

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: January 3, 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 has issued guidance on the use of ARP funds through an adopted Interim Final Rule. The Interim 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, 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.

A resolution will be brought back to the council for consideration and if approved, will authorize the City Manager to represent the City’s interests in connection with the receipt of the ARP funds, ensure expenditures are in compliance with applicable laws, and proper documentation and reporting is completed. The resolution will also include the “City of Tomball American Rescue Plan Funding Plan,” which outlines the estimated use of ARP funds and proposed 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.

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
Improvements to Tomball Depot Plaza Area	\$527,437
Subtotal	\$627,437

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).

Revenue Reduction Replacement of HOT Funds (FY20)	\$342,268
Revenue Reduction Replacement of HOT Funds (FY21)	\$182,485
Subtotal	\$524,753

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

Replacement of water meters, software, and other necessary components	\$1,766,232
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Total Estimated Expenditures **\$2,918,422**

Origination: City Management

Recommendation:

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 12/29/2021 **Approved by:** _____
Staff Member Date City Manager Date