

## MEMORANDUM

TO: Mayor and City Council

FROM: Richard Meyers, City Manager

SUBJECT: AMERICAN RESCUE PLAN ACT FUNDS

DATE: March 23, 2022

### Background

The City Council held a work session on October 22<sup>nd</sup> to discuss the American Rescue Plan Act and funding that had been signed into law on March 11, 2021. At the work session staff reviewed the requirements and eligible expenditures under the interim final rule that was published on May 1, 2021. The US Treasury released the final rule in late January, 2022 that will go into effect April 1, 2022. The new final rule included some significant changes that apply to the City. The new final rule delivers broader flexibility and greater simplicity in the program.

American Rescue Plan Act allocated \$1.9 trillion for COVID-19 relief and economic recovery. Cities in Oregon will receive more than \$680 million provided over two distributions. The City of Cottage Grove has been allocated \$1,161,562.89 in each distribution. We were allocated an additional \$653.44 to the first distribution from residual of funds from Oregon communities that did not claim their ARPA funds for a total of \$1,162,216.33 which we have received. The second distribution of at least \$1,161,562.89 plus any Oregon community residual should be arriving in a couple of months.

The major change in the final rule that directly impacts the City of Cottage Grove is the creation of a standard allowance for determining replacement lost public sector revenue. The ARPA funds can be used to replace lost revenue. The interim rule contained a method to calculate the revenue loss each year using the US Treasury's formula which would compare actual revenue to a counterfactual trend. All revenues within the jurisdiction were used in the calculation. The final rule added the option of a standard allowance of up to \$10 million, but no more than the allocated award amount for the jurisdiction. The standard allowance could be selected in place of the calculation method to fund "government services" or in other words those services typically provided by the City. This approach simplifies the process of using ARPA funds and actually increases the potential uses.

The City of Cottage Grove is eligible to select the standard allowance which would make all of our ARPA allotment eligible to fund government services and it will result in streamlined reporting requirements.

The following ARPA Funding Plan was compiled using the ideas and thoughts from the ARPA

work session and other meetings to create a rough budget guide on how to use the ARPA funds. This plan will be used to help us prepare amendments to the current 2021-22 Budget and create the 2022-23 Proposed Budget (and may even carry into the 2023-24 Budget). It is not carved in stone and could be subject to further modifications as more detailed expenditures are prepared.

#### ARPA Funding Plan

Broadband development – increasing the capacity – replacing equipment	\$200,000
Wastewater Treatment – Biosolid system upgrades to design and engineer improvements for drying and addressing biosolid process.	100,000
Wastewater reuse pipeline installation	100,000
Street Maintenance – reconstruction	400,000
Water Reservoir assist in construction	140,000
Low income housing / property / development	350,000
Federal Qualified Health Clinic	100,000
Community tourism / promotion / economic development	160,000
Homelessness – sheltering and program	575,000
RAIN Funding	42,000
Replacement Saddle Span cover	70,000
COVID Response	60,000
Development of Mobile Crisis Response	25,000
Total	2,322,000


The above general expenditure items would be worked into the current budget or the next budget. The attempt was to spread the ARPA funding throughout the community and address a number of infrastructure or program needs that will invest in the community. Many of the above expenditures will be combined with other funding to complete projects. All the ARPA funds must be spent by December 31, 2024.

#### Recommendation

That the City Council review the ARPA Funding plan and by motion express support for the ARPA Funding Plan and authorize the selection of the standard allowance to replace lost public sector revenue.

#### Cost

Expenditure of ARPA funds.



Richard Meyers, City Manager