

Legislation Text

File #: 2021-4306, **Version:** 1

Overview of the proposed funding process for the American Recovery Plan Act (ARPA)

Issue/Request:

Overview of the proposed funding process for the American Recovery Plan Act (ARPA)

Key Issues:

A method for responding to the fiscal impacts of the current pandemic and advancing strategic priorities will be presented. With limited funding available, a robust prioritization process is needed to ensure the funds are utilized in a way that maximizes the benefit to the overall community.

Background:

The ARPA allocated \$8,310,882 in Coronavirus Local Fiscal Relief Funds ("Funds") to the City of Lee's Summit (the "City") to respond to the COVID-19 emergency and its accompanying economic fallout. The Funds allow for a broad range of eligible uses to fill the identified needs of the community.

The guidance for the Funds emphasizes a strong, equitable recovery and addresses those areas disproportionately affected by the pandemic. Many, but not all, of the City's internal acute pandemic response needs were addressed through funding provided by the CARES Act. The CARES Act funds enabled the City to purchase personal protective equipment, provide testing capabilities, upgrade physical facilities to decrease opportunities of virus transmission, improve community awareness, and provide economic support to local non-profits and small businesses.

Additional funds were also made available through the Community Development Block Grant ("CDBG") to help address the needs of the City's low-to-moderate income population. The CARES Act and additional CDBG funding were more restrictive than the ARPA funds and were disbursed in smaller increments throughout the community.

With the ever-changing conditions associated with the Pandemic, additional internal funds may be needed to respond to new variants and conditions, such as those occurring with the current Delta Variant. A portion of the ARPA funds should be reserved to address these needs as they arise.

The federal government has explained that the Funds are intended to support the immediate pandemic response, bring back jobs, and lay the groundwork for a strong and equitable recovery. Accordingly, fund recipients have the latitude to concentrate larger amounts of funding in specific areas to complete larger projects that will benefit the community long-term.

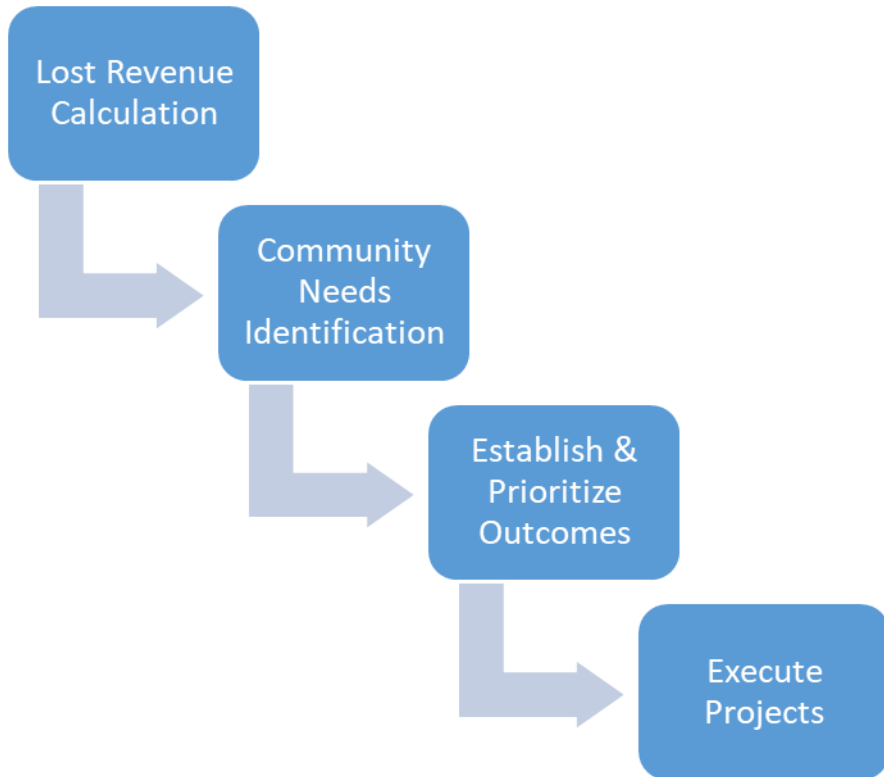
With the guidance of the City Council, staff would like to establish guiding principles and a framework for the use of the funds. The funds represent an opportunity to have a large impact on our community, and a thorough framework will ensure the Funds are used to provide the greatest benefit possible.

Proposed Guiding Principles:

- Conformance with the ARPA requirements

- Support public health expenditures
- Address negative economic impacts caused by the public health emergency
- Serving the hardest-hit communities and families
- Replace lost public sector revenue
- Provide premium pay for essential workers
- Invest in water, sewer, and broadband infrastructure
- Strong and equitable recovery
- Greatest amount of impact possible - Defined as using the funds for unique opportunities for the community, with an emphasis on low-moderate income areas
- Connection to the City of Lee's Summit Ignite Strategic Plan
- Connection to the City of Lee's Summit Ignite Comprehensive Plan
- Connection to the City of Lee's Summit Consolidated Plan
- External vs internal effect on recovery as a whole
- Consideration of additional funding sources that are available
- One-time funding opportunity vs on-going expenditures

Proposed ARPA Process:



Lost Revenue Calculation:

The lost revenue calculation is a specific formula provided by the US Department of Treasury to determine the amount of Funds that can be used for general government services. Items categorized as "Lost Revenue" can be spent on general government services. Funds used pursuant to this category have less reporting requirements and restrictions on use than other eligible uses. The City's current lost revenue calculation is \$5,870,362 as of December 31, 2020. The "lost revenue" calculations are also able to be calculated for calendar year 2021, 2022, and 2023.

Community Needs Identification:

A large amount of community feedback has been received over the last few years through the Strategic Plan, Comprehensive Plan, and CDBG Consolidated Plan processes. These three plans identify the community needs and desired direction for the future. Several items identified as community needs also qualify as an eligible use of the Funds.

Establish and Prioritize Outcomes:

Based upon the guiding principles and community needs, it is recommended that City Council establish outcomes to guide project selection and define success ahead of individual projects being funded. These outcomes may include items directly from the Strategic and Comprehensive Plans such as encouraging affordable housing or filling sidewalk gaps. The expected outcomes should also clearly communicate what is being accomplished with the funds.

Execute Projects:

Ultimately projects will need to be selected for funding. Standard City Procurement Practices will be followed for project execution.

Impact/Analysis:

\$8,310,882 has been allocated directly to the City of Lee's Summit through the ARPA Coronavirus Local Fiscal Relief Funds.

Timeline:

Start: March 31, 2021

Finish: December 31, 2024

Other Information/Unique Characteristics:

This one time funding opportunity provides broad latitude to local jurisdictions to help address the fiscal impacts of the current pandemic.

Ryan A. Elam, P.E. Director of Development Services

Recommendation: Staff recommends approval of the proposed funding process.