

EXECUTIVE BRIEF REGULAR MEETING

AGENDA DATE: April 19, 2022

DEPARTMENT: City Manager and Financial
Services

TITLE:

Resolution No. 27-2022 – Electing the Standard Allowance under the State and Local Fiscal Recovery Fund of the American Rescue Plan Act (ARPA)

SUMMARY:

Resolution No. 27-2022 proposes for the City to elect the standard allowance of \$10 million under the State and Local Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to streamline its use of ARPA funding and its regulatory reporting on the same.

BACKGROUND AND JUSTIFICATION:

The American Rescue Plan Act of 2021 provides a State and Local Fiscal Recovery Fund (SLFRF) to assist state and local governments in responding to the impacts of COVID-19. On January 6, 2022, the Treasury issued the final rule, which delivers broader flexibility and greater simplicity in the ARPA program, in response to feedback in the comment process. The final rule offers a standard allowance which may be elected for the SLFRF of up to \$10 million, allowing recipients to select between a standard amount of revenue loss or complete a full revenue loss calculation. If the standard allowance is elected, compliance and reporting under the requirements of ARPA becomes much more streamlined and less restrictive.

The City has been allocated a total of \$19,295,888 in ARPA. Under the revenue loss provision of the SLFRF, the City has two options for addressing revenue loss:

Option #1:

The SLFRF offers the recipient the option of choosing the “standard allowance.” When selecting this option, the Treasury assumes that up to \$10 million dollars has been lost as a result of the Coronavirus Health Emergency. Municipalities that select the standard allowance may use up to \$10 million to fund government services and the reporting under this option are streamlined with less restrictive regulations. The SLFRF final rule lists the government services that may be funded under this option.

Option #2:

The SLFRF offers the recipient the option of calculating their revenue loss by using a formula provided by the Treasury. Recipients electing this option are required to calculate annual revenue loss using four periods or points. Calculations can be done as of the end of each calendar year for the years 2020, 2021, 2022, and 2023. If the calendar year does not match the fiscal year, recipients can use the fiscal year calendar. Once a choice is made, the recipient must stay consistent throughout the period of performance. It should be noted that, as part of the Treasury calculation process, cities must adjust revenue totals to reflect the effect of tax cuts and tax increases that are adopted after the date of the final rule.

City staff recommends the City proceed with Option 1, the standard allowance.

MOTION:

Move to approve/disapprove Resolution 27-2022, electing the Standard Allowance under the State and Local Fiscal Recovery Fund of the American Rescue Plan Act .

ATTACHMENT(S):

Fiscal Impact Analysis
Resolution 27-2022

