



MEMORANDUM

TO: Mayor and City Council

FROM: Veronica Briseño, Chief Economic Recovery Officer and Ed Van Eenoo, Chief Financial Officer

DATE: April 12, 2021

SUBJECT: Update Regarding Resolution 20210325-111: American Rescue Plan Spending Framework and Budget and Revenue Update

This memorandum provides an update regarding the American Rescue Plan (ARP) spending framework and an update regarding the City's year to date revenue gaps, expected Fiscal Year 2021 revenues relative to the Fiscal Year 2021 projected budget, and updated projections for Fiscal Year 2022 revenues.

American Rescue Plan Spending Framework

City staff presented the [American Rescue Plan and Proposed COVID-19 Spending Plan](#) to Council during the March 23, 2021 work session. This spending plan was informed by [Austin's Economic Recovery and Resiliency Framework](#), which features 45 opportunities to foster a more equitable, competitive, and resilient post-pandemic Austin economy. City staff facilitated more than 125 stakeholder engagement sessions before presenting the Economic Recovery and Resiliency Framework to Council. [View the American Rescue Plan and Proposed COVID-19 Spending Framework presentation online.](#)

Council adopted [Resolution No. 20210325-111](#) during the March 25, 2021 Council meeting. This resolution directed staff to inventory regional funding available for relief and recovery needs, and to identify Austin priority needs that could be addressed in a transformational and generational way. Council's resolution also identified four priority areas to include in staff's evaluation:

- Homelessness, and related housing, mental health, and substance use issues;
- Early childhood care and education that is high quality and affordable;
- Jobs for working class Austinites that include good wages, benefits, and workplace protections, and associated workforce development and work programs; and
- Food and housing insecurity

City staff met with Central Texas government jurisdictions and non-profit organizations, as well as internal subject matter experts, to inventory and identify transformational and generational investment options in Council's four priority areas. In addition, staff is also reviewing for possible inclusion in the initial funding recommendations those City programs hardest hit by the COVID-19 pandemic; namely the Hotel Occupancy Tax (HOT)-funded services, including the Cultural Arts Fund, the Historic Preservation Fund, the Live Music Fund, and the Austin Convention Center Department. Moreover, Austin's Homeless Strategy Office continues to work with stakeholders to develop a comprehensive strategy to significantly reduce unsheltered homelessness.

Staff will send a comprehensive list of transformational and generational investment options to Mayor and Council after receiving and reviewing the final comprehensive implementation strategy from the Homeless Strategy Office. Additionally, staff will continue holding regular meetings with representatives from Travis County and neighboring government

jurisdictions to identify joint investment opportunities. Staff will also continue meeting with local community organizations and internal subject matter experts to discuss matters related to this Resolution.

It is important to note that staff is still waiting for the United States Department of the Treasury (Treasury Department) to issue final determinations of specific American Rescue Plan allocation amounts to cities, as well as guidance on allowable uses of the American Rescue Plan funds. As of this memo's publication, the Treasury Department has not issued final guidance regarding the American Rescue Plan.

Budget and Revenue Update

The Budget Office will provide the City's Financial Forecast Report to Council on April 16, 2021. This document will provide a clear accounting of the City's year to date revenue gaps, expected Fiscal Year 2021 revenues relative to the Fiscal Year 2021 projected budget, and updated projections for Fiscal Year 2022 revenues.

Next Steps

Consequent steps will be determined once staff obtains the latest comprehensive implementation strategy, has final determinations from the Treasury Department, transmits final recommendations to Council via memo, and receives additional Council direction. If you have any questions regarding this process, please email Ed at Ed.VanEenoo@austintexas.gov or Veronica at Veronica.Briseno@austintexas.gov.

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