



## Finance Department

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### MEMORANDUM

To: Sweet Home City Council  
Ray Towry, City Manager

From: Brandon Neish, Finance Director

RE: American Rescue Plan Act Funding Allocation for the City of Sweet Home

On March 12, 2021, President Joe Biden signed the American Rescue Plan Act (ARPA, herein “the Act”). The Act contained many provisions related to distributing funds but specifically allocated \$65.1 billion in federal aid to municipalities across the country. Oregon cities and counties are slated to receive \$1.5 billion and Sweet Home’s portion of those funds is **estimated** at \$2,033,561. This funding is scheduled to arrive in two distributions. One sixty days from the date of enactment, during the current fiscal year (FY21) and the second twelve months later toward the end of fiscal year 2022. While more information is due from the U.S. Treasury, it is estimated that roughly half of the distribution will arrive with each distribution.

The ARPA outlined specific uses for the federal funds which must be spent by December 31, 2024. According to the League of Oregon Cities, funds can be used for:

- Responding to the public health emergency or its negative economic impacts, including assistance to households, small businesses and nonprofits, or aid to impacted industries such as tourism, travel and hospitality.
- Responding to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the city that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work.
- The provision of government services to the extent of the reduction in revenue of the city due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency.
- Making necessary investments in water, sewer or broadband infrastructure.

Funds cannot be used for:

- Reducing taxes by legislation, regulation or administration
- Deposits into pension funds

Additional guidance is being developed by the U.S. Treasury and the City expects some additional refinement in the allowances before funds are deposited.

In Sweet Home, these funds create many opportunities as it could be distributed across any of the four allowed bullets above. Many businesses in Sweet Home faced heavy restrictions in normal operations and, alternatively, the water and sewer system could use some or all of the funding as is evidenced in previous conversations with the City Council. Some examples of uses for Sweet Home specifically include (in no particular order and not exhaustive):

- \$25,626 for the Streets Maintenance Fund to replace lost revenue due to reduced gas taxes state-wide.
- Address capital needs in the Water Treatment and Distribution systems in accordance with the City's Capital Improvement Plan.
- Fund construction for the Wastewater Treatment Plant, reducing the amount of debt required to complete the project and thereby lowering future debt payments.
- Tackling broadband access issues within Sweet Home.
- Establishing a grant program for local businesses impacted by shutdowns during the pandemic.

Given the timing of the distribution, the City is looking for guidance from the City Council on where the funds should be distributed. Funds received during this fiscal year will be deposited in the General Fund through the end of the year and then be allocated to the appropriate fund during the 2022 fiscal year as part of the budget process scheduled to begin later this month. Recommendations from the Council (and likely the Budget Committee) will help staff determine priorities and prepare the proposed budget accordingly.