



REPORT TO CITY COUNCIL

Approved by:



Roger Sanchez, Director of Financial Services



Arnoldo Rodriguez, City Manager

Council Meeting of: August 4, 2021

Agenda Number: C-1

SUBJECT:

Allocation of the American Rescue Plan Act of 2021 (ARPA) funds

RECOMMENDATION:

Adopt the resolution accepting funding award of \$23 million from the ARPA and authorize the City Manager to allocate related resources to existing projects from the Capital Improvements Program (CIP) related to Water, Sewer, and Drainage or provide direction on the City's priorities for the use funding

BACKGROUND:

ARPA is a \$1.9 trillion economic stimulus bill signed into law on March 11, 2021 that included \$65 billion for local governments nationwide. The purpose of the funds is to fund projects or needs addressing economic harm resulting from or exacerbated by the COVID-19 public health emergency. More specifically:

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control
- Replace lost public sector revenue to strengthen support for vital public services and help retain jobs
- Support immediate economic stabilization for households and businesses
- Address systemic public health and economic challenges that have contributed to the inequal impact of the pandemic

Staff has identified potential projects that include improvements to critical infrastructure, such as the City's sewer, water, and drainage systems.

DISCUSSION

ARPA's funding has multiple goals and needs to meet the objectives as indicated by the legislation, including the following:

Support Public Health Response

Fund COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff

Address Negative Economic Impacts

Respond to economic harms to workers, families, small businesses, impacted industries, and the public sector

Replace Public Sector Revenue Loss

Use funds to provide government services to the extent of the reduction in revenue experienced due to the pandemic

Premium Pay for Essential Workers

Offer additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors

Water and Sewer Infrastructure

Make necessary investments to improve access to clean drinking water and invest in wastewater and stormwater infrastructure

Broadband Infrastructure

Make necessary investments to provide unserved or underserved locations with new or expanded broadband access

Staff has identified that critical infrastructure, such as sewer and water system upgrades, would provide the most benefit to the entire community. As outlined in the City's Capital Improvement Plan, there are several pending multi-million-dollar projects that are critical in nature. Without outside funding, significant rate hikes would more than likely be necessary. Thus, staff recommends that 100 percent of ARPA funds be allocated to such improvements which would help mitigate potential increases in user rates.

FINANCIAL IMPACT:

Acceptance and allocate ARPA funds of approximately \$23 million to the water and sewer enterprise accounts that would mitigate potential rate increases.

CONSISTENCY WITH THE VISION MADERA 2025 PLAN:

Approval of this item is consistent with Strategy 115 of the Vision Plan – Economic Resource Provision: Ensure sufficient economic resources to provide adequate City services and prepare for future growth.

ALTERNATIVES:

Council may direct staff to return the cash or shift priorities.

ATTACHMENTS:

1. Resolution

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADERA, CALIFORNIA
ACCEPTING FUNDING AWARD FROM THE US AMERICAN RESCUE PLAN ACT OF
2021 (ARPA) IN THE AMOUNT OF \$23 MILLION FOR FISCAL YEAR 21/22
THROUGH 22/23 AND AUTHORIZE THE CITY MANAGER AND FINANCIAL
SERVICES DIRECTOR TO SIGN NECESSARY DOCUMENTS FOR FUNDING AWARD
AND REPORTING**

WHEREAS, on March 19, 2020, the Governor of California issued a statewide Executive Order, N-33-20, which required Californians to remain at their home or place of residence, except as necessary to carry out essential activities; and

WHEREAS, the COVID-19 pandemic has had continued impacts to the economic well-being of the local community and the County has continued to provide an on-going response to this pandemic locally; and

WHEREAS, on March 11, 2021, the President of the United States signed into law the American Rescue Plan Act ("ARPA"), which included \$362 billion in federal fiscal recovery aid to state and local governments (State and Local Aid), including \$65.1 billion direct aid to counties; and

WHEREAS, on May 10, 2021 the US Treasury issued funding allocations for State and Local Aid of which the funding allocation award to the City of Madera is \$23,070,374.

NOW THEREFORE, THE COUNCIL OF THE CITY OF do hereby resolve, find and order as follows:

1. The above recitals are true and correct.
2. The Council authorizes the City Manager and the Director of Financial Services to allocate the ARPA funding and to spend related monies through December 31, 2026 on authorized and qualified projects.
3. The resolution is effective immediately upon adoption.
