



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 22

Agenda Date: December 9, 2021

In Control: City Council A Session

DEPARTMENT: Office of the City Manager

DEPARTMENT HEAD: Erik Walsh, City Manager

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Briefing on Phase II of the American Rescue Plan Act (ARPA) Fiscal Recovery Funds.

SUMMARY:

The City Council will be provided a briefing on the City's Phase II of the State and Local Recovery Funds from the American Rescue Plan Act (ARPA). The presentation will include the results of the community engagement process, input from the Small Business Advisory Commission and analysis on premium pay. The presentation will also include preliminary recommendations for allocation of funds for City Council input.

BACKGROUND INFORMATION:

On March 11, 2021, Congress signed into law the American Rescue Plan Act (ARPA) in response to the COVID-19 pandemic. This legislation established the Coronavirus State and Local Fiscal Recovery Fund, which provides resources to state, local, territorial, and Tribal governments. These funds are to contain and mitigate the spread of COVID-19, address the economic and public health impacts of the pandemic and provide a foundation for a strong and equitable recovery.

The U.S. Treasury has allocated \$326.9 million to the City of San Antonio. The City received the first half or \$163.4 million in May 2021 and is expected to receive the second half in May 2022.

Additionally, the funds should be obligated by December 2024 and spent by December 2026.

On May 10, 2021, the US Treasury released guidance on state and local use of funds. The following are categories of eligible uses within this guidance:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical sectors; and,
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and expand access to broadband internet.
- Within these overall categories, the U.S. Treasury’s Interim Final Rule provides guidelines and principles for determining the types of programs and services that this funding can support. The Treasury has designed these provisions to take into consideration populations that have been disproportionately impacted by the pandemic.

Ineligible uses of State and Local Recovery Funds include funding any debt service, legal settlements and deposits into financial reserves or pension funds.

City’s Two-Phased Strategy

The allocation of funds is broken out in two phases, Phase I stabilizes the Budget and immediate community needs and Phase II focuses on community priorities and leverages funds.

Phase I – As part of the FY 2022 Budget, \$97.5 million was allocated to the General Fund (\$46.5 million) and Hotel Occupancy Tax Fund (\$51.0 million) to address revenue loss. This funding provides for budget stability in the general fund and addresses community needs such as public health, emergency preparedness, community navigators, and affordable housing investments in FY22 and FY23. In the Hotel Occupancy Tax Fund (HOT), the Fiscal Recovery Funds allows for funding in FY21, FY22, and FY23 to re-instate reductions, and increase arts funding to FY19 levels.

Phase II – On October 20, 2021, the City Council was provided with a proposed spending framework for input and discussion for the remaining balance of the fiscal recovery funds of \$229.4 million.

On November 18, 2021, Council approved a \$30 million allocation for utility assistance to aid qualified San Antonio residents with outstanding electric and water utility payments.

At the December 9, “A” Session, the City Council will be provided the results of the community engagement process, input from the Small Business Advisory Commission, and analysis of premium pay. Preliminary recommendations for funding allocation will also be presented at this

meeting.

The feedback received by the City Council will guide the final spending recommendations that are scheduled to be considered by City Council for approval on January 20, 2022.

Community Engagement and Education Process

From November 6th to November 20th, City staff held eight Community Town Hall Meetings and one virtual telephone townhall, on Monday, November 29th, which provided residents the opportunity to share how they were impacted by COVID-19 and their spending priorities for the use of the ARPA-Fiscal Recovery funds. Each of the town hall meetings was broadcast on TVSA, available to listen by phone and on the City's website and Facebook page. Residents not able to participate in the live audience polling were encouraged to call 311 to provide their feedback.

The community also had the opportunity to provide input via a survey that was open from November 18th to December 1, 2021. The survey could be completed online or by calling 311.

In addition, the Department of Human Services shared a video broadcast of the ARPA presentation at senior centers and provided staff and resources to share feedback through 311.

Widespread communications efforts were conducted on social media platforms to advertise the town hall meetings, as well as the survey. Information was also shared through City Council Offices and City Department social media feeds and email lists. The information was also promoted through text messages.

The Small Business Advisory Commission scheduled the meetings on November 17th, November 29th, and December 4th to provide priorities from a small business perspective.

ISSUE:

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ALTERNATIVES:

This briefing is for informational purposes only.

FISCAL IMPACT:

This briefing is for informational purposes only.

RECOMMENDATION:

This briefing is for informational purposes only.