

ARPA Update

March 31, 2022

What is ARPA?

- The American Rescue Plan Act is a \$1.9 trillion COVID recovery measure proposed by the Biden-Harris administration. \$350 billion was designated for state, county, local, and tribal governments.
- President Biden signed ARPA into law on March 11, 2021
- The City of Northampton will receive \$21,747,984 in total
- The City received half of these funds in June 2021 with the other half expected to arrive this summer.
- On December 16, 2021 City Council voted to accept funds to be expended based on the Treasury's guidelines
- All funding must be committed by December 31, 2024 and fully expended by December 31, 2026.

Background Information

- Unprecedented one-time funds to help local governments and municipalities not only recover from the COVID-19 health emergency, but also build resilience for the future.
- “Amid this once-in-a-century crisis, state, territorial, Tribal, and local governments have been called on to respond at an immense scale...In responding to the public health emergency and its negative impacts, state, local, and Tribal governments have seen substantial increases in costs to provide these services often amid declines in revenue due to the economic downturn and changing economic patterns during the pandemic.” Interim Final Rule p. 3
- These funds are an opportunity for the city to recover from the impacts of the COVID health emergency. The city incurred above-average costs to not only provide level service to residents, but also to respond to the needs brought by the pandemic. These funds will go a long way in ensuring the city is able to provide such services in the future.
- ARPA funds also allow for infrastructure improvements so that the city can be more resilient in the future for other unexpected events and disasters.

Northampton's ARPA Process

- ✓ Executive office staff researches ARPA, attends info sessions, reads program guidance
- ✓ Finance Director calculates lost revenue, works with outside auditor on requirements
- ✓ Executive office staff solicits feedback from the Northampton community through the online ARPA survey in both English and Spanish.
- ✓ Mayor and staff research ARPA spending by the Commonwealth and other communities
- ✓ Mayor identifies immediate and necessary infrastructure projects that qualify
- ❑ Mayor convenes ARPA Advisory Committee (current stage)
 - ❑ ARPA Committee creates review process
 - ❑ ARPA Committee solicits proposals through a formal RFP
 - ❑ ARPA Committee selects projects for recommended funding
- ❑ Mayor's Office administers grant funds and meets reporting requirements

ARPA Calendar

2021

2022

2023

2024

2025

2026

(completed)

- ✓ Received first half of ARPA funds
- ✓ Reviewed program guidance
- ✓ Presented to City Council

(current stage)

- Mayor appoints ARPA committee with 2 councilors
- Mayor presents plan to City Council
- ARPA committee holds listening sessions and solicits proposals
- ARPA committee selects projects for recommendation

- Community projects ongoing
- Infrastructure projects ongoing

- Projects ongoing
- All funds must be obligated by December 31st, 2024

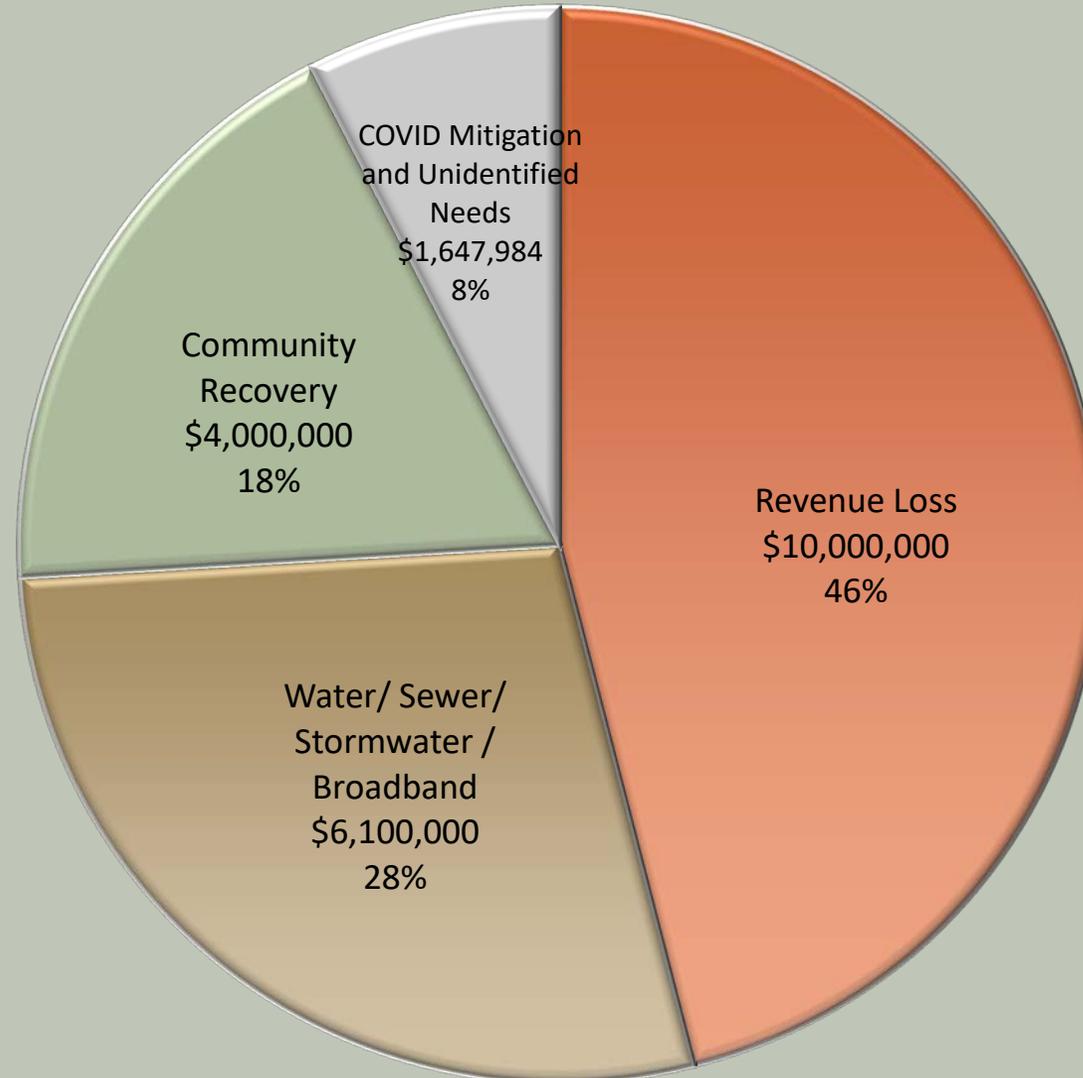
Projects ongoing

- Projects wrapping up
- All funds must be expended by December 31st, 2026

ARPA Eligible Categories

- **Category 1:** 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 2:** Respond to the far-reaching public health and negative economic impacts of the pandemic, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality, and the public sector to aid recovery from economic impacts
- **Category 3:** Provide pay for essential workers, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors
- **Category 4:** Making necessary investments to improve access to clean drinking water, to support vital wastewater and stormwater infrastructure, and to expand affordable access to broadband internet

Northampton's ARPA Plan



Benefits of Revenue Loss Funds

- The revenue loss eligible category opens up possibilities to use these funds for projects that are not otherwise eligible for ARPA funding such as paving infrastructure and capital expenses (e.g. one-time equipment or building upgrades)
- These funds can still be used for ARPA-eligible projects
- This category preserves funds for use even after the ARPA program ends because it removes them from the two-year timeline for appropriation (e.g. as Electric Vehicle technology improves)
- Council will approve these expenditures through the appropriation process

Water/Sewer/Stormwater/Broadband

(\$6.1 million)

- Important opportunity to catch up on infrastructure improvements.
- Build resilience to weather events, not just fix things as they break.
- A lot of uncertainty with Coca Cola leaving – this can help us prepare for the losses – both anticipated and unanticipated
- Help move forward our identified interest in municipal broadband for equitable digital access

Community Projects (\$4 million)

- The Mayor will convene an ARPA Advisory Committee to develop a process and criteria for evaluating project proposals
- The committee will accept proposals from Northampton businesses and organizations for eligible projects which help the community
- Funds are to respond to immediate needs as identified by the community through the ARPA survey and listening sessions
- Recommendations will be based on proposals and projects deemed most beneficial for our city and residents through an equity lens

Survey Results Overview – community priorities

Survey conducted from October 1, 2021 - November 28, 2021.

- launched in both English and Spanish to encourage widespread participation
- Directed towards residents, business owners, property owners, and employees of Northampton organizations and businesses
- The survey received 1,460 responses

Priorities: (up to 5 choices per response)

1. Housing and shelter services – 52%

2. Housing assistance (rent/mortgage assistance, weatherization, etc.) – 50%

3. Sustainability/climate adaptation – 49%

4. Digital equity (affordable internet, access to technology, etc.) – 44%

5. Food security – 39%

6. Childcare and early education – 37%

7. Small business assistance – 35%

8. Transportation infrastructure – 31%

9. Water systems infrastructure – 29%

10. Public health response – 27%

Other answers included Arts, culture & tourism, Job and workforce training, and services for seniors and veterans

Examples of eligible community projects

- Housing and shelter services
- Behavioral health services/ outreach
- Childcare / early learning
- Mortgage/ rent assistance programs
- Small business grants
- COVID mitigation projects
- Water conservation programs and education
- Food assistance programs
- Parks and outdoor spaces

COVID Mitigation and Unidentified Needs

- Administrative expenses to manage the grant and fulfill reporting requirements
- COVID-19 mitigation and public health activities - The city would like to reserve some funds as a buffer in case new COVID variants develop. Our current COVID funding is slated to end this July with no other funding sources available
- Reserve some funds for things that come up in the next few years of the program (e.g. new COVID variants, other issues exacerbated by the pandemic such as housing needs, economic downturn and rise in unemployment claims, potential weather or environmental disasters, unforeseen events, new project ideas that will develop, new investments that will develop as technology improves such as EVs)