

RESOLUTION NO. 4859-2024

RESOLUTION TO SPEND ARPA FUNDS ON LOST REVENUE REPLACEMENT CATEGORY AND AUTHORIZE THE CITY MANAGER TO ENTER INTO INTER-AGENCY SERVICE AGREEMENTS OBLIGATING THE FUNDS IN COMPLIANCE WITH DEPARTMENT OF TREASURY GUIDANCE AND APPROVING BUDGET AMENDMENT 2024/25-03

WHEREAS, the American Rescue Plan Act, H.R. 1319 (ARPA) was signed into law by President Biden in March of 2021; and

WHEREAS, ARPA modifies provisions of Title VI of the Social Security Act (42 U.S.C. § 801 et seq.); and

WHEREAS, 42 U.S.C. § 803 (b)(2) appropriates \$19,530,000,000 to non-entitlement units of government (NEUs) to mitigate the fiscal effects stemming from the public health emergency with respect to COVID-19; and

WHEREAS, the appropriations under 42 U.S.C. § 803 (b)(2) are titled State and Local Fiscal Recovery Funds (SLFRF); and

WHEREAS, A non-entitlement unit of government is defined as "... a 'city', as that term is defined in section 102(a)(5) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(5))), that is not a metropolitan city." 42 U.S.C. 5302(a)(5) defines a city as: "... any unit of general local government which is classified as a municipality by the United States Bureau of the Census...", which covers the City of Fort Bragg; and

WHEREAS, the City of Fort Bragg ("City") is a non-entitlement unit of government and has received its portion of the SLFRF; and

WHEREAS, 42 U.S.C. § 803 (c) permits NEUs to spend ARPA funds under one of four major categories, which include (A) responses to the COVID-19 Pandemic and its negative economic impacts, (B) providing premium pay to essential employees, (C) for government services to the extent of the reduction in revenue, and (D) investments in water, sewer, and broadband; and

WHEREAS, 86 Fed. Reg. 26,801 (May 17, 2021) indicates that any amount attributable under lost revenue replacement can be used towards government services, but cannot be used as debt service or to create or replenish savings (rainy-day fund); and

WHEREAS, in January of 2022 the Department of Treasury (Treasury) released the completed Interim Final Rule titled SLFRF Final Rule (Final Rule), establishing the completed guidance for the SLFRF; and

WHEREAS, page 240 of the Final Rule indicates that the Treasury allows lost revenue replacement to be calculated through a formula as provided by the Treasury, or by a \$10,000,000 "standard allowance" but not to exceed the amount actually awarded; and

WHEREAS, recipients using the “standard allowance” are presumed to have lost revenue up to the allowance used. Recipients do not need to calculate or prove actual revenue loss; and

WHEREAS, the City received ARPA funds in an amount equalling \$1,744,162 which remains unobligated; and

WHEREAS, prior to this date, City intended to use the unobligated funds for the implementation of Broadband, however, City now seeks to utilize the funds for government services; and

WHEREAS, the provisions of government services is a permitted expenditure category by the United States Department of Treasury in its Compliance and Reporting Guidance for State and Local Fiscal Recovery Funds.

NOW THEREFORE BE IT RESOLVED, FOUND, AND DETERMINED as follows:

1. The Recitals set forth herein are true and correct and incorporated herein by this reference.
2. The City of Fort Bragg will use ARPA funds to pay for the provision of government services in 2024, 2025, and 2026 as part of lost revenue replacement.
3. That the City budget is amended to allocate the ARPA funds as follows:

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|-----------|--|
| \$800,000 | Housing Initiatives 336-5507-0731 |
| \$800,000 | Business Assistance Programs 336-5508-0731 |
| \$104,162 | Technology Upgrades 336-5509-0731 |
| \$40,000 | Homeward Bound Program 336-5510-0731 |

4. That the City Manager is authorized and directed to enter into Inter-Agency Service Agreements, in a form substantially similar to that attached as Exhibit A, to obligate the funds according to the allocation made herein.introduced, approved, and adopted on this 14th day of October 2024.

ATTEST: (s) _____
City Clerk

I, Diana Sanchez, City Clerk of the City of Fort Bragg, California, DO HEREBY CERTIFY that the foregoing resolution was duly introduced, approved and adopted by the City Council of the City of Fort Bragg, at a regular meeting of said City Council held on the 15th day of October, 2024, by the following roll-call vote:

AYES: Councilmembers Albin-Smith, Peters, Rafanan, and Vice Mayor Godeke.
NOES: None.
ABSENT: Norvell.
ABSTAIN: None.
RECUSED: None.

BERNIE NORVELL
Mayor

ATTEST:

Diana Sanchez
City Clerk