



City of San Marcos

American Rescue Plan (ARP) Funding

Budget Policy Workshop

February 16 & 17, 2022



History

- US Treasury launched Coronavirus State and Local Fiscal Recovery Fund program totaling \$350B
- San Marcos total allocation \$18,101,483
- Received \$9,050,741 on June 1, 2021
- Anticipate remainder to be received June 2022
- Funds incurred during the period 3/3/2021-12/31/2024 and expended by 12/31/2026



Initial Distribution

Category	Budget	Expended Thru 12/31/21
Public Health Response	\$4,017,730	\$976,130
Negative Economic Impacts	\$1,303,000	\$69,354
Services to Disproportionately Impacted Communities	\$1,945,676	\$100,000
Infrastructure *	\$1,784,335	\$1,652
Total	\$9,050,741	\$1,147,136

** Land purchase approved by Council - \$950,000*



1st Round Council Deferred Funding

Project	Reduced Amount
Briarwood & River Ridge stormwater project *	\$0
Stormwater improvements @ City facilities	\$100,000
Stormwater improvements @Hull/Grove St.	\$100,000
Small Business Counseling Program	\$100,000
Marketing grant for digital campaigns	\$147,000
Total	\$447,000

** Funding available from other sources (TWDB)*



State and Local Fiscal Recovery Funds (SLFRF) Final Rule

- Released in January 2022
- Effective April 2022 - Treasury will not take action if implemented prior to that date
- Provides more flexibility and is simplified
- Resources
 - Final Rule [SLFRF-Final-Rule.pdf \(treasury.gov\)](#)
 - Final Rule Overview [Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule \(treasury.gov\)](#)



State and Local Fiscal Recovery Funds (SLFRF) Final Rule

- **Key changes from May 2021 Interim Rule**
 - Replacing Lost Public Sector Revenue: Standard allowance for revenue loss
 - Public Health and Economic Impacts:
 - Clarifies can use for capital expenditures that support
 - Expanded households/communities disproportionately impacted by COVID-19
 - Broader uses in this area
 - Broader set of uses to restore and support government employment including hiring above pre-pandemic baseline and retention incentives
 - Premium pay: more streamlined options to providing
 - Water, Sewer, Broadband Infrastructure: broadens eligible broadband infrastructure



State and Local Fiscal Recovery Funds (SLFRF) Final Rule-Overview

- **Replace lost public sector revenue: standard allowance up to \$10M, not to exceed award amount, to spend on government services including but not limited to:**
 - Road building and maintenance and other infrastructure
 - Health services
 - General government administration, staff and admin facilities
 - Environmental remediation
 - Provision of public safety services (including purchase of vehicles)
 - *Restrictions: offset a reduction in tax revenue, deposits into pension funds, debt service, settlements/judgements, or for any purpose that conflicts with the purpose of the American Recovery Plan Act*



State and Local Fiscal Recovery Funds (SLFRF) Final Rule-Overview

- **Support COVID-19 public health and economic response by addressing COVID-19 and its impact including but not limited to:**
 - Programs, services, and capital expenditures that respond to the public health and negative economic impacts of pandemic
 - Public health uses include COVID-19 mitigation and prevention, medical expenses, behavioral healthcare, and preventing and responding to violence
 - Respond to negative economic impacts includes assistance to those that were either impacted or disproportionately impacted:
 - Households: re-employment, job training, food, rent, mortgages, utilities affordable housing development, childcare, early education, addressing learning loss
 - Small businesses or nonprofits: loans or grants to mitigate financial hardship, technical assistance
 - Assistance to impacted industries that faced substantial pandemic impact



State and Local Fiscal Recovery Funds (SLFRF) Final Rule-Overview

- **Provide premium pay for eligible workers performing essential work**
 - Performing in-person essential work in key economic sectors
 - Below a wage threshold
 - Non-exempt from FLSA



State and Local Fiscal Recovery Funds (SLFRF) Final Rule-Overview

- **Invest in water, sewer, and broadband infrastructure**
 - Water and sewer projects including those eligible under EPA's Drinking Water State Revolving Fund, EPA's Clean Water State Revolving Fund, lead remediation, stormwater infrastructure, and aid for private wells/septic units
 - High Speed Broadband infrastructure in areas of need such as areas without access to adequate speeds, affordable options, or where connections are inconsistent or unreliable. Projects must require broadband service providers to participate in low-income subsidy programs



Strategic Initiatives – 3 to 5 years

- Workforce Housing
- Sustainability
- Covid Response
- Community Safety
- Economic Development

- Additional Area of Focus: Assessment of Community Assistance
- Develop Equity Policy



Equity Framework

Equity: means people should be treated *uniquely* by public policy to compensate for different circumstances and consequent need for help from government.

VS

Equality: treating all people the same

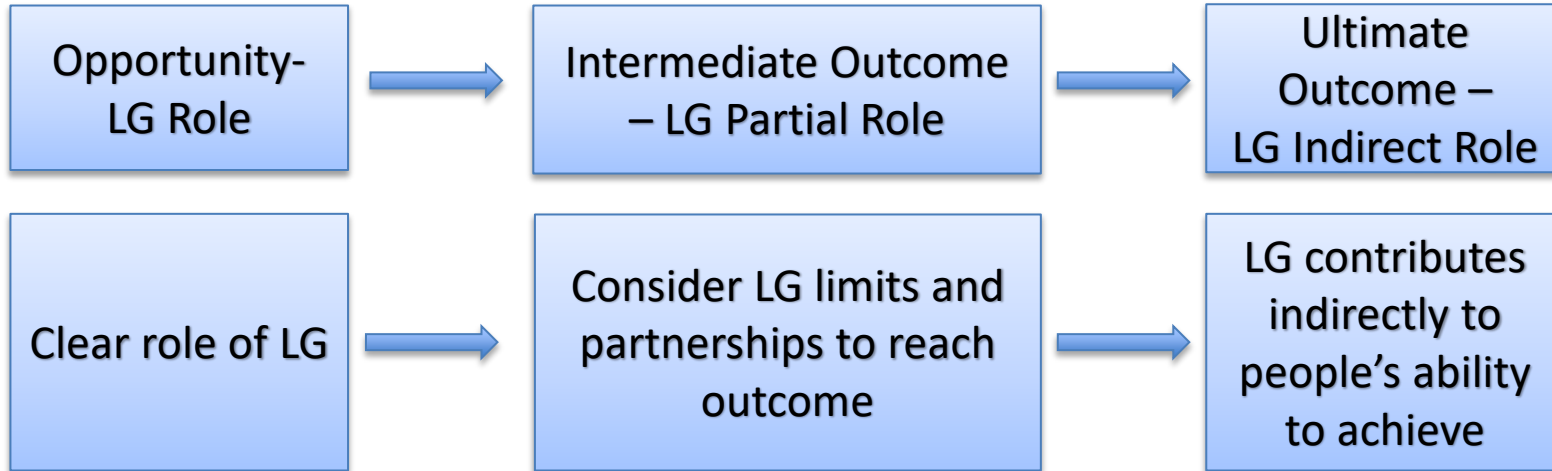


Other Considerations

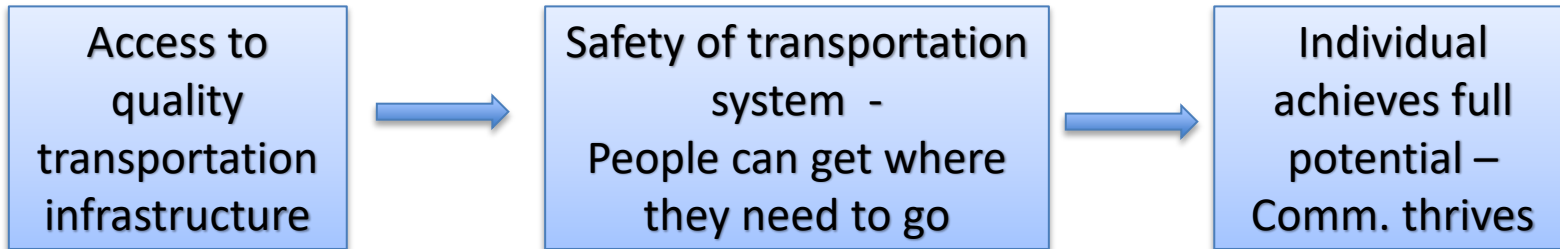
- Factors to consider in FY2023 General Fund operating budget
 - Homestead exemption and increase of Sr./Disabled exemption
 - Tax rate considerations
 - Strategic initiatives
 - Core services
- Core local government functions: Health, Safety and Welfare
- Constraints of debt model and capacity of CIP with flat rate
- Personnel: additional staff needed, compensation, recruitment and retention
- City Hall building
- Outcome based programs



Equity Framework – Local Government (LG) Role



Example – Mobility=Access to Economic Opportunity



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Equity Framework - Criteria

- Proposed criteria for equity consideration:
 - Are services provided accessible
 - Do services produce desired outcomes
 - Are services located in an area of need



Potential Allocation/Distribution

\$9,050,742 = Total 2nd round distribution

\$6,050,742 = Support core local government function to effectively serve growing community and meet Council strategic initiatives

\$3,000,000 = Community-based programs considered for funding under equity criteria established by Council



Timeline

- **February-April 2022:**
 - Department needs/requests gathered
 - Call for external applications
 - Council direction incorporated into proposed ARP funding application
- **May 2022:** Present ARP proposed budget to Council (including applications received) for 2nd round of funding
- **June 2022:** 2nd round funds received
- **June 2022-Dec 2026:** Funds spent



Council Direction

- Allocation of funds – Does Council support the funding split on slide 16?
- Equity Framework – Does Council want to move forward with equity-based criteria/framework for community-based applications for funding?
- Equity Criteria – If including equity, finalize development of criteria (Slide 15)
- Any other considerations?



Discussion/Questions?