



# American Rescue Plan Act

Spending Plan Development, 3/23/2021



# What We Know



- The American Rescue Plan (ARP) will provide a \$1.9 trillion stimulus to the US economy.
- Some of this state and local government aid is targeted to specific categorical programs (public health activities, K-12 education, arts, emergency housing vouchers, transit, etc.)
- Additionally, \$360 billion of this one-time aid will be directly allocated to states and localities on a formulaic basis.
- Based on what we know:
  - **The City will be allocated approximately \$59.4 million**
  - These funds will be paid to localities in two equal tranches (May 2021 and May 2022).
  - Upon application, the funds will be provided directly to localities with no state pass-through, as was the case with CARES funding.
  - The spending period is from March 3, 2021 to December 31, 2024 (45 months)
  - ACPS will receive a separate allocation of \$35.4 million plus \$15 million in ESER 2 funds



# Permitted Uses



- (A) To respond to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; or
- (B) For the provision of government services to the extent of the reduction in revenue of such metropolitan city, nonentitlement unit of government or county due to such emergency; or
- (C) To make necessary investments in water, sewer, or broadband infrastructure.



# What We Know



- The permitted use definitions in law are minimal, though the future regulations will likely further define them.
- For example, in the revenue replacement section, it is very unclear as to how one would calculate the revenue loss, as well as what a locality can then do with the federal funds drawn down to cover the revenue loss.
- In addition to the direct allocation, the City will likely receive substantial new ARP provided categorical funds, either directly or through grant programs.



# Strategic approach to funding use



- Develop a plan this spring for spending part or all of the first \$29.7 million tranche and present the plan for City Council's consideration on July 6. The exact amount will depend upon further guidance on use of funds for revenue loss.
- Designate \$450,000 now for use towards continuing food distribution and housing eviction programs between now and July.
- The second \$29.7 million (plus any amounts of the first tranche not allocated) could be considered as part of the FY 2023 budget process plan for the spending of during FY 2023 and beyond.
- Focus primarily on programs that have a finite end as well as long term capital investments that meet the ARP spending purposes, and not initiate programs where there would be an expectation of continuation when the ARP funding ends.
- When considering CIP projects, determine what can be realistically completed by 2024.
- Consider what may already be covered through other sections of the legislation and other potential federal resources. (Targeted Appropriations, Infrastructure Funding, etc.)
- Identify areas for potential partnerships.



# Plan Process



- City Manager proposed the Staff Recovery Groups continue as the core groups to develop an ARP spending plan.
- The groups will provide the framework and process collecting input.
- Input will come from:
  - Proactive community engagement
  - Review and expansion of the existing plans
  - Substantial coordination and program development with departments, such as DCHS and Housing, and including AEDP and Visit Alexandria
- In addition, the City's staff CIP planning committee will undertake a review of possible capital project candidates for ARP funding.
- Coordination with ACPS planned



# Timeframe



**March 23:** Brief Council on the ARP legislation and the proposed planning and City decision making processes, recommend immediate bridge funding until July allocation decisions, with Council adopting a planning process and timetable

**April:** Community engagement in developing ideas and providing feedback for use of ARP funding

**April-May:** Continue planning and proposal development

**July 6:** City Council review and approval of a proposed plan for FY 2022

**Sept. – Feb.:** Planning and development of plan for FY 2023 and beyond





# Discussion