund	\$843.9
Child Care Grants	\$823.3
Public Transit Formula Assistance	\$800.1
Emergency Rental Assistance	\$450.7
Homeowner Assistance Fund	\$258.4
Epidemiology and Lab Capacity for School Testing	\$257.1
Capital Projects Fund	\$221.7
State Small Business Credit Initiative	\$188.4
Vaccine Preparedness & Community Health Centers Access	\$162.6
HUD HOME Investment Partnerships	\$97.0
Low-income Energy Assistance	\$90.2
Human Services Assistance Programs	\$86.6
IDEA Grants to States, Preschool, Infants	\$73.3
Mental Health and Substance Block Grants	\$69.5
Emergency Assistance to non-public Schools	\$46.3
All Other	\$12.4

ARPA Coronavirus State and Local Fiscal Recovery Fund



- This fund provides \$130.2 billion to local governments nationwide for COVID-19 pandemic recovery assistance.
- The City will be allocated \$23,834,094.
- These funds will be paid to localities in two equal allotments, the first already received and the second in May 2022.
- Funding must be obligated by December 31, 2024 (45 months) and fully spent by December 31, 2026.
- HCPS received a separate allotment of \$11.8 million.

ARPA Funding Objectives



Interim Final Rule includes four objectives:

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control
- Replace lost revenue for eligible state, local, territorial, and Tribal governments to strengthen support for vital public services and help retain jobs
- Support immediate economic stabilization for households and businesses
- Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic



Permitted Uses

Five primary allowable uses:

- Supporting public health expenditures
- Addressing negative economic impacts caused by the public health emergency
- Replacing lost public sector revenue
- Providing premium pay for essential workers
- Investing in water, sewer, and broadband infrastructure.

U.S. Treasury Interim Final Rule: COVID-19 Response



- May use payments from the Fiscal Recovery Funds to respond to the public health emergency with respect to COVID-19 or its negative economic impacts.
- Could include assistance to households, small businesses, and nonprofits and aid to impacted industries, such as tourism, travel, and hospitality.
- Use of the funding for this purpose requires an assessment of the connection between the negative economic harm and the COVID-19 public health emergency, the nature and extent of that harm, and how the use of this funding would address such harm.



U.S. Treasury Interim Final Rule: Essential Workers

- May provide premium pay to eligible workers performing essential work during the COVID-19 public health emergency or to provide grants to third-party employers with eligible workers performing essential work.
- Essential work is defined as work involving regular in-person interactions or regular physical handling of items that were also handled by others.
- Sectors recognized as essential are:
 - healthcare
 - public health and safety
 - childcare
 - education
 - sanitation
 - transportation
 - food production and services

U.S. Treasury Interim Final Rule: Government Services



- ARPA revenue loss dollars can be used for nearly any authorized government purpose.
- Provides the greatest flexibility and would allow the City to fund government services or projects that would not otherwise be considered eligible expenses.
- Revenue loss is calculated through a formula outlined by the U.S. Treasury.
- City staff is preliminarily estimating lost revenue is equal to approximately one-half of the total ARPA allocation to the City.

U.S. Treasury Interim Final Rule: Water, Sewer, & Broadband

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of 2021



- Allows for a broad range of necessary investments in projects that improve access to clean drinking water, improve wastewater and stormwater infrastructure systems, and provide access to high-quality broadband service.
- Provides wide latitude to identify investments in water and sewer infrastructure that are of the highest priority for our community.
- Eligible broadband projects are those that deploy infrastructure that will bring service to households or businesses that are not currently serviced by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.



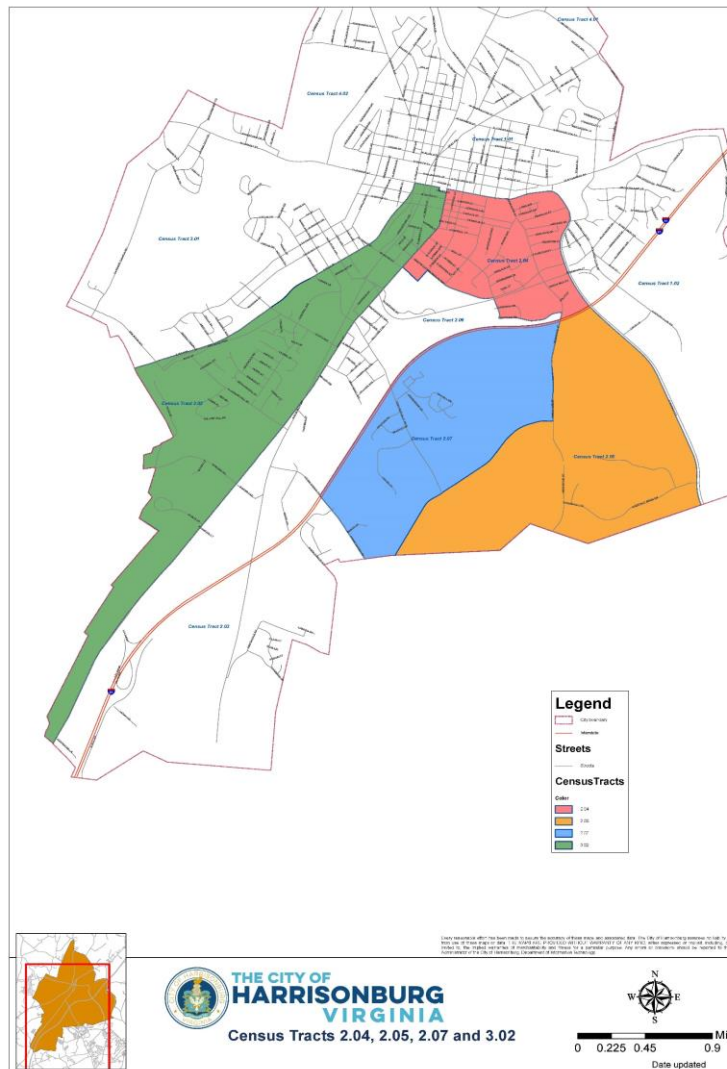
U.S. Treasury Interim Final Rule: Disproportionately Impacted Groups

- ARPA does provide some means to address the pandemic's exacerbation of public health and economic disparities.
- Some services are presumed eligible when provided in a Qualified Census Tract or to families living in QCTs, such as:
 - Development of affordable housing
 - Supportive housing for individuals experiencing homelessness
 - Afterschool programs
 - Early learning services
 - Public benefit navigators
 - Child care
- Other populations, households, or geographic areas disproportionately impacted by the pandemic may be eligible to receive services funded by ARPA if the City can demonstrate how the pandemic disproportionately impacted these populations, households, or geographic areas.



Qualified Census Tracts

- ARPA and HUD define Qualified Census Tracts as those with 50 percent of households with incomes below 60 percent of the Area Median Gross Income (AMGI) or a poverty rate of 25 percent or more.
- In Harrisonburg these are Census Tracts 2.04, 2.05, 2.07 and 3.02.



Reporting and Accountability



- Comprehensive quarterly Project and Expenditure reports will be required with a goal of compliance and transparency. First quarterly report is due January 31, 2022.
- Reporting will include financial data, information on contracts and subawards over \$50,000, types of projects funded and other information regarding the utilization of ARPA funds.
- Recipients are accountable for oversight of subrecipients that may receive ARPA funding through the city.

ARPA Grants Program Manager



- A full-time, temporary, grant-funded position in the Finance Department.
- The ARPA Grants Program Manager would administer the ARPA grant for the City of Harrisonburg and serve as the expert on federal and state regulations and other grant opportunities related to ARPA.
- Responsible for preparing periodic financial and non-financial data to ensure compliance with required U.S. Treasury reporting.
- Researches, reviews, and recommends opportunities for other external funding within the ARPA categorical realm, in order to advance organizational and community goals.
- Other localities around the country have also created ARPA-funded positions to coordinate, administer, and report on ARPA funds.

Spending Plan



- Guidance from City Council is needed on how it wishes to develop a spending plan.
- Some communities have set broad recovery goals and then used these goals as the backbone of a spending plan.
- The U.S. Treasury Interim Final Rule urges local governments to incorporate community engagement into the process of determining use of the ARPA funds.

Community Engagement



Engagement approaches vary by community.

Input Surveys

- Many cities nationally are obtaining public input on use of ARPA funds through online public input surveys.
- In Virginia, Alexandria relied on a public input survey combined with public meetings.
- However, online polls and surveys have limitations in accurately reflecting constituencies that are traditionally hard to reach.

Listening Sessions

- Some communities have held listening sessions.

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Advisory Committee

- Some cities with existing committees focused on COVID-19 response used this structure for community engagement.
- In Virginia, Roanoke empowered its Star City Strong Recovery and Resiliency Advisory Panel to develop recommendations for use of ARPA funds and to receive community input on the recommended uses.

Public Hearings

- Some cities have held public hearings on the proposed use of the funds, as would occur with a proposed fiscal year budget.

Summary and Recommendation



It is the recommendation of City staff for City Council to:

- Schedule a work session to discuss ARPA in more detail and review proposed City projects;
- Commit the first allocation of ARPA funds for City projects; and,
- Develop a community engagement process to help inform a spending plan for the second allocation toward eligible community-focused projects and programs.

