

City of Salem

American Rescue Plan Act (ARPA) Progress Report and Action Plan

Mayor Kimberley Driscoll





CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

Office of the Mayor

The American Rescue Plan Act funding allocation to cities and towns offers much needed funds for us to respond to and recover from the COVID-19 pandemic and the negative economic affects that came with it.

Here in Salem, we have taken a thoughtful approach to how we will utilize this funding and have worked intentionally with stakeholders to identify both short- and long-term approaches that will best aid our response and recovery efforts. This report is the product of that process and will guide how we implement ARPA in Salem.

While we are optimistic that the most recent variant surge is behind us, we should not assume that this pandemic is over, nor can we ignore the lasting impacts it has had on our residents and businesses. Salem's ARPA funds must be spent effectively and used creatively and efficiently to ensure that we strike the proper balance between response and recovery. We will also look to leverage these funds with other state and federal funding opportunities as they become identified and available, whether through ARPA or through other federal and state programs.

I want to thank all the City staff that have worked on this effort to date, and the ARPA Stakeholder Group, who helped steer our efforts as we developed the principles reflected in this report:

- John Andrews, Creative Collective
- Maggie Brennan, North Shore Community Health
- Lucy Corchado, Point Neighborhood Association
- Beth Debski, Salem Partnership
- Kate Fox, Destination Salem
- Cathy Hoog, Salem Housing Authority
- Stratton Lloyd, Essex County Community Foundation
- Christine Madore, former City Councillor
- Shawn Newton, Race Equity Task Force
- Rinus Oosthoek, Salem Chamber of Commerce
- Josh Turiel, former City Councillor

- Barbara Warren, Salem Sound Coastwatch
- Lizzi Weyant, Metropolitan Area Planning Council

We all want to make sure that Salem is ready to respond strategically to deviations in the pandemic's course, that we can ensure an equitable recovery, and that we can make transformative, positive change in the many areas of concern that impact the lives and livelihoods of Salem residents.

Our goal for successfully implementing our ARPA allocation is protect Salem's present and build for a successful future.

Sincerely,



Kimberley Driscoll
Mayor
City of Salem

In August 2021, the City of Salem began a public process to inform the allocation of the more than \$35 million in direct federal aid it is receiving as part of the American Rescue Plan Act (ARPA). This process included a public survey, public feedback sessions, and multiple stakeholder group meetings. Additionally, members of the City's Finance Department met with relevant City Department heads to discuss existing priorities, programs, and projects that could potentially be supported with ARPA funds. This process has resulted in the development of a values statement to guide the City's ARPA spending and an outline of how the program will operate in the coming years.

ARPA Background

The American Rescue Plan Act (ARPA) was signed into law by President Biden in March 2021. The law included funds for stimulus checks, unemployment insurance, vaccinations, childcare, business assistance, and state and local governments.

Cities and towns receive ARPA funding through the newly created State and Local Fiscal Recovery Fund (SLFRF). The SLFRF was appropriated \$350 billion to distribute to state, local, territorial, and tribal governments. Distributions were based on the formula used by the Federal government when distributing Community Development Block Grants (CDBG). Funds are distributed in two tranches, and Salem has already received the first half of the total allocation of \$35 million.

While ARPA has a broad range of allowable spending categories, the funds do come with limitations on how these funds can be spent in the community. Most importantly, there must be a nexus between the pandemic, its effects, and the steps the City is taking to respond to and recover from it.

Another important consideration as the City begins to allocate ARPA funds is to remember that there will also be new programs at the state and federal levels, both because of ARPA as well as other new legislation such as the infrastructure bill or the potentially the Build Back Better plan. As the City has identified potential ARPA expenditures, these other funding sources are also being closely monitored to stretch our federal dollars as far as possible and to fund projects and programs that may not fit within an allowable ARPA expense category.

The broad ARPA allowable expense categories are:

1. Public Health: e.g. vaccinations, testing, contact tracing
2. Negative Economic Impacts: e.g. food security, rent/mortgage assistance, unemployment benefits, job training, direct aid to
3. Services to Disproportionately Impacted Communities: e.g. education assistance, child care, community health programs
4. Premium Pay: e.g. for public and private sector employees that required to work in person through the pandemic
5. Infrastructure: e.g. clean water and drinking water projects, broadband projects
6. Revenue Replacement: e.g. municipal revenue lost due to the pandemic such as parking fees or hotel/motel and meals tax

7. Administrative: e.g. new staff to manage programs, conduct data collection, manage reporting to US Treasury

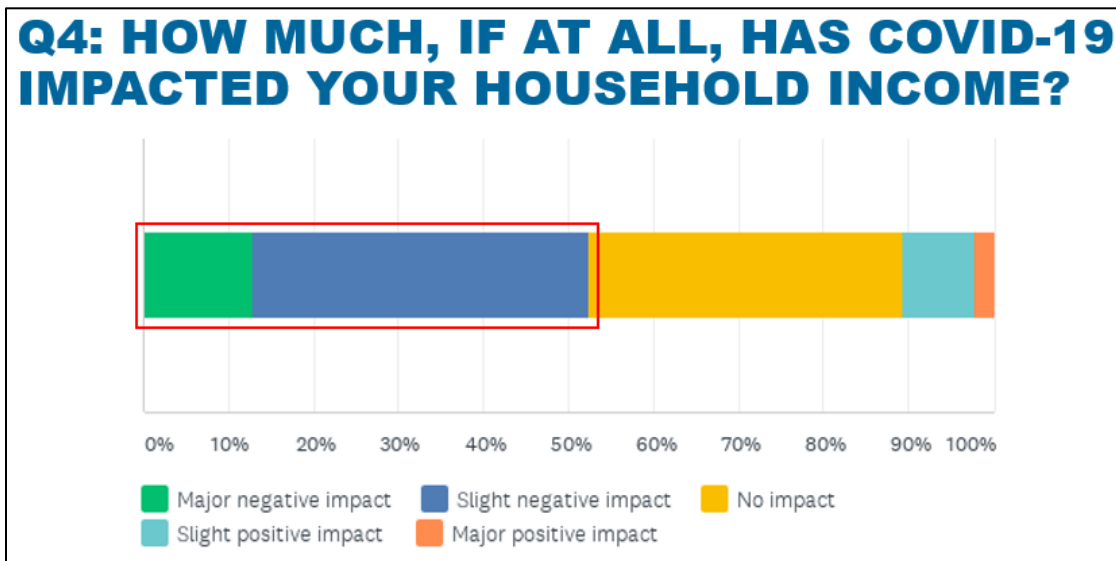
As the pandemic has evolved over time along with what needs rise to the top for investment, so too have the rules for how the City must report its expenditures to the US Treasury. The final rule for reporting was issued by the US Treasury on January 6, 2022 (with a full implementation date of April 1, 2022) and made significant changes to how municipalities can spend ARPA funds. Notably, the allowance for lost revenue spending was increased to \$10 million and no longer requires a lengthy, complex calculation of municipal receipts over multiple years. Municipalities can use this lost revenue amount for provision of most government services, giving Salem flexibility to respond to the changing nature of the pandemic and its impact on the community.

Public Survey

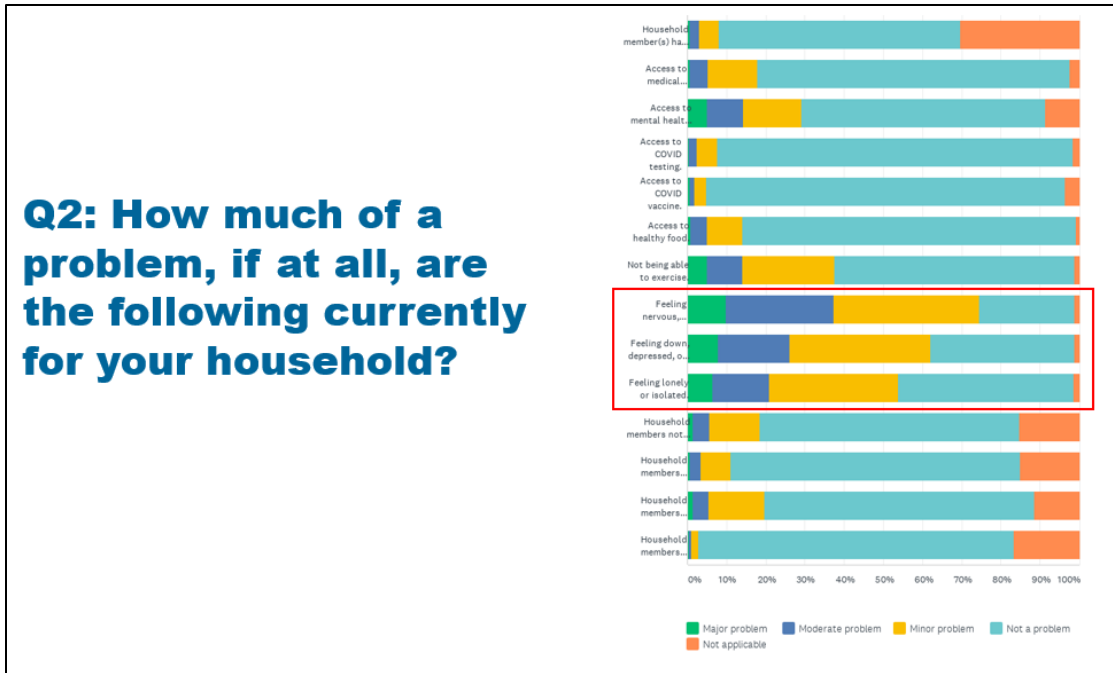
The City conducted a public survey in August and September 2021 to ask residents and business owners how the pandemic had affected them. The survey was available in English and Spanish and more than 600 responses were submitted. The survey sought information regarding mental and physical health issues, economic hardships, and preferences for how the City should allocate its ARPA funds.

Some of the key findings from the survey included:

- More than 50% of respondents experience some level of negative impact of their household income because of the pandemic



- A majority of respondents identified some mental health impact from the pandemic, such as feelings of nervousness, anxiety, depression, or isolation



- While most respondents did not need to make use of housing stability programs (rental and mortgage assistance, eviction protection), those who did found them to be confusing and difficult to access
- Food security was selected as a top issue by respondents for the City to address

Public Feedback and Other Comments from Residents

In addition to the public survey, the City held two public feedback sessions on August 23, 2021 and November 23, 2021. The sessions were an opportunity to give residents more information about what ARPA funds can and cannot be used for, as well as to solicit feedback about what residents were experiencing during the pandemic and how the City could best allocate our ARPA funds. The feedback sessions also allowed the City to highlight previously identified needs and other state and federal resources that may become available to fund projects if they do not fit within an allowed ARPA expense category.

Both public feedback sessions had more than thirty participants in each session. The majority of comments provided at the feedback sessions were specific suggestions for how the City should allocate the ARPA funds. Housing stability and housing affordability were mentioned regularly as issues the City should try to address. Infrastructure needs were also mentioned, with sidewalks and accessibility issues being at the forefront.

The City also received comments from residents and groups directly via email. These emails included suggestions to invest in childcare, the City's tree canopy, accessibility, and housing, among other areas. As the City's allocation process moves forward, residents will continue to have opportunities to share feedback with staff at twice annual public feedback sessions.

Stakeholder Meetings and Values Statement

Concurrently with the public feedback sessions, the City coordinated meetings with a group of stakeholders from across the City. The group consisted of representatives from the City Council, the Race Equity Task Force, North Shore Community Health, Salem Sound Coastwatch, Essex County Community Foundation, the Latino Leadership Coalition, Salem Partnership, Destination Salem, Salem Chamber of Commerce, Salem Housing Authority, Creative Collective and the Metropolitan Area Planning Council.

Whereas the public feedback sessions focused on what projects the City should spend its ARPA funds on, the stakeholder meetings focused on how the City would prioritize expenditures among many worth and eligible projects. While \$35 million is a significant amount of money, it is still only a small fraction of the funding that would be required to meet all the already-identified necessary and important capital needs of the community. Decisions will have to be made about which projects should move forward, in what order, and which projects can wait.

Stakeholders repeatedly emphasized the need for Salem's recovery to ensure a focus on disproportionately impacted communities within the City. This point, along with a desire to ensure investments are aimed at the social determinants of health, was mentioned as a key lens through which the City should make decisions about ARPA fund allocations. This does not mean that funds can only be allocated to disproportionately impacted communities, but that all programs and projects funded through ARPA should take into account how the pandemic unevenly impacted residents and attempt to provide aid where it is needed most.

The stakeholder meetings were an opportunity for City staff to engage with the business and nonprofit community, different sectors of the City's economy, and local and regional experts to create a framework for how to approach this situation. Those conversations resulted in the values statement that will guide City decisions on making ARPA allocations. The values statement is as follows:

Salem's pandemic recovery...

... will focus on providing services and assistance to those that were disproportionately impacted by the pandemic.

... will build resiliency for future pandemics and be financially sustainable.

... will enhance or complement state and federal programs, and use recovery funds in creative ways to address local challenges.

... will be flexible and transparent, with regular reviews to determine if needs have changed:

- Reports submitted to the U.S. Treasury Department will be posted publicly.
- Public forums will be held in June and December each year of the recovery program with programmatic updates.
- Review and update the Recovery Principles document annually.
- Recovery website with all reports and plans easily accessible in both English and Spanish.

Plan for 2022 and Beyond

With the initial phases of public engagement now complete, the next step for the City is to decide how to allocate the ARPA funds. These decisions must be based in the reality of what projects can be feasibly completed within the timeframe of ARPA spending and within the allowable ARPA expense categories, all weighed against the expansive public input outlined above. Additionally, as the pandemic has changed and evolved over time, the needs of Salem's residents and businesses have as well. Programs or projects that may have been prioritized earlier in the pandemic may not be as necessary today, and the landscape of needs may shift over time, including if there is a resurgence of the virus.

For these reasons, Salem is committing to allocating a significant amount of the ARPA funds now, while identifying other priority spending areas and projects for future ARPA allocations or to be funded via other state and federal resources, consistent with the values statement developed through robust public involvement.

In addition to the funding available through ARPA, the City is committed to leverage this extraordinary opportunity with other funding sources available through the state and federal governments – including programs offered through the State ARPA bill, the Bipartisan Infrastructure Law passed in late 2021, and others – to provide the most meaningful impact to the City of Salem as we recover from the pandemic's impacts to the community.

Overall, we know we must remain vigilant and flexible in our planning, always ready to adjust to the needs of the community.

Starting in mid-January 2022 and continuing through the fund period ending in calendar year 2024 (mid-FY2025), the City will distribute the available funds – subject to eligibility requirements to advance the following goals:

Ready to Respond:

- Continued investments in COVID testing
- Continued resources to get more residents vaccinated
- Resources to strengthen and sustain our public health response to confront the ever-changing landscape of the pandemic.

- Public health-responsive investments in infrastructure in critical public buildings.

Elastic and Equitable Recovery:

- Building on previous work to support local small businesses, including a dedicated business grant program designed to encourage employee hiring and retention for Salem’s small businesses.
- Direct grant support for tourism and hospitality initiatives and programs, including key events and festivals.
- Grant program to support overall wellness programs in Salem and that will support local fitness and wellness providers.
- Other initiatives that will support recovery from the economic impacts from the pandemic and other impacts from the City’s response.
- Expanding and strengthening food security and access efforts, especially for disproportionately impacted and lower income populations.
- Measures to bolster mental health supports and programs, particularly those responding to direct and indirect impacts of the pandemic on vulnerable residents.

Transformational Changes for Salem’s Future:

- Housing initiatives, including but not limited to:
 - Housing and neighborhood stability programs
 - Down payment assistance for first-time homebuyers
 - Housing rehabilitation and upgrading high speed internet options
 - Landlord education and tenant’s rights programs
 - Program for funding construction of affordable housing, including ADU’s
- Sustainability initiatives, including but not limited to:
 - Energy efficiency and renewable energy projects
 - Climate crisis mitigation and action measures
 - Projects that reduce the City’s overall climate impact and carbon footprint
 - Expansion and maintenance of the City’s urban tree canopy
 - Improvement to green and open spaces in our community
- Mobility initiatives, including but not limited to:
 - Support for the South Salem commuter rail station project
 - Investments in the City’s off-street paths network
 - Micro-mobility initiatives and programs
 - Salem Skipper ride-share and other programs designed to reduce reliance on single passenger vehicles

To assist with the coordination of these broad initiatives – coupled with the reporting and accounting requirements established as part of the ARPA program – the City has retained a Federal Funds Manager (hired August 2021) and a Director of Recovery Strategy and Initiatives (hired January 2022) to augment the extraordinary work already underway across city government in response to the pandemic’s impacts in Salem. As necessary additional ARPA/Recovery-focused staff may be retained for the funding period of the program, to help with planning and implementing this important work.

Moving forward, this plan is designed to be flexible enough to change as needed but assertive enough to make meaningful impacts to those affected. We know that this is a unique opportunity to meet unique challenges – we are prepared to meet those challenges equitably, transparently, and thoughtfully for the benefit of the entire City of Salem.