



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 08/15/2023

ITEM NO: 13

DATE: August 10, 2023
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive an Update on American Rescue Plan Act (ARPA) Public Safety Expenses and General Fund Council Priorities – Economic Recovery Reserve Tracking and Provide Direction for the Use of the Remaining Funds in this Reserve

RECOMMENDATION:

Receive an update on American Rescue Plan Act (ARPA) Public Safety expenses and General Fund Council Priorities – Economic Recovery Reserve tracking and provide direction for the use of the remaining funds in this reserve.

BACKGROUND:

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law by President Biden. In accordance with ARPA, the Town was awarded an ARPA grant in the amount of \$7,229,744 paid to the Town in two separate payments. The first payment of \$3,614,872 was received in early July 2021, and the second payment of \$3,614,872 was received in July 2022.

DISCUSSION:

Based on initial guidance of eligible uses of ARPA funds, the Town allocated these funds to various purposes to respond and support the impacts of the pandemic on Town residents. For Fiscal Year (FY) 2020/21, the Town recognized the initial \$200,911 of ARPA proceeds as revenue to reimburse the Town for qualifying expenses.

Since the initial receipt of ARPA funds, the Treasury revised its federal guidelines to allow certain non-entitlement units (NEUs), such as the Town of Los Gatos, a simplified procedure

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

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DISCUSSION (continued):

for claiming and reporting revenue loss. To be eligible for the simplified claiming procedures, the NEU must have received a total ARPA award of less than \$10 million.

During FY 2021/22, the Town recognized \$3,413,961 as operating grant revenue in the ARPA special revenue fund and transferred \$3,413,961 to other funds, reimbursing the Town for qualifying public safety expenditures under the provisions of the Act. The Town recognized the \$3,614,872 in FY 2022/23 the same manner as FY 2021/22.

ARPA Grant proceeds have been fully recognized as lost revenue for use in providing public safety services consistent with federal law. In other words, all of the ARPA funds have been used for qualifying expenses. As a result, General Fund operating revenues which were previously dedicated for public safety costs became available for Council priorities. The table below identifies the Council priorities to date and shows a remaining unallocated amount of \$866,281.

		FY 2020/21 Actuals	FY 2021/22 Actuals	FY 2022/23 Estimated	FY 2023/24 Adopted
General Fund Council Priorities – Economic Recovery Reserve Tracking	\$	7,229,744			
Less Council Approved Uses					
Parklets (Downtown Economic Recovery Efforts)	\$	930,000	\$ 466,428	\$ 463,572	
Rent Waivers		746,463	121,255	341,452	283,756
CUP/ADA Fee Waivers		75,000	19,656	27,672	7,018
Destination Marketing		55,000		55,000	-
K-Rails (Downtown Economic Recovery Efforts)		68,000		88,654	-
Promenades		200,000		69,855	130,145
Direct Grants		110,000	60,000	50,000	-
Enhanced Senior Services		500,000		249,597	250,403
Capital Improvement Program Support Transfers		2,900,000			2,900,000
One-Time Community Grant (Council Action 2-21-2023)		150,000			\$ 150,000
One-Time to LGS REC 55+ Program (Council Action 2-21-2023)		225,000			225,000
One-Time to KCAT Producers (Council Action 2-21-2023)		100,000			100,000
One-Time Unhoused Residents Efforts (Council Action 2-21-2023)		25,000			25,000
One-Time Rent Forgiveness LGS REC (Council Action 3-21-2023)		200,000			200,000
One-Time Rent Forgiveness NUMU (Council Action 3-21-2023)		21,000			21,000
One-Time Unhoused Residents Efforts (Council Action 4-4-2023)		25,000			25,000
One-Time - Additional Chambers of Commerce (Council Action 5-2-2023)		33,000			33,000
Total	\$	6,363,463	\$ 200,911	\$ 1,348,659	\$ 4,034,894
Available Funding After Council Recent Actions	\$	866,281			

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DISCUSSION (continued):

The details of the Council approved use of \$2.9 million for the capital program are illustrated below.

General Fund Council Priorities – \$2.9 Million Capital Allocation Tracking			Expended or Encumbered as of 8/1/2023
Project Name	Funding Obligated		
East Main Street Crosswalk Improvements	\$ 300,000	<i>Prior Council Action</i>	\$ 61,700
Downtown Restroom Feasibility Study/Design	25,000	<i>Prior Council Action</i>	-
Rehabilitate Automatic Gates - 41 Miles Avenue	25,000	<i>Prior Council Action</i>	24,225
Termite Abatement at Water Tower – 41 Miles Avenue	25,000	<i>Prior Council Action</i>	-
Civic Center Plumbing Repair – 110 E. Main Street	40,000	<i>Prior Council Action</i>	-
HVAC Improvements – Police Operations Building	25,000	<i>Prior Council Action</i>	-
Engineering Counter Modifications – 41 Miles Avenue	40,000	<i>Prior Council Action</i>	-
Unanticipated Repairs	100,000	<i>Prior Council Action</i>	100,000
Pinehurst Community Garden - 30% Design	100,000	<i>Prior Council Action</i>	250
Gateway Art Project	112,500	<i>Prior Council Action</i>	-
Roadside Fire Fuel Reduction - FEMA Match	750,000	<i>Prior Council Direction 3-21-2023</i>	-
Shannon Road Repair - Additional Needed	295,720	<i>Adopted with FY 2023/24 - 2027/28 CIP</i>	-
Pinehurst Community Garden Project	250,000	<i>Adopted with FY 2023/24 - 2027/28 CIP</i>	68,108
Lynn Avenue	215,000	<i>Adopted with FY 2023/24 - 2027/28 CIP</i>	55,448
Creekside Park Turf Replacement	500,000	<i>Adopted with FY 2023/24 - 2027/28 CIP</i>	-
Emergency Preparedness	96,780	<i>Adopted with FY 2023/24 - 2027/28 CIP</i>	-
Total Funding	\$ 2,900,000		\$ 309,731

With the adoption of the Fiscal Year 2023/24 Budget, the unallocated amount of \$866,281 is in the General Fund Council Priorities – Economic Recovery Reserve. If the Council wishes, with this agenda item, it can choose to allocate this remaining amount to its priorities. Attachment 1 includes a memorandum from Councilmembers Matthew Hudes and Rob Moore to the Los Gatos Town Council regarding the possible use of the available \$866,281.

FISCAL IMPACT:

This report outlines the \$7,229,744 in General Fund operating revenues which were previously dedicated for public safety costs. Of those funds, \$6,363,463 have been committed to various Council priorities and \$866,281 remains available.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachment:

1. Memorandum from Council Members Matthew Hudes and Rob Moore to the Los Gatos Town Council.
2. Public comments received before 11:01 a.m. Thursday, August 10, 2023.