



Legislation Text

File #: 21-255, **Version:** 1

ACTION REQUESTED:

Communication from the City Manager and Finance Director with a Request to hold a POLICY SESSION on the CORONAVIRUS STATE and LOCAL FISCAL RECOVERY FUNDS

BACKGROUND: 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.

Council asked for public input on the use of the FRF. Staff prepared a survey for the public to take. 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. 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. The City received 884 respondents to the survey. 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

The open-ended responses were categorized into issue areas:

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

Staff has several recommendations for Council, and seek feedback from Council in the Policy Session:

1. 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.
2. 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
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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

- 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.

FINANCIAL IMPACT: The remaining FRF will provide Council with \$36,788,391 to allocate over the next 4 years. The intent of the funds is to aid Peoria in the recovery from the pandemic.

NEIGHBORHOOD CONCERNS: A significant amount of the funding will be allocated to neighborhoods, particularly within Qualified Census Tracts.

IMPACT IF APPROVED: Council will provide direction to staff as the 2022-2023 Biennial Budget is prepared.

IMPACT IF DENIED: Council will not provide direction.

ALTERNATIVES: Council can agree with staff's recommendations or provide alternative suggestions for staff to implement as part of the 2022-2023 budget process.

EEO CERTIFICATION NUMBER: N/A

WHICH OF THE GOALS IDENTIFIED IN THE COUNCIL'S 2017 - 2032 STRATEGIC PLAN DOES THIS RECOMMENDATION ADVANCE?

1. Financially Sound City
2. Safe Peoria
3. Beautiful Peoria
4. Grow Peoria

WHICH CRITICAL SUCCESS FACTOR(S) FROM THE COMPREHENSIVE PLAN DOES THIS RECOMMENDATION IMPLEMENT?

1. Reduce crime.
2. Grow employers and jobs.
3. Reinvest in neighborhoods.
4. Invest in our infrastructure and transportation.
5. Keep taxes and fees competitive.
6. Have an efficient government.

DEPARTMENT: City Manager's Office