



Brian G. LeBrun
Deputy City Manager
Finance

CITY OF CONCORD

New Hampshire's Main Street™

Finance

REPORT TO CITY COUNCIL

FROM: Brian LeBrun, Deputy City Manager – Finance
DATE: January 17, 2022
SUBJECT: American Rescue Plan Act (ARPA) \$4,567,295 Supplemental Appropriation

Recommendation

Accept this report and approve the attached \$4,567,295 resolution for ARPA funds.

Background

The American Rescue Plan Act was passed by the 117th United States Congress and signed into law by President Joe Biden on March 11, 2021. This law provides \$1.9 trillion dollars in economic stimulus for a variety of issues and including support for states and local municipalities. Funding for local municipalities under ARPA is established by section 603 of ARPA and is administered by United States Department of the Treasury, Local Fiscal Recovery Funds (LFRF) Resources. These funds are allocated to Entitlement Communities directly from the United States Treasury and to Non-Entitlement Units (NEUs) administered by the states. The City of Concord is a NEU and will receive a total of \$4,567,295 over two years. The City received its first installment of \$2,283,647.65 in July 2021 and the second installment is anticipated to be received in June or July of 2022.

Discussion

The US Treasury released preliminary and final rules, below, as guidance for the use of the above stated funds:

According to the U.S. Treasury, the Coronavirus State and Local Fiscal Recovery Funds provide eligible local governments with a substantial infusion of resources to meet pandemic response needs and rebuild a stronger, and more equitable economy as the country recovers. Recipients may use these funds to:

- Support public health expenditures, by, for example, funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic
- Provide premium pay for essential workers, offering additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet

Within these overall categories, recipients have broad flexibility to decide how best to use this funding to meet the needs of their communities.

Acceptance of ARPA funds also requires specific reporting requirements on how the funds were used and will be required to comply with the section 603 of the Act. The first reporting date for NEU recipients has been extended to April 30, 2022.

The City has completed the revenue replacement calculation based on the Treasury’s guidance and \$4,149,956 is eligible for revenue replacement under the preliminary guidance. That left \$417,339 available for other uses.

Subsequently, the US Treasury announced in their final rules that “the final rule offers a standard allowance for revenue loss of \$10 million, allowing recipients to select between a standard amount of revenue loss or complete a full revenue loss calculation. Recipients that select the standard allowance may use that amount – in many cases their full award – for government services, with streamlined reporting requirements.” City Administration recommends using the \$10 million standard allocation method for reporting purposes.

The revenue replacement amount of \$4,567,295 is recommended to be allocated across the following funds:

1. General Fund	\$3,030,523
2. Parking Fund	\$876,715
3. Airport Fund	\$31,498
4. Arena Fund	\$179,596
5. Solid Waste	\$386,000
6. Water Fund	\$62,963
Total	\$4,567,295

While the City will be reporting based on the standard \$10 million standard allowance reporting method, the distribution by fund will be allocated based on the preliminary rule calculation.

Using the allowed revenue replacement method of accepting these ARPA funds will provide the City Council the greatest amount of flexibility to direct spending on pertinent programs and uses for the General Fund and all other applicable funds.

The attached resolution provides for the appropriation of the total two-year allocation of the total \$4,567,295 and City administration will manage the timing of the funds between Fiscal Years 2022 and 2023.