



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 06/28/2022

REQUESTER: Anthony Francisco, Director of Finance

PRESENTER: Anthony Francisco, Director of Finance

ITEM TITLE: CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF RESOLUTION R-2122-135: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, APPROPRIATING \$1,000,000 IN CITY OF NORMAN AMERICAN RESCUE PLAN ACT (ARPA) ENTITLEMENT FUNDS FROM THE SPECIAL GRANT FUND BALANCE TO BE USED BY THE NORMAN ECONOMIC DEVELOPMENT COALITION FOR THE IMPLEMENTATION OF BUSINESS INCUBATOR PROGRAMS.

BACKGROUND:

On March 11, 2021, the United States Federal Government enacted the \$1,900,000,000,000 American Rescue Plan Act of 2021 (ARPA), "to speed up the United States' recovery from the economic and health effects of the COVID-19 pandemic and the ongoing economic recession". Specific funding of approximately \$350,000,000,000 was made available in the ARP Act to state, county and city governments and tribal nations in the "Coronavirus State and Local Fiscal Recovery Fund" (SLFRF). As a Community Development Block Grant entitlement city, the City of Norman has received \$22,245,542 in ARPA funding in two payments: \$11,122,771 on May 19, 2021 and \$11,122,771 on June 6, 2022.

In the July 27, 2021 meeting, the Council approved Resolution R-2122-128, appropriating \$9,500,000 in ARPA entitlement funds toward the construction of the Emergency Operations and Communications Center. On August 24, 2021, the Council approved Resolution R-2122-35, appropriating \$100,000 of ARPA entitlement funds to the Norman Arts Council. On September 14, 2021, Council approved Resolution R-2122-34, appropriating \$500,000 of ARPA entitlement funds for COVID vaccination incentive programs.

The City Council has programmed additional ARPA entitlement funds to be used within eligible categories of expenditure, generally as follows, and directed City staff to explore programs for the future use and appropriation of remaining ARPA entitlements:

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|-------------------------------|-------------|
| • Affordable Housing | \$4,500,000 |
| • Non-Profit Support | \$1,900,000 |
| • Stormwater Capital Projects | \$3,000,000 |
| • Entrepreneur Grants | \$1,000,000 |

DISCUSSION:

The United States Department of the Treasury has issued Final Rules for eligible uses of American Rescue Plan Act SLFRF funds. Five categories of eligible expenditures are discussed in the Rules:

- Support Public Health Response
- Replace Public Sector Revenue Loss
- Water, Sewer and Broadband Infrastructure
- Address Negative Economic Impacts
- Premium Pay for Essential Workers

Within the eligible uses of ARPA entitlements to Address Negative Economic Impacts of the COVID-19 pandemic, mention is made of support to small businesses with loans, grants, in-kind assistance and counseling programs. Such assistance to small businesses is particularly directed to minority, tribal and women-owned businesses and businesses located in economically Qualified and Distressed Census Tracts. In particular, the Final Rules list as eligible expenses “plans to implement an incubator program to assist small businesses to expand their market or services and remain economically viable after the economic effects of the COVID economy.”

The Council directed the City’s Economic Development Advisory Board (EDAB) to explore ways in which the programmed entitlement funding for “Entrepreneur Grants” may be best used. Related discussions were had at EDAB meetings in September and November of 2021 and January of 2022. Recognizing that the Council had previously appropriated \$1,000,000 in Coronavirus Aid, Relief and Economic Security Act reimbursement funds for direct relief grants to individual small businesses, discussions by the EDAB focused on the ability to use ARPA funds to make a long-term impact on Norman’s small business economy.

At the Council’s March 1, 2022 Study Session, the EDAB presented its recommendation to the City Council for the use of \$1,000,000 in ARPA entitlement funding to be used for the development of an incubator program to be located within a Qualified or Distressed Census Tract in Norman. At the June 7, 2022 Council Study Session, the Council received a proposed ARPA Subrecipient Agreement with the Norman Economic Development Coalition to implement this business incubator program.

Under this Agreement, the NEDC would explore potential sites or existing buildings in which to house the business incubator program using the City’s ARPA entitlement funds within the U.S. Treasury Department Final Rules. It is understood that the City’s ARPA funding will not be the only source of funds for the implementation or operation of the business incubator program. The Subrecipient Agreement will be considered in a separate Council action.

To enact Council’s direction to use ARPA entitlement funds to Address Negative Economic Impacts of the COVID-19 pandemic through the establishment of a business incubator program, \$1,000,000 is proposed to be appropriated from the Special Grants Fund, ARPA (22-11017) to ARPA, Miscellaneous Services-Subrecipient (Account 22110303-44755).

RECOMMENDATION:

It is recommended that the Resolution be adopted, appropriating \$1,000,000 in City of Norman ARPA entitlement funds to the Norman Economic Development Coalition for the implementation of business incubator programs.