



OFFICE OF THE CITY MANAGER

To: Mayor Rita Ali
Peoria City Council Members

From: Patrick Urich, City Manager

Re: American Rescue Plan Coronavirus Fiscal Recovery Funds Recommendations

Date: September 2, 2021

1. Overview

With the passage of the \$1.9 trillion American Rescue Plan, the Federal Government allocated \$350 Billion for state and local governments. Over the next two years, the City of Peoria will receive \$47,089,976 in Coronavirus State and Local Fiscal Recovery Funds (FRF). In late May, the City received the first \$23,544,988. The City Council voted in June to use \$10,301,585 of FRF to eliminate the need to issue working cash bonds in 2021, and to curtail furloughs for affected non-union employees. \$36,788,391 remains to be obligated by December 31, 2024.

Congress outlined specific funding objectives:

- **Support urgent COVID-19 response** efforts to continue to decrease the spread of the virus and bring the pandemic under control;
- **Replace lost public sector revenue** to strengthen support for vital public services and help retain jobs;
- **Support immediate economic stabilization** for households and businesses; and
- **Address systemic public health and economic challenges** that have contributed to the unequal impact of the pandemic.

Within these objectives, Congress and the Treasury Department outlined several areas of allowable expenditures:

- **Support Public Health Response;**
- **Address Negative Economic Impacts;**
- **Replace Public Sector Revenue Loss;**
- **Premium Pay for Workers;**
- **Water and Sewer Infrastructure; and**
- **Broadband Infrastructure.**

Since the pandemic has disproportionately impacted low-income families and communities of color, the FRF provides for additional flexibility for equity-focused services:

- Additional flexibility for the hardest-hit communities and families to address health disparities, invest in housing, address educational disparities, and promote healthy childhood environments; and
- Broadly applicable to Qualified Census Tracts (QCTs), other disproportionately impacted areas;
- QCTs are a common, readily-accessible, and geographically granular method of identifying communities with a large proportion of low-income residents. For Peoria's purposes, the southern portion of the City below McClure are QCTs.

There are specific prohibited uses of the funds:

- Changes that reduce net tax revenue;
- Extraordinary payments into a pension fund;
- Rainy day fund deposits; and
- Funding debt service.

2. Public Engagement Process and Timeline

Council asked for public input on the use of the FRF. The following section describes the public engagement process and the timeline employed by City staff.

Phase 1: Staff Planning

A small group of staff comprised of the City Manager and some department heads met to discuss potential projects, City goals, and prioritization of spending. From these discussions, the group designed a framework on how much funding should be allotted over the next 4 years. Once determined, then the public had the opportunity to select where they would like their spending in each of the four years.

Phase 2: Survey Design

Staff considered both Survey Monkey and the Online Budget Challenge. Ultimately Survey Monkey was designated due to being user friendly and having the capability of making a very easy survey that would take less than 4 minutes to complete. The final design of the survey asked the participant to rank order their priorities while also including a text box for any additional feedback. This blend of qualitative and quantitative data was determined to give the most holistic picture of the needs of the community.

Phase 3: Community Engagement

Given the high visibility of the American Rescue Plan and the accompanying media coverage, staff anticipated a high amount of participation.

A press release, issued on July 10 to the Communications list which includes media and area

stakeholders, announced the launch of the survey. The survey officially opened on July 14 and was scheduled to close on August 15. Due to a news interview broadcast on August 15, the survey was extended to the end of day on the August 23. To accommodate those without internet access, paper versions were available at all Peoria Public Library locations.

The primary social media platforms for this campaign included Facebook, Twitter, and NextDoor. Instagram was used as a secondary social media option. Social media posts were scheduled 2-3 times a week throughout the campaign with an uptick of participation following those scheduled posts. Posts were well received and had a high number of comments and “shares”. Flyers were also created and distributed at the Peoria Riverfront Market by Community Development staff.

Two meetings were scheduled, one virtual and one at the Lincoln Branch library. The virtual meeting was posted on the City website and hosted on the City’s YouTube channel.

A new web page www.peoriagov.org/engagepeoria and a new email address engagepeoria@peoriagov.org were created as a hub for this (and future) public engagement campaigns. The page housed the link to the survey, the videos of the virtual meeting, the video of the policy session, and all the relevant background information and slide decks. It is our plan to keep this page and email active for future campaigns.

To maximize our reach, the City engaged local businesses, neighborhood associations, and our stakeholders in the following activities:

- Worked with stakeholder partners like the Convention and Visitors Bureau, Chamber, and the GPEDC to reach out to their membership through their social media and newsletters;
- Asked Economic Development staff to send out the link in the Grow Peoria newsletter;
- Emailed staff liaisons for Commissions and Board and provided them with wording to email to commissioners and board members;
- Sent an email to all HOAs/NAs to include in their newsletters, social media, or to send to their neighbors; and
- Sent email to associations, nonprofits, area stakeholders, and community partners, encouraging them to participate and share the information.

884 surveys were submitted. Fifteen of those were paper surveys from every library location, with the exception of Lakeview Branch.

Phase 4: Data Reconciliation (August 24-August 30)

City staff reviewed the community input and prioritized the ideas and suggestions into broad issues. City Departments submitted proposed programs and projects to address Covid-19-related issues. Projects and programs will be proposed for funding to the City Council based upon the community priorities. The Council will make decisions based upon the community priorities, and the selected programs and projects will be implemented by City departments. Additional feedback will be sought from the community as programs and projects are implemented.

3. Survey Results

As previously stated, the final design of the survey asked participants to rank order their priorities while also including a text box for any additional feedback. This blend of qualitative and quantitative data was determined to give the most holistic picture of the needs of the community. The following table reflects the rank order of the priorities and the average weight for each of the 884 surveys received:

RANK	AVERAGE	PRIORITY
1	2.5	Infrastructure--projects that Support the Public Health Response, Replace Public Sector Revenue Loss, support broadband, and water and sewer infrastructure
2	3.1	Neighborhood Revitalization--programs that would Support the Public Health Response and Address the Negative Economic Impacts.
3	3.5	Business Support--tied to addressing the Negative Economic Impacts of COVID-19
4	3.5	Equity-Focused Services--programs tied to the hardest hit qualified census tracts or address vulnerable populations.
5	3.8	Operations--funds that would Replace Public Sector Revenue Loss and restore certain operational funding.
6	4.0	Premium Pay for Essential Workers--funds that support low-income employees most at risk to COVID-19 exposure

Infrastructure projects supporting the public health response, replacing public sector revenue loss and supporting investments in broadband, water and sewer infrastructure were identified as the most pressing priority. Averaging out the scores over the 884 responses and the average weight for this priority was 2.53. Second was Neighborhood Revitalization, programs supporting the public health response and addressing the negative economic impacts (3.05), and third was Business Support, addressing the negative economic impacts of the pandemic (3.45). Fourth was Equity-Focused Services, those programs tied to the hardest hit qualified census tracts or addressing a vulnerable population (3.54). Fifth in priority was restoring Operational funding due to lost public sector revenues (3.84) and last was Premium Pay for Essential Workers, providing funding to support low-income employees most at risk to Covid-19 exposure (4.01).

804 open-ended responses were submitted. This response allowed the participant to identify biggest issue that the City is facing due to Covid-19. Only 15 responses were general in nature, and some open-ended responses identified more than one issue area. The following table reflects the 857 comments by the areas of eligible spending of the FRF:

RESPONSES	PERCENT	AREA OF ELIGIBLE SPENDING
507	59%	Address Negative Economic Impacts
160	19%	Replace Public Sector Revenue Loss
81	9%	Support Public Health Response
70	8%	Infrastructure
24	3%	Premium Pay for Workers

15	2%	General Comments
857	100%	Total Comments

The areas of eligible spending could be broken down into specific issue areas. Negative economic impact questions could be broken down into comments about the Economy (317 responses, 37%), Equity (136 responses, 16%), Neighborhoods (36 responses, 4%) and Education (18 responses, 2%). Public health questions could be broken down into comments about the Health and the pandemic (54 responses, 6%) or Mental Health (27 responses, 3%). Public sector revenue loss could be broken down into cuts to Operations (104 responses, 12%) and Public Safety (56 responses, 7%). Infrastructure (70 responses, 8%), Premium Pay (24 responses, 3%) and General comments (15 responses, 2%) were not broken down further. The table below reflects the total number of comments by issue area:

RESPONSES	PERCENT	ISSUE	AREA OF ELIGIBLE SPENDING
317	37%	Economy	Negative Economic Impacts
136	16%	Equity	Negative Economic Impacts
36	4%	Neighborhoods	Negative Economic Impacts
18	2%	Education	Negative Economic Impacts
54	6%	Health	Public Health
27	3%	Mental Health	Public Health
70	8%	Infrastructure	Infrastructure
104	12%	Operations	Public Sector Revenue Loss
56	7%	Public Safety	Public Sector Revenue Loss
24	3%	Premium Pay	Premium Pay for Essential Workers
15	2%	General	General
857	100%	Total Comments	Total Comments

4. Potential Uses of FRF

To maximize the impact of the funding over the next several years, staff recommends that the funding be divided into 4 equal annual allocations. Dividing \$36,788,391 over four years would provide the City with \$9,197,000 to spend each year on the pandemic recovery.

Staff recommends the following allocations of FRF for the first two years that correspond to the next biennial budget, 2022 and 2023:

RECOMMENDED SPENDING	2022	2023
INFRASTRUCTURE	\$ 3,160,000	\$ 3,160,000
NEIGHBORHOODS	\$ 2,500,000	\$ 2,500,000
ECONOMIC DEVELOPMENT	\$ 2,400,000	\$ 2,400,000
HEALTH EQUITY (MATCHED BY PEORIA COUNTY)	\$ 600,000	\$ 600,000
VIOLENCE REDUCTION	\$ 325,000	\$ 325,000

PROGRAM MARKETING/ FINANCE ADMINISTRATION	\$ 200,000	\$ 200,000
TOTAL	\$ 9,185,000	\$ 9,185,000

The quantitative preference of the respondents was to put additional resources into infrastructure. In reviewing the City’s infrastructure needs, for the next two years, the City could invest in sidewalks, street lighting and mill and overlay projects in the City. Most of the work would be completed within the qualified census tracts that have been hardest hit by Covid-19. This use of funding would increase the City’s sidewalk investments by 20%, accelerate street lighting programs and address needed street repairs. An effort to use “smart” technology with cameras and street lighting could work to address illegal dumping and to increase public safety. The list of projects includes:

INFRASTRUCTURE	2022	2023
SIDEWALKS – ADA RAMPS/ SINR/ SIDEWALK PARTICIPATION	\$ 870,000	\$ 800,000
STREET LIGHTING		
NEBRASKA: KNOXVILLE TO WISCONSIN	\$ 580,000	
GLEN OAK @ OSF	\$ 120,000	
PROSPECT: FORREST HILL TO LONDON		\$ 250,000
SW ADAMS, GARDEN, TYNG		\$ 550,000
SMART CITY ALLEY/STREET LIGHTING PILOT	\$ 500,000	\$ 500,000
MILL AND OVERLAY		
PROSPECT: KNOXVILLE TO BELMONT	\$ 950,000	
MACARTHUR: MOSS TO MLK		\$ 400,000
GALE: UNIVERSITY TO SHERIDAN	\$ 40,000	\$ 560,000
ENGINEERING ASSISTANCE	\$ 100,000	\$ 100,000
TOTAL	\$ 3,160,000	\$ 3,160,000

The Treasury Department has indicated that housing services to support healthy living environments and neighborhoods conducive to mental and physical wellness are eligible uses of FRF. Several programs have been identified that will support healthier living environments in the City’s neighborhoods, particularly those disproportionately impacted by Covid-19. Staff recommends \$2.5 million annually for neighborhoods for 2022 and 2023. A \$1.0 million Demolition/Lot Clearance program could demolish and clear approximately 65 houses annually in QCTs. Funding the operations of the newly-created Peoria Land Bank with \$500,000 annually would allow for repairs to properties, leverage loan products from Justine Peterson, and help to stabilize existing housing in QCTs.

A Housing Rehabilitation program, modeled on the East Village Growth Cell TIF Housing Rehabilitation Program, but expanded to all QCTs would provide income-qualified homeowners with needed rehabilitation funds. A broad-based \$250,000 Down Payment Assistance program could provide \$5,000 to home buyers for purchasing properties in QCTs, up to a housing price ceiling. A small \$100,000 Competitive Mini-Grant program could allow neighborhood associations to apply for funds to be used for placemaking, community building and to encourage more participation, increase engagement opportunities and improve neighborhood branding, all with a goal to improve the quality

of life and quality of place in Peoria.

NEIGHBORHOODS	2022	2023
DEMOLITION/LOT CLEARANCE	\$ 1,000,000	\$ 1,000,000
LAND BANK	\$ 500,000	\$ 500,000
HOUSING REHAB	\$ 400,000	\$ 400,000
DOWN PAYMENT ASSISTANCE	\$ 250,000	\$ 250,000
NEIGHBORHOOD MINI GRANTS	\$ 100,000	\$ 100,000
ADMINISTRATION	\$ 250,000	\$ 250,000
TOTAL	\$ 2,500,000	\$ 2,500,000

The FRF can be used to support small businesses with loans, grants, in-kind assistance, and counseling programs, and to speed the recovery of impacted industries. To that end, staff recommends an annual investment of \$2.4 million to support small businesses and impacted industries. A \$300,000 Façade Enhancement/Improvement Grant program could provide grants for exterior surface improvements and major facade renovation and reconstruction. A \$300,000 Digital Main Street Grants program could encourage small businesses to establish, build, and maintain their digital footprint to close the digital divide. A \$300,000 Business Innovation Grant program could fund businesses pursuing growth, expansion, and product development that lead to capacity building and new job creation. A \$300,000 Business Innovation Spark Program could provide forgivable loans to new and innovative companies focused on job creation and scaling new businesses. A \$200,000 Employer Training Investment program could provide grants to larger employers to provide skill-based training and retraining for new hires and incumbent workers. A \$200,000 Small-Scale Development program could train and support individuals with interests in improving and investing in commercial and housing redevelopment projects.

Additional programs include: a \$100,000 City-Funded Revolving Loan program to compliment existing loan programs, but with greater flexibility to make capital more accessible; a \$100,000 Rent Reduction program to offset commercial rents in key commercial corridors that would generate new taxes, jobs, and vibrancy; a \$100,000 Master-Lease Pop-Up Tenant program to sublet larger vacant commercial spaces and to encourage subletting to creative retail and dining activities; and a \$100,000 Business Advancement and Artpreneurship program to provide grants to creative businesses.

Staff recommend that that the City continue to support Peoria’s innovation economy by providing \$100,000 of operational support to Distillery Labs. This community-focused facility will expand opportunities for entrepreneurs, students, innovators, creators, and residents from across the entire Greater Peoria region. Distillery Labs is dedicated to finding solutions to improve the health and wellness of underserved populations, advance innovation related to food, farming, and transportation – specifically smart mobility. Lastly, staff recommends \$100,000 of partnership operational assistance for those economic development agencies that the City will enlist in rolling out these programs.

ECONOMIC DEVELOPMENT	2022	2023
FACADE ENHANCEMENT/IMPROVEMENT PROGRAM	\$ 300,000	\$ 300,000
DIGITAL MAIN STREET PROGRAM	\$ 300,000	\$ 300,000
BUSINESS INNOVATION GRANT PROGRAM	\$ 300,000	\$ 300,000
BUSINESS INNOVATION SPARK PROGRAM	\$ 300,000	\$ 300,000
EMPLOYER TRAINING INVESTMENT PROGRAM	\$ 200,000	\$ 200,000
SMALL-SCALE DEVELOPMENT PROGRAM	\$ 200,000	\$ 200,000
CITY FUNDED RLF PROGRAM	\$ 100,000	\$ 100,000
RENT REDUCTION PROGRAM	\$ 100,000	\$ 100,000
MASTER LEASE POP-UP TENANT PROGRAM	\$ 100,000	\$ 100,000
BUSINESS ADVANCEMENT & ARTREPRENEURSHIP PROGRAM	\$ 100,000	\$ 100,000
DISTILLERY LABS	\$ 100,000	\$ 100,000
OPERATIONS EXPENSE – PARTNERS	\$ 100,000	\$ 100,000
ADMINISTRATION	\$ 200,000	\$ 200,000
TOTAL	\$ 2,400,000	\$ 2,400,000

The social determinants of health are the social and environmental conditions that affect health outcomes, specifically economic stability, health care access, social context, neighborhoods and built environment, and education access. The County of Peoria has committed \$2.4 million to focus on the social determinants of health by implement evidence-based practices within Peoria’s QCTs to improve health outcomes by improving those social and environmental conditions. Staff recommends matching this investment to establish a Health Equity Fund to work towards improved health outcomes for Peorians.

The Treasury Department has specifically authorized evidence-based community violence intervention programs to prevent violence and mitigate the increase in violence during the pandemic as an allowable use of FRF. To that end, staff recommends that \$325,000 annually be used to fund community violence intervention programs that have been proven to be effective at reducing violence.

In order to manage the level of investment in infrastructure, neighborhoods, and businesses, additional program staff is needed. Additional funds for marketing new programs and for financial administration are also needed. The amount of needed support includes: Public Works (\$100,000); Community Development (\$250,000); Economic Development (\$200,000); marketing (\$100,000); and financial administration (\$100,000). This \$750,000 of administrative support totals 8% of the total funding, allowing for 92% of the FRF to be for programs and direct impact in the community.

The Treasury Department has provided the City with additional flexibility for the hardest-hit, disproportionately impacted communities. Looking at the overall funding through this lens, roughly 75% of the first two years of FRF would be applicable to QCTs, thus focusing our investments where it is needed the most.

5. Additional Funding Opportunities

Notably, what is not included in this recommendation are funds to replace lost revenues. The City Council has already approved using \$10,000,000 of FRF for City operations and to mitigate the need to borrow money in 2021. City revenues, particularly state-shared revenues, have recovered quite well in 2021 from the shock of the pandemic. In preparing for the next biennial budget, Department Heads were directed to prepare budgets with inflationary growth of 1.4%. If a department needs more funding, they will need to provide the City Manager and Finance Director additional justification. Additional position requests were to be made as part of the budget process as well. Departments have until September 10 to complete their budget submissions, with the intent of the City Manager and Finance Director to have the budget to Council by October 12. It is more appropriate for the discussion to address restoring operating reductions during the City budget process.

The FRF is only \$350 billion of the \$1.9 Trillion American Rescue Plan. Additional federal funding will be available for other needed community services. For example, the City has received additional Coronavirus CDBG, ESG and HOME funds to support persons experiencing homelessness, affordable housing, social service agencies and other needed services. The Economic Development Administration recently announced available grant opportunities and the City has plans to apply for several grants through EDA. The Fire Department has applied for the Assistance to Firefighters Grant and is awaiting word of an award for additional training funds. The City has been able to work closely with PCCEO and others to help gain rental assistance funds within our community.

6. Next Steps

The next steps in this process moves to the City Council. Staff have provided recommendations based upon the community priorities, and now Council can provide direction on the selected programs and projects to be implemented by City departments. Staff will use Council's direction at the September 7th Policy Session to finalize budget recommendations for the FRF and include them in the Biennial Budget that will be presented to Council on October 12.

As the FRF recommendations included in this memo only pertain to 2022 and 2023, additional feedback will be sought from the community as programs and projects are implemented. Staff plan on gaining additional public input next year to determine if the needs of the community have changed, and if the public sees different uses for the funds. The intent would be to use the funds in the most impactful way through the eligible time period allowed by the Treasury Department.