



City of Minneapolis, Minnesota

Recovery Plan

State and Local Fiscal Recovery Funds

August 31, 2021

Note: The Recovery Plan Performance Report will provide the public and Treasury information on the projects that recipients are undertaking with program funding and how they are planning to ensure program outcomes are achieved in an effective, efficient, and equitable manner. While this template includes the minimum requirements for the Recovery Plan, each recipient is encouraged to add information to the plan that they feel is appropriate to provide information to their constituents on efforts they are taking to respond to the pandemic and promote an equitable economic recovery.

Each jurisdiction may determine the general form and content of the Recovery Plan, as long as it meets the reporting requirements, and recipients are encouraged to tailor this template to best meet their needs. Use of infographics, tables, charts, pictures, case studies, and other explanatory elements are encouraged.

City of Minneapolis, Minnesota

2021 Recovery Plan

Contents

General Overview2

 Executive Summary..... 2

 Uses of Funds: Overview..... 3

 Promoting Equitable Outcomes..... 5

 Community Engagement 5

 Labor Practices..... 6

 Use of Evidence: Overview 6

 Table of Expenses by Expenditure Category..... 7

Project Inventory (not required by U.S. Treasury until 10/31/2021 Project & Expenditure Report)10

General Overview

Executive Summary

The City of Minneapolis has been allocated a total of \$271 million by U.S. Treasury through the Coronavirus State and Local Fiscal Recovery Fund section of the American Rescue Plan Act (ARPA). Tension exists between getting these funds into the community quickly and conducting robust engagement with residents and other jurisdictions. To balance those two interests, Minneapolis has engaged in two phases of decision-making on ARPA funds. On July 2nd, the City Council adopted a series of proposals that focus on solving the following problems in response to the COVID-19 pandemic:

- Housing instability,
- Business closures and financial stress in small businesses,
- Business, non-profit, and public organization's capacity and preparation for the lifting of social distancing measures, and
- Responding to the nationwide increase in violent crime.

The phase one decision-making process began with a Mayoral recommendation in early June that utilized the work done by subject matter experts at the City and included input from Council and Department Leaders. Proposals then went to City Council for public comment through two public hearings, amendments, and adoption. A total of just under \$102 million was approved to be spent in phase one, less than half of the \$271 million awarded to the City of Minneapolis. To date the funds in phase one have been allocated, but not distributed, obligated, or spent by City departments or subrecipients, though hiring and contracting processes are well underway.

Each proposal in phase one addresses a specific problem caused or exacerbated by the pandemic, proposes specific actions, analyzes equity impacts, and lists expected results. City staff will evaluate outcomes of each proposal as funds are distributed; specific funding has been allocated to assist with this evaluation effort. ARPA funds provide an opportunity to support disproportionately impacted communities and promote equitable outcomes and where possible, funds have been invested in alignment with the Strategic and Racial Equity Action Plan goals of the City of Minneapolis.

Now that phase one has been adopted, the City has turned to the annual budget process for 2022 and adoption of ARPA phase two appropriations. The Mayor has proposed allocating nearly \$119 million for revenue replacement in the 2022 budget to offset a portion of the \$129 million in revenue decline in 2020, calculated by comparing potential growth and actual receipts. The City will also build out a public engagement plan to collect feedback on priorities for spending in phase two and work with partners in neighboring jurisdictions to coordinate investments. The Mayor will make additional recommendations on spending for the remaining unallocated ARPA funds in Fall 2021 and the City Council will amend and adopt phase two allocations in late 2021.

Uses of Funds: Overview

The City of Minneapolis will be using the American Rescue Plan Act dollars, allocated through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), in a variety of ways to support a strong and equitable recovery from the COVID-19 pandemic and economic downturn. Departments across the City held discussions with community members, City leadership, and other key stakeholders to determine how best to respond to the recovery needs facing Minneapolis. From those discussions, departments submitted proposals for programs to support the focus of the first phase of recovery efforts. These proposals were grouped into five major categories of spending: Housing and Homelessness, Economic Rebuilding, Public Safety, Climate and Public Health, and City Capacity and Performance.

In the first round of funding, there is a particular focus on providing support to underserved communities. These proposals target Black, Indigenous, People of Color (BIPOC) homeownership, homelessness, support for small businesses, job training for low-income residents, support for arts organizations, trauma response for citizens feeling the impacts of increased violence resulting from the pandemic, and access to food and mental health services for the most vulnerable residents of our City. In targeting those communities and citizens most greatly impacted by the COVID-19 pandemic, the City can most efficiently utilize the funding available to respond to the greatest needs. In addition to targeting the external needs of recovery response, the City is investing internally with increased staffing and department support to manage the programs. The City is also providing economic relief to its own employees impacted by unpaid time off caused by budget reductions in 2020.

Following is a breakdown of how the City is addressing the six expenditure categories specifically:

Public Health (EC 1)

While no specific proposals are assigned to the expenditure category of Public Health, a significant number of the proposals will impact this critical response area. Under other categories, the City is eliminating childhood lead poisoning, investing in food support, and pioneering public safety strategies to protect our most at-risk populations.

Negative Economic Impacts (EC 2)

The City's economic recovery is critical to our pandemic response and represents the largest portion of investment in the first round of proposals. The City is investing in community food needs, providing funding to non-profit partners, and creating a funding pool for business to focus on economic recovery and green career training. Direct funding to non-profits will focus efforts on established community partners that can immediately deliver impactful resources to those most in need. Job training and low or no-interest loan programs will support job recovery where it's most effective for long-term economic growth.

Services to Disproportionately Impacted Communities (EC 3)

The second largest investment in the first round of funding is Services to Disproportionately Impacted Communities. In this category, the City is heavily focused on homeownership, stabilizing and repairing existing homes, and providing public safety solutions that work in communities where traditional approaches have historically fallen short. Innovative lending

programs, trauma response teams, community partners, and already established programs will use expanded funding to target responses to the hardest hit communities.

Premium Pay (EC 4)

The City did not establish any premium pay programs in the first round of proposed spending.

Water, sewer, and broadband infrastructure (EC 5)

The City did not establish any water, sewer, or broadband infrastructure programs in the first round of proposed spending.

Revenue Replacement (EC 6)

For the first round of funding, revenue replacement is targeted primarily to City staff. The City will use funds to pay staff for unpaid leave taken in 2020 as a reaction to revenue losses and budget cuts during the initial economic downturn. In addition, the City will expand access to mental health services for employees and support provide program evaluation on the Truth and Reconciliation Commission. The balance of revenue replacement will be used for general Government Services to be identified in future budgeting rounds. Such government services include, but are not limited to, maintenance or pay-go funded building of infrastructure; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and provision of public safety services.

Other Federal Funding Sources

In addition to the SLFRF the City is receiving Federal funding through the Emergency Rental Assistance (ERA) program. The ERA funds are part of the Consolidated Appropriations Act, 2021 which was enacted on December 27, 2020. The U.S. Treasury is responsible for administering the program. The City received its allocation of \$12.9 million in January 2021. The American Rescue Plan Act of 2021 enacted on March 11, 2021 also managed through the U.S. Treasury provided the City with an additional \$4.1 million of ERA phase two funding. Emergency Rental Assistance funds are used to help eligible households through existing or newly created rental assistance programs. This assistance will further help support the City's recovery goals of equitable housing opportunities for its citizens.

Promoting Equitable Outcomes

The City of Minneapolis already integrates an analysis of equity impact into its annual budget process and legislative actions. In addition, the City's elected leadership has adopted a Strategic Racial Equity Action Plan (SREAP), that calls out specific operational and policy goals to advance racial equity. These existing policies provided the foundation for generating, reviewing, and amending proposals and ultimately appropriating the first round of American Rescue Plan Funds by City Council in July.

Each proposal submitted for consideration in phase one of SLFRF decision-making included an equity impact statement. Implementing departments at the City were asked:

“What does data tell us about how solving this problem will impact constituents or staff from BIPOC communities?”

Responses to this question were utilized in the Mayor's recommendation process, as well as by Council when they amended and then adopted final proposals. Answers to this question along with other proposal details were also made available to the public before and after the two public hearings that were held on phase one SLFRF appropriations.

In addition to this equity analysis, proposals were reviewed by the City's division of Race and Equity and flagged if they aligned with the Strategic Racial Equity Action Plan (SREAP). This analysis was considered in phase one decision-making.

Specific projects include expected equity impacts of the activities funded. They range from increasing BIPOC homeownership, to preventing the closure of BIPOC and women-owned businesses, and improving lighting, street conditions and facades in BIPOC business districts. They address mental health service gaps in low-income schools, violence prevention and intervention efforts targeted at low-income communities that have borne the brunt of the nationwide rise in crime because of the pandemic.

Community Engagement

In the initial brainstorming of projects to address the goals of the American Rescue Plan Act, subject matter experts were asked to include any outreach that had been done and include any information and/or evidence about community attitudes on the topic. Departments consulted with their existing stakeholder groups to formulate the proposals that were considered in the first round of decision-making in the spring.

On June 4th, the Mayor released his recommendations for phase one of SLFRF decision-making. These proposals were detailed on the City's [website](#) as well as the Legislative Information Management System (LIMS). As City Council considered and amended the Mayor's recommendations, two public hearings were held, and input was solicited from the public in written form as well. Links to the public feedback received during this process can be found on [LIMS](#).

The City is planning further community engagement for the second round of decision-making on the remaining unallocated SLFRF funds.

City ARPA Summary website:

<https://stories.opengov.com/minneapolismn/published/70dMT89Qv>

Legislative Information Management System (LIMS): <https://lims.minneapolismn.gov/file/2021-00651>

Labor Practices

With the first allocation of SLFRF funding Minneapolis is not pursuing any infrastructure projects. However, the City has instituted several labor friendly ordinances reflected in city contracting practices and as an experienced recipient of federal transportation, housing, and community development funds, has developed robust monitoring and compliance tools in its Civil Rights Department through its Labor Standards Enforcement and Contract Compliance divisions.

Through ordinance the City of Minneapolis enforces federal (Davis-Bacon) prevailing wage rates on its construction projects over \$50,000. The City requires payment to workers at least bi-weekly (unless the project is federally funded).

Additionally, City ordinances include enforcement provisions by the Labor Standards Enforcement Division related to labor friendly measures of Sick and Safe Time, Minimum Wage, and Wage Theft ordinances.

The Minimum Wage Ordinance sets a new hourly minimum wage standard for work performed in Minneapolis. The Sick and Safe Time Ordinance creates access to time off work for employees across the city. The Wage Theft Ordinance works with the state's wage theft law to protect employers and employees and to ensure people receive all wages and benefits to which they're entitled.

Use of Evidence: Overview

The City of Minneapolis is in the process of reviewing the requirements of reporting on evidence-based interventions. Where appropriate, the City may use program evaluations or evidence-based reporting to demonstrate the effectiveness of the approved programs funded with ARPA SLFRF. Future versions of this Recovery Plan will include specific approaches for each program where appropriate and the City looks forward to robust programmatic reporting and evaluation.

Table of Expenses by Expenditure Category

Category		Budget (\$)	Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan (\$)
1	Expenditure Category: Public Health	\$0		
1.1	COVID-19 Vaccination			
1.2	COVID-19 Testing			
1.3	COVID-19 Contact Tracing			
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)			
1.5	Personal Protective Equipment			
1.6	Medical Expenses (including Alternative Care Facilities)			
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency			
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)			
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19			
1.10	Mental Health Services			
1.11	Substance Use Services			
1.12	Other Public Health Services			
2	Expenditure Category: Negative Economic Impacts	\$50,970,000		
2.1	Household Assistance: Food Programs	500,000	0	0
2.2	Household Assistance: Rent, Mortgage, and Utility Aid	6,000,000	0	0
2.3	Household Assistance: Cash Transfers	3,000,000	0	0
2.4	Household Assistance: Internet Access Programs	2,000,000	0	0
2.5	Household Assistance: Eviction Prevention			
2.6	Unemployment Benefits or Cash Assistance to Unemployed Workers			

2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)	1,760,000	0	0
2.8	Contributions to UI Trust Funds*			
2.9	Small Business Economic Assistance (General)	33,860,000	0	0
2.10	Aid to nonprofit organizations	2,300,000	0	0
2.11	Aid to Tourism, Travel, or Hospitality	1,050,000	0	0
2.12	Aid to Other Impacted Industries	500,000	0	0
2.13	Other Economic Support			
2.14	Rehiring Public Sector Staff			
3	Expenditure Category: Services to Disproportionately Impacted Communities	\$35,257,995		
3.1	Education Assistance: Early Learning			
3.2	Education Assistance: Aid to High-Poverty Districts			
3.3	Education Assistance: Academic Services			
3.4	Education Assistance: Social, Emotional, and Mental Health Services	200,000	0	0
3.5	Education Assistance: Other			
3.6	Healthy Childhood Environments: Child Care			
3.7	Healthy Childhood Environments: Home Visiting			
3.8	Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System			
3.9.	Healthy Childhood Environments: Other			
3.10	Housing Support: Affordable Housing	16,325,000	0	0
3.11	Housing Support: Services for Unhoused persons	6,000,000	0	0
3.12	Housing Support: Other Housing Assistance			
3.13	Social Determinants of Health: Other	800,000	0	0
3.14	Social Determinants of Health: Community Health Workers or Benefits Navigators	900,000	0	0

3.15	Social Determinants of Health: Lead Remediation	749,995	0	0
3.16	Social Determinants of Health: Community Violence Interventions	10,283,000	0	0
4	Expenditure Category: Premium Pay	\$0		
4.1	Public Sector Employees			
4.2	Private Sector: Grants to other employers			
5	Expenditure Category: Infrastructure	\$0		
5.1	Clean Water: Centralized wastewater treatment			
5.2	Clean Water: Centralized wastewater collection and conveyance			
5.3	Clean Water: Decentralized wastewater			
5.4	Clean Water: Combined sewer overflows			
5.5	Clean Water: Other sewer infrastructure			
5.6	Clean Water: Stormwater			
5.7	Clean Water: Energy conservation			
5.8	Clean Water: Water conservation			
5.9	Clean Water: Nonpoint source			
5.10	Drinking water: Treatment			
5.11	Drinking water: Transmission & distribution			
5.12	Drinking water: Transmission & distribution: lead remediation			
5.13	Drinking water: Source			
5.14	Drinking water: Storage			
5.15	Drinking water: Other water infrastructure			
5.16	Broadband: "Last Mile" projects			
5.17	Broadband: Other projects			
6	Expenditure Category: Revenue Replacement	\$2,842,000		
6.1	Provision of Government Services	2,842,000	0	0
7	Administrative and Other	\$1,173,378		
7.1	Administrative Expenses	1,023,378	0	0
7.2	Evaluation and data analysis	150,000	0	0
7.3	Transfers to Other Units of Government			

7.4	Transfers to Non entitlement Units (States and Territories only)			
	Total	\$90,243,373	\$0	\$0
	Unallocated from 1 st Tranche	\$45,352,869		
	2 nd Tranche May 2022	\$135,596,242		
	Total	\$271,192,484	\$0	\$0

Project Inventory (not required by U.S. Treasury until 10/31/2021
Project & Expenditure Report)

The City will be reporting on its Project Inventory in the October 31, 2021 Project and Expenditure Report. A listing of current projects is found at <https://lims.minneapolismn.gov/file/2021-00651> .