



Allentown

435 Hamilton Street
Allentown, Pa. 18101

Minutes - Final

City Council

Wednesday, July 28, 2021

6:00 PM

Council Chambers

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Special Meeting: Coronavirus State and Local Fiscal Recovery Funds

Roll Call

Present: 7 - Candida Affa, Cynthia Mota, Daryl Hendricks, Julio Guridy, Ed Zucal, Ce-Ce Gerlach, and Joshua Siegel

Coronavirus State and Local Fiscal Recovery Act

Time Frame for appropriating and expending funds

General Rules/Regs Overview: Director of Finance or City Auditor

Overlapping Funds – what other sources of funding are happening out there

Infrastructure Collection of data: Information Request and Review

CD Director – Preview of their Plan/Budget/Process

Brainstorming Session:

Review what other cities are doing:

Community Needs Assessment – perhaps set up procedures for applications

Housing

Education

Business Development

Compliance

Compliance:

Auditing of funds

Posting of all expenditure specific details on website

Mr. Julio Guridy stated that this meeting is being streamed live. You can watch it at home, if you want. Anybody that is standing in the room, there are seats available. The seats were set because of Covid. It is being streamed live outside as well. The next meeting is going to be a Special

meeting regarding for the Coronavirus State and Local Fiscal Recovery Fund. Those funds will be discussed and perimeters that the city will follow. There is no question and answer session.

Mr. Seth O'Neill stated that the first agenda item that they received was the timeframe for appropriating and expending the funds. The PowerPoint is coming right after these comments. The timeframe for appropriating and expending these funds are very simple. They must be committed by December 31, 2024. They must be expending by December 31, 2026. There must be a quarterly reporting requirement that is imposed by the Department of Treasury to begin on August 31st by reporting our reduction in revenue calculations and regularly for any expenditures or commitments made starting on October 31 and then quarterly there after.

Mr. Julio Guridy stated that in addition to the colleagues here, Ms. Mota is also on the line.

Ms. Cynthia Mota stated she is here.

Mr. Seth O'Neill stated that he prepared an extremely brief PowerPoint Presentation to speak to the eligible uses of the funds. As he mentioned before, he is not a big PowerPoint guy. He stated to feel free to jump in with any questions. It is pretty simple. The way it pans out is essentially in three stages. First the congress passed and the President signed into law the American Rescue Plan Act on March 11, 2021. ARPA is the name of the entire Act, but the particular section which deals with the local fiscal recovery is actually called the SLFRF (State and Local Fiscal Recovery Fund). The eligible uses are: Responding to the health emergency from a public health standpoint. Responding to the Covid 19 Emergency as to the negative economic impacts it had on our jurisdiction. For providing premium pay to eligible workers performing essential duties. To fund governmental services which were undercut by reduction in expected revenues due to the pandemic. Infrastructure projects: specifically investments in water, sewer and broadband. There is a provision that is in the actual legislation that says that the funds are transferable to other public and semi-public and nonprofit agencies and specifically cites public transportation, special purpose units of state and local government. The guidance is meant for every conceivable configuration of state and local government. Not all of this applies directly to the city. The Treasury Department enter the interim final rule is what you would normally called regulations. We have not received all of our guidance. The Treasury Department refers to Executive Order 13985 which was the first one in the Biden Administration that what they see as the disparities in how federal services are allocated to different sort of groups within the US. You do have to be cognitive of that this is the not the first layer of funding. There are

significant overlap because these rules sort of fall upon state, county and local government. They are all looking at the at the same rules. To address the negative economic impacts of the emergency, you have unemployment assistance, assistance to households, rent, mortgage and utilities assistance, evictions programs, internet assistance and survivors benefits. As it applies to assistance to small businesses, and nonprofits and impacted industries. Impacted Industries are: tourism, travel, hotels, hospitality, and will require applications and aiding disproportionate impacted communities. The Premium Pay section has already been dealt with in previous grants or funding. The basic rule is the \$13 per hour coverage for premium pay is capped at \$25,000 per employee for the entirety of the funds life. The Treasury Department sees that state and local governments budgeted before 2020 under the assumption that they will have a normal growth trend. To the extent that the pandemic undercut. They are allowing a base 4.1 percent assumption from what your actual revenue was in the year prior to the pandemic to be added to the whatever that general revenue item was for the pre-pandemic year. You get yourself a counter-factual revenue which basically means if Covid have not happened, this is what the federal government says you might have expected. You subtract that from what you actually got and you are allowed to use those funds in the reduction of revenue portion of the second to the last eligible use section. You could use this to fund governmental services (examples: PayGo Funding) providing long-term relief, modernization of cybersecurity and to ensure the provision of Police/Fire and Public Safety Services are covered. The term General Revenue does not mean General Fund Revenue. You are allowed to do some infrastructure with the revenue replacement, but the unlimited infrastructure allows specifically for water, sewer and broadband. He provided examples of what the federal government thinks that means.

Mr. Julio Guridy thanked Mr. O'Neill and stated specific clarifications are not going to be questions and answers.

Ms. Ce Ce Gerlach asked in general we have received a presentation from the Housing Authority and Davinci. What is the process for an organization to give such a presentation for asking the city for money? How does that work?

Mr. Leonard Lightner asked if there is a process for someone to do a presentation.

Ms. Ce Ce Gerlach asked what is the process.

Mr. Leonard Lightner stated right now there is no process to ask for money, but in the rules we do have to follow the CDBG and HUD guidelines. There

will be an application and scoring process. There is a monitoring process. There is a process before the funds can be delivered. There is no process to come before Council to ask for anything. He stated that if they request to come in the only thing they do is to refer them to the proper procedures, touch base with the City Clerk and get on the Agenda.

Mr. Julio Guridy asked if there were any other clarifications from his colleagues. He asked about Mr. O'Neill stated the 4.1 percent and the intergovernmental revenues and the casino funds can be replaced and no pension, debt services. He asked about health benefits.

Mr. Seth O'Neill stated that the provision of governmental services in the interpretation of himself, and the auditors, Zelenkofske Axelrod that we are in the opinion that funding governmental services includes personnel, but not pension. That is a pretty big maybe yes, but again, we are dealing with the interim rules and not the final rules. There are a lot of grey areas.

Mr. Ed Zucal asked when are we expected to get the final list.

Mr. Seth O'Neill stated that he has started to become less and less hopeful that it is going to before the city's first deadline to file the August 31 Report on what they believe to be the reduction in revenue calculation. That calculation has been done. We have run it through the auditors that are going to be doing the Single Audit next year which is going to be involved. It only makes sense that they come take a look at it. We are essentially in agreement with them. We followed all of their suggestions, but the idea is that it will be nice to have it before the August 31 deadline.

Mr. Ed Zucal asked what if we take care of the structural deficit and we violate something from the final rules. What is the penalty for that?

Mr. Seth O'Neill stated that he thinks that particular provision is unlikely to change really substantially. We have been conservative in this. In the discussion with our auditors, the big question is whether or not you can include in your revenue growth, the organic revenue growth or revenue growth due to a tax rate increase. If you can include the tax rate increase, there is an argument you can calculate this higher the 4.1 percent which is the base line. It is generous.

Mr. Joshua Siegel stated on the first matter of duplication, we want to make sure when we go through this process we are not overlapping services. The Lehigh County got \$24 million in rental assistance that they distributed it through Catholic Charities. He asked for a comprehensive menu of what has already been out there in terms of what is being offered in terms of housing assistance, business so that they as Council are capable of

evaluating. He stated that he does not know everything that the county is doing. We don't want to duplicate those financial impacts. Can we get a menu of where the funds are already going and what is on the horizon so that they can make an informed decision.

Mr. Leonard Lightner stated that they will do their best to get what they can from surrounding municipalities and the county.

Mr. Joshua Siegel asked about the bipartisanship infrastructure bill that is going to be passed of \$1.2 trillion. The administration was interested in infrastructure investments, specifically water and stormwater. He is assuming that this is an evolving timetable. We can always adjust. If the \$1.2 trillion comes through there is a lot now anticipated to go towards water and stormwater which is a huge part of the infrastructure bill. That is also that needs to be met, but we chose in the constraints of the resources that we have to go wastewater. He asked if the administration given thought to that.

Mr. Leonard Lightner stated from day one, yes, we have. We are constantly paying attention to what the new bills are coming out and what other funds are going with all the other federal agencies and state agencies. As you will see, when we looked at this, we are being really cautious. We don't want to duplicate services. Wherever there is funding coming, we do want to make sure we are allocating these funds to go where we are lacking or elsewhere. We are paying attention to this as close as possible.

Mr. Joshua Siegel stated that some of this money can be transferred to nonprofits. Hypothetically, we did a right to Council and make sure that the people that are in danger of eviction and foreclosure had access to legal counsel if they were financially incapable of getting it for themselves. How would that process work? We do an RFP process or directly select North Penn Legal Services comes to mind, but obviously we want it to be a fair and competitive process.

Mr. Leonard Lightner stated absolutely. That is the way we have to do it. There is no difference then the CDBG process or the HOME process. We have to put the Notice out there and let the nonprofits and organizations know there is funding available and then go through the application process, the scoring process. We have to remember that when we do these things it is going to take time. If the organizations want the money now. That is a couple of months process. Catholic Charities have plenty of funding for that right now. The county has money set aside for rental assistance. Without using the ARPA funding, we are working currently with HUD right now for TBRA which is the Temporary Rental Assistance Program. We are working with HUD right now to get approved for that.

That will be additional funding that is available. We may not have to use the ARPA funding for that. Currently, right now, there is plenty of rental assistance funding out there. If people needed it immediately, it is available.

Mr. Joshua Siegel asked about the public process. This is \$57 million over the course of four years. There was an initial meeting. Has there been a thought to having some more extensive public input sessions. It is the same way that Vision 2030 functioned. It is going to really redefine the city even more depending on how we invest in it. Is there any thought towards maybe more structured public discussions trying to get some community input on what their needs are. When he thinks about the American Rescue Plan, it is really here to rescue people from the pain and anguish of the pandemic and he wants to make sure that they do give the community some chance to publicly express their concerns and their interest and we have to balance them with the needs of the city. We got to meet in the middle and find common ground. The public deserves more opportunities to make their voices heard. We are not on such a time constraint that we have to spend it right away.

Mr. Leonard Lightner stated that he will be open to it, if that is what Council wants.

Mr. Julio Guridy stated that he heard that they had several meetings with community organizations.

Mr. Leonard Lightner stated that they had two to explain the American Rescue Plan. We talked about the interim rules. We talked about what is available and what is not based on the interim rules. We have the Vision 2030 which talks about the needs of the city. We have been going through this pandemic for the last year or so. Many of you and your constituents already know what the issues are and what the constituents are facing. Again, we serve at the pleasure of the public. If you want additional community meetings, we can make that happen, but he thinks they will hear the same things. We want to use these funds to have a return on our investments. This is an opportunity to receive funds that we need to make good use of. Have a return on investment to ease the taxpayers in the next so many years. He stated that they know there is need out there, but there is also funds out there from other organizations that are meeting the need to the people. We have to do it in different phases and different ways. We have to be creative and smart with the funds and make sure it brings a return on investment. If you guys want more meetings, we can have more meetings.

Mr. Joshua Siegel asked if August 6th they are expecting a preliminary

presentation. Do you have a general idea on how you want to spend your money.

Mayor Ray O'Connell stated that they are working on that now. They will be able to give them a draft very shortly.

Ms. Cynthia Mota stated that she understands and agrees with Mr. Lightner that there is a lot of funding out there. One of the issues that she sees is not a lot of people in the community know where to go. Sometimes when they go to certain places, one they get treated very disrespectful like if they are begging and second of all, they do not know where to go to get those fundings. We need to do a better job in informing the community as to where do they go when they have needs. We already know the rental assistance and there is money out there, but not everyone knows where to go.

Mr. Leonard Lightner stated that what they will do as Mr. Siegel asked a list of all the places and all the different funds. They will put that list together. We will make sure that we post it on our website as well where the funds are available. They will reach out to the other organizations that are community grassroots groups and let them know where these other funds are available. He stated that they will do their part to make sure that they get the information out there the best they can.

Mr. Julio Guridy thanked Mr. Lightner and stated well said. It was a good explanation from Mr. O'Neill as well. He stated that they will look forward to continue to work with them.

Mr. Tom Hahn stated for Council one of the things that they have to do is get the website user friendly.

Mr. Julio Guridy stated that you can talk to the Mayor about that. This meeting is adjourned.

[15-4454](#) Capital Programs

Attachments: [Capital Improvement Plan 2021-2025 \(3\)](#)

[15-4308](#) Special Meeting: Coronavirus State and Local Fiscal Recovery Act

Attachments: [CORONA VIRUS LOCAL FISCAL RECOVERY FUNDS](#)

[General Info](#)

[FRF-Interim-Final-Rule](#)

[SLFRP-Fact-Sheet-FINAL1-508A](#)

[SLFRP-Quick-Reference-Guide-FINAL-508a](#)

ADJOURNED: 6:30 PM