

Memorandum

To: Mayor Lott and Councilors
From: Angela Aldieri, Finance Director
Date: April 12, 2022
Re: American Rescue Plan Act (ARPA) Grant Funding Update

Final Rule & State Recommendations

The City of Winooski will receive \$2,192,294.25 from American Rescue Plan Act funding; half has been received to date. The City Council has discretion over how to spend ARPA funds. The Treasury Department issued the final rule regarding ARPA grant funding in January 2022 which has increased spending flexibility and simplified reporting. The final rule allows a standard allowance for revenue loss of ten million dollars to spend on government services. The Vermont League of Cities and Towns and the auditing firm Sullivan Powers Co. recently outlined an approach for municipalities with regard to ARPA grant funds. Katie Buckley with VLCT advised that all Vermont municipalities classify the grants as being used as revenue loss which provides the most flexibility in use of funding. Fred Duplessis of Sullivan Powers Co. noted that most municipalities, including the City of Winooski, have provisions in their policies that the most restrictive funding is used first.

Impact to the City

In following the recommendations outlined above the City would report the use of ARPA grant funding for operations during fiscal year 2022 thereby meeting all grant obligations and creating a fund balance of general fund dollars at the end of the fiscal year that is no longer considered to be grant funding. We would still have reserves equal to our award less any funding allocated by Council including the COVID-19 Recovery Business Grant Program and personal protective equipment authorized to date. This approach allows the City to consider additional options including replenishment or creation of reserves and eliminates the time deadline in which funds can be spent. The intent of the City to date has been to



solicit public input, address the impacts of COVID on the community, and make investments that will benefit the community in the long term.

Staff Request

Staff is requesting that Council approve the assignment of the American Rescue Plan funding as revenue loss for use on general government operations during the fiscal year 2021. Most of this funding would remain in the general fund and create the reserve to be assigned by Council in alignment with public input as outlined in the previous section of this memo.

Staff is also requesting that \$250,000 of revenue loss be assigned to the on-street meter department of the parking fund for use on operations. This fund saw decreased revenue of 30%-46% in fiscal years 2020 and 2021 without a similar decrease to expenses. This caused the reserves in this fund to be fully depleted by 6/30/2021. The reserves were included in the modeling for the City to fund the up-front construction costs related to the hotel/parking garage project being developed on lot 7D in the downtown. Dedicating funding to the on-street meter department will allow the 7F project to continue to move forward without the need to issue a Bond Anticipation Note until closer to the start of construction and will likely decrease the amount of funding the City will need to borrow.

