



500 West Big Beaver
Troy, MI 48084
troymi.gov

CITY COUNCIL AGENDA REPORT

Date: January 24, 2022

To: Mark F. Miller, City Manager

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

Subject: Coronavirus State and Local Fiscal Recovery Funds & Final Rule

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). The City received 50% of its funding (\$4,090,772.50) on May 24, 2021, and expects to receive the remaining 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 Department of Treasury released the Final Rule on January 6, 2022 which will go into effect on April 1, 2022. This will replace the Interim Final Rule that was released in May 2021. Until that time, the interim final rule remains in effect. Any funds used consistently with the interim final rule while it's in effect will be considered in compliance with the CSLFRF program.

The Final Rule maintains that eligible uses of CSLFRF fall into four broad categories:

1. Responding to the negative economic impacts of the public health emergency
2. Premium pay for essential workers
3. Revenue loss
4. Making necessary investments in water, sewer, or broadband infrastructure

At this point, the City plans to utilize the Revenue Loss approach. The Final Rule expanded the guidance and recipients now have the option to either determine the extent of revenue loss by formula or by taking a one-time standard allowance of up to \$10 million during the period of performance. The City will plan to take the standard allowance as it covers the full award amount and will ease the administrative time spent. Examples of government services per the Final Rule include road building and maintenance, infrastructure projects, and the purchase of fire trucks and police vehicles. The City will evaluate how the funds will be spent during the budget process.

The Final Rule is consistent with the Interim Final Rule related to 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.