

TOWN *Of* **PARADISE VALLEY**



STAFF REPORT

TO: Mayor Bien-Willner and Town Council Members

FROM: Jill Keimach, Town Manager
Douglas Allen, CFO

DATE: June 24, 2021

AGENDA TITLE:

Adoption of Resolution Number 2021-18 Accepting Federal American Rescue Plan Act ("ARPA") Funding and Authorizing Certain ARPA Funds for Sewer System Improvements

SUMMARY STATEMENT:

Action requested:

The resolution for Council's consideration is to:

- Accept the Federal American Rescue Plan Act ("ARPA") funding;
- Authorize the Town Manager, or designee as the agent of the Town of Paradise Valley to conduct all negotiations, execute and submit all required documents necessary for obtaining ARPA funding, including but not limited to, applications, agreements, amendments, expenditure and procurement documentation, and so on; and
- Authorize up to \$350,000 in ARPA funds for sewer system improvements

The resolution is drafted to delegate only the administrative process and for Town Council to retain the sole authority to approve specific uses before any ARPA funding is committed, encumbered or spent.

I. What is the ARPA?

The federal American Rescue Plan (2021) Act was signed into law on March 11, 2021 and continues many programs started by the CARES Act (2020) and the Consolidated Appropriations Act (2021) by adding new phases, allocations and guidance to address issues related to the continuing COVID-19 pandemic and recovery efforts, which provides \$350 billion funding to state, local, territorial and Tribal governments (\$1.2 billion in Arizona);

II. Who can Accept ARPA and Approve the Use?

Accepting ARPA funding requires Council action. Only Town Council can accept ARPA funds and authorize the Town Manager, or designee to file the required paper work and execute other administrative functions mandated by the federal government.

Only Town Council can approve how the ARPA funds can be used. At the Council's study session on May 13th, the Council decided that the entire Council will decide how the Town will use ARPA. Staff will bring comprehensive information to Council for consideration in the fall of 2021, and one item related to the Sewer Enterprise for consideration with adoption of the FY2022 budget.

III. Why is this Resolution needed now?

The Town is considered a "Non-entitlement unit" ("NEU") of local government and receives its allocation from a direct pass-through from the State of Arizona whom must distribute \$227 million to NEUs within 30 days of receipt.

The Town's individual NEU initial allocation is \$4,888,467.26; but subject to change downward during the application process.

The amount is precise to the penny because it is a dollar for dollar (penny for penny) pass-through from the state to the NEU. This is higher than the original estimates the Town received of \$3.4 million

Payments will be received in two equal installments. The first upon completion of the application, review and award. The second no earlier than a year after the date the first payment is paid to the state.

The Sewer Enterprises tentative budget includes contracts totaling \$343,156 for sewer lining, point repair and manhole rehabilitation.

IV. How can ARPA be Used?

NEU ARPA funds may only be used for:

- (1) Supporting public health expenditures,
- (2) Addressing the negative economic impacts caused by the public health emergency,
- (3) Replacing lost public sector revenue, provide premium pay for essential workers,
- (4) Investing in water, sewer and broadband infrastructure

V. When must ARPA be Spent by?

NEU ARPA expenditures must be incurred and obligated from March 3, 2021 to December 31, 2024; with a performance period ending December 31, 2026

VI. Where can more information be found?

Enclosed are slides from the AZ League of Cities and Towns; and a few links below.

FAQs:

<https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>

Assistance to governments:

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

General COVID-19 Economic Relief:

<https://home.treasury.gov/policy-issues/coronavirus>

VII. Next Steps for the Application Process

- 1) Staff will use the State's eCivis system and provide required information including:
 - Most recently Council approved budget;
 - Certified attestation forms;
 - Approved award terms and conditions (provided by Treasury); and
 - Assurances of compliances.
- 2) Application is reviewed and awarded:
 - Adjustments to the initial allocation may change lower after the application review and actual award is received.
 - First of two equal installments is received.
 - Staff prepares for the many requirements of reporting and compliance.
- 3) Staff will bring comprehensive information for Council's consideration in the fall of 2021.

ATTACHMENT(S):

- A. Resolution 2021-18 Accepting Federal American Rescue Plan Act Funding
- B. Presentation from the AZ League of Cities and Towns June 3, 2021