



# *CITY COUNCIL*

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## *Committee of the Whole*

**Tuesday, September 7, 2021**

**5:00 pm**

**Virtual Meeting**

**Agenda**

*The City Council Committee of the Whole meetings are filmed and can be viewed LIVE while the meeting is taking place via the attached Zoom link and dial-in phone number, on Facebook and on BCTV MAC Channel 99 or at your convenience at <https://www.readingpa.gov/content/city-council-video>.*

*Due to COVID-19, the public is prohibited from physically attending the meeting. In person attendance to view the meeting is permitted in the Penn Room in City Hall – use the 8<sup>th</sup> Street doors. To attend the meeting via our virtual app, please log-in using the link or the dial-in phone number below.*

Join from a PC, Mac, iPad, iPhone or Android device:

Please click this URL to join.

<https://readingpa.zoom.us/j/87660789293?pwd=T29FU2Y4cFJDZHdZbFU4MUFKSXFYZz09>

Passcode: 653442

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Webinar ID: 876 6078 9293

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- I. Convention Center Authority APRA Funding – Partial Request**
- II. Update – ARPA Funding**
  - a. Lost Revenue Report**
  - b. Plan to obtain public input**
  - c. Timeline for release of the draft plan**

# Understanding ARPA Formulas to Calculate Lost Revenue

The National League of Cities reports that \$65.1 billion in ARPA funding will address an estimated \$90 billion combined revenue shortfall\* due to Covid-19. At the state level, some estimates show double digit losses (like Alaska and North Dakota with losses of -25.78% and -21.44% respectively); while others saw double digit gains (such as Idaho and Vermont with +13.4% and +12.78% respectively)\*.

Unlike the CARES Act of 2020, the American Rescue Plan Act (ARPA) of 2021 allows use of funds for revenue replacement. The base year to measure lost revenue against is the most recent full fiscal year prior to the emergency. To account for revenue effects with a lag, the figures are calculated at multiple points in time.

## The calculation:

$$\text{Max } \{ [\text{Base Year Revenue} * (1 + \text{Growth Adjustment})^{\left(\frac{n}{12}\right)}] - \text{Actual General Revenue}_t ; 0 \}$$

Recovery Funds may be used to provide government services proportionate to (that is, to the extent of) reduction in revenue experienced due to COVID-19. For example, that means if your jurisdiction lost \$1 million in revenue due to Covid-19; you can use \$1 million in ARPA funds for ANY general purpose use:

General revenue is based on Census Bureau's definition and includes revenue from economic activities such as taxes, current charges, miscellaneous general revenue, as well as intergovernmental transfers between state and local governments.

- Recipients should calculate revenue on an entity-wide basis
- Recipients cannot use pre-pandemic projections as a basis to estimate the reduction in revenue
- Recipients can use funds to support governments services, which include:
  - Modernization of cybersecurity, including hardware, software and protection of critical infrastructure
  - Police, first responders and other public safety services

## RECIPIENTS HAVE TWO OPTIONS TO CALCULATE LOST REVENUE:

Recipients will compute the extent of reduction in revenue by comparing actual revenue to a counterfactual trend representing what could have plausibly been expected to occur in the absence of the pandemic. Analysis of this expected trend begins with the last full fiscal year prior to the public health emergency (I.e. prior to January 27, 2020) and projects forward at using the greater of two growth rates:

1. Recipient's average annual revenue growth over the three full fiscal years prior to the public health emergency, or
2. 4.1%, the national average state and local revenue growth rate from 2015-18 (the latest available data).

Recipients can re-calculate revenue loss at several points throughout the program: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023.

To calculate the extent of the reduction in revenue at each of these dates, recipients should follow a four-step process:

1. Identify revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the base year revenue
2. Estimate counterfactual revenue
3. Identify actual revenue, which equals revenues collected over the past
4. The extent of the reduction in revenue is equal to counterfactual revenue less actual revenue. If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.

The resulting lost revenue figure can be used to provide government services to the extent of reduction in revenue due to Covid-19.

\*Percent Change in Revenue by State, 2019 vs 2020 – [The Reason Foundation](#)

# Reporting Requirements

Metropolitan city or county with a population below 250,000 residents and receiving more than \$5 million in funding submit:

	1. Interim Report	2. Project and Expenditure Report
<b>Contents</b>	<ul style="list-style-type: none"> <li>Initial overview of status and uses of funding</li> </ul>	<ul style="list-style-type: none"> <li>Types of projects funded</li> <li>Financial data</li> <li>Information on contracts, grants, and subawards over \$50,000</li> </ul>
<b>Frequency &amp; Submission Date</b>	<ul style="list-style-type: none"> <li>One-time</li> <li>By August 31, 2021</li> <li>Covers date of award through July 31, 2021</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>By October 31, 2021 and 30 days after the end of each quarter thereafter</li> </ul>

