

# City of Lincoln Park American Rescue Plan Act Program



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# ARPA

- On March 11, 2021, the American Rescue Plan Act of 2021 became law.
- As part of this legislation, the federal government will provide \$350 billion in funding to state, local, territorial, and tribal governments.
- Out of this funding, entitlement units of government were awarded \$45.6 billion
- The City of Lincoln Park's allocation was \$19.1 million



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# Eligible Uses

- The legislation calls out four areas in which the federal funding can be used.
  - The first area is to address the economic impact of the pandemic. This includes aid to small businesses and hard-hit industries, such as hospitality and tourism.
  - The next area is to respond to workers performing essential work during the pandemic. An example is premium pay for essential workers.
  - The third area is to provide local government services to the extent of the reduction in revenue in comparison to the last full fiscal year prior to the pandemic.
  - The fourth area is to make necessary investments in water, sewer, or broadband infrastructure.



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# Addressing Negative Economic Impact

- The legislation allows for local governments to use funds to aid small business and those hard-hit industries such as hospitality and tourism.
- With the first allocation of federal funds through the Coronavirus Aid, Relief and Economic Security (CARES) Act, the city allotted \$300,000 for aid to small businesses
- As of today, there is still \$85,000 available in the Lincoln Park Small Business Grant Program



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# Responding to Workers Performing Essential Work

- The legislation allows for “providing premium pay to eligible workers of the metropolitan city, nonentitlement unit of local government, or county that are performing such essential work.”
- In September 2020, the city provided a hazard bonus to police and fire employees who had been deemed essential and exempt from the extended family medical leave provided in the Families First Coronavirus Response Act.



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# Revenue Replacement

- The legislation allows “for the provision of government services to the extent of the reduction in revenue of such metropolitan city, nonentitlement unit of local government, or county due to the COVID–19 public health emergency.”
- This section is vague but seems to allow for a variety of items up to a certain capping of funds, This cap is established through a formula based on comparing revenue between the last eighteen months and the last full fiscal year prior to the Covid Pandemic.



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# Infrastructure

- Finally, the legislation allows for the funds to be used, “to make necessary investments in water, sewer, or broadband infrastructure.”
- Interestingly, roads are missing from the legislation. It should be assumed that road projects that are not part of water, sewer, or broadband projects are ineligible.
- However, it is widely believed that if a road must be removed to complete a water, sewer, or broadband project, that road would be eligible to be replaced.

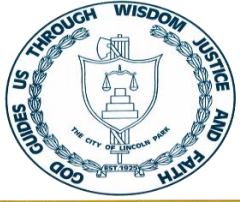


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# Ineligible Uses

- Uses that are not specifically identified in the act would be ineligible.
  - General expenditures beyond the amount allotted based on revenue replacement would be ineligible, for example.
- Specifically identified in the legislation as ineligible is using the funds for pension funding.
  - According to the act, "No metropolitan city, nonentitlement unit of local government, or county may use funds made available under this section for deposit into any pension fund."
- Using the funds as a source for matching other federally funded grants.
- Using the funds for reserve accounts.





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# Proposal for ARPA Funds

- With the city still having \$85,000 of CARES Act funding allocated for the small business grant program, it is suggested we focus the funding on the other eligible uses.
- These three are the revenue replacement, premium pay for essential workers, and infrastructure.
- Using a tool provided by the Government Finance Officers Association, the city's finance department has calculated the city's lost revenue at approximately \$1.48 million.
- To provide a second hazard pay bonus, at \$1,000, to all police and fire would amount to \$67,000.
- We are also budgeting \$14 million for infrastructure improvements.
- An additional \$3.5 million is not yet allocated in this program. This funding might be able to be used a revenue replacement next year, or for infrastructure improvements.

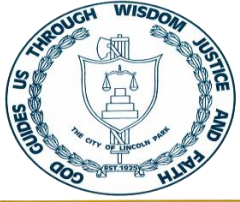


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# Revenue Replacement

- While the city can use funds for revenue replacement, the funding must be expended. The funding cannot be used to bolster the general fund balance.
- To this end, we propose using these funds for various needed and outstanding projects.
- These proposed projects currently account for approximately \$1.48M.

Project Description	Cost Estimate
Zoning Code Rewrite	\$55,000
City Website Redesign	\$60,000
Animal Shelter Phase 2	\$610,000
City Hall Window Replacement	\$175,000
Funding for the City Hall Generator Project	\$205,000
Police Department Building Improvements	\$150,000
Community Center Pool Removal	\$40,000
Paun Park Wading Pool Removal	\$60,000
Downtown Placemaking	\$125,000

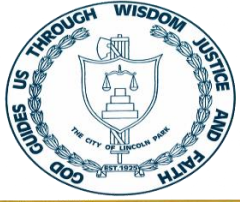


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# Infrastructure

- The bulk of the funding can go towards addressing some longstanding infrastructure needs.
- These projects will serve two major purposes.
  - The first is correcting problems within the systems that have long been needed.
  - The second is to limit the impact of the costs of these projects on the rate payers.
- These projects account for \$14 million

Project Description	Cost Estimate
Emmons Pump Station Replacement	\$4,000,000
Lincoln Pump Station Replacement	\$4,000,000
Retention Basin Upgrades	\$2,000,000
Riopelle Pump Station Improvements	\$1,000,000
Lead Service Line Replacement (3 Years of program)	\$3,000,000



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# Infrastructure

- The proposed infrastructure improvements will influence water and sewer rates.
- Essentially, these projects take \$14 million of costs out of the revenue requirements as presented during the water and sewer rate study.
- While the methodology of the rate study is still valid, the numbers used are no longer accurate. We will be using the model prepared by Plante Moran to identify the needed revenue for the future.
- While these projects will lessen the burden on rate payers, it is important to note that rates will still need to be increased to cover more of the infrastructure.
  - Remember, there was approximately \$39 million in needed sewer improvements over the next twenty years. We are addressing \$11 million of that through this funding.