

City of Piedmont  
Budget Advisory and Financial Planning Committee  
AGENDA REPORT

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DATE: September 23, 2021

TO: Budget Advisory and Financial Planning Committee

FROM: Michael Szczech, Finance Director

SUBJECT: Consideration of Recommendation for Use of American Rescue Plan Act (ARPA) Funds

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RECOMMENDATION

By motion, recommend that the City Council allocate the City's American Rescue Plan Act (ARPA) Funds as proposed by staff:

- A. Devote lost revenue funds to address urgent facilities projects, prioritized as follows:
  - 1. Dispatch Center Relocation\Remodel
  - 2. Initiation of Master Planning Process for the Future of Police, Fire and City Hall
  - 3. City Hall Basement: Digitization of Residential Property Files and Remodel Office Space
  - 3. Fire Department Living Quarters Renovation
  - 3. Recreation Department Building Renovation
  
- B. Devote the remaining more restricted funds as follows:
  - 1. Cover the City's direct COVID related expenses incurred after March 3, 2021
  - 2. Provide premium pay to Recreation Department personnel who were exposed on a daily basis to critical health risks while interacting with the public due to the nature of their jobs
  - 3. Provide COVID-19 specific support to the Piedmont Unified School District by providing funding toward a temporary full-time school nurse to assist PUSD in its COVID-19 response. Such resource would be available to support the City's Recreation Department COVID response needs as well.

BACKGROUND

On March 11, 2021, the President signed the American Rescue Plan Act (ARPA) into law, after it was approved by Congress. This relief package provided approximately \$1.9 trillion in funding to individuals, businesses, and government agencies across the country. Based upon the requirements of the law, the City of Piedmont's allocation on funding is set at \$2,663,729. The

funds will be received in two equal installments. The first installment of \$1,331,864 was received on July 13, 2021 and the second installment is due in July 2022. Regulations allow local governments to utilize funds in the following five ways:

**1. COVID-19 Response**

Support public health response to COVID-19 emergency, by funding COVID-19 mitigation and prevention activities, medical expenses for case and services to address short- and long-term needs, behavioral healthcare, and certain public health and safety staff payroll and benefits, and activities to address the disparities in public health outcomes;

**2. Community Impact**

Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;

**3. Lost Revenue**

Replace lost public sector revenue, with broad latitude for using this funding for provision of government services to the extent of the reduction in revenue experienced due to the pandemic, on items such as infrastructure maintenance or pay-go infrastructure projects;

**4. Premium Pay**

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, with work that involved regular in-person interactions or regular physical handling of items that were also handled by others;

**5. Water/Sewer/Broadband**

Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet for unserved or underserved households and businesses.

All funds must be spent or committed by December 31, 2024 and must be spent by the end of calendar year 2026.

**OTHER REQUIREMENTS**

Other requirements include:

- Loss of Revenue Calculation – A prescribed calculation is used for determining loss of revenue with a four-point measurement starting with 12/31/2020 and comparing actual with a growth adjustment of 4.1%. The City of **Piedmont's eligible lost revenue credit is \$2,382,545** using the ARPA Revenue Loss Calculator.

- Premium pay for essential workers is further defined as follows:
  - ARPA defines premium pay to mean an amount up to \$13 per hour in addition to wages or remuneration the worker otherwise receives and in an aggregate amount not to exceed \$25,000 per eligible worker. To ensure the provision is implemented in a manner that compensates these workers, the Interim Final Rule provides that any premium pay or grants provided using the Fiscal Recovery Funds **should prioritize compensation of those lower income eligible workers that perform essential work.**
  - As such, providing premium pay to eligible workers responds to such workers by helping address the disparity between the critical services and risks taken by essential workers and the relatively low compensation they tend to receive in exchange. If premium pay would increase a worker's total pay above 150 percent of their residing state's average annual wage for all occupations, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, or their residing county's average annual wage, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, whichever is higher, on an annual basis, the State, local, or Tribal government must provide Treasury and make publicly available, whether for themselves or on behalf of a grantee, a written justification of how the premium pay or grant is responsive to workers performing essential worker during the public health emergency.<sup>105</sup>
  
- Reporting and Recordkeeping – Records must be maintained for five years after all funds have been expended or returned to the Treasury, whichever is later. The first report to the Treasury is due October 31, 2021 and covers the period from the date of the award through September 30, 2021. The subsequent annual reports must be submitted to Treasury by October 31 each year.
  
- The United States Department of Treasury information on ARPA can be found on the Treasury's website at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

## INELIGIBLE USES

For allocations to government agencies, ineligible uses include deposits into pension funds, debt service, matching funds, legal settlement or judgments, deposits to rainy day funds or financial reserves, spending to offset tax cuts, or general infrastructure spending unless done under the revenue loss provision.

## DISCUSSION

Of the \$2,663,729 allocated to the City, \$2,382,545 is tied to lost revenue and can be used in category 3 which, as noted above, may be used for any governmental services, including infrastructure projects. The remaining \$281,183 must be used in accordance with the provisions of the other four categories.

## FACILITIES

It is well known that the City has significant challenges with its existing facilities. Our City buildings are old and are in need of extensive renovations. Between 2014 and 2018, conceptual master plans were developed for the Community Pool, the Recreation Department, the Veterans Memorial Building (absent the Police Department which occupies the basement of this building, Coaches Field and Linda Park. Thanks to the generosity of Piedmont voters and the successful passage of Measure UU, the Piedmont Community Pool will be rebuilt over the next two to three years.

Much progress has been made to understand the challenges and opportunities for our City's recreation related buildings and spaces. Just prior to the COVID-19 pandemic, high level assessments of the Police Department and Fire Department/City Hall buildings revealed significant deficiencies requiring attention in those spaces as well. It is time to undertake a comprehensive master planning effort for our public safety buildings and City Hall.

In the meantime, we have some urgent needs that must be addressed.

Especially concerning, is our dispatch center which is currently located within the Police Department in a portion of the building which has not been seismically retrofitted. In addition to the risk of discontinued operation in a catastrophic event, the existing dispatch center requires immediate attention for safe and functional day-to-day operations as it is severely undersized, cramped, inefficient and unable to accommodate new required technologies.

Additionally, these severe space restrictions have been particularly concerning during the pandemic as staff working together in tight spaces made it difficult to meet County Public Health Department social distancing regulations and challenged our efforts to mitigate exposure and infection of essential workers.

The dispatch center functions as the nerve center for the Piedmont community's access to public safety services, as well as to coordinate other needs for urgent City services. Over the last five years the dispatch center has received and managed an annual average of 12,500 Police Department related calls for service and another 800 calls related to the Fire Department. This does not include miscellaneous calls the dispatch center fields from the public and manages for other City needs.

The workload for dispatch staff has increased significantly over the last decade and will continue to trend upward with the implementation of Next-Generation 911 and police reform efforts. The current physical space negatively impacts daily dispatching capabilities and is insufficient to accommodate neither impending changes to 911 nor dispatch best practices.

Staff recommends immediate development and implementation of a short term dispatch solution while simultaneously commencing a master planning effort for the future of Fire, Police and City Hall.

Beyond immediately addressing the dispatch center and commencing a thorough master planning effort for our public safety buildings, should funds be available, staff believe the renovation of the City Hall basement, the Fire Department living quarters and the Recreation Department building should be prioritized due to accessibility and fire/life safety issues associated with these spaces. Recruitment of a diverse workforce in the fire department is an ongoing struggle. One barrier to effective recruitment and retention of female firefighters is a lack of privacy and separation of facilities in the station. Remodeling the sleeping quarters and restroom areas will improve accessibility as well as privacy in an effort to create a safer and more favorable work environment.

## RECOMMENDATION

### **Category 3 (Lost Revenue)                    \$2,382,545**

Because of these well identified facility needs, staff recommends utilizing Category 3 Lost Revenue ARPA funds, possibly in conjunction with FY 2020-21 year end funds transferred to the Facility Maintenance Fund (\$3,500,000) for urgent and critical infrastructure projects.

Highest priority shall be given to:

1. Relocation and Remodel of the Dispatch Center
2. Initiation of Master Planning Process for the Future of Police, Fire and City Hall

To the degree funds are available after committing expenditure to the items above, staff recommends without priority order the careful consideration of the following three projects:

- City Hall Basement: Digitization of Residential Property Files and Remodel for Office Space
- Fire Department Living Quarters Renovation
- Recreation Department Building Renovation

Staff further recommends the remaining ARPA funds (\$281,183), which are restricted as noted above, be used in the following ways:

### **Category 1 (COVID Response)            Approximately \$130,000**

Expenses incurred after March 3, 2021 and directly tied to COVID response are eligible. The City spent roughly \$80,000 between March 3 and August 21, 2021 in this category primarily on enhanced janitorial services, medical supplies, and technology upgrades for remote work. Staff expects to continue to incur roughly \$5,000 per month in COVID related expenses for the foreseeable future

### **Category 2 (Community Impact)        Approximately \$100,000**

Provide COVID-19 specific support to the Piedmont Unified School District by contributing funding toward a temporary full-time school nurse to assist PUSD in its COVID-19 response including but not limited to contact tracing and testing. Such resource would be available to support the City's Recreation Department COVID-19 response needs as well.

**Category 4 (Premium Pay)                      Approximately \$50,000**

Provide COVID premium pay to Recreation Department personnel who provided in-person essential childcare programs throughout the 2020-21 school-year and were exposed on a daily basis to critical health risks while interacting with the public due to the nature of their jobs.