



Legislation Details (With Text)

File #:	22-289	Version:	1	Name:	
Type:	Agendas	Status:		Agenda Ready	
File created:	10/6/2022	In control:		Town Council	
On agenda:	10/11/2022	Final action:			
Title:	Adoption of Grant Project Ordinance for Expenditure of ARP/CSLFRF Funds				
	PURPOSE: The purpose of this agenda item is to present to the Town Council an allocation plan for expenditure of ARP/CSLFRF funds.				
Indexes:					
Code sections:					
Attachments:	1. ATTACHMENT A: PROJECT SUMMARY OF PROPOSED ASP CSLFRF ALLOCATION, 2. ARPA Grant-Project-Ordinance 10-11-2022, 3. Unfunded ARPA Projects FINAL VERSION 10.11.22 TC Mtg				

Date	Ver.	Action By	Action	Result
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TITLE:

Adoption of Grant Project Ordinance for Expenditure of ARP/CSLFRF Funds

PURPOSE: The purpose of this agenda item is to present to the Town Council an allocation plan for expenditure of ARP/CSLFRF funds.

DEPARTMENT: Town Manager; Finance

CONTACT INFORMATION: Richard White, 919.918.7315; Arche McAdoo, 919.918.7439

INFORMATION: The initial grant project ordinance adopted on May 4, 2021, provided for the designation and accounting of these funds in the Special Revenue Fund. Amendment of the grant project ordinance on June 22, 2021, appropriated \$300,000 for Small Business Grants, \$224,795 for Premium Pay and \$1,834,730 for Revenue Replacement. In December 2021, the appropriation for Small Business Grants was increased to \$326,522 to fund more businesses. Due to the expenditure and reporting rules for premium pay, town staff concluded that it was not in the best interests of the Town to implement this program. The Small Business Grant program was implemented last year and to date has awarded \$326,522 to small businesses negatively impacted by the pandemic.

The proposed expenditure of ARP/CSLFRF is based on the work of the Town's ARPA Work Group. This Work Group was comprised of department directors and other staff members who reviewed the ARP/CSLFRF allowable activities and sought to align them with identified needs gained from interviews with nonprofits, BIPOC roundtables, community engagements, surveys, and other means. The Work Group used the following ARPA Guiding Principles that were presented to Council on October 19, 2021 to identify the proposed projects: Council Goals and Policy Alignment; Racial Equity and Inclusion; Environmental Justice; Invest in Resiliency

and Build Capacity; Leverage Local and Regional Partnerships; and Use Existing Data and Outreach.

The Grant Project Ordinance (Attachment A) was present to the Council at its work session on September 20, 2022. The attached Grant Project Ordinance has been changed since the work session. The Town has received \$6.7 million for eligible costs incurred from March 3, 2021, through December 31, 2024. All monies must be incurred by December 31, 2024 and spent by December 31, 2026. (Note: A cost is incurred when it is legally obligated and expended when the amount is due for payment.)

Proposed expenditures include equipment, supplies and materials for public safety; maintenance and renovation of parks; in addition to the Small Business Grants, technical assistance for minority businesses and a disparity study; human services, energy efficiency renovations, emergency housing assistance, water bill debt assistance, and affordable housing. Expenditures are also proposed for the relocation of underground fuel tanks, community engagement, technology, and assistance with grant administration. The utilization of these expenditures will be targeted to assist those individuals, agencies and businesses disproportionately impacted by the virus. Attachment B provides a brief summary of the projects listed in the Grant Project Ordinance.

One of the major expenditure groups under ARP/CSLFRF is Revenue Replacement for lost revenue growth. A local government may spend up to \$10 million or its entire allotment of ARP/CSLFRF funds, whichever is lower in this category without having to demonstrate any actual lost revenue growth. Revenue replacement funds may be spent on the “provision of government services, i. e., any service traditionally provided by a government, unless U. S. Treasury states otherwise. Using Revenue Replacement allows a local government to spend these funds for almost any purpose authorized by state law, with fewer compliance requirements and more streamlined reporting.

The Revenue Replacement category is the most flexible spending category with the fewest compliance requirements. Because of this, we recommend that the Town of Carrboro use its entire ARP/CSLFRF allotment under the Revenue Replacement category. The attached draft Grant Project Ordinance shows proposed allocation of ARP/CSLFRF funds by functional category as we do in the annual operating budget.

Use of ARP/CSLFRF funds under Revenue Replacement must be in compliance with the following:

- Award terms and conditions of the grant
- Eligible use as defined in the ARP/CSLFRF Final Rule.
- Costs incurred from March 3, 2021 through December 31, 2024.
- Reporting.
- Maintenance of and access to records.
- Conflicts of Interest
- Applicable laws and regulations.

The Town must also comply with the terms and conditions of the Grant Agreement which includes Civil rights, Hatch Act, and Protection of whistleblowers.

With the adoption of ARP/CSLFRF policies and approval of this grant project ordinance, Town staff can begin defining those internal processes we must employ to ensure these funds are spent in compliance with the Act, as well as documenting decisions made, and efforts undertaken to ensure compliance with the Act and rules. As established in ARPA Policy No. 2022-01, the following procedure for approval of ARP/CSLFRF projects will

be as follows:

1. Requests for ARP/CSLFRF funding, must be made in writing and include all the following:
 - a. Brief description of the project
 - b. Identification of ARP/CSLFRF Expenditure Category (EC) (A list of ECs in in the Appendix to the U.S Treasury Compliance and Reporting Guidance
<<https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting->
 - c. Required justifications for applicable projects, according to the requirements in the Final Rule. Employees or any applicant seeking ARP funding should review the [Final Rule](https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf) <<https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>> and [Final Rule Overview](https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf) <<https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf>> prior to submitting a proposal.
 - d. Proposed budget, broken down by cost item, in accordance with the Town of Carrboro's Allowable Cost Policy.
 - e. A project implementation plan and estimated timeline (All ARP/CSLFRF funds must be fully obligated by December 31, 2024, and fully spent by December 31, 2026.)
2. Requests for funding must be in writing using the Town's *ARPA Project Request and Eligibility Determination Form* (Exhibit A) and submitted to the Town's Designated Official for approval.
3. All requests will be reviewed by Town Attorney for ARP/CSLFRF compliance and by the Chief Financial Officer for allowable costs and other financial review.
4. No ARP/CSLFRF may be obligated or spent before final written approval by the Carrboro Town Council and adoption of a project ordinance by the Town Council.
5. If a proposal does not meet the required criteria, it will be returned to the requesting party for revision and resubmittal, if necessary.
6. Following approval, employees responsible for implementing the project must conform the actual obligations and expenditures to the pre-approved project budget. Changes in project budgets must be approved by the Town Manager and may require a budget or project ordinance amendment before proceeding.
7. Any delay in the projected project completion date shall be communicated to the Chief Finance Officer immediately upon knowledge of events that may cause a delay.
8. The Designated Town Official must collect and document the required information for each Expenditure Category, for purposes of completing the required Project and Expenditure reports.
9. The Chief Finance Officer must retain written project requests and approvals, all supporting documentation, and financial information at least until December 31, 2031.

Depending upon the ARP/CSLFRF category, the Town may establish additional criteria for approval of projects.

FISCAL & STAFF IMPACT: The Town has received an allocation of \$6.7 million.

RECOMMENDATION: Staff recommends that the Town Council adopt the attached grant project ordinance for the expenditures of ARP/CSLFRF funds.