



Staff Report

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Date: 4/12/2021
Item #: 6. g.

TO: Mayor and City Council

THROUGH:

FROM: Steve Powers, City Manager

SUBJECT:

American Rescue Plan Act

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): All Result Areas

ISSUE:

Overview of American Rescue Plan Act and initial framework for use of funds.

RECOMMENDATION:

Information only.

SUMMARY:

The attached information sheet and framework summarize the American Rescue Plan Act (ARPA) and use of the funds. Salem’s direct ARPA payment will be \$32.88 million. The initial framework recommends using the City funds to stabilize the City budget; support local households, small businesses and non-profits where there are gaps in available resources for COVID recovery; and for priority projects determined by City Council. ARPA also includes substantial funding increases for federal programs that will benefit communities. Coordination with existing COVID resources and federal programs will be critical.

FACTS AND FINDINGS:

The City Manager’s Proposed Fiscal Year 2022 Budget includes ARPA funds to replace revenue

directly impacted by COVID-19 and for reimbursement of expenses caused by COVID-19. The funds impacted by COVID-19:

- General Fund
- Transportation Services
- Cultural and Tourism (TOT)
- Downtown Parking
- Utility

Federal funding has helped mitigate the City's COVID expenses and revenue losses. Federal CARES funding did not cover all of Salem's direct COVID expenses or COVID-related revenue losses. Stabilizing local government budgets impacted by COVID-19 to ensure that community services can continue is one of the allowable uses in the current ARPA guidance.

The balance of ARPA funds will be held in reserve for future use for assistance programs or projects identified within the City's framework.

The City's \$32.88 million from the ARPA will be in two payments. The first installment is expected in May 2021, and the second within the next year. ARPA funding must be expended by December 31, 2024. The American Rescue Plan Act funding will not alter the City's fiscal position in the long-term. The funds are one-time and should not be used for recurring expenditures.

BACKGROUND:

President Biden signed into law the American Rescue Plan Act (ARPA) on March 11, 2021. Funds directed to local government will be coming from a new program at the US Treasury. The US Treasury is developing guidance for the resources directed to local governments.

Courtney Knox Busch
Strategic Initiatives Manager

Attachments:

1. American Rescue Plan investment framework for Salem