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Date: September 3, 2021
To: The Honorable Mayor and Members of City Council
From: Bob Harrison, City Manager
Subject: American Rescue Plan Act (ARPA) Recommendations

The City of Yakima shall receive \$26.2 million from the federal government under the American Rescue Plan Act. These funds are provided in two installments of \$13.1 million of which the first was received in May 2021 and the second is expected in May 2022.

In developing these recommendations, the City Administration used the following guidelines:

1. ARPA rules and guidelines
2. Council Priorities
 - a. Fiscal sustainability
 - b. Investment in Infrastructure
 - c. Public safety
 - d. Housing
 - e. Strengthening community partnerships
3. Existing City financial obligations; city assets; and planned investment
4. Economic Development
5. Leverage ARPA funds to spur additional private or public investment

The ARPA funds have provided the City a unique opportunity to leap ahead in meeting basic financial obligations, meet several community needs, enhance the basic productivity of City operations, and assist in economic development.

Lost Revenue

Utilizing the calculators provided by U.S. Treasury and GFOA, the City determined it is eligible to claim up to \$11.9 million in lost revenue from the ARPA Act. The lost revenue makes up for the estimated loss in revenue to the City during the defined time period in the ARPA Act. Once the revenue is booked by the City into the American Rescue Plan Act fund, the City is free to utilize those revenues on a variety of expenses. Thus far in 2021, the City has committed \$8,200,000 of this lost revenue to:

- \$4.6 million for the acquisition of 57 police patrol vehicles
- \$1.6 million for the acquisition of 2 fire engines
- \$2 million for the acquisition of the former Bank of America building next to City Hall

The City Administration recommends the following uses for the balance of lost revenue:

- \$1.2 million for an additional fire truck and replacement of several fire department vehicles (2022)
- \$1 million on the investment in new technology and software for City operations (2021/2022)
- \$300,000 for an initial space study for the BOA building and other City operations. (2022)
- The balance of the \$1.2 million we are suggesting claiming when the second payment is received in 2022.

ARPA Eligible projects

In addition to lost revenue, ARPA designated several opportunities for specific eligible investments as outlined in the ARPA legislation. The City is proposing the following expenditures based on those guidelines for the remaining \$14.3 million in ARPA funds.

Project	Amount	Year
Mill Site Water & Sewer	\$6,000,000	2022/23
Sewer Investments	\$1,000,000	2022
Mental Health/Homeless	\$1,500,000	2021/22/23
Women and Family Shelter	\$2,000,000	2022
DV Advocate – City	\$250,000	2022/23/24
Yakima Convention Center	\$800,000	2021/22
Community Partnerships	\$500,000	2022
Affordable Housing	\$1,000,000	2022 - 2024
Yakima Arts Center	\$1,250,000	2022 - 2024

The in-depth descriptions of the project can be found below.

\$6 million for Mill Site Water and sewer improvements (2022/23): This project funds the necessary water and sewer improvements needed for the project. The City is able to maximize the state LIFT program which will provide an additional \$6 million in matching funds. The balance of the project costs will need to be funded through a bond issuance and the balance of the LIFT funds.

\$1 million for sewer investments (2022): There are fully developed residential areas in the City limits that still do not have sewer and are relying on septic systems. This allocation will provide funding for sewers in certain neighborhoods.

\$1.5 million for homeless/mental health related programs (2021/2022/2023): The City has been working with Comprehensive Healthcare to partner in reducing homelessness and the impact of behavioral health and addiction on homelessness. We are finalizing the development of a pilot program in this area. The City is also exploring a partnership to provide a capital investment in a day shelter for homeless individuals.

\$2 million for YWCA woman's shelter (2022): The City has one of the worst domestic violence rates in the State of Washington. The City has revamped its approach with police and legal and partnering with the YWCA on its approach to domestic violence. This capital grant would be for the investment in woman and family shelter for transitional housing as families try to rebuild their lives.

\$250,000 for funding for three years of an additional domestic violence advocate (2022): The City currently has one domestic violence advocate and the program has been very successful. The City administration plans to add a second advocate the salary and portion of benefits of which can be offset by ARPA costs for 22, 23, and 24. Based on the outcomes of the program, and existing financial needs at that time, the City will evaluate the position further in the 2025 budget as the full costs of the position will be borne by the City at that time.

\$800,000 for Yakima Convention Center support (2021/2022): The City has provided \$500,000 in support to date for the Yakima Convention Center for lost earned revenue (revenue earned by the facility itself through rentals, etc.). Given the continuing pandemic impact, it is difficult to know when the tourism market will stabilize. Setting aside an additional \$300,000 will provide some financial buffer if needed based on how the local tourism economy continues to rebound from the pandemic. If by the end of 2022 the extra set aside is not needed, it could be released for other projects.

\$500,000 for community partnerships (2022): The Administration is proposing setting aside \$500,000 for 5 one-time community partnership grants of \$100,000 apiece. We would anticipate issuing an RFP in 2022 that allows non-profit partners to put forth grant proposals that meet varying community needs and that are consistent with the ARPA requirements.

\$1 million for Affordable Housing (2022/2023): Similar to the community partnerships concept, the City could open an RFP for community partners that can complete an affordable housing project in Yakima within the next three years.

\$1.25 million for Yakima Community Arts Center (2022/2023): With the acquisition of the BOA building, the City will free up the second floor, and is currently not using the third or fourth floor of the current City Hall building. Remodeling and putting this additional facility space into productive use for educational opportunities for communities that were negatively impacted by COVID will also provide economic development benefits. The City is currently studying an Arts District and the Arts Center could be an anchor for that development. The facility will also provide opportunities throughout the day and evening to offer courses in painting, drawing, dance, and the visual and performing arts. Lastly, moving the Capitol Theater offices to the Yakima Arts Center will also save approximately \$50,000 annually which is currently being used for lease costs. While this concept needs additional study, setting aside funds for the remodeling of the existing City Hall will also provide matching funds for potential additional grants that are available for these purposes. (Note: a portion of the space at City Hall will likely still be needed for City Hall internal service offices).