

FILE OF CITY COUNCIL

BILL NO. 27 - 2022

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APRIL 20, 2022

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AN ORDINANCE

Amending the 2022 Stormwater Fund by transferring Three Million (\$ 3,000,000) Dollars from the unappropriated balance of the ARPA Fund to the Capital Fund for Stormwater Infrastructure Improvements.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ALLENTOWN:

SECTION ONE: That City Council authorizes a supplemental appropriation from the unappropriated balance of the Stormwater Fund in the following manner:

**ARPA Fund  
Non-Departmental**

<b>019-01-0609-0001-88</b>	<b>Interfund Transfer</b>	<b>\$ 3,000,000</b>
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SECTION TWO: That City Council authorizes an increase to the unappropriated balance of the Capital Fund in the following manner:

<b>001-2661</b>	<b>Transfer In</b>	<b>\$ 3,000,000</b>
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SECTION THREE: That City Council authorizes a supplemental appropriation from the unappropriated balance of the Capital Fund in the following manner:

**Capital Fund  
Stormwater Infrastructure Improvements**

<b>001-03-2032-2119-76</b>	<b>Construction Contracts</b>	<b>\$ 3,000,000</b>
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SECTION FOUR: That this Ordinance will take effect immediately after final passage.

SECTION FIVE: That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.

- **What Department or bureau is Bill originating from? Where did the initiative for the bill originate?**

Public Works, Stormwater

- **Summary and Facts of the Bill**

On November 4, 2021, Mayor O'Connell signed into law ordinance 15764, which appropriated, among other things, \$2,000,000 of funds from the American Rescue Plan Act's Coronavirus Local Fiscal Recovery Fund for Storm Sewer Infrastructure Improvements.

The administration understood that \$2,000,000 would be allocated to the capital fund for Storm Sewer Infrastructure Improvements from the first tranche of ARPA funding, and \$3,000,000 would be allocated from the second tranche of the ARPA funding, for the same purpose.

In addition, previously, on June 17, 2021, Mayor O'Connell also signed ordinance 15-4366, which allocated \$2,000,000 of the Stormwater fund balance to the capital fund, the purpose of which was to secure of Storm Sewer lining contractor to begin work during ARPA negotiations, before a bidding war for such contractors began. The intent was that these funds would be returned to the Stormwater fund balance with the approval of the 2<sup>nd</sup> tranche of ARPA funding for Storm Sewer Infrastructure Improvements.

Nevertheless, the Department of Public Works has determined that the legislative process must begin to allocate the 2<sup>nd</sup> tranche of \$3,000,000 immediately, because the initial allocation of \$4,000,000 from the sources mentioned above are nearly exhausted. Even though the City has not received the 2<sup>nd</sup> tranche of the ARPA funds, the Finance Department has assured Public Works that the liquidity exists in the ARPA fund to make this allocation, prior to the receipt of the 2<sup>nd</sup> tranche.

Furthermore, in discussions with the Finance Department, Public Works has decided that it will devote the entire \$3,000,000 requested in this legislation to continued Storm Sewer rehabilitation, rather than returning \$2,000,000 back to the fund balance. The fund balance is sufficient as it stands to withstand cyclical downturns, losses in revenue, refunds, claims and losses. Furthermore, there are no loans outstanding or financing pending which would require the fund balance to be greater than annual revenues.

- **Purpose – Please include the following in your explanation:**
  - **What does the Bill do – what are the specific goals/tasks the bill seek to accomplish**
  - **What are the Benefits of doing this/Down-side of doing this**
  - **How does this Bill related to the City's Vision/Mission/Priorities**

This bill will allow the department to continue lining miles of Storm Sewers in desperate need of rehab with the same contractor who has been doing excellent work. By making this appropriation now, seamless furtherance of this purpose will carry this project well into 2023.

- **Financial Impact – Please include the following in your explanation:**

- **Cost (Initial and ongoing)**
- **Benefits (initial and ongoing)**

The financial impact is nominal. The funds were already allocated to the 2<sup>nd</sup> tranche, are not being used by the first tranche at this time. Furthermore, because the department is devoting \$2,000,000 of its own fund balance to this purpose, without requesting reimbursement, the total scope of the project has been increased by 40% over what was originally intended. This means many more miles of Storm Sewers can be rehabbed than originally thought.

- **Funding Sources – Please include the following in your explanation:**

- **If transferring funds, please make sure bill gives specific accounts; if appropriating funds from a grant list the agency awarding the grant.**

The funding source is the ARPA fund, to be deposited into capital fund 001-03-2032-2119-76.

- **Priority status/Deadlines, if any**

ASAP

- **Why should Council unanimously support this bill?**

This is a more speedy and efficient way to realize the purpose Council already approved of, \$5,000,000 in ARPA funds for additional Storm Sewer lining. However, the scope of the project will now be \$7,000,000, with the remaining \$2,000,000 coming from the Stormwater Fund.