

SUMMARY REPORT**CITY COUNCIL****ITEM INITIATED BY:** Kate Zawadzki, Finance Director**ITEM AUTHORIZED BY:** Jim Lindley, City Manager**PREPARED BY:** Kate Zawadzki, Finance Director 13**RECOMMENDATION / REQUESTED ACTION:**

Authorize the American Rescue Plan Act (ARPA) funding spending plan, approve the budget adjustment and provide direction on remaining funding.

BACKGROUND / DISCUSSION / ANALYSIS:

The American Rescue Plan Act (ARPA) was signed into law on March 11, 2021. This act established the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. Under this program, the City of Dixon was awarded \$4,951,402. Half of this award was disbursed in July 2021 and the second half is expected to be disbursed in July 2022.

The initial guidance for the eligible use of the funding was very restrictive. The City of Dixon was ineligible to use the replacement of public sector revenue category due to the large amount of developer impact fees received during the pandemic. Despite the restrictive nature of this revenue, the guidance did not differentiate between General Fund revenue and revenue in other funds. On May 17, 2021, the U.S. Department of Treasury (Treasury) published an Interim Final Rule that expanded the use of the funding but did not modify the replacement of public sector revenue usage requirements. Finally, on January 6, 2022, the Treasury issued the Final Rule. The Final Rule substantially broadened the eligible uses and provides the City with more flexibility in administering funds.

The Final Rule modified the replacement of public sector revenue category to provide a standard allowance of the greater of the agency award or \$10 million to be used for government services. The services allowed under this category are:

- 1) Construction of schools and hospitals
- 2) Road building and maintenance and other infrastructure
- 3) Health services
- 4) General government administration, staff and administrative facilities
- 5) Environmental remediation

- 6) Police fire and other public safety services – including purchase of fire trucks and police vehicles

The Treasury encourages use of this category as it is the most flexible eligible use category and results in streamlined reporting and compliance requirements. The spending plan presented in this report utilizes the entire award in the recommended replacement of public sector revenue.

Eligible costs must be incurred after March 3, 2021, obligated by December 31, 2024, and expended by December 31, 2026. The spending plan detailed below is in alignment with these deadlines.

Staffing

Two Fire Battalion Chiefs – A Fire Department reorganization was approved in December 2021. This reorganization plan included the addition of three Fire Battalion Chiefs. Due to funding availability, only one of the three positions was funded. The grant is available to provide funding for these positions through December 31, 2024. The total cost for this period is estimated to be \$1,099,000.

Police Lieutenant – A Police Department request for temporarily increasing department staffing to add a new Police Lieutenant to the department was also approved in December 2021. This position was approved on a limited-term basis with the intent to request permanent funding as it became available. The position is not expected to be filled until mid-year fiscal year 2023. The total cost for funding during the grant period is projected at \$436,000.

Human Resources Technician – The Human Resources (HR) Department has been tasked with ever expanding responsibilities. The City employee count has grown, resulting in increased administration of employee benefits and workers compensation claims. The department has also been instrumental in implementing and administering Coronavirus policies and procedures. They have been coordinating with all City staff to ensure legal compliance and also identifying resources for virus testing. The current labor market environment is increasing the demands on the department as positions become more difficult to fill. It has become common for candidates to drop out of the recruitment during the testing and interviewing phases of hiring and even upon receiving an offer of employment which has resulted in repeating recruitments for several positions. The HR Technician will be responsible for administering the day-to-day tasks in recruitments, onboarding/orientations, trainings, benefits, worker's compensation, purchase orders and updating the HR information system. In addition, they will provide administrative support in employee relations, compensation studies and property/liability claims. The cost for this position during the grant period is anticipated to be \$221,000.

Funding for the four positions presented will need to be provided by the General Fund beginning in January 2025 to maintain positions following the expiration of the grant. Projected impact to the General Fund in Fiscal Year (FY) 2024-25 is \$379,000 and the projected impact to FY 2025-26 is \$795,000.

On-Going Costs for Police Services

License Plate Reader Program – This is an existing program in the Police Department. This request will fund the current program as well as the expansion to 18 license plate readers. The projected cost of this program during the grant period is approximately \$163,000.

Body-worn cameras – The request for body-worn cameras will update the cameras worn by officers as well as provide storage for the footage captured. Storage capacity has been an ongoing challenge for the Police Department. The initial year includes \$44,578 for upfront costs in addition to \$55,375 of on-going annual service costs. The total cost during the grant program is approximately \$211,000. The Police Department will return to a future City Council Meeting with a contract and budget amendment for approval.

Police vehicle cameras – Police vehicles do not currently have cameras that are utilized by officers. This project will provide cameras that are integrated with the body-worn cameras. The initial year includes \$107,060 for upfront costs in addition to \$27,441 of on-going annual service costs. The total cost during the grant program is approximately \$162,000. The Police Department will return to a future City Council Meeting with a contract and budget amendment for approval.

Interview Room camera – This project will provide for the installation of a camera in the Police Interview Room as well as for storage of footage collected. The initial year includes \$14,152 for upfront costs in addition to \$6,451 of on-going annual service costs. The total cost during the grant program is approximately \$34,000. The Police Department will return to a future City Council Meeting with a contract and budget amendment for approval.

Drone program – This request is part of a larger program with initial funding approved from the Police Grant Fund during the mid-year budget update. It is proposed to utilize \$163,000 in ARPA funding for this program over the course of grant period. The Police Department will return to a future City Council meeting with a report including parameters of the program, a contract and a budget adjustment.

One-Time Costs

Enterprise Resource Planning System (Tyler) – This project was approved in the FY 2021-22 budget. Transferring this project to ARPA funding will save the General Fund \$600,000.

New Fire Apparatus – This purchase was approved in the FY 2021-22 budget. Transferring this project to ARPA funding will save the General Fund \$560,000. The remaining 30% of this purchase is funded by the Dixon Fire Protection District.

Fire Station 82 Design – An RFP was issued in January 2022 for design services for the new Fire Station 82. Funding for this item would otherwise be requested out of the Fire Developer Fees. Utilizing ARPA funding will allow the collected development fees to be used for construction costs. There is an item on the agenda for March 15, 2022 meeting to request approval to award the contract. The project cost is approximately \$460,000.

Wireless Radio Network Connectivity – There is currently a wireless network that interconnects City facilities. The hardware on the existing equipment is considered legacy and is no longer supported by the original vendors. The wireless radio equipment is outdoors and the life expectancy is five years. The antiquated equipment is resulting in intermittent failures and causing performance challenges, specifically at the Wastewater Treatment Plant and Transit Office. This project will replace the network hardware and will result in improved network speed, as well as allow for better interconnectivity, failover and centralization of city provided services. The cost of this project is projected at \$60,000.

Remaining funding for Council Direction

If Council approves the spending plan presented above, the balance of the grant is approximately \$900,000. Staff is requesting guidance from Council on the preference for expenditure of this remaining balance with consideration given to the timeline and allowable uses

Funds must be committed by December 31, 2024 and expended by December 31, 2026. Relevant permitted uses include:

- 1) Road building and maintenance and other infrastructure
- 2) General government administration, staff and administrative facilities
- 3) Police, fire and other public safety services – including purchase of fire trucks and police vehicles

ALTERNATIVES / OPTIONS:

- 1) Reject the proposed spending plan and provide direction to staff to return with an alternative plan
- 2) Reject spending the ARPA allocation and return funds to the State of California.

ENVIRONMENTAL:

This is not a project under the terms of the California Environmental Quality Act (Public Resources Code section 21065).

SUBSEQUENT ACTION(S):

City Staff will implement the proposed programs as approved by the City Council

FINANCIAL IMPACT:

The ARPA allocation for the City of Dixon is \$4,951,402. The proposed spending plan expends approximately \$4,053,000 of the grant revenue. If approved as presented, the cost to the General Fund in FY 2024-25 will be \$438,000 to maintain the added positions and pay the on-going program costs. The full cost will impact the General Fund in FY 2025-26 at \$939,000.

The following budget amendment is requested to fund the new staff positions, with the exception of the Police Lieutenant that will begin funding in FY 2022-23, the License Plate Reader Program and the Wireless Radio Network Connectivity Project. It also transfers the funding of the ERP and the Fire Apparatus from the General Fund to the ARPA Fund. The New Fire Station Design Project will be presented at the March 15, 2022 City Council Meeting and includes a corresponding budget amendment request. Reports will be presented at future City Council Meetings to present the drone, body-worn camera, vehicle camera and Interview Room cameras and will include requests for budget amendment.

Account Number	Description	Current Budget	Amendment	New Budget
501-000-461000-0000	Grant Revenue - ARPA	-	(2,475,701)	(2,475,701)
100-114-560400-0000	Finance - Capital Outlay	600,000	(600,000)	-
100-115-511000-0000	HR - Salaries/Wages	245,543	13,736	259,279
100-166-511000-0000	Fire - Salaries /Wages	2,808,385	66,157	2,874,542
100-166-560400-0000	Fire - Capital Outlay	842,404	(560,000)	282,404
100-000-491501-0000	General Fund - Transfer from ARPA	-	(79,893)	(79,893)
501-000-591100-0000	ARPA - Transfer to General Fund	-	79,893	79,893
501-102-560400-0000	ARPA - ERP Project	-	600,000	600,000
501-103-560400-0000	ARPA - Fire Apparatus	-	560,000	560,000
501-104-560400-0000	ARPA - Wireless Radio Project	-	60,000	60,000
Total Fiscal Impact: (\$2,335,808)				

Direction given by City Council to staff on spending remaining funds will be brought back to the City Council for approval and budget amendment at a future meeting.

ATTACHMENTS:

1. Resolution

APPROVALS:

Finance: 13

City Manager: 

City Attorney: _____

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DIXON
AUTHORIZING THE AMERICAN RESCUE PLAN ACT FUNDING SPENDING PLAN
AND APPROVING THE CORRESPONDING BUDGET ADJUSTMENT**

WHEREAS, the American Rescue Plan Act (ARPA) was signed into law on March 11, 2021; and

WHEREAS, ARPA established a Coronavirus State and Local Fiscal Recovery Funds program; and

WHEREAS, the City of Dixon was awarded \$4,951,402; and

WHEREAS, it is recommended that governments utilize the replacement of public sector revenue category to provide government services; and

WHEREAS, City staff has reviewed unmet departmental needs and identified requests that are compliant with the terms of the ARPA program.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF DIXON, that the City Council authorizes the spending plan as presented and approves the corresponding budget adjustment as follows:

Account Number	Description	Current Budget	Amendment	New Budget
501-000-461000-0000	Grant Revenue - ARPA	-	(2,475,701)	(2,475,701)
100-114-560400-0000	Finance - Capital Outlay	600,000	(600,000)	-
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501-102-560400-0000	ARPA - ERP Project	-	600,000	600,000
501-103-560400-0000	ARPA - Fire Apparatus	-	560,000	560,000
501-104-560400-0000	ARPA - Wireless Radio Project	-	60,000	60,000
Total Fiscal Impact:			(\$2,335,808)	

PASSED AND ADOPTED AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF DIXON ON THE 15TH DAY OF MARCH 2022 BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Kristin M. Janisch
Elected City Clerk

Steven C. Bird
Mayor