

# **BUILD BACK BETTER – NEW ROCHELLE**

## **Background**

The American Rescue Plan Act (ARPA) includes historic levels of state and local funding intended to help communities recover from the COVID pandemic and “build back better.”

New Rochelle has been awarded a total of nearly \$37m (\$36,938,483), split in two equal tranches of approximately \$18.45m. The first tranche has already been received, while the second is anticipated in May 2022.

It is in New Rochelle’s interest to identify best practices, procedures, and a strategic plan for ensuring that the city’s government, residents, businesses, and stakeholders realize the maximum relief and benefits available under our ARPA allocation.

This memorandum presents recommendations for the use of the first tranche. Following and based on feedback from the Council, these expenditures will be integrated into the City’s 2022 budget.

Use of the second tranche will be considered next year and then included in the 2023 and 2024 budgets. While this second round of expenditures may, in large part, extend and build upon the programming described below, this memorandum should be considered a living document that can evolve as the City monitors additional Federal actions on an infrastructure bill as well as other possible funding sources that could shift the demands on ARPA funding.

All ARPA funds must be obligated by the end of calendar year 2024 and fully expended by the end of calendar year 2026.

The COVID-19 pandemic was more than a public health emergency. The economic impact of COVID-19 has been acute, and governmental entities across the United States remain under exceptional stress. Due to the dynamic nature of the COVID-19 outbreak, the degree of any continuing impact on the City’s operations and finances is difficult to predict. There are many uncertainties relating to the pandemic’s duration and severity, as well as with regard to further actions that may be taken by Federal or State governments and other health care authorities to contain or mitigate COVID’s ongoing effects. As such, it will be important for the City to: (i) continually monitor how revenues have been and will continue to be affected by the pandemic-induced economic downturn, (ii) use such proactive measures as may be required to maintain its

operations and meet its obligations, and (iii) plan for the best and most strategic long-term use of its ARPA allocation.

## **Guidelines & Restrictions**

ARPA funds are restricted in their allowable use and must conform to standards and criteria written into the ARPA legislation itself or contained in subsequent guidance from the U.S. Treasury Department. (Of note, as of the date of this memorandum, the U.S. Treasury's rules and parameters are still considered "interim." A Final Rule is anticipated later this Fall.) To greatly simplify a complex set of regulations, New Rochelle's ARPA allocation falls into two broad categories:

### **Recovery and Resilience**

\$25.3m overall (\$12.65m in 2022)

Intended to facilitate recovery and promote resilience, equity, and health by addressing the human, economic, and environmental impacts of the pandemic. These funds are comparatively restricted and can be utilized only for explicitly defined categories and priorities, including:

- Public health investments that mitigate and prevent COVID-19.
- Assistance to households, business, and non-profits, provided that such assistance addresses and is proportionate to the negative impacts of the pandemic.
- Hazard pay for workers who performed essential duties during the pandemic.
- Investments in water, sewer, or broadband infrastructure.
- Aid to impacted industries, such as tourism, travel, and hospitality.
- Green infrastructure that reduces non-point source pollution, protects water quality, or improves resilience to the effects of climate change.
- Public sector capacity in data analysis and technology to improve the efficacy and efficiency of programs.
- Administration and oversight of ARPA funds.

Qualified Census Tracts: *Importantly, federal restrictions are somewhat eased for expenditures in a Qualified Census Tract (QCT), to families and individuals living in QCTs, or to other populations, households, or geographic areas disproportionately impacted by the pandemic. In identifying these disproportionately impacted communities (if these areas are outside QCTs), the City must explain how the pandemic disproportionately impacted the populations, households, or geographic areas to be served. For example, the expansion or improvement of public open space may be deemed eligible, if such spaces are within QCTs or utilized primarily by Low and Moderate Income (LMI) residents.*

### **Revenue Loss Replacement**

\$11.6m overall (\$5.8m in 2022)

Intended to make cities fiscally whole by addressing budget shortfalls experienced during and as a result of the COVID pandemic. While these funds cannot be used for debt service, fund balance replenishment, pensions, or tax reduction, they are otherwise largely unrestricted and can be directed to a wide range of municipal purposes, including personnel, services, and capital priorities.

### **Local Strategic Focus**

Beyond the requirements set by the federal government, the City Administration's recommendations are also informed by additional principles: (1) avoid duplication with Federal, State, and County programming; (2) achieve a whole-of-community, not just governmental, recovery; (3) prioritize one-time expenditures with sustained, long-term impact; and (4) reach for transformative opportunities that might be unattainable without the ARPA's unique infusion of resources.

## **Recommendations**

Based on the foregoing standards and criteria and current rules of the U.S. Treasury, the City Administration presents for the Council's consideration the following recommendations and options for the first tranche of roughly \$18.45 million.

### **Recovery & Resilience**

**\$12,650,000**

#### **Green Infrastructure**

**\$4,900,000**

Once-time capital investments with public health, water quality, recreational, climate, and/or environmental justice benefits, including creation and enhancement of open spaces serving QCTs and LMI populations.

Green Infrastructure Network	\$3,000,000
Design an inter-linked network of pollution-reduction and flood-mitigation nodes, with public health, recreation, and mobility benefits. <u>See attached memorandum for details.</u>	

Hudson Park Master Plan Phase I (Design)	\$500,000
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Flowers Park Building Renovation	\$500,000
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Shared Streets – Westchester Place	\$500,000
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Stephenson Park Improvements	\$400,000
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### Social Infrastructure \$2,580,000

Investments that address human needs, promote equity, and enhance opportunities within primarily LMI and QCT populations.

Not-for-Profit and Educational Support	\$1,850,000
Grants to local not-for-profit, service, and educational organizations that serve LMI and QCT populations, with a focus on building ongoing capacity, especially with respect to food security, housing, skills development, educational equity, and related priorities. <u>See attached memorandum for details.</u>	

MWBE Capacity Building & Workforce Development	\$730,000
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### Economic Infrastructure \$2,300,000

Grants, incentives, and in-kind professional guidance to help New Rochelle's business community, commercial property owners, and entrepreneurs thrive, while also attracting and growing catalytic enterprises that drive growth and expand opportunity, especially within QCTs. See attached memorandum for details.

### Municipal Infrastructure \$520,000

Investments in municipal facilities intended to create a safe working environment and limit exposure to illness for both employees and visitors.

City Hall Bathroom Renovations	\$200,000
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Fire Station No. 2 HVAC Systems	\$290,000
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Plexi-Glass Shields at City Hall Counters	\$30,000
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### Hazard Pay \$2,000,000

One-time bonus payment for frontline municipal workers who earn 150% of AMI or less. Receipt of hazard pay to be conditioned on proof of COVID vaccination.

ARP Compliance & Oversight \$350,000  
Consulting assistance to ensure regulatory compliance and efficient administration of federal funds.

**Revenue Loss Replacement \$5,800,000**

These expenditures will supplant outlays by the general fund, thereby strengthening the City's fiscal position and/or provide for high-priority capital investments that are ineligible for the ARPA's Recovery & Resilience funds.

Public Safety Personnel \$1,000,000  
5 Police Officers, 5 Firefighters

Public Safety Equipment \$1,000,000

Road Resurfacing: \$2,000,000  
Repair Roads Disrupted by Sanitary Sewer and Utility Projects

Mascaro Boys & Girls Club Roof Replacement: \$600,000

Ward Acres Barn Stabilization \$800,000

Ward Acres Master Plan Phase I \$250,000

City Hall Parking Lot Security Entrance: \$100,000

City-Wide Park Master Plan: \$50,000

**GRAND TOTAL: \$18,450,000**