

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: January 24, 2022
Item No.: 7.e

Department Approval



City Manager Approval



Item Description: Update and discussion on the Coronavirus Local Fiscal Recovery Funds established under the American Rescue Plan Act (ARPA) and approval of the proposed spending plan.

BACKGROUND

Congress adopted the American Rescue Plan Act in March 2021 (“ARPA”) which included \$65 billion in recovery funds for cities across the country. The US Treasury provided guidelines for each city to follow while thinking about ways to use the funds.

The City Council approved application and acceptance of the ARPA funds on June 21, 2021. The City received its first half distribution of ARPA funds on July 27, 2021 in the amount of \$1,928,885.58. An additional distribution of \$63,165.69 was received on November 29, 2021. The City will receive the balance of the ARPA funds (\$1,992,051.27) in the second half of 2022 for a total award of \$3,984,102.54.

Unlike the funds through the CARES Act which had a short time frame for spending the federal dollars, the ARPA funds are available for appropriation through December 31, 2024. The Council approved some uses of these funds in the 2022 budget and through certain union contract approvals.

The Final Rule has been issued by the U.S. Department of the Treasury, and the general categories of eligible use of these ARPA funds are as follows:

1. Replacement of lost public sector revenues
2. Responding to the Public Health Emergency/Negative Economic Impacts
3. Infrastructure investments – water, sewer and broadband projects
4. Premium Pay for essential workers.

A key change in the Final Rule addresses the use of ARPA funds for revenue losses. This change allows an option allows recipients the option to claim a “flat standard allowance” for revenue losses (up to \$10 million). Funds can then be used for “general government services”. This change is intended to provide more streamlined reporting and tracking in the uses of funds. Recipients must choose either to calculate revenue losses each year through 2024 or select the standard allowance. Once an option has been selected, it cannot be changed over the life of the ARPA program. Staff recommends selecting the Flat Standard Allowance option for ease in reporting.

Staff has been discussing how to best implement these funds over the past few months and the City Council has already approved some of these items. The following chart contains the City Manager and Staff recommendations.

38 **POLICY OBJECTIVE**

39 To discuss potential uses allowable under the American Resuce Plan Act.

40 **FINANCIAL IMPACTS**

41 **STAFF RECOMMENDATION**

42 Staff recommends the Council discuss and approve the spending plan with the understanding this plan
43 will be adjusted as necessary. The spending plan does not fully allocate the ARPA dollars to allow future
44 flexibility.

45 **REQUESTED COUNCIL ACTION**

46 The Council is asked to approve, by motion, the spending plan as outlined within this report.

47

Prepared by: Michelle Pietrick, Finance Director

Attachments:

48