



Agenda Item Summary

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AMZ

Agenda Item Title

Discussion Regarding an Initial Plan for Expending American Rescue Act Funds

Overview

On November 15, 2021, the Village Board reviewed the results of the community survey as comments received from the public regarding the potential uses of the American Rescue Funds allocated to the Village in the amount of \$38,984,402. At that meeting, it was stated that a more detailed discussion on this topic would take place in the first quarter of 2022. In particular, certain community organizations expressed some immediate needs for funds in the 1st Quarter of 2022. These requests will be reviewed at this meeting. Any decisions regarding funding distributions by the Village Board will require formal action at a subsequent meeting.

Staff Recommendation

The Department of Treasury as well as the Government Finance Officers Association encourages communities to take the time necessary to make decisions about the best use of these funds. Staff would prefer this first review to focus on any immediate 1st Quarter needs of the community and then plan for an alternative date in the 2nd Quarter to further develop and align the community input with current needs in the community.

Fiscal Impact

As a logistical matter, alternatively, the Board may opt to categorize all the ARPA funds as lost revenue each year (once final numbers come in each March subsequent to year-end) which would provide much more flexibility to the Board for spending these funds. The Village's Chief Financial Officers Steve Drazner will review this approach during the meeting.

Background

The Village already received half of its total Federal Treasury allocation of \$38,984,402 equaling \$19,492,201 and the other half should be received this Spring or early Summer. The Treasury recently released its final ruling on spending these funds and a 44 page "summary" of the final rules is attached herein to this agenda item.

In short, the final ruling is very similar to the initial guidance but provides greater discretion for spending the ARPA funds with the largest change pertaining to lost revenues. Now, rather than requiring communities to

calculate lost revenues annually using the Treasury formula, they are allowing each community to take a standard allowance of up to \$10 million (over the life of the program) in lost revenue without justifying the amount with an annual calculation. In Oak Park however, since our estimated lost revenue far exceeds the \$10 million, this option is not recommended.

In most cases, this \$10M will exceed the total ARPA distribution to the community which means that the money may be spent almost without restriction with the only exceptions being it cannot be used toward debt service payments, pension unfunded liabilities, or as payments for lawsuit settlements or judgments.

The other major changes between the Treasury's initial and the final rules are as follow:

- 1) Recipients can use ARPA funds for capital expenditures that support an eligible COVID-19 public health or economic response. Examples include building affordable housing, childcare facilities, schools, hospitals, etc.
- 2) The final rule significantly broadens eligible broadband and water/sewer infrastructure investments, including such projects as lead remediation and stormwater management.

Allowable eligible uses of ARPA funds for water/sewer infrastructure now include those under the EPA's Clean Water State Revolving Fund, EPA's Drinking Water State Revolving Fund, and certain additional projects pertaining to lead remediation, stormwater infrastructure, and aid for private wells/septic tanks.

Eligible uses for broadband include areas with inconsistent or unreliable internet connections which participate in a low-income subsidy program.

The attached report contains essential information on both internal and external proposals/requests to date for utilizing the ARPA Funds. In addition, it should be noted that pursuant to an updated estimate and forecast of lost revenue for 2021, 2022, and 2023, CFO Drazner now anticipates that the combined lost revenue between the General and Parking Funds may exceed the Village's \$39M ARPA allocation. This will be further detailed on how this calculation is made during the meeting.

The focus of the meeting will be to hear from the community organizations that submitted specific requests to date, some of which require immediate decisions by the Village Board. Other requests from the community were less specific and we also provide some options based on staff's review of eligible options and community response. Some feedback still requires further discussion and some areas may not be addressed at all at this stage. Another date for Village Board discussion is recommended in the next quarter.

Alternatives

N/A

Previous Board Action

N/A

Citizen Advisory Commission Action

N/A

Anticipated Future Actions/Commitments

Additional meetings and discussions will be held as needed.

Intergovernmental Cooperation Opportunities

N/A.

Performance Management (MAP) Alignment

N/A.