



Legislation Text

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Fiscal Note

This resolution describes the allocation of the \$47.2 million of local government aid the city will receive under the American Rescue Plan Act (ARPA). Of the \$47.2 million, \$22.8 million will be allocated toward community investments as described in the resolution. The remaining \$24.4 million will be appropriated in subsequent legislation in 2021, as well as the 2022 budget, to maintain government services in response to revenue losses experienced due to the economic effects of the pandemic.

The resolution amends the 2021 adopted operating and capital budgets to appropriate a total of \$8,260,000 for immediate community needs. The remaining approximately \$14.3 million will be appropriated in the 2022 budget.

Local government aid under the American Rescue Plan Act can be used for COVID-19 response costs, including responding to the negative economic effects in the community, premium pay to essential workers, maintaining government services up to the amount of revenue losses from the pandemic, and for water, sewer and broadband infrastructure. Under the US Department of Treasury interim final rule, the city's revenue losses total over \$44 million in 2020, with further losses expected in 2021 through 2024. The ARPA local government funding is primarily for costs incurred after March 3, 2021, through December 31, 2024.

Title

~~SUBSTITUTE: BY TITLE ONLY~~ Accepting and allocating American Rescue Plan Act of 2021 (ARPA) aid Local Fiscal Recovery Funds for the City of Madison and amending the 2021 Adopted Operating and Capital Budgets to appropriate \$4,995,000 of ARPA aid to the operating budget and \$3,265,000 to the capital budget for the Acceptance of these Funds.

Body

WHEREAS, the American Rescue Plan Act of 2021 (ARPA) was passed by the U.S. Congress to support economic stimulus to the nation in light of the impacts of the COVID-19 pandemic, and

WHEREAS, ARPA included \$362 billion in State and Local Fiscal Recovery Funds to be provided to state, local, territorial, and Tribal governments as a one-time investment over multiple years to respond to the pandemic, address the associated economic fallout, and provide for an equitable recovery from the pandemic, and

WHEREAS, the U.S. Department of the Treasury Interim Final Rule outlines categories in which the funding can be spent, and

WHEREAS, these categories include public health response costs, addressing the negative economic impact of COVID-19, providing premium pay for essential workers, maintaining government services, and infrastructure investments, and

WHEREAS, costs must generally be incurred between March 3, 2021 and December 31, 2024 to be eligible for this funding, and the City will be required to provide quarterly expenditure reports and annual recovery plan performance reports, and

WHEREAS, the City received the first half of the funding in May 2021 and the second half in May 2022, with total funding of \$47.2 million, and

WHEREAS, the Interim Final Rule provides specific guidance for cities to allow the use of ARPA funds to replace lost revenue in order to continue providing government services, and

WHEREAS, based on the City's calculations, using the formula prescribed in the Interim Final Rule, the City has lost over \$44 million in revenue through 2020 and is expected to be eligible to use the full allocation of ARPA for government services and revenue replacement, and

WHEREAS, in light of the economic impact of COVID-19, \$22.8 million of the City's ARPA allocation is proposed to be focused on community investments intended to address immediate, one-time costs, with the remaining \$24.4 million focused on maintaining government services including balancing the city's general fund budget and stabilizing Monona Terrace finances and programs funded from Room Tax funds, and

WHEREAS, the City is recommending expending about \$16.7 million of the first half of funding and \$6.1 million of the second half of funding on responding to the economic impacts, addressing inequities exacerbated by COVID-19, and building back better, and the remaining funding on government services (revenue replacement), and

WHEREAS, forthcoming legislation and the 2022 budget will appropriate ARPA funds for the remaining community investments not appropriated in this resolution, as well as to maintain government services and stabilize the general fund, Monona Terrace and Room Tax-funded programs during 2021 and 2022, and

WHEREAS, five major priorities have been identified for use of the community investment funds, including violence prevention and youth employment, homelessness, affordable housing, neighborhood and small business revitalization, and emerging needs, and

WHEREAS, the City is outlining these broad categories as a means to target investments towards critical needs while ensuring that all investments are incurred in alignment with both the regulatory guidance and intent of ARPA, and

WHEREAS, the City has outlined the following strategy for investing the City's allocation across these five

categories in the programs listed below up to the specified amounts, and

| | |
|---|-------------------|
| Violence Prevention & Youth Engagement | 2,585,000 |
| PHMDC Violence Prevention Initiatives* | 1,200,000 |
| Summer Youth Employment - Summer 2022 | 650,000 |
| Summer Youth Employment - Summer 2021/ Fall Expansion* | 465,000 |
| Crisis Response Team (CARES) Support and Evaluation* | 150,000 |
| Summer Youth Employment - Summer 2021 Youth Reengagement* | 120,000 |
| Homelessness | 8,650,000 |
| Salvation Army Darbo Site | 2,500,000 |
| Unsheltered Homeless Support* | 2,000,000 |
| Purpose-Built Men's Shelter* | 2,000,000 |
| Endowment for Homelessness Operating Funds | 2,000,000 |
| Occupy Madison (OM) Solar Project* | 150,000 |
| Affordable Housing | 6,650,000 |
| Hotels Converted to Housing | 2,500,000 |
| Youth Centered Housing Project | 2,000,000 |
| Tenant Damage Fund | 1,000,000 |
| Homeownership Support/Rehabilitation Program (Consumer Lending) | 500,000 |
| Emergency Rental Assistance program operations* | 400,000 |
| Naturally Occurring Affordable Housing (NOAH) Energy Efficiency Program | 250,000 |
| Emerging Needs | 1,000,000 |
| Services to Residents who are Undocumented* | 700,000 |
| Connection to Basic Needs* | 150,000 |
| PFAS Education, Outreach and Coordination* | 100,000 |
| Healthy Aging Education and Engagement | 50,000 |
| Economic Development | 3,915,000 |
| Small Business Equity & Recovery (SBER) Program Expansion* | 2,615,000 |
| Retail Building Improvement Grant Program* | 500,000 |
| Public Market Foundation Operating Support* | 400,000 |
| Neighborhood Business District Support* | 300,000 |
| Downtown Vacant Storefront Art Program* | 100,000 |
| Grand Total | 22,800,000 |

*Indicates this resolution appropriates funding for this program.

WHEREAS, the City will develop performance measures for each program funded through this source to evaluate its success in addressing the economic impacts of COVID-19, any disparities exacerbated by COVID-19, and its success in building back better, and

WHEREAS, the City will report out on these metrics as a part of its quarterly and annual federal reporting to evaluate the success of these investments, and

NOW THEREFORE BE IT RESOLVED, the Common Council authorizes the Mayor and City Clerk to accept

\$47.2 million of American Rescue Plan Act (ARPA) Local Fiscal Recovery Funds from the U.S. Department of the Treasury, and

BE IT FURTHER RESOLVED, prior to the obligation or expenditure of any funds appropriated in the 2021 operating and capital budgets under this resolution, a report shall be submitted to the Common Council. The report shall be prepared by the Finance Director in consultation with affected agencies and shall describe the criteria and processes that will be used to allocate the funding appropriated in the 2021 budget under this resolution, including request for proposal processes. The report is due to the Common Council for review at its July 20, 2021, meeting.

BE IT FURTHER RESOLVED, the 2021 Adopted Operating Budget be amended by a total of \$4,995,000 to support operating costs associated with immediate needs in the community outlined in the following table:

| Program | Agency | Amount | Major |
|--|---------------|---------------|--------------------|
| PHMDC Violence Prevention Initiatives* | Public Health | \$160,000 | Purchased Services |
| Summer Youth Employment - Summer 2021/ Fall Expansion* | CDD | \$465,000 | Purchased Services |
| Crisis Response Team (CARES) Support and Evaluation* | Public Health | \$150,000 | Purchased Services |
| Summer Youth Employment - Summer 2021 Youth Reengagement* | CDD | \$120,000 | Purchased Services |
| Unsheltered Homeless Support* | CDD | \$2,000,000 | Purchased Services |
| Emergency Rental Assistance program operations* | CDD | \$400,000 | Personnel |
| Services to Residents who are Undocumented* | CDD | \$700,000 | Purchased Services |
| Connection to Basic Needs* | CDD | \$150,000 | Purchased Services |
| PFAS Education, Outreach and Coordination* | Public Health | \$50,000 | Purchased Services |
| Public Market Foundation Operating Support* | EDD | \$400,000 | Purchased Services |
| Neighborhood Business District Support* | EDD | \$300,000 | Purchased Services |
| Downtown Vacant Storefront Art Program* | Planning | \$100,000 | Purchased Services |

BE IT FURTHER RESOLVED that the Mayor and City Clerk, Finance Director or designee, or other City staff that may be deemed appropriate by the City Attorney are authorized to sign contracts or amend existing contracts with providers of the Summer Youth Employment - Summer 2021 Fall Expansion and Connection to Basic Needs programs identified above, in amounts that does not exceed the amounts listed above, with providers to be selected by CDD from among those who already participated in an RFP process that satisfies federal procurement requirements, on a form approved by the City Attorney; and

BE IT FINALLY RESOLVED, the 2021 Adopted Capital Budget be amended by a total of \$3,265,000 to support

capital costs associated with immediate needs in the community outlined in the following table:

| Program Project | Agency | Amount | MUNIS |
|---|---------------|---------------|--------------|
| Purpose-Built Men's Shelter* | CDD | \$2,000,000 | 13346 |
| Occupy Madison Solar Project* | CDD | \$150,000 | NEW |
| Small Business Equity & Recovery (SBER) | | | |
| Program Expansion* | EDD | \$615,000 | 13072 |
| Retail Building Improvement Grant Program | EDD | \$500,000 | NEW |