

Council Agenda Report

Date: April 20, 2022
Prepared by: Deborah Cooper, Finance Director
Subject: American Rescue Plan Act (ARPA) Reporting

RECOMMENDATION: The Council adopt a motion to take the Standard Allowance for Lost Revenue in lieu of calculating revenue loss when reporting ARPA expenditures.

On January 6, 2022, the U.S. Treasury (Treasury) issued the Final Rule regarding Coronavirus State and Fiscal Recovery Funds (SLFRF). The Final Rule maintains many items of the Interim Final Rule while also providing greater flexibility and simplicity in many areas including the Revenue Loss component.

Under the final rule, the Treasury now allows local governments the option to use a “standard allowance” of \$10 million to fund government services. The \$10 million “standard allowance” is for the period of performance, and local governments may use the standard allowance in lieu of calculating revenue loss using the formula prescribed in the Interim Final Rule. The Treasury is asking recipients to make a one-time irrevocable election to utilize either the revenue loss formula or the “standard allowance” on or before April 30, 2022.

It is my recommendation that we elect to take the “standard allowance”. This would allow the City to expend \$10 million of our funds for any governmental purpose. There is also less reporting and documentation requirements when reporting the use of the funds. If the City elects to take the Standard Allowance the detailed reporting would only pertain to the amount received above the \$10 million allowance. The standard allowance makes things easier for all, and staff recommends Council move to approve the standard allowance on April 25, 2022.

Fiscal Impact: None

Approved by: Thomas Carroll, City Manager