

## Memorandum

**To:** Mayor Lott and Councilors  
**From:** Angela Aldieri, Finance Director  
**Date:** March 16, 2022  
**Re:** American Rescue Plan Act (ARPA) Grant Funding Update

### What is ARPA?

The American Rescue Plan Act provided \$350 billion to state and local governments for COVID-19 response and recovery. The City of Winooski will receive \$2,192,294.25 from this funding; half has been received to date. The City Council has discretion over how to spend ARPA funds. 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.

### Final Rule

The Treasury Department issued the final rule regarding ARPA grant funding in January 2022 which has increased spending flexibility and simplified reporting. The most promising part of the final rule was that recipients may elect a standard allowance for revenue loss of ten million dollars to spend on government services. The standard allowance offers a simple, convenient way to determine revenue loss. All recipients may elect to use this standard allowance instead of calculating lost revenue using the complicated formula provided in the preliminary rule.

### Professional Recommendations

At a recent training Vermont League of Cities and Towns and the auditing firm Sullivan Powers Co. 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.

### What does this mean?

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. We would still have reserves equal to our award of \$2.19 million but the money will no longer be considered a grant award. This allows the City to consider additional options including replenishment or creation of reserves and extends the time frame in which funds can be spent.

