

To: City Council
From: Debbie Laurie
Date: November 21, 2024
RE: ARPA

Background

As part of the American Rescue Plan Act, the City of Bangor was fortunate to be awarded \$20,478,297 in State and Local Fiscal Recovery Funds (ARPA) funds. The intent of the funding was to provide governments with the resources needed to respond to the pandemic and its economic effects and to build a stronger, more equitable economy during the recovery. The City, in partnership with the Heart of Maine United Way (HMUW) created a public application process to solicit funding requests for projects that met the requirements of the ARPA funding and that aligned with the City's priority areas; childcare, homelessness, housing, job training, mental health and substance use disorder. The applications were first reviewed by a group of volunteers, who were trained and supported by HMUW. Additionally, the City partnered with Penobscot County to consider applications that benefited the broader region.

Request to Amend Existing Award Christine B Foundation

The City Council previously authorized an award to the Christine B Foundation to fund site planning and design services associated with the creation of a new medical nutrition health facility. In the last 24 months, facility construction and campaign costs have increased 40% compared to the initial concept budget, patient referrals have increased by 40% and there is significant demand for limited private and government resources. Therefore, the Christine B Foundation is requesting an amendment to the existing agreement to allow the awarded funds to make capital improvements in the existing program fulfillment site (Hancock Street Bangor) as follows: fulfillment site lease (rental space 2025-2026 - \$50,000), supply chain management (food safety improvement and distribution maintenance - \$25,000), program personnel (.25 FTE 2025-2026 - \$25,000). The requested amendment would allow the expansion of the service initially funded by the City Council albeit in a different form.

Obligations

As the recipient ARPA Funds, the City is required to have fully obligated its federal award by December 31, 2024. While the City Council has fully obligated its entire ARPA award as August 12, 2024 (a listing of all awards and their status is attached), there are limited circumstances under which changes can be made (e.g. a contractor or beneficiary goes out of business or is unable to perform, or reallocating of funds between previously approved projects) after December 31, 2024.

Further, the Department of Treasury regulations define an obligation to mean an order placed for property and services, and entering into contracts, sub-awards, and similar transactions that require payment. Nearly 80% of the ARPA funds are obligated through a Beneficiary sub-award, which clearly meets the definition of an obligation.

The remaining 20% is being claimed under the Government Services heading which are considered part of our allowed election for revenue loss. The City Council took action to identify the obligation of the funds for personnel, equipment, restrooms, quality housing provider program and housing infrastructure. However, the Council Orders adopted for the quality housing provider program and housing infrastructure could be construed as not meeting the definition of an agreement under the Department of Treasury rules.

In order to ensure full compliance with Treasury Department regulations, staff recommendation is for the City Council to approve interagency agreements that may take the form of an Memorandum of Understanding to provide funds from one part of government to another to carry out an eligible use of ARPA funds which would constitute an obligation, as required. This action will require us to quantify the amount of funding for Grandview Avenue and Sewer Infrastructure in order to be fully compliant.

Proposed Reallocation

The City was made aware by Wellspring that they will be unable to complete a project for which they were awarded ARPA funds in the amount of \$221,540.

The City partnered with Penobscot County to fund a generator replacement at Bangor Nursing & Rehabilitation Center (BNRC), which is also the home of our Public Health Department. The cost of the project was less than anticipated resulting in an unused portion of awarded funding in the amount of \$27,029.

Heal Equity Alliance (HEAL) has temporarily paused operations as an organization, which resulted in the closure of the HEART Center. Staff continues to be in contact with the organization leadership (weekly updates are provided on Friday afternoon – will share with City Council at this meeting). With the undetermined future of this resource, staff recommendation is to reallocate the undisbursed \$164,197 and any unutilized funds (\$TBD) from the HEART Center. When HEAL is able to reopen, they will be invited to present a sustainable plan to operate the HEART center and if City Council is in agreement, a similar funding amount could be provided from the ARPA interest earnings.

Staff recommendation is that the Wellspring, BNRC and HEAL funding be reallocated to wastewater infrastructure improvements in the Hogan Road, Kmart pump station area. The need to upgrade wastewater infrastructure in the area of Hogan Road had been previously identified as a priority to ensure adequate capacity is available to support further development in this area.

Earlier this week, City staff met with representatives working to support residents working towards their purchase of Cedar Falls Mobile Home Park. The group has lined up a senior and junior lender and is in the process of evaluating the site. To be successful, a resident purchase such as this does require an equity investment, a portion of which is expected to be provided by the State's recently-created Mobile Home Preservation Fund. In our discussion, there was a shared consensus that the City would work to identify up to \$500,000 for City Council's consideration. We've identified \$380,000 in Federal CDBG funding that could be utilized for this purpose and staff recommendation is to reallocate \$120,000 in Quality Housing Provider

funding for this purpose, as it appears to meet the intent of the City Council to ensure access to quality housing.

Additional Considerations

There remain two projects previously approved that have yet to identify a location of performance; Together Place Housing (\$375,000 – to purchase a multi-unit building to provide housing opportunities for up to 10 low-income individuals diagnosed with a mental health disorder, including substance use disorder) and Heart of Maine United Way (\$400,000 – for the creation of the Community, a nonprofit hub to fill important gaps and key to advancing agency collaboration in the region). Both organizations are working diligently to identify a location and are committed to ensuring the project is fulfilled prior to December 31, 2026. Councilors have expressed concern that without a firm location it could result in the need to return these grants funds.

To ensure the City fully expends every federal grant dollar, staff recommendation is the City Council consider reallocating these federal funds to the wastewater infrastructure improvements and assign a similar funding amount from the interest earnings on the unexpended ARPA funds. Through September 30, 2024, the City has earned \$826,557 in interest earnings on the ARPA funds. While there is no requirement that the interest earnings be spent for eligible ARPA purposes, it was the City Council's desire to mirror the eligibility requirements of the ARPA award.

**American Rescue Plan Act
Obligation/Disbursement Status**

			Obligated	Disbursed	Addl Disbursed	Obligated	Proposed
		Status	Amount	9/30/2024	11/21/2024	Balance	Reallocation
Childcare	18.80%						
Bangor Children's Home		Several projects complete/in progress - Expected to Meet Deadline	350,748	138,278	61,241	151,229	
Bangor Region YMCA		Site acquisition complete, final design and fundraising	2,000,000	-	2,000,000	-	
Penquis CAP		Funding Carryforward & Building - Construction Imminent	1,500,000	-	-	1,500,000	
			<u>3,850,748</u>	<u>138,278</u>	<u>2,061,241</u>	<u>1,651,229</u>	<u>-</u>
Homelessness	16.00%						
Bangor Public Library		In-Progress - Expected to Meet Deadline	241,271	241,271	-	-	
Penobscot Community Health Ctr		Revising lot lines, project in design	2,484,880	-	-	2,484,880	
Community Care		Partnership with County - awaiting update - expect 11/25	550,000	-	-	550,000	
			<u>3,276,151</u>	<u>241,271</u>	<u>-</u>	<u>3,034,880</u>	<u>-</u>
Housing	19.12%						
Bangor Housing Develop Corporation		LITC Awarded, May Financing, 12 mo construction	2,000,000	-	-	2,000,000	
Habitat for Humanity Greater Bangor		Agree. Amended - 1 Property Acquired - Expected to Meet Deadline	1,000,000	-	49,000	951,000	
Penquis		Utility Work complete, January financing, 18 mo construction	540,000	540,000	-	-	
Together Place Housing		See Memo	375,000	-	-	375,000	
			<u>3,915,000</u>	<u>540,000</u>	<u>49,000</u>	<u>3,326,000</u>	<u>-</u>
Mental Health	4.56%						
Big Brothers Big Sisters of Mid Maine		Fully expended	130,000	130,000	-	-	
Christine B Foundation		See Memo	100,000	100,000	-	-	
St. Andre Home		In-Progress - Expected to Meet Deadline	50,000	50,000	-	-	
Middle School Health Clinics		Fully Expended	500,000	145,779	354,221	-	
Together Place Peer Run Recovery Ctr		In-Progress - Expected to Meet Deadline	154,765	29,322	-	125,443	
			<u>934,765</u>	<u>455,101</u>	<u>354,221</u>	<u>125,443</u>	<u>-</u>
Other	7.08%						
Bangor Symphony Orchestra		Agreement Amended - Expected to Meet Deadline	40,000	40,000	-	-	
Eastern Area Agency on Aging		Fully expended	67,000	67,000	-	-	
Food and Medicine Gardens Program		In-Progress - Expected to Meet Deadline	75,000	75,000	-	-	
Maine Discovery Museum		Contractor Revising Proposal - Expeced to Meet Deadline	500,000	-	-	500,000	
Maine Multicultural Center		In-Progress - Expected to Meet Deadline	70,700	70,700	-	-	
Wabanaki Public Health & Wellness		Fire Marshall Approval, in Permitting Phase	648,000	-	-	648,000	
BNRC		Generator Ordered and Excess Funds to be Reallocated	50,000	-	22,971	27,029	(27,029)
			<u>1,450,700</u>	<u>252,700</u>	<u>22,971</u>	<u>1,175,029</u>	<u>(27,029)</u>
Substance Use Disorder	10.88%						
Bangor Area Recovery Network		In-Progress - Expected to Meet Deadline	415,600	-	-	415,600	
Fresh Start Inc		Work Complete - Finalizing Submission	896,100	896,100	-	-	
Wellspring		Applicant not undertaking project - Funds to be Reallocated	221,540	-	-	221,540	(221,540)
HEAL		See Memo	694,700	530,503	-	164,197	(164,197)
			<u>2,227,940</u>	<u>1,426,603</u>	<u>-</u>	<u>801,337</u>	<u>(385,737)</u>
Workforce Development	3.47%						
Food and Medicine Workforce Navigator		In-Progress - Expected to Meet Deadline	261,342	71,829	-	189,513	
Heart of Maine United Way		See Memo	400,000	-	-	400,000	
Literacy Volunteers of Bangor		In-Progress - Expected to Meet Deadline	50,000	50,000	-	-	
			<u>711,342</u>	<u>121,829</u>	<u>-</u>	<u>589,513</u>	<u>-</u>
Government Services	20.03%						
Grant /Homelessness/Housing Positions		In-Progress - Expected to Meet Deadline	850,000	134,454	50,096	665,450	
Sidewalk Plow		In-Progress - Expected to Meet Deadline	200,000	-	200,000	-	
Public Restrooms		In-Progress - Expected to Meet Deadline	250,000	116,649	41,825	91,526	
Quality Housing Provider		See Memo	250,000	-	-	250,000	(120,000)
Housing Infrastructure		See Memo	2,551,851	-	-	2,551,851	532,766
			<u>4,101,851</u>	<u>251,103</u>	<u>291,921</u>	<u>3,558,827</u>	<u>412,766</u>
Administrative Costs	0.05%						
			<u>9,800</u>	<u>9,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total ARPA Award	100.00%		<u>20,478,297</u>	<u>3,436,685</u>	<u>2,779,354</u>	<u>14,262,258</u>	<u>-</u>