



CITY OF KNOXVILLE, TENNESSEE

City Council

AGENDA INFORMATION SHEET

AGENDA DATE: **October 19, 2021**

DEPARTMENT: **Finance**

DIRECTOR: **Susan Gennoe**

AGENDA SUMMARY An Ordinance amending the FY 21/22 operating and capital budgets. The ordinance has multiple components and uses three sources of funds: State and Local Fiscal Recovery (SLFR) Funds, General Fund money derived from a reduction in transfers to KAT for the current FY, and the use of General Fund dollars from unassigned fund balance. More specifically, the total proposed budget ordinance amendment appropriates \$35,895,046 for various projects and initiatives. SLFR funds account for \$21,226,706 of this amount, the reduction in KAT transfers from the General Fund accounts for another \$13,315,340 of this amount, the use of unassigned fund balance from the General Fund accounts for \$803,000 of this amount, and the use of \$550,000 of unrestricted net position in the Risk Management Fund for the remainder.

COUNCIL DISTRICT(S) AFFECTED All

BACKGROUND On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law establishing the State and Local Fiscal Recovery (SLFR) Fund. These funds are intended to support governments in responding to the impacts of COVID-19 and their efforts to contain COVID-19. The City is to receive \$42,453,411 over two years and received its first tranche of \$21,226,705.50 on July 12, 2021; the City anticipates receiving the second tranche of \$21,226,705.50 in June or July of 2022.

The City is also receiving \$15,090,625 from a Federal Transit Authority (FTA) 2021 ARPA Formula Transit Grant, thus eliminating the need for the City to transfer \$13,315,340 budgeted in FY 21/22 from the General Fund to KAT. The transfer reduction will be used for other requirements that the City was unable to fund due to the financial constraints and financial uncertainty caused by the pandemic. The following is a list of the initiatives and projects funded with, and categorized by, the use of SLFR funds, General Funds derived from the reduction in the transfer to KAT, General Funds from unassigned fund balance, and the allocation of unrestricted net position in the Risk Management Fund:

I. Use of SLFR Funds

The ARPA allows SLFR funds to be used to support 5 main categories of recovery expenses: 1) Support public health expenditures, 2) Address negative economic impacts caused by the public health emergency, 3) Provide premium pay for essential workers, 4) Invest in water, sewer, and broadband infrastructure, and 5) Replace lost public sector revenue. Consistent with these constraints, the budget amendment appropriates \$21,226,706 in SLFR funds to provide for the following projects/initiatives:

Public Health Expenditures

COVID-19 Mitigation. \$550,753 will be used to respond to health emergencies caused by the pandemic and to reduce the likelihood of City employees catching the virus as they interact with one another and the public. Specifically, \$335,000 will fund an ambulance for the Fire Department to enhance their ability to respond to COVID-19 incidents, provide COVID testing, and provide vaccinations. Another \$185,753 will fund construction of virus mitigation modifications in the City County Building and potentially other City owned locations to enhance the protection of government employees as they interact with one another and the public. Finally, \$30,000 will be allocated to purchase approximately 25 laptops to facilitate employment testing, training, and other human resources functions while social distancing and working remotely.

Vaccination Incentive Program. The City appropriates \$200,000 to support a COVID-19 vaccination incentive program for City employees. Employees who show proof of vaccination have received \$100 each, and recently \$1,000 incentives were provided to thirty employees randomly chosen from those who showed proof of being vaccinated. The City will likely develop other strategies going forward in order to maximize COVID-19 vaccinations among employees.

Non-Congregate Shelter and Permanent Supportive Housing. \$1,000,000 is appropriated to support a non-congregate shelter and permanent supportive housing initiative to serve those experiencing homelessness. These dollars will facilitate the purchase of facilities to provide housing to homeless persons in a manner in which persons have their own space, along with related supportive services. This greatly mitigates the potential spread of COVID-19 and any future variants of the virus among a vulnerable population.

Negative Economic Impacts of the Pandemic

Knoxville-Knox County Community Action Committee (CAC): As the community action agency for the Knoxville region, the CAC has played and will continue to play a critical role in supporting the public health response to pandemic, addressing its negative economic impacts, and serving particularly vulnerable populations, including senior citizens, lower-income residents, and persons with disabilities. The City will provide \$2,000,000 in SLFR funds to the CAC in FY22, with an expectation to continue this level of funding in FY23.

Of this, \$1,300,000 will support critical transportation services provided by the CAC, including transportation for patients experiencing COVID-19 symptoms, as well as general on-demand services that support workforce connections to aid in economic recovery, and increase mobility for a variety of vulnerable populations, including seniors, low-income residents, and persons with disabilities. \$700,000 will support a variety of CAC programming consistent with SLFR guidance, with key focus areas including: 1) Investing in the staffing, services, technology, and facilities necessary to help vulnerable residents address critical needs during, and as a result of, the pandemic, 2) providing direct assistance and case management to families, and 3) addressing food and housing needs through the work of Beardsley Farm and weatherization/healthy homes programs.

Behavioral and Mental Health Treatment & Services. The City will provide a total of \$1,025,000 to address local mental and behavioral healthcare needs, which the pandemic has exacerbated. The City, in partnership with Knox County, will spend \$900,000 to purchase a building at the historic St. Mary's Hospital / Public Safety Complex campus to create an urgent care behavioral health facility. The City and County each plan to fund \$900,000 to buy the facility which will be designed to assess, triage, treat, hold, and connect adults with urgent behavioral health needs to the best resources for their condition. This behavioral health facility will have the ability to receive self-referrals as well as ambulance, police, and family accompanied patients experiencing behavioral and mental health crisis.

Another \$125,000 is provided to Childhelp Tennessee Clinical Services under the proposed budget amendment, with an additional \$125,000 anticipated next fiscal year to support a program that helps children who have suffered complex trauma through physical abuse, sexual abuse, mental abuse, or neglect. Childhelp is focused solely on trauma informed care and is available at no cost to pediatric patients with more severe mental health needs. Funding will increase the reach of these services and to assist children in an age-appropriate manner. Childhelp has

seen an increase in the number of therapy sessions due to the mental health crisis brought on by the pandemic.

McNabb Sequential Intercept Model \$35,000 is provided to the McNabb Center to organize and implement a Sequential Intercept Model (SIM) mapping exercise among multi-jurisdictional partners, including community-based services. The SIM process will analyze how people with behavioral health needs interact with the criminal justice system, identify gaps and opportunities, and develop priorities for activities that can improve system response. This addresses mental and behavioral health needs which have grown as a result of the pandemic.

United Way of Greater Knoxville Community Grants. Non-profit organizations play a critical role in providing the direct services that help Knoxville residents respond to and recover from the COVID-19 pandemic. Building on the success of United Way's 2020 COVID-19 Response Fund, which distributed \$1.1M through mini-grants to local non-profits, the City will grant \$1,050,000 in SLFR funds to United Way to redistribute to local non-profits who are providing direct services that support the public health response to the pandemic, address negative economic impacts, or serve particularly vulnerable populations. Funds will be distributed through a competitive application process that is intentionally designed to reduce some of the administrative barriers facing small and grassroots non-profit groups. Based on United Way's ongoing assessment of community needs, emerging priorities identified for this fund include, but will not be limited to: mental & behavioral health services, substance abuse/addiction treatment, food access and security, childcare services, and homelessness prevention.

Arts and Cultural Alliance American Rescue Plan Grants. The SLFR guidance recognizes that small non-profits, especially those within arts and other tourism-related industries, faced significant financial challenges as result of the pandemic. Knoxville's arts and culture non-profits experienced an estimated net loss of \$13.8M during the pandemic. To help address these negative economic impacts, the City provides \$1,300,000 in SLFR funds to the Arts & Culture Alliance of Greater Knoxville, a 501(c)(3) tax-exempt, charitable nonprofit organization that serves and supports a diverse community of artists, arts organizations, and cultural institutions. These funds will specifically support a series of Recovery and Renewal Grants to local arts & culture non-profits and projects, with focus on those that provide opportunities within communities historically underserved and/or disproportionately impacted by the pandemic, as well as City's neighborhoods. Funds will support arts & cultural programming, as well as specific projects that can support Knoxville's recovery by supporting jobs and education, boosting tourism, and providing community benefits.

Violence Interruption. Recognizing that many cities like Knoxville have experienced an increase in violence as a result of the pandemic, SLFR funds may be used to support community safety initiatives. In order to support the work of the City's new Community Safety Director, \$65,000 is appropriated to fund a temporary position to assist the director in developing and supporting evidence based, data informed, community led strategies that recognize violence, especially gun violence, as a public health crisis.

Premium Pay for Essential Workers

Premium Pay. A total of \$2,583,600 is appropriated as "Premium Pay" to employees who have had contact with, or are currently in regular contact with persons who had, have, or could have had, the COVID-19 Virus. This includes persons who have, had, or could have had, exposure to the virus by touching items that were potentially carrying the virus. Specifically, \$2,153,000 will go to Police and Fire employees, and another \$430,600, derived from the ARPA "lost revenue" calculation, will go to General Government employees.

Water, Sewer, and Broadband Infrastructure

Stormwater Projects. The City will utilize a total of \$3,500,000 SLFR funds for a variety of stormwater projects to manage, reduce, treat, or recapture stormwater or subsurface drainage water. Specifically, \$1,500,000 will fund Drainage Improvements which repairs and maintains drainage issues citywide to reduce the likelihood of flooding, thereby offsetting negative impacts to surface water quality and damage to other infrastructure. Of this amount, \$1,000,000 will be allocated to the Bluegrass Lake Flooding Remediation Project in partnership with Knox County. \$700,000 will fund Dilapidated Pipe Remediation to rehabilitate and/or replace deteriorating storm drain pipes that have the potential to unexpectedly fail and compromise drainage or other existing infrastructure to include access to clean drinking water.

In addition, \$800,000 will fund a Stormwater Asset Management Project to inventory the City's stormwater assets and prioritize them for maintenance and repair to prevent them from unexpectedly failing and damaging other infrastructure as well as clean drinking water.

Finally, \$500,000 will fund the Stream Corridor Restoration Project to remediate pollution and meet environmental standards in major creeks and streams throughout the City.

KUB water distribution system projects. \$5,000,000 will be provided to the Knoxville Utilities Board (KUB) for water system projects located within the City. These projects include the replacement of aging, galvanized water pipes in the water distribution system and partial funding for the construction of new water filters at the water treatment plant on Riverside Drive. Just a few of the specific projects they will use this money for in FY 22 are the water main replacements at University Avenue, Richmond Hill, Maryville Pike, Bellevue Street, Stewart Street, Middlebrook Pike, Cedar Heights Road, Millertown Pike, and Mockingbird Drive.

Administrative Costs

Administrative Costs. \$100,000 is appropriated to purchase products and services associated with administering the SLFR program. Such costs may include personnel time, expenses for program administration, the purchase or creation of software for program management, and contract support to assist nonprofit agencies or other contracted partners in the design and conduct of rigorous program reporting and evaluation methods.

Replace Lost Public Sector Revenue

Based on the Federal Interim Final Rule guiding use of SLFR funds, the City experienced over \$18 million in revenue reduction due to the pandemic. Under this budget amendment, the City will utilize "lost revenue" funds, as follows:

Safety Complex. The City appropriates \$2,650,000 in SLFR "lost revenue" funds to support the construction of the Safety Complex being built at the Historic St. Mary's Campus in North Knoxville. Of this, \$2,500,000 is directly attributable to the negative economic impacts of the pandemic which caused construction prices to rise significantly and resulted in a \$20,500,000 shortfall between the initial estimate and final contract price. Approximately \$18,000,000 of the shortfall will be made up through the sale of bonds already authorized by City Council. The proposed allocation from SLFR funds would cover the remaining \$2,500,000 balance.

In addition to covering the shortfall, an additional \$150,000 will be added to the Public Safety capital project fund in order to support design of a "Real Time Crime Center" for KPD within the new facility. It is worth noting that this investment in technology to help law enforcement more efficiently and effectively respond to the rise in gun violence resulting from the pandemic is also eligible under other SLFR expenditure categories.

Visit Knoxville and Tourism. The City supports the promotion and advancement of tourism for the local economy. Hotel/motel revenue was significantly impacted by the pandemic, with an estimated reduction totaling \$210,363. Through the SLFR “lost revenue” funds, the City will provide 167,353 to Visit Knoxville to make up for the shortfall in hotel/motel tax revenue from the prior FY, with the balance covered by General Fund dollars derived by a reduction in the FY21/22 KAT Transfer.

II. General Fund Dollars Derived From a Reduction in the FY 21/22 KAT Transfer.

The City curtailed, and in some cases eliminated, funding for many capital projects in both the FY 20/21 and FY 21/22 budgets due to the negative economic impacts and financial uncertainty of the pandemic. However, now that the City is receiving \$15,090,625 in Federal Transit Authority (FTA) grant funds, the City will reduce the FY 21/22 budgeted General Fund transfer to KAT by \$13,315,340 and re-appropriates these General Fund dollars to fund many of the previously unfunded requirements described below. Note that the City will coordinate pulling the transfer from KAT in a way that ensures they have grant dollars before general fund dollars are pulled back.

The proposed expenditures align with the core City Priorities that frame the FY 21/22 budget: 1) Public Safety, 2) Healthy & Connected Neighborhoods, 3) Clean & Resilient Future, 4) Thriving Businesses & Good Jobs, and 5) Good Governance.

Public Safety

Roadway Paving. This amendment provides \$3,000,000 to the Citywide Resurfacing Program which maintains and improves roadways throughout the City each year. \$11,500,000 was requested for this program during the FY 21/22 budget preparation process but only funded at \$7,300,000 leaving a shortfall of \$4,200,000. The additional funding is needed to continue to maintain our roadways.

Alley Paving. \$100,000 is provided for the Alley/Facilities Paving Program. No funds were provided for this program in the FY 21/22 Budget. This program paves and repairs alleys, greenways, and recreational parking lots throughout the City to promote safer neighborhoods and improve access to residential property as well as access for service vehicles.

Signal Pole Replacement on Gay Street. This amendment provides \$500,000 to the Signal Pole Replacement on Gay Street Project. Note that \$1,034,000 was requested from the FY 21/22 budget, but only \$500,000 was funded. The project replaces traffic signal infrastructure damaged by the elements over time and replaces infrastructure from Summit Hill to Church Street.

Young Williams Animal Center \$163,873 is provided to the Young Williams Animal Center (YWAC) for COVID related expenditures they have had to endure during the pandemic. Knox County and the City are each providing YWAC \$163,873 to reimburse them for these out of pocket expenses.

Healthy & Connected Neighborhoods

Traffic Calming. The City appropriates \$1,000,000 for the Citywide Traffic Calming Program. The City was not able to fund the full traffic calming funding request during the FY 21/22 Budget. This program provides the design and installation of residential safety and enforcement plans and improves safety by reducing speeds and cut through traffic in neighborhoods.

Choice Neighborhoods / Transforming Western Project. The City provides \$400,000 to Knoxville's Community Development Corporation (KCDC) to help them receive a multi-million dollar Federal grant for the revitalization of the Western Heights Neighborhood. KCDC requested matching funds from the City in the FY 21/22 Budget, but the City was only able to provide \$250,000. This amendment increases the funding by \$400,000 to meet KCDC's request. City funds will support construction of a new "Head Start" program for pre-school children at Western Heights.

Blighted & Chronic Problem Properties. The City appropriates \$250,000 for the Blighted Property Acquisition Program and \$250,000 for the Chronic Problem Properties Program. Neither of these important neighborhood stabilization programs were funded for the past two fiscal years due to the pandemic. The Blighted Property Acquisition Program enables the City to acquire blighted properties in Redevelopment Areas and sell them to develop new infill housing and redevelop vacant delinquent properties. The Chronic Problem Properties Program enables the City to acquire chronic problem properties and sell them through the Homemakers Program for subsequent development.

Neighborhood Park Improvements. The City provides \$740,000 to the Parks and Playgrounds fund administered by the Parks and Recreation Department. The purpose is to improve parks, playgrounds, and ballfields throughout City

neighborhoods to promote healthier living environments and recreation opportunities to mitigate the spread of COVID-19 and potential subsequent variants of the virus. Final allocations to various projects is yet to be determined.

Beck Cultural Center for Restoration of the Delaney House. The City provides \$100,000 to the Beck Cultural Center for them to use to help restore the Delaney House as a matter of historical significance. Beauford Delaney was a famous artist from Knoxville who did much to contribute to black culture. Once the homestead is restored, tourists can visit it to enhance their understanding of both art and black culture in general from a historical perspective.

Ijams Nature Center. \$500,000 is provided to the Ijams Nature Center to fund needed infrastructure upgrades/improvements addressed in Ijams' master plan. The previous administration committed to providing Ijams \$500,000 annually for three years for a total of \$1,500,000 for capital improvements on City owned property at the Ijams Nature Center. The City provided \$500,000 during FY 19/20 but has not provided additional funds since due to the pandemic. This \$500,000 will help fund improvements to the nature center building, the addition of a canopy walkway to address ADA issues, pedestrian walkways, caution lights, and paving of the parking lot.

Clean & Resilient Future

Sustainability. \$200,000 is appropriated for sustainability initiatives that the City was not able to fund in the FY 21/22 Budget. Specifically, \$60,000 is provided for Fleet Electrification which will enable the City to place more electric chargers to support City Fleet vehicles at the City County Building and other workplaces. Another \$50,000 is provided to the Community Charging Expansion initiative to place more publicly-accessible chargers around the community, including at parks, parking garages, and other City property/right-of-way. Finally, \$90,000 is provided to the Sustainable Innovation Fund which supports internal municipal operation efficiency projects such as energy reduction assessments.

Bus Stop Improvements. This amendment provides \$300,000 to improve bus stops at priority locations across the City. KAT has applied for \$900,000 in IMPROVE Act funds from TDOT to provide additional bus stop improvements and, if awarded, these local funds would serve as the City's required match, for total project funding of \$1,200,000.

Sidewalk Safety. Investing in the safety of pedestrians, transit users, and other sidewalk users support sustainable mobility throughout the City. The City

appropriates \$1,000,000 for the Sidewalk Safety Program. \$750,000 was requested for this program during the FY 21/22 Budget preparation, but nothing was funded. This program removes and replaces broken sidewalks and adds some missing links of sidewalks to improve pedestrian safety and accessibility.

New Sidewalks. The City appropriates \$500,000 for the construction of new sidewalks. No money was provided for this program in the FY 20/21 Budget or in the current FY 21/22 Budget. This program funds new sidewalk construction in areas throughout the City to address safety issues and pedestrian needs.

Crosswalk Safety Program. \$200,000 is allocated to the Crosswalk Safety Program which adds, refreshes, and/or paints pedestrian crosswalks to enhance pedestrian and motor vehicle safety citywide. No money was provided for this program in the current fiscal year.

Bicycle Infrastructure. The amendment provides \$50,000 for Bicycle Infrastructure. Only \$50,000 of a \$100,000 request was provided for Bicycle Infrastructure Improvements during the current FY. The Bicycle Infrastructure Improvements Program funds citywide infrastructure to make riding bicycles safer and an even more viable means of transportation.

Thriving Businesses & Good Jobs

Community Development Façade Grant Program. This amendment provides \$750,000 for the Façade Improvement Program. No money was provided for this program for the last two fiscal years due to the pandemic. The funding facilitates projects for building owners who lack resources to make long overdue repairs and upgrades to their buildings. By increasing investment in specific areas, the facades attract new businesses, create jobs and revitalize/stabilize neighborhoods.

Millertown Pike Project. This amendment appropriates \$1,200,000 for the Millertown Pike Project. During the FY 21/22 budget process, \$1,200,000 was requested for this project but nothing was funded due to the pandemic. This project will increase road capacity along Millertown Pike from Kinzel Way to Mill Road to address congestion associated with the area's growth.

Façade Improvements at World's Fair Park. \$500,000 is appropriated for façade improvements on the west facing side of the World's Fair Exhibition Hall and the Tennessean Condos/Marriott Hotel. The City and the Property Owner for the Tennessean Condos/Marriott Hotel will cooperate and coordinate in the improvement and maintenance of the common façade. The façade improvements

will form a distinctive, visually identified entrance and area for pedestrian oriented amenities available to World's Fair Park visitors and will enhance the appearance of the buildings and serve the public.

Visit Knoxville and Tourism. As described in the previous section, \$43,010 is allocated to, in combination with SLFR funds, to make up the \$210,363 shortfall experienced by Visit Knoxville due to reduced hotel/motel tax revenue from the prior FY.

Good Governance

Information Technology and Cyber Security. A total of \$1,068,457 is appropriated to purchase new/updated information technology equipment and to fund efforts to increase the City's cyber security protection posture. Specifically, \$368,457 will be used to purchase cybersecurity risk mitigation and technology modernization software. Another \$610,000 will be used to replace numerous "switches" that are no longer supported by vendors for security upgrades. Finally, \$90,000 will be used to fund fiber for the new Safety Complex that is being built.

Federal/State Transportation Grant Matches. This amendment appropriates \$500,000 to match State and Federal funds to fund the reconstruction of roadways resulting in a reduction in traffic congestion for the public. Projects include the Magnolia Avenue Streetscapes Project, Papermill Drive Improvements, Broadway Streetscapes Project, and the Washington Pike Project. This money was requested from the FY 21/22 budget but nothing was funded.

III. Use of Unassigned Fund Balance from the General Fund and Use of Unrestricted Net Position in the Risk Management Fund.

The budget amendment appropriates \$803,000 from the General Fund's unassigned fund balance to pay for the following projects. (Based on FY 20/21 year end closeout work to date, we believe the City will have sufficient unassigned fund balance to cover these expenditures.)

Multi-use Stadium Initiative. This amendment appropriates \$100,000 to support the City's interests regarding the Multi-use Stadium Initiative. The money will be set aside to cover such expenses as outside legal counsel, an Economic Impact Study costing \$56,000 in which Knox County will pay half and the City will pay half (\$28,000 each), a third party reviewer's services, and other miscellaneous expenses.

PCI Compliance. The Information Technology Department's budget is increased by \$15,000 to fund "Payment Card Industry Compliance" which banks require for the City to continue to accept credit card transactions.

Tree Mitigation Bank. Provides \$8,000 to the Public Service Department's Tree Mitigation Bank. Approximately \$8,000 was collected from various property owners and developers in FY 20/21 to comply with the City's "Tree Ordinance." The money lapsed at the end of last FY and is re-appropriated so the Public Service Department has the funds to proceed with tree planting this fall/winter.

On Street Enforcement Officers. Provides \$130,000 to the Public Building Authority (PBA) to fund three additional "On Street Enforcement Officers. Prior to the pandemic, PBA had 15 officers on this team but, at the City's request, reduced them to 12 when the pandemic hit because much fewer people were visiting/parking downtown. However, with the distribution of vaccinations there has been an uptick in the amount of persons visiting the downtown area. As such, these three positions are now needed again to enhance PBA's "On Street Enforcement" services.

Small Cell Review and Inspection Services Contract. Provides an additional \$50,000 for the Engineering Department's Small Cell Review and Inspection Services Contract. The FY 21/22 Budget allocated \$100,000 for an entity to review the small cell proposals and inspect them once attached to utility poles. However, due to the volume of proposals received, the City anticipates running out of these funds well before the end of the FY and needs another \$50,000 to continue these services through the end of the FY.

Milton Roberts Recreation Center. Provides an additional \$350,000 to PBA to complete the Milton Roberts Recreation Center Repairs Project. The initial estimate for this project was \$500,000 and that amount was funded in the FY 21/22 Budget. However, as a result of the pandemic, construction costs have markedly increased and now the estimated cost to complete the project is \$850,000 so an additional \$350,000 is needed.

Budget Preparation Software. Allocates \$130,000 to purchase budget preparation software for the Finance Department in order to decrease the amount of time and effort it takes to produce the proposed and adopted budgets. This City has earned the Government Finance Officers Association's (GFOA) "Distinguished Budget Presentation Award" for over 30 years. Earning this award, however, takes a great deal of staff time and effort. This software will streamline the process and free up time for financial analysts to concentrate on other initiatives during July, August,

and September of each year. Note that this is an amendment to the original \$50,000 in capital for budget preparation that was approved in the FY 21/22 budget thus bringing the total to \$180,000. The reason for the higher than anticipated cost is that the full \$180,000 covers the software package, as well as implementation which requires pulling our detailed financial data and mapping into the new software and training.

Position Move - Fleet Services Department. Moves one space in the Fleet Services Department's Abandoned Vehicle Fund (Fund 209) to the overall Fleet Services Fund (Fund 702) to provide an additional person in the Fleet Heavy Shop. There is a net zero sum gain/loss to overall headcount or funding associated with this line item.

Election Commission. Provides \$20,000 to the Knox County Election Commission to enable them to establish an early voting site in the vicinity of Merchants Road and Clinton Highway for the November 2nd Regular Election.

Risk Management Fund. Provides \$550,000 from the use of unrestricted net position to accommodate various anticipated and unanticipated claims.

OPTIONS Approve, disapprove, or modify the proposed budget ordinance amendment

RECOMMENDATION Approve the budget ordinance amendment.

ESTIMATED PROJECT SCHEDULE If approved, the budget amendment be effective immediately after the second reading on November 2, 2021 and the City will begin distributing the money and funding the projects listed herein shortly thereafter. All expenditures will require a contract/agreement and those meeting or exceeding \$25,000 in value will be brought back to Council for approval if required by Code or other regulations. The City is slated to receive a second tranche of funds, in the same amount, in June or July of 2022. All SLFR funds must be encumbered no later than December 31, 2024 and disbursed by December 31, 2026 or returned to the U.S. Treasury Department.

PRIOR ACTION/REVIEW On June 29, 2021, Council approved a resolution to draw down \$42,453,411 in ARPA dollars over two fiscal years and to invest said funds until such time as the funds were appropriated for use. On July 12, 2021 the City received the first half of ARPA funds in the amount of \$21,226,705.50 and invested it.

FISCAL INFORMATION The total proposed budget ordinance amendment appropriates \$35,895,046 for various projects and initiatives. SLFR funds account for \$21,226,706 of this amount, the reduction in KAT transfers from the General Fund accounts for another \$13,315,340 of this amount, the use of unassigned fund balance from the General Fund accounts for \$803,000 of this amount, and the use of unrestricted net position in the Risk Management Fund accounts for the remaining \$550,000 of this amount.