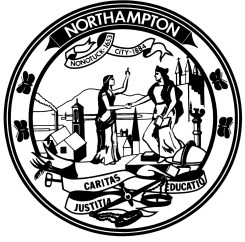


# ARPA

## American Rescue Plan Act Developing a Transparent, Strategic, and Equitable Plan for Northampton's Federal COVID-19 Funding

Mayor David J. Narkewicz  
Presentation to City Council  
September 22, 2021



# Key Presentation Topics

- ▶ What is ARPA?
- ▶ How much funding will Northampton receive?
- ▶ What are Northampton's options for spending the money?
- ▶ How can Northampton develop a transparent, strategic, and equitable ARPA funding plan?



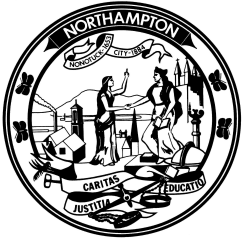
# Overview

- ▶ Earlier this year Congress passed the American Rescue Plan Act (ARPA), a far-reaching COVID recovery measure proposed by the Biden-Harris administration. Biden signed ARPA into law on March 11, 2021
- ▶ This \$1.9 trillion measure provides direct financial relief to Americans, assistance to businesses, and aid to states, counties, and municipalities.
- ▶ The City of Northampton will receive approximately \$22 million in these relief funds over the course of the next two years. All of the funding must be committed by December 31, 2024 and fully expended by December 31, 2026.
- ▶ Funds will be distributed in two installments. We received our first payment in June. The second payment will be distributed 12 months from the first award date.



# How much ARPA funding will Northampton receive?

- ▶ In total, Northampton will receive \$21,747,984.00 in ARPA funds.
  - ▶ \$8 million directly from the federal government in June 2021
  - ▶ \$8 million directly from the federal government in June 2022
  - ▶ \$5.7 million from our county allocation in two payments in 2021 and 2022



# How can Northampton Spend the Money?

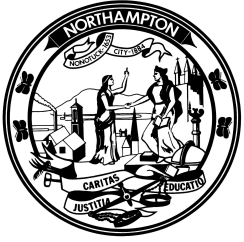
There are four acceptable categories of use:

**Category 1:** Respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality

**Category 2:** Pay workers providing essential work during the COVID-19 public health emergency

**Category 3:** Provide government services to the extent of the reduction in revenue to the City due to the COVID-19 public health emergency in the most recent full fiscal year

**Category 4:** Make necessary investments in water, sewer, or broadband infrastructure.



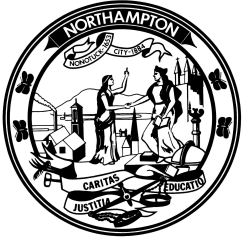
# Category 1: Public Health Emergency and Negative Economic Impact Examples

## Responding to the Health Crisis

- ▶ Direct COVID-related costs (testing, contact tracing, vaccination, etc.)
- ▶ Public health and safety staff
- ▶ Expenses to improve efficacy of public health programs including outreach

## Assistance to households

- ▶ Assistance to unemployed workers, including job training
- ▶ Food Assistance programs
- ▶ Housing programs
- ▶ Utilities, rent, or mortgage assistance
- ▶ Counseling and legal aid



# Category 1: Public Health Emergency and Negative Economic Impact Examples (Continued)

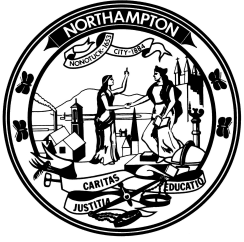
## Small business and Nonprofit assistance

- ▶ Aid to impacted industries including hospitality and tourism industries.
- ▶ Utility, rent, or mortgage assistance
- ▶ Financial hardship mitigation in the form of loans or grants
- ▶ Technical assistance & consultation for business planning

## Aid to disproportionately impacted populations\*

- ▶ Facilitate access to health and social services
- ▶ Address housing insecurity, lack of affordable housing, or homelessness
- ▶ Mitigate the impacts of COVID on childhood health or welfare

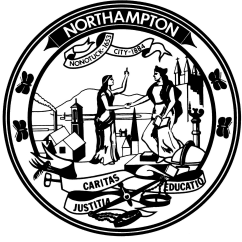
\*Defined as populations where individuals earn less than 60% of the median income OR 25% or more of the population falls under the poverty line



# Category 2: Premium Pay Examples

- ▶ Essential work defined as work involving regular in-person interactions or regular physical handling of items that were also handled by others
- ▶ Must prioritize lower income eligible workers
- ▶ **Potential Eligible Workers:**
  - ▶ Staff at nursing homes, hospitals, and home care settings
  - ▶ Workers at farms, food production facilities, grocery stores, and restaurants
  - ▶ Janitors and sanitation workers
  - ▶ Truck drivers, transit staff, warehouse workers
  - ▶ Public Health and Public Safety staff
  - ▶ Childcare workers
  - ▶ Social service staff





## Category 3: Provision of Government Services Examples

- ▶ Municipalities may use payments for the provision of government services to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency
- ▶ Calculation is based on revenue from before the COVID-19 health emergency and adjusted for expected growth if the pandemic had never occurred
- ▶ Replacing lost revenue removes the ‘four categories’ requirements for spending considerations
- ▶ The City of Northampton is able to recapture \$6.2 million in lost revenue (e.g. parking, hotel/motel, meals, etc.) according to the formula approved by the Treasury Department and the Massachusetts Department of Revenue



## Category 4: Water, Sewer, and Broadband Infrastructure Examples

- ▶ Eligible water and sewer projects are aligned with the EPA Clean Water State Revolving Fund or the Drinking Water State Revolving Fund eligibility guidelines
- ▶ Stormwater projects also meet eligibility criteria
- ▶ Broadband projects must provide minimum upload and download speeds of 100 Mbps



# Goals for Distributing ARPA Funds

- ▶ Seek extensive input and feedback from the community to help structure the city's use of ARPA funding
- ▶ Design a transparent, accessible, and equitable project selection process for allocating funds
- ▶ Prioritize projects, people, businesses, and organizations with a focus on those most impacted by COVID-19
- ▶ Leverage other state and federal resources to maximize Northampton's ARPA funding
- ▶ Cover the city's costs to administer ARPA funds



# ARPA Best Practices

The Government Finance Officers Association (GFOA) has provided guiding principles for the use of ARPA funds. The guiding principles listed below are in line with the U.S. Treasury's guidance:

- ▶ ARPA funds are non-recurring; use should be applied primarily to non-recurring expenditures.
- ▶ Replenishing revenue declines during the pandemic should be given high priority to rebuild financial flexibility and to restore fiscal resiliency.
- ▶ Use other dedicated grants and programs first whenever possible and save ARPA funds for priorities not eligible for other federal and state assistance programs.
- ▶ Avoid creation of new programs or add-ons to existing programs that require an ongoing financial commitment without appropriate budget planning and long-term funding analysis.
- ▶ Use of ARPA funds to cover operating deficits caused by COVID-19 should be considered temporary and additional budget restraint may be necessary to achieve/maintain structural balance in future budgets.



# City of Northampton Proposed ARPA Timeline

