

Mayor and Council Communication

DATE: 10/19/21

M&C FILE NUMBER: M&C 21-0809

LOG NAME: 17ARPA ALLOCATION CDFI FRIENDLY AMERICA

SUBJECT

(ALL) Approve Allocation of \$3,000,000.00 in Funds from the American Rescue Plan Act and Authorization Execution of a Contract with CDFI Friendly America, LLC to Bring Financing from One or More Community Development Financial Institutions to the City in Support of Business Equity Capacity Building

RECOMMENDATION:

It is recommended that the City Council:

1. Approve the allocation of up to \$3,000,000.00 from the American Rescue Plan Act, Subtitle M (Coronavirus State and Local Fiscal Recovery Funds); and
2. Authorize the City Manager to enter into a contract with CDFI Friendly America, LLC to bring financing from one or more Community Development Financial Institutions to the City in support of Business Equity Firm capacity building.

DISCUSSION:

The proposed contract with CDFI Friendly America, LLC would engage the consultant to provide consulting services in assessing the potential roles of Community Development Financial Institution (CDFI) financing in the community, organizing potential CDFI Friendly strategies, developing an actionable CDFI Friendly business plan, and providing the City with consultative capacity-building support for the implementation of that business plan in collaboration with the Economic Development Department and the Department of Diversity & Inclusion.

A general outline of the scope of work to be provided includes:

- Inform and create a CDFI Friendly strategy to significantly increase CDFI financing in Fort Worth with a priority on financing for communities of color, people of color, and others that have long been denied full access to essential financing on reasonable and appropriate terms;
- Help the City build its community's capacity by establishing an independent, permanent CDFI Friendly entity ("CDFI Friendly Fort Worth") with appropriate local board and staff to manage and execute the community's CDFI Friendly strategy;
- Perform research and make reports on past community development efforts in Fort Worth, local market conditions, significant market trends and/or opportunities, and other elements that might affect the community's decisions;
- Work with the City and identified stakeholders to identify credit gaps that CDFI financing might fill and prioritize them to inform the CDFI Friendly business strategy; and
- Prepare—in collaboration with the City and identified stakeholders—a business plan that clarifies and illuminates key findings, assumptions, resource needs, market priorities, and projected outcomes of a CDFI Friendly strategy for Fort Worth.

The initial term of the engagement would start on November 1, 2021, and continue until April 30, 2023. At the end of the Initial Term, any additional work shall be performed on a time-and-expense basis at the applicable rate(s) outlined in the contract. The proposed contract would utilize up to \$3,000,000 of ARPA funding to launch the program and help capitalize the CDFI Friendly Fort Worth Enhancement Fund that the consultant might use to incent CDFI engagement in Fort Worth while CDFI Friendly Fort Worth is ramping up its operations and outreach.

Allocation of ARPA Subtitle M Funding

Responding to the negative economic impacts of the coronavirus pandemic is a specifically identified use of ARPA dollars under Section 603(c)(1)(A) of Title VI of the Social Security Act (added by ARPA). Treasury Department guidance specifically notes that these Fiscal Recovery Funds can be deployed for a broad range of uses to address "the disproportionate . . . economic impacts of the crisis on the hardest-hit communities, populations, and households" and to provide services and additional investments in Qualified Census Tracts. Minority owned firms and communities of color have shown disproportionate financial impacts from the pandemic; therefore, it has been determined that establishing this program is an eligible use of funds as a response to negative economic impact on hard-hit communities.

Capacity building efforts for Business Equity firms was also determined to be a qualified priority by City Management for ARPA funding as approved by the City Council in M&C 21-0445 on June 22, 2021. ARPA funds must be committed by the end of 2024 and spent by the end of 2026.

Approval of this M&C will allocate \$3,000,000 for FY2022 in the American Rescue Plan Act project in the Grants Operating Federal Fund budget. Necessary reporting and documentation requirements will be followed to ensure the City can comply with all reporting requirements of the ARPA legislation.

The following chart reflects the current status for allocation of the City's ARPA funding under Subtitle M and incorporates each ARPA M&C on the October 19, 2021 Council Agenda:

		M&C's
Total CFW ARPA Subtitle M Funding	\$173,745,090.00	21-0445
Allocations Approved To-Date	\$6,000,000.00	25ARPA-VFW-TDG
Pending Allocation	\$1,000,000.00	13ARPA-ADMINISTRATION
Pending Allocation	\$10,100,000.00	19ARPA ALLOCATIONS TO HOUSING AND HUMAN SERVICES PROJECTS
Pending Allocation	\$300,000.00	25ARPA-WRMC MURAL PLAQUES
Pending Allocation	\$2,400,000.00	17ARPA ALLOCATIONS UNTHSC
Pending Allocation	\$4,245,533.42	17ARPA ALLOCATIONS EVANS & ROSEDALE REDEVELOPMENT
Pending Allocation	\$3,000,000.00	17ARPA ALLOCATION CDFI FRIENDLY AMERICA (This M&C)
Remaining Unallocated Balance	\$146,699,556.58	

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations, funds are available in the current operating budget, as appropriated, of the Grants Operating Federal Fund. The Economic Development Department and Diversity & Inclusion Department shall be responsible for ensuring that only expenditures allowable under the American Recovery Plan Act are charged to this funding source.

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Expedited