



MEMORANDUM

To: Mayor and City Council

From: Mike Land, City Manager

Date: September 14, 2021

Reference: Proposed uses of American Rescue Plan (ARP) funds.

The City of Coppel is receiving \$10,263,541 in funding because of the Federal Government's ARP funding formula. On August 23, 2021 the City received \$5,131,770. The remaining balance is scheduled to be sent to the City about this same time next year.

The funds may not be used to offset a reduction in net tax revenue caused by a change in law, regulation, or administrative interpretation; and recipients may not use funds as non-Federal match where prohibited. In addition, funds may not be used to service debt, satisfy a judgment or settlement, or contribute to a "rainy day" fund.

There are general guidelines on what the funds can be used for. A set of these uses as they apply to local governments are among other things include the following categories: 1) Negative economic impact resulting from Covid-19, 2) Premium Pay for public safety/first responders, 3) Extent of Revenue Loss on Government Services, and 4) Infrastructure Investments including water, sewer and broadband. For those interested, here is the link to the regulations - <https://www.federalregister.gov/documents/2021/05/17/2021-10283/coronavirus-state-and-local-fiscal-recovery-funds>. Also attached is a FAQ document provided by the Treasury Department. The Federal Government is constantly updating the guidelines as the funds are being used by other governmental entities throughout the country and questions arise. We have reviewed the proposed uses with the City Attorney and our auditors to make sure that the proposed expenditures are consistent with the published regulations and guidelines.

There are other guardrails in place on the use of the funds though entities are given a wide berth to expend the funds.

Proposed expenses under the Negative Economic Impact of Covid-19 category include fitness equipment replacement in the CORE, enhanced trail amenities, renovations to restrooms throughout the City, resurfacing of Pickleball/Tennis courts, drainage work in the Town Hall Community Garden, soft trail enhancements, and refurbishing practice fields which will include adding necessary components to incorporate a recreation oriented cricket field combined with a soccer practice field at Wagon Wheel Park.

Under the Extent of Revenue Loss category, there is greater flexibility of potential uses. Planned expenditures include infrastructure maintenance and pay-as-you-go capital cost. One of the primary recommendations is to make a one-time payment to employees who were on the payroll and not on probation as of March 31, 2020 equal to 3.5% for Public Safety employees, consistent with the adopted step plan, and 3% for the balance of city employees. In the current 20/21 Fiscal Year budget, there were no step plan increases for public safety or pay increases for any employees. This one-time payment would occur this fiscal year, prior to September 30, 2021.

Planned expenditures for the Infrastructure Investment category at the present time include funds to complete the Sandy Lake Lift Station project.

All in all, the above listed projects total approximately \$4 million out of the \$10.2 million the City will be receiving.

Time is on our side with the eventual expense of these funds. We have until December 31, 2026 to expend them. Keep in mind that these additional dollars should be spent on one-time expenditures and not used to offset or supplement any ongoing expenses.

With the Council's support of these planned expenditures, staff will move forward.