

AMERICAN RESCUE PLAN

Council Work Session September 29, 2021

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American Rescue Plan Act of 2021

- Enacted March 11, 2021
- Town will receive a total of \$10,668,497
 - Half received May 2021 (\$5,334,248.50)
 - Second half expected May 2022
- Must be committed by Dec 31, 2024 and spent by Dec 31, 2026
- Currently held in multi-year special revenue fund

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1

Support
public health

2

Address
negative
economic
impacts

3

Replace lost
Town revenue

4

Provide
premium pay
for essential
workers

5

Invest in
water, sewer
and
broadband
infrastructure

Where we can use funding

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1 – SUPPORT PUBLIC HEALTH

- COVID-19 mitigation efforts
- Medical expenses
- Behavioral healthcare needs
- Public health & safety payroll



2 – Address Negative Economic Impacts



- Offset economic harm to:
 - Workers
 - Households
 - Small businesses
 - Impacted industries (tourism, travel & hospitality)
 - Public sector

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3 – Replace Lost Town Revenue

- Funding to provide government services up to extent of reduction in revenue experienced due to pandemic (U.S. Treasury defined formula)
- Allowable Uses:
 - Maintenance of existing capital
 - Pay Go capital
 - Vehicles
 - Streets & sidewalks
 - General local government programs & services



3 – Lost Town Revenue Calculation

- **Step 1:** Identify revenues collected in most recent fiscal year prior to pandemic (FY 2019 = base year revenue)
- **Step 2:** Estimate counterfactual revenue – base year revenue * $((1 + \text{growth rate})^{(n/12)})$
- **Step 3:** Identify actual revenues collected over last twelve months (2020 calendar year)
- **Step 4:** Reduction in revenue = counterfactual revenue – actual revenue

FY 19 base year revenue \$84,936,472

Growth factor = 5.55%

Counterfactual revenue \$87,260,317

Actual 2020 revenues \$83,085,019

Reduction 2020 revenues \$ 4,175,298

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4 – Premium Pay For Essential Workers

- Additional support for those who have borne greatest health risks because of their service
- Critical infrastructure sectors



5 – Water, Sewer, & Broadband Infrastructure



- Projects eligible through EPA's Clean Water State Revolving Fund:
 - Clean drinking water
 - Support vital wastewater & stormwater infrastructure
- Expand access to broadband internet (*not allowed in NC*)

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Where we
cannot use
funding

- Build Town's savings reserves
- Fund pension liabilities
- Offset loss in tax revenues due to regulatory changes
- Direct payments to individuals
- Provide free public broadband

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Unknown Parameters

- Final rule from U.S. Treasury is not expected until late fall – guidance could change
- Revenue loss calculation will be required for the next three years – future losses aren't yet known
- Stormwater infrastructure spending ability is currently unknown – waiting for guidance in final rule

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Important Considerations

- Take the time needed to create a well-developed and strategic spending plan
- Address systemic needs exacerbated by pandemic
- Long-term investments in community to aid stability & growth
- Leverage state dollars when possible
- One-time money (not intended for recurring expenses)
- Balance Town needs and community needs to maximize the benefits of these funds

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Equity is Everything

- Equity will be woven into all aspects of Town spending
- Community engagement will be crucial to learn where money can do the most good within ARPA parameters
- Manager's Office & BMD will work closely with DEI Officer

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Engagement Approach



- Transparency
- Consistent updates
- Outreach based on what audiences are most relevant and priority categories
- Focus on who has been most affected by the pandemic
- Work closely with community partners on outreach

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Engagement Message



- Dedicate funding to address the Town's revenue loss during the pandemic
- Allocate some funding for a community-decided project list in other four categories:
 - Health care
 - Economic impact
 - Essential worker salaries
 - Infrastructure improvements
- Remainder would be department-identified priority projects with community input

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DETAILED ENGAGEMENT
PLAN



IDENTIFIED COMMUNITY
PARTNERS



APPROVAL PROCESS

Next Conversation at November 17
Council Meeting

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TOWN OF CHAPEL HILL

How can we help you today?

- SERVICES
- RESIDENTS
- BUSINESSES
- GOVERNMENT
- THINGS TO DO



- « COVID-19
- TRANSIT COVID-19 UPDATES
- JOBS
- TRASH & RECYCLING
- ARPA FUNDING »

