

**STAFF REPORT
City of Lancaster**

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07/27/2021
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Date: July 27, 2021

To: Mayor Parris and City Council Members

From: George N. Harris II, Finance Director

Subject: **Acknowledge and Accept the American Rescue Plan Act Funds**

Recommendation:

Staff recommends that the Mayor and City Council review and approve staff's recommended budget adjustment for fiscal year 21/2022 to acknowledge receipt of the first American Rescue Plan Act (ARPA) payment in an amount of \$18,170,280.50.

Fiscal Impact:

The Mayor and Council have taken significant measures to reduce COVID-19 impacts in Lancaster and, as a result, have saved countless lives. These measures have been supported through the City's General Funds. An allocation of \$36,340,501 in ARPA funding, if accepted, will cover eligible expenditures fully obligated by December 31, 2024 and offset ongoing revenue losses as a result of the global COVID-19 pandemic. The first payment (50% of the allocation) in the amount of \$18,170,280.50 has been received and will require a budget amendment to acknowledge the receipt of the new revenue. The second half of the allocation will be budgeted as part of the fiscal year 2022-2023 annual budget process.

Given the flexibility of the American Rescue Plan Act funds, staff recommends the Council allocate the first payment of ARPA funds to offset revenue losses, as well as reimburse the General Fund for COVID response expenditures to date. This will allow the City to alleviate the losses associated with the pandemic and allow the Mayor and Council to reallocate the reimbursed General Funds toward alternative priorities. There are no planned expenditures being recommended at this time. Staff will prioritize the use of the funds in various meetings with Council in the future.

ARPA Payment #1 \$18,170,280.50

Recommended Allocation:

<u>Fund</u>	<u>Allocation</u>	<u>Reimbursement Type</u>
	\$ 4,871,835.50	Lost Revenue
	\$ 8,158,838.13	Emergency Response- Personnel and Professional Services
General Fund	\$ 2,056,310.57	Testing and Vaccination Clinics
	\$ 412,325.04	Field Hospital
	\$ 420,146.11	Restaurant Rescue Program
	\$ 106,815.15	Medical Sheltering Site
	\$ 25,000.00	Senior Meal Program
<i>Subtotal- General Fund</i>	<i>\$ 16,051,270.50</i>	
Gas Tax	\$ 1,170,850.00	Lost Revenue
TDA 3	\$ 10,190.00	Lost Revenue
TDA8	\$ 479,700.00	Lost Revenue
Proposition A	\$ 241,150.00	Lost Revenue
Proposition C	\$ 151,250.00	Lost Revenue
Measure R	\$ 65,870.00	Lost Revenue
<i>Subtotal- Special Revenue Funds</i>	<i>\$ 2,119,010.00</i>	
Total Allocation	\$18,170,280.50	

Background:

The American Rescue Plan Act (ARPA), a \$1.9 trillion economic stimulus bill, was signed into law by President Biden on March 11, 2021. The Act builds on measures in the March 2020 Coronavirus Aid, Relief, and Economic Security Act (CARES Act) December 2020. Within the ARPA, the Coronavirus State and Local Fiscal Recovery Fund provides \$350 billion for states, municipalities, counties, tribes, and territories, including \$130 billion for local governments, split evenly between municipalities and counties. The City of Lancaster expects to receive \$36.34 million in Recovery Funds, made in two payments. The first payment of \$18,170,280.50 was processed on June 30, 2021 and a second payment in the same amount is expected June 30, 2022, a year from the initial disbursement.

Eligible Use:

ARPA funding covers the period of March 3, 2021, through December 31, 2024. Costs must be incurred or obligated by December 31, 2024 and must be spent by December 31, 2026. These allocations have been provided as a substantial infusion of resources to meet pandemic response needs and rebuild a stronger, more equitable economy as the country recovers. As a recipient, The City of Lancaster has broad flexibility to decide how best to utilize funding to meet the unique needs of our community.

Use of Coronavirus State and Local Fiscal Recovery Funds have been prioritized as follows:

- To support public health response: Fund COVID-19 mitigation efforts, medical expenses, behavioral healthcare and certain public health and safety staff
- To address negative economic impacts by responding to economic harms to workers, families, small businesses, and nonprofits, or impacted industries and re-hiring of public sector workers

- To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers. These are eligible expenses that the CARES ACT had specifically prohibited and can be retroactively paid back to January 27, 2020
- For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency.
- To make necessary investments in water, sewer (includes both storm and wastewater), or broadband infrastructure.