

**OFFICE OF THE CITY MANAGER
LITTLE ROCK, ARKANSAS**

**BOARD OF DIRECTORS COMMUNICATION
AUGUST 3, 2021 AGENDA**

Subject: Top Priorities for Use of the American Rescue Plan Act Funds.	Action Required: Ordinance √ Resolution	Approved By: Bruce T. Moore City Manager
SYNOPSIS	A resolution to state the intent to use the American Rescue Plan Act Funds to address the COVID-19 Pandemic and its subsequent impacts.	
FISCAL IMPACT	The total of all six (6) items outlined below is \$11,605,000.00, which represents approximately 60% of the first tranche of American Rescue Plan Act Funds.	
RECOMMENDATION	Approval of the resolution.	
BACKGROUND	<p>The American Rescue Plan Act Funds will be utilized to address the following primary, and immediate needs, as a result of the COVID-19 Pandemic:</p> <ol style="list-style-type: none"> 1. Critical Information Technology Upgrades to Cybersecurity and IT Infrastructure across City Departments are needed, and these upgrades have an estimated cost of \$3,400,000.00. The cost estimate is based on purchasing through the Arkansas State Contract; however, the vendor has guaranteed the price only through August 15, 2021. Given the importance of cybersecurity for all Departments and the significant increase in price if the purchase is not made swiftly, this is a top priority and a pressing need. 	

**BACKGROUND
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2. Fire Apparatus is a critical need, and the intent is to allocate \$2,200,000.00 towards this effort. Of that amount, \$1,460,000.00 of these funds are needed immediately to purchase one (1) Aerial Truck, which is a replacement for front-line fire unit assignments. The Board will vote on a separate resolution on August 3, 2021, that authorizes a contract that includes the purchase of this Aerial Truck and the use of \$1,460,000 in American Rescue Plan Act (ARPA) Funds.
3. Community Violence Intervention Programs have been identified as an eligible expense under ARPA to help address violent crime cities are experiencing, and the resolution allocates up to \$1,500,000.00 for these efforts. This is a necessary investment to help reduce violent crime in Little Rock, and this investment will allow the City to employ strategies that intervene before a crime occurs. ARPA guidance stipulates that Community Violence Intervention Programs that include evidence-based practices such as focused deterrence, street outreach, violence interrupters, and hospital-based violence intervention models are all eligible uses. According to the United States Department of Treasury, these programs may include wraparound services such as behavioral therapy, trauma recovery, job training, education, housing and relocation services, and financial assistance. Staff intends to craft a Request for Proposals based on the federal guidance, and the Board will consider whether to authorize the City Manager to enter into specific qualifying contracts.
4. COVID Mitigation and Prevention, including eligible vaccination incentives and public communications efforts, are critical as the Delta Variant continues to infect residents. The proposal is to spend up to \$700,000.00 to mitigate the impact of COVID-19 on our residents, hospitals, schools, and businesses. Staff is working with stakeholders to identify public health messages and vaccine incentives that would prevent and mitigate the impact of COVID-19 in Little Rock.
5. One-Time Pay for Eligible City Employees is another critical component of the proposal and will not exceed \$3,200,000.00 in total cost. Eligible full-time employees will receive a one (1)-time payment of \$1,500.00; eligible part-time employees will receive a one (1)-time payment of \$750.00.

**BACKGROUND
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One (1)-time pay programs can vary in terms of eligibility and amounts, and this program was created within the confines of ARPA and recognizes that eligible employees continue to work during the pandemic. This budgeted amount of ARPA Funds for City employees is reasonable within the context of all the eligible uses for the City's allocation of ARPA Funds and the myriad of needs the City has amidst the Pandemic.

Depending on the nature of each employee's work, the one (1) -time payment will be classified as premium pay or a retention incentive for purposes of federal reporting. ARPA has a specific expenditure category for premium pay; retention incentives are an eligible expenditure under the government services category.

Under ARPA, premium pay can be provided to employees performing essential work during the COVID-19 public health emergency who have been and continue to be relied on to maintain continuity of operations of essential critical infrastructure sectors. Premium pay is also intended to prioritize lower income eligible workers who perform essential work so those whose total pay is below 150% of Arkansas's average annual wage for all occupations, or \$67,170.00, will receive funds classified as premium pay. Essential work fields include sanitation and public safety staff.

Full-time and part-time employees who have a hire date no later than July 1, 2021, and are in permanent positions that do not otherwise qualify under the premium pay requirements will receive a retention incentive. Ineligible employees are those who were hired after July 1, 2021, and do not work in a position that qualifies for premium pay.

6. ARPA acknowledges that administering these funds comes with a cost to recipients; as such, local governments are allowed to allocate up to 10% for indirect costs including staff to support purchasing, implementation, and Federal reporting and compliance requirements. The resolution allows for an amount of up to 5.5% of the total costs outlined in the resolution to be attributed to these indirect costs.

**BACKGROUND
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5.5% of the projects above results in an additional \$605,000.00 for indirect costs through December 31, 2026. This will enable the Finance Department to hire staff to manage reporting and compliance.

The items outlined above are critical needs and are eligible for funding under ARPA. The resolution will allow staff to move forward on implementing the needs above; however, it does not take the place of procurement requirements or requisite Board consideration for entering into contracts.