

City Council – Action Request Form

Date: March 21, 2022

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Scott Tesh, Budget and Performance Management Director
Meridith Martin, Budget and Performance Management Deputy Director

Council Action Requested:
Consideration of Items Related to Budget Ordinances for the Coronavirus Local Fiscal Recovery Funds

Strategic Focus Area: Economic Vitality and Diversity
Strategic Objective: No
Strategic Plan Action Item: No
Key Work Item: No



Summary of Information:

On August 23, 2021, in a Special Meeting of the City Council, the Mayor and City Council accepted the City’s allocation of \$51.7 million through the American Rescue Plan Act’s (ARPA) Coronavirus Local Fiscal Recovery Fund (CLFRF). The City received the first tranche totaling \$25,866,035.50 in May 2021 and will receive the second tranche no sooner than May 2022. The City must obligate all funds by December 31, 2024, and the funds must be spent with work completed by December 31, 2026.

The United States Treasury released the Final Rule in January 2022. The Final Rule included a formula to all recipients to calculate revenue loss due to the onset of the COVID-19 public health emergency. City staff completed the formula, which provided a revenue loss in FY 2020 and FY 2021 of \$31,272,893.64. Any funds claimed under revenue loss can be used to pay for “government services”, which generally include any service traditionally provided by a government, including construction of roads and other infrastructure, provisions of public safety and other services, etc. Funds spent under government services are subject to streamlined reporting and compliance requirements.

Committee Action:

Committee	Finance 3/21/22	Action	Approval
For	Unanimous	Against	

Remarks:

City staff recommends allocating the \$31,272,893.64 as revenue loss and reporting those funds as covering public safety salaries as an eligible “government service.” This funding will replace local funding covering these general governmental expenses in FY 2021-22.

In previous presentations to the Mayor and City Council, staff has shown the City fund [balance] restoration to be a high priority with available funding. Subsequently, \$5,608,530 will be appropriated from general fund balance to cover net revenue losses in various funds as illustrated by the table below:

Fund	Amount
Fairgrounds Fund	\$2,570,110
Downtown Ballpark Fund	1,835,600
Occupancy Tax Fund	516,870
Parking Fund	685,950
Total	\$5,608,530

The additional \$25.66 million covered by public safety salaries will remain in general fund balance and will be used within the ARPA Framework (Exhibit A) as directed by the Mayor and City Council.

Future ARPA Funding Appropriations

To date, the Mayor and City Council have appropriated \$7.98 million dollars in ARPA CLFRF funds (see Phase 1 Programs in Exhibit A). The attached budget amendment appropriates an additional \$31.27 million to cover public safety salaries as allowed by U.S. Treasury’s revenue loss calculation method. There will be an additional \$12.48 million in local ARPA funds remaining to be appropriated. Staff will track all ARPA funds and associated programs and provide regular updates on total amounts remaining for programming. A summary of available funding is shown below:

Amount Remaining for Appropriation via Framework	
<u>Funding Type</u>	<u>Amount</u>
Remaining ARPA Funds to Be Appropriated	12,481,011
Remaining General Fund Balance Committed to Framework	25,664,360
Remaining Program Funding Available	38,145,371