



TO: Mayor and Council Members

FROM: Nate Reinhardt, Finance Director
Bill Reynolds, City Administrator

SUBJECT: Coronavirus Local Fiscal Recovery Funds

DATE: August 4, 2021

On July 27, 2021 the City of Shakopee received \$2,199,407, which is the first half of \$4,398,814 in Coronavirus Local Fiscal Recovery Funds the City was allocated under the American Rescue Plan Act. The City expects to receive the second half in July of 2022. The guidance for eligible uses include:

1. Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control;
2. Replace lost public sector revenue to strengthen support for vital public services and help retain jobs;
3. Support immediate economic stabilization for households and businesses; and,
4. Address systemic public health and economic challenges that have contributed to the inequal impact of the pandemic on certain populations.

As authorized by the Act, the City has utilized these funds for lost revenue. The formula for lost revenue is determined by Treasury guidance and is based on total city revenues (excluding utility revenues, federal grants, and bond proceeds). The formula considers a growth rate factor determined by the previous three years (2017, 2018, 2019) and applies it to the base year (2019) to calculate expected revenue and compares it to actual revenue for the calendar year's 2020, 2021, 2022, and 2023.

Annual Growth Rate Calculation	
Year	Actuals
2017	\$ 34,889,225
2018	\$ 37,927,228
2019 (Base year revenue)	\$ 41,897,834
Annual Growth Rate	9.59%

Revenue Reduction Calculation			
Year	Expected Revenue	Actual	Revenue Loss
2020	\$45,915,128	\$39,631,555	(\$6,283,573)
2021	\$50,317,603	TBD	
2022	\$55,142,203	TBD	
2023	\$60,429,400	TBD	
		Total	(\$6,283,573)

The guidance provides a broad latitude to use funds for the provision of government services to the extent of reduction in revenue. Government services, however, does exclude debt payments, replenishing reserve funds or programs that require non-federal matching funds.

Staff has prepared a list of or potential uses of the funding available for City Council input and consideration. Many of the items need further evaluation to determine the scope and cost.

Description – Estimated Amount – Justification

General Fund

1. Employee Cost of Living Adjustment - \$377,000

Two percent wage adjustment for 2021. This was proactively removed from the 2021 budget, as a result of uncertainty with revenue collections. The ability to replace lost revenue provides the ability to restore the two percent adjustment. This will be brought forward on August 4th for Council approval.

2. Downtown Parklets - \$300,000

Purchase and installation of Streetdeck modular units for five parklets for downtown Shakopee. The semi-permanent structures will be installed in summer months and disassembled to allow for winter storage. In 2020, downtown Shakopee had a successful program with the “street tent” that allowed customers to be outside. City Council approved the spending on May 18, 2021.

3. Made in Shakopee/Entrepreneurial Growth - \$100,000

Contract with Momentum Strategies for a targeted marketing campaign to celebrate the innovative companies in Shakopee. This will allow us to showcase to entrepreneurs and companies outside our community that might consider moving or building a facility in Shakopee, highlighting our strengths. The Shakopee EDA approved the spending on April 20, 2021.

4. City Entrance Monuments - \$100,000

Purchase and installation of city entrance monuments for the continued branding/image effort of the city. The gateway signs were previously included as one of the “Big Ideas” in the 2040 comprehensive plan as part of the vision to beautify Highway 101 and create a better first impression for visitors and guests.

5. Tower at Windermere - \$250,000

Construction of a lookout tower at Shakopee’s highest vantage point as part of the park and trail system in Windermere.

6. Downtown Roof Lighting - \$25,000

Installation of roof lighting around the crest of the Deco building to illuminate and make it a signature piece to the city visible from a distance.

7. Civil Defense Sirens (3) - \$80,000

With the city growing and expanding west and south, there is a need for more civil defense siren coverage. The police department would place two new sirens in the new south and west

developments. A third, smaller siren, should be placed in an area around Canterbury that has now developed and is not current covered by civil defense sirens.

8. Police Department Office Furniture - \$15,000

The police department has approximately 20 chairs in need of repair or replacement. These chairs are original to the building in 2003. Gun belts have taken a toll on many of these chairs, and the chairs would be replaced with a more durable chair to avoid these issues in the future.

9. Protective Window Film for Police Station and City Hall - \$49,500

City Council received a presentation on the shatterproof window film in July.

10. Fire Department Remodel - \$900,000

The change in the staffing model to a 24-7 staffed fire department has created a need to remodel the current fire station to accommodate staff with additional dorm room space and the re-location of existing training rooms.

11. Downtown ADA, Lighting and Tree Rehab Project - \$1,270,000

Focus on the street lighting replacement in the amount of \$1,270,000 due to missing, removed and falling light poles. As a larger project, could also be covered as part of our upcoming bonding initiative.

Sanitary Sewer Fund

Projects identified from this fund meet the one of the broader goals of the American Rescue Plan Act to make necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure.

12. Sewer Jetter Replacement - \$275,000

Replacement of 2007 Sterling Jetter truck used for cleaning sanitary sewers.

13. Maras-Hansen Utility Extension Project – \$500,000

Supplemental funding to help bridge the gap and get sewer connections sooner rather than later with the high connection costs