

"Placerville, a unique historical past forging into a golden future."

City Manager's Report
September 14, 2021, City Council Meeting
Prepared by: Cleve Morris, City Manager
Item #: 12.1



Subject: Adopt a Resolution approving \$890,166 in budget appropriations from the American Rescue Plan Act (ARPA) Fund in accordance with ARPA guidelines as shown in Attachment "A."

Purpose: The Federal Government has adopted the American Rescue Plan Act (ARPA) to assist the country in recovering from the Covid-19 Pandemic. The act includes funding for State, Local and Tribal Governments. Part of the funding is dedicated to cities. On August 31, 2021 Council review potential projects to be funded through American Rescue Plan Act (ARPA) Funding. The purpose of this item is to finalize the recommendations for funding and authorize staff to proceed with projects as outlined.

Background: On March 11, 2021 the President signed the ARPA which provided funding to cities to assist in their recovery from the Pandemic. The ARPA includes 65 Billion for Cities nationwide. The final amount allocated to the City of Placerville is \$2.6 million. In July, the City received our first allocation which is 50% or \$1,336,649. The next payment will be received in July of 2022.

One part of the ARPA includes revenue recovery. A formula for calculating revenue recovery was provided by The Treasury Department. Based on that formula, the City's revenue recovery amount has been calculated at \$1,210,031. This is significant as it can effect how we spend the funds. Guidelines are provided on spending of the funds. Those are further outlined below. However, revenue recovery funds are more flexible in how they can be spent. So if there is a project that we feel is important but may not qualify under the guidelines, it could still qualify under revenue recovery. Revenue recovery funds, however must still be spent within the same timeframe, which is allocated by the end of 2024 and spent by the end of 2026.

Guidelines for the ARPA funds are contained in a 150 page document. Staff has also participated in several webinars explaining the guidelines. On Monday, May 10, 2021, the Treasury Department released Interim Guidelines for use of the funds. Staff has begun review of the 151 page document to determine eligible uses of the funds.

On May 20, 2021, Staff also provided the following internal guidelines to be used in selecting projects.

1. Does the proposed program or improvement directly affect City residents and/or Businesses?
2. Does the proposed program or improvement provide long term investment into the community to benefit current and future generations?

3. Maximize the use of the funds. Are there other sources that can be obtained such as federal competitive funding? Local funds should only be used on project for which other federal or state funds are not available or to leverage those funds.
4. These are one time funds. Therefore, they should not be used for on-going programs that may need to be canceled in the future if other on-going funding cannot be identified.
5. Use of funding does not supplant existing funding.

The Interim Guidelines for the ARPA contain the following categories for expenditures:

- A. Public Health and Economic Impacts. This category is designed to address impacts directly related to the pandemic such as Mitigation measures to stop or prevent the pandemic.
- B. Responding to Negative Impacts: This includes assistance to unemployed workers, assistance to households, expenses to improve efficacy of programs, assistance to small business or non-profits, rehiring of local government staff, aid to impacted industries.
- C. Investment in Housing and Neighborhoods. Homeless Assistance
- D. Educational Disparities: Programs to address education issues as a result of the pandemic.
- E. Premium Pay to Essential Workers
- F. Recovery of Lost Revenue. There is a specific formula we are required to follow to recover these funds.
- G. Investments in Infrastructure: This specifically spells out water, sewer and broadband infrastructure. There are guidelines for qualifying projects but there is also flexibility in these guidelines.

These are general categories staff has identified. More information can be obtained from the Interim guidelines which can be found at the following link:

<https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>

Attached is a list of the projects staff has developed based on our proposals and direction from Council at the previous meeting. One priority the City has conceptually committed to is the Homeless Navigation Center funding. However, due to the Caldor Fire Emergency, development of that project has been delayed and final costs have not been developed. Staff recommends setting aside \$760,182 for other programs not yet funded such as the Homeless program or other programs not funded including the Broadband Program, Canal Street Project, or the Automated Meter Program. None of these would fully fund the projects but could fund phases of the projects. Staff will return to the City Council with additional budget recommendations as additional information about these projects is available.

The attached project list outlines the recommended costs, plus which category under the ARPA guidelines the project qualifies. In addition, staff has ranked the projects based on the criteria listed above.

Also attached to this report is a project request form for each project listed. Staff will be available to present the projects and answer any questions Council may have.

Options:

1. Approve the projects as outlined.
2. Amend the project list and approve.
3. Request more information.

Cost: There is no cost associated with tonight's action.

Budget Impact: The ARPA funding was not included in the adopted Fiscal Year 2021/2022 Budget. Staff recommends the City Council approve \$890,166 in budget appropriations from the ARPA Fund as shown in Attachment "A." The remaining amount for year 2 will be added to the Fiscal Year 2022-2023 Budget.

Recommendation: Adopt a Resolution approving \$890,166 in budget appropriations from the American Rescue Plan Act (ARPA) Fund in accordance with ARPA guidelines as shown in Attachment "A."



M. Cleve Morris, City Manager

Attachments:

- A: Resolution
- B: ARPA Year No. 1 Budget
- C: List of Projects
- D: Project Descriptions