

TOWN *Of* **PARADISE VALLEY**



STAFF REPORT

TO: Mayor Bien-Willner and Town Council Members

FROM: Jill Keimach, Town Manager
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DATE: September 9, 2021

AGENDA TITLE:

Discussion on Eligible Projects for American Rescue Plan Act Funding

SUMMARY STATEMENT:

The Council received the first of two disbursements of \$2.44M from the American Rescue Plan Act (ARPA). These funds must be used over the next few years to cover costs incurred beginning on March 3, 2021. The eligible projects must address COVID-19 response, mitigation, and prevention activities. The second disbursement will be received in July 2022.

BACKGROUND:

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law which amended Title VI of the Social Security Act 17 (the Act) to add section 602, which establishes the Coronavirus State Fiscal Recovery Fund, and section 603, which establishes the Coronavirus Local Fiscal Recovery Fund (together, the Fiscal Recovery Funds).

The Interim Final Rule was prepared by the US Treasury to implement this Act. The Fiscal Recovery Funds build on and expand the support provided to these governments over the last year. Through the Fiscal Recovery Funds, Congress provided State, local, and Tribal governments additional resources to respond to the COVID-19 public health emergency and its economic impacts through four categories of eligible uses. Section 602 and section 603 contain the same eligible uses; the primary difference between the two sections is that section 602 establishes a fund for States, territories, and Tribal governments and section 603 establishes a fund for metropolitan cities, non-entitlement units of local government, and counties. Sections 602(c)(1) and 603(c)(1) provide that funds may be used:

- a) To 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;
- b) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- c) 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; and

- d) To make necessary investments in water, sewer, or broadband infrastructure.

The Interim Final Rule states that a broad range of services needed to contain COVID-19 are eligible uses, including “vaccination programs; support for isolation or quarantine; public communication efforts; purchases of personal protective equipment; support for prevention, mitigation, or other services in congregate living facilities (e.g., nursing homes) and other key settings like schools; ventilation improvements in key locations; enhancement of public health data systems; and other public health responses. Capital investments in public facilities to meet pandemic operational needs are also eligible, such as adaptations to public buildings to implement COVID-19 mitigation tactics.”

In July, 2021 the Treasury put out a now well known set of FAQs that has become the document that is more explicit as to what may be deemed eligible projects. This FAQ outlines:

External Aid to Impacted Industries such as Hospitality and Tourism

- Vaccine incentives if proportional to expected health benefit
- Back to Work incentives, job training, subsidized employment and incentives to new hires and loans or grants to mitigate financial hardship to impacted industries
- Investments in improving outdoor spaces in response to economic hardship
- Aid provided to tourism/hospitality industries should respond to the negative economic impacts of the pandemic. i.e. safe reopening of businesses or facility upgrades delay due to pandemic.

Internal Efforts Related to “Reduction in Revenue”

- Annual revenue loss from taxes for periods ending Dec 31 2020 through 2023
- Payroll expenses for portion of time dedicated to COVID response
- Steps to reduce court backlogs, including staff and legal costs to expedite case resolution

Water, Sewer, or Broadband Infrastructure

- Capital investments in public facilities to meet pandemic operation needs (adaptations to public buildings to implement COVID mitigations).
- Water, sewer and broadband, to the extent of the estimated reduction in revenue due to the public health emergency

In addition, the Town staff criteria it used in selecting projects recommended for these ARPA ‘one-time funds’ are:

- Contribution does not have long-term financial impacts on Town (increased pension)
- Assists the Town with financial obligations and contractual mandates
- Protects health and safety of Town, businesses, and residents
- Results in increased efficiency and level of service
- Reduces operational costs

Based on the federal eligibility requirements and the staff criteria to ensure the funds are spent prudently, staff has narrowed down the potential list of projects to 12 for Council consideration.

Proposed Project	Est. Cost	ARPA Proposal	General Fund Benefit/Loss	Impacted Businesses, Tourism	Revenue Loss	Sewer, Water, Broadband
General Fund Revenue Loss		\$5,295,055	\$4,298,848			
1. Sewer Repair/Covid testing devices	\$611,000	\$611,000				
2. Flooding related projects	\$4,344,000	\$2,419,000	Not yet allocated		Staff efficiency	Mockingbird/56; Solano+
3. Street repair of Section 5 delayed	\$958,000	\$958,000			Delay 2020	
4. Town Hall Chiller/UV protection	\$950,000	\$200,000	\$750,000		Cost Increase	
5. Purchase two first responder vehicles	\$151,000	\$151,000	\$151,000		Delay 2020	
6. Increased cost of concrete and asphalt	\$500,000	\$500,000			50% increase	
7 Technology backup, Cyber Security, Citizen access, touchless	\$3,134,000	\$1,745,000		Allows better COVID access		Excludes townwide wifi
8. Reconfigure work spaces to respond to flexible work changes	\$1,500,000	\$1,500,000	\$1,500,000	Change workspace		
9. Research and negotiate Electric Fire Engine, incl maintenance	\$1,500,000	\$1,500,000	\$800,000	Enhanced vehicle	90% calls medical	
10. Signing Bonuses for hotel workers through grant	\$1,000/emp 50%	\$200,000		Hospitality assistance		
11. Regional for homeless initiative	5%	\$244,000		Relief to disadvantaged		
12. Town to pay for sound study and grants to resorts to mitigate noise impact on neighborhoods for outdoor space	\$15,000+ \$100,000 in grants	\$115,000		Tourism and Hospitality assistance		

NEXT STEPS:

Council direction to staff on which potential projects to research further.

ATTACHMENT(S):

- A. Staff Report
- B. Presentation
- C. Interim Final Rule [2021-10283.pdf \(govinfo.gov\)](#)
- D. Coronavirus State and Local Fiscal Recovery Funds FAQs, July 14, 2021