



CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	E.J. Moberg
Meeting Date:	Tuesday, December 10, 2024
Category:	NEW BUSINESS
Type:	INFO
Subject:	Authorize Use of ARPA Funds
Background Information:	<p>In March 2021, the American Rescue Plan Act (ARPA) was signed into law and established the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. This program was intended to provide support to state, territorial, local and tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents and businesses.</p> <p>Recipients may use SLFRF funds to cover eligible costs that your organization incurred during the period that began on March 1, 2021 and ends of December 31, 2024. The Federal ARPA guidelines require the city to decide how the funds will be spent by December 31, 2024, as long as those obligated funds are expended by December 31, 2026. The city cannot re-obligate funds or obligate additional ARPA monies after the December 31, 2024 deadline.</p> <p>Previous use of SLFRF award funds were used under the Revenue Loss category, where recipients have broad discretion to use funds for the provision of government services. The 2022 final rule allowed recipients the option to claim up to \$10 million of their SLFRF allocation, which Treasury termed the “standard allowance,” to replace lost revenue and use that funding to provide government services in lieu of calculating revenue loss. Government services generally include <i>any service</i> traditionally provided by a government, unless Treasury has stated otherwise. Government services is the most flexible eligible use category under the SLFRF program, and funds are subject to streamlined reporting and compliance requirements.</p> <p>Any funds not obligated or expended for eligible uses by the timelines shown above must be returned to Treasury, including any unobligated or unexpended funds that have been provided to subrecipients and contractors as part of the award closeout process. Recipients may not incur new obligations for the use of SLFRF funds after December 31, 2024.</p> <p>The City of Marshall received a total of \$1,473,889.54 in 2022 and 2023 and has \$655,889.54 remaining as available, unspent funds as of today. In addition, the City received \$200,000 from Lyon County in 2023 and has \$172,150 available, unspent funds as of today to go towards the aerial truck ordered by the City in 2022 to be delivered in 2025.</p> <p>Obligation means an order placed for property and services and entry into a written contract. What is NOT an obligation? Adopted budget or budget amendment; resolution or ordinance; claiming funds under the revenue loss category; oral intention to enter into a contract; and, an appropriation of SLFRF funds.</p> <p>Staff recommendation is for City to disburse funds, if possible, before year-end and not to deal with obligation requirements, by doing the following: (1) attempt to obtain an invoice and make</p>

	<p>payment for the \$172,150 ARPA received from Lyon County for the aerial truck [purchase order was signed in 2022 with expected delivery in spring 2025], and (2) use remaining ARPA of \$655,889.54 for the aquatic center architect/engineer costs paid in 2024, which lowers transfer needed from General Fund from the deficit cash of the Aquatic Center Fund and reduces amount of “reimbursable costs” from bond proceeds, which adds to available balance for the project. Architect/engineer costs of \$781,671 paid in 2024; \$1,251,476 paid since inception, with \$108,824 remaining to be paid on the existing agreement.</p>
Fiscal Impact:	<p>City must spend or obligate funds by 12/31/2024 and expend any obligated funds by 12/31/2026.</p>
Alternative/ Variations:	
Recommendations:	<p>Authorize use of remaining ARPA monies in December 2024, including payment of \$172,150 toward the aerial truck for the Fire Department and allocating the remaining \$655,889.54 for the aquatic center design and pre-construction costs paid in 2024.</p>