

How small communities can leverage strategic planning for ARPA funds

THE CORONAVIRUS AID, Relief and Economic Security Act (CARES) and the American Rescue Plan Act (ARPA) provide significant financial assistance to states and local governments to support continued response and recovery to the COVID-19 pandemic. Over \$350 billion in CARES funding and over \$1 trillion in ARPA funding is available to states and local governments. However, small communities (i.e., those with a population of 20,000 or below) have faced unique challenges during the pandemic. Due to their often limited staff who cover a broad range of responsibilities they have limited capacity to take on the administrative tasks required to make use of funds from these federal spending programs such as ARPA. In these cases, small communities can benefit from using an existing strategic plan or strategic planning process to prioritize community needs and take advantage of the financial opportunities afforded by CARES and ARPA.

Permitted uses of the funds

Before a locality spends and tracks their funds, it's important to understand their allowable uses. As categorized by the United States Department of Treasury, communities can use the Coronavirus State and Local Fiscal Recovery Funds created by ARPA for the following:

- **Support public health expenditures**, by, for example, funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff.
- **Address negative economic impacts caused by the public health emergency**, including economic harms to workers, households, small businesses, impacted industries, and the public sector.
- **Replace lost public sector revenue**, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic.
- **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical positions.
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband.

Example: ARPA / Strategic Plan spending alignment

ARPA Funding Category	Strategic Plan Goal	Strategy	Intended Expenditures	Project Start Date	Project End Date
Support Public Health Expenditures	Healthy Living and Well-being	Public Facility Upgrades	\$1.7 million	07/2021	07/22
Address negative economic impacts caused by the public health emergency	Robust Economy	Aid to Tourism, Travel, or Industry	\$8.4 million	07/2021	07/22
Replace lost Public Sector Revenue	Everyday Excellence	Provision of Government Services	\$22 million	07/22	07/23
Provide premium pay for essential workers	Safe and Secure Community	Public Sector Employees	\$330,000	07/21	07/21
Invest in water, sewer, and broadband infrastructure	Thriving Communities	Water and Infrastructure Improvements	\$5 million	07/23	07/24

Using your strategic plan for prioritization of federal funding

The ICMA ARPA Spending Priorities Survey identified major investment priorities from almost 600 town, city, and county managers. The survey found the following:

- 84 percent of respondents identified infrastructure projects as the top priority
- 54 percent of respondents anticipate replacing lost revenue
- Water and sewer infrastructure was prioritized by 75 percent of respondents
- Broadband infrastructure was considered a priority for 25 percent of small communities
- Most respondents identified projects in two of the five Treasury defined categories

It's important to note that of the small communities surveyed only about half had a fully realized strategic plan in place. Of those, 41 percent of small communities stated the strategic plan is helping to prioritize funding allocation through the ARPA. Approximately 50 percent of all respondents to the ICMA ARPA Spending Priorities survey stated they were utilizing their strategic plan to develop ARPA spending plans.

Of course, aligning your ARPA spending plan with your locality's strategic plan depends on whether your community has a strategic plan. As such, the guidance provided below is categorized by a community's existing level of strategic planning (have a strategic plan, have some components, or do not have a strategic plan).

If you have a strategic plan

Using the ARPA funding categories, identify your locality's strategic plan goals and strategies that are in alignment with the categories and use of funds. The most up-to-date guidance and frequently asked questions are available at www.treasury.gov. (see chart below)

If you have some components of a strategic plan

Many small communities have developed a prioritization process for projects and budget priorities in lieu of a strategic plan. The

prioritization document can be used to identify projects and budget priorities consistent with the goals and spending categories of ARPA.

If you do not have a strategic plan

Over 20 percent of small communities do not have a strategic plan. This despite 100 percent of small communities surveyed believing that a strategic plan may help prioritize resources during an economic crisis. Using the steps to develop a strategic plan outlined below, small communities can develop a new plan to address spending priorities within the categories of ARPA.

Steps to develop a strategic plan to support ARPA spending:

1. Develop leadership support: How will you engage with your elected officials on the process to develop the ARPA spending plan?
2. Establish a committee for the ARPA spending plan process: Who are the key stakeholders to provide input into the plan and implement the plan?
3. Develop key components for the spending plan:
 - a. Community Vision: What is your community trying to achieve?
 - b. ARPA Goals: What goals defined by the ARPA spending categories are you trying to achieve?
 - c. Strategies: What are the action items that your community will accomplish with the ARPA funds? Who will be responsible?
4. Adopt the ARPA spending plan: How and when will projects be initiated, funded, and completed?
5. Implement the plan: Report on progress and track reporting requirements.

Using other documents to develop an ARPA spending plan

Given that small communities may lack sufficient resources to develop a formal strategic plan and the relatively short period of time

permitted for the use of ARPA funds, small communities can look to existing plans to develop an ARPA spending plan. In fact, three out of four communities that responded to the ICMA spending priorities survey indicated they are using their existing capital improvement plan to determine the use of ARPA funds. Visioning and planning statements can also prove useful.

Example of other documents used to develop ARPA spending plan

Plan	Use	Possible ARPA Funding Category/ Goal
Capital Improvement Plan	Plan for Public Facility Needs	Support Public Health Expenditures, Invest in Water, Sewer, and Broadband Infrastructure
Annual Budget	Plan for Annual Spending	All categories
Parks and Recreation Plan	Plan for Parks and Recreation Needs	Address negative economic impacts
Economic Development Plan	Plan for Economic Development Goals	Address negative economic impact

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This article is a supplement to a forthcoming ICMA white paper: Strategic Planning for Small Communities. The article utilizes survey data and interviews from small communities nationally and internationally on strategic planning. The full report will contain examples and direct observations from the communities surveyed.

It takes a plan: Town of Marion

THE TOWN OF MARION (population approx. 6,000) does not have a formal Strategic Plan. However, it does have a Comprehensive Plan. Typically, strategic planning focuses aspirations and aligns the community to fulfill them whereas a comprehensive plan is the tool used to implement the elements of the strategic plan. In addition to its Comprehensive Plan, the Town of Marion also has an informal plan of current, short-term, and long-term initiatives for each of its department.

After the town received its ARPA funds, Town Manager Bill Rush solicited suggested uses of the ARPA funds from the town council and department directors, ranked them, and then presented those to council. Says Rush, “I specifically requested the ‘weight’ of the rankings to reflect generational investment, not short- or near-term expenditures. We have written in stone that all ARPA expenditures (project authorizations) must have a majority vote of the council. Each and every time.”

The town’s first ARPA project authorization was for a planned water park on the site of an existing pool. The town had already committed to build a portion of the waterpark because it needed

to refurbish the pool. With the untethering of the ARPA funds, the town was able to increase the rehabilitation budget and not borrow the money. Observes Rush, “This is a generational project, as it will be a centerpiece of recreation for Marion for the next 20 years.”

The town’s second ARPA authorization was to fund a housing redevelopment program being handled by the town’s economic development authority as part of its BAUD program (Blighted, Abandoned, Underutilized, and Dilapidated Properties).

Neither the pool refurbishment nor housing complex redevelopment were part of the town’s Comprehensive Plan which was last done in 2018. However, as part of the BAUD program, the town is completely revamping its Comprehensive Plan, and then rewriting its zoning codes to implement that plan. That process is underway now with completion expected by the end of the year. The new plan will detail near term and long-term projects much better than in the past.



By VTC Editor Rob Bullington