
CITY OF WINSTON-SALEM

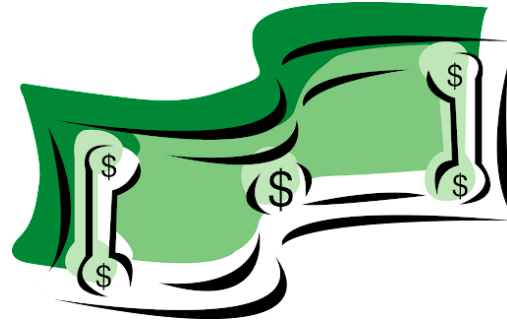
ARPA WORKSHOP

CORONAVIRUS LOCAL FISCAL RECOVERY FUND FRAMEWORK

Special Meeting
August 23, 2021

WHAT WE ARE GOING TO DISCUSS

- What's Happened
 - Federal Law and Guidance
 - First Tranche Received
- Where We Are
 - Interpreting Guidance
 - Framework
 - Reporting Requirements
- Where We're Going
 - Additional Guidance
 - Program Development and Implementation



ARPA AND CLFRF

- American Rescue Plan Act – \$1.9 trillion in total funding
 - \$51.7 million in Coronavirus Local Fiscal Recovery Funding for Winston-Salem
 - Additional grant opportunities potential
- US Treasury Guidance
 - Interim Final Rule
 - Frequently Asked Questions

“INTERIM” GUIDANCE

- **INTERIM Final Rule**
 - Final rule expected in September/October
- **Frequently Asked Questions**
 - CARES Act FAQs updated for six months after initial guidance
- **Professional Organizations’ Suggestion: WAIT FOR ADDITIONAL GUIDANCE!**
 - National League of Cities
 - North Carolina League of Municipalities
 - UNC School of Government

FEDERAL OBJECTIVES OF THE CLFRF

1

To respond to the public health emergency or its negative economic impacts

2

To respond to workers performing essential work during the COVID-19 pandemic

3

To replace lost public sector revenue due to the pandemic

4

To make necessary improvements in water, sewer, or broadband infrastructure



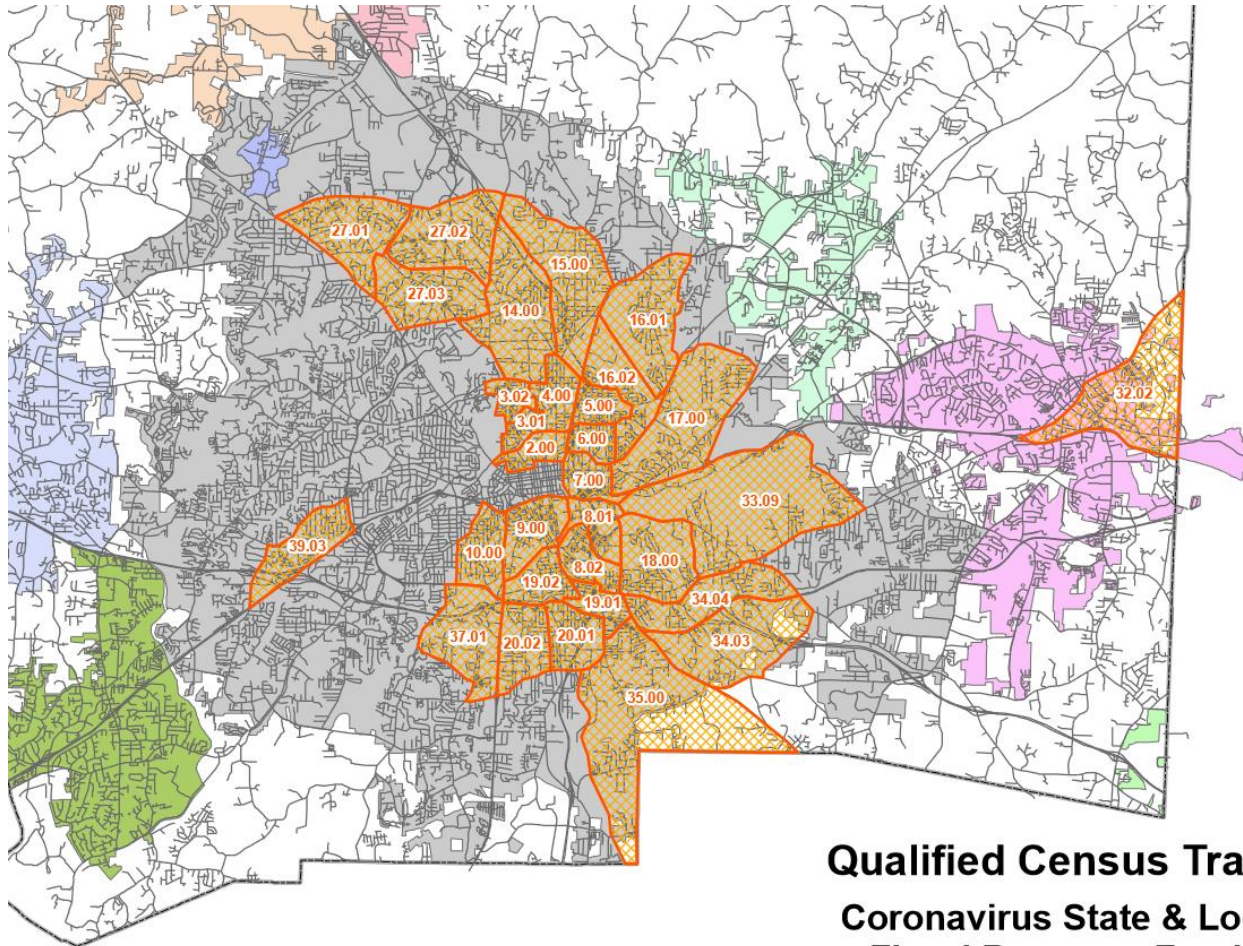
IDENTIFIED USES OF FUNDING BY CATEGORY

FROM THE LAW AND GUIDANCE

RESPONDING TO THE PUBLIC HEALTH EMERGENCY AND ITS NEGATIVE ECONOMIC IMPACTS

- Services and programs to reduce the spread of COVID-19
- Assistance to small business, non-profits, and individuals
- Aid to impacted industries
- Re-hiring governmental staff
- Payroll and covered benefits

RESPONDING TO THE PUBLIC HEALTH EMERGENCY AND ITS NEGATIVE ECONOMIC IMPACTS



**Qualified Census Tracts
Coronavirus State & Local
Fiscal Recovery Funds**

Expanded eligibility in Qualified Census Tracts and those disproportionately impacted by COVID-19 for these categories:

- Addressing health disparities
- Efforts to reduce gun violence
- Promoting housing
- Early childhood care and learning
- Investments in healthy community environments
- Workforce development

INFRASTRUCTURE: WATER, SEWER, STORMWATER, & BROADBAND

Water, Sewer, and Stormwater

- Includes improvements for infrastructure
- Eligible uses must align with Environmental Protection Agency project categories
- Enhance cybersecurity systems

Broadband

- Focus on households and businesses
- Promote digital literacy
- Minimum bandwidth requirements



PROPOSED CITY FRAMEWORK

ARPA CLFRF FUNDS



FEDERAL OBJECTIVES OF THE CLFRF

TRANSPARENCY • RESTORATION • TRANSFORMATION

FISCAL SOUNDNESS • EQUITY

EQUITY LENS AND DISTRIBUTION STRUCTURE

As potential programs and guidelines are developed, equity considerations will be evaluated to minimize impacts to historically under-represented and under-resourced community groups:

- What are the program's objectives, and how do they promote equitable outcomes?
- What are the intended results and outcomes in the community and within the organization?
- What are the potential unintended consequences, and what strategies can be used to mitigate them?
- Etc....

STRATEGIC PLAN PRIORITIES

Tier 1

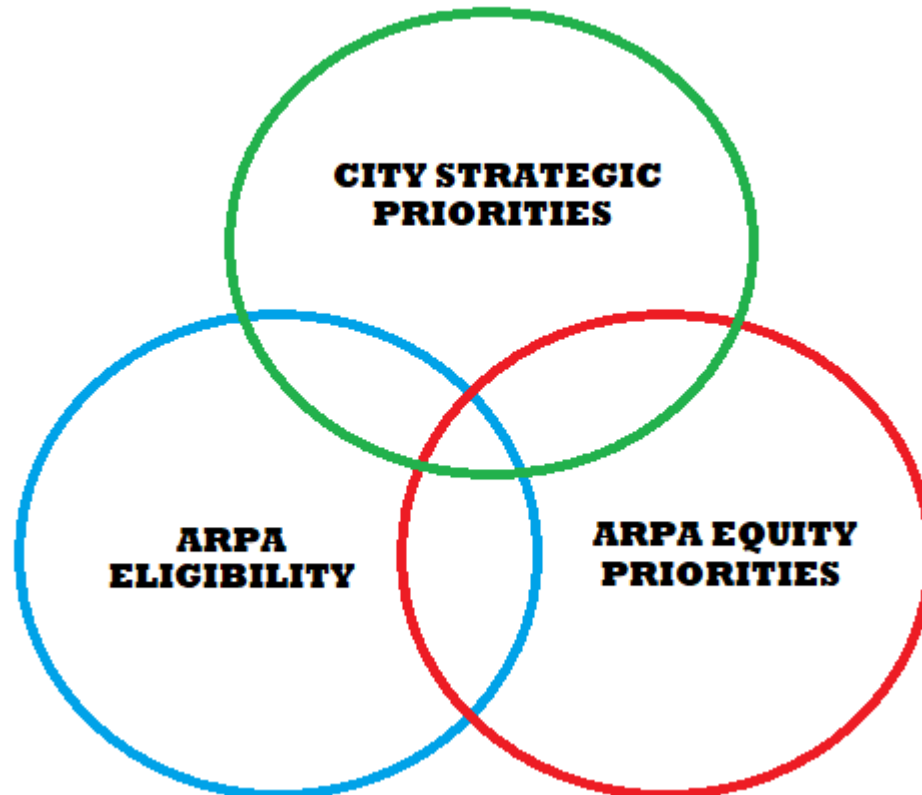
- Focus on job creation and workforce development
- Collaboration and funding for pre-k
- Funding for affordable housing
- Funding for economic development

Tier 2

- Poverty cessation
- COVID reopening plan
- Community engagement (Power of connections)
- Funding for arts

Tier 3

- Community fundraising
- Environmental initiatives
- Address digital divide
- Address childcare needs
- Neighborhood maintenance
- Organizational efficiency and public-private partnerships
- Law enforcement reform



PHASED APPROACH

- Phase #1 – Relief Priorities: Restorative and Immediate in Nature
 - Immediate economic relief
 - Response to increased violent crime



- Future Phases – Transformative: Funding Long-Term Change
 - Outcome-based strategic priorities
 - Significant public engagement and planning



RELIEF PRIORITIES

PROGRAMMING AREAS AND CONSIDERATIONS

SMALL BUSINESS ASSISTANCE GRANT PROGRAM

Objective: To provide grants to small business owners negatively impacted by COVID-19. The grants may be used for eligible expenses such as payroll, mortgage, rent, utilities, supplies, maintenance expenses, and operational expenses. Priority is for businesses located in QCTs.

Proposed Eligible Entities and Minimum Criteria:

- Brick and mortar businesses located in a QCT inside City limits
- In business prior to March 1, 2020
- Independently owned (chains not eligible)
- No more than 25 full-time equivalent employees
- Must demonstrate negative economic impact due to COVID-19
- Must meet a public purpose (retaining employees, etc.)

Scenario 1

\$1M Total Funding

\$10k Maximum Award

Scenario 2

\$1M Total Funding

\$20k Maximum Award

SOCIAL SERVICE NON-PROFIT RECOVERY ASSISTANCE GRANT

Objective: To provide assistance to local, small non-profit organizations as relief to economic harm caused by the pandemic for the purpose of ensuring continuity of operations.

Eligible Entities and Minimum Criteria:

- Applicants must be a registered 501(c)3 and meet other criteria
- Physical business location must be inside city corporate limits
- Non-profit must have an organizational budget under \$1,000,000 not including pass-through assistance provided from other sources to recipients
- Non-profit must have been fully functioning on or before January 1, 2019 to show track record of service
- Must have at least a 15 percent decrease in overall revenue attributable to the pandemic
 - Cannot be reflective of organizational lost revenue trend prior to the pandemic
- Must have furloughed or laid off employees; missed rent, utility, or mortgage payments; or suffered other notable economic harm from lost revenues
- Board approval required to submit application
- Must provide documentation showing support in QCTs
- Must meet a public purpose

\$1M Total Funding
\$25k Maximum Award

RECOVERY GRANTS FOR TRAVEL, TOURISM, HOSPITALITY, & ARTS NON-PROFITS

Objective: To provide grants for travel, tourism, hospitality, and arts non-profits that distribute funds in an equitable and effective way to address COVID-19 impacts.

Eligible Entities and Minimum Criteria:

- Applicants must be a registered 501(c)3 and meet other criteria
- Physical location of entity must be within city limits
- Non-profit must have an organizational budget under \$1,000,000, not including pass-through assistance provided from other sources to recipients
- Non-profit must have been fully functioning on or before January 1, 2019
- Must have had at least a 15 percent decrease in overall revenue attributable to the pandemic
 - Cannot be reflective of organizational lost revenue trend prior to the pandemic
- Must have furloughed or laid off employees; missed rent, utility, or mortgage payments; missed performances and/or the ability to be open; or suffered other notable economic harm from lost revenues
- Must have Board approval to submit application

\$1M Total Funding
\$25k Maximum Award

CITY EMPLOYEE PREMIUM PAY

Objective: To provide premium pay to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers.

Eligible Entities and Minimum Criteria:

- Defined by Human Resources Department as those who were required to work on-site more than 50 percent of the time
- No employee that earns more than \$76,515 is eligible, as defined by the IFR
- Modeled as a one-time payment of \$500 per eligible employee
 - About 1,600 total eligible employees (70 percent of workforce)
 - Of this amount, about 1,450 are eligible FTEs.

Estimated \$1.5M

COMMUNITY VIOLENCE INTERVENTION PROGRAMS

Objective: To partner with community groups to reduce violent crime and create opportunities for at-risk youth. Funding provided in FY 2022 budget. This would be switching out the funding source.

Eligible Entities and Program Areas:

- Increase SOAR funding to double current participation (\$300,000)
- Crime prevention programs and conflict resolution for youth (\$250,000)
- CURE program/Violence Interrupters (\$200,000)
- Recreation center programming and mentorship stipends (\$200,000)
- Gun buy-back program (\$50,000)
- Pre-K initiative as long-term crime prevention strategy (\$350,000)

\$1.4M Total Funding



TRANSFORMATION PRIORITIES

PROGRAMMING AREAS AND CONSIDERATIONS

NON-PROFIT CAPITAL ASSISTANCE GRANTS

Objective: To provide capital campaign support to non-profit organizations whose mission and services have direct alignment to City strategic planning goals.

Eligible Entities and Minimum Criteria:

- Applicants must be a registered 501(c)3 and meet other criteria
- Physical business location must be inside city corporate limits
- Non-profits must have been fully functioning on or before January 1, 2018
- Must be located in or serve a majority of clients in QCTs
- Requests must be one-time in nature
- Must provide services related to addressing one of the following categories:
 - Health disparities and the social determinants of health
 - Affordable housing and housing insecurity
 - Addressing educational disparities exacerbated by COVID-19
 - Promoting healthy childhood environments

TBD Total Funding
\$500k or 25% of campaign request, Maximum Award

HOUSING INVESTMENTS

Objective: To fund land acquisition, provide gap financing or other direct support for renovation of existing housing structures and/or construction of new housing units, and/or to provide funding for transitional or permanent supportive housing.

Eligible Entities and Minimum Criteria:

- TBD – City Council to review land acquisition needs and staff to determine appropriate processes and mechanisms for reviewing and selecting potential projects.
- Potential for RFP(s) for housing development

\$20M Total Funding

OTHER TRANSFORMATIVE OPPORTUNITIES

- Broadband Infrastructure Projects to lessen the digital divide by providing affordable, reliable access to broadband internet, and promote digital literacy questions
- Workforce Development to include job-training and other initiatives
- Pre-K Initiatives to improve early education outcomes by assisting with infrastructure and/or programming for pre-k initiatives
- Poverty Reduction to aim to reduce poverty and barriers to economic mobility

- City Capital Projects to augment the City's current capital plan by committing funding to strategic priorities
 - Only possible with shown revenue loss through Treasury calculation or expanded eligibility in the Final Rule

RESTORATION OF CITY LOST REVENUE

Current Calculation: The current prescribed method from Treasury produces no lost revenue.

- Partially due to calendar year versus fiscal year method
- Partially due to planned tax increases

Eligible Uses if Available:

- **Any governmental purpose** other than debt payments
- Cannot use to offset tax rate decrease or long-term pension liability

Amount TBD



FUNDING CATEGORIES

POTENTIAL USES AND SIZES

DRAFT PHASED FRAMEWORK

Phase I Programs Could Include:

	<u>Amount</u>
Community Violence Intervention Programs – eligible programs adopted in the FY 22 budget	\$1,400,000
Recovery Grants for Small Businesses – relief for existing local, small businesses	1,000,000
Recovery Grants to Travel, Tourism, and Arts Non-Profits – targeted relief and reopening	1,000,000
Recovery Grants for Social Service Non-Profits – relief for existing small non-profits	1,000,000
Premium Pay for City Employees - \$500 per eligible employee	1,500,000
SUBTOTAL FOR PHASE I	\$5,900,000

Future Phases Could Include:

Housing Investments – land acquisition and renovation/development	\$20,000,000
Social Assistance – grants and programs to support poverty alleviation and economic mobility	7,000,000
Digital Divide – infrastructure and/or grants for broadband access and digital literacy	5,000,000
Economic Assistance – job training, economic development, and small business assistance	3,500,000
Restoration of City Reduced Revenues – set-aside for future lost revenue calculations	7,750,000
SUBTOTAL FOR FUTURE PHASES	\$43,250,000

Administrative Costs (5% Estimate)*	\$2,550,000
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Total ARPA Funding	\$51,700,000
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*Actual administrative costs will be calculated as programs and other requirements come to fruition.

STRATEGIC PLAN ALIGNMENT



- Small Business Assistance Grant Program
- Affected Industries Grants & Support
- Workforce Development
- Digital Divide
- Social and Non-Profit Assistance Grants
- Pre-K and Child Care Initiatives
- Poverty Reduction



- Affordable Housing Investments



- City Reduced Revenue
- City Employee Premium Payment
- *City Capital Projects*



- Community Violence Intervention Programs



- COVID-19 Mitigation Strategies



OTHER CONSIDERATIONS

Program	Eligible Types	Main Purposes	Maximum Award
<i>Entity Specific Grant Opportunities</i>			
SBA PPP	Businesses Non-Profits	Small business loans for operating assistance	2.5 times average payroll up to \$10 million
SBA EIDL	Businesses Non-Profits	Small business loans for operating assistance	Based on economic injury up to \$2 million
SBA RRP	Businesses	Food-related businesses grant program	Pandemic-related revenue loss up to \$10 million
SBA SVOG	Businesses Non-Profits	Venue and live performance operators grant program	45% of gross earned revenue up to \$10 million
NEA Grants	Arts Non-Profits	Salary support, fees/stipends, mortgage/rent, health/safety supplies, marketing	\$150,000
<i>Local/Regional Grant Opportunities</i>			
EDA Good Jobs Challenge	Local Governments Non-Profits	Train workers with in-demand scales for good-paying jobs	TBD
EDA Economic Adjustment Assistancess	Local Governments Non-Profits	Plan, build, innovate, put people back to work through construction or non-construction projects to meet local needs	TBD
EDA Travel, Tourism, and Outdoor Recreation	Local Governments Non-Profits	Accelerate recovery of this sector	TBD

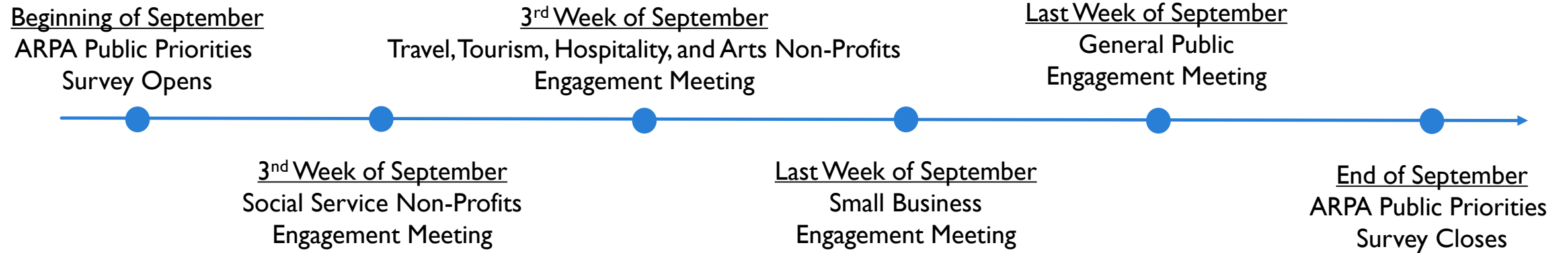
***In certain instances, organizations may apply for multiple grant/loan types.**



PUBLIC ENGAGEMENT AND NEXT STEPS



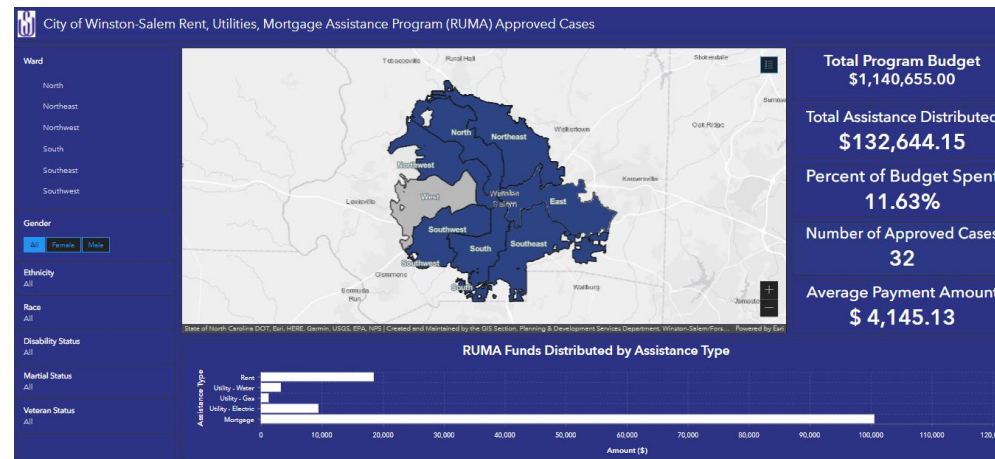
PUBLIC ENGAGEMENT PLANS



PUBLIC ENGAGEMENT PLANS

Future Engagement

- Continuing feedback needs TBD as processes yield program ideas
- Continual website updates
 - Reviewing dashboard reporting for coronavirus-related funding



ACTION AND NEXT STEPS

September/October 2021

- Additional Public Feedback Meeting and Mechanisms
- Potential Action Item(s) for Approved Phase I Programs

Fall/Winter 2021

- Staff Research and Review of Future Phase Programs
- Approve and Implement Other Phase I Programs

Spring 2022

- Potential Action Item(s) for Transformational Programs



SCOTT TESH
PERFORMANCE AND ACCOUNTABILITY DIRECTOR

Tiffany Oliva
American Rescue Plan Act (ARPA) Coordinator
toliva@cityofws.org