



American Rescue Act (ARPA)

Overview

August 3, 2021



ARPA Overview

- \$1.9 trillion economic stimulus bill titled the American Rescue Plan Act of 2021 (ARPA)
- \$350 billion was allocated for state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and promote economic growth.
- City of National City total allocation is \$18,010,907. The City has received half of the funding, \$9,005,453.50, and will receive the other half around June 2022.
- All expenditures need to be incurred by December 31, 2024 and paid by December 31, 2026.



ARPA Funding Objectives

The four funding objectives of the State and Local Fiscal Recovery Funds are:

1. Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control.
2. Replace lost public sector revenue to provide government services to the extent of the reduction in revenue experienced due to the pandemic.
3. Respond to the negative economic impacts of the pandemic, including assistance to households, small businesses, and non-profits, and aid to impacted industries.
4. Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations.



ARPA Funding Categories

- COVID Response Efforts - currently pursuing reimbursement through FEMA or through direct reimbursement from the County of San Diego
- Lost Public Revenue (most spending flexibility)
 - No revenue loss under interim Treasury rule calculation
 - If rule changes to allow exclusion of restricted & one-time revenue sources, approximately \$4.4 million loss for calendar year 2020 and \$4 million/year loss for the following four calendar years (2021-2024).
 - Waiting on Treasury to issue final ruling.



ARPA Funding Categories

Eligible Budget Expenditures

- Personnel expenditures to bring staffing back to pre-pandemic levels across all departments
- Parks & Recreation maintenance due to increased demand on outdoor facilities and promoting healthy childhood environments
- Homeless services, including the Homeless Outreach Team in the Police Department and the homeless services provided by the Neighborhood Services Department
- Library digital literacy and youth focused programming
- Storm drain projects
- Chamber of Commerce contribution for COVID-19 economic recovery work (one-time)

Budgeted Uses of ARPA Offsetting General Fund Expenditures

- Total FY 22 Budget = \$2,060,000
- FYs 23 and 24 = \$2,010,000 each year
- Total \$6,080,000



ARPA Funding Categories

Qualified Census Tract Eligible Services

- Promoting healthy childhood environments
- Building stronger neighborhoods and communities
- Park projects that address health disparities

Qualified Census Tract Eligible Expenditures – Total \$2,680,000

- Casa de Salud Youth Center Facility Improvements - \$180,000
- Las Palmas Pool Major Maintenance - \$2,500,000
 - Replaster - \$1 million
 - Deck Rehabilitation - \$1,150,000
 - Locker Room & ADA Upgrades - \$350,000

Optional expansion of Las Palmas Pool to Community Wellness Center

- \$5-10 million preliminary estimate but would require pre-development investment to present options and cost estimates to City Council in 4-6 months



ARPA Funding Categories

Response to Negative Impacts. In addition to the outdoor and healthy living related capital projects, the following are also examples of directly eligible ARPA costs that staff can explore further:

- Small business assistance
- Premium pay for City employees (with restrictions)
- Job training programs
- Additional storm drain infrastructure (\$200,000 budgeted now)
- Purchase of new Dispatch Center IT system (currently being financed)
- Affordable housing land acquisition and development

Summary & Next Steps

Staff has identified \$6,080,000 of General Fund expenditures over the next three fiscal years that can be shifted to ARPA funding, as well as:

- \$2,330,000 of facility improvements (youth center & pool deferred maintenance), or
- **Either** \$350,000 for existing pool locker room updates or start designing option for \$5-10,000,000 Las Palmas Pool Wellness Center
- Other CIP priorities budgeted in “Other Funds”

Staff seeks direction on proposed projects and any additional eligible project categories that City Council can direct staff to explore further, such as premium pay for City employees or creation of a job training program.

Staff recommends coming back in September after eligibility rules are finalized with a specific expenditure plan for initial \$9M and process for prioritizing additional \$9M.



City Council Clarifying Questions

Public Comment



City Council Comments/Direction