



Legislation Details (With Text)

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FROM:

Dave Donery, Town Manager & Jeff Zuba, Finance & Administrative Services Director

SUBJECT:

American Rescue Plan Act State & Local Fiscal Relief Funds

RECOMMENDATION

Receive presentation and staff recommends returning to a future Council meeting on development of priority projects for the American Rescue Plan Funds.

BACKGROUND

The American Rescue Plant Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Fund (SLFRF), which provides significant resources to state and local governments to respond to impacts from the COVID-19 pandemic.

In addition to significant funds provided to the State of California, Marin County and other local municipalities, the U.S. Treasury has allocated \$2.984 million to the Town of San Anselmo. The Town received approximately half of these funds in July 2021 and anticipates receiving the remaining balance in July 2022. All funds must be obligated by the end of December 2024 and spent by December 2026.

DISCUSSION

Current regulations allow local governments to utilize funds in the following ways:

- Support public health expenditures, by 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 borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
- 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.

Ineligible uses include deposits into pension funds, debt service, legal settlement or judgments, and deposits to rainy day funds or financial reserves.

ANALYSIS

Based on allowable uses, public input, and Town Council direction, staff can develop and propose options for Council consideration in February 2022 for how to allocate San Anselmo's portion of ARPA funding for FY 2021-22 and future years. This will provide Town staff with an opportunity to evaluate and align Treasury's regulations with public and Council input and Council direction.

In the meantime, Council may consider the following before making final decisions. The Government Finance Officers Association offers the following outline of [Guiding Principles <https://www.gfoa.org/american-rescue-plan-spending-guiding-principles>](https://www.gfoa.org/american-rescue-plan-spending-guiding-principles) for the use of ARPA funds:

- ARPA funds are non-recurring so their use should be applied primarily to non-recurring expenditures (i.e., infrastructure)
- Care should be taken to avoid creating new programs or add-ons to existing programs that require an ongoing financial commitment.
- Replenishing reserves used to offset revenue declines during the pandemic should be given high priority to rebuild financial flexibility/stability and restore fiscal resiliency.
- Use of ARPA funds to cover operating deficits caused by COVID-19 should be considered temporary and additional budget restraint may be necessary to achieve/maintain structural balance in future budgets.
- Consider regional initiatives, including partnering with other ARPA recipients.
- Use other dedicated grants and programs first whenever possible and save ARPA funds for priorities not eligible for other federal and state assistance programs.

On July 27, 2021, the Town Council approve a partnership with Marin County for Homeless Housing Program, "Housing Fire for High Service Utilizers". The Town's share of the program was \$55,299 eligible under category 1 of the APRA spending guidelines.

In addition, the Town has spent considerable resources, approximately \$43,000, on technology infrastructure to adapt government operations to the pandemic. The guidance considered these expenditures allowable and eligible for reimbursement. Staff is currently reviewing other expenses to determine whether they are reimbursable to with ARPA funds.

With the remaining funds, staff has identified areas of needs. These options are listed below:

Funding Priorities

- Town Hall Roof and HVAC system
- Fire Station 20
- Robson House
- Memorial Park parking lot
- Rainwater harvesting
- Solar
- Economic Development
 - Emergency rental assistance
 - Downtown façade improvement grant program
- Racial Equity
 - Racial Equity Audit
- Tennis Court resurfacing

FISCAL IMPACT

There is no fiscal impact in connection with receipt of this presentation. Town Council’s ultimate decision regarding the use of the ARPA funds will positively impact the Town of San Anselmo and the community.

CEQA AND CLIMATE ACTION PLAN CONSISTENCY

Discussing the American Rescue Plan Funds is not a “project” under the California Environmental Quality Act, because it does not involve an activity which has the potential to cause a direct or reasonably foreseeable indirect physical change in the environment. (Cal. Pub. Res. Code § 21065).