

WORKSHOP ITEM SUMMARY SHEET
VILLAGE COUNCIL MEETING
May 17, 2023

Agenda Item:

American Rescue Plan Act (ARPA) – The Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

Description:

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan Act (ARPA), delivers \$350 billion to state, local, and Tribal governments across the county to support their response to and recovery from the COVID-19 public health emergency. On Oct 6, 2021, the Village received its first tranche payment of SLFRF funds in the amount of \$8,482,206. On August 23, 2022, the Village received its second and final tranche payment in the amount of \$8,482,207, for a grand total of \$16,964,413 in SLFRF funding.

SLFRF expenditures must be obligated by December 31, 2024, and spent by December 31, 2026.

Treasury’s final rule took effect on April 1, 2022. The final rule offers a standard allowance for revenue loss of up to \$10 million or complete a full revenue loss calculation. Recipients that select the standard allowance may use the amount for government services with streamlined reporting and procurement requirements.

Under the standard allowance, recipients are permitted to use the funds for government services; generally, services traditionally provided by recipient governments are government services, unless Treasury has stated otherwise. Treasury restricts the standard allowance being used for the following:

- Directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation.
- Deposits into pension funds.
- Debt service or replenishing financial reserves.
- Satisfaction of settlements and judgements.
- For a project that conflicts with or contravenes the purpose of the ARPA.

The Village elected the standard allowance of \$10 million and reported this correctly to Treasury (the narrative section of the reports may need to be adjusted depending on the identification of eligible expenditures). The standard allowance funds are considered a

grant from the Federal government. The Village must identify eligible uses, ensure compliance, and retain documentation for all expenditures. SLFRF funds are considered deferred revenue until expenditures are incurred. Additionally, the federal government may audit the Village’s financial records to ensure compliance with Treasury rules.

After careful consideration, staff is recommending the following expenditures in fiscal year 2022 be funded using the standard allowance:

Date	Description	Amount	Council Approval
2/25/2022	Property Purchase - River Oaks *	\$ 447,378.40	Resolution No. 2022-08 on April 20, 2022
6/30/2022	Property Purchase - 9000 Williams Road	\$ 4,262,598.20	Resolution No. 2022-16 on May 18, 2022
		\$ 4,709,976.60	

*Total purchase price for River Oaks was \$1,197,378.40. \$750,000 of the purchase price was funded through a litigation settlement.

The remaining \$5,290,023.40 will be deferred as of September 30, 2022, and will be recognized as revenue once other eligible uses have been identified and completed.

The remaining funds available above the \$10 million standard allowance total \$6,964,413. These funds have stricter reporting, procurement, and use requirements. Eligible uses include:

- Support the COVID-19 public health and economic response.
- Provide premium pay for eligible workers performing essential work.
- Invest in water, sewer, and broadband infrastructure.

Considering the Village’s government structure and community needs, staff recommends focusing on utility and storm water projects for the funds in excess of the standard allowance. The following proposed capital projects may be funded with these funds:

Project	Estimated Cost
River Ranch Road Utility Improvements	\$ 1,000,000.00
Estero River North Branch Drainage Improvements	\$ 500,000.00
Broadway W UEP Design and Permitting	\$ 850,000.00
Estero Bay Village UEP	\$ 1,603,400.00
Sunny Groves UEP	\$ 1,821,900.00
Cypress Bend UEP	\$ 401,800.00
Estero Heights UEP	\$ 2,550,000.00
Charring Cross UEP	\$ 1,200,000.00
Sherrill and Leutch UEP	\$ 2,550,000.00
See See Street UEP	\$ 264,500.00
Cypress Park UEP	\$ 320,000.00
Total	\$ 13,061,600.00

Staff will continue to align SLFRF funding in a strategic manner taking into consideration other Hurricane Ian related funding.

Financial Impact:

The Village received \$16,964,413 in SLFRF funding. \$4,709,976.60 has been recognized through September 30, 2022. SLFRF expenditures must be obligated by December 31, 2024, and spent by December 31, 2026.

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Attachments:

None