



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of June 22, 2021
Second Reading Ordinance for the City Council Meeting of June 29, 2021

DATE: June 11, 2021

TO: Peter Zaroni, City Manager

FROM: Heather Hurlbert, Director of Finance and Business Analysis
HeatherH3@cctexas.com
(361) 826-3227

Ordinance Appropriating American Rescue Plan Act funds and the addition of two full-time positions

CAPTION:

Ordinance accepting and appropriating \$67,553,894.00 from the American Rescue Plan Act (ARPA) to mitigate the fiscal effects stemming from the public health emergency caused by the COVID-19 pandemic; and amending the FY2021 Operating Budget; and approving addition of two full-time grant funded positions for the administration of grant funds; and approving use of ARPA funds as follows: Citywide Waterline Replacement \$30,000,000; Citywide Wastewater Lift Station Upgrades \$18,400,000; Citywide Stormwater Improvements \$10,000,000; North Beach Drainage Improvements \$5,000,000; Construction of Fire Station 3 \$4,050,000; and Downtown Outdoor Dining Development \$100,000.

SUMMARY:

The City of Corpus Christi has been allocated \$67,553,894 of Coronavirus State and Local Fiscal Recovery Funds established by the American Rescue Plan Act (ARPA) signed into law on March 11, 2021. The funds are to be used to mitigate the fiscal effects stemming from the public health emergency caused by the COVID-19 pandemic including COVID-19 related expenses, replacing revenue lost by local governments, assisting small businesses, households and non-profits, aiding impacted industries such as tourism, travel and hospitality, supporting essential workers, and improving water, sewer and broadband infrastructure. In addition, approval for the addition of two full-time grant funded positions to the Finance and Business Analysis budget to administer this and other grant programs.

BACKGROUND AND FINDINGS:

The President signed into law the American Rescue Plan Act (ARPA) on March 11, 2021. This plan establishes the Coronavirus Local Fiscal Recovery Fund which is intended to provide support to state, local and tribal governments in responding to the impact of the COVID-19 and in their efforts to contain COVID-19 on their communities, residents, and businesses. In addition, the funds are intended to lay the foundation for a strong, equitable economic recovery, not only providing immediate economic stabilization for households and businesses, but also by addressing systemic public health and economic challenges that may have contributed to more severe impacts of the pandemic among low-income communities and people of color.

The ARPA provides for allowable uses in four categories:

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
2. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers
3. Provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenue collected in the most recent full fiscal year prior to the emergency
4. Make necessary investments in water, sewer, or broadband infrastructure

City Council was briefed by staff on May 11, 2021 and provided with a list of potential projects compiled by executive staff representing projects across the City that may meet the expected criteria. Guidance from the Department of Treasury had been released the day prior to the briefing so this project list provided a starting point once the guidance had been reviewed and allowable criteria applied to the projects. On June 15, 2021 staff brought a proposed listing of eligible projects to City Council for discussion.

The following list of projects including two alternative projects is recommended to be funded with the \$67.6M the City has received through the ARPA.

Downtown Outdoor Dining Development	\$100,000
North Beach Drainage Improvements	\$5,000,000
Citywide Waterline Replacement	\$30,000,000
Citywide Wastewater Lift Station Upgrades	\$18,400,000
Citywide Stormwater Improvements	\$10,000,000
Construction of Fire Station 3	\$4,050,000
Total	\$67,550,000

The four recommended Water, Wastewater, and Stormwater/Drainage projects should

qualify under either the Clean Water State Revolving Fund (CWSRF) or the Drinking Water State Revolving Fund (DWSRF) programs, which is a requirement for the projects to be an eligible expense. The project to construct Fire Station #3 is not an allowable expense under the infrastructure definition but the City is able to utilize the funds received through revenue replacement for the projects. The City expects the revenue replacement to exceed \$10,000,000 for the first year of 2020. The ARPA funds must be committed to projects no later than December 31, 2024 and the projects must be completed and all reporting finalized by December 31, 2026.

Staff is also requesting the addition of two full-time positions to the Finance and Business Analysis budget to administer this and other grant funding the City has received in response to the public health emergency. The administrative tracking, reporting, and audit of these grant funds cannot be adsorbed within the current grant staffing levels. If the City does not properly track and report on the uses of these funds, the granting agencies could require the City to pay the funds back. These positions will be funded through the administrative dollars allowable through the grants.

ALTERNATIVES:

An alternative would be to not take advantage of the federal funding provided and not approve the addition of two full-time positions.

FISCAL IMPACT:

The City will use the ARPA funds to pay for needed infrastructure within the City. By using the ARPA funds, instead of issuing debt or cash reserves to pay for the infrastructure improvements, pressure on the utility rates will be minimized.

FUNDING DETAIL:

Fund:	1072 American Rescue Plan Act
Organization/Activity:	N/A
Mission Element:	N/A
Project # (CIP Only):	N/A
Cost:	\$67,553,894

RECOMMENDATION:

Staff recommends approval of the ordinance to accept and appropriate \$67,553,894 of funds from the American Rescue Plan Act in the City's grant fund and add two full-time grant funded positions.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Project Listing