



DATE: April 13, 2021  
TO: Mayor and Councilmembers  
FROM: Greg Humora, City Manager *GH*  
VIA: Carlo Tomaino, Assistant City Manager  
SUBJECT: American Rescue Plan Update

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Earlier this year, President Biden signed the American Rescue Plan which provides \$350 billion to states, counties, cities, and tribal governments to assist with economic recovery efforts. The primary focus of the funding is to provide emergency relief in direct response to the pandemic. Eligible uses include revenue replacement for cities to offset losses experienced as a result of sharp decreases in sales tax and transient occupancy tax, infrastructure projects specifically related to water, sewer, and broadband infrastructure. The legislation also allows funding to assist small businesses, nonprofits, and industries affected by the pandemic. Cities cannot use the funds toward pension obligations or to offset revenue resulting from a tax cut enacted since March 3, 2021.

As an entitlement municipality with a population exceeding 50,000 residents, the American Rescue Plan allows the City to receive direct funding from the Federal Treasury. The disbursement is divided into two tranches set 12 months apart. The first tranche scheduled within 60-days of the enactment of the legislation (March 11, 2021). The second tranche would be scheduled for the Spring of 2022. The Federal Treasury is actively working to provide specific guidance regarding the certification and disbursement process and examples of other eligible expenditures. The disbursement amounts are based on population; the City's allocation is \$11,119,906. The City would have until December 31, 2024, to spend the funds.

The Finance Department is currently calculating the current and projected revenue, costs incurred directly by the City to respond to the pandemic, and other eligible costs. The primary legislative intent of the American Rescue Plan is to provide economic stability to local governments and allow cities to invest funds in other needed areas that support necessary community and business interests. The City must justify its funding request and ensure consistency with the legislation. Once the Finance Department completes its work, staff will return to the City Council with a draft expenditure plan for discussion and consideration.