

**CITY OF CHARLOTTESVILLE, VIRGINIA.
CITY COUNCIL AGENDA.**



Agenda Date:	August 15, 2022.
Actions Required:	Approval of Resolution to Appropriate Funds (2nd of 2 readings).
Presenter:	Michael C. Rogers, Interim City Manager.
Staff Contacts:	Sam Sanders, Deputy City Manager for Operations. Ashley Reynolds Marshall, Deputy City Manager for REDI. Chris Cullinan, Director of Finance. Krisy Hammill, Director of Budget and Performance Management.
Title:	Resolution Appropriating Funds from the American Rescue Plan Act (ARPA) for Eligible Local Activities - \$14,799,565.

Background:

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (the Act) to provide additional relief for individuals and businesses affected by the coronavirus pandemic. The Act includes funding for state, local, and tribal governments as well as education and COVID-19-related testing, vaccination support, and research.

The City of Charlottesville received a total of \$19,609,708 from the US Treasury Department in two equal tranches in May 2021 and June 2022. These funds must be obligated by December 31, 2024 and spent by December 31, 2026.

To date, City Council has passed four (4) ARP appropriations totaling \$4,810,143 to address urgent community and organizational needs arising from the impacts of COVID-19.

This agenda item appropriates the remaining ARP funds totaling \$14,799,565.

Discussion:

This appropriation includes six requests that are detailed below. These requests are eligible for ARP funds per the guidance provided by US Treasury in their April 1, 2022 *Final Rule*. The appropriation includes requests to “replace public sector revenue”, “responding to negative economic impacts”, and

“responding to the public health emergency”.

Request #1: Replace Lost Public Sector Revenue.

Amount Requested: \$10,000,000.

ARP Eligibility: Replace lost public sector revenue.

Description: ARP recipients are given two options to determine their revenue loss: (1) a standard allowance of up to \$10,000,000, (2) calculating their jurisdiction’s specific revenue loss each year using US Treasury’s formula which compares actual revenue to a counterfactual trend. The City is electing to take the standard \$10,000,000 allowance.

Recipients must use replacement funds for government services; generally, “services traditionally provided by recipient governments are government services, unless Treasury has stated otherwise”.

The City proposes to use replacement funds for the following government services in the following amounts:

Use #1: Charlottesville Fire Department Accreditation Findings.
Amount: \$1,104,000.
Description: These funds will address findings from the accreditation team regarding minimum staffing levels and command and control safety.

Use #2: Charlottesville Fire Department Retention Bonus.
Amount: \$450,000.
Description: A \$4,000 bonus will be paid all sworn personnel.

Use #3: Sheriff’s Office Retention Bonus.
Amount: \$50,000.
Description: A \$4,000 bonus will be paid to all sworn personnel.

Use #4: Downtown Mall Improvements.
Amount: \$300,000.
Description: As the 50th anniversary of the downtown mall approaches, these funds would be used to initiate a process to conduct a comprehensive analysis of the City’s downtown core and develop/implement improvements to ensure success over the next 50 years.

Use #5: Wayfinding Improvements.
Amount: \$100,000.
Description: The City’s current wayfinding program, which is important to visitors, was

installed in 2008 and has not been updated. These funds would be used to conduct a review and make necessary changes to the signage system.

Use #6: Additional funds for “Safe Routes to School” program.
Amount: \$500,000.
Description: With limited bus capacity in the upcoming school year, these funds will provide additional support for safe, convenient, and fun opportunities for children to bicycle and walk to and from schools under the City’s “Safe Routes to School” program.

Use #7: City Shelter Emergency Generator System.
Amount: \$40,000.
Description: Funds would be used to purchase an emergency generator system for the City shelter site and Charlottesville High School.

Use #8: Facilities Repair Fund.
Amount: \$200,000.
Description: These funds will be used to restore the \$400,000 that has historically been allocated to the Facilities Repair Fund annually. The allocation was reduced back in FY 21 to \$200,000 to help offset other budgetary needs during COVID and it has remained unchanged. These funds will help catch up on some deferred projects.

Use #9: Equipment Replacement Fund.
Amount: \$829,000.
Description: These funds will be used to help supplement the amount available for new vehicles and equipment. The funding for the City’s fleet replacement plan has been reduced over the last few years due to other competing budget needs relating to COVID. These additional funds will help to revive the scheduled replacement plan.

Use #10: Strategic Investment Fund.
Amount: \$1,000,000.
Description: The funds would be set aside to help the City quickly respond to unique opportunities having strategic value.

Use #11: Agency Investment Fund.
Amount: \$1,000,000.
Description: Nonprofit agencies provide support to citizens in ways that the local government cannot. This funding support will be open to competitive grant applications from our local nonprofits in a process that is separate from the Vibrant Communities

Fund due to the requirements that the Department of Treasury has on how ARPA dollars can be allocated to nonprofit programs. The City Manager seeks innovative programming that will make a measurable impact in our community. Programming could include emergency housing assistance, financial services to the unbanked/underbanked, mental health in-patient treatment, outreach to those who are not yet engaged in mental health treatment, or evidence-based community violence intervention programs. A detailed application process will be released in CY2023 that ensures all applicants are aware of the ARPA regulations, policies, and guidelines. These will be one-time grants, and funding of applications will not be guaranteed.

Use #12: Community Arts and Festivals Investments.
Amount: \$580,000
Description: Communities are enriched by opportunities that focus on the arts, community education, cultural celebrations, and family-friendly opportunities. At this time, the City Manager wishes to be able to consider providing support both internally and externally for local festivals, cultural events, and educational conferences. This fund will allow the City Manager to be responsive to some community requests, but also to potentially ensure that the organization itself can engage the community through art, education, cultural enrichment, or recreation opportunities.

Use #13: Support for Human Resources Office.
Amount: \$270,000.
Description: The Office of Human Resources works diligently to ensure the best people management possible. In order to accomplish those goals, the City Manager recognizes that additional staff members need to be added to their team including a Deputy Director of Human Resources, HR Recruiter, and an HR Labor Manager. Funding is requested through the revenue loss pool to provide one-year support for those positions giving the opportunity to engage talent now, but time to ensure those roles are worked into the FY'24 budget.

Use #14: Strategic Planning.
Amount: \$200,000.
Description: These funds will be used to help Council design and implement the City's Strategic Plan update.

Use #15: Human Rights Commission Investigator and Administrative Support.
Amount: \$176,000.
Description: The Office of Human Rights was asked by City Council in their last ordinance

update to investigate the opportunity to become a HUD Fair Housing Assistance Program (FHAP). FHAPs are partnerships between the federal government and local agencies to provide protection to the public against discrimination in housing. The office has investigated this opportunity, and along with an update to its ordinance, they would need to ensure that they have the required staffing to provide critical services to those in our community who have been discriminated against as they seek a basic need- shelter. The City Manager recognizes these HUD requirements and proposed to ensure that the Office of Human Rights is equipped with an Investigator and Administrative Intake Assistance in order to support the needs of an FHAP. This funding will bridge the office to be able to engage those employees now, should Council vote to approve the ordinance change that will allow the Office to be officially recognized as an FHAP. These positions will be rolled into the City Manager's FY24 proposed budget to ensure continuity and stability of this work that also will become a critical part of the City's Affordable Housing Plan programing.

Use #16: Affordable Housing and Homeless Services.

Amount: \$1,630,000.

Description: In continuing recognition of the City's Affordable Housing Plan, the City Manager recognizes that programing provided by nonprofit organizations is critical to ensuring that all of our neighbors and friends are able to access a basic need – shelter. Funding in this area will count towards the City's Affordable Housing Goals but will also be a competitive grant application process for local nonprofits like the Agency Investment Funds. These funds will be a separate process from current Office of Community Solutions housing funds, as well as Vibrant Community's Fund dollars as the Department of Treasury has specific eligible programs and support limits that must be adhered to. The City Manager seeks innovative programming that will make a measurable impact in our community. Treasury-eligible programming could focus on supporting long-term housing security, providing emergency housing assistance, as well as providing emergency programs or services for homeless individuals. A detailed application process will be released in CY2023 that ensures all applicants are aware of the ARPA regulations, policies, and guidelines. These will be one-time grants, and funding of applications will not be guaranteed.

Use #17: COVID Contingency.

Amount: \$1,571,000.

Description: These funds will be held in reserve to mitigate any future, unforeseen health/economic/social impacts from COVID on the community and/or City organization.

Request #2: Funding for Charlottesville-Albemarle Convention and Visitors Bureau (CACVB).

Amount Requested: \$750,000.

ARP Eligibility: Responding to negative economic impacts.

Description: The CACVB's budget is based on the Transient Occupancy Tax (TOT) collections from two fiscal years ago. As of July 1, 2022, the CACVB's budget reflects the TOT collection from July 1, 2020 – June 30, 2021 when tourism essentially stopped due to the pandemic. The CACVB uses these funds to market the City as a premier tourism destination and boost visitation at lodging, retail, restaurant, attraction and additional partner locations. In 2019, the tourism industry accounted for \$350 million direct visitor spending in Charlottesville City, employing nearly 3,500 people, generating more than \$19.4 million in local tax revenue; and a healthy portion of visitor spending goes to locally owned businesses. The proposed \$750,000 ARPA funding from the City would match the County's contribution and would reinstate basic CACVB services through December 2024.

Request #3: Pathways Fund Assistance.

Amount Requested: \$700,000.

ARP Eligibility: Responding to negative economic impacts.

Description: Continued support for emergency financial assistance through the Pathways Fund.

Request #4: Community Health Initiative.

Amount Requested: \$500,000.

ARP Eligibility: Responding to the public health emergency.

Description: These funds will be used for the City to pilot work that will directly engage members of our community through a public health lens in order to be more responsive to the emerging needs of our neighbors and friends. Potential focus areas have been identified as homelessness supports, critical case management support, as well as mental health and wellness supports.

Request #5: Meadowcreek Trail.

Amount Requested: \$500,000.

ARP Eligibility: Responding to negative economic impacts.

Description: These funds will be used to fully fund the completion of this important link in the City's trail system and provide safe and healthy pedestrian routes to nearby disproportionately impacted neighborhoods.

Request #6: Unallocated ARP Balance.

Amount Requested: \$2,349,565.

ARP Eligibility: To be determined.

Description: These funds will be allocated in the future for eligible uses.

Budgetary Impact:

While the City has several years to spend ARP funds, these funds are one-time in nature. Approximately \$1.9M of the proposed requests/uses have on-going costs which will need to be funded in future budgets.

Public Outreach/Input:

A public hearing on this item was held on August 1, 2022.

Alignment with Council Vision Areas and Strategic Plan:

This resolution contributes to Goal 1 of the Strategic Plan, to be an inclusive community of self-sufficient residents; Goal 2 to be a healthy and safe City; and Goal 5 to be a well-managed and responsive organization.

Recommendation:

Staff recommend that Council approve the attached resolution.

Alternatives:

City Council may elect not to appropriate funding for these purposes at this time or may elect other ARP eligible program expenditures.

Attachments:

1. Appropriation.

**RESOLUTION APPROPRIATING FUNDING FOR
American Rescue Plan for Eligible Local Activities**

\$14,799,565

BE IT RESOLVED by the Council of the City of Charlottesville, Virginia that the sum of 14,799,565 from American Rescue Plan funding is hereby designated to be available for expenditure for costs associated with following eligible purposes and amounts:

Replace Lost Public Sector Revenue.	\$10,000,000.
Funding for CACVB.	\$750,000.
Pathways Fund Assistance.	\$700,000.
Community Health Initiative.	\$500,000.
Meadowcreek Trail.	\$500,000.
Unallocated Balance.	\$2,349,565.
TOTAL.	\$14,799,565.

Note: account codes will be established following the first reading and public hearing on this appropriation for inclusion in the second reading and adoption.