

CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** June 14, 2021

SUBJECT: Consider Resolution No. 2021-026, accepting American Rescue Plan Act Coronavirus state and local fiscal recovery funds; designating an authorized representative; and providing an effective date.

PRESENTER: Mark C. Mills, Director of Finance

SUMMARY:

As a result of the passage of the American Rescue Plan Act, North Richland Hills has been allocated \$9,515,205. This item requests that Council consider Resolution No. 2021-026, authorizing the acceptance of these funds and authorizing the City Manager to execute the documents required for acceptance.

GENERAL DESCRIPTION:

On March 11, 2021 President Biden signed the American Rescue Plan Act ("ARPA") into law. As part of the legislation, ARPA provided a total of \$350 billion in Coronavirus State and Local Fiscal Recovery Funds to help eligible state, local, territorial, and tribal governments meet their present needs and build the foundation for a strong recovery.

Type	Amount (\$'s in billions)
States & District of Columbia	\$195.3
Counties	\$65.1
Metropolitan Cities*	\$45.6
Tribal Governments	\$20.0
Territories	\$4.5
Non-Entitlement Units of Local Government	\$19.5
Total	\$350.0

* - North Richland Hills falls within the Metropolitan Cities category.

Through ARPA, North Richland Hills has been allocated \$9,515,205. If Council accepts, staff will finalize the City's request to receive these funds. The City will receive these funds directly from the United States Treasury ("Treasury"), not through the State of Texas. The funds will be received in two installments, referred to as tranches, each representing 50% of the approved funding. The first tranche will be released shortly after the City's submission to receive the funds is complete. The second tranche will be released to the City twelve (12) months from the date the first tranche was paid.



ARPA outlines four categories of “projects” that may be funded by state or local governments, subject to additional guidance provided by Treasury. In summary, these categories are:

- to respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries, such as tourism, travel and hospitality;
- to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- for the provision of government services to the extent of reductions in revenue due to the pandemic (i.e., covering budget deficits due to lost revenues caused by the pandemic); and
- to make necessary investments in water, sewer or broadband infrastructure.

ARPA prohibits the use of these funds to:

- make deposits to pension funds;
- contribute to financial reserves or “rainy day” funds;
- pay interest and principal on outstanding debt,
- pay legal settlements or judgements;
- directly or indirectly offset a reduction in the net tax rate (States and Territories);
- pay for a State’s share of Medicaid (States).

In order to ascertain how best to utilize these funds, staff is assessing these categories and evaluating allowable expenses and projects that satisfy the corresponding category’s criteria. After the funds are received, the City will have until December 31, 2024 to obligate the funds, but may use the funds to pay for certain projects with periods of performance that run until December 31, 2026.

Prior to finalizing the City’s request to receive these funds, the City Manager is required to sign the Acceptance of Terms document. Staff requests that Council authorize the City Manager to execute the documents required to accept the funds.



RECOMMENDATION:

Approve Resolution No. 2021-026, authorizing the acceptance of funds allocated to the City of North Richland Hills by the American Rescue Plan Act in the amount of \$9,515,205 and authorizing the City Manager to execute the documents required for acceptance.