



Legislation Text

File #: 22-260, **Version:** 1

TITLE:

Grant Project Ordinance for Expenditure of ARP/CSLFRF Funds

PURPOSE: The purpose of this agenda item is to present to the Town Council a proposed allocation of ARP/CSLFRF for consideration and adoption on October 11, 2022

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 Grants program was implemented last year and to date has awarded \$326,522 to small businesses negatively impacted by the pandemic.

The proposed allocation and expenditure of ARP/CSLFRF is based on the work of the the Town's ARPA Work Group. The Town's ARPA 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 attached Grant Project Ordinance allocates the Town's \$6.7 million grant award for eligible costs incurred from March 3, 2021 through December 31, 2024. All monies must be expended 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 and assistance with grant administration.

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.
- Civil rights compliance.
- Hatch Act; and,
- Protection of whistleblowers.

With the adoption of ARP/CSLFRF policies and approval of this grant project ordinance, staff can then move to defining those internal processes and procedures 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.

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

RECOMMENDATION: Staff recommends that the Town Council review the allocation list, provide comments and feedback to staff for adoption on October 11, 2022.