



MEMORANDUM

To: Mayor and City Council

From: Traci E. Leach, Deputy City Manager

Date: May 23, 2023

Reference: Discussion regarding Project Designation and Obligation of ARPA Funding.

2040: Sustainable Government

Introduction:

The purpose of this memo is to provide an update to Council on the American Rescue Plan Act (ARPA) funding the City of Coppell received and affirm a proposed plan of action to obligate all ARPA funding. Claw back of unobligated ARP funding is one of the initiatives on the table related to the debt ceiling solution at the federal level. This action is a proactive effort to ensure that the ARPA funding received by the City stays in the City of Coppell.

Background:

The City of Coppell received two separate payments totaling \$10.2M in ARPA funding in FY21 and FY22. Since that time, the City Council has been actively engaged in the prioritization of potential ARPA-eligible projects and staff has been working diligently to implement those projects. Some projects identified have already been implemented. However, some projects were slated for future fiscal years, as the deadline to expend ARPA funding is 2026. These are the items that staff is proposing to officially obligate to protect them from claw back.

Unfortunately, ARPA funding has been included as one of the expenditure reduction measures that Congress is considering as part of the debt ceiling negotiations. According to the information that is available, it is unclear as to the mechanics of how this would occur. However, the City would like to be proactive to ensure that 100% of the ARPA allocation meets the definition of obligated so that those funds can be used as intended, to offset the impacts of COVID in our community.

As a caveat to this discussion, there are many moving parts to the debt ceiling solution. At the time that this memo was drafted, consensus around a solution has not been announced. Should consensus be reached after the publication of the agenda and prior to the May 23, 2023 Council meeting, staff will provide an update regarding its impact as part of this briefing.

Benefit to the Community:

The benefit to the community is ensure that the funding allocated to the City of Coppell remains in the City. The project plan identified by the Council provides various benefits to the community, as the projects identified range from protecting existing infrastructure and assets to funding future infrastructure improvements, whose funding had been impacted by COVID such as parks and IT infrastructure.

Legal Review:

N/A

Fiscal Impact:

The potential fiscal impact of this project is \$2.5M in ARPA funding could be subject to claw back.

Recommendation:

Staff recommends that City Council affirm the proposed plan of action to obligate 100% of ARPA funding allocated to the City of Coppell.