



500 West Big Beaver
Troy, MI 48084
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CITY COUNCIL AGENDA REPORT

Date: June 9, 2021

To: Mark F. Miller, City Manager

From: Robert J. Bruner, Assistant City Manager
Rob Maleszyk, Chief Financial Officer
Lisa Burnham, Controller

Subject: Coronavirus State and Local Fiscal Recovery Funds

The American Rescue Plan Act (ARPA), signed into law on March 11, 2021, provides \$350 billion in relief to states and local governments to combat the continued impact of the COVID-19 pandemic. These funds are named the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). Funding from the CSLFRF is subject to the requirements specified in the Interim Final Rule (IFR) adopted by the U.S. Department of the Treasury (Treasury) on May 10, 2021. The provisions in the IFR were effective May 17, 2021, but Treasury is seeking comments on all aspects of the IFR through July 16, 2021. From our previous experiences with these types of funding sources, we believe it is prudent to wait for the final guidance before committing the City to any expenditures.

The City received 50% of its funding (\$4,090,772.50) on May 24, 2021, and expects to receive the balance in May 2022. The City has until December 31, 2024, to obligate the funds as defined by Uniform Grant Guidance and until December 31, 2026, to spend the funds.

The IFR establishes a framework for determining the types of programs and services eligible under this program, along with examples of uses that state and local governments may consider. These uses build on eligible expenditures under the Coronavirus Relief Fund issued through the CARES Act by recognizing a broad range of additional eligible uses. Eligible uses of CSLFRF fall into four broad categories:

1. Public health and economic impacts
2. Premium pay
3. Revenue loss
4. Investments in water, sewer, or broadband infrastructure

At this point, we believe that we will try to utilize number 3, revenue loss, to the greatest extent possible. This will allow us the greatest flexibility moving forward. However, as we have previously mentioned above, we will be patient for the comment period and Final Rule.

Lastly, the IFR gives guidance on ineligible uses of CSLFRF. What applies to the City would be that we cannot use these funds to address any unfunded liabilities (VFIP or Retiree Health Care), contribute to rainy day funds, make payments on outstanding debt, and fees or issuance costs on new debt.

City staff will continue to provide City Council with updates and facilitate decision-making after the Interim Final Rule is finalized.