

# American Rescue Plan Act (ARPA)

City of Bowling Green

## Investment Strategy

- City staff developed an ARPA plan to propose how funds are invested
- Plan Focus
  - Recovery of the Local Economy
  - Investments for the Community
  - Impacts of COVID
  - City's Strategic Plan

## Stages of a Disaster



## COVID-19 Response Phases

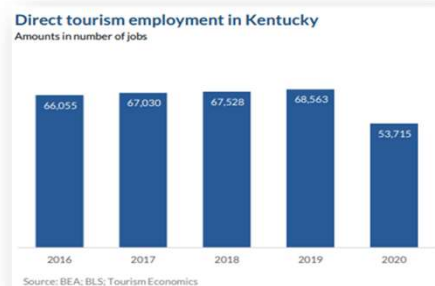
- Isolation-Business Shutdowns, travel and stay at home orders
- Soft Opening-Businesses at limited capacity, distancing and public health protocols in place
- Reopening-Businesses return to normal operation with some health protocols in place

## COVID-19 Major Impacts

- Tourism & Hospitality
  - During the Isolation and Soft Opening phases travel and group gathering pushed to near zero
- Housing
  - Saw an increased demand for housing and a limited supply of housing stock, which drove up the price for all housing, thereby impacting rental prices as well
- Labor Force
  - Forced closures pushed many to unemployment, economy reopened and the labor force was not available to fill the jobs

## Tourism & Hospitality

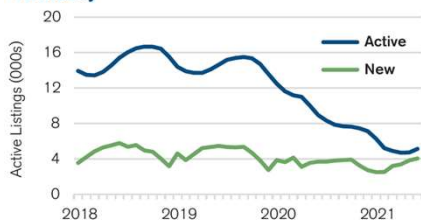
- Cancellations of events, loss of business and personal travel
- Lost 20% of employees in Warren County and 22% decrease in tourism spending from 2019 to 2020
- KY lost almost 15,000 tourism related jobs in 2020



# Housing Costs

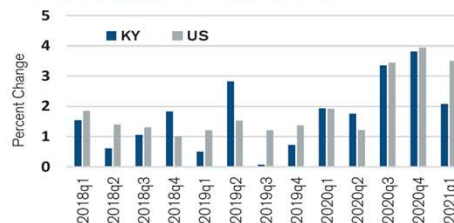
- Housing Costs driven by 4 main factors
  - Increasing material costs for new construction
  - Labor Shortages
  - Increased demand among buyers
  - Limited Supply

**Number of Active & New For Sale House Listings, Kentucky**



Source: REALTOR.com. Not Seasonally Adjusted.

**FHFA Housing Price Index, Percent Change from Prior Quarter**

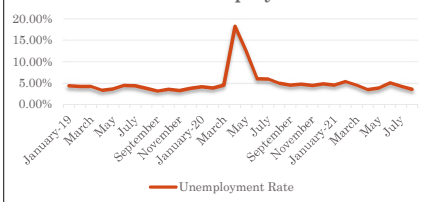


Source: Federal Housing Finance Agency. Seasonally Adjusted.

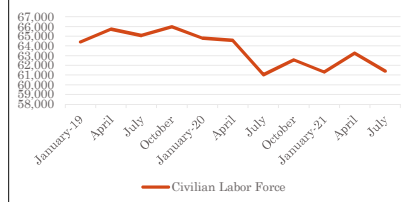
# Labor Force

- Isolation phase forced a rapid increase to Unemployment- 381% increase in three months
- COVID accelerated a decrease in the overall Labor Force
  - Various Factors involved including:
    - Baby Boomer Retirement
    - Educational Attainment
    - Childcare Access
    - Substance Abuse
    - Health

**Warren Co. Unemployment Rate**



**Warren Co. Civilian Labor Force**



## Initial Relief

- Coronavirus Aid, Relief and Economic Security Act (CARES)
- Federal relief funding to businesses, organizations and individuals
- City received funding through State of KY for COVID Expenses
- City reallocated a portion to provide Community Relief (BGCARES) for rental and utility assistance, small business assistance, and masks

## ARPA

- Passed Congress in March 2021
- Portion created direct funding for States and Cities
- Since Bowling Green is an entitlement community, ARPA funds are provided directly by US Treasury
- Received 1<sup>st</sup> installment in 2021 and expect to receive 2<sup>nd</sup> installment in 2022
- Total award is over \$16.5 million

## ARPA

- US Treasury has not finalized the rules for how Cities can allocate or spend these funds
  - Interim Rule and FAQs are available
- City should make no formal allocation until after Final Rule
- All funds are to be obligated by 12/31/24 and spent by 12/31/26
- Interim Rule laid out 6 broad eligible categories

## ARPA Eligible Uses

Support Public Health Response	Negative Economic Impacts	Target Low- Income Communities	Revenue Replacement	Provide Premium Pay	Infrastructure Investment
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## ARPA Investment Strategy

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## ARPA Investment Strategy

- Staff used a percentage based process to lay out localized broad categories
- Specific allocations will focus on:
  - One time allocation of federal funding
  - Projects should deliver past the pandemic
  - Meet the timelines of the funding
  - Provide economic opportunity to the community

## Revenue Replacement

- Interim Rule allows governments to calculate the amount of lost revenue compared to pre-pandemic
- The difference is considered lost revenue and that calculation can be completed for four calendar years
- Replacement funds are for the provision of government services (ex. Public Safety, Cyber Security, Parks & Rec, & Infrastructure)
- Revenue Replacement provides greater flexibility and should be maximized
- Initial calculation for year 1 is \$6.8 million
- Propose 50% of ARPA allocation for Revenue Replacement

*City Strategic Plan: Fiscal Responsibility/Riverfront & Greenways Development/Roads & Traffic/Strong Neighborhoods*

## Target Low Income

- Based on Housing Impacts propose to use 25% of our ARPA Allocation for Affordable Housing
  - Create a competitive process for organizations or private companies to receive funding to produce new affordable housing units anticipate creating 110 units
- Based on impacts to low income populations propose to use 2.5% for non-profits to develop projects or programs to assist low income populations in recovering from the economic impacts of COVID

*City Strategic Plan: Housing Development/Homeless Problems/Strong Neighborhoods*



## Negative Economic Impacts

- Propose to allocate 5% of the ARPA allocation to the Tourism and Hospitality Industry
  - Competitive process for organization and businesses to submit projects and receive matching funds through ARPA
- Propose 2.5% allocation to expand marketing and recruitment of visitors to Bowling Green
- Propose 10% allocation for Labor Force Funding to increase the overall Labor Force in Bowling Green
- Propose 2.5% allocation to “Main Street” Businesses in the downtown
  - Competitive process for businesses to submit projects and receive matching funds

*City Strategic Plan: Downtown Development/Economic and Workforce Development/Education*

## Infrastructure Investment

- COVID forced our education and work to become dependent on internet availability
- Community desire for residential fiber network
- Propose to allocate 2.5% to develop a “Fiber to the Home” plan

*City Strategic Plan: Broadband*

## ARPA Investment Strategy

<b>Revenue Replacement</b>	50%
<b>Target Low Income</b>	
Affordable Housing	25%
Non-Profit	2.5%
<b>Negative Economic Impacts</b>	
Tourism & Hospitality	5%
Labor Force Investments	10%
Tourism Marketing	2.5%
“Main Street” Business Fund	2.5%
<b>Infrastructure Investment</b>	
Fiber to the Home Plan	2.5%
<b>Total</b>	<b>100%</b>