

American Rescue Plan Act of 2021: Next Steps

City Council

April 5, 2021



City of Winston-Salem's Allocation of
Coronavirus Local Fiscal Recovery Fund

\$55.1 Million

Eligible Uses of Coronavirus Local Fiscal Recovery Fund

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 local government that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work
 - ❖ \$13.00 per hour up to \$25,000 per year
3. For the provision of government services to the extent of the reduction in revenue local government due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year
 - ❖ Since January 1, 2020
4. Make necessary investments in water, sewer, or broadband infrastructure.
 - ❖ May include stormwater

★ Still waiting on specific guidance from the U.S. Treasury Department

Ineligible Uses of Coronavirus Local Fiscal Recovery Fund

- ❖ Cannot be used to either directly or indirectly offset a reduction in the net tax revenue resulting from a change in law, regulation, administrative interpretation, reduction in tax rate, rebate, deduction, credit, or otherwise
 - Cannot delay the imposition of any tax or tax increase
 - Applies during the covered period of March 3, 2021 to the end of the fiscal year in which the local government last uses these funds

- ❖ Cannot be deposited into any pension fund.

Other Considerations

- If Recovery Funds are to fill a “municipal hole,” that funding could become unrestricted and available for any local government cost or purpose.
- Funding can be used to address local government’s own needs but also can provide funds to community non-profits, businesses, and organizations for eligible expenses.
- Support for water, sewer, and broadband projects does not have to be related directly to COVID-19 impacts.
- Clear intent is to allow broad and flexible investments, including tourism, travel, and hospitality sectors.
- Negative Economic Impacts Test: Ask whether a project, program, or organization was harmed revenue-wise or otherwise by the COVID-19 related economic slowdown. When in doubt, invest the funds elsewhere.

Other Requirements

- Funds will be distributed in two “tranches”—the first to be paid no later than 60 days after enactment of the legislation (May 11) and the second to be paid 12 months after the first tranche is paid.
- 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.

Other Resources for Local Governments in the ARPA



New City Council Initiatives

- Focus on job creation and workforce development (small businesses; travel and tourism industry)
 - Collaboration and funding for Pre-K
 - Funding for affordable housing
 - Funding for economic development
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- Poverty cessation
 - COVID-19 re-opening plan
 - Community engagement (power of connections)
 - Funding for the arts
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- Community fundraising
- Environmental initiatives
- Address digital divide
- Address childcare needs
- Neighborhood maintenance
- Organizational plan for public-private partnerships
- Law enforcement reform

Ideas for Potential Uses (One-Time–Restorative–Transformative)

➤ Restoration of City Reduced Revenues

- General Fund, Occupancy Tax Fund, Fairgrounds, Other Public Assembly Facilities, & Parking

Ideas for Potential Uses (One-Time–Restorative–Transformative)

➤ Recovery Grants for Small Businesses

- One-time grants for recovery and restoration for existing businesses (restaurants, bars, retail, gyms, salons, etc.)

Ideas for Potential Uses (One-Time–Restorative–Transformative)

- Recovery Grants for Social Service Non-Profits
 - One-time grants for recovery and restoration for non-profits (housing, poverty, childcare, etc.)

Ideas for Potential Uses (One-Time–Restorative–Transformative)

- Recovery Grants for Travel, Tourism, and Arts Non-Profits
 - One-time grants for recovery and restoration

Ideas for Potential Uses (One-Time–Restorative–Transformative)

➤ Transformative Capital Grants for Non-Profits

- One-time grants for major non-profit capital campaigns (food insecurity, workforce development, Pre-K priorities, etc.)

Ideas for Potential Uses (One-Time–Restorative–Transformative)

➤ Transformative Broadband Projects

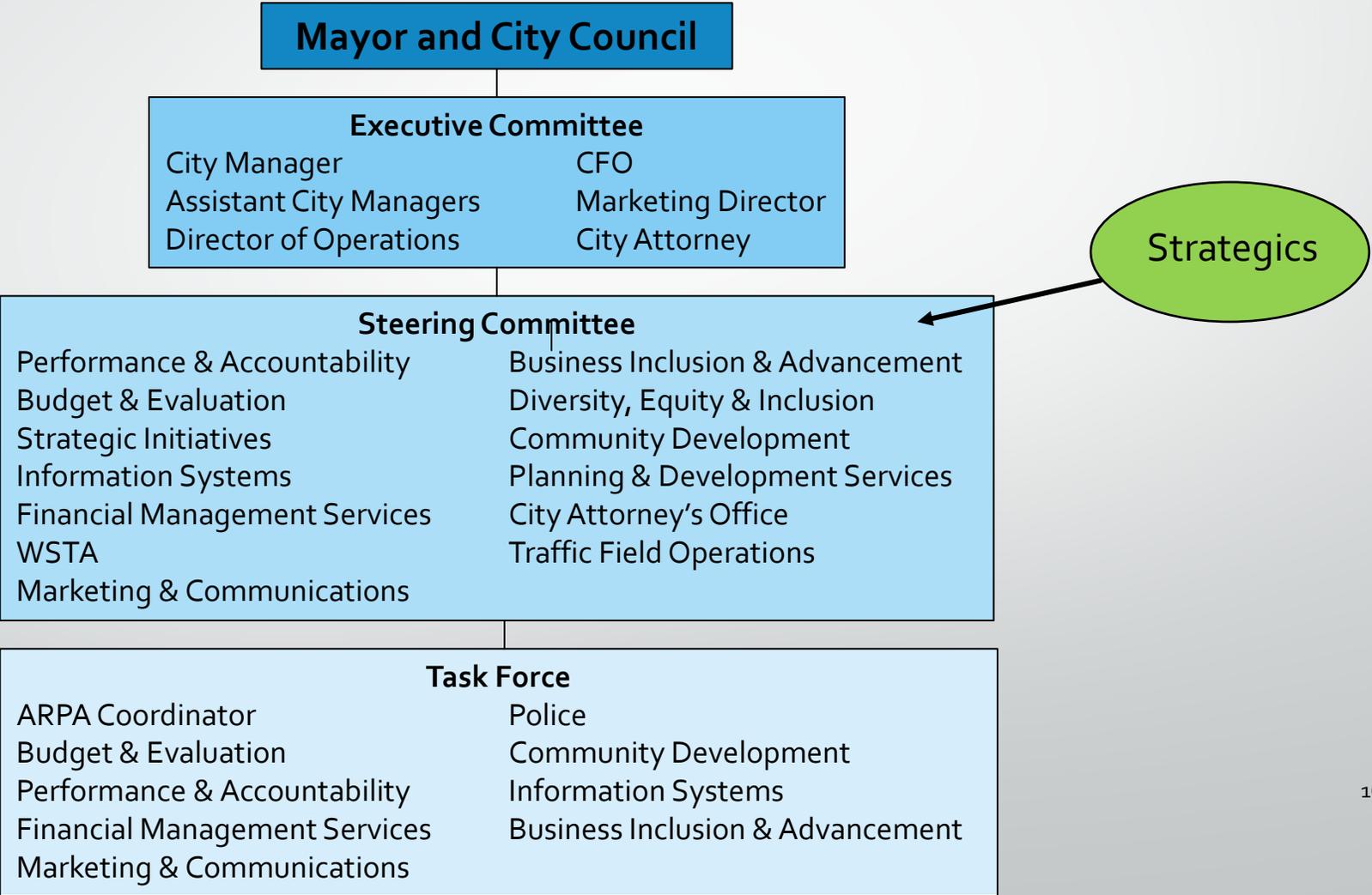
- One-time projects to expand broadband access and reduce the Digital Divide

Ideas for Potential Uses (One-Time–Restorative–Transformative)

➤ Transformative City Capital Projects

- Potentially funded with General Fund dollars freed up by using ARPA funds for General Fund public safety salaries. Projects could include: affordable housing, neighborhood maintenance, environmental initiatives, community engagement options, recreation, and public safety.

ARPA Organization Chart



Next Steps

- Await specific guidelines from U.S. Treasury Department.
 - Eligible uses of the funds
 - Reporting requirements
 - Other requirements
- Continue to review other funding opportunities in the law.
- Identify potential community partners to assist with administration of funding.
- Convene Steering Committee and Task Force; assign committee and staff responsibilities.
- Develop marketing plan and community engagement strategy (Public Input).
- Set up webpage to report on uses and disseminate information about other grant opportunities for the community.
- Present specific uses to Mayor and City Council for consideration and approval.

On the Horizon

- Community Project Funding Requests (i.e., Earmarks)
- Build Back Better Recovery Plan
 - ❖ American Jobs Plan