

COUNCIL AGENDA REPORT
City of Brawley

Meeting Date: December 21, 2021
City Manager: TRJ

PREPARED BY: Karla Romero, Finance Director/City Treasurer

PRESENTED BY: Karla Romero, Finance Director/City Treasurer

SUBJECT: Discussion and potential action to approve the American Rescue Plan Act Spending Plan and associated budget adjustments.

CITY MANAGER RECOMMENDATION: Approve the American Rescue Plan Act Spending Plan, associated budget adjustments and direct staff to provide a progressive update every six months until all funds are spent.

DISCUSSION: On March 11, 2021, the American Rescue Plan Act 2021 (ARPA) was signed which launched the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to provide \$350 billion in nationwide emergency funding for state, municipalities, counties, tribes, and territories. Of the \$350 billion, the City of Brawley will receive \$6,274,056 in one-time funding. Funding will be received in two equal disbursements of \$3,137,028 with the first payment received in July 2021 and a second payment expected in July 2022.

The emergency economic stimulus bill provides fiscal aid to address the ongoing COVID-19 public health crisis. ARPA provides funding to meet local needs, including COVID-19 response, replacing public sector revenue loss, premium pay for essential workers, improving facilities to ensure health and safety, increase usage of outdoor spaces, as well as investing in public water and wastewater infrastructure and broadband.

The United State Treasury continues to update and finalize procedures, processes, audit, and detailed reporting requirements on eligible uses. Recommendations are based on guidance dated May 17, 2021. The attached plan has been developed with executive staff input based on the City's priorities. The City identified a total of 39 eligible needs with an estimated combined cost of \$9,051,566, which exceeds available funding by \$2,777,510.

Each agency has the flexibility to determine how to best use fiscal recovery funds to meet their needs. A priority level was assigned to each identified project.

- 1 - High – critical to enhance operational efficiencies and/or update outdated infrastructure
- 2 - Medium – would augment operations and should be considered if savings from high priority items are achieved
- 3 - Low – desired but not critical, will seek other grant funding opportunities and/or incorporate into future fiscal year budgets

Proposed projects, estimated cost, and priority levels are detailed in Exhibit A of the attached ARPA Spending Plan. Public meetings are a time to collect public input on the use of these one-time funds. Planned uses may be amended based on public input, cost savings, or newly identified needs. The majority of expenses must be spent by December 31, 2024. Water and wastewater infrastructure improvements can be spent by December 31, 2026.

FISCAL IMPACT: If approved, the following expense budget adjustments would recognize the proposed high priority projects. The budget may be amended based on implementation progress. ARPA revenues received in July 2021 (\$3,137,028) were approved in the 2021/22 First Quarter Budget Report presented on November 16, 2021.

DESCRIPTION	ACCOUNT NUMBER	AMOUNT
Expense, Improvements Water	209-191.000-800.300	\$3,482,762*
Expense, Equipment/Vehicles	209-191.000-800.500	\$1,240,000
Expense, Equipment/Broadband	209-191.000-800.400	\$710,794
Expense, Revenue Loss Transfer to General Fund	209-191.000-920.102	\$500,000
Expense, Premium Pay	209-191.000-700.900	<u>\$340,500</u>
TOTAL EXPENSES		\$6,274,056
Revenue, Revenue Loss Transfer in to General Fund	101-191.000-600.249	\$500,000

*Total reduced by \$113,438, which would be supplemented with Water Enterprise Funds.

ATTACHMENT: American Rescue Plan Act (ARPA) Spending Plan

City of Brawley
American Rescue Plan Act (ARPA) Spending Plan

December 21, 2021

ARPA guidelines provide four board categories of eligible uses. Contributions into any pension fund or debt service payment are expressly prohibited. Exhibit A details all identified eligible uses of ARPA funds, however, this report focuses on the high priority items, which would be funded first.

Water and Wastewater Infrastructure Improvements - \$3,482,762

The ARPA plan sets aside \$3,000,000 for the rehabilitation of the water line on Main Street from 8th Street to Eastern Avenue. These funds combined with other sources of restricted revenues would allow for the full replacement of the water line and repaving of Main Street.

Staff is also requesting \$500,000 to establish a water meter and backflow installation program to assist small businesses impacted by COVID who also have the requirement to install these devices. There are approximately 150 accounts without water meters and 80% are anticipated to need a backflow. The program is estimated to assist between 50-75 businesses. The City also has 15-16 failed backflows at various facilities with an estimated replacement cost of \$96,200 which are recommended as a high priority.

Public Health Response - \$1,240,000

A fire apparatus is recommended with an estimated cost of \$630,000 (10% of total ARPA fund and subject to a 7% increase if the order is placed after 1/30/2022). The new fire engine would replace a 2003 engine, which would become a reserve engine. The recommended life of a fire apparatus is 10 years as an active responder and 20 years as a reserve engine. The current engine has been active for 19 years and is anticipated to remain as a reserve engine for an additional 10 years, if a new engine is purchased.

Also incorporated in the proposed plan are the purchase of four fully equipped police units (\$380,000), four mobile digital signs (\$200,000), and one permanent digital sign to be located near the plaza (\$30,000). The digital signs would be used to communicate critical public information including but not limited to future public health orders.

Broadband Improvements to Public Facilities - \$710,794

There is a total of 11 broadband infrastructure projects identified as high priority with an estimated combined cost of \$710,794. These enhancements adapt current public buildings to implement COVID-19 mitigation tactics, increase employee safety and health while at work, increase the security of public facilities, and enhance the ability to respond to future unanticipated emergencies in an effective and efficient manner.

Revenue Loss Replacement - \$500,000

The City experienced declines in revenues due to the economic downturn and changing economic patterns during the pandemic. This combined with public health orders to shelter in place resulted in a reduced workforce, the inability to provide programs and recreational services, and delayed investments in critical infrastructure purchases or upgrades. The ARPA guidelines allow for a partial recovery of lost revenues. Staff recommends recovering \$500,000 of lost revenue which would be transferred into unassigned General Fund reserves.

Organizational Excellence - \$340,500

City staff continued to provide exceptional services to our community during the pandemic by providing new public communication efforts, enforcement of public health orders, continuity of critical services, implementing new safety measures, and enhanced cleaning and social distancing efforts. To recognize these efforts, one-time lump sum premium payment, not subject to retirement benefits, is recommended for currently active employees at \$2,500 for full-time and \$1,000 for permanent part-time for a total estimated cost of \$340,500 or 5.43% of the total ARPA allocation.

Expense Category	Requested Expense	Estimated Cost	Priority Level	COVID Impact to Mitigate
Water Infrastructure	Rehabilitation of water line on Main Street from 8 th Street to Eastern Avenue	\$ 3,000,000	1 - High	Public Health, water infrastructure
Public Health Response	Fire apparatuses to respond to local emergencies, replacing a 2003 engine number 3912 which will be kept as a reserve engine	\$ 630,000	1 - High	Enforcement of Health Orders
Water Infrastructure, Business with Negative Economic Impacts due to COVID	Water meter installations at small businesses - 150 accounts with 80% also requiring backflows reimbursement program	\$ 500,000	1 - High	Public Health, water infrastructure
Reductions in Revenue	Loss in general tax revenues	\$ 500,000	1 - High	Economic Impact from COVID
Public Health Response	Police vehicles (4 fully equipped units)	\$ 380,000	1 - High	Enforcement of Health Orders, Public Communication
Premium Pay for essential workers	One-time premium payment Work involving in person interactions or regular physical handling of items that were also handled by others	\$ 340,500	1 - High	Support Public Facilities, Enforcement of Health Orders
Broadband Infrastructure	Upgrade to public safety radio system with encryption technology	\$ 256,294	1 - High	Public facilities response to public
Public Health Response	Digital signage and trailer to spread information related to public health orders (4) for each city entry point	\$ 200,000	1 - High	Public Communication, Isolation & Quarantine
Broadband Infrastructure	Upgrade citywide phone system	\$ 120,000	1 - High	Public facilities response to public
Water Infrastructure	Backflow installations at City facilities	\$ 96,200	1 - High	Public Health, water infrastructure
Broadband Infrastructure	Refresh main firewall to ensure safety and continuity of public services	\$ 90,000	1 - High	Public facilities response to public
Broadband Infrastructure	Fire station 2 - fiber connection	\$ 90,000	1 - High	Public facilities response to public
Broadband Infrastructure	Dispatch center - refresh datacenter redundant core	\$ 60,000	1 - High	Public facilities response to public
Broadband Infrastructure	UPS power supply battery backup appliances for all City locations	\$ 40,000	1 - High	Public facilities response to public
Public Health Response	Permanent digital changing sign to be located in the plaza for public messages	\$ 30,000	1 - High	Public communication access
Broadband Infrastructure	Refresh existing point to point wireless bridge to Public works building	\$ 15,000	1 - High	Public facilities response to public
Broadband Infrastructure	Refresh existing point to point wireless bridge to Lions Center building	\$ 15,000	1 - High	Public facilities response to public
Wastewater Infrastructure, Broadband Infrastructure	Refresh Wastewater Plant Firewall and modem. Cybersecurity needs to protect water or sewer infrastructure	\$ 10,500	1 - High	Public Health, waster water infrastructure, public communication
Water Infrastructure, Broadband Infrastructure	Refresh Water Plant Firewall, Cybersecurity needs to protect water or sewer infrastructure	\$ 7,000	1 - High	Public Health, water infrastructure, public communication
Broadband Infrastructure	Refresh fire wall at fire station 1	\$ 7,000	1 - High	Public facilities response to public
Wastewater Infrastructure	Supply Emergency Power to Headwork's Screen, on CIP for FY 2022/23 and 2023/24	\$ 684,862	2 - Medium	Public Health, water infrastructure
Wastewater Infrastructure	Lift Station No. 1 Rehabilitation, on CIP for FY 2022/23	\$ 435,160	2 - Medium	Public Health, water infrastructure
Public Health Response	Citywide touchless door systems with ID badges for all entrances, security upgrades	\$ 300,000	2 - Medium	Enforcement of Health Orders
Public Health Response	Air Purifying systems for Lions Center gym	\$ 175,000	2 - Medium	Enforcement of Health Orders
Public Health Response	Air Purifying system for Police building	\$ 150,000	2 - Medium	Enforcement of Health Orders
Public Health Response	Air Purifying system for Finance building	\$ 150,000	2 - Medium	Enforcement of Health Orders
Public Health Response	Financial transparency and reporting portal, can pay through December 30, 2026 would track all ARPA expenses. Planning and Analysis to improve programs to address COVID. Targeted consumer outreach including surveys	\$ 115,000	2 - Medium	Public Communication, Isolation & Quarantine

City of Brawley
American Rescue Plan Act Funding

Expense Category	Requested Expense	Estimated Cost	Priority Level	COVID Impact to Mitigate
Public Health Response	Police vehicle for community safety response/graffiti abatement	\$ 75,000	2 - Medium	Enforcement of Health Orders, Public Communication
Public Health Response	Fire squad unit	\$ 70,000	2 - Medium	Enforcement of Health Orders
Wastewater Infrastructure	Library Sanitary Sewer Pipeline Replacement, on CIP for FY 2022/23	\$ 61,000	2 - Medium	Public Health, water infrastructure
Broadband Infrastructure	Outdoor wireless access at various parks	\$ 50,000	2 - Medium	Public communication access
Public Health Response	Police social distancing tools - 24" ductless fume hood for precautionary processing of evidence, N95 masks, Desks and partitions for distance learning, computers and monitors (2), headphones, laptops, outer carrier vests	\$ 46,450	2 - Medium	Enforcement of Health Orders, Public Communication
Public Health Response/Broadband Infrastructure	Finance laptops for ability to work remotely, individual desktop scanners to reduce use of shared printers and scan everything into the financial system	\$ 25,000	2 - Medium	Isolation & Quarantine, public health response
Public Health Response	EAP program for employee mental health and well being, can pay through 12/30/2024	\$ 21,600	2 - Medium	Enforcement of Health Orders
Broadband Infrastructure	Outdoor public Wireless access at library	\$ 15,000	2 - Medium	Public communication access
Water, Wastewater, Sewer Infrastructure	Water conservation programs - turf rebate program, low flow shower heads, etc.	\$ 200,000	3 - Low	Economic Impact from COVID
Public Health Response/Broadband Infrastructure	Library - Digitization of newspaper collection	\$ 40,000	3 - Low	Enforcement of Public health orders at public facilities, access to public information, Isolation & Quarantine
Public Health Response	Library automated doors for touchless entry system	\$ 30,000	3 - Low	Enforcement of Public health orders at public facilities
Public Health Response/Broadband Infrastructure	Library - Computers and desks for patrons - Digital literacy services	\$ 20,000	3 - Low	Enforcement of Public health orders at public facilities, access to public information

\$ 9,051,566	Total Potential Expenses
\$ (6,274,056)	ARPA Awarded
\$ 2,777,510	Over/(Under)

Priority Level	Number of Projects	Estimated Cost	Over/(Under) ARPA Awarded
High	20	\$ 6,387,494	\$ 113,438
Medium	15	\$ 2,374,072	\$ 2,487,510
Low	4	\$ 290,000	\$ 2,777,510
OVERALL TOTAL	39	\$ 9,051,566	



CITY OF BRAWLEY DECEMBER 21, 2021

Business Item 5f

American Rescue Plan Act Spending Plan

INTENT OF TODAY'S OVERVIEW

- Most funds must be spent by December 31, 2024
 - Water and Wastewater funds can be spent by December 31, 2026
- All expenses are subject to Federal guidelines, reporting, and auditing
 - Some expenses are subject to rate increases by January 31, 2022
- Allow and encourage public input on the proposed plan

- Acquire City Council direction on the proposed plan and priority levels
 - Have questions on proposed expenses?
 - Adamantly disagree with any proposed expenses?
 - Do you think a medium or low priority item should be a higher level?

OVERVIEW OF THE ARPA SPENDING PLAN

How was the plan designed?

- Based on guidance from U.S. Treasury
- With input from all Executive Staff

Why does the plan exceed the amount of funding?

- There are more needs than allotted funds
- Some high priority level expenses have already been reduced
- Savings can lead to funding of medium priority level expenses

What does each priority level mean?

- 1-High = will fund, critical to enhance operations or replaced outdated infrastructure
- 2-Medium = may fund, would augment operations
- 3-Low = will seek other funding sources, not critical but would enhance services

1 – HIGH PRIORITY LEVEL PROJECTS

# of Projects	Types of Projects	Funding	% of Funding
3	Water and Waster Infrastructure - Water line on Main Street from 8 th Street to Eastern Avenue - Water meter and backflow installation program for businesses (recommend \$500,000; cost is estimated at \$2.5M) - Backflow installations for city facilities	\$3,482,762	56%
4	Public Health Response - Fire engine apparatus (1) - Fully equipped Police units (4) - Movable digital signage and trailers (4) - Permanent digital sign near the Plaza	\$1,240,000	20%
11	Broadband Improvements - Public safety radio system encryption technology - Citywide phone system - Firewall, fiber connection, wireless bridges, cybersecurity	\$710,794	11%

1 – HIGH PRIORITY LEVEL PROJECTS, CONTINUED

# of Projects	Types of Projects	Funding	% of Funding
1	Revenue Loss Replacement (recommend \$500,000; calculation is estimated at \$2.3M)	\$500,000	8%
1	Organizational Excellence - One-time premium pay for all current full-time (\$2,500) and permanent part-time (\$1,000) employees	\$340,500	5%
40		\$6,274,056	100%

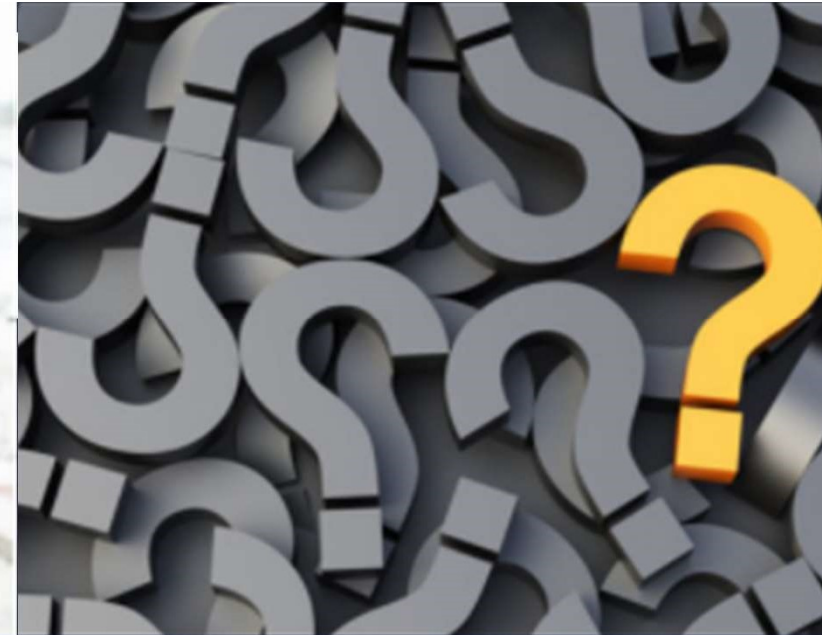
- Two reduced items would add \$3,835,000 to the high priority level items
 - and the overall total would be \$12,886,566
- Recommendations improve daily work environments for employees
 - Provide essential tools and upgrades to be more efficient and responsive
 - Recognize revenue losses and continuity of services provided by staff

2 – MEDIUM PRIORITY LEVEL PROJECTS

# of Projects	Types of Projects	Funding Need	% of Funding
3	Water and Wastewater Infrastructure <ul style="list-style-type: none">- Emergency power upgrades- Lift station rehabilitation- Sanitary sewer pipeline replacement at main Library	\$1,181,022	19%
10	Public Health Response <ul style="list-style-type: none">- Facility upgrades to air circulation and entryways- Addition police and fire vehicles (1 each)- Implementation of remote work/training capabilities	\$1,128,050	18%
2	Broadband Improvements <ul style="list-style-type: none">- Wireless access points in public spaces	\$65,000	1%
15		\$2,374,072	

3 – LOW PRIORITY LEVEL PROJECTS

# of Projects	Types of Projects	Funding Need
1	Water and Wastewater Improvements - Water conservation programs	\$200,000
2	Public Health Response - Expanded access to digital literacy - Entryway upgrade	\$70,000
1	Broadband Infrastructure - Digital literacy access	\$20,000
4		\$290,000



- The plan can and will be amended based on progress
- Finance will provide an update on progress every six months (every June and December) until all funds are expended