



**Memo**

To: Honorable Mayor Armitage; City Council

From: City Manager LaPere, MPAP

Date: July 15, 2022

Re: Staff report on ARPA Funds and road improvements

The City Council has discussed various options for allocating the Coronavirus State and Local Fiscal Recovery Funds, authorized by the American Rescue Plan Act, that the city has received. The City was awarded \$955,256.46 in total. In October 2021, City Council authorized a one-time payment to eligible workers under the Essential Worker Premium Pay provision. In November 2021, the city paid out \$57,283.13 to eligible essential workers who continued to serve the city during the height of the pandemic closures, including payments to employees in public works, police, and fire departments, including the volunteer firefighters. In April 2022, City Council authorized purchase of a LUCAS device to assist the fire department providing life-saving CPR support, the actual cost of device was \$17,956.68. We have \$880,016.65 available for funding additional projects. At the Council meeting held on June 9, 2022 there was consensus to utilize approximately \$200-250,000 towards three projects: city hall roof, city hall boilers, and Lansing lift pump. This would leave just over \$650-700,000 towards road improvement or other projects.

US Treasury issued Final Rule (Uniform Guidance) in 2022 which states the intent of ARPA funding is to provide governments with resources needed to maintain vital public services, make investments that support long-term growth and opportunity, and fight the pandemic and assist those struggling with public health and economic impacts of COVID-19. Further, the Act explicitly states that no monies can be spent on debt service, settlements, or judgements; for replenishing fund reserves; contributions to reduce accrued, unfunded pension liabilities; or used in conflict with the purpose of the American Rescue Plan Act statute or in violation of the Award Terms or the Uniform Guidance rules. Per those rules, funds must be allocated by 2024 and expenses incurred by 2026.

In 2021, City Council authorized contract to engage with ROWE PSC for engineering of the reconstruction of Hall/Washington/McClure in 2023. Given the current inflationary environment, they have provided updated cost estimates as follows:

- Road - \$1,686,900
- Water & Sewer - \$776,900

The City will be utilizing \$81,204 Highway Infrastructure Program COVID Funding from the Michigan Department of Transportation (MDOT) towards this project. This leaves approximately \$1,605,696 for the city's responsibility for the road portion and the entire \$776,900 of the water/sewer utility work.

City Council is considering whether to allocate some or all of the remaining ARPA funds towards this or other road projects. The City has budgeted for the beginning portion of this project in the FY22-23 budget. The construction season spans two budget years, so the costs will be spread between this fiscal year and next fiscal year budget. The available ARPA funds would defray approximately 30% of the total project costs.

Alternatively, Council could allocate the funding towards projects which do not require total reconstruction and are therefore less costly. The examples provided at the workshop discussion on July 14<sup>th</sup> are listed below:

**LOCAL STREETS**

**REHABILITATION**

	<u>Street</u>	<u>Quad</u>	<u>PASER</u>	<u>From</u>	<u>To</u>	<u>Length</u>	<u>Width</u>	<u>Area</u>	<u>Est. Cost</u>	<u>Notes</u>
A	Lipsey Dr.	NE	5	Packard	Parkland	1969	30	6563	\$210,027	
B	Parkland Dr.	NE	5	Lipsey	Cochran	1294	30	4313	\$138,027	
C	Combsdale	NE	8	Parkland	Dead End	350	33	1283	\$25,667	Top Only
D	E. 3rd St.	SE	4,6	Pleasant	St. Mary	618	27	1854	\$59,328	
E	S. Clinton	SW	4	Fourth	Tirrell	1346	27	4038	\$129,216	
F	S. Bostwick	SW	2,3	Shepherd	Third	1167	27	3501	\$112,032	
G	W. Fourth St	SW	2	Cochran	Pearl	1410	27	4230	\$135,360	
H	W. Third St	SW	2,3	Bostwick	Pearl	1070	27	3210	\$102,720	
I	Walnut	SW	2,3	Lincoln	Shepherd	2334	27	7002	\$224,064	Cat B App
J	Maple	NW	2,3	Cochran	Forest	1357	27	4071	\$130,272	
K	W. McClure St.	NW	2,4	Sheldon	Forest	660	27	1980	\$63,360	
L	Foote St.	NW	2,5,6	High	Oakwood	1314	27	3942	\$126,144	

**MAJOR STREETS**

**REHABILITATION**

	<u>Street</u>	<u>Quad</u>	<u>PASER</u>	<u>From</u>	<u>To</u>	<u>Length</u>	<u>Width</u>	<u>Area</u>	<u>Est. Cost</u>	<u>Notes</u>
1	W. Shepherd	SW	4-7	State	Cochran	5211	35	20265	\$739,673	Texas Underseal
2	St. Mary's Blvd.	SE	4	Shepherd	Third	987	60	6580	\$210,560	
3	Pleasant	SE	3	Shepherd	Third	993	27	2979	\$95,328	

A combination of projects, such as St. Mary, 3<sup>rd</sup>, and Pleasant, could be completed for approximately \$365,216 in 2024, and we could plan to do a second set, such as S Clinton, S Bostwick, and W 4<sup>th</sup> for approximately \$376,608 in 2025. This would total just under estimated \$750k and the city would see six roads with most recent paser ratings between 2-4 improved.

Allocating the funding to a project in-the-works would ensure we have spent the ARPA funds well in advance of the 2026 deadline. Alternatively, allocating the funds to specific road projects would ensure the city has both a clear directive and the funding to complete a number of smaller road projects. Council may also want to consider which has a great impact: multiple projects or one major reconstruction.

If Council consensus is to allocate the funding towards multiple projects, then I recommend we move forward with a resolution for the proposed streets/years to meet our obligation to allocate those funds and to provide a clear directive to city staff move forward with planning of those projects. If utilizing the funding towards the Hall/Washington/McClure project, that would ensure the project has funding to be completed without detrimental impacts to the city's Major Streets or Water and Sewer Funds. If Council allocated the funding towards the utilities portion of the Hall/Washington/McClure project, it would help minimize the need for potential rate increases to offset the capital investment.

eel