

City of Blaine
Request for Council Action
Meeting Date: June 28, 2021

Subject: Ordinance 21-2962, Acceptance of staff proposal for American Rescue Plan Act (ARPA) relief funds.

Department: City Manager

Prepared By: _____
(Digital Signature)

Agenda Location: Consent Agenda Council Action Unfinished Business

Attachments:

1. Ordinance 21-2962
2. RED Loan Memo
3. Utility Bill Relief Memo
4. Proposed ARPA Spreadsheet

Background/Summary:

On March 10, 2021, the United States Congress passed the American Rescue Plan Act (ARPA). Among other things, part of this relief bill was aimed at alleviating the financial shortfall many local governments have faced throughout the COVID-19 pandemic.

The City of Blaine will be receiving relief funds in two equal portions, also known as “tranches”. The City has applied to receive the relief funds, and staff expects to receive the first tranche by the end of June. The second tranche of money is expected to be released to the City sometime in early to mid-2022.

The first tranche being released to the City is \$782,591. The City Manager worked with staff to develop effective uses for the relief funds, which were originally presented to Council on April 26, 2021. Staff has amended the proposal based on Council direction and the changing circumstances. City staff has reviewed the areas of concern due to the budget shortfall, and has recommended the money be allocated to various programs to help mitigate the impact budget cuts have had on City services. The City Manager is requesting that the City Council direct staff on allocation of the funds. The proposed allocations are below:

1. Administration:	\$66,000
2. Community Development Services:	\$47,000
3. Public Works	\$73,000
4. Finance:	\$86,500
5. Police Department:	\$149,129
6. Information Technology:	\$37,000
7. Court:	\$12,500
8. <u>ARPA Funds Not Appropriated (remainder):</u>	<u>\$311,462</u>
Total:	\$782,591

General Fund – 001

The City Manager is proposing \$435,129 (or roughly 55% of the \$782,591) be allocated to the General Fund. Department of Treasury guidance on allowable use for ARPA funds includes a calculation of “unrealized revenue,” that is to say the difference between actual 2020 revenue

and a projected 2020 revenue based on a 4.1%¹ increase from 2019. Based on the Treasury guidance the City has “lost” \$745,170 in these three areas.

2020 Unrealized Revenue 4.1% Calculated	
General Revenue	\$ (404,725)
Street-Restricted	\$ (222,411)
Lodging-Restricted	\$ (118,034)
Total	\$ (745,170)

1. Administration - \$66,000: Funding would go towards re-establishing the full-time Office Specialist – City Clerk position that was included in the adopted 2020 budget (2020 budget was .8 FTE; this is for 1 FTE), the recruitment and hiring of a new Finance Director and other positions, travel and training, as well as tuition reimbursement for staff members (which is a requirement in certain collective bargaining agreements).
2. Community Development Services - \$47,000: Funding would go towards an increase in professional services, travel and training, miscellaneous and office supplies, as well as economic development projects.
3. Public Works - \$73,000: Funding would go towards temporary seasonal maintenance workers and restoring the remaining parks budget to level equivalent to 2020.
4. Finance - \$86,500: Funding would go towards utility bill relief program, RED Loan forgiveness program, travel and training, office supplies, and possible Finance Director relocation expenses.
5. Police - \$149,129: Funding would go towards a 12 month advance pay for vehicle leases, salaries and wages (adding the Lieutenant position back into the budget), and utility space rental.
6. Information Technology (IT) - \$37,000: Funding would go towards a blade server to replace the old system (which allows additional virtualization of outdated existing physical systems), software license true-up, travel and training, unexpected cost increase from vendors, replacement for failed parts, and other non-CARES Act items.
7. Court - \$12,500: Funding would go towards supplies and enhanced Court security.

Street Fund – 101

The City is proposing \$36,000 (or roughly 5% of the \$782,591) be allocated to the Street Fund for the temporary seasonal maintenance workers.

Additional ARPA Funds Not Appropriated - \$311,462 (roughly 40% of the \$782,591)

This is a portion of funding that can be allocated towards activating or sustaining programs, one-time expenditures, or other approved ARPA use of the funds. Staff’s intention with the

¹ ARPA guidance specifies the 4.1% growth rate as the year over year calculator for projecting growth.

proposed ARPA relief funds is to mitigate the immediate needs of the City while retaining a portion for items and programs that Council believes are appropriate during the spending term in the ARPA, which ends on December 31, 2023.

Budget Implications: Current Budget New Budget Request Non-Budgetary

The first tranche of relief funds will add \$782,591 to the City’s budget. A total of \$471,129 will be allocated for approved expenses. The City will hold \$311,462 as unappropriated funds for future allocation by the City Council.

Recommendation: Waive the second reading

The City Manager recommends City Council waive the second reading and adopt Ordinance 21-2962, accepting staff proposal for American Rescue Plan Act (ARPA) relief funds. Following adoption of this ordinance, the City Manager will prepare a budget amendment to incorporate the proposal into the 2021 Budget. The amendment will be presented at the next City Council meeting.

Reviewed By:

City Manager _____ Finance Director _____ City Clerk _____
(Digital Signature) (Digital Signature) (Digital Signature)

ORDINANCE NO. 21-2962

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BLAINE, WASHINGTON,
AMERICAN RESCUE PLAN ACT (ARPA) RELIEF FUNDS.**

WHEREAS, on March 13, 2020, the Blaine City Manager issued a Proclamation of Local Emergency regarding COVID-19 and on March 16, 2020, the City Council of Blaine, Washington, adopted Resolution No. 1800-20 confirming the City Manager’s Proclamation of Local Emergency regarding COVID-19; and,

WHEREAS, the public health emergency regarding COVID-19 has caused economic impacts on businesses and citizens in Blaine and other unpredictable short and potentially long term consequences which necessitate the City to act and plan accordingly; and,

WHEREAS, the economic impacts are affecting the local economy, reducing the City’s revenues resulting in budget reductions that adversely affect the City’s ability to provide services; and,

WHEREAS, the Congress passed the American Rescue Plan Act (ARPA) on March 10, 2021; and,

WHEREAS, the City will receive funding of \$1,565,182 resulting from the ARPA in the form of two tranches; one in 2021 and one in 2022; and,

WHEREAS, the Council has determined that the first tranche of funding will be allocated per Section Two of this ordinance; and,

WHEREAS, with the inclusion of ARPA relief funds, the City will have sufficient revenues to cover the proposed expenditures.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BLAINE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

SECTION 1: The City Council of the City of Blaine, Washington, formally accepts the first tranche of federal funding through the ARPA.

SECTION 2:

1. Administration:	\$66,000
2. Community Development Services:	\$47,000
3. Public Works	\$73,000
4. Finance:	\$86,500
5. Police Department:	\$149,129
6. Information Technology:	\$37,000
7. Court:	\$12,500
8. <u>Additional ARPA Funds Not Appropriated:</u>	<u>\$311,462</u>
Total:	\$782,591

SECTION 3: Should any section, clause or provision of this Ordinance be declared by the courts to be invalid or unconstitutional, the same shall not affect the validity of the Ordinance as a whole, or any part thereof, other than the part of the Ordinance declared to be invalid.

SECTION 4: This Ordinance shall take effect and be in force from and after its passage by the City Council and approval by the Mayor, if approved, otherwise, as provided by law and five days after the date of posting for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF BLAINE, WASHINGTON on the 28th day of June, 2021, and approved by the Mayor on the same day.

CITY OF BLAINE, WASHINGTON

BONNIE ONYON, Mayor

ATTEST:

SAMUEL CRAWFORD, City Clerk



CITY OF BLAINE

COMMUNITY DEVELOPMENT SERVICES DEPARTMENT

435 MARTIN STREET, STE. 3000 • BLAINE, WA • 98230

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MEMORANDUM

Date: May 26, 2021
To: Michael Jones, City Manager
From: CDS Department
Cc:

Re: **RED Loan Forgiveness Program**

In response to COVID-19 and in support of business development and business retention, Blaine City Council approved Resolution 1820-10 on April 13, 2020, recommencing the Rural Economic Development Revolving Fund Loan Program. City Council provided economic relief to local businesses by making RED Revolving Loan Funds available to businesses located in the City of Blaine and Blaine's Electric Service Area. Low interest loans in the amounts of five to ten thousand dollars were made available for qualifying applicants. We propose allocating \$40,000 of the American Rescue Plan Act funds be allocated to a RED loan forgiveness program.

The City, through the review and approval of the RED Revolving Loan Board, issued a total of \$60,000 in loans to local businesses in the last 12 months. Four loans were issued in 2020 and an additional two loans in 2021. Each loan was for \$10,000.

Two of the loans issued in 2020 have been paid off in full. The other two loans issued in 2020 have approximately 2.5 years left and a total remaining balance of \$17,708.56 as of May 25, 2021. The two loans issued in 2021 have yet to start the repayment process and both have 3 year terms. The total outstanding balance of the RED Loan program is \$37,708.56 as of May 25, 2021.

Proposal:

The City may use American Rescue Plan dollars to forgive or partially forgive the RED loans. Those funds would be retained by local restaurants which have been one of the most heavily impacted industries during COVID-19. We propose that the City Council allocate \$40,000 to this program.

Each loan recipient may apply to the City to be considered for the RED Loan Forgiveness Program. The City would review the applications and determine if loans qualified for forgiveness based on a comparison of their gross revenue. Businesses that experienced a greater percentage of reduced 1st Quarter gross revenue from 2019 or 2020, as reported to Washington State Department of Revenue, would receive a greater percentage of loan forgiveness. Based on a finding that the business met certain levels of diminished revenue, the City would provide written documentation of loan forgiveness or partial forgiveness.

Loan forgiveness based on a comparison of reduced gross revenue:

- A. 2021 1st Quarter gross revenue compared to 1st Quarter gross revenue reported in 2020 or 2019 (the business can choose either comparison)
- B. A copy of the Washington State Department of Revenue filing report shall be provided for each quarter and year referenced in the gross revenue comparison.

The amount of loan forgiveness shall be based on the following:

- A. Less than 10-percent reduction in revenue does not qualify for loan forgiveness
- B. 10-percent or more reduction in revenue allows for 20-percent loan forgiveness
- C. 15-percent or more reduction in revenue allows for 40-percent loan forgiveness
- D. 20-percent or more reduction in revenue allows for 70-percent loan forgiveness
- E. 30-percent or more reduction in revenue allows for 100-percent loan forgiveness



CITY OF BLAINE

CITY MANAGER'S OFFICE

435 MARTIN STREET, STE. 3000 • BLAINE, WA • 98230

MEMORANDUM

Date: June 28, 2021
To: City Council
From: Michael Jones, City Manager
Cc: Stacey Wood, Utility Billing Coordinator
Re: Utility Account ARPA Debt Relief Program Proposal

During the COVID-19 pandemic, many customers fell behind on payment of utility bills. By action of Governor Inslee, all service providers in the State were required to place a moratorium on utility shut offs. On 7/31/21, the moratorium will be lifted. Utility service providers, such as the City, are required to work with customers through various means to attempt to settle debt and keep services on. One option is to provide payment plans, which the City is already doing. Another option is to offer some utility debt relief. Utility debt relief is a permitted use of American Rescue Plan Act (ARPA) funds.

On average the typical utility bill for a customer in the City of Blaine (who has all four utilities: electric, water, sewer and storm water) ranges from \$250 to \$350 per month depending on household size, usage needs and size/efficiency of the home. There are total of 100 past due customer accounts, with a combined total amount due of approximately \$125,000. There are 26 accounts included in Attachment A – Summary of Past Due Accounts that just pay electric. The average electric bill ranges from \$30 to \$100 depending on time of year, household size and usage needs.

Out of the 100 delinquent accounts, the City has 13 accounts with payment plans¹. All of these accounts have been very good at trying to keep up with their payments. We have a couple accounts that struggle to make the monthly payment amount in full, but they attempt to pay something, and have stayed in contact with Utility Billing staff.

Of the 100 delinquent accounts (including payment plan accounts), 54 accounts are more than 6 months past due with many accounts having made no payments since the moratorium was put in place. The remaining accounts have made some attempt at payments within the last 6 months and many have made payments within the last 2-4 months.

The Utility Billing Coordinator has made several attempts to let our customers know we have a payment plan available and are very willing to work with them. We sent out inserts with the utility bills on 2 separate occasions and placed the payment plan on the City website. We did not receive much interest from the insert, so the Utility Billing Coordinator decided to utilize the “robo-dialer” system. This is an auto-dialer we run at the beginning of each month to all delinquent accounts notifying them of the

¹ 13 accounts with plans as of June 15, 2021

amount due, the phone number to call to make a payment and the number to call to set up payment arrangements. We have done this for the last 3 months and have had more success getting payments on accounts and payment plans set up.

In order to assist customers to become current on their utility bills and to avoid shut off of services, we are proposing that \$40,000 of the ARPA funds be allocated to utility debt relief. We are proposing a flexible plan that would incentivize a customer for paying a portion of their debt, and would be crafted to their ability to pay over as long as one year. Three payment options are proposed: a 6-Month Plan, a 9-Month Plan, and a 12-Month Plan. Shorter plans would have larger payments, and longer plans would reduce the monthly amount due. All the plans would be designed so that if a customer pays one-third (typically 3 monthly payments) the City utility debt relief account will pay the next one-third, thereby reducing the overall burden by 33%. Some customers may be eligible for the Community Assistant Program's (CAP) utility assistance. Therefore, CAP may make the initial payment of one-third, the City would then make the second payment of one-third, leaving the past due customer with only the final third to pay. We propose that the program require that customers stay current on new bills, and that they do not generate more city-related utility debt while under the repayment plan.

An example of a \$1,000 debt under a 12-month plan would be as follows:

$$\$1,000/12 = \$83.33 \text{ per month}$$

- Customer or CAP pays first four payments (1/3rd of debt) a total of \$333.33
- City ARPA Funds pay next four payments (1/3rd of debt) a total of \$333.33
- Customer or CAP pays final four payments (1/3rd of debt) a total of \$333.34

Note that CAP has rules related to size of payment and frequency of payment and requires proof of reduced ability to pay in order to release funds. It is not likely that someone would be eligible for CAP to pay two 1/3 payments. CAP eligibility is limited to residential customers. It does not apply to commercial utility customers.

City funds would be available on a first come, first served basis and would not be replenished without action by the City Council. We propose that \$40,000 of ARPA funds be placed in a utility debt relief account. A more detailed program and the related outreach material will be developed if Council approves this use of the ARPA funds.

Proposal for Use of 2021 ARPA Funding

<u>Administration</u>		<u>CDS</u>		<u>PW</u>		<u>Finance</u>		<u>PD</u>		<u>IT</u>		<u>Court</u>	
Item	Cost	Item	Cost	Item	Cost	Item	Cost	Item	Cost	Item	Cost	Item	Cost
Increase Office Specialist - City Clerk Hours - 1 FTE	\$ 27,000	Increase Professional Services	\$ 10,000	Two PT/Temp Summer Help (Streets)	\$ 24,000	Travel/Training	\$ 1,000	12 month advance pay FCI Cars Vehicle Lease	\$ 57,029	Blade server to replace old system*	\$ 10,000	Supplies	\$ 2,500
Finance Director Job Process & PT/Temp Summer Help Ads	\$ 23,000	Travel/Training	\$ 5,000	One PT/Temp Summer Help (Parks)	\$ 12,000	Supplies	\$ 500	Salaries & Wages (add Lt. salary back into budget)	\$ 65,000	Software License true-up	\$ 8,000	Enhanced Court Security	\$ 10,000
Travel/Training	\$ 1,000	Increase Misc/Office Supplies	\$ 2,000	Restore remaining Parks budget to 2020 level	\$ 37,000	Utility Bill Relief	\$ 40,000	Utility Space Rental	\$ 12,000	Travel/Training	\$ 1,000		
Staff Tuition Reimbursement (PD)	\$ 15,000	Economic Development Projects	\$ 30,000			RED Loan Forgiveness	\$ 40,000	PD Car computer equipment	\$ 15,100	Unexpected Cost Increases from vendors	\$ 5,000		
						Finance Director Relocation	\$ 5,000			Increase funds for part failure replacement	\$ 8,000		
										Non-CARES Act Items	\$ 5,000		
Total:	\$ 66,000		\$ 47,000		\$ 73,000		\$ 86,500		\$ 149,129		\$ 37,000		\$ 12,500

Total:	\$ 471,129
Unappropriated	\$ 311,462
Total	\$ 782,591
ARPA Total (approx)	\$ 782,591
Remainder	\$ 0

General	\$ 435,129
Street	\$ 36,000

*Allows additional virtualization of outdated existing physical systems

Note: IT, Administration, and Finance are allocated expense areas. They are in part distributed to the enterprise funds.