



CITY OF INGLEWOOD

OFFICE OF THE CITY MANAGER



DATE: September 13, 2022

TO: Mayor and Council Members

FROM: City Manager's Office

SUBJECT: Resolution Accepting the Standard Allowance of \$10,000,000 from American Rescue Plan Act ("ARPA") Grant Funds

RECOMMENDATION:

It is recommended that the Mayor and Council Members adopt a resolution accepting the Standard Allowance of \$10,000,000 from American Rescue Plan Act ("ARPA") Grant Funds to replenish Public Sector Revenue Losses incurred due to the COVID-19 Public Health Emergency and approving its appropriation to the General Fund.

BACKGROUND:

On March 11, 2021, the American Rescue Plan Act of 2021 ("ARPA") was signed into law by President Biden establishing the Coronavirus State and Local Fiscal Recovery Funds ("CSLFRF") Program, which provides State, local, and Tribal governments, across the country, with a \$350 billion allocation to support their response to the COVID-19 public health emergency and its economic impacts within their communities.

Section 9901 of the ARPA amended Title VI of the Social Security Act added Section 602, which establishes the Coronavirus State Fiscal Recovery Fund, and Section 603, which establishes the Coronavirus Local Fiscal Recovery Fund. These Fiscal Recovery Funds build on and expand the support that was provided to governments, more than two (2) years ago, through the establishment of the Coronavirus Relief Fund ("CRF") under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act.

Within the CSLFRF Program, the City of Inglewood has been categorized as a Metropolitan City and has been awarded an allocation of \$31,755,095 based on a methodology largely consistent with the Community Development Block Grant ("CDBG") formula employed by the United States Department of Housing and Urban Development ("HUD"). The allocation award will be issued in two (2) separate but equal disbursements and, as of July 28, 2022, the City has received the full allocation.

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The CSLFRF Program ensures that governments have the resources needed to do the following:

- Fight the pandemic and support families and businesses struggling with its public health and economic impacts;
- Maintain vital public services, even amid declines in revenue resulting from the crisis; and
- Build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity.

Based on this premise, Treasury has identified funding objectives that provide substantial flexibility for each jurisdiction to meet its local needs within four (4) eligible Expenditure Category groupings:

- **Replace lost Public Sector Revenue**, using this funding to provide government services up to the amount of revenue lost due to the pandemic;
- **Respond to the far-reaching Public Health and Negative Economic Impacts of the pandemic**, by supporting the health of communities, and helping households, small businesses, impacted industries, nonprofits, and the public sector recover from economic impacts;
- **Provide Premium Pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors; and
- **Invest in Water, Sewer, and Broadband Infrastructure**, making necessary investments to improve access to clean drinking water, to support vital wastewater and storm water infrastructure, and to expand affordable access to broadband internet.

On May 10, 2021, Treasury officially launched the CSLFRF Program with the release of the Interim Final Rule (“IFR”), which became effective on May 17, 2021. The IFR detailed the recipients’ compliance responsibilities, provided preliminary guidance on both eligible and ineligible uses for these funds and assisted State, local, and Tribal governments with the identification of eligible use projects that conformed to one of the four (4) eligible Expenditure Category groupings. Treasury also highlighted forbidden uses for these funds and clearly communicated that these funds **cannot** be used to do the following:

1. Make a deposit into a pension fund;
2. Offset a reduction in the net tax revenue, either directly or indirectly, caused by the recipient’s change in law, regulation, or administrative interpretation (*this requirement applies to States and Territories only*);
3. Make a non-Federal match, where prohibited;
4. Directly service debt;
5. Satisfy a judgement or settlement; and/or
6. Contribute to a “rainy day” fund.

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On January 6, 2022, Treasury released the Final Rule (“FR”), which took effect on April 1, 2022. Treasury carefully reviewed more than 1500 comments submitted on the IFR and incorporated those comments into the FR, which now delivers broader flexibility and greatly simplifies the implementation of the CSLFRF Program. Treasury maintains that the eligible uses of these funds are to be “forward looking” and should be used to cover costs that recipients incurred beginning March 3, 2021, and that the allocation of ARPA grant funds must be obligated by December 31, 2024, and fully expended by December 31, 2026.

On February 15, 2022, the City Council adopted a resolution to accept the full ARPA Grant Fund allocation award in the amount of \$31,755,095.

DISCUSSION:

As with many other communities across the nation, the City of Inglewood has suffered a tremendous economic impact from the COVID-19 public health emergency. The allocation of federal grant funds under the American Rescue Plan Act of 2021 has been a lifeline as the City seeks to address ongoing health, safety, and negative economic impacts. As a City, our goal is to establish a solid path forward to economic recovery and long-term viability.

The Final Rule offers a provision that allows for the replacement of lost public sector revenue that was a direct result of the COVID-19 public health emergency. Under the CSLFRF Program, recipients can elect a standard allowance of up to \$10,000,000 to spend on government services.

The standard allowance is a one-time election that is an estimate of revenue loss based on an extensive analysis of average revenue loss across states and localities conducted by Treasury. The allowance covers the entire period of performance, which expires on December 31 2026, and cannot exceed a recipient’s total allocation award. For example, if a recipient receives a \$6,000,000 award, all \$6,000,000 could be designated as revenue loss as it is less than the maximum of \$10,000,000. If, however, a recipient receives a \$12,000,000 award, the recipient can only designate a revenue loss of up to \$10,000,000 and the balance of \$2,000,000 must be designated for other eligible-use projects.

Revenue replacement is the most flexible eligible use category and is subject to streamlined reporting and compliance requirements. These funds must be used for government services which generally include any service traditionally provided by a government. Under the Final Rule, payroll for government employees, contracts, grants, supplies and equipment, rent, and many other costs that governments typically bear to provide services are costs that could comprise the costs of government services, and are eligible uses of revenue replacement funds.

Therefore, it is recommended that the City Council adopt the proposed resolution to accept the standard allowance of \$10,000,000 to cover revenue losses incurred, due to the COVID-19 public health emergency.

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FINANCIAL/FUNDING ISSUES AND SOURCES:


Upon adoption of the resolution, ARPA funds in the amount of \$10,000,000 will be transferred from Account No. 079.32510 (Deferred Revenues – ARPA Fund) to the General Fund for Fiscal Year 2022-2023.

DESCRIPTION OF ATTACHMENTS:

Attachment No. 1 - Resolution

PREPARED BY:

Sharon Koike, Assistant Finance Director 

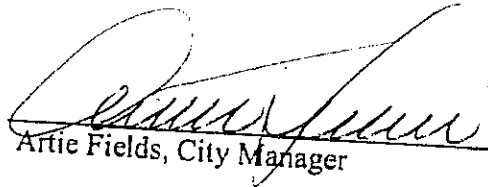
Claudette Matthews, Senior Administrative Analyst 

COUNCIL PRESENTER:

Claudette Matthews, Senior Administrative Analyst

APPROVAL VERIFICATION SHEET

CITY MANAGER APPROVAL:


Artie Fields, City Manager

ATTACHMENT NO. 1

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RESOLUTION NO. ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
INGLEWOOD, CALIFORNIA, ACCEPTING \$10,000,000 FROM
THE AMERICAN RESCUE PLAN ACT OF 2021 TO REPLENISH
PUBLIC SECTOR REVENUE LOSSES INCURRED DUE TO THE
COVID-19 PUBLIC HEALTH EMERGENCY AND APPROVING ITS
APPROPRIATION TO THE GENERAL FUND**

WHEREAS, on March 11, 2021, the federal government passed the American
Rescue Plan Act of 2021 (“ARPA”), establishing the Coronavirus State and Local Fiscal
Recovery Funds (“CSLFRF”) to provide State, local and Tribal governments with a \$350
billion allocation to support their response to the COVID-19 pandemic; and

WHEREAS, the United States Department of the Treasury has allocated the City
of Inglewood \$31,755,095 in CSLFRF funding in response; and

WHEREAS, on February 15, 2022, the City Council adopted a resolution to accept
the full allocation of \$31,755,095; and

WHEREAS, on April 1, 2022, the Department of Treasury’s “Final Rule” took
effect, which maintains that the eligible uses of these funds are to be “forward looking”
and should be used to cover costs that recipients incurred beginning March 3, 2021 and
that the allocation of ARPA grant funds must be obligated by December 31, 2024 and
fully expended by December 31, 2026; and

WHEREAS, the Final Rule provides that the City can elect a standard allowance
of up to \$10,000,000 to spend on government services; and

WHEREAS, the City Council desires to accept the standard allowance of
\$10,000,000 to cover revenue losses incurred due to the COVID-19 pandemic.

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1 **NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF**
2 **INGLEWOOD DOES RESOLVE AS FOLLOWS:**

3 **Section 1.** The City accepts the standard allowance of \$10,000,000.

4 **Section 2.** The City appropriates \$10,000,000 from Account No. 079.32510
5 (Deferred Revenues - ARPA Fund) to the General Fund for Fiscal Year 2022-2023.

6 **Section 3.** The City Clerk shall certify to the adoption of this resolution and the
7 same shall be in full force and effect immediately upon adoption.

8 **PASSED, APPROVED, AND ADOPTED** this _____ day of _____
9 2022.

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11 _____
12 James T. Butts, Jr., Mayor

13 **ATTEST:**

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15 _____
16 Aisha L. Thompson, City Clerk