



benefits directly to individuals, such as recovery rebates, extended unemployment benefits, and additional assistance for Supplemental Nutrition Assistance Program (SNAP). It also includes assistance to small businesses and to state and local governments as well as school districts. Some of this state and local government aid is targeted to specific categorical programs (public health activities, K-12 education, arts, early childhood education, emergency housing vouchers, public transit, etc) and, additionally, \$360 billion of this one-time aid will be directly allocated to states and localities on a formulaic basis. Through the passage of ARPA, the City will be allocated **\$59.6 million** in two equal tranches of \$29,816,917 (the first allocation was already received and the second will be received in May 2022). As an independent city (with both city and county duties) out of only 41 cities in the nation, the City will be receiving both a city and county allocation which is how the \$59.6 million level was calculated by the U.S. Treasury Department.

The permitted uses of the funds, as stated in the law, are prescribed and limited as follows:

- a) To 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;
- b) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
  - c) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
  - d) To make necessary investments in water, sewer, or broadband infrastructure.

The obligation period is from March 3, 2021 to December 31, 2024 (45 months).

### Process

Since the signing of this legislation, City staff followed the process below to develop Allocation Plan scenarios for the first tranche:

1. This process began by Departments submitting potential projects and programs that had previously gone through a stakeholder vetted planning process and had been unfunded or planned for in the out years.
2. Departments then added to the list programs and projects that will address issues exacerbated by COVID-19, while also considering other upcoming federal funding opportunities including grants and the Congressional Community Funding requests.
3. Following the community engagement period, as captured on the City's website <<https://www.alexandriava.gov/AmericanRescuePlan>>, Departments then refined and/or added proposals based on the feedback.
4. Once the Treasury Department issued the Interim Final Rule, the ARPA Team further refined the list to ensure that proposals met the regulations.
5. The proposals were then categorized as "human services programs or projects" to be reviewed by staff that had previously served on the Coordinated Community Recovery Team, "economic recovery programs or projects" to be reviewed by staff that served on the Economic Recovery Team, and "capital improvement projects" to be reviewed by the CIP Steering Committee. Each proposal was reviewed through an equity lens to assess their impact on equity objectives. Through the review process, the staff teams considered whether the project and programs were feasible within the timeframe, had gone through a community engagement process, furthered equity criteria, the thoroughness of cost estimates and scalability, and any potential red flags.

6. Based on these considerations, the proposals were then prioritized to fit within four quadrants, as shown below:

- Tier 1&2 - Projects and programs that will have the most immediate impact, are “shovel-ready,” and highly important.
- Tier 3&4 - Projects and programs that are highly important but may not be as urgent or ready to address immediately (may make more sense for the 2nd tranche)
- Beyond Tier 4 - Projects that may not directly qualify for the intent of ARPA funds, may not be considered feasible within the timeframe, and/or should be considered through other funding sources.

7. Staff presented the prioritized Tiers to City Council at the Legislative Meeting on June 8 and the Public Hearing on June 19. City Council discussed the proposals and provided feedback to staff on how to help further prioritize programs and projects to best address City needs.

**DISCUSSION:** In developing the proposed Allocation Plan, staff worked to ensure that projects reflected the community’s interests, were feasible within the time constraints of ARPA funding, advanced the City’s equity goals, and had lasting impact on the community.

The recommended projects fall within the City’s strategic COVID-19 Recovery framework goals that aims to ensure:

- Businesses thrive
- Everyone has access to the basics
- Recovery lifts everyone, and
- The City makes long-term investments for its future

This Allocation Plan positions the City to be able to look back in ten years and see how Alexandria, its residents and businesses improved as a result of the investment decisions made with this one-time funding opportunity.

### **Allocation Plan**

Based on the process outlined above, staff made the following changes to the previously identified Tranche 1 (Tier 1 and 2) projects, to develop two Allocation Plan scenarios as requested by City Council. The following lists the recommended scenarios:

#### **Scenario #1:**

Recovery Goal	Project Name	Cost
Businesses Thrive	Lower King Street Closure/King Street Place short-term improvements	\$ 100,000.00
	Visit Alexandria Web Site Enhancement	\$ 120,000.00
	New Business Support Programs	\$ 280,000.00
	Economic Sustainability 2.0 Consultant	\$ 300,000.00
	Visit Alexandria, Expanding Audiences, Awareness & Regional Marketing	\$ 500,000.00
	Foundational Support for Commercial Business Districts	\$ 1,120,000.00
	Seed funding for North Old Town Community Development Authority	\$ 500,000.00
	Re-employment and Upskilling Project	\$ 1,715,000.00
Everyone has access to the basics	The Unified Early Childhood Workforce Stabilization Initiative	\$ 2,500,000.00
	Rental Resiliency	\$ 312,000.00
	Food Security System Advancement	\$ 1,500,000.00
	Alexandria Guaranteed Basic Income Pilot Program	\$ 3,000,000.00
	Alexandria Community Access and Emergency Support Grant Program	\$ 4,000,000.00
	Legal Services of Northern Virginia (LSNV) COVID-19 Eviction Prevention*	\$ 200,000.00
	Food/Rent Bridge Funding #2*	\$ 450,000.00
Food/Rent Bridge Funding #1*	\$ 1,000,000.00	
Recovery Lifts Everyone	Digital Equity Plan & Broadband Strategist and Policy Analyst	\$ 420,000.00
	Alexandria Library Outdoor Programs & Job Skills Workshops	\$ 24,000.00
	City Arts Relief and Recovery Grants to Alexandria-based Artist(s) and Arts Organizations	\$ 155,000.00
	Alexandria African American History Tourism Enhancements	\$ 295,000.00
	Increase Seasonal Staffing Hours at Freedom House	\$ 150,000.00
	Alexandria Community Remembrance Project	\$ 300,000.00
	Alexandria Library Mobile Hotspot Lending Program	\$ 20,000.00
	LGBTQ & BIPOC Equity Project	\$ 253,000.00
	Out of School Time Program (OSTP) Enhanced Enrichment Programming and Financial Assistance Opportunities	\$ 620,000.00
	Court Mental Health & Asset Builder Program	\$ 1,000,000.00
Long-term community investment	Arlandria Chirilagua Housing Cooperative Improvement Initiative (study)	\$ 50,000.00
	Flash Flooding spot improvements	\$ 900,000.00
	AHDC - Arlandria Community-Serving City Flex Space	\$ 2,000,000.00
	Stormwater State of Good Repair & Resiliency	\$ 4,032,000.00
	City Wide General COVID Expenses, Response, and Grant Administration	\$ 2,000,916.50
<b>Total</b>		<b>\$ 29,816,916.50</b>

\*Previously approved by City Council

- The following projects were elevated from Tier 3 and Tier 4 into the recommended first tranche of projects, based on the feedback received from City Council and the community:
  - Lower King Street Closure Short Term Improvements (\$100,000)
  - Alexandria African History Tourism Enhancements (\$295,000)
  - Digital Equity Plan and Broadband Strategist Combined (\$420,000)
  - Flash Flooding Spot Improvements (\$900,000)
  - Visit Alexandria Regional Marketing (\$500,000)
  - Visit Alexandria Website Enhancements (\$120,000)
  - City Arts Relief and Recovery Grants (\$155,000)
  - Seasonal Staff for Freedom House for 2 years (\$150,000)
  - Programming for the Alexandria Community Remembrance Project (\$300,000)
  - Added Seed Funding for North Old Town Community Development Authority (\$500,000)
- The amount for the Court Mental Health & Asset Builder Program increased from \$500,000 to \$1,000,000, allowing for additional therapists that may also be used to address ACJS, Pretrial and Probation needs

- The Foundational Support for Commercial Business Districts increased from \$560,000 to \$1,120,000 to provide broader and deeper support.

To allow for these additions and increases, the Scenario #1 reduced the budget for the following projects:

- Removed ADHC Infrastructure (\$8m). Funding of Infrastructure will be considered as part of Tranche 2 once more detailed cost, program, and financing plans have been developed.
- Shifted Alexandria Community Access to Emergency Support Grants from \$5m to \$4m. This \$1m reduction may be considered as part of the Tranche 2 spending plan.
- Reduced Stormwater State of Good Repair from \$3.652m to \$3.532m
- Reduced Unified Early Childhood Workforce Stabilization to \$2.83m to \$2.5m
- Allocated \$50,000 towards Arlandria Chirilagua Housing Cooperative Improvement Initiative for use towards a needs assessment and scope of work, in anticipation of up to \$2.5m towards project implementation in Tranche 2.
- Removed Holmes Run and Four Mile Run Channel and Floodway Dredging (\$3.6m) as this project which would extend previously funded City plans is not mission critical and could be addressed through other City or upcoming Federal funding sources. If other sources are unavailable, the project may be considered in Tranche 2 or in a future CIP.

## Scenario #2

The second scenario provides additional funding for larger projects but reduces funding for smaller projects.

Recovery Goal	Project Name	Cost
Businesses Thrive	Lower King Street Closure/King Street Place short term improvements	\$ 100,000.00
	Visit Alexandria Web Site Enhancement	\$ 120,000.00
	New Business Support Programs	\$ 280,000.00
	Visit Alexandria, Expanding Audiences, Awareness & Regional Marketing	\$ 500,000.00
	Seed funding for Old Town North Community Development Authority	\$ 500,000.00
	Foundational Support for Commercial Business Districts	\$ 560,000.00
	Re-employment and Upskilling Project	\$ 1,120,000.00
Everyone has access to the basics	The Unified Early Childhood Workforce Stabilization Initiative	\$ 2,830,000.00
	Rental Resiliency	\$ 312,000.00
	Food Security System Advancement	\$ 2,500,000.00
	Alexandria Guaranteed Basic Income Pilot Program	\$ 3,000,000.00
	Alexandria Community Access and Emergency Support Grant Program	\$ 4,000,000.00
	Legal Services of Northern Virginia (LSNV) COVID-19 Eviction Prevention*	\$ 200,000.00
	Food/Rent Bridge Funding #2*	\$ 450,000.00
Food/Rent Bridge Funding #1*	\$ 1,000,000.00	
Recovery Lifts Everyone	Digital Equity Plan & Broadband Strategist and Policy Analyst	\$ 420,000.00
	Alexandria Library Outdoor Programs & Job Skills Workshops	\$ 24,000.00
	City Arts Relief and Recovery Grants to Alexandria-based Artist(s) and Arts Organizations	\$ 110,000.00
	Alexandria African American History Tourism Enhancements	\$ 295,000.00
	Increase Seasonal Staffing Hours at Freedom House	\$ 150,000.00
	Alexandria Community Remembrance Project	\$ 150,000.00
	Alexandria Library Mobile Hotspot Lending Program	\$ 20,000.00
	LGBTQ & BIPOC Equity Project	\$ 253,000.00
	Out of School Time Program (OSTP) Enhanced Enrichment Programming and Financial Assistance Opportunities	\$ 620,000.00
	Court Mental Health & Asset Builder Program	\$ 500,000.00
Long-term community investment	Arlandria Chirilagua Housing Cooperative Improvement Initiative (study)	\$ 50,000.00
	Flash Flooding spot improvements	\$ 1,900,000.00
	AHDC - Arlandria Community-Serving City Flex Space	\$ 2,000,000.00
	Stormwater State of Good Repair & Resiliency	\$ 3,852,000.00
	City Wide General COVID Expenses, Response, and Grant Administration	\$ 2,000,916.50
<b>Total</b>		<b>\$ 29,816,916.50</b>

\*Previously approved by City Council

These adjustment in Scenario #2 include:

- Addition of \$1m to Flash Flood Spot Improvements for a total of \$1.9m
- Reduce Stormwater State of Good Repair by \$200,000
- Addition of \$1m to Food System Advancement for a total of \$2.5m
- Reduce Court Services Mental Health Program to \$500,000
- Reduce Foundational Support to Commercial Business Districts to \$560,000
- Remove Alexandria Community Remembrance Project (\$300,000)
- Remove Economic Sustainability 2.0 Consultant (\$300,000)
- Reduce Arts Relief and Recovery grants from \$155,000 to \$110,000

Both scenarios include a line item for City Wide General COVID Expenses & Response (\$2,000,916). These funds are intended to cover on-going costs such as personal protective equipment (PPE) needs, technology resources to allow for future hybrid meetings, Health Department staff, enhanced cleaning supplies and air filtration at City facilities, and administrative costs for federal funding management and oversight.

Both scenarios also account for the two previously City Council approved food security and rental assistance bridge programs (\$1,450,000) and the Legal Services of Northern Virginia (LSNV) COVID-19 Eviction Prevention program (\$200,000) approved in May.

Attachment 1 illustrates a side-by-side comparison of the scenarios, as well as a timeline for implementation of the projects.

**FISCAL IMPACT:** The federal funds do not require a match and would be expended on programs that largely do not represent ongoing obligations once the federal funds are fully expended. In that these federal funds are intended to stimulate the economy, and the City's investment of these funds would be aimed at making the recipients and beneficiaries more self-sufficient, there should be a positive fiscal, economic, and tax generation impact on the City over the long term.

The projects identified in the two Allocation Plan scenarios 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; and/or make necessary investments in water, sewer, or broadband infrastructure.

These scenarios will not need to use revenue recovery funding, as allowed in the law "for the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency." The revenue loss category provides the greatest flexibility and would allow the City to fund services or projects that would not otherwise be considered eligible expenses. The Spending Plan for the second tranche will consider use of revenue recovery funds. The \$1,450,000 in Food/Rent bridge funding will reimburse the City for expenses it has incurred since early March 2021 which is the earliest date that ARPA funds can be used.

**NEXT STEPS:** Upon approval of the Allocation Plan, staff will begin an administrative process to have departments prepare program/business plans, including data plans and identification of long-term indicators to measure success, and when those detailed plans are administratively approved, fund distribution to City departments, including transfers to partner organizations and on-going accounting of funds. It is intended that the proposed programs would be intended for accelerated implementation. Each external recipient will provide a business plan for their project that, in addition to financial plans, includes an outline of data collection expectations and short and long-term indicators to measure success.

The U.S. Treasury Department requires quarterly reports on ARPA funds. These reports will also be provided to City Council on a quarterly basis.

Staff will develop the plan for the second tranche in parallel with the FY23 budget or bring forward an allocation plan in the late fall. The second tranche plan will consider proposals that did not get funded in the first spending plan, in addition to new proposals.

**ATTACHMENTS:**

- (1) ARPA Scenario Comparison Cost & Timeline
- (2) Detailed Project Descriptions List

**STAFF:**

Dana Wedeles, Special Assistant to the City Manager

Debra Collins, Deputy City Manager

Kendel Taylor, Director of Finance

Meghan McGrane, Budget Analyst, Office of Management and Budget

Beth Murdock, Performance Analyst, Office of Performance Analytics

James Bryant, GIS Analyst, Information Technology Services