THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: September 14, 2021

Subject: Budget Amendment to appropriate American Rescue Plan Act Fiscal Recovery Funds for Administrative Costs

Staff Resource(s): Tony McDowell, Finance Director

Action Requested: Adoption of a budget amendment in the amount of $750,000 in the City's Special Revenue Fund to appropriate American Rescue Plan Act State and Local Government Fiscal Recovery Funds for the purpose of funding administrative costs over the life of the program.

Background:

- The American Rescue Plan Act (ARPA) of 2021, which is designed to facilitate the United States' recovery from the devastating economic and health effects of the COVID-19 pandemic, was signed into law by President Biden on March 11, 2021.
- As part of the ARPA State and Local Government Fiscal Recovery Funds (FRF), the City of Asheville is receiving $26,293,853.
- On July 27, 2021, City Council authorized the receipt of the $26.2 million in ARPA funding and delegated the responsibility to execute any necessary agreements related to ARPA funding to the City Manager.
- The U.S. Treasury Department has issued guidance to describe allowable uses for the ARPA FRF funding, which include administrative costs associated with implementing the ARPA program objectives.
- The City is responsible for the effective administration of the ARPA award, application of sound management practices, and administration of the funds in a manner consistent with the ARPA program objectives and terms and conditions, which includes implementing robust internal controls and effective monitoring to ensure compliance with Treasury guidelines.
- City staff anticipate needing additional in-house staff and potentially contracted labor support to meet the Treasury guidelines.
- The recruitment for an ARPA Manager position is already underway.
- The budget amendment will appropriate ARPA funding in the Special Revenue Fund for administrative costs over the life of the ARPA grant, which will potentially extend until December 31, 2026.

Council Goal(s):

- A Financially Resilient City

Pro(s):

- Provides funding for additional costs the City will likely incur in association with administering the $26.2 million in ARPA funding.

Con(s):

- Reduces the amount of ARPA funding available to address other initiatives

Fiscal Impact:

- As noted above, the City will receive $26.2 million in ARPA funding.
- If City Council approves this budget amendment for administrative costs, the City will have budgeted approximately $7.3 million in ARPA funding as detailed in the table below; leaving $18.9 million available for other initiatives.

Budgeted ARPA Funding To Date	**Amount**
Emergency Non-Congregate Homeless Shelter	$2,890,212
Public Portable Toilets	$90,000
Homeward Bound Acquisition of the Days Inn	$2,000,000
Revenue Loss	$1,600,000
Administrative Costs	$750,000
TOTAL	**$7,330,212**

Suggested Motion:

- Motion to adopt a budget amendment in the amount of $750,000 in the City's Special Revenue Fund to appropriate American Rescue Plan Act State and Local Government Fiscal Recovery Funds for the purpose of funding administrative costs over the life of the program.

Attachment(s)

- Budget Amendment

ORDINANCE NO. _____

BUDGET ORDINANCE AMENDMENT

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE

That the City of Asheville Fiscal Year 2021-22 Budget Ordinance be amended to add an appropriation of $750,000 and amend the Special Revenue Fund as follows:

SPECIAL REVENUE FUND

Revenues:

Federal Revenue Distribution - ARPA	$750,000
Total Revenues	$750,000

Appropriations:

Personnel and Admin Costs	$750,000
Total Appropriations	$750,000

That this ordinance shall be in full force and effect upon the date of final passage.

Read, approved and adopted this the 14th day of September 2021.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney