

Mayor and Council Communication

DATE: 10/19/21

M&C FILE NUMBER: M&C 21-0811

LOG NAME: 17ARPA ALLOCATIONS UNTHSC TECHSTARS

SUBJECT

(ALL) Approve Allocation of \$2,400,000.00 in Funds from the American Rescue Plan Act and Authorize Execution of an Interlocal Agreement with the University of North Texas Health Science Center to Bring the TechStars Accelerator Program to Fort Worth

RECOMMENDATION:

It is recommended that the City Council:

1. Approve the allocation of \$2,400,000.00 from the American Rescue Plan Act, Subtitle M (Coronavirus State and Local Fiscal Recovery Funds); and
2. Authorize the City Manager to enter into an interlocal agreement with the University of North Texas Health Science Center to bring the TechStars Accelerator Program to Fort Worth.

DISCUSSION:

The City of Fort Worth, Tarrant County, and the University of North Texas Health Science Center (UNTHSC) have identified a need to partner on the establishment of an Accelerator Services Program to address the disparities caused by the pandemic in physical therapy services by developing businesses that deliver new therapies and technologies to better the health outcomes for all residents of Tarrant County. In order to implement these efforts, Tarrant County is proposing to engage in an interlocal agreement with UNTHSC utilizing \$2,400,000.00 of American Rescue Plan Act (ARPA) funding in support of establishing a three-year program for the Accelerator. Under the proposal, the city would also provide \$2,400,000.00 as match funding for the initiative.

The proposed accelerator program would be run by TechStars, which has a long history of growing and funding innovative companies. This program, named the TechStars Future of Human Movement Accelerator, will facilitate the creation of a startup accelerator program for up to ten (10) startup businesses. Goals of this program would be: 1) to address the need for business development support for entities that have had product and technology development delayed due to the COVID-19 pandemic; and 2) advancement of products, treatments, and technologies that will address disparities in the delivery of Physical Therapy and Rehabilitation (PTR) services that were exacerbated by the pandemic.

Each Participant will locate to Fort Worth and participate in an intense, immersive, 3-month mentorship-driven accelerator program and will work to mature their company and technology in the PTR medical field. Physical therapy and rehabilitation are and will continue to be a key component of addressing the impact of "long COVID," particularly for those patients who are required to be confined to a bed for extended periods of time. At the end of each class, the participants will present their progress during a demonstration event to showcase their startups to the investor and entrepreneurial community. TechStars will continue to work with class participants after program completion through an initial IPO and provide lifetime portfolio management through their alumni network.

Upon execution of the Agreement, the City will make available a payment in the amount of \$800,000.00 to UNTHSC from the City's ARPA funds as a transfer of monies to UNTHSC for expenses related to eligible uses associated with the TechStars Future of Human Movement Accelerator. A second payment of \$1,600,000.00 will be provided to UNTHSC to support operations in year two and three of the Accelerator program for a total amount of \$2,400,000.00.

Allocation of ARPA Subtitle M Funding

Responding to the negative health and 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 mitigate the effects of COVID-19 on local residents and accelerate the community's recovery from the pandemic. The intended outcomes of this program will be to deliver new technologies, treatments, and therapies for musculoskeletal conditions.

Support for an Accelerator program was also determined to be a qualified priority by City Management for ARPA funding as approved by the City Council in Mayor & Council Communication (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 \$800,000.00 for FY2022 and \$1,600,000.00 for FY2023 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	\$4,245,533.42	17ARPA ALLOCATIONS EVANS & ROSEDALE REDEVELOPMENT
Pending Allocation	\$3,000,000.00	17 ARPA CDFI FRIENDLY AMERICA
Pending Allocation	\$2,400,000.00	17ARPA ALLOCATIONS UNTHSC TECHSTARS (This M&C)
Remaining Unallocated Balance	\$146,699,556.58	

A Form 1295 is not required because: This contract will be with a governmental entity, state agency or public institution of higher education: UNTHSC

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 shall be responsible for ensuring that only expenditures allowable under the American Recovery Plan Act are charged to this funding source.

Submitted for City Manager's Office by: Jay Chapa 5804

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Expedited