CITY OF WHEATLAND

CITY COUNCIL MEETING
STAFF REPORT

February 8, 2022

SUBJECT: American Rescue Plan Act, State and Local Fiscal Recovery Funds (SLFRF)

PREPARED BY: Susan Mahoney, Finance Director

Recommendation

Receive and file this staff report which outlines the U.S. Treasury's Final Rule regarding American Rescue Plan Act (ARPA) eligible spending use categories.

Background/Discussion

ARPA was signed into law on March 11, 2021. The $1.9 trillion economic relief package included $350 billion in direct aid to local governments. Allocations were based on each local government's population. The City Wheatland's share is $926,504. Payments will be made in two tranches. The first tranche ($463,252) was received in May 2021. The second tranche ($463,252) is expected in June 2022.

The U.S. Treasury issued an Interim Final Rule on May 10, 2021, which identified four eligible use categories:

A. Responding to the public health emergency and any negative economic impacts
B. Providing premium pay to essential workers
C. Replenishing general revenue reductions (revenue loss) resulting from COVID-19
D. Improving water, sewer, or broadband infrastructure

The calculated Category C revenue loss for the City of Wheatland was $667,441. This information was presented to Council on November 23, 2021.

In January 2022, the U.S. Treasury issued a Final Rule which becomes effective April 1, 2022. The Final Rule allows all recipients to claim a standard allowance of up to $10 million for Category C general revenue losses. As a result, the City's full share of ARPA money, $926,504, can be used for any government purpose except for debt service, paying for judgements, and replacing rainy day funds. Funds must be obligated by December 31, 2024 and spent by December 31, 2026.

Alternatives

Provide alternative direction to staff.

Fiscal Impact

Staff will present a list of proposed ARPA expenditures for Council approval at a later date. Fiscal impacts will be determined at that time.

Attachments

None