

Information Item

Date: March 15, 2021

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Ben Rowe, Assistant City Manager

Subject:

Update on American Rescue Plan Act of 2021

Strategic Focus Area: Economic Vitality and Diversity

Strategic Objective: No

Strategic Plan Action Item: No

Key Work Item: Yes



On March 10, the United States House of Representatives passed the United States Senate's amended version of the American Rescue Plan Act of 2021, a \$1.9 trillion economic stimulus package, which was proposed by President Biden to accelerate the United States' recovery from the economic and health effects of the COVID-19 pandemic and on-going economic recession. The legislation, over 600 pages in length, includes \$350 billion in assistance for state, local, and tribal governments (Coronavirus State and Local Fiscal Recovery Funds). The eligible uses of the funds for local governments are as follows:

1. Respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
2. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the metropolitan city, nonentitlement unit of local government, or county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
3. 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 relative to revenues collected in the most recent full fiscal year of the metropolitan city, nonentitlement unit of local government, or county prior to the emergency; or
4. Make necessary investments in water, sewer, or broadband infrastructure.

Local governments may not deposit their allocations into any pension fund.

Funds will be distributed in two “tranches”—the first to be paid no later than 60 days after enactment of the legislation and the second to be paid 12 months after the first tranche is paid. The funds will be available through December 31, 2024. Local governments will be required to provide periodic reports to the Secretary of the Treasury. Funds will be allocated based on the most recent data from the Census Bureau.

Currently, the City of Winston-Salem is estimated to receive an allocation of **\$55.1 million**. City management has identified the following potential uses of the funds, which would focus on the restoration of the City’s finances as well as the local economy. These funds would meet one-time needs for the City and community.

1. **Restoration of Reduced Revenues:** The legislation will provide for the recovery of a reduction in revenue required to provide government services based on “revenues collected in the most recent full fiscal year...prior to the emergency.” It is unclear whether an allocation of funds for this need can be based on the City’s financial policies for fund balances. Based on an initial staff assessment of revenue reductions, the City’s allocation could be applied to the following funds: general fund, water and sewer, parking, fairgrounds, convention center, ballpark, Bowman Gray Stadium, occupancy tax, and stormwater.
2. **Small Business Restoration Grants:** The City could provide one-time grants to existing small businesses that were impacted severely by government restrictions and the recession. The City would establish goals to ensure the equitable provision of grants to minority and women-owned businesses. The funds would not be intended to assist with business start-ups. The City could seek to partner with organizations, such as Greater Winston-Salem, Inc., to administer the grants. Last year, Charlotte, Raleigh, and Guilford County provided small business assistance using CARES Act funding. City staff will look at the programs of these communities for best practices.
3. **Relief for Local Travel/Tourism Non-Profits:** The COVID-19 pandemic has devastated the local travel and tourism industry. A portion of the City’s allocation could provide financial assistance to the local non-profit organizations that support this industry and generate room nights for local hotels. The City currently provides annual contributions to the National Black Theatre Festival, Old Salem Museum and Gardens, RiverRun International Film Festival, Piedmont Triad Film Commission, and the Arts Council. Grants could be based on the organizations’ documented revenue losses. One consideration would be whether to provide this assistance to organizations beyond those that currently receive contributions from the City.

In addition to providing relief to these industry partners, the City also could use the funds to prepare the City’s public assembly facilities to reopen safely to host events. These facilities would include the Winston-Salem Fairgrounds, Benton Convention Center, Bowman Gray Stadium, and Truist Stadium. Expenditures may include the purchase of plexiglass, stanchions to direct traffic, sanitizing stations, and HVAC filtration.

4. **Replacement of Equipment Deferred Due to the Pandemic's Impact on the City's Budget:** For the FY 20-21 budget, City departments submitted equipment replacement requests that exceeded the capacity of the budget. Departments impacted by these deferrals included Police, Fire, Sanitation, and other public works areas. Rather than finance the purchase of this equipment, the City could utilize its allocation for pay-go capital expenditures, which could provide some relief for future budgets.

The U.S. Treasury Department will issue specific guidelines about the eligible uses of the funds, reporting requirements, and any other requirements. Once these guidelines are in place, City staff will present a more specific proposal for consideration by the Mayor and City Council. In the meantime, staff will review other sections of the legislation that may provide additional funding in areas such as public transit, housing, and rent assistance. Under the Senate version, the City would receive an additional \$11.3 million for public transit.

City staff will provide an update on the legislation once it becomes law to note any changes.