



ARPA Funding Priorities

August 16, 2021
City Council Item 18





American Rescue Plan Act (ARPA)

- In total the ARPA provides for \$1.9 trillion in economic stimulus
- Competitive application programs available to residents, businesses, non-profits and the City covering rent, mortgage and utility assistance; economic recovery; public, behavioral and mental health
- Aside from ARPA – Governor Newsom announced FY 2022 State Budget to include \$100 billion in stimulus programs



State Pandemic Relief Funds

- \$4 million of City and County assistance for rents distributed so far to Pasadena residents
- \$2 billion for delinquent utility bills – split 50/50 between water and electricity, direct payment to utilities
 - > Funding expected in early 2022



American Rescue Plan Act (ARPA)

U.S. DEPARTMENT OF THE TREASURY

Appendix 1: Expenditure Categories

The Expenditure Categories (EC) listed below must be used to categorize each project as noted in Part 2 above. The term "Expenditure Category" refers to the detailed level (e.g., 1.1 COVID-10 Vaccination). When referred to at the summary level (e.g., EC 1) it includes all Expenditure Categories within that summary level.

1: Public Health
1.1 COVID-19 Vaccination ^
1.2 COVID-19 Testing ^
1.3 COVID-19 Contact Tracing
1.4 Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*
1.5 Personal Protective Equipment
1.6 Medical Expenses (including Alternative Care Facilities)
1.7 Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
1.8 Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
1.9 Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
1.10 Mental Health Services*
1.11 Substance Use Services*
1.12 Other Public Health Services
2: Negative Economic Impacts
2.1 Household Assistance: Food Programs* ^
2.2 Household Assistance: Rent, Mortgage, and Utility Aid* ^
2.3 Household Assistance: Cash Transfers* ^
2.4 Household Assistance: Internet Access Programs* ^
2.5 Household Assistance: Eviction Prevention* ^
2.6 Unemployment Benefits or Cash Assistance to Unemployed Workers*
2.7 Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)* ^
2.8 Contributions to UI Trust Funds
2.9 Small Business Economic Assistance (General)* ^
2.10 Aid to Nonprofit Organizations*
2.11 Aid to Tourism, Travel, or Hospitality
2.12 Aid to Other Impacted Industries
2.13 Other Economic Support* ^
2.14 Rehiring Public Sector Staff
3: Services to Disproportionately Impacted Communities
3.1 Education Assistance: Early Learning* ^
3.2 Education Assistance: Aid to High-Poverty Districts ^
3.3 Education Assistance: Academic Services* ^
3.4 Education Assistance: Social, Emotional, and Mental Health Services* ^
3.5 Education Assistance: Other* ^
3.6 Healthy Childhood Environments: Child Care* ^
3.7 Healthy Childhood Environments: Home Visiting* ^
3.8 Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System* ^

Coronavirus State and Local Fiscal Recovery Funds
Compliance and Reporting Guidance

U.S. DEPARTMENT OF THE TREASURY

3.9 Healthy Childhood Environments: Other* ^
3.10 Housing Support: Affordable Housing* ^
3.11 Housing Support: Services for Unhoused Persons* ^
3.12 Housing Support: Other Housing Assistance* ^
3.13 Social Determinants of Health: Other* ^
3.14 Social Determinants of Health: Community Health Workers or Benefits Navigators* ^
3.15 Social Determinants of Health: Lead Remediation ^
3.16 Social Determinants of Health: Community Violence Interventions* ^
4: Premium Pay
4.1 Public Sector Employees
4.2 Private Sector: Grants to Other Employers
5: Infrastructure²⁷
5.1 Clean Water: Centralized Wastewater Treatment
5.2 Clean Water: Centralized Wastewater Collection and Conveyance
5.3 Clean Water: Decentralized Wastewater
5.4 Clean Water: Combined Sewer Overflows
5.5 Clean Water: Other Sewer Infrastructure
5.6 Clean Water: Stormwater
5.7 Clean Water: Energy Conservation
5.8 Clean Water: Water Conservation
5.9 Clean Water: Nonpoint Source
5.10 Drinking water: Treatment
5.11 Drinking water: Transmission & Distribution
5.12 Drinking water: Transmission & Distribution: Lead Remediation
5.13 Drinking water: Source
5.14 Drinking water: Storage
5.15 Drinking water: Other water infrastructure
5.16 Broadband: "Last Mile" projects
5.17 Broadband: Other projects
6: Revenue Replacement
6.1 Provision of Government Services
7: Administrative
7.1 Administrative Expenses
7.2 Evaluation and Data Analysis
7.3 Transfers to Other Units of Government
7.4 Transfers to Non-entitlement Units (States and territories only)

*Denotes areas where recipients must identify the amount of the total funds that are allocated to evidence-based interventions (see Use of Evidence section above for details)

^Denotes areas where recipients must report on whether projects are primarily serving disadvantaged communities (see Project Demographic Distribution section above for details)

²⁷ Definitions for water and sewer Expenditure Categories can be found in the EPA's handbooks. For "clean water" expenditure category definitions, please see: <https://www.epa.gov/sites/production/files/2018-03/documents/cwdefinitions.pdf>. For "drinking water" expenditure category definitions, please see: <https://www.epa.gov/dwrf/drinking-water-state-revolving-fund-national-information-management-system-reports>.

Coronavirus State and Local Fiscal Recovery Funds
Compliance and Reporting Guidance

- Pasadena will receive \$52,625,975 in direct allocation assistance that must be obligated between March 3, 2021 and December 31, 2024.



Revenue Loss

- Based upon the Treasury's Guidance, the City's base year of FY 2019 had eligible revenue totaling \$406.96 million.
 - > The formula provides for an annual growth rate of revenue that puts the Calendar Year 2020 revenue target at \$433.94 million.
- The City's actual eligible revenue for Calendar Year 2020 was \$337.58 million.
 - > This results in a Revenue Loss amount of \$96.36 million for 2020



Revenue Loss

- The City is eligible to use ARPA funds up to the cumulative revenue losses for Calendar Years 2020 – 2023.
 - > The City exceeded the ARPA fund allocation in Calendar Year 2020.
- Use of ARPA under revenue loss provides for the “Provision of Government Services” and inclusive of most operations costs and capital improvement projects.



Financial Forecast

- The overall financial impact to Pasadena has been tremendous and much uncertainty still exists.
 - > Continued impacts from COVID variants
 - > The future of the Rose Bowl and Convention Center

Total economic loss	\$96 M
COVID response expenditures	\$39.6 M
General Fund support for RBOC	\$22.5 M
Total financial impact	\$158.1 M
ARPA Funds June 2021	\$26.3 M



General Fund 5-Year Forecast

General Fund Five-Year Forecast

	FY 2020	FY 2021	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
	Final	Budget	Projected	Forecast	Forecast	Forecast	Forecast	Forecast
Beginning Amount Available for Appropriations	19,136,361	462,393	462,393	(0)	(9,768,846)	(14,950,145)	(22,073,161)	(26,974,324)
Revenues								
Tax Revenues	205,569,296	204,566,168	200,460,972	216,790,289	222,737,331	230,046,716	238,005,480	246,045,481
Other Revenues	45,079,685	45,835,945	38,514,347	39,993,028	43,571,804	44,650,894	45,757,731	46,893,041
Contributions/Svs. From Other Funds	19,656,583	19,640,438	21,526,165	20,140,438	20,490,438	20,490,438	20,490,438	20,490,438
Total Revenues*	270,305,564	270,042,551	260,501,484	276,923,755	286,799,573	295,188,048	304,253,649	313,428,960
Expenses								
Personnel	164,407,976	174,809,813	169,504,293	177,870,499	184,437,593	191,112,771	193,645,795	200,331,845
Debt Service**	10,038,511	10,475,309	19,203,269	21,361,974	16,988,198	17,988,529	19,922,553	20,023,966
Contributions To Other Funds	31,501,978	13,301,473	17,693,621	14,330,434	15,117,043	15,419,384	15,727,771	16,042,327
Other Expenses	69,899,471	70,992,529	68,390,983	73,129,694	75,438,037	77,790,381	79,858,693	81,988,872
Total Expenses	275,847,936	269,579,124	274,792,166	286,692,601	291,980,871	302,311,064	309,154,812	318,387,009
Operating Income/(Loss)	(5,542,372)	463,428	(14,290,682)	(9,768,845)	(5,181,298)	(7,123,016)	(4,901,163)	(4,958,050)
Ending Amount Available for Appropriations	13,593,988	925,821	(13,828,288)	(9,768,846)	(14,950,144)	(22,073,160)	(26,974,324)	(31,932,374)
Reserve for Capital & EOC	(10,235,495)	-	3,768,243	-	-	-	-	-
Contribution to Policy Reserve	(2,896,100)		10,060,045					
Net Income/(Loss) with Reserve Contribution	(18,673,967)	463,428	(462,393)	(9,768,845)	(5,181,298)	(7,123,016)	(4,901,163)	(4,958,050)

*FY 2020 Concord transaction removed to normalize data.

** FY 2022 Forecast includes \$10.0m contribution to RBOC to cover Debt Service and Amerifest. FY 2023 and beyond includes up to \$7.7m in RBOC Debt Service.



General Fund 5-Year Forecast

- COVID-19 has created a major economic impact to the City resulting in operating deficits that previously did not exist.
- The General Fund forecast shows ongoing shortfalls that do not include annual Capital Improvement Funding previously considered prior to COVID-19.



General Fund 5-Year Forecast

- The City has already expended all but \$2 million of the General Fund's 5% Operating Reserve.
- The City will need to make significant Operating Budget reductions or increase revenue to avoid the use of the 15% Emergency Reserve.
- The proposed actions are intended to promote financial stability while addressing pressing capital and providing additional services to those most in need.



Recommended Appropriations

- Appropriate \$9.8 million of ARPA under the Revenue Loss category to make up shortfalls in the General Fund in FY 22.
- Appropriate \$8.539 million to the CIP Budget to fund projects previously funded in FY 21, prior to COVID-19.
- Appropriate \$400,000 to the CIP Budget for necessary seismic upgrades at Fire Station 37.



Recommended Appropriations

- Appropriate \$2.0 million to the CIP Budget for Fire Station 38 tenant improvements.
- Appropriate \$1.0 million under the Revenue Loss category to make up shortfalls and maintain a positive cash position in the fund.
- Appropriate \$623,000 under the Revenue Loss category to support various on-street parking funds and the General Fund to continue the waiver of fees related to outdoor dining.



Recommended Appropriations

- Appropriate \$630,000 to the Housing Department's budget for FY 22:
 - > Bridge housing for PCC students
 - > Add second HOPE Team case manager
 - > Increase funding for eviction prevention legal services
- Reserve \$550,000 to support the 2nd PORT Team in FY 23 and 24.
- Reserve \$600,000 to support PPHD's Health Equity Program in FY 23 and 24.



Recommended Appropriations

- Appropriate \$925,000 to cover the anticipated costs of COVID-19 testing for unvaccinated employees.



Proposed Use Summary

ARPA Funding - 50%	\$ 26,312,988
Appropriations	
Public Health Services	350,000
Public Health Building Improvements	250,000
Pasadena Convention and Tourism Recovery	475,000
Unappropriated Balance	\$25,237,988
Proposed Appropriations/Reserves	
Revenue Shortfall - General Fund	9,768,845
Revenue Shortfall - FY 21 Capital Improvement Projects	8,539,000
Revenue Shortfall - Fire Station 37 Renovation	400,000
Revenue Shortfall - Fire Station 38 Renovation	2,000,000
Revenue Shortfall - Parking Fund	1,000,000
Economic Impacts - Support Outdoor Dining	623,000
Public Health Emergency - Housing	630,000
Public Health Emergency - PORT	550,000
Public Health Emergency - Health Equity	600,000
Public Health Emergency - Reduce Community Violence	200,000
Public Health Emergency - COVID-19 Testing	925,000
Total Proposed	\$25,235,845





Federal Pandemic Relief Funds

- \$5b for Homeless Assistance – HUD: \$3m for Pasadena
- \$5 billion for 70,000 Emergency Housing Vouchers – HUD: 109 vouchers for Pasadena
- \$46b for Rental Assistance – HUD: Through State (via County)
- \$3b for Residential Broadband Assistance – FCC, through Telecom Providers
- \$7b for Schools & Library Connectivity/Equipment – FCC
- \$1.1b for Water Utility Assistance – HHS: Through State
- \$40b for Child Care/Child Care Provider Assistance – HHS: Through State
- \$3b for Substance Abuse/Mental Health Block Grants – HHS: Through State



Federal Pandemic Relief Funds

- \$1.4 billion for Seniors Programs – HHS: Through State
- \$3b for Economic Development Administration Grants – Commerce: Competitive Grants
- \$50b for Disaster Assistance Reimbursement – FEMA: No local match
- \$122b to K-12 Schools – Education: State passes down to PUSD
- \$28b for “Restaurant Revitalization” Grants – SBA
- \$16b for “Shuttered Venue Operators” Grants – SBA