

Introduced by:

First Reading:
Second Reading:

CITY OF TAKOMA PARK, MARYLAND

ORDINANCE NO. 2022-

**AN ORDINANCE APPROVING AND ADOPTING
THE BUDGET FOR ARPA/SLFRF FUNDED PROJECTS**

WHEREAS, the U.S. Department of the Treasury (Treasury), through the American Rescue Plan Act of 2021 (ARPA), appropriated \$528.96 million to the State of Maryland to disburse ARPA grant funds for the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) program to Non-Entitlement Units of Local Government for the purpose of helping Americans recover from the public health crisis and negative economic impacts caused by the COVID-19 public health emergency; and,

WHEREAS, the State of Maryland serves as the pass-through entity for the disbursement of ARPA/SLFRF from Treasury to the City of Takoma Park; and,

WHEREAS, the City has a population below 50,000 persons and it has been designated as a Non-Entitlement Unit of Local Government pursuant to statute governing the American Rescue Plan Act (ARPA) and is eligible to receive and allocate ARPA/SLFRF for the following purposes:

- (1) To respond to the COVID-19 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) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- (3) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- (4) To make necessary investments in water, sewer, and/or broadband infrastructure; and,

WHEREAS, the City will receive a total of \$17,463,724.52 million in federal funding from the State of Maryland for the ARPA/SLFRF program in two tranches; and,

WHEREAS, the City received \$8,731,862.26 million in ARPA/SLFRF through the State of Maryland in July 2021 (first tranche), and will receive \$8,731,862.26 million in ARPA/SLFRF from the State of Maryland in mid-July 2022 (second tranche); and,

WHEREAS, the City must obligate ARPA/SLFRF (\$17,463,724.52) by December 31, 2024 and expend all funds (\$17,463,724.52) by December 31, 2026; and,

WHEREAS, the City Council appropriated \$1,299,900 as part of the Fiscal Year 2022 Adopted Budget for revenue loss reimbursement, the purchase of document management software, and a façade improvement grant; and,

WHEREAS, in July 2021, the City Council approved \$915,000 in ARPA/SLFRF allocations via the first budget amendment of Fiscal Year 2022, which represents one year's worth of costs for the hire of three temporary ARPA administrative positions to ensure the city manages these funds wisely, as well as funds for emergency rental assistance support, food insecurity grants, and community engagement for a total of \$2,214,900 previously appropriated; and,

WHEREAS, there is a total balance of \$15,248,824.52 remaining in ARPA/SLFRF to be allocated to eligible new projects as well as for subsequent years of the previously approved administrative positions to reflect the full costs of all projects over the entire funding period through 2026; and,

WHEREAS, the City Manager first presented the Staff-Recommended ARPA/SLFRF spending plan to the City Council on January 12, 2022 as the result of a six month needs assessment, project evaluation, and project prioritization process; and,

WHEREAS, following the initial presentation of the Staff-Recommended Spending Plan, City staff and Councilmembers hosted a virtual community meeting as well as a public hearing, multiple staff presentations, and Council budget reconciliation sessions during regular Council meetings in January and February to allow for discussion and public input regarding the best uses of the remaining balance; and,

WHEREAS, the City Council revised the Staff-Recommended Spending Plan into a multi-year ARPA Spending Plan that is outlined in this ordinance and reflects Council priorities and Council's desire to address the most urgent needs of Takoma Park residents over the next five years; and,

WHEREAS, descriptions and budgeted amounts for City Council approved ARPA/SLFRF projects are attached here as Exhibits A and B; and,

WHEREAS, the City Council believes the uses outlined in this ordinance will optimize positive impacts on the residents of Takoma Park and the City as an institution, by focusing on immediate aid and longer-term support for high-need residents and businesses to promote the City's economic recovery, investments in City facilities and operational capacity to improve service delivery for vulnerable residents long-term, and a contingency margin to protect the City's fiscal health.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND THAT:

SECTION 1. The multi-year ARPA budget for the remaining SLFRF in the amount of \$15,248,824.52 is adopted hereto as outlined in Exhibits Attachment A and B by

reference made a part hereof and is hereby effective for the fiscal year commencing on July 1, 2021 and ending June 30, 2022.

SECTION 2. The following initial allocations are hereby appropriated for the remaining balance of ARPA/SLFRF:

Fund	Effective Period	City Council Appropriation
ARPA/SLFRF Fund	March 2, 2022 – December 31, 2026	\$15,248,824.52

SECTION 3. A general contingency amount of \$463,825 has been included in the ARPA/SLRF Fund spending plan.

SECTION 4. More detailed multi-year budget breakdowns^{JC1} and an updated timetable for each newly approved project by fiscal year will be provided in the upcoming Fiscal Year 2023 Preliminary Budget Book.

SECTION 5. The City Council will review the ARPA Spending Plan as part of the Council^{JC2} review of the Preliminary Fiscal Year 2023 budget and before final Fiscal Year 2023 budget decisions are made, and will review it regularly thereafter, except as noted in Section 6, through quarterly Council work sessions, and will adjust the plan as necessary ~~on a quarterly basis thereafter~~ as part of the regular budget amendment process depending on the pace and impact of the ARPA projects proposed herein.

SECTION 6: Council will hold monthly work sessions with staff briefings for the remainder^{JC3} of Fiscal Year 2022 to review the details of the implementation plan for the Social Services^{JC4} Partnerships projects (direct cash assistance, grants to non-profits, and Community Connectors) and to receive updates on the Library, Community Center, and Recreation Center renovation projects during the final quarter of Fiscal Year 2022.

SECTION 7: If following a period of 18 months from the date of enactment of this resolution the^{JC5} City has not signed an agreement with one or more partners for development, construction and operation of the Business Incubator (Item # 12 in Exhibit A), the program shall be cancelled and the funds returned to the ARPA Contingency Fund for potential use in other purposes allowable under ARPA, unless the Council votes affirmatively to retain funding for the program.

Adopted this ____ day of _____ by roll-call vote as follows:

AYE:

NAY:

ABSENT:

ABSTAIN:

EXHIBIT A
ARPA/SLFRF Project Descriptions and
City Council Approved Budget Amounts
For Balance of ARPA/SLFRF

1. Emergency Rental Assistance

Budget: \$500,000

ARPA funding will be utilized to prevent Takoma Park residents from potential eviction from rental housing and homeownership. This is a continuation of efforts already underway for two more years, with assistance from Montgomery County as well as local non-profits.

2. Mental Health Crisis Counselors

Budget: \$600,000

This two-year pilot program will employ two mental health counselors on a full-time basis to respond to calls involving residents in crisis and suffering mental health issues. Counselors under the direction of the City Manager's Office will work with City Departments and the Montgomery County Health and Human Services crisis teams to respond to active cases and to provide follow-up for identified residents.

3. Grants for Small Businesses

Budget: \$300,000

Short-term grants will be made available to small businesses especially those who experienced economic harm during the pandemic, to meet rent and/or payroll obligations, and grants for business expansion, business improvements, technical assistance, development of products and services. Grants will be targeted to small businesses that did not previously receive pandemic-related assistance as well as businesses outside the bounds of current business associations.

4. Recreation Scholarships and Academic Tutoring

Budget: \$300,000

A portion of the Recreation Scholarships funding will be for scholarships for all recreation classes and activities, to allow residents to participate who are otherwise unable to pay for services and programs. The other portion will be used to release a request for proposals for tutoring services to assist Takoma Park students who are struggling with schoolwork.

5. Social Services Partnerships – Community Navigators, Grants to Non-Profits, and^[JC6]
Direct Cash Assistance to Vulnerable Residents

Budget: \$3,000,000

The goal of this three-pronged program is to address economic and social services needs of residents with low incomes and those facing barriers to accessing social services, including those who have been negatively affected, economically or otherwise, by the COVID-19 pandemic, or who are at risk to be so affected. First, the City will use^[JC7] \$ _____ million of the allocation to distribute -- as rapidly as practicable -- cash payments directly to vulnerable residents, including residents living in rent-assisted apartments or enrolled in income-tested programs.

The remainder of these funds () shall be used for the other two prongs of the program. In the second prong, the City will develop a Community Navigators program to identify and engage with individuals and households that may not typically engage with government at various levels, or that may otherwise not be aware of government services, to help are identified and connected them to available social services at the City, County and State levels. In the third prong, The City will also develop an RFP and grant program for be used for partnerships with area non-profits to evaluate and fill any gaps in social services provision in Takoma Park, with a focus on residents with low incomes and those who face barriers to accessing social services. and to build community awareness of resources available. As the third prong of this program, the City will distribute cash payments directly to vulnerable residents in need of financial support.

6. Lending Program: Wi-Fi Hotspots

Budget: \$3,000

The City will purchase 30 Wi-Fi hotspot units at approximately \$99/each, for a total of \$3,000 to expand internet access in Takoma Park to those who can't afford it. The cost of administering the use of hotspot units has been built into the Library's regular General Fund budget.

7. Lending Program: Laptops

Budget: \$11,000

For laptop lending, the City will purchase 30 convertible laptops to provide for computing needs of residents who require access beyond open hours of the Library Computer Center, for periods longer than a session at the Computer Center, or to use elsewhere inside the Library. At a cost of approximately \$250 per laptop, plus \$70 for a 4 Year Laptop Accident Protection Plan, the total cost of purchasing laptops equals \$9,600. The remaining \$1,400 of this project line-item is to be spent on a secure cart that keeps computers charged and ready for checkout. Paired with the Wi-Fi hotspot lending and municipal broadband programs, this is part of the Library's effort to use ARPA funding to bridge the City's digital divide.

8. Municipal Broadband

Budget: \$400,000

This project will help bridge the digital divide, encourage workforce development, and support remote work and education. Monthly subsidies for broadband internet access will be made available for residents who are experiencing economic hardship, in particular those families who earn less than \$50,000 per year.

9. Multi-Family Housing Rehabilitation

Budget: \$1,000,000

Loans and/or grants to multi-family property owners will incentivize rehabilitation and ensure availability of quality and affordable units. Loans and/or grants may also incorporate energy conservation or other sustainability requirements, and will coordinate with energy efficiency upgrade funds as appropriate. Rehabilitation grants have been shown to improve housing conditions, health outcomes, and mental health. ARPA/SLFRF housing rehab funds will be targeted to multi-family building owners (including condominiums) and their tenants who are low-to-moderate income or most affected economically by COVID-19.

10. Energy Efficiency Upgrades

Budget: \$500,000

Grants for energy efficiency upgrades will be targeted to multi-family buildings that are occupied by low-to moderate-income residents and homeowners with low-to moderate-incomes (including condominium unit ownership), or those who are most affected economically by COVID-19. Small business would also be eligible to install high-efficiency utility systems (such as all-electric heating, cooling, water heating, insulation, air sealing measures, renewable energy systems, etc.) and associated repairs (e.g., ventilation improvements, moisture control, structural improvements). Funds for energy efficiency upgrades will be coordinated with the Housing Rehabilitation Fund and incorporate energy audit or other efficiency requirements as appropriate.

11. Workforce Development for Underemployed Residents

Budget: \$100,000

The changing landscape of work requires that more residents receive training and skills enhancement to increase economic opportunities over the long-run. Many City residents are underemployed or unemployed. This requires a focus on re-training or credentialing of residents who are seeking additional training and support.

12. Business Incubator

Budget: \$500,000

Takoma Langley Crossroads is undergoing a transition as many first- and second-generation immigrants are becoming young adults and beginning their entrepreneurial journeys. The services of the business incubator will be available to this population and any resident of the City of Takoma Park. A permanent, brick and mortar home will be transformational to the Crossroads area and will provide stable employment for area residents, workforce training, and business incubation for restaurants and artisans. The City's financial support can be leveraged for rent, tenant improvements, property acquisition, or other needs of the businesses located there.

13. Recreation Center Redevelopment

Budget: \$320,000

The Recreation Center building continues to host programming for residents and City offices. These funds can support any major repairs that might be needed while research is being completed on the center's redevelopment path. This funding can also be used for part of the design costs of the redevelopment as needed. Redevelopment of the facility will allow more space for social distancing and resident programs, as well as improve the ventilation system and overall usability of the facility by residents (parts of the structure are currently inaccessible).

14. Community Center Renovation

Budget: \$1,000,000

The first-floor lobby area will be reconfigured to improve the emergency call center work environment and allow social distancing. Additional office space and meeting rooms will be created as a result of this renovation project and will be made available for private mental health counseling as needed and other City functions.

15. Premium Pay for Essential Workers

Budget: \$272,000

This allocation will provide premium pay for City workers who performed essential work during the pandemic, defined by the Interim Final Rule as "work involving regular in-person interactions or regular physical handling of items that were also handled by others." ARPA funds cover pay for employees who worked during the COVID-19 emergency, many of whom were hardest-hit by the pandemic. The proposed pay will be structured as a \$3,400 one-time lump sum payment to essential employees.

16. Financial Software Upgrade

Budget: \$165,000

The City's financial software will be upgraded to help City staff administer ARPA funds and City services more efficiently (budget monitoring, expense tracking, procurement, other administrative functions), facilitate greater transparency, and public reporting.

17. Interactive Online Budget Platform

Budget: \$124,000

The purchase of a user-friendly interactive web-based tool or budget explorer will help residents, Council and staff navigate the City's operating, ARPA and capital budgets. This will help users understand how the City spends its money, make it easier for the City to arrive at budget decisions, and preserve fiscal resources.

18. City/ARPA Contingency Fund

Budget: \$463,824.52

The contingency fund is a set-aside for any new City project and program priorities which could emerge between 2022 and 2024. The contingency fund could also be used urgencies and/or for costs related to Council approved ARPA projects that may exceed budget projections.

19. Library Expansion

Budget: \$4,000,000 (HOLD)

Due to inflation and supply chain issues related to the pandemic, the Library's original bond funding is no longer sufficient to complete the project as designed. ARPA funds will allow the City to move forward with the project without further delays and increases to the funding gap. This project ensures that the Library's services are improved and remain accessible to disproportionately impacted communities. These funds are on hold pending ~~further review by Council~~. Council review of value engineering studies and construction manager recommendations, which may include incorporation of bid alternatives into the RFP. Staff will continue exploration of possible supplemental funding from other sources.

20. July Budget Amendment Temporary Administrative Positions – Subsequent Years

Budget: \$1,690,000

The July budget amendment approved the first year's worth of costs for the new temporary hires to administer the ARPA funds, namely the ARPA Manager, IT Analyst, and Payroll & Accounting Specialist. These positions are either already hired or in the hiring process. This amount reflects the remaining four years of salaries and benefits for the duration of the funding period (2023-2026) to support these positions.

EXHIBIT B

Table 1: ARPA/SLFRF Budget Plan – New Budget Allocations for Remaining Balance

PROJECT NAME	AMOUNT
Administrative Salaries/Benefits (July Budget Amendment cont.)	1,690,000
Emergency Rental Assistance	500,000
Mental Health Counselors	600,000
Grants to Small Businesses	300,000
Recreation Scholarships and Tutoring	300,000
Social Services Partnerships	3,000,000
Lending Program: WiFi Hotspots	3,000
Lending Program: Laptops	11,000
Municipal Broadband	400,000
Multi-Family Housing Rehabilitation	1,000,000
Energy Efficiency Upgrades	500,000
Workforce Development	100,000
Crossroads Business Incubator	500,000
Recreation Center Redevelopment	320,000
Community Center Renovation	1,000,000
Premium Pay for Essential Workers	272,000
Financial Software Upgrade	165,000
Interactive Online Budget Platform	124,000
City/ARPA Contingency Fund	463,824.52
Library Expansion – HOLD*	4,000,000
TOTAL ARPA/SLFRF	15,248,824.52

**Funds allocated for the library expansion are on hold pending
Council [JC11] review of the value engineering recommendations.*

Table 2: ARPA/SLFRF Budget Plan Totals and FY22 Projected Spending^[JC12]

<i>ARPA Funding Use</i>	<i>Department</i>	<i>TOTAL ARPA FUNDS ALLOCATED</i>	<i>FY22 Budget Amendment (w/ Projected Estimate through June 2022)</i>
Lending Program: Wi-Fi Hotspots	Library	\$3,000	\$3,000
Community Engagement	City Manager	\$100,000	\$100,000
Food Insecurity Grants	Housing and Community Development	\$250,000	\$250,000
Facade Improvement	Housing and Community Development	\$8,000	\$8,000
Lending Program: Laptops	Library	\$11,000	\$11,000
Workforce Development	Housing and Community Development	\$100,000	\$0
Grants for small businesses	Housing and Community Development	\$300,000	\$200,000
Recreation Program Scholarships & Tutoring	Recreation	\$300,000	\$100,000
Municipal Broadband	Library	\$400,000	\$125,000
Emergency Rental Assistance	Housing and Community Development	\$750,000	\$250,000
Energy Efficiency Upgrades	Public Works	\$500,000	\$0
Takoma-Langley Crossroads Business Incubator	Housing and Community Development	\$500,000	\$0
Mental Health Crisis Counselors	Police	\$600,000	\$200,000
Multi-Family Housing Rehabilitation Fund	Housing and Community Development	\$1,000,000	\$0
Community Connectors (Social Services Partnerships)	City Manager	\$600,000	\$50,000
Grants to Non-Profits (Social Services Partnerships)	City Manager	\$600,000	\$0
Direct Cash Assistance (Social Services Partnerships)	City Manager ^[JC13]	\$1,800,000	\$200,000
Recreation Center Redevelopment	Housing and Community Development	\$320,000	\$0
Community Center Renovation	Public Works	\$1,000,000	\$0
Library Expansion (hold)	Library	\$4,000,000	\$0
Interactive Online Budget Tool	Finance	\$124,000	\$0
Financial Software Upgrade	Finance	\$165,000	\$0

Premium Pay for Essential Workers	Human Resources	\$272,000	\$272,000
Document Management Platform	City Manager	\$100,000	\$100,000
Fiscal Year 2022 Revenue Loss Estimate	City Manager	\$1,191,900	\$1,191,900
ARPA Administrative Staff - Temporary Hires	City Manager	\$2,005,000	\$315,000
ARPA Contingency Amount	Finance	\$463,824.52	\$0
TOTAL	All Departments	\$17,463,724.52	\$3,375,900