THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: August 24, 2021

Subject: Budget Amendment to appropriate American Rescue Plan Act Fiscal Recovery Funds for Revenue Losses

Staff Resource(s): Tony McDowell, Finance Director

Action Requested: Adoption of a budget amendment in the amount of $1,600,000 in the City's Special Revenue Fund to appropriate American Rescue Plan Act State and Local Government Fiscal Recovery Funds for the purpose of addressing revenue losses associated with the COVID-19 pandemic.

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 centers around these major areas:
    - Public Health Uses
    - Negative Economic Impacts
    - Premium Pay for Essential Workers
    - Revenue Losses
    - Investments in Water, Sewer, and Broadband Infrastructure
    - Crime Response and Prevention.
- In regards to revenue losses, the U.S. Treasury Department guidance states that recipients may utilize ARPA funding for the provision of government services, to the extent of the reduction in revenue due to the COVID–19 public health emergency, relative to revenues collected in the most recent full fiscal year prior to the emergency.
- Budget staff has calculated the City of Asheville's revenue loss utilizing the guidance and formula provided by the U.S. Treasury Department and determined that the City is eligible to utilize ARPA funding to replace lost revenue.
- After analyzing revenue performance in the City's General Fund and its six Enterprise Funds since the beginning of the pandemic, staff is recommending that City Council approve the use of $1.6 million in ARPA funding to offset revenue losses in the Parking Services Fund.
- No additional usage of ARPA funding for revenue loss is being recommended by staff.
- The budget amendment will appropriate ARPA funding in the Special Revenue Fund which will then be transferred to the Parking Services Fund.

Council Goal(s):

- A Financially Resilient City

Pro(s):

- Provides funding to allow the Parking Services Fund to offset the operating deficit that occurred in the fund in fiscal year 2020-21 due to the loss of on-street and garage revenue from the pandemic.

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 revenue loss, the City will have budgeted approximately $5.5 million in ARPA funding as detailed in the table below; leaving $20.7 million available for other initiatives.

Budgeted ARPA Funding To Date	**Amount**
Emergency Non-Congregate Homeless Shelter	$1,761,637
Public Portable Toilets	$90,000
Homeward Bound Acquisition of the Days Inn	$2,000,000
Revenue Loss	$1,600,000
TOTAL	**$5,451,637**

Suggested Motion:

- Adoption of a budget amendment in the amount of $1,600,000 in the City's Special Revenue Fund to appropriate American Rescue Plan Act State and Local Government Fiscal Recovery Funds for the purpose of addressing revenue losses associated with the COVID-19 pandemic

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 $1,600,000 and amend the Special Revenue Fund as follows:

SPECIAL REVENUE FUND

Revenues:

Federal Revenue Distribution - ARPA	$1,600,000
Total Revenues	$1,600,000

Appropriations:

Transfer to Parking Fund	$1,600,000
Total Appropriations	$1,600,000

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

Read, approved and adopted this the 24th day of August 2021.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney