



Legislation Text

File #: 21-2345, **Version:** 1

Subject:

Introductory Discussion on The American Rescue Plan (ARPA)

BACKGROUND SUMMARY:

In March 2021, Congress passed additional Coronavirus relief entitled the American Rescue Plan Act (ARPA). Unlike the former round of federal funding (CARES Act), the Town will receive its ARPA funds directly from the Commonwealth of Virginia and will have a two-and-a-half-year period (through December 2024) to obligate the funds and until December 2026 to spend the funds. ARPA has specific guidelines, but is broader than CARES, and allows for recoupment of revenue losses according to a formula. 50% of the funds will be issued within the next 30 days, and the remainder will be issued a year from that date.

The Treasury Department, which is overseeing ARPA issued an "Interim Final Ruling" (IFR) on May 10, 2021 and issued more guidelines for Non-Entitlement Units (NEU's) on May 24. (The Town is an NEU.) The Town is still awaiting instructions from the Commonwealth on how to apply for the funds, which under the Treasury's calculation total \$17.1 million over two years (\$8.5 million a year).

The following packet includes a general discussion, a suggested timeline and action plan, the Town's calculated amount, a draft worksheet to track projects and slides describing ARPA from both the National League of Cities (NLC) and the Government Finance Officers' Association (GFOA) which provide a general overview of the act and the main purposes of the act.

Further clarification can also be found in the GFOA's frequently asked questions at this link:

https://www.gfoa.org/reference-in-treasury-guidance?utm_source=newsletter&utm_medium=email&utm_campaign=6_3_2021_Newsletter_CSLFRF&utm_content=>

OVERVIEW:

The American Rescue Plan Act offers a unique opportunity for the Town to stabilize and build its financial foundations. There is sufficient time to act deliberately, and to use the funds for a variety of purposes to best serve the Town.

SUMMARY/STAFF IMPRESSIONS:

Staff would like Council feedback on how they would like to be part of the discussion of allocation of ARPA funding.

RECOMMENDATION:

Staff recommends a discussion with Council.