



MEMORANDUM

To: Kurt Triplett, City Manager

From: Tracey Dunlap, Deputy City Manager
Carly Joerger, Management Analyst
Noelle Johnson, Recovery Intern

Date: October 19, 2022

Subject: AMERICAN RESCUE PLAN ACT (ARPA) ISSUE PAPER

BACKGROUND

On March 11, 2021, President Biden signed the American Recovery Plan Act (ARPA) into law. This bill provided \$1.9 trillion in funding for a variety of areas, including \$350 billion to support states, counties, cities, and tribes as the economy moves from crisis response into recovery from the COVID-19 public health pandemic.

This issue paper provides an update on the City's American Rescue Plan Act (ARPA) Coronavirus Local Fiscal Recovery Funds (CLFRF) funded programs and describes the households and businesses served by the relief programs.

The City received a total of nearly \$10.2 million in ARPA CLFRF funds distributed in two equal tranches. Of this total, the City has nearly \$2.08 million in unspent funds available to be programmed. The City Manager is considering property acquisition and climate initiative support programs for the remaining funds. The 2023-2024 budget will reserve \$500,000 of ARPA dollars to help transition public and private leaf blowers from diesel power to electric power over a 4 year period. In addition, any currently allocated ARPA funds for rental relief that are unspent in 2022 are proposed to be used in the \$2023-2024 budget for human services grants. These programs will be determined and structured using ARPA Guiding Principles and Framework set by Council.

2021- 2022 PROGRAM ACTUALS

Following the Council's guiding strategy, the spending plan allocated the first \$5.1 million tranche to address recovery needs across three categories: Human Services (\$1 million), Economic Recovery (\$1 million), and City Operations (\$3.1 million). The spending plan for the second tranche allocation followed the Council's framework of "Equitable Recovery, Investment, and Innovation".

As of August 31, 2022, the City has expended and/or encumbered \$5.8 million or 57% of the total \$10.2 million award. Another \$2.3 million or 23% of the award is allocated to projects

planned for the rest of 2022 and 2023, leaving a remaining balance of \$2.08 million. See Table 1 (below) for a summary of the City’s ARPA spending plan and Appendix 1 for more details.

Table 1 - Summary of 2021 – 2022 ARPA Project Actuals to Budget

Project	Actuals through 8/2022	Encumbrances	Projected Expenditures	Total Project Allocation
FIRST TRANCHE				\$5,077,997
City Operations	\$1,866,766	\$1,068,063	\$143,168	\$3,077,997
Human Services	\$699,598	\$267,402	\$33,000	\$1,000,000
Economic Recovery	\$755,445	\$35,903	\$208,652	\$1,000,000
<i>Subtotal</i>	<i>\$3,321,809</i>	<i>\$1,371,368</i>	<i>\$384,820</i>	<i>\$5,077,997</i>
SECOND TRANCHE				\$5,077,997
First Tranche Supplemental Funding	\$218,500	\$0	\$923,195	\$1,141,695
Equitable Recovery	\$489,983	\$147,024	\$102,513	\$739,520
Equitable Infrastructure Investment	\$93,078	\$11,020	\$665,902	\$770,000
Equitable Innovation	\$100,000	\$0	\$250,000	\$350,000
<i>Subtotal</i>	<i>\$901,561</i>	<i>\$158,044</i>	<i>\$1,941,610</i>	<i>\$3,001,215</i>
Combined First and Second Tranche Subtotals	\$4,223,370	\$1,529,412	\$2,326,430	\$8,079,212
Remaining Second Tranche Allocation				\$2,076,782

ARPA FUNDED PROJECT HIGHLIGHTS

As of August 31, 2022, the City has used ARPA funds for over 30 projects. A complete list of these projects can be located on the [City of Kirkland’s COVID-19 Recovery Investments](#) webpage. Further information about the ARPA relief programs, and other projects of particular interest to the Council, are detailed below.

Relief Programs

The City has funded several programs to provide relief to Kirkland residents and businesses negatively impacted by the COVID-19 pandemic. **As of August 31, the City of Kirkland has awarded \$1.4 million in assistance to over 300 households and businesses.**

Program Name	Total Assistance Awarded	Grantees
Residential Rent Relief Program	\$464,052	109
Small Business Relief Program	\$330,233	57
Commercial Rent Relief Program	\$224,280	55
Rent Relief for Imagine Housing	\$113,660	57

Utility Relief Program	\$86,364	24
RRRP Phase II (In Progress)	\$177,280	15
URP - PSE Expansion	\$10,594	10
Total Assistance & Grantees	\$1,406,463	327

Further information about the City’s ARPA relief programs can be located on the [COVID-19 Relief Program Dashboard](#).

Other ARPA Funded Programs

Kirkland Ca\$h

[Kirkland Ca\\$h](#) aligns with the Council’s framework by providing support to businesses impacted by COVID-19 and stimulating the hard-hit tourism and hospitality industries. Kirkland Ca\$h is a community currency earned by booking a night at participating Kirkland hotels. Once earned, Kirkland Ca\$h certificates could be spent by visitors at over 80 participating local businesses.

Between January 1, 2022, and August 1, 2022, nearly \$18,000 in Kirkland Ca\$h certificates were issued. Participating hotels saw a total of 300 additional room bookings through the program, resulting in \$77,000 in new business for the hotels. Participating merchants expressed their appreciation for the program and that Kirkland Ca\$h brought in new customers. City staff are currently exploring another round of the program, in consultation with the local businesses and hotels, that may utilize the remaining amount of ARPA funds allocated to this program.

Kirkland Health Fair

To increase community access to healthcare and COVID-19 vaccinations, the City partnered with King County Promotoras Network to host the first Kirkland Health Fair in 2021 to provide free healthcare services to the community. The event focused on connecting with historically marginalized populations, those who lack healthcare access, and non-English speaking community members. During the event, 157 COVID-19 vaccinations were administered, 31 Basic Health Screenings were performed, 8 dental procedures were performed, and 13 adults and 3 children received dental screenings/referrals.

Due to the success of the 2021 event, the City hosted a second Health Fair in October of 2022. This event provided basic health care services such as health screenings, childhood and adolescent immunizations, COVID-19 vaccines/boosters, flu shots, dental services, and mammography services.

Summer Action Plan

The City’s 2021 Summer Action Plan supported the communities need for enhanced services as the residents spent more time outside during the summer months of the pandemic. This project provided programming that supported individuals and businesses, along with community building opportunities. Community events included in the Summer Action Plan included pop-up dog parks and pop-up sprinkler parks. The Summer Action Plan provided funding to fully staff the lifeguarded beaches and pools, additional harbor masters and seasonal park rangers, and additional seasonal waterfront workers, ensuring that the community could still enjoy some of

their favorite summer activities. To ensure the safety of community members, funding was also dedicated to providing COVID-19 education, managing congestion at events due to COVID-19 compliance requirements, and mitigating unruly behavior.

Based on the success of the 2021 Summer Action Plan, a 2022 Summer Action Plan was developed. This plan proposed additional services and increased staffing to support COVID-19 recovery. Specific projects included in this plan included a pop-up dog park at Snyder's Corner, additional trash and recycling services at Marina Park, and additional staffing at crowded parks.

Revenue Equity Study

The Revenue Equity Study, completed in July 2022, evaluated the City of Kirkland's upcoming structural budget deficit, proposed options to adjust revenue structures, and assessed proposed revenues based on fiscal sustainability and equity. The study looked at Kirkland's demographics and tax structure, as well as those of neighboring cities. Although Kirkland's options are limited by state statute, the study found that property taxes and real estate excise taxes are paid largely by upper income households, making these taxes a more progressive source of revenue, and recommended expanding their use for maintenance. The study also included recommendations on changes to the business licensing fees that would increase General Fund revenues, while supporting small businesses that have small margins and have been impacted by the pandemic. These are being assessed as part of the 2023-2024 budget process.

The results from the Revenue Equity Study can be found in the May 26, 2022 City Council Financial Retreat [documents](#).

RECOMMENDED USE OF REMAINING ARPA FUNDS

The City's Council ARPA Guiding Principles and Framework reserved the second tranche of ARPA distribution for longer-term investments, specifically towards "Equitable Recovery, Investment, and Innovation". As of August 31, 2022, a portion of the second tranche has been allocated towards the following programs:

- Supplemental Tranche 1 Funding for Facilities projects, the Residential Rent Relief Program (RRRP), and the Small Business Relief Program (SBRP)
- Effective Management to ensure funds are properly tracked and reported on
- Recovery Interns
- Revenue Equity Study
- IT - Multi Factor Authentication
- IT - Cybersecurity Enhancements
- 2022 PD and P&CS Summer Action Plans
- 2022 Enhanced Janitorial Services in City Facilities
- On hold - Mental Health First Aid
- On hold - Mental Health Awareness¹

¹ The Mental Health Awareness and Mental Health First Aid programs were placed on hold due to staff turnover and competing Human Services priorities, including the Human Services grant recommendation process, RRRP Phase II, and other Human Services ARPA projects.

The second tranche has a remaining \$2.08 million available to be programmed. The City Manager is considering human services grant funding, property acquisition and climate initiative support programs for the remaining second tranche funds as described at the beginning of the memo. These programs will be determined and structured using ARPA Guiding Principles and Framework set by Council.

List of Attachments

Att-1 Appendix 1 2021-2022 ARPA Project Actuals to Budget

Appendix 1 2021-2022 ARPA Project Actuals to Budget

The following chart lists the 2021-2022 actuals, encumbrances, projected expenditures, and total allocations per project.

Project	Actuals through 8/2022	Encumbrances	Projected Expenditures	Total Project Allocation
FIRST TRANCHE				\$5,077,997
\$3M – City Operations				\$3,077,997
2021 Summer Action Plan (P&CS, PD, PW)	\$750,133	\$34,412	\$121,265	\$905,810
Facilities COVID-19 Improvements	\$12,946	\$1,033,651	\$0	\$1,046,597
IT - Hybrid Council, Conference Rooms	\$84,097	\$0	\$21,903	\$106,000
Vaccine Incentive Program	\$169,743	\$0	\$0	\$169,743
Replacing Lost Revenue - Gas and Parking	\$496,756	\$0	\$0	\$496,756
Utility Billing Relief	\$100,901	\$0	\$0	\$100,901
2021 Effective Management	\$107,758	\$0	\$0	\$107,758
2021 Recovery Interns	\$144,432			\$144,432
<i>Subtotal</i>	<i>\$1,866,766</i>	<i>\$1,068,063</i>	<i>\$143,168</i>	<i>\$3,077,997</i>
\$1M – Human Services				\$1,000,000
Rent/Mortgage Relief	\$181,625	\$0	\$0	\$181,625
Rent Relief - EPRAP Gap	\$290,636	\$0	\$0	\$290,636
Rent Relief - Imagine Housing	\$125,026	\$18,637	\$0	\$143,663
Community Building - Imagine Housing	\$49,040	\$90,960	\$0	\$140,000
Friends of Youth Housing Renovation	\$0	\$50,000	\$0	\$50,000
KCRHA Homelessness Coordinator	\$0	\$0	\$33,000	\$33,000
Staff Retention Grant - IKRON	\$25,000	\$0	\$0	\$25,000
Spanish Language Videos	\$7,200	\$0	\$0	\$7,200
Health Fair and Community Vaccination	\$16,876	\$0	\$0	\$16,876

Language & Digital Equitable Access Grants	\$4,195	\$107,805	\$0	\$112,000
Eastside Connects - SMS in language	\$0	\$0	\$0	\$0
<i>Subtotal</i>	<i>\$699,598</i>	<i>\$267,402</i>	<i>\$33,000</i>	<i>\$1,000,000</i>
\$1M – Economic Recovery				\$1,000,000
Commercial Rent Relief Program	265,835	\$0	\$0	\$265,835
Small Business Relief Program (SBRP)	362,386	\$0	\$0	\$362,386
Community Currency	\$68,978	35,903	\$129,819	\$234,700
ShopLocal Kirkland Phase 2 Redevelopment	58,246	\$0	\$7,250	\$65,496
ON HOLD: Regional Cultural Navigator Pilot	\$0	\$0	\$71,583	\$71,583
<i>Subtotal</i>	<i>\$755,445</i>	<i>\$35,903</i>	<i>\$208,652</i>	<i>\$1,000,000</i>
TOTAL	\$3,321,809	\$1,371,368	\$384,820	\$5,077,997
SECOND TRANCHE				\$5,077,997
Tranche 1 Supplemental Facilities Funding	\$218,500	\$0	\$63,831	\$282,331
Tranche 1 Supplemental Rent Relief Funding	\$0	\$0	\$859,364	\$859,364
2022 Effective Management	\$92,183	\$32,475	\$91,771	\$216,429
2022 Recovery Interns	11,927	3,869	\$5,742	\$21,538
Revenue Equity Study	100,000	\$0	\$0	\$100,000
IT - Multi-factor Authentication	\$109	\$0	\$389,891	\$390,000
IT - Cybersecurity Enhancements	92,969	11,020	\$276,011	\$380,000
2022 PD Summer Action Plan	\$45,000	\$0	\$5,000	\$50,000
2022 P&CS Summer Action Plan	109,427	14,000	\$0	\$123,427
Enhanced Janitorial in City facilities	\$231,446	\$56,680	\$0	\$288,126
Kirkland Community Health Fair 2022	\$0	\$40,000	\$0	\$40,000
ON HOLD: Mental Health First Aid	\$0	\$0	\$125,000	\$125,000
ON HOLD: Mental Health Awareness	\$0	\$0	\$125,000	\$125,000

<i>Subtotal</i>	\$901,561	\$158,044	\$1,941,610	\$3,001,215
Remaining Second Tranche Allocation				\$2,076,782

Further information about the City's ARPA funded projects can be located on the [City of Kirkland's COVID-19 Recovery Investments](#) webpage.