

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: January 17, 2022

Topic:

Discussion of proposed projects and funding allocations for the American Rescue Plan and the Coronavirus Local Fiscal Recovery Fund

Background:

Enacted on March 11, 2021, the American Rescue Plan Act (ARPA) authorized \$1.9 trillion in federal pandemic relief funds. Of that, \$350 billion was authorized in state and local government fiscal assistance.

As a non-entitlement unit (NEU), the City of Tomball requested funds through the Texas Department of Emergency Management (TDEM). Tomball was awarded \$2,918,422.92 in ARP funds. The funds will be distributed through two equal tranches. The first payment of \$1,459,211.46 has been received by the City. The second payment will be delivered in 2022.

Per ARPA, funds could be used by recipients under the following general categories:

- To respond to the pandemic or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel and hospitality;
- For premium pay to eligible workers performing essential work (as determined by each recipient government) during the pandemic;
- For the provision of government services to the extent of the reduction in revenue due to the pandemic; and
- To make necessary investments in water, sewer, or broadband infrastructure.

The U.S. Department of Treasury issued the Final Rule regarding use of ARP funds in January. The Final Rule provided additional guidance on determining if a project “responds” to a “negative economic impact” caused by the pandemic, provided definitions for key terms, provided a formula for calculating lost revenue, and provided a framework for eligible infrastructure projects.

On July 19, 2021 and Jan. 3, 2022, City Council discussed potential uses of the ARP funds and focused on four key areas:

- Grants to nonprofits;
- Improvements to the Depot area;
- Replacement of revenues due to reduced HOT funds; and
- Water infrastructure projects.

Based on the guidance issued in the Final Rule, and in accordance with identified needs of the City, staff is recommending these projects and approximate funding amounts outlined below be considered the ARP funds. Staff will prepare a budget amendment for Council consideration to appropriate ARP fund expenditures and allow for proper documentation and tracking in the City’s accounting system.

Because of additional regulations provided in the Final Rule, staff has amended the recommended use of funds as follows:

To respond to the pandemic or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel and hospitality.

Grants to Nonprofits \$100,000

For the provision of government services to the extent of the reduction in revenue due to the pandemic (relative to revenues collected in the most recent full fiscal year prior to the emergency.

For the Provision of Government Services in HOT Fund

Revenue Reduction Replacement of HOT Funds (FY20) \$342,268

Revenue Reduction Replacement of HOT Funds (FY21) \$182,485

For the Provision of Government Services regarding Park Improvements

Improvements to Tomball Depot Plaza Area \$527,437

Subtotal **\$1,052,190**

To make necessary investments in water, sewer, or broadband infrastructure.

Replacement of water meters, software, and other necessary components \$1,766,232

Total Estimated Expenditures **\$2,918,422**

At the Jan. 3 City Council meeting, the Council requested additional information related to providing assistance to households, small businesses and nonprofits. As such, staff has only included the use of ARP funds for the purchase of water meters in the drafted resolution. If Council provides staff to use ARP funds in for other projects, an updated resolution will be brought forward.

Origination: City Management

Recommendation:

N/A

Party(ies) responsible for placing this item on agenda: Jessica Rogers, Assistant City Manager

FUNDING (IF APPLICABLE)

Are funds specifically designated in the current budget for the full amount required for this purpose?

Yes: _____ No: _____ If yes, specify Account Number: # _____

If no, funds will be transferred from account: # _____ To Account: # _____

Signed: Jessica Rogers 1/12/2022 **Approved by:** _____
Staff Member Date City Manager Date

