

City of Rockford

American Rescue Plan

January 14, 2022



CRES Act & ARPA Goals

- Provide **immediate support to those in need** of assistance where we can.
- **Stabilize core municipal services.**
- Ramp up **additional services** where needed and feasible.
- **Remain flexible** in municipal requirements and how we respond to the pandemic.
- Immediately start planning for recovery and **maximize additional funds to the community.**

COVID ASSISTANCE - Does not include direct ARPA Funds

SPENT OR AWARDED, AS OF 8/31/2021

FUNDING	AWARD	EXPENSES
CURES	6,306,392	Police and Fire Salaries
DOJ CARES	572,968	Police OT
IEMA	246,401	Direct COVID expenses
UDAP	2,945,394	Utility disconnection avoidance
CARES LIHEAP	1,118,269	Energy assistance
CARES CSBG	1,405,229	COVID-related needs - housing, food, utilities, etc.
CARES Head Start	597,589	Sanitizing machine, infant needs, educational resources, add PT staff
CARES ESG - STATE	1,395,911	Emergency shelter grant funds
CARES ESG - FEDERAL	1,794,268	Emergency shelter grant funds
CURES HP	60,000	Homeless prevention
ERAP	2,655,792	Emergency rental assistance program
Illinois DCEO	896,294	Restaurants
CDBG-CV	2,279,029	Businesses with 5 or fewer employees, working capital
HOME-ARP	3,579,012	Rental assistance, housing supportive services, housing stability
Local Banks	2,000,000	Small Business COVID-19 Emergency Loan Fund
TOTAL	27,852,549	

ARPA Recipients

Local state, counties and metropolitan cities with a population of 50,000 or more are direct recipients.

Direct recipients will receive two payments, 50 percent May 2021 and 50 percent 12 months later.

ARPA Funds must be obligated by December 31, 2024 and spent by **December 31, 2026**

City of Rockford's total ARPA allocation is **\$54,822,355**

ARPA Disclaimers

- Our initial plans were based off Interim Final Rules released by Treasury in summer of 2021.
- Final Rules, which changed some aspects significantly, were just published **January 7, 2022**.
- **Significant questions remain unanswered** regarding application of the rules which need to be clarified.
- Existing calculations are based on our **interpretation of the interim rules**; we expect updates after completing review of final rules moving forward.
- Following guidance provided by NLC, GFOA, and various accounting firms.

ARPA Allowable Expenses

- 1) Provision of **government services to the extent of the reduction in City revenue**, measured against 2019 actual revenue collected; and
- 2) Respond to the **public health emergency created by COVID-19 OR its negative economic impacts**, including assistance to households, small businesses and non-profits, or aid to impacted industries like tourism, travel, and hospitality;

ARPA Allowable Expenses cont'd

- 3) To respond to **workers performing essential work** during the COVID-19 emergency by providing premium pay;
- 4) To make necessary investments in water, sewer, or broadband infrastructure.

ARPA Approach

- Take a conservative **year by year approach** in utilizing funds based on conditions and circumstances for that year.
- Allows the City to **ensure sufficient funds are available** to maintain services.
- There are still **many unknowns** of the trajectory of the pandemic that we need to be prepared for.
- Mitigation measures could **negatively impact revenues and services**.
- Allows for a flat property tax levy so the City **DOES NOT increase property taxes**.

ARPA Approach

- Maximize **REVENUE REPLACEMENT funds as top priority to maintain service levels** and address outstanding City needs
- As we calculate at the conclusion of **each fiscal year** the available revenue replacement funds, any balance can be programmed for direct grant expenses
- Revenue **replacement funds have the most flexibility – can be used for any general governmental purpose EXCEPT debt retirement or payments into pensions**

2020 Revenue Replacement

- 2020 Revenue Replacement total is \$9,183,616, based on the calculation under the interim rule
- At the end of **each fiscal year**, we measure actual revenue collected against the ARPA base calculation for that year
- The amount of funds available at the end of each fiscal year will depend on actual revenue collected, not revenue budgeted or anticipated

ARPA Spending: Revenue Replacement

Priority: Fire Stations

Total Budget: 2,835,000

Add female restrooms, address neglected maintenance issues, including HVAC, roof, windows, plumbing, parking lots, and apparatus bay.

Priority: City Yards

Total Budget: 2,551,340

Complete demolition of unsafe, unused structures, pavement replacement, heating upgrades, MEP and **necessary rail line repair**.

Priority: IT Security and Redundancy

Total Budget: 1,038,000

Next generation firewalls, intrusion detection and resilient storage.

ARPA Spending: Revenue Replacement – cont'd

Priority: Redevelopment Fund

Total Budget: 1,200,000
Supplement operating expenses due to revenue loss, capitalization of the NICDC, commercial demolition, BMO / Coronado. City Council approved capitalization of Community Development Financial Institution **(CDFI) with RLDC** - \$200,000.

Priority: Parking Fund

Total Budget: 900,000
Replace aging and malfunctioning deck pay stations and gates, install security cameras in all decks. This assist in replacement of **loss revenue as a result of pandemic**.

TOTAL: \$8,524,340

ARPA Spending: Direct Grant Spending

Program structure continues to be developed based on allowable direct grant expenditures under ARPA. Some programs may require a combination of direct and revenue replacement funds.

Priority: Not for Profits

Total Budget: 600,000

Provide support and address critical needs of not-for-profits focused on those organizations that serve those impacted by the pandemic.

Priority: Housing & Community Dev.

Total Budget: 700,000

Support housing and neighborhood improvements for those hardest hit by the pandemic. City Council approved \$250,000 in partnership with Habitat for Humanity for **critical home repair program**.

Priority: Wellness Position

Total Budget: 85,000

Support critical health and wellness needs of city staff impacted by pandemic.

ARPA Spending: Direct Grant Spending –cont'd.

Program structure continues to be developed based on allowable direct grant expenditures under ARPA. Some programs may require a combination of direct and revenue replacement funds.

Priority: Workforce Development

Total Budget: 150,000

Support training, transportation infrastructure, childcare, wage disparities and middle skills gap. City expanded RMTD service to include **no cost for veterans and students to ride**.

Priority: Economic Development

Total Budget: 350,000

Expand small business support including disadvantages businesses through, education, outreach and connections to capital. City Council rebated **\$240,000 in liquor fees** for 2021.

TOTAL: \$1,884,127

Phase 1 of ARPA Total Spending

Total Allocation	54,822,355
2020 Revenue Replacement	(8,524,340)
Direct Expenses	(1,884,127)
Remaining Balance	44,413,888

Next Steps - Phase 2 and Beyond

- City commissioned an Equitable Recovery Assessment. Four impact areas identified for the city and community partners – including racial and social equity opportunities.
 - Housing & Community Development – housing stability
 - Education and Youth Services
 - Workforce Development
 - Local Economic Development



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Next Steps - Phase 2 and Beyond – cont'd

- Strategic use of federal money and prioritize spending where funds are not currently available to fill community needs.
- Collaborate with community partners and taxing districts – the City cannot do this alone.
- Continue to maximize revenue opportunities from other sources. To assist in this matter we have applied to the National League of Cities Grant Navigation program.



Budget Projection *

	2022	2023	2024	2025	2026	2027
	<u>Budget</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
Revenue	181,590,923	181,487,690	183,896,684	186,372,295	188,916,544	191,528,807
Expense	181,556,231	182,968,009	186,535,298	191,119,255	195,344,496	200,223,789
Net	34,692	(1,480,319)	(2,638,614)	(4,746,960)	(6,427,952)	(8,694,982)
Cumulative		(1,445,627)	(4,084,241)	(8,831,201)	(15,259,153)	(23,954,135)

* Maintains Flat Property Tax Levy – over the last 5 years has saved tax payers \$17M
 **Includes State Pension Escalation (2013-\$9M) (2022-\$22M)