



Council Worksession

January 4, 2022

5:00 pm

Present: Mayor Kari Niedfeldt-Thomas
Councilmember Abdullahi Abdulle
Councilmember Graeme Allen
Councilmember Pam Axberg
Councilmember Emily Dunsworth

Absent:

Staff in Attendance: Devin Massopust, Gina Foschi, Mark Suggs, Jennifer Fink, Craig Schlichting, Tony Paetznick, and Brenda Davitt

Guests in Attendance:

Review American Rescue Plan Act (ARPA) Funds Spending Plan

Massopust stated on March 11, President Biden signed the \$1.9 trillion American Rescue Plan (ARPA) Act. The plan included \$350 billion in funding for state and local governments. Non-entitlement jurisdictions in Minnesota (generally cities under 50,000 in population) including New Brighton received \$105.81 per capita based on 2019 census data. The City of New Brighton is set to receive \$2.4 million total. We already received one half of this payment; the other half will be received in the second half of 2022. Unlike the Coronavirus Aid, Relief, and Economic Security Act (CARES) funding that the City received in 2020, the ARPA funds can be spent over a much longer time horizon. The City of New Brighton has until the end of 2026 to expend these funds (but must be allocated by the end of 2024).

Massopust reported also different from the CARES Funding, ARPA funds have a much broader scope in their use. The US Department of Treasury is the agency responsible for providing guidance on the use of the funds. Generally, eligible uses include “responding to the public health emergency, responding to the negative economic impacts of the pandemic, premium pay for essential workers, revenue replacement for the provision of government services, and investments in water, sewer, and broadband infrastructure”. Funds cannot be used to directly or indirectly offset tax reductions or delay a tax/tax increase, nor can fund be deposited into any pension fund.

Massopust explained the City of New Brighton has a revenue loss calculation of \$2.3 million for 2020 (stemming from our charges for services operations). Through ARPA, we can cover the cost of our lost revenue and use these funds to cover the costs of governmental services. This approach is cleanest and most effective in terms of reporting, auditing, and efficiency. An internal team of City staff have worked to develop our proposed plan. We have worked closely with our auditing partner as well as our financial consultant to craft a plan that adheres to the intent of the ARPA uses, provides effective financing over a long-term horizon, and positively impacts our organization and community. It is important for Council to understand that this is just a plan and is fluid. Any expenditures using these funds will be brought forward to Council in a manner consistent with all other expenditures. The purpose of this agenda item is to show Council the plan as it stands so that if/when it comes time to expend the funds on such projects there is a baseline understanding. Staff

provided further details on the proposed ARPA spending plan and requested comments or questions from the Council.

Councilmember Axberg asked if there was an advantage to spending the ARPA dollars sooner rather than later. Massopust explained there was not an urgency to spend the dollars but noted the dollars do have to be allocated by the end of 2024 and spent by the end of 2026.

Councilmember Allen requested further information regarding the price of the drone. Paetznick noted the original estimates were \$30,000, but after looking into costs further, it was estimated the drone would cost \$50,000.

Councilmember Abdulle asked if the proposed funding for front line workers would be a one time payment. Massopust reported this was the case, noting staff was proposing a one time payment to these workers.

Councilmember Dunsworth questioned how staff would decide what the City would spend the ARPA dollars on first. Foschi noted the City would receive the second half of the ARPA funds one year after the first payment was made. She commented further on the timing on when the funds would be received and discussed how the City could plan for the expending these funds.

Councilmember Axberg reported she was hesitant to add a new position through these funds because it would be tied to a future levy increase or future trade offs.

Mayor Niedfeldt-Thomas commented the Assistant City Manager position was previously within the budget, but in 2020 this position was dropped. She explained to add this position back in, this would require Council approval.

Mayor Niedfeldt-Thomas questioned how the levy would be impacted by using ARPA funds on the Parks Comprehensive Plan. Davitt reported if the internal loan were used the repayment of the loan would have added another \$85,600 to the levy. She indicated using ARPA would eliminate this loan repayment amount and was deemed a useable expense.

Councilmember Abdulle believed the Council needed to have more conversations regarding the Assistant City Manager position. In addition, he supported more of the ARPA funding being infused into equity initiatives. He did not believe the \$45,000 was enough. He suggested the City consider creating a position that focuses on housing giving the growing needs surrounding affordable housing.

Councilmember Allen stated generally he supported the one-time expenses as proposed by staff. He commented he did not know what the future would hold or where the virus would go. He suggested the City wait on expending ARPA funds for the Parks Comprehensive Plan. He discussed how the City Council had worked to try and right size staffing and agreed the Assistant City Manager position should be discussed further.

Mayor Niedfeldt-Thomas asked how staff was proposing to spend ARPA dollars on equity initiatives. Suggs stated this would be discussed by the Equity Commission and Equity Team.

Mayor Niedfeldt-Thomas noted the Council had set aside \$10,000 for translation services in 2022. Massopust reported this was the case.

Councilmember Abdulle supported Councilmember Allen's comment that the ARPA dollars should not be used for parks because there were dollars already identified for these projects. He suggested other items be

prioritized that were emerging. He encouraged the Council to consider the needs of the residents that were making the lowest income in the community. He suggested data be collected in order to see how the City can help the folks that were in most need due to the pandemic.

Councilmember Allen supported the City keeping the budget as is when it comes to parks. He suggested the City use the ARPA funds to tackle needs that come up in the next year or two. He noted again for the record that he supported the one time purchases as proposed by staff. Massopust discussed the opportunity cost of not using ARPA funds for the parks plan.

Councilmember Allen stated of the \$1.4 million proposed for parks, he believed these dollars should be held for other things that may arise in the next year or two.

Mayor Niedfeldt-Thomas supported the Council making investments that would help New Brighton residents. She understood there were residents that have been seriously impacted by the pandemic. She indicated she supported the City making investments in one time expenditures that would benefit the community. She understood seniors and youth have been shut in and the new van would provide additional access to programming. She appreciated how staff was looking to future COVID expenditures to ensure City Hall was properly staffed. She indicated she supported the Public Safety camera and trailer given the rise in crime throughout the metro area. She believed the camera/trailer and drone would assist in deterring crime while also providing new options to the public safety members. She requested further information from staff regarding the HVAC upgrades proposed for the Community Center. Fink reported the proposed HVAC upgrades would fall in line with CDC guidelines and would treat and clean the air.

Councilmember Dunsworth discussed how the City worked to disburse the CARES dollars to residents. She stated she understood there were residents that have been impacted by COVID disproportionately, but noted the City has been providing funding to these individuals. She explained she wanted the City to be mindful of how it was spending the ARPA funds and reiterated the City had worked diligently to get CARES funding to residents. She understood there were unknowns at this time, but she wanted to see the City working with what was known. She indicated she supported the public safety initiatives, the van purchase, as well as the parks plan. She reported the parks have become extremely important to residents and she supported the City moving forward with this expenditure through ARPA funds. She recommended the funding for equity initiatives be increased, with the understanding this was seed money. Massopust commented on how the purpose for ARPA funding differed from CARES funding.

Mayor Niedfeldt-Thomas discussed how the CARES funding was geared towards helping businesses and residents through rental assistance. She questioned how the City was advertising the assistance that was available to residents. Foschi reported flyers would be included in the next utility bill. She understood a handful of requests had been made to the City. She commented rental assistance requests were forwarded to the County.

Mayor Niedfeldt-Thomas stated she would like to have more data from the County as to how many requests they have had from New Brighton residents.

Councilmember Abdulle commented he understood the City tried to allocate CARES funds to residents, but he did not believe these funds or programs were well advertised to the public. He recommended the City partner with the correct agencies in order to get these funds to those in need. He stated communities of color and low income communities have been made promises by the Biden administration. He believed there has been a disconnect between those who are supposed to be getting the benefits and those who are doing the work. He wanted to see the City do right by the communities that were really hurting. He indicated he supported the public safety initiatives, but he also wanted to see the City doing more to help those who were struggling. He

supported the City collecting data in order to reach those who were in need, versus doing the same thing that is already being done.

Councilmember Axberg stated she supported the broad infrastructure expenditures being proposed by staff. She anticipated staff could figure out how to stage these ARPA fund purchases.

Mayor Niedfeldt-Thomas thanked the Council for all of their discussion on this topic.

Discuss New Contract for Community Partners with Youth (CPY)

Massopust stated CPY has had a longstanding relationship with the City of New Brighton. CPY provides after school services and programming for youth in our community. In recent years, there have been changes made to the structure of the contract that the City has with CPY. Until June of 2018, the City of New Brighton paid \$12,500 annually. At that time, the City increased their payment as CPY was in need of further investment to continue operations effectively. The City then approved a three year contract covering 2019, 2020, and 2021. The cost for services each of those years was \$77,500. Council heard from CPY in October on their services and programming as well as how they are doing as an organization. Generally, the contract and agreement work well for both parties. CPY provides a valuable service to the community that the City of New Brighton alone could not provide for the cost of the contract.

Massopust explained the City's intent when the contract amount went from \$12,500 to \$77,500 annually was to maintain that level for three years and then drop it down to \$67,500 for the next three years as CPY built their fundraising capacity through a third party. CPY is requesting that the City maintains the \$77,500 annual contribution for 2022-2024 and then decrease funding levels to \$67,500 to "meet increasing costs and rising needs in the community" especially considering the financial impacts COVID-19 has had on the organization.

Councilmember Allen stated he served on the CPY board for the last several years. He explained this organization had a lot of volunteers that served. He discussed how the additional funding that was offered several years ago really helped CPY to improve its fundraising efforts. He noted giving to non-profits and giving in general has gone down over the past few years. He reported the City's contribution has kept them afloat and has allowed them to stay active in the community. He believed the return on investment was substantial, especially from a public safety standpoint. He discussed how the City's youth and their families benefited from CPY. He supported the City continuing the contract with CPY for the next three years.

Mayor Niedfeldt-Thomas explained she fully supported the City continuing a three year contract with CPY at the original funding level. She noted a three year contract would provide CPY with a better idea on where their funding was coming from going forward. She agreed with Councilmember Allen that CPY was doing a great job for the community.

Councilmember Axberg stated she supported the three year contract as well. She asked what was in the budget plan for 2022. Massopust indicated staff had left the amount at \$77,500.

Councilmember Axberg commented she feels better that there was funding in the budget at the higher amount, but noted she could have supported the \$67,500. She questioned what had changed on the plan for CPY. Massopust stated it was his understanding that CPY would like to continue to maintain the current funding levels due to the pandemic and because fewer people were giving at this time.

Councilmember Allen commented further on CPY's annual budget and noted the City's contribution was roughly 20% of the budget. He noted JMA has done a good job identifying new avenues for funding that have been lost.

Councilmember Abdulle explained he supported the proposed three year contract. He believed CPY provided effective and much needed services to New Brighton, especially during the pandemic. He also supported CPY finding more sustainable funding opportunities for their organization.

Councilmember Dunsworth stated New Brighton was the only City that contributes to CPY at this point. She indicated no other cities or school districts were contributing. She commented she was not opposed to the City contributing, but questioned why New Brighton was when no other cities were. She recognized the services CPY was providing predominantly to New Brighton residents, but feared CPY was relying on New Brighton too heavily. She stated generally, she had a problem with the City contributing to one non-profit in the community, while not contributing to others who were also making meaningful contributions to New Brighton residents. She supported the City exploring this more holistically. She indicated she could support the three year contract with a step down plan. She wanted to see the Council discussing a step-down approach with CPY because New Brighton could not be a funding source in perpetuity, or that other cities should be contributing equally.

Councilmember Allen commented the cities that could contribute to CPY based on benefitting communities were New Brighton and Mounds View. He stated he understood CPY has approached Mounds View and the school district to request funding.

Mayor Niedfeldt-Thomas reported there was Council consensus to support a three year contract with CPY, however there was not clarity on the amount and if it should step down or continue on with what was planned.

Councilmember Dunsworth supported the Council moving forward with \$77,500 for 2022 and then stepping this down to \$67,500 for 2023 and 2024. She indicated this would assist CPY at the higher amount for one more year given the pandemic but would then bring the contract back to the original number.

Mayor Niedfeldt-Thomas stated she supported this recommendation.

Councilmember Abdulle explained he supported this recommendation as well.

Councilmember Dunsworth reported the Council had direct conversations with CPY and indicated the City was very clear that they needed to stabilize their finances in order to allow the City to step back their funding. She indicated the City offered CPY a cash injection due to the pandemic but this was not meant to continue indefinitely.

Councilmember Abdulle stated his only concern was how much hurt a \$10,000 loss would cause CPY in 2023 and 2024.

Councilmember Allen commented he supported the \$77,500 for three years, but he understood this was not where the Council was the last time this was discussed. He reported the \$20,000 loss over two years would be substantial but letting CPY know up front would allow them to plan accordingly and he believed CPY would remain afloat.

Councilmember Dunsworth discussed how CPY made good use of their PPP or CARES funding. She hoped that this funding would allow this organization to pivot in a way that would offset any future reductions the City would make to their funding. Massopust reported the City of New Brighton gave CPY \$10,000 in CARES funding in 2020.

Councilmember Abdulle questioned when the Council had to make a decision on this matter. Massopust explained the first payment would be made to CPY in February and he was hoping to have this contract before the Council on January 11 for consideration.

Councilmember Allen discussed how the CARES funding help CPY provide virtual learning support during the pandemic.

Councilmember Axberg stated she supported the step-down approach for the CPY contract.

Suggs commented on the power of CPY in the schools. He believed the contract was money very well spent because it assisted with building strong children today. He reported the children that are offered assistance were from marginalized families and the dollars greatly assisted these individuals.

Councilmember Abdulle stated he supported offering CPY \$77,500 for three years with no step down. Massopust noted the Council could approve a one year contract with CPY for \$77,500 and then come back and further discuss how to fund CPY going forward.

Mayor Niedfeldt-Thomas indicated she would like to see CPY reducing their reliance on consultants over the next few years while maintaining the same level of services for New Brighton residents. She noted she still supported the three year contract with a step down for years two and three.

Councilmember Dunsworth agreed.

Councilmember Allen summarized the conversation of the Council noting there were three votes for maintaining \$77,500 for 2022 and then stepping down to \$67,500 for 2023 and 2024.

Worksession adjourned at 6:53 pm

Respectfully submitted,



Terri Spangrud
City Clerk