



TO: Finance and Personnel Committee
FROM: Casey Bradley
DATE: December 8, 2023
SUBJECT: Resolution 113-23-24

This memorandum intends to provide background regarding Resolution 113-23-24, Reallocation of American Rescue Plan Act (ARPA) funds.

Background

On October 18, 2021, Council approved the allocation of ARPA funds to a variety of different projects. Of those allocations, \$1,000,000 was for the Wastewater Southshore Interceptor Project as well as roughly \$776,000 for an affordable housing project. These projects have not gone away but we cannot assure that these projects can be underway by the end of 2024 so the funds are expended before the deadline.

The Wastewater project has a portion of federal funding tied to it and, despite having approval is still waiting on the necessary federal approvals. This has been holding the project up for sometime and will likely take much longer. This project qualifies for the Clean Water Fund and may have a portion that is eligible for loan forgiveness, so DPW is seeking out that funding rather than using the ARPA funds that were allocated for the project.

The funding that was set aside for the affordable housing project hasn't been used and we currently don't have a developer committed to this project. We are planning to propose a new TID in this area which would be able to replace this funding as well once we do get a developer committed to the project.

Review Process

In making this recommendation, Finance Director Krueger, Mayor Sorenson, and I focused our review of eligible projects to those that would reduce budgeted expenditures of levy funds or would reduce anticipated bonding. Our recommendations all follow that process with the exception of two projects.

If these allocations are approved we will be asking council to reallocate \$100,000 of the saved levy funds to fund the purchase of Badger Books for the Clerk's Office. While this is new spending, we anticipate that this expenditure will have a direct impact on our ability to enhance the voter experience in the November elections while reducing the workload on our election workers and staff. The second project is for the parklet allocation, we already have grant funds committed to this project and propose increasing this amount and using these funds to make improvements to Fountain Park and City Green areas. The focus of the amenities will be year-round improvements to help draw people into the downtown.

Casey Bradley
City Administrator

CITY HALL
828 CENTER AVE.
SHEBOYGAN, WI 53081

920-459-3317
www.sheboyganwi.gov



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Recommended Allocation

We recommend the allocation of \$450,000 to the construction of the Gymnasium Construction for Uptown Social, this funding would be contingent upon the match of \$400,000 from the Friends group. This is all a part of the larger change we are proposing in moving the revenues from the Friends group back into the City and, if approved by Council, into a special revenue fund. This project as presented would generate new revenue for Uptown Social and any leftover proceeds would remain in the Special Revenue moving forward. These new revenues and any remaining proceeds would be used to offset the costs of programming at Uptown Social and also accumulate to meet the future capital needs of that facility. If approved, we anticipate this project being bid out in January or February of 2024 and construction commencing in the spring to early summer.

The following projects were in the capital plan over the course of the next few years and by shifting the funding source to ARPA funds in this manner will reduce the need for bonding and levy funds as was planned in the budget. We propose to fund: Library Wall Caulking \$150,000, Library Roof Replacement \$250,000, Wildwood Softball Parking Lot Reconstruction \$225,000, Park Road Reconstruction \$250,000, Police Department Portable Radios \$107,000.

The final recommendation is to put the remaining proceeds towards the Parklet grant that we have to expend in 2024. We have used the funding in the past to activate a parklet on St. Clair Ave at the intersection with North 8th Street. The intent of the grant is to activate areas to attract more pedestrians into the downtown area. After discussing the grant with staff, we have decided to go in another direction to provide more of an active amenity in the downtown area that can be active year-round rather than just in the summer months. We are currently working on a proposal to look at putting a number of outdoor amenities into Fountain Park and City Green that would include curling and outdoor ice skating. As we formalize plans, we will present them to Council for final approval.

Discussion

These are our recommendations and the basis for our recommendations, if you would like to have other items evaluated or changed please let me know so we can have them prepared for your meeting. If you have any questions, please don't hesitate to contact me.

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