



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 01/10/2023

REQUESTER: Kathryn Walker, City Attorney

PRESENTER: Kathryn Walker, City Attorney

ITEM TITLE: CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF THE RECOMMENDATION FROM THE UNITED WAY OF NORMAN TO PROVIDE GRANTS USING AMERICAN RESCUE PLAN ACT (ARPA) FUNDS TO QUALIFYING LOCAL NON-PROFITS, CONTRACTS K-2223-88 THROUGH K-2223-107 ALLOCATING ARPA FUNDS TO NON-PROFIT RECIPIENTS AS RECOMMENDED BY THE UNITED WAY OF NORMAN AND AS OUTLINED IN THE STAFF REPORT AND SETTING FORTH OBLIGATIONS RELATED THERETO, AND BUDGET APPROPRIATIONS AS OUTLINED IN THE STAFF REPORT.

BACKGROUND:

At its retreat last summer, Council discussed earmarking American Rescue Plan Act ("ARPA") funds for economic development and non-profits. Council had additional discussion during its Study Session on August 17, 2021. At that time, the Interim Final Rule governing expenditure of ARPA funds had not been issued and Council informally allocated \$1,000,000 *each* for entrepreneur grants and non-profit support. The final rule for expenditure of ARPA funds was issued on January 6, 2022. It is important to note that any ARPA funded expenditures that do not meet the requirements of the Final Rule must be paid back by the City.

In accordance with the Final Rule, the City may spend ARPA funds on the negative impacts from COVID-19. The pandemic has exacerbated economic disparities that existed prior to the pandemic. The effects of the pandemic were most pronounced in low-and moderate-income households and in certain communities. To address these disparities, the ARPA sets out a presumption of qualification if the recipients of ARPA funds are in Qualified or Distressed Census Tracts.

In determining what uses would be best to respond to the negative impact of the COVID-19 public health emergency, the use must be designed to address a harm resulting from or exacerbated by the public health emergency. A non-exclusive list provided by the U.S. Treasury Department includes:

- Funds for non-profits to adopt safer operating procedures, maintain operations during periods of closure, mitigate financial hardship resulting from pandemic;

- Implementing programs and services addressing needs caused by the impact of the COVID-19 pandemic within a qualified census tract is a presumed approved use;
- Addressing educational disparities by expanding early learning services, assistance to high poverty school districts, evidence-based educational services and practices to address academic needs of students, tutoring, summer school, afterschool, extended learning and enrichment programs, evidence-based practices to address social, emotional, and mental health needs of students; and
- The Treasury Department final rules requires that records are maintained supporting the assessment of how the non-profits and populations assisted were affected by the negative economic impact of the pandemic and how the aid received responds to these impacts.

The City contracted with United Way of Norman on September 13, 2022, for the development and management of the application process and for review and recommendation of the applications received. United Way set up an ARPA Impact Council composed of eight members, which included current United Way of Norman Chairs and Vice Chairs serving in areas of Education, Financial Stability and Health, along with two community volunteers.

The applications were released on November 1, 2022 and announced on the City of Norman website, United Way website, social media notices and emails to community nonprofits. The web based application deadline was November 15, 2022. The United Way ARPA Impact Council reviewed and scored the applications from November 16-28, 2022 and had one meeting to discuss the Council members' scoring and decide on final recommendations. The United Way delivered its report on final recommendations to the City on December 5 and presented those recommendations and described the review process to the City Council Finance Committee meeting on December 15, 2022, at which a quorum of Council was present.

DISCUSSION:

The United Way recommended providing grants to 20 of the 34 applicants. A total of \$5,536,952.74 in funding was requested; approximately \$1,786,000 ARPA funding remains programmed by the Council for non-profit agency support.

The attached ARPA Subrecipient Agreements (Contracts K-2223-88 – K-2223-107) are designed to ensure that ARPA funds are spent in accordance with the Final Rule, which includes regular reporting requirements. In accordance with the rule, funds, which will be disbursed within 30 days of the effective date of the agreement, must be spent by December 31, 2026. Expenditure of the funds must satisfy the requirements for all uses under the public health emergency and negative impacts eligible use category under the Final Rule, including identifying an impact or harm and designing a proportional response to the identified impact or harm. Disbursement of ARPA funds under these agreements are conditioned on expenditures on qualifying programs or services that are geared towards impacted populations.

Reporting requirements from the Final Rule are incorporated into the Agreement as well. If funds are misspent by the subrecipient nonprofits, the City will be entitled to reimbursement of such funds from the subrecipients.

Council also needs to approve appropriation of \$1,786,000 of American Rescue Plan Act entitlement funds to provide for the payments set out in contracts K-2223-88 through K-2223-107. These funds are proposed to be appropriated as follows: \$1,631,542 from the Special Grants Fund Balance Account (Account 22-29000) to ARPA Social Services Other Business Services (Account 22110187-44199) and \$154,458 to be re-allocated from the ARPA Miscellaneous Services – ARPA Incentives (Account 22110303-44730) to ARPA Social Services Other Business Services (Account 22110187-44199).

RECOMMENDATION:

1. Staff recommends Council accept the recommendations of the United Way.
2. Staff recommends approval of Contracts K-2223-88 through K-2223-107.
3. Staff recommends Council approve the budget appropriations described herein.