



# AGENDA MEMORANDUM

**Meeting Date** 8/16/2021

**To:** The Honorable Mayor Maria Puente Mitchell and Members of the City Council

**From:** William Alonso, City Manager

**Subject:** ARPA Funding and Its effect on the FY2021-22 Budget

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On Friday August 13, the city received from the State of Florida our funding agreement for the ARPA funds and it shows that the city will be receiving approximately \$6,970,380. (see attachment A)! This agreement will be presented to Council during the August 23 meeting for approval. The State will release half of the funds (\$3,485,190) within two weeks of submitting our signed agreement (Sept 2021) and the other half in 12 months (Sept 2022).

As you are aware we have some major projects that we are presently working on, the Oakwood Drive stormwater project, East Drive road improvement, and the canal bank restoration.

We also have \$1.5 million from the State appropriations for the Oakwood Drive stormwater project. Once we obtain the final project costs, we can determine more accurately where we stand with the use of each of these funding sources to complete each project.

The ARPA has a listing of eligible uses for these funds and the two of interest to the city are as follows:

- 1) Water/Sewer/Stormwater Infrastructure projects
- 2) Revenue Loss\*

\*Revenue loss involves a calculation of city revenues from FY17 to FY19 (which is the last fiscal year before the pandemic) compared to revenues during the 2020 calendar year in order to determine the revenue loss suffered by the city due to the pandemic. It is a complicated calculation (see attachment B) but in our case we are looking at \$2 to \$3 million. The Federal Government has said that any revenue loss funding can be used to provide government services. Some examples of this, although not all inclusive, are capital infrastructure projects. Police services which includes adding police officers as well as vehicles/equipment for police.

So in summary we have to use \$4 to \$5 million for water/sewer/stormwater projects and the balance can be used for the eligible uses detailed above for Revenue Loss. We should have some more definite amounts by our first budget public hearing in September.

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What does this mean for the FY21-22 budget? Currently we are at 7.3300 mills with a surplus of approximately \$69,000\*\*. However, this includes the following costs that can be funded with ARPA funds:

1)One Additional Police Officer	\$100,000
2)Police Equipment	78,255
3)Racquetball Court	<u>100,000</u>
Total	\$278,255(funded with ARPA)
Less items added to budget	<u>(148,584)</u>
Additional Surplus to budget	\$129,671**

**This surplus would then increase our budget surplus to \$198,671\*\* at a millage of 7.3300. This amount may be used to fund any additional funding requests being considered as well as some of the items on our wish list.**

Keep in mind that as soon as we have the accurate amount under the Revenue Loss category, we will have additional funds available for future projects/government services. The ARPA funds have to be used by December 31, 2024 so we have three years to use these funds. Council can approve projects at any time during the budget years between now and FY23-24 and long as funds are used by 12/31/24.