



City of Homer

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Administration

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Memorandum 21-118

TO: Mayor Castner and Homer City Council
FROM: Rob Dumouchel, City Manager
DATE: June 22, 2021
SUBJECT: Resolution to Accept American Rescue Plan Act (ARPA) Funds

The 1.9 trillion-dollar APRA passed by Congress in March 2021 includes \$350 billion in direct aid to states and local governments. Of that \$350 billion total, \$65 billion has been allocated to cities, towns and villages through a funding formula.

The City of Homer has been allocated an estimated \$1.4 million which will be distributed through the State of Alaska Division of Community and Regional Affairs (DCRA). The amount will be determined by the final signed State of Alaska budget. While State budget deliberations continue, DCRA reached out to inform recipients that in the first step for accepting these funds requires City Council to pass a resolution agreeing to do so.

After the State of Alaska budget is signed and final allocations determined, the City will receive a Terms and Conditions Agreement and Assurances Terms and Conditions Agreement from DCRA.

The City of Homer will receive ARPA funds in two tranches, with 50% provided in 2021 and the balance delivered approximately 12 months later. The covered period for eligible expenditures begins March 3, 2021 and extends to December 31, 2024.

Eligible uses of ARP funds are to:

- Replace lost revenue for local governments that have suffered revenue reductions as a result of COVID-19, an eligible expense which was absent from the two 2020 federal coronavirus relief packages;
- Make investments in water, sewer, or broadband infrastructure;
- Respond to the COVID-19 emergency and address its negative economic impacts; and
- Provide premium pay to public employees that carry out essential services.

Staff has contracted with Porter & Allison to determine revenue loss for the City according to the formula provided by the US Treasury. When this analysis is complete and the final numbers settled regarding how much is en route to Homer, we will come back to Council with more information and a proposed path forward to appropriate the funds.

Staff recommendation: approve acceptance of the City of Homer share of Coronavirus State and Local Fiscal Recovery Funds under the ARP Act.