



CITY OF LAKE FOREST PARK

CITY COUNCIL

AGENDA COVER SHEET

Meeting Date	June 9, 2022
Originating Department	Executive
Contact Person	Phillip Hill, City Administrator
Title	Resolution 1848/Authorizing the Mayor to Sign American Rescue Plan Act (ARPA) Grant Agreement with Two Trading Tigers, LLC

Legislative History

- First Presentation - October 14, 2021, City Council Regular Meeting Work Session – ARPA Funds Introduction/Discussion
 - Second Presentation – June 9, 2022, City Council Regular Meeting Work Session – Contract Introduction
 - Action – June 23, 2022, City Council Regular Meeting
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Attachments:

1. Resolution 1848
 2. Draft Contract – Two Trading Tigers LLC
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Executive Summary

Two Trading Tigers, LLC has applied for a portion of the city's ARPA funds for reimbursement of lost revenue up to \$52,000 caused by impacts of the COVID-19 pandemic.

The proposed contract is structured to be a reimbursement grant, including a not to exceed amount and a requirement for all backup documentation (Form 1040 Schedule C, Profit or Loss from Business) to be provided to and approved by the City's Finance Department prior to funds being dispersed to the recipient.

Currently, from the city's ARPA funds, there remains available for small business assistance \$300,000. For policy consideration, does the City Council prefer to allocate these remaining funds on a first come first serve basis until the funds are depleted, or set a maximum distribution to each entity to provide for the possibility of assisting more businesses at a smaller maximum amount?

Background

In response to Covid-19, the Federal Government has provided two funding vehicles, the Coronavirus Aid, Relief, and Economic Security Act (CARES) and the American Rescue Plan Act (ARPA) to assist the nation in addressing the economic impacts and operational challenges resulting from the pandemic. The City of Lake Forest Park allocated the limited CARES funds to maintaining city operations and assisting community partners. The ARPA funds to the City total roughly \$3.6M distributed in two tranches, 2021 and 2022, with an allocation deadline of December 31, 2024, and full expenditure by December 31, 2026.

The Coronavirus State and Local Fiscal Recovery Funds provide eligible state, local, territorial, and Tribal governments with a substantial infusion of resources to meet pandemic response needs and rebuild a stronger, and more equitable economy as the country recovers. Recipients may use these funds to:

- Support public health expenditures, by, for example, funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic
- Provide premium pay for essential workers, offering additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet

Within these overall categories, recipients have broad flexibility to decide how best to use this funding to meet the needs of their communities.

Fiscal & Policy Implications

In April 2022 the Administration was required to submit to the U.S. Department of the Treasury the amount of ARPA funds being claimed as the city's lost revenue with an upper limit of \$10 million. Of the \$3,769,614 allocated to the City, a total of \$1,967,647 (\$82,840 from tranche one and all of tranche 2, \$1,884,807) was claimed as lost revenue. A total of \$1,501,967 was previously allocated and the remaining \$300,000 was left as unallocated federal dollars to allow for the continued support of small businesses, as the City cannot allocate General Fund revenues to businesses as it would be recognized as a gift of public funds. The current balance for small business support is the full \$300,000.

Staff Recommendation

Review the draft contract and provide the Administration with any further guidance prior to the proposed approval of the contract at the June 23, 2022, Regular Council Meeting.

Provide the Administration with policy guidance on any funding ceilings with respect to small business lost revenue.