



Item Number: 15

City Council / Board of Directors

Written Communications

Meeting of: July 20, 2021

Submitted By:

Keith C. Metzler, City Manager

Subject:

Consideration of the American Rescue Plan Act (ARPA) Proposed Funding Allocations.

Recommendation:

That the Honorable City Council: (1) Approve the ARPA allocation plan; (2) Adopt Resolution No. 21-072 amending the FY2021-22 budget for expenditures for ARPA allocation plan; (3) Authorize staff to proceed with the ARPA Past Due Utility Bill Assistance Program; and (4) Authorize the City Manager to reallocate ARPA funds to categories for additional funding.

Fiscal Impact:

Expenditures from fund 277 (ARPA funding) for FY2021-22 would be in the amount of \$33,500,066 with Council action. Any uncompleted projects would be carried forward to the following fiscal year.

Background:

The American Rescue Plan Act of 2021, is a \$1.9 trillion economic stimulus bill passed by the 117th United States Congress as H.R. 1319 and signed into law by President Joe Biden on March 11, 2021. The main objective of the act is to speed up the United States' recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession. This package builds upon many of the measures in the Coronavirus Aid, Relief, and Economic Securities (CARES) Act from March 2020.

H.R. 1319 Subtitle M Section 603 is associated with the Coronavirus Local Fiscal Recovery Fund and provides details as to the distribution method and requirements as to the eligible usage of funds. Eligible uses of funding are outlined in four categories:

1. To respond to the public health emergency with respect to COVID-19 or its negative economic impacts;

2. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
3. For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; or
4. To make necessary investments in water, sewer, or broadband infrastructure.

Funds can be used to cover costs incurred beginning March 3, 2021. All costs must be incurred or obligated by December 31, 2024. The period of performance will run until December 31, 2026, at which time all projects must be completed.

Discussion:

Since the signing of this legislation, City staff followed the guidelines outlined in the Interim Final Rule that was issued by the Treasury Department to develop an Allocation Plan. In developing the proposed Allocation Plan, staff worked to ensure that projects reflect the interests of the community, are feasible within the time constraints of ARPA funding, advance the City's equity goals, and have lasting impact on the community.

The first proposed project from the Allocation Plan is the Past Due Utility Bill Assistance Program for Victorville residents who have been unable to pay their water, sanitation/trash, sewer, storm drain or household hazardous waste bill due to financial impacts related to COVID-19. Currently, the arrears associated with water, sanitation/trash, sewer, storm drain, and household hazardous waste are approximately \$2 million and is projected to reach 10% of our customer base in the next few months. The program is designed to have the customer complete an application online or at City Hall allowing them to certify that they have been affected by the pandemic. The application will allow the tenant or property owner to apply for the Past Due Utility Bill Assistance Program. Once the application has been submitted, staff will review and confirm if the applicant qualifies. If qualified, the customers balance will be paid using ARPA funds and will bring the outstanding balance from the period of April 2020 - July 2021 to zero. Any arrears prior to the program period will not qualify for this program. This program is a one-time payment that will not be authorized to forgive any future arrears. The tenant or property owner is responsible for maintaining the Utility Bill after this program has been applied to their account. If arrears occur again, the City will proceed with late fees and liens on the property, as they have been done in the past. Acknowledging that not all customers with arrears will submit an application, the program will be extended until all allocated funds are exhausted.

Staff has identified allocations eligible under the classifications outlined by the Treasury Department and are being presented in five categories along with examples and the proposed amounts:

- Housing and Homelessness - \$6 Million
 - Outreach Programs

- Wellness Center Facility
- Community Improvements - \$9 Million
 - Utility Assistance Program
 - Self-Cleaning Restrooms
 - Improve Public Facilities
- Broadband - \$8 Million
 - WiFi at Victorville Parks and Community Centers
 - New Infrastructure
- Community & Small Business Recovery - \$4 Million
 - Hiring Bonuses
 - Hazard Pay for Essential Workers
- Water/Sewer/Storm Drain - \$6 Million
 - Water Well Maintenance/Repairs
 - Reservoir Refurbishment

Total ARPA Proposed Funding Allocations - \$33 Million

Staff is still calculating the revenue loss claims and once completed will be applied to the categories listed above.

The categories identified in the Allocation Plan respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; and/or make necessary investments in water, sewer, or broadband infrastructure. This Allocation Plan positions the City with the ability to reflect in future years and see how Victorville, its residents and businesses improved as a result of the investment decisions made with this one-time funding opportunity. The U.S. Treasury Department requires quarterly reports on ARPA funds, at which time these reports will be provided to City Council.

Staff recommends the City Council approve the ARPA funding allocations, adopt Resolution No. 21-072 amending the FY2021-22 budget for expenditures for ARPA allocation plan, authorize staff to proceed with the ARPA Past Due Utility Bill Assistance Program and authorize the City Manager to reallocate ARPA funds to categories for additional funding.

Staff remains available for any questions or comments you may have.

Attachments:

- A. Resolution No. 21-072
- B. ARPA Past Due Utility Assistance