



INFORMATIONAL MEMORANDUM

TO: Finance and Governance Committee

FROM: Vicky Carlsen, Finance Director

CC: Mayor Ekberg

DATE: November 2, 2021

SUBJECT: Identify process and prioritize projects that could utilize remaining balance of American Rescue Plan Act (ARPA) funds

ISSUE

Staff is seeking Committee input on the process to identify and prioritize projects that could utilize the remaining balance of uncommitted ARPA funds.

BACKGROUND

On March 10, 2021, a \$1.9 trillion relief package, known as the American Rescue Plan Act, was approved and provides funding in several areas including state and local aid, education, rental assistance, and transit. The City was allocated \$5.78 million and received the first half in June of 2021. The second half will be received in June of 2022. Funds must be spent or contractually committed by December 31, 2024.

The funds can be used in the following ways:

- To respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and non-profits, or to aid impacted industries such as tourism, travel, and hospitality.
- Provide premium pay to eligible workers that are performing essential work.
- Provision of government services to the extent of the reduction in revenue due to the pandemic relative to revenues collected in the most recent full fiscal year. Funds used under this category may only be used to restore services or projects that were reduced or eliminated due to revenue lost due to COVID. In other words, there must be a
- Make necessary investments in water, sewer, or broadband infrastructure.

The funds cannot be used to directly or indirectly offset tax reductions or delay a tax/tax increase. Nor can funds be deposited into any pension fund. Final guidance on approved uses of the funds is expected to be received in July of 2021.

On March 22, 2021, staff began a discussion with the Finance & Governance committee to seek input into a process for how to prioritize service level restoration if and when ongoing revenues exceed revenues adopted in the 2021-2022 biennial budget as well as restored revenues from sales tax mitigation payments. Included in the info memo was a section discussing federal funding through the American Rescue Plan Act.

Since mid-June, the Finance & Governance Committee conducted detailed analysis of this information over the course of multiple meetings, asking questions and requesting additional presentations on programs including business assistance, rent/utility assistance, afterschool programming, SCORE, Neighborhood Traffic Calming, and Community Connectors. Following the September 13, 2021, discussion the Committee agreed to forward the proposal to the Committee of the Whole for full Council discussion.

The table below shows the Council Direction from the October 18, 2021, regular meeting on the use of these funds. These have been incorporated into the 2021-2022 Budget Amendment process which was discussed and unanimously approved by the Finance Committee on October 25, 2021 and will be before the Committee of the Whole on November 8, 2021 with final action proposed for the November 15, 2021 Regular Meeting.

	2021	2022	Total	ARPA Funding Category
1 Parks Staff	80,000	160,000	240,000	Revenue Loss, Government Services
2 Street Staff	167,500	335,000	502,500	Revenue Loss, Government Services
3 DCD Staff	125,000	300,000	425,000	Revenue Loss, Government Services
4 Rec Program (Summer Camp)	50,000	100,000	150,000	Revenue Loss, Government Services
5 DarkTrace - Cyber Security	25,000	25,000	50,000	Revenue Loss, Government Services
6 After School Program	84,000	170,000	254,000	Revenue Loss, Government Services
7 Business Assistance	15,000	185,000	200,000	Public Health and Negative Economic Impacts
8 Utility/Rental Assistance	-	500,000	500,000	Assistance to businesses, households
9 Traffic Calming	100,000	400,000	500,000	Revenue Loss, Government Services
10 Upgrade Council Chambers	18,000	200,000	218,000	Public Health and negative Economic Impacts
11 SCORE	-	-	-	Revenue Loss, Government Services
12 Fire Minimum Staffing	225,000	300,000	525,000	Revenue Loss, Government Services
13 Community Connectors	-	25,000	25,000	Revenue Loss, Government Services
14 ARPA Financial Analyst		160,000	160,000	Public Health and Negative Economic Impacts
15 SeeClickFix	15,000	-	15,000	Revenue Loss, Government Services
Total	904,500	2,860,000	3,764,500	

Remaining Funds

At the October 18, 2021, regular meeting, Council was also asked to provide input into potential programs that could utilize the remaining ARPA funds. Proposed projects and services mentioned by individual Councilmembers for future consideration included the following, in no particular order:

1. Synthetic turf soccer fields,
2. Green Tukwila,
3. Premium pay for essential workers,
4. Public health,
5. Staffing needs to address certain issues,
6. Traffic calming,
7. Human services and community assistance, and
8. Adding additional funding to projects already included in the ARPA plan.

There were additional discussions on what process the Council should use to allocate this 2nd round of ARPA funds of \$2 million and also whether these proposed projects meet the ARPA funding guidelines.

Second Round ARPA Process Discussion

The Council will need to determine the process to allocate the remaining \$2 million of ARPA funds. These will need to be committed before December 31, 2024. A suggested process could be as follows:

- 4th Quarter 2021 – Confirm process for allocation of remaining funds and identify major projects
- 1st Quarter 2022 – Conduct community outreach/survey and clarify specific projects
- 2nd Quarter 2022 – Finalize projects for allocation
- 3rd Quarter 2022 – Allocate funds via budget amendment if the funds would be spent in 2022 or include the projects in the 2023-2024 Budget
- 4th Quarter 2022 – Finalize Allocation via a budget amendment or as part of 2023-2024 budget adoption process

A key goal of ARPA funding is to meet the needs of the communities impacted by COVID. A key process outlined in the federal process is to involve the community in these decisions. This second round would be an opportunity for the City to engage the community on their priorities for possible use of this funding.

ARPA Funding Criteria

As asked by the Council and as identified in the suggested process above, each major project will need to be fully evaluated to see if it meets the ARPA funding criteria. As seen in our first round process, there may be projects identified that appear to meet APRA requirements but, once fully scoped, do not meet these criteria. Additional information will be needed to better understand each project to determine if the final proposal meets the ARPA funding criteria. Below is the first preliminary estimate on answering these questions, with specific notes. All proposed projects will be reviewed by legal to ensure compliance with ARPA rules.

Project	ARPA Eligible	Notes
1. Synthetic turf soccer fields,	Possible, if to specifically support a community impacted due to COVID. A new field is more likely to meet the eligibility requirements than upgrading an existing field.	Capital investments have to meet strict criteria. Federal guidelines provide clear direction for water, sewer and broadband, but will need more clarity on this proposal.
2. Green Tukwila	Most likely, this is not eligible. Would need to demonstrate how this was impacted by COVID and/or how increases in services would mitigate a COVID impact.	This program was not reduced during COVID, so would not qualify in the revenue reduction category.
3. Premium pay for essential workers	Possible, would need to be bargained with labor unions.	Capped at \$13 an hour with a lifetime maximum of

		\$25k per eligible employee.
4. Public health	Yes	Assuming that this would be for grants or partnerships with other agencies who provide direct assistance
5. Staffing needs to address certain issues, e.g., Tenant Assistance, Permit Counter,	Possible, if staff needs were impacted by COVID <ul style="list-style-type: none"> - Grants for tenant assistance would be allowed, - permit counter has already been increased in 1st round, - preschool was not reduced due to COVID 	
6. Traffic calming	Yes This has already been identified as ARPA eligible since it was eliminated due to COVID	Revenue Loss, Government Services
7. Human services and community assistance	Yes, if COVID impacted	
8. Adding additional funding to projects already included in the ARPA plan.	Yes All previous projects met ARPA requirements	Possible to extend years of support to 2023-2024.

RECOMMENDATION

The Council is being asked to provide input on the process to determine this second round of ARPA funding allocation. In addition, the Council is being asked to provide its input on the list of major projects that should be considered in this second round of funding.

This discussion is recommended to begin at the Finance Committee and then move to the Committee of the Whole for direction.