Town Council Finance Committee
Process to Allocate American Rescue Plan Act Funds

On June 16, Paul Bockelman and Sean Mangano sent a memorandum to the Council about the American Rescue Plan Act (ARPA) Funds. The memo provided an explanation of the permissible uses for the $12 million coming to Amherst and suggested a process for how to allocate this resource. ARPA is to “address the physical and economic impacts of the pandemic and lay a foundation for a strong and equitable recovery.”

At the June 21 meeting, the Council voted to accept the funds and to refer the Town Manager’s proposed process to allocate American Rescue Plan Act funds to Finance Committee with a report to the Town Council by July 12, 2021. The Finance Committee met on June 29 and July 6. This is the report about the Finance Committee discussion and recommendation.

June 29 meeting

Sean Mangano began the meeting with a brief presentation about ARPA and responded to questions. The funds will come in two tranches with 50% available now. Eligible costs must be incurred or obligated by December 31, 2024 and expended by December 31, 2026. While there are a large number of possible uses, the principle goals are to address the physical and economic impacts of the pandemic and lay a foundation for a strong and equitable recovery. The committee discussion focused on the Town and the community, businesses and individuals. The schools are direct recipients of ARPA funds, additional to the grant coming to the Town.

The legislation provides substantial flexibility. Pending official guidelines, broadly eligible areas include:

- Efforts to decrease spread of the virus and bring the pandemic under control
- Replacement of lost revenue for local governments to strengthen support for vital public services and help retain jobs
- Necessary investments in water, sewer, and broadband infrastructure
- Economic stabilization for households and businesses
- Public health and economic challenges that have contributed to the inequal impact of the pandemic

The committee agreed that ARPA funds should be used to assure that the Town is financially sound, emphasizing that Town services benefit all residents of the Town. This includes replacing any revenue loss from qualified enterprise funds and other municipal revenue affected by the pandemic, such as meals and lodging tax, and for meeting the Town’s priority capital needs that support public services.

However, that does not mean that the first tranche of funds should be used entirely for that purpose. We discussed the need for initial analysis to assess the share for public services and a share for broader community needs. The division of public budget/services support and community could vary in each tranche.

Need for an Action Plan to Distribute Funds

The Finance Committee’s charge is to recommend a process to make decisions about the allocation of this resource. We agreed that the process should allow for broad participation and be transparent. It needs to begin by understanding the economic consequences of the pandemic and areas of urgent need.
Bob Hegner talked about his experience working as a consultant with the federal Department of Housing and Urban Development to develop a toolkit to assist communities, after a disaster, to effectively use funds from the CDBG-DR (Community Development Block Grant Disaster Recovery) program. Recipients are encouraged to develop an action plan. The action plan process begins with assessing the current situation, the impacts of the disaster. Then communities should identify unmet needs, the impacts and related needs that are not addressed by other sources of funds. That enables a community to determine its current capacity to address unmet needs and prioritize needs for grant resources. Hegner provided a link to the CDBG-DR Toolkit which could be helpful, [https://www.hudexchange.info/programs/cdbg-dr/toolkits/](https://www.hudexchange.info/programs/cdbg-dr/toolkits/).

The Finance Committee agreed that this type of an Action Plan is a logical step to precede the appointment of the Advisory Group recommended in the June 16 memorandum from the Town Manager and Finance Director. This is a grant and it will be allocated by the Town Manager with the advice of the Town Council, similar to the current Community Development Block Grant (CDBG) process. The Advisory Group will function like the standing CDBG Advisory Committee.

**Composition of an Advisory Group**

The next discussion was about the composition of the Advisory Group. It will be appointed by the Town Manager, with members confirmed by the Council in accordance with Charter Section 2.11. The June 16 memorandum suggested that it be “comprised of Town Councilors, finance staff, and other key stakeholders.” The Finance Committee recommends that resident members of the Finance Committee also be considered for the Advisory Group. Further, the committee agreed that anyone who might be a recipient of funds or an advocate for any possible recipients should be excluded from the Advisory Group to preserve community confidence in the process. We also recommend that the Advisory Group be diverse and include members of the BIPOC community.

The meeting concluded with an agreement that the Chair and Finance Director develop a draft report and that the committee review it on July 6.

**July 6 meeting and Recommendation of ARPA Process:**

On July 6, the Committee continued the discussion of the process to make decisions and the timeline for managing and distributing the ARPA funds. We recommend the process and timeline that is in a separate document in the July 12 Council packet, the “Proposed ARPA Process Outline”. This process envisions three critical phases in the distribution decision:

1. Fund FY22 Budget Initiatives/FY21 budget Gaps. The Town Manager proceeds to allocate funds to critical unmet needs identified in the FY22 budget and targeted for ARPA support. These include:

<table>
<thead>
<tr>
<th>Use</th>
<th>Estimate</th>
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<tbody>
<tr>
<td>Diversity Equity &amp; Inclusion Coordinator</td>
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<tr>
<td>Staff transition support</td>
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</tr>
<tr>
<td>Capital projects manager</td>
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<tr>
<td>Cherry Hill extra help</td>
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<tr>
<td>Sustainability intern</td>
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<tr>
<td>Community participation officer outreach</td>
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<tr>
<td>Community responder program</td>
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<tr>
<td>Revenue replacement sewer and parking fund</td>
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<tr>
<td>Total</td>
<td>$1,397,500</td>
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Motion: Schoen moved and Griesemer seconded that the Finance Committee affirm approval of this list for the initial allocation of ARPA funds pending final estimates of the costs of each item. The Motion passed unanimously with the two resident members present during the meeting (Hegner and Kubiak) supporting this initial allocation.
2. Develop an Action Plan. We recommend that the Town Manager, working with heads of departments and information from key stakeholders identify and assess needs and the potential impact of ARPA support. This process would determine the share of the first tranche of the ARPA distribution that would be focused on the Town budget and services, and the share for targeted community needs that would not be eligible for other sources of funding.

3. Advisory Group and Community Distribution: Pending decision on the allocation of the initial funds, Town Manager would convene an advisory group for distribution of funds for priority areas identified in the Action Plan. We recommend that this Committee not be established until after initial decisions are made on the share of funds to be allocated to Town public services. The expectation is the group would begin their work in January 2022 pending this decision. This group would be similar to the advisory group for the Community Development Block Grant. This group would solicit proposals and make recommendations to the Town Manager by the end of March 2022.

We recommend that this process govern the distribution of the first “tranche” of the ARPA allocation to Amherst and that the process also consider and plan for a process to set priorities and make decisions for the second distribution.

Respectfully submitted,

Andrew Steinberg, Chair
Cathy Schoen, Vice-Chair
Pat De Angelis
Lynn Griesemer
Dorothy Pam
Robert Hegner, Resident Member
Bernie Kubiak, Resident Member
Jane Sheffler, Resident Member