

Moab City Council Agenda Item

Meeting Date: April 26, 2022

Title: Declaration of ARPA Non-Entitlement Unit Proceeds

Presenter: Carly Castle

Attachment(s):

- Resolution 11-2022

Recommended Motion:

I move to adopt Resolution 11-2022, a Resolution Dedicating the Coronavirus State and Local Fiscal Recovery Funds to Revenue Replacement under the Standard Allowance.

Background/Summary:

The American Rescue Plan Act and the administration of these funds by the State of Utah dedicated \$631,519 to the City of Moab in a program referred to as the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). The City of Moab did not qualify under this program as an entitled unit, but the State expanded that program to all municipalities, referred to as non-entitlement units, which is why this program has also been referred to as the ARPA NEU funds.

Included in the Final Treasury Guidance is a Standard Allowance for entities that received less than \$10 million of SLFRF funds. By exercising the standard allowance, the full proceeds are unencumbered by federal spending guidelines.

However, the legislature recently approved the expansion of the ARPA Local Match program by an additional \$25 million. While details of this program have not been released, two conditions would disqualify an entity from eligibility of these funds; "significant" unprogrammed SLFRF proceeds (not yet defined) or if the entity used "revenue replacement" after February 1st. The standard allowance is defined under the revenue replacement category of eligible expenditure. These proceeds will only be dedicated to affordable housing and water infrastructure projects.

If the City desires to be eligible to apply for the additional ARPA LM program, the ARPA NEU proceeds will have to be spent on an otherwise approved program. There are a multitude of options available for spending these proceeds. Based on Treasury Guidance, the following projects from the Capital Improvement Plan would be eligible projects to be funded by the ARPA NEU proceeds, which must be spent before the end of 2026:

Water

- Water Tank Construction

Housing

- Walnut Lane Project

Sewer

- South Trunk Line
- Outfall Pipe

The full Final Treasury Guidance is available here: [Final Treasury Guidance](#)

As the City of Moab was awarded \$613,061 in the first round of the ARPA Local Match program, and many entities submitted competitive projects which were not funded, staff's opinion is that Moab will not be a competitive applicant for the next round of the GOPB administered ARPA Local Match program.

Therefore, staff recommends using the standard allowance to unencumber these SLFRF funds, to allow for maximum flexibility of spending at a future time. The funds would be removed from "restricted" funds to "assigned" funds, a special designation which earmarks the funds for a future purpose as directed by the City Council.

If the standard allowance is elected, it must be done in the first reporting period, which is due on April 30, 2022. If the Council chooses to not proceed with the standard allowance, then the funds will be restricted to an allowable use within the Final Treasury Guidelines.