



American Rescue Plan Act: What to Fund?

Town Council Study Session
Thursday, September 9, 2021

American Rescue Plan Act Funds

- Funds have to be allocated by December 3, 2024.
- Projects must be completed by December 31, 2026
- Funding is not restricted by State gift clause
- Review of Projects and Council Direction on which projects to research further.

Class	Meets ARPA Criteria	Timeline to Complete Projects
1 st Disbursement Received July 2021	\$2.44	Allocated by 12/23
2 nd Disbursement Est. July 2022	\$2.44	Spent by 12/26



Fiscal Recovery Funds must be used for one of the four eligible uses per Interim Final Rule

- 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**.



Two Overriding Questions:

1. How does project respond to impacts from COVID?
2. How would project mitigate future pandemic?



Federal Criteria for use of funds, July 2021 FAQ

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.



Federal Criteria for use of funds, July 2021 FAQ

Internal Efforts Related to “Reduction in Revenue”

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



Federal Criteria for use of funds, July 2021 FAQ

“Water, Sewer, or Broadband Infrastructure” Related

- 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*

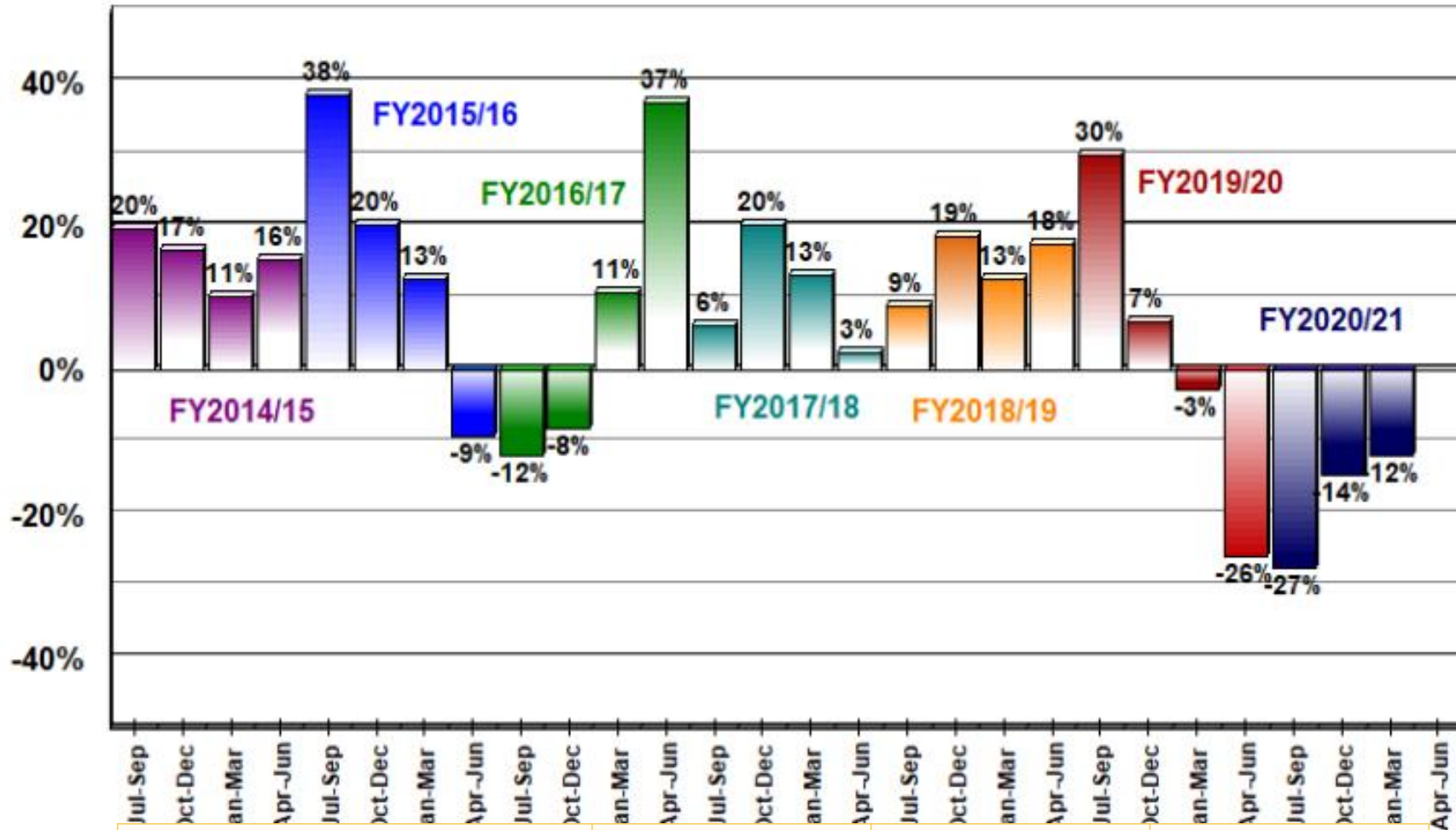
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Town Staff Criteria in Selecting Projects

- One-time funds
- 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

Potential Projects for ARPA Funding

Calculation of 'General Revenue' Loss



	Sales Tax	Bed Tax	Total
01/01/19 - 12/31/19	19,192,816.75	5,104,904.05	24,297,720.80
01/01/20 - 12/31/20	16,837,659.78	3,161,212.30	19,998,872.08
2020 lower than 2019	(2,355,156.97)	(1,943,691.75)	(4,298,848.72)



Calculation of 'General Revenue' Loss

- General Revenue: funds from economic activity (i.e. bed and sales taxes)
- $\$4,298,848 * 4.1 \text{ growth rate} = \$5,295,055$
- Funds can be used broadly, but has to be used for government services.
- Federal audit simplified
- **Can not be used to replenish financial reserves** (e.g., rainy day or other reserve funds) would not be considered provision of a government service.

Potential ARPA Projects

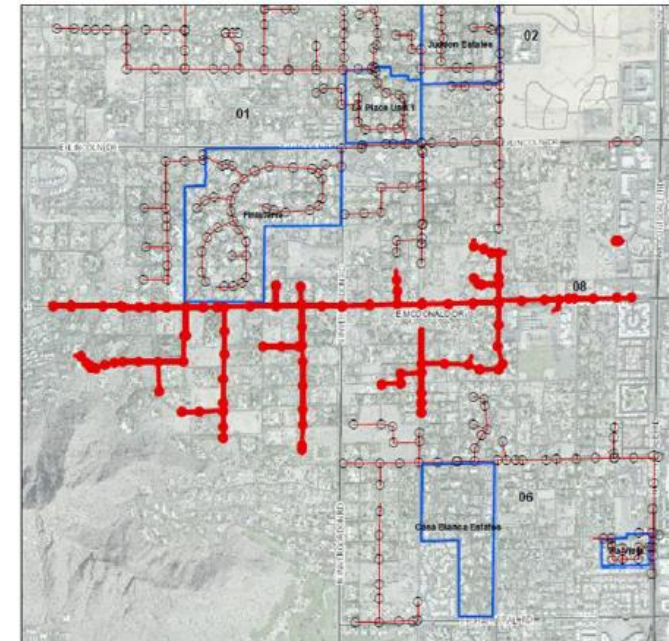
Proposed Project	Est. Cost	ARPA Proposal	General Fund Benefit/Loss	Impacted Businesses, Tourism	Revenue Loss	Sewer, Water, Broadband
General Fund Revenue Loss		\$5,295,055	\$4,298,848			
1. Sewer Repair/Covid testing devices	\$611,000	\$611,000				
2. Flooding related projects	\$4,344,000	\$2,419,000	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		12

Proposed Projects:

“Water, Sewer, or Broadband Infrastructure” Related

1. Sewer

- Sewer projects, repair of sections identified in survey of pipes. Paid for through wastewater funds.
- FY 23/24 CIP funds for \$300k and \$200k; \$111k for remainder of FY22 sewer repairs (\$611,000)
- Public health related to COVID might include upgraded cleanouts/manholes to test whether the virus is in the sewer stream (as was tested by ASU throughout the pandemic). Additional cost.



“Water, Sewer, or Broadband Infrastructure” Related

2. Flooding

- Small projects in the \$250,000-300,000 range paid for through Flood Control grants. \$247,000 Town funds for Solano Drive;
- Could research adding automatic sensors on Stanford/Golf Drive & Lincoln between 32/36th to dropdown an arm or have a blinking light for an early warning device.
- Could also look at larger stormwater such as the Town's 50% share of \$4,344,000 for Mockingbird and 56th





Proposed Projects: “Water, Sewer, or Broadband Infrastructure” Related

Capital Improvements Delayed: COVID revenue loss, increased costs

3. Add back Section 5 paving which was delayed because of COVID initial loss of funds. \$958,000
4. Cover cost of Town Hall chiller with added UV filters to retrofit a healthy work environment. Option 1 Recommended: \$950,000. \$200,000 cost increase.
5. Cover cost to purchase two vehicles that were removed from 2020/21 budget due to reduced revenue. \$151,000
6. Cover the increased cost of concrete and asphalt for Town Public Works Projects (CIP) as a result of pandemic-related construction cost increases

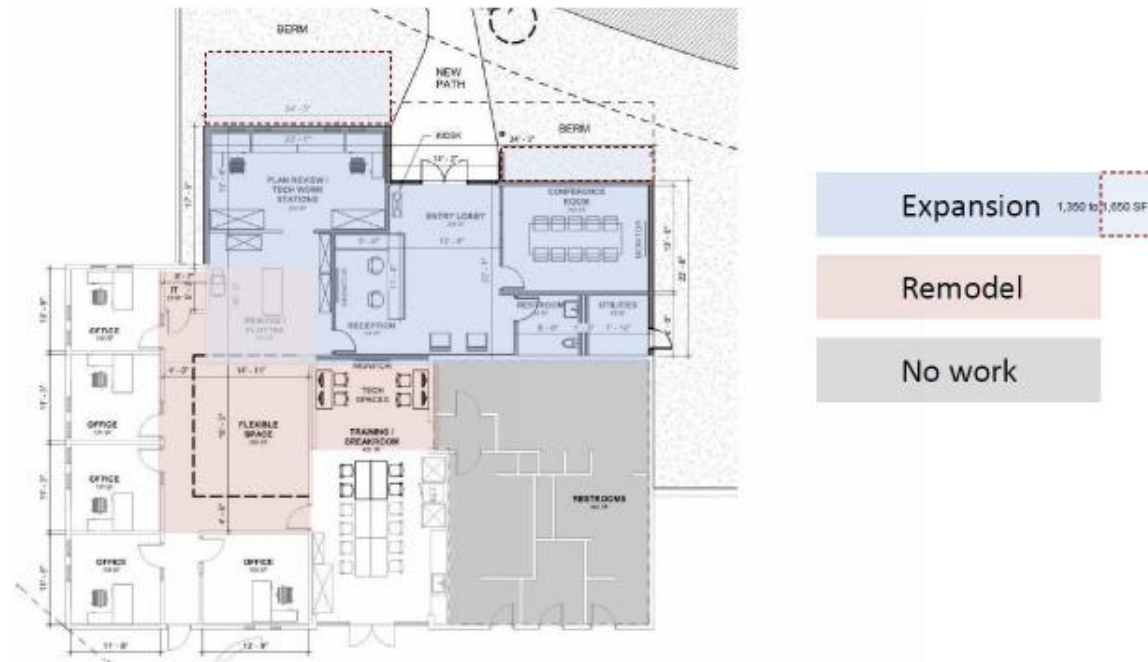
Technology Upgrades

7.	Backup Protection / Business Continuity	On-Premises Backup - Transition to Cloud Solution	\$125,000	Entire town would be impacted by unreliable data backups due to ransomware, public health internal operations impact
		Business Continuity & Disaster Recovery Planning	\$120,000	Town lacks a formal technology strategy to execute transition plans
	Cyber Security	Expand Cyber Assessments Phase 2	\$ 65,000	Focus on high- risk technology assets.
		Data Mgmt. Threat Detection	\$ 75,000	Detailed auditing, anomaly detection, real time alerting, and real time data discovery and classification allows you to identify, prioritize and investigate threats - fast
		Security Patching & Vulnerability	\$ 40,000	Vulnerability risk analysis, patching
		Network Access Control	\$ 80,000	Network technology to limit new devices accessing town network
	Infrastructure/Fiber	Town-wide Wifi/Fiber for enhanced emergency preparedness	\$1,300,000	
	Citizen Services to Cloud	New World	\$ 500,000	Police Department - Emergency Response
	provide mobile, contactless service during major health crisis, cyber events	Building, Planning, Permitting	\$ 140,000	Community Development
		Financial Mgmt. Software	\$ 200,000	Finance
		Public Works	\$ 250,000	Public Works - Citizen 311
		Full Court	\$ 150,000	Courts

Proposed Projects: Projects

Internal Efforts Related to Revenue Loss

8. Cover design and construction costs of reconfigured work spaces in PW, Engineering/CD areas to respond to new remote and flexible work schedules (work space sharing) \$1,500,000



Proposed Projects: Electric Fire Engine

9. Research purchase of an smaller and more nimble electric Fire Engine that the Town is obligated to purchase in FY 23.
 - Enhances operations and eases access to difficult to serve areas in the Town.
 - Cost of new vehicle plus five years maintenance and replacement batteries: \$1,500,000
 - Fire funds currently pay for service, but capital funds have yet to be set-aside for obligated vehicle replacement.

Direct value

Reduced service costs (maintenance and batteries incl)
Significantly Reduced fuel/energy costs
Higher payload and volume
Access to narrow roads; unparalleled turning

Indirect value potentials

Fewer injuries, more efficient





Proposed Projects:

External Aid to Impacted Industries – Hospitality and Tourism

10. Provide a grant to resorts to give signing bonuses for hotel workers. Estimate of 400 employees over 8 resorts, 50% grant of \$1,000 = \$200,000
11. Work with other jurisdictions in Maricopa County to support ‘gap financing’ or other rental assistance efforts to assist resort workers through HR to be able to stay in their homes and live relatively close. Contribute a percentage to MAG’s 160,000 homeless initiative. Est. 5%
12. Pay for sound studies for resorts, and grants to resorts for implementation of recommendations to mitigate neighborhood noise from resort events. \$15,000 for study. Up to \$100,000 for capital improvements. Reduces PD calls for noise. Efficient.

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Questions and Council Direction
