



## Takoma Park City Council Meeting – February 2, 2022 Agenda Items 2

### **Public Work Session**

Continued Discussion and Reconciliation of Staff-Recommended Spending Plan for American Rescue Plan Act (ARPA) Funds

### **Recommended Council Action**

Complete budget reconciliation exercise to prepare final budget amounts for the ARPA spending plan budget adoption ordinance

### **Context with Key Issues**

The American Rescue Plan Act of 2021 (ARPA) appropriates \$1.9 trillion to States and other jurisdictions to address health and economic issues exacerbated by the pandemic, address budget shortfalls of jurisdictions, and allows for investment. The City will receive \$17.4 million in two tranches, the first \$8.7 million of which was received in mid-July 2021. ARPA funding eligibility can be used in four primary categories per federal guidelines: Public Health and Economic Impacts, Premium Pay, Revenue Loss, and Investments in Infrastructure.

As a first step, City staff identified urgent expenditure items eligible for ARPA that were included in the Fiscal Year 2022 Adopted Budget and the first budget amendment of Fiscal Year 2022 totaling \$3.9 million. These funds are already in use for emergency rental assistance, food security, community engagement, revenue loss reimbursement, and administrative staffing. Next, City staff spent several months prioritizing and developing potential ARPA projects into a comprehensive, multi-year spending plan for the remaining \$13.5 million using best practices and a priority-based budgeting framework. The City Manager provided updates on staff progress on ARPA project prioritization during Council work sessions on [September 8](#) and [November 17](#) of 2021. The top-ranked projects emerged that from the project prioritization process were included Staff-Recommended Spending Plan. The full report explaining the projects recommended by staff and the budget allocations is listed as an attachment below.

The Staff-Recommended Spending Plan does not represent the City's final ARPA spending plan; the City Council will not vote on the final plan until February 16th. The City is currently in a period of Council discussion and public comment on the Staff-Recommended Spending Plan. The City Manager presented the Staff-Recommended Spending Plan during the January 12, 2022 Council work session. On Tuesday, January 18, City staff and City Councilmembers hosted a two-hour Community Meeting on the ARPA Spending Plan. During the Wednesday, January 26<sup>th</sup> public hearing and Council work session on ARPA, Council will provide additional opportunities for continued public discussion on the merits of the staff-recommended plan.

This week, on Wednesday, February 2<sup>nd</sup>, the Council will engage in a ARPA budget reconciliation session to begin to make final decisions on funding amounts to be plugged into the ARPA spending plan adoption ordinance. The final ARPA Spending Plan reflecting the staff-recommended plan

adjusted for Council and public feedback will be voted on by the City Council on February 9th (first reading ordinance) and February 16th (second reading ordinance). All video recordings and supporting materials for the aforementioned forums and sessions will be available on the [City's ARPA webpage](#).

### **Council Priority**

Fiscally Sustainable Government

### **Environmental Considerations**

Multiple projects included in the Staff-Recommended Spending Plan will have an environmental benefit to the City and further implementation of the Takoma Park Climate Action Plan goals.

### **Fiscal Considerations**

Per federal guidance, the City has until 2024 to obligate or encumber the funds, and until the end of calendar year 2026 to fully spend down the funds; any remaining balance of the \$17.4 million not spent by that date will be returned to the State of Maryland. ARPA funds are a one-time funding source and should not be spent on recurring costs that extend beyond 2026.

### **Racial Equity Considerations**

The American Rescue Plan act is designed to assist people who are disproportionately affected by COVID-19 through direct and indirect funding. In the development of the Staff-Recommended ARPA Spending Plan for Council review, City staff ensured that a significant portion of ARPA funds would be dedicated to helping the City's most vulnerable residents.

### **Attachments and Links**

- [U.S. Department of the Treasury Final Rule \(Federal ARPA Guidance\)](#)
- [Takoma Park ARPA Webpage](#)
- [Staff-Recommended ARPA Spending Plan – Full Report](#)