

**Date:** May 8, 2023

**To:** City Council

**From:** Mark Israelson, City Manager

**Subject:** American Rescue Plan Act (ARPA) Funds

On May 26<sup>th</sup>, 2021 City Council was provided notice that the City would receive a total of \$36.4 million in Federal funds from the American Rescue Plan Act (ARPA) in two tranches, with 50% provided beginning in May 2021 and the balance was delivered in May 2022.

Staff followed the guidance from the U.S. Department of Treasury and continues to take part in numerous talks and seminars regarding the application and use of the ARPA funds to ensure the City is in compliance with the regulations for the funds. In recent weeks, staff has learned through the Government Finance Officers Association that:

*Several federal legislative initiatives were recently introduced in Congress proposing to rescind 'unobligated' Coronavirus funds. The most notable this week is a **proposal** introduced by House leadership to address the national Debt Ceiling that includes such a rescission. Although the likelihood of passage is slim, it is an opportunity for GFOA members to reach out to their congressional delegation and describe the projects funded by ARPA.*

The City previously claimed the funds under the category of:  
*Revenue replacement for the provision of government services*

In light of this information and our knowledge that all ongoing projects may be at risk with this new information, staff is recommending that we adjust direction (which is allowed) and apply the funds towards public safety salaries which is consistent with previous uses of federal funds and would keep the impact within the General Fund.