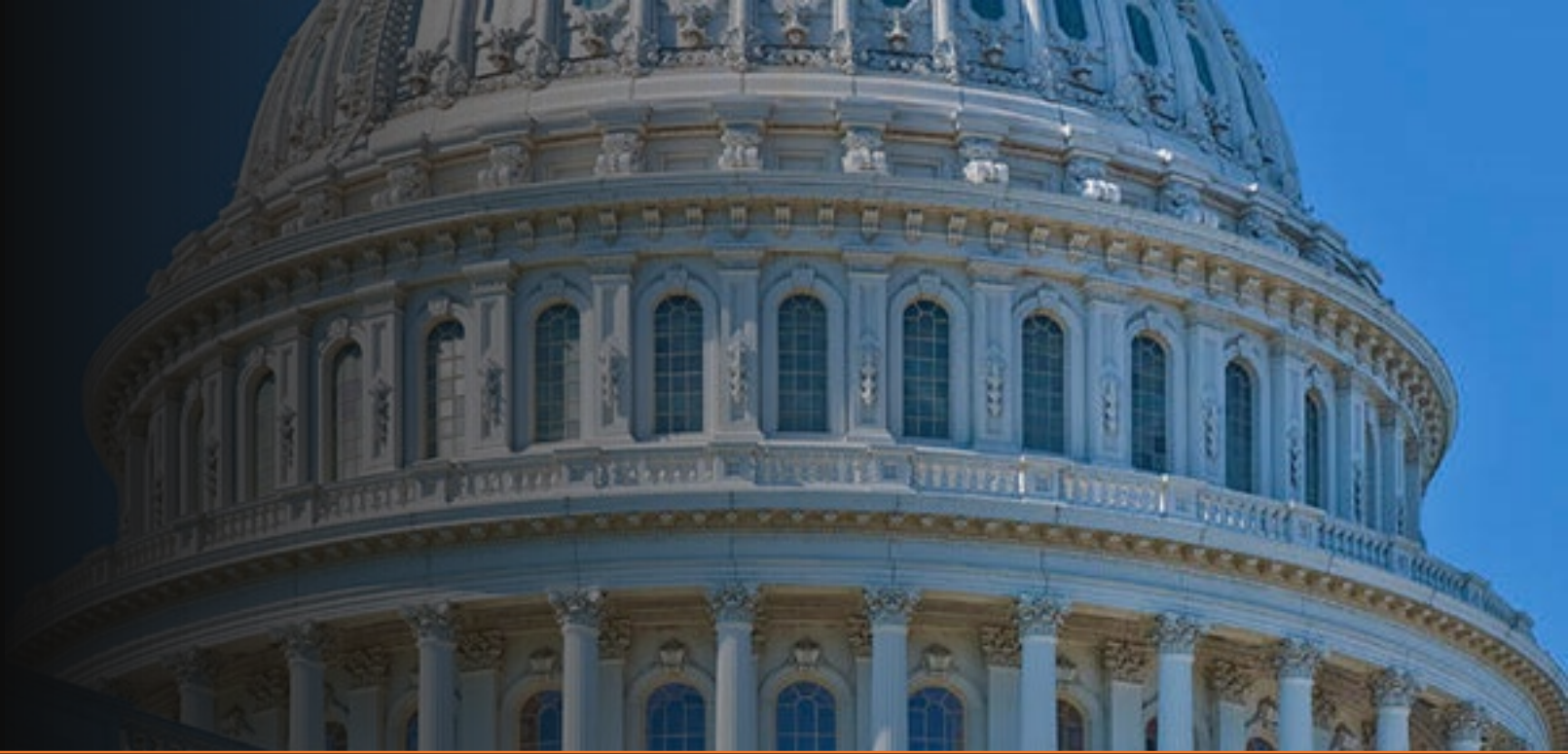




City of
HYATTSVILLE



American Rescue Plan Act of 2021 (ARPA) – State and Local Fiscal Recovery Funds (SLFRF)
SLFRF Status and Recommendations

June 3, 2024

THOMASMICHAEL

Agenda

- SLFRF Expenditures and Obligations Status
- Why Make SLFRF Budget Adjustments?
 - Reduce Risk of Non-Compliance With U.S. Treasury Deadlines
 - Take Full Advantage of the Revenue Replacement Option's Flexibility
 - Provide Flexibility to Complete Priority SLFRF-Funded Projects
 - Provide Sufficient Funding for Certain SLFRF Projects
- Non-Revenue Replacement Projects
- Revenue Replacement Projects
- Summary

SLFRF Expenditures and Obligations Status

SLFRF Expenditures and Obligations - Status

SLFRF Expenditures and Obligations As of April 30, 2024

Program/Project	EC	Budget	Expenditures	Balance	% Expended	Obligations	% Obligated
Revenue Replacement	6.1	\$9,904,667	\$1,555,931	\$8,348,736	15.7%	\$4,394,688	44.4%
Non-Revenue Replacement	Various	\$8,055,663	\$5,828,014	\$2,227,648	72.3%	\$7,044,988	87.5%
Total		\$17,960,330	\$7,383,946	\$10,576,385	41.1%	\$11,439,675	63.7%
SLFRF Funds - Grant		\$17,961,281	\$7,383,946	\$10,576,385	41.1%	\$11,439,675	63.7%
SLFRF Funds - Remaining		\$950					

Note:

1 - Expenditures and obligations as of April 30, 2024.

- Approximately 41% of the SLFRF award had been spent and 64% had been obligated as of April 30, 2024.
- Approximately **\$6.5 million, or 36% of the SLFRF award, remains at risk** of not meeting the December 31, 2024 obligation deadline.

SLFRF Deadlines - Reminder

- Obligation Deadline
 - December 31, 2024.
 - City has \$6.5 million remaining to be obligated (36% of the funds) over the next 6 months.
- Expenditure Deadline
 - December 31, 2026.
 - City has \$10.6 million remaining to be spent (59% of the funds) over the next 30 months.
- A failure to meet either of these deadlines will result in the repayment of the shortfall in obligating or spending the SLFRF award.

Why Make SLFRF Budget Adjustments?

Reduce Risk of Non-Compliance With U.S. Treasury Deadlines

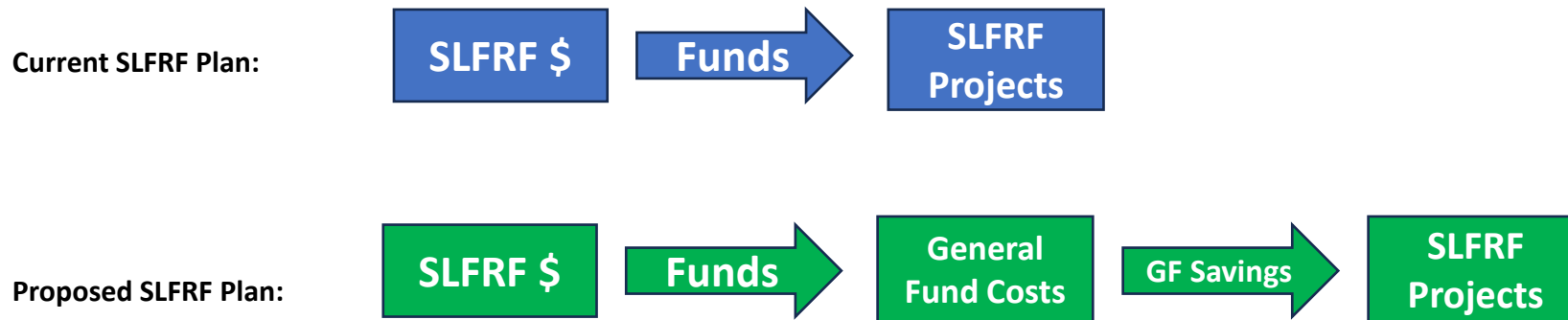
- Goal 1:
 - Reduce the City's risk of not achieving the 100% Obligation Deadline of December 31, 2024 and Expenditure Deadline of December 31, 2026.
 - City has 61 different SLFRF-funded programs and/or projects to complete – a significant workload on top of normal activities.

Take Full Advantage of the Revenue Replacement Option's Flexibility

- Goal 2:
 - Fully leverage the flexibility provided by the \$10 million Revenue Replacement Cap – e.g., provision of government services.

Provide Flexibility to Complete Priority SLFRF-Funded Projects

- Goal 3:
 - Provide the City with the financial flexibility to still complete priority SLFRF-funded projects by utilizing City General Fund savings generated by reallocated SLFRF Revenue Replacement funds to fund those projects without any impending Federal deadlines.



Provide Sufficient Funding for Certain SLFRF Projects

- Goal 4:
 - Provide sufficient SLFRF funding for projects whose obligations exceeded the current SLFRF allocations.

Non-Revenue Replacement Projects

Non-Revenue Replacement Projects - Status

- The Non-Revenue Replacement Expenditure Category imposes the greatest risk in not achieving the Obligation and Expenditure deadlines since these are restricted categories (e.g., limited flexibility).
- The City must obligate and expend SLFRF in 9 specific categories (e.g., Public Health, Negative Economic Impacts, Public Sector Capacity, Premium Pay, Water/Sewer/Broadband Infrastructure, Administrative, Emergency Relief from Natural Disasters, Surface Transportation Projects, and Title I Projects).
- As of April 30, 2024:
 - The City has obligated 87% of the Non-Revenue Replacement funding - \$1.0 million in funds remain to be obligated over the next 6 months.
 - The City has spent 72% of the Non-Revenue Replacement funding - \$2.2 million in funds remain to be spent over the next 30 months.
- The City must have a high sense of urgency with this category.

Non-Revenue Replacement Projects - Decisions

- Given the restricted nature of this expenditure category and the pending Obligation deadline in only 6 months, we **strongly recommend that the City quickly decide the feasibility that the projects can achieve the Obligation and Expenditure deadlines.**
- If Non-Revenue Replacement funds must be reprogrammed, we will need as much time as possible to work with the City's ARPA Program Management staff to develop and implement a category-eligible program should the City decide not to proceed with any of the projects.
 - A preferred option will likely be a modified Household Emergency Relief program that would provide additional grants to recipients who previously received funding.
- We will be working with City staff to bring proposed budget adjustments in this category at the June 10, 2024 City Council session.

Revenue Replacement Projects

Revenue Replacement Projects - Status

- The Revenue Replacement Expenditure Category offers the most flexibility in achieving the Obligation and Expenditure deadlines since the SLFRF can be used to fund government services under the Revenue Loss provision.
- The City can obligate and spend a maximum of \$10,000,000 in SLFRF in this category.
- As of April 30, 2024:
 - The City only obligated 44% of the Revenue Replacement funding - \$5.5 million in funds remain to be obligated over the next 6 months.
 - The City has only spent 16% of the Revenue Replacement funding - \$8.4 million in funds remain to be spent over the next 30 months.

Revenue Replacement Projects - Decisions

- We recommend that the City consider transferring funding from various Revenue Replacement projects to cover existing General Fund costs, preferably salaries, in FY 2024.
 - Such a transfer will allow the City to meet the December 31, 2024 Obligation deadline and reduce the risk of the City returning Federal funds.
- The General Fund savings could then be earmarked to fund those previously SLFRF-funded projects should the City decide to continue moving forward with those projects.
- We will be working with City staff to bring proposed budget adjustments in this category at the June 10, 2024 City Council session.

Summary

Summary

- As of April 30, 2024, the City has spent 41% and obligated 64% of the SLFRF funds.
- With only 6 months remaining before the December 31, 2024 SLFRF Obligation Deadline, the City has approximately \$6.5 million in SLFRF at risk of not meeting the deadline.
- We will be working with City staff to develop proposed adjustments to the SLFRF spending plan across both the Revenue Replacement and Non-Revenue Replacement categories for the City Council's consideration at the June 10, 2024 meeting.
- The proposed adjustments will:
 - Assist in reducing the risk of non-compliance with Federal deadlines.
 - Take full advantage of the Revenue Replacement option's flexibility.
 - Provide additional flexibility in completing SLFRF-funded projects.
 - Provide sufficient funding to certain SLFRF projects.