



Final ARPA Funding Recommendations

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Manager's Final SLFRF Recommendation

- The investment plan considers just the City's SLFRF portion of the ARPA funding
- This investment plan incorporates:
 - Public feedback
 - Additional conversations with council members and Mayor
 - Additional information on out-year budgets
 - Announcement of federal funding to begin construction of flood mitigation plan.
- This plan takes a slightly different approach to investing the ARPA dollars than the previous recommendation.

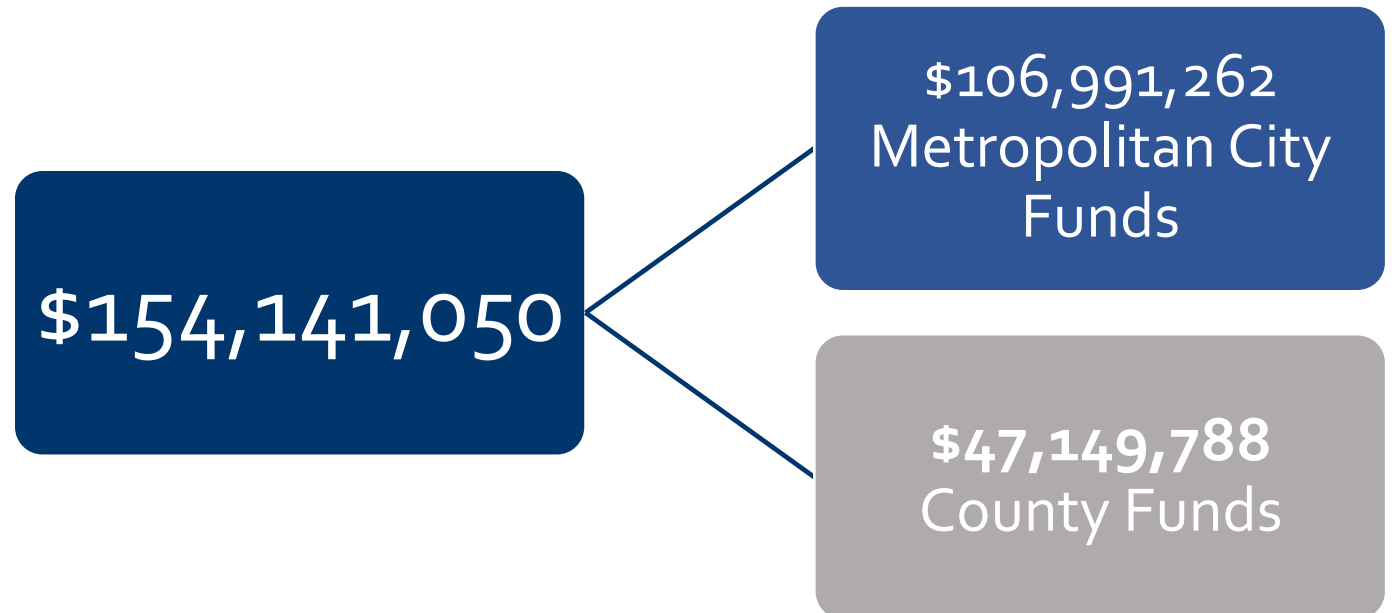
OVERVIEW OF ARPA

Background – ARPA Overview

March 11, 2021 – American Rescue Plan Act (ARPA)

- City of Norfolk receives \$154M in State and Local Fiscal Recovery Act Funds (SLFRF)
- NPS receives \$113M in ESSER III Funds
- Virginia receives additional \$414M in ERA II funding for VA Housing

Must be encumbered by December 31, 2024
and spent by December 31, 2026



SLFRF Funds

- State and Local Fiscal Recovery Funds (SLFRF)
 - \$350 Billion of the total \$1.9 Trillion ARPA
 - The remaining 82% of ARPA funds went directly to residents and business
 - \$50 Billion to FEMA for vaccine/testing clinics – Our Military Circle clinic
 - \$28.6 Billion to the Restaurant Revitalization Fund
 - Increased SNAP benefits by 15%
 - \$21 Billion for rental assistance
 - \$5 Billion for homelessness
 - \$1,400 direct payments to households
- Unlike CARES, Local Fiscal Recovery Funds allows localities to use funds to offset the revenue losses due to COVID-19 in the previous full fiscal year.
 - Staff have confirmed we are eligible to use the entire \$154 Million for this use.
 - We are not recommending that spend plan to council.

FISCAL REALITIES

Five-Year Forecast Scenarios (in millions)

General Fund Operating Budget Forecast

Scenario: Enhancements \$5 M

Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
On-going Revenue	\$739.5	\$755.1	\$799.8	\$816.7	\$834.8
On-going Expenditures	\$750.8	\$774.2	\$809.2	\$826.4	\$841.2
Structural Surplus/(Deficit)	(\$11.3)	(\$19.1)	(\$9.4)	(\$9.7)	(\$6.4)
Cumulative Surplus/(Deficit)	(\$11.3)	(\$30.4)	(\$39.8)	(\$49.5)	(\$55.9)

Five-Year Forecast

Bridging the Gap back to Structural Balance

- Revenue growth mitigated the structural imbalance in FY 2023
- Structural imbalance increases in FY 2024 due to:
 - Revenue growth revised down with the delay in casino opening to FY 2025; and
 - Expenditure growth outpaces revenue growth
- Revenue growth begins to outpace expenditure growth in FY 2026
- Projected budget gap by FY 2027 is manageable and shrinking
- Maintaining recommendation to use ARPA funds via revenue loss provision to bridge the financial gap from now to then

The Floodwall Announcement

- President Biden's infrastructure bill contained \$250 Million for the Army Corps to commence construction of Norfolk's Coast Storm Risk Management project.
- The entire project includes the current phase from Harbor Park to Nauticus as well as:
 - Nauticus to Fort Norfolk
 - Pretty Lake
 - Lafayette River
- Entire project is estimated to cost around \$1.8 Billion.

The Floodwall Implications

- The project has a 35% non-federal match
 - For this first tranche of funding that equates to \$134 Million
- City is not responsible for the match immediately (first in funds) or all in one lump-sum at some point (last-in funds).
- We pay our match as invoices come due. Staff anticipate about \$70 Million will be due over the next two years.

ARPA Programmatic Spending Categories

Program	Amount	
Continuity of City Services	\$48 Million	
Nonprofit Assistance	\$13 Million	
Neighborhood Capital Projects	\$23 Million	
Cash Funded Planned Capital Projects	\$64 Million	
Broadband Expansion	\$6 Million	
Total	\$154 Million	

Broadband Expansion (\$6 Million)

- Funds to support the Southside Broadband Authority
- Regional effort
- Broadband is an eligible use for SLFRF
- Council has already approved this funding.

Continuity of Services (\$48 Million)

- Allocate \$48 Million of the \$154 Million to replace revenue lost and continue services at current levels without tax or fee increase.
- The terms of the Act would allow council to allocate the entire \$154 Million to this category.

Cash Funded Planned Capital Projects (\$64 Million)

- \$64 Million towards planned CIP projects over the next two fiscal years
- Current 5 year CIP is approximately \$60 Million each year.
- Provides a significant benefit to our future debt capacity needs.
 - Flood Wall Match
 - Norfolk Fitness and Wellness
 - Military Circle Infrastructure

Neighborhood Capital Projects (\$23 Million)

- Projects that have a significant impact on a neighborhood
 - While these projects have gone unfunded in previous CIPs, they have significant citizen support and council interest.

List of Possible Projects

Development of Greenies Site in Ocean View	\$1.5M	Granby Street Fishing Pier	\$1.28M
Renovation of Barraud Park	\$4.5M	Improvements to Huntersville Park	\$700k
Improvements to 23 rd Street in Railroad District	\$3M	Construction of Mausoleum at Calvary Cemetery	\$1M
Improvements to the Virginia Zoo	\$3M	Improved Lighting on Athletic Fields	\$2M
Expansion of Selden Market	\$1.5M	Pretty Lake Boat Ramp	\$3M
Renovate and Expand Azalea Baseball Complex	\$5M	Total Allocated	\$26.48M \$23M

Nonprofit Assistance (\$13 Million)

- United Way ALICE Expansion - \$1.5 Million
- Norfolk Strong Workforce Initiative - \$1.5 Million
- Business Façade/Signage Improvement Program - \$1 Million
- Program to Improve Capacity and Capability (PICC) - \$9 Million

United Way's ALICE Initiative

- Asset Limited, Income Constrained, Employed
 - Program focused on households that are above the Federal Poverty Limit but still struggle to make ends meet.
 - **Norfolk has 17% of households in poverty but 40% of household are ALICE qualifying households**
 - Liquidity constrained – one unforeseen event can lead to poverty
- We would partner with the United Way on a set of pilot programs to build wealth for these households.
 - Financial literacy
 - Community investment opportunities
 - Upskilling

Norfolk Strong

- Maritime Trades Training workforce program
 - Education partners provide the training
 - Corporate partners provide jobs at the end
- Our funding will provide service assistance to remove barriers to program entry
 - Childcare stipends
 - Transportation
 - Paid Time-Off for training
- This funding level supports 200 individuals over the three-year period
 - Some of these individuals will also be head of an ALICE household

Business Façade/Signage Improvement Program

- Focus on small retail businesses
 - SBA definition is a business under \$7.5M in gross annual receipts
 - Previous Federal programs have provided operational assistance to small retailers to get through the pandemic.
 - This funding supports a critical capital need of those same businesses

Norfolk's Program to Improve Capacity and Capability - (PICCC)

- Goal is to provide meaningful funding to nonprofits for expansion of capabilities.
- Citizen/Staff panel will review applications and recommend awards.
- Recipients of grant funds will also receive non-profit training and workshop opportunities.
- Details on eligibility, application process and timeline being developed
 - Key questions:
 - Organization size
 - Maximum award amount
 - Reporting requirements

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