COUNCIL ARPA REVIEW COMMITTEE
April 19, 2022
2:00 p.m.
Denny Whayne Conference Room, 4th Floor, Busch Municipal Building
840 Boonville Avenue

MEMBERS PRESENT: Matthew Simpson, Chair; Abe McGull; Heather Hardinger; and Andrew Lear.

MEMBERS ABSENT: None.

COUNCIL PRESENT: Mayor Ken McClure.

STAFF PRESENT: Jason Gage, City Manager; Maurice Jones, Deputy City Manager; Collin Quigley, Deputy City Manager; Rhonda Lewsader, City Attorney; Cora Scott, Director of Public Information and Civic Engagement; Melissa Haase, Assistant Director of Public Information and Civic Engagement; David Holtmann, Director of Finance; Jody Vernon, Assistant Director of Finance; Katie Towns, Director of Health; Jon Mooney, Assistant Director of Health; Brendan Griesemer, Assistant Director of Planning and Development; Bob Atchley, Senior City Planner; Bob Jones, Grants Administrator; Anita Cotter, City Clerk; Julie Greer, Deputy City Clerk.

GUESTS: Andrew Sullender, *Springfield News-Leader*; Linda Simkins, citizen; Chris Coulter, Greene County; Lyle Foster, Greene County; K. R. Mackey, Greene County.

Mayor Pro Tem Matthew Simpson, Chair, called the meeting to order at approximately 2:00 p.m., and roll call was conducted. Present: Andrew Lear, Abe McGull, Heather Hardinger, and Matthew Simpson. Absent: None.

Mayor Pro Tem Simpson noted the minutes from November 2, 2021, were provided to all members and asked if any revisions were needed. Councilman McGull moved to approve the minutes as presented. The motion was seconded by Councilwoman Hardinger and was approved by the following vote: Ayes: Hardinger, Lear, McGull, and Simpson. Nays: None. Absent: None. Abstain: None.

Mayor Pro Tem Simpson noted staff members had been very busy since the November meeting, looking at different project options and looking into opportunities for external funding partnerships.

Approved 06-23-22

Jason Gage, City Manager, noted there are multiple fund categories of ARPA monies. One of those is a calculation of lost revenue. This category allows a broad discretion on the use of the funds in the amount calculated.

David Holtmann, Finance Director, reviewed the handout entitled "ARPA Revenue Replacement Calculator," which is a tool put out by the Government Finance Officers Association for governmental units to schedule out their revenue and determine what their base revenue would be. He noted the City made calculations on lost revenue when the original guidance came out from the federal government regarding lost revenue during the term of the pandemic. The federal government put out final guidance in January 2022, and a second set of calculations has been made using that information to determine the amount of the City's loss. For Fiscal Year 2019, prior to any economic impact from COVID-19, the base year revenue was $325,000,000. That amount is inclusive of governmental activities and enterprise funds. Using 2019 as a base year, the guidance instructed to use the historical growth rate of the City or 5.2%, whichever is greater. After using four years' worth of trend information to calculate the City's growth rate, it was determined that the City's regular growth rate was less than 5.2%, so staff defaulted to the higher amount. In 2020, after entering the audited financial statement numbers, the City's actual revenue was $314,000,000, showing a revenue loss of $28,325,000, from the base year to the first year. For Fiscal Year 2021, a second calculation was made and showed a revenue loss of $44,000,000, for a total of $72,000,000 lost during the COVID period. The City was allocated just over $40,000,000 in revenue from the federal government. Half was received in June 2021, and the second half should be distributed in June 2022. The calculations show that $72,000,000 could be used under the revenue loss provision.

Some funding commitments have been made so far. $6,000,000 was committed for retention payments, and the first retention payment was made totaling $1,900,000. City Council also allocated $8,000,000 to public health for specific ARPA-related activities; none of those funds have been spent so far. At this point, about $26,000,000 remains to be appropriated. Project and expenditure reports will be provided quarterly.

Mayor Pro Tem Simpson asked for clarification on whether the purpose is to move any funding outside of the framework of the needs identified by the community; this is revenue that would otherwise be unencumbered so there is flexibility to meet community needs. Mr. Gage answered in the affirmative, noting that there are four authorized categories of funding: public health emergency, investments in water/sewer/broadband, workers performing essential work, and reduction in revenue. The reduction in revenue category gives flexibility to spend outside of those categories; however, these funds cannot be used to offset a reduction in taxes, cannot be deposited into a pension fund, cannot be used to fund debt service, cannot be used for legal settlements or judgements, and cannot be deposited into a "rainy day" fund or financial reserve.

Mayor Pro Tem Simpson noted the up to $8,000,000 allocated to the Health Department for endemic needs had not been used yet. Assuming no additional variant waves create a need for these funds, Mayor Pro Tem Simpson asked if the group could discuss reallocating those funds for other needs. Mr. Gage suggested waiting until the end of the calendar year to make that determination but agreed that could be considered.

Councilman Lear noted that less than one third of the $6,000,000 was spent so far in the first round of retention payments. Mr. Holtmann explained as staffing and pay increases affect future disbursements, the totals will increase; however, he expressed his believe that the funds allocated will be adequate.

Mr. Gage noted there are two ARPR-related grant opportunities that deal with homelessness and related issues. One is from Home Dollars, and the other is from Community Development Block Grant (CDBG). Staff thought it would be a good idea to summarize the status of those opportunities so they can be considered as decisions are made regarding the ARPA funding.

Bob Atchley, Senior City Planner, explained there are two different sources of funding available from the Department of Housing and Urban Development – HOME-ARP through the American Rescue Plan Act and CDBG-CV through the CARES Act via the Missouri Department of Economic Development.

Mr. Atchley said the CDBG-CV funding allowed for a multitude of uses, but it was decided early on that the City would apply for either public services for homeless who were COVID impacted or transitional community housing facilities. The City's HOME-ARP allocation is $3,805,703; these funds are administered through the HOME Investment Partnership program. The qualifying populations for this funding are: homeless; at risk of homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; and members of other vulnerable populations. HOME-ARP eligible activities are: HOME-ARP rental housing development; tenant-based rental assistance; supportive services; non-congregate shelter acquisition and development; and nonprofit operating and capacity building assistance. The non-congregate funds cannot be used for shelter operations.

Mr. Atchley reviewed the steps of the HOME-ARP process. The City is currently at Step 2 of seven steps. Mayor Pro Tem Simpson asked about the timeline for reaching Step 3. Mr. Atchley estimated they were 60 to 90 days out. Councilman Lear asked about the timeframe in which the funds must be allocated or spent. Mr. Atchley responded that the funds may be utilized up through 2030, noting quite a bit of time has been allocated so that "brick and mortar" projects may be included. Councilman Lear noted these funds are separate from other ARPA funds. Mr. Atchley agreed.

Mr. Atchley reviewed the 20 different agencies which had been consulted regarding these funds. In total, staff members met with 109 individuals. During these meetings, City staff asked for input on what the individuals considered to be the primary needs of the qualifying populations. The highest identified need was rental housing, followed by non-congregate shelter, followed then by support services, tenant-based rental assistance, and non-profit operating or capacity building.

He reviewed the continuum of housing – showing the progression from homelessness to private market rental or homeownership. He said the local service providers had informed staff the main issues are at the bottom step (shelter) and at the top step (private market). Mr. Gage asked if there would be enough transitional housing if the issues at the shelter step were resolved. Mr. Atchley said there may be a slight issue with transitional housing, but the main issues are at the shelter and affordable housing levels. Many agencies receive funding for continuum of care, and grant funds allow for rent and utility assistance; however, in many instances, the agencies are not able to find landlords to work with them.

Mr. Gage asked, of the five need categories identified by the agencies, which would involve capital/one-time or ongoing expenses. Mr. Atchley responded tenant-based rental assistance could be ongoing. Rental housing and non-congregate shelter would be one-time capital investments. Mayor Pro Tem Simpson noted the top two categories are capital needs and asked about the possibility of leveraging the $2,800,000 in CV funds and potentially some of the direct allocation to meet these needs. Mr. Atchley answered in the affirmative; however, the continuum of care funds and emergency solutions grant funds cannot be used for "brick and mortar" projects. Councilman Lear noted the Community Foundation has commissioned a study regarding the funds in order to make the biggest impact; the study should be finished in July.

Mr. Atchley said staff members have conducted a gap analysis, and they were also aware the Ozarks Alliance to End Homelessness has been working with the Community Foundation of the Ozarks to conduct a detailed level of analysis on the gaps in the entire continuum of care. Councilman Lear noted the study is being funded by the Community Foundation of the Ozarks and will involve focus groups; he anticipates that information will be provided on how the community can best use all of the funds available.

Mr. Gage asked about the effect on support services if non-congregate shelter capacity is increased. Mr. Atchley responded it could be a challenge. Many of the local agencies have rental assistance funding and receive assistance with staffing.

Mr. Atchley reviewed the results of the point-in-time counts conducted from 2016 through 2021. He pointed out that the number of homeless individuals is increasing, but they are also seeing more individuals who are sheltered.

The results of the 2021 point-in-time count showed that there were 583 individuals experiencing homelessness, with 517 individuals staying in emergency shelter and 66 individuals being unsheltered. Of those counted, 26 veterans were homeless; 77 families with children were homeless; 158 children were homeless (under 18); and 30 youth were homeless (age 18-24). Using the current Springfield point-in-time data, it is estimated that the community has a need for additional emergency shelter beds for approximately 300 individuals. Using the current Springfield Prioritization List Data, it is estimated that the community has a need for additional emergency shelter beds for approximately 323 individuals. Councilman Lear noted that the beds available may not match up to the people needing them due to the categories assigned for the beds (women only, etc.). Mr. Atchley noted that utilization is usually good but is never 100 percent.

Mr. Atchley reviewed the needs assessment and gaps analysis for those at risk of homelessness, comparing the City of Springfield to the state of Missouri and to the United States. He noted that the data shows Springfield property owners are not as cost burdened as those in Missouri and in the United States; however, Springfield renters are more highly cost burdened, on average, than those in Missouri and in the United States. In many cases, Springfield renters are paying more than 30 percent of their income in rental payments, which is considered by the U. S. Department of Housing and Urban Development to be a cost burden.

The affordable housing needs inventory and gap analysis showed a current gap of 8,235 affordable housing units now. Mr. Gage asked where those individuals would be living in the community today. Mr. Atchley responded that many are living in affordable housing, but it is not high-quality housing. Mr. Gage noted even an increase in cost of their current housing could affect residents negatively. Mr. Atchley agreed.

Mr. Atchley reviewed possible funding options for the HOME-ARP grant ($3,805,703) and the Missouri DED grant ($2,000,000). The proposal for the HOME-ARP funds is to allocate $1,000,000 for rental housing, $400,000 for support services, $2,215,703 for non-congregate shelter, and $190,000 for allocation plan and monitoring. The proposal for the Missouri DED grant is to allocate all $2,000,000 for a non-congregate shelter. Mr. Atchley noted the HOME-ARP funding only required the City to put together a general allocation plan. The Missouri DED application required the City to apply on behalf of a very specific proposal, and the City applied to for funds which would be used for a transitional housing community facility. The Missouri DED has acknowledged the City's application, but no other response has been received to date.

Mayor Pro Tem Simpson asked about the status of the CDBG-CV grant application. Mr. Atchley responded the City was requested to apply, but it is a competitive grant. No response to the application has been received to date.

Mr. Gage said the local legislative delegation recently asked the City to submit a request for potential appropriation from the legislature. The City submitted a packet of documents regarding eight projects in the transformative, long-term economic impact category. The package was submitted on time. If this takes shape, it will happen when the House and Senate reconcile the budget. There is no other status update so far regarding the projects.

Collin Quigley, Deputy City Manager, distributed a new packet of request applications which have been received to date. This packet is intended to replace the documents that were in the binders originally distributed to everyone in June. He also distributed and reviewed a spreadsheet listing all of the requests broken down into categories. Mr. Quigley noted the two items on the spreadsheet which have already been approved by City Council are marked in green. Those items are the retention pay for Police, Fire, and Health employees, and the COVID response set aside; together these total $13,900,000. The City's ARPA allotment is $40,276,000; the total of the requests submitted is $115,000,000.

The spreadsheet has categories which match up to the responses to the citizen engagement survey, and each requested has been assigned a category. The spreadsheet also compares the projects to the Committee's criteria. He noted the funds must be obligated by 2024 and spent by 2026. Some projects also have a cost-sharing opportunity with the county or state. Any projects which have future costs have that indicated. He further noted the spreadsheet also referenced the City Council's identified priorities.

Mr. Gage noted the Committee's criteria referenced by the spreadsheet have not been reviewed and officially defined by the Committee members. Councilman McGull expressed his appreciation for the work that had been put into the spreadsheet.

Greene County Administrator Chris Coulter said Greene County has been allocated $57,000,000 in ARPA funds. The County Commission allocated $5,700,000 to a reserve account. The remainder was distributed to three "buckets." The first "bucket" has $10,200,000 and is to be allocated for county-wide needs, including partnering with fire protective districts and other municipalities, and even Greene County expenses which are ARPA-eligible. The second "bucket" has $20,500,000 and is to be used for community needs, such as small business programs and non-profit programs. Of the $20,500,000, it is planned that $8,000,000 will go to small business programs, and $12,500,000 will go to non-profits. The application process should be rolled out within the next few weeks. The third "bucket" has $20,500,000 and is to be allocated for collaborative projects. Mr. Coulter introduced Greene County ARPA Administrator Lyle Foster.

Councilman McGull asked if the funds allocated for collaborative projects could be used for joint City-County projects. Mr. Coulter answered affirmatively, noting many agencies had requested funds from both the City and the County.

Mayor Pro Tem Simpson noted there are still a lot of contingencies on the various types of grants and other funding. He indicated he would like to next look at some broad category level funding ranges and maybe start thinking about projects within those ranges. Councilwoman Hardinger recommended prioritizing the categories and the projects. Mayor Pro Tem Simpson agreed. Councilman Lear suggested refining the criteria and setting up some type of a scoring system before addressing the requests.

Mayor Pro Tem Simpson noted there were four weeks left of the State General Assembly session. He recommended scheduling the next meeting after the close of the session. Mr. Gage agreed that this would be best from an allocation perspective.

Mayor Pro Tem Simpson recommended scheduling a meeting to review criteria and set up a scoring system. Councilman Lear recommended everyone review the applications and spreadsheet provided prior to the next meeting.

Councilwoman Hardinger asked if the federal government had provided any type of tool or template to help categorize the requests. Mr. Quigley responded that there was no template provided. Mr. Gage noted the four categories that were designated.

Mayor Pro Tem Simpson reminded everyone to focus on the community engagement priorities identified by the community via the survey as they review the requests so the funds can be used for the most transformational projects and have the longest impact for the most people in the community.

He thanked staff members for the work put into their presentations. Mr. Gage expressed his appreciation to Mr. Quigley for the spreadsheet and keeping everything organized.

Councilwoman Hardinger moved to adjourn. The motion was seconded by Councilman McGull and approved by the following vote: Ayes: McGull, Hardinger, Lear, and Simpson. Nays: None. Absent: None. Abstain: None.

There being no further business to come before the Council ARPA Review Committee, the meeting was adjourned at approximately 3:20 p.m.