



# Commerce City

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## Council Communication

File Number: Ord 2669

**Agenda Date:** 3/3/2025

**Version:** 1

**Status:** Consent Agenda

**In Control:** City Council

**File Type:** Ordinance

AN ORDINANCE AMENDING THE 2025 BUDGET OF THE CITY OF COMMERCE CITY BY RE-APPROPRIATING REMAINING AMERICAN RESCUE PLAN ACT FUNDING BALANCES IN THE GENERAL FUND, CAPITAL EXPENDITURES FUND, FLEET MANAGEMENT FUND, AND FACILITY SERVICES FUND, AND AUTHORIZING THE EXPENDITURE THEREOF

### **Summary and Background Information:**

President Joseph R. Biden signed the American Rescue Plan Act (ARPA) into law on March 11, 2020, which established the Coronavirus State and Local Fiscal Recovery Fund intended to provide support to local governments in responding to the impact of COVID-19 on their communities, residents, and business. The City of Commerce City received an ARPA allocation of \$10,505,025 directly from the U.S. Treasury Department. The first 50% tranche was received in 2021 and the second 50% tranche in 2022. The U.S. Treasury Department has provided regulatory guidance on the allowable uses of ARPA funds, which include supporting public health response, addressing negative economic impacts, replacing public sector revenue loss, premium pay for essential workers, water and sewer infrastructure, and broadband infrastructure.

City staff has completed and documented a revenue replacement analysis following U.S. Treasury guidance on this matter, calculating a revenue loss amount well in excess of the City's ARPA funding allocation, approximately \$11.8 million for the 2020 fiscal year alone. Given this, the City has claimed its entire \$10,505,025 ARPA allocation as revenue replacement. The City is required to report on how these funds are used, via quarterly reports submitted to the U.S. Treasury Department.

Revenue replacement funds can be used for government services and must be obligated by December 31, 2024 and fully expended by December 31, 2026. City staff worked hard to fully meet the critical obligation deadline of December 31, 2024. In order to meet federal obligation deadline, funds must be obligated via a contract, inter-agency agreement, or other manner approved by the U.S. Treasury, such as obligated to cover the cost of positions created and filled by December 24, 2024.

Ordinance 2669 is being presented to amend the 2025 Budget to carryover remaining unspent balances of ARPA funding at the end of 2024. The City expended \$1,210,511.65 in ARPA funds through December 31, 2024 and has a remaining balance of

\$9,294,513.35 remaining to spend by December 31, 2026. The remaining balance of \$9,294,513.35 was obligated in the following ways:

- General Fund - Grant Writing - \$609,745.93
- General Fund - Advancing Commerce City Together (ACT) Program - \$6,906,780.42 across the following program areas:
  - o Housing & Livability
  - o Environment
  - o Food Equity
  - o Workforce Development
  - o Community Well-Being
  - o Emergency Rental & Mortgage Assistance
- Capital Expenditures Fund - ACT Program - Infrastructure (Sidewalks & Broadband) - \$320,272.00
- Fleet Management Fund - ACT Program - Community Well-Being Vehicles - \$192,088.00
- Facility Services Fund - Emergency Shelter Generators - \$1,265,627.00

**Chronological History of ARPA Funding Appropriations:**

- Council passed Ordinance 2533 on 8/7/24. Per this ordinance, Council obligated \$3,075,000 of the City's ARPA allocation for specific uses.
- Remaining balances related to Ordinance 2533 unspent at the end of 2023 were re-appropriated in 2024 per Ordinance 2571, passed by City Council on 4/15/24.
- Council passed Ordinance 2574 on 4/15/24. Per this ordinance, Council obligated \$7,453,025 of the City's ARPA allocation for specific uses.
- Council passed Ordinance 2650 on 12/16/24 to enact revisions discussed during the Build C3 Update study session item on 10/14/24. This Ordinance also included a correction to clean up an error due to a previous typo. The three purposes of this Ordinance were:
  1. To transfer \$200,000 of existing General Fund ARPA appropriation to the Fleet Management Fund for the purchase of a bus and SUV for Community Well-Being.
  2. To de-appropriate \$20,000 of existing General Fund ARPA appropriation in the General Fund to correct an over-appropriated due to a small typo in a previous ordinance.
  3. To authorize the City Manager to re-allocate and transfer funds between ARPA program area uses within the same fund (primarily the General Fund), to effectively manage funds and meet expenditure deadlines.
- Council is anticipated to pass Ordinance 2667 on second and final reading on 3/3/25. The two purposes of this Ordinance are to:
  1. Return surplus interfund transfers from the Capital Expenditures Fund, Fleet Management Fund, and Facility Services Fund to the General Fund.
  2. Appropriate the total of these surplus interfund transfers, \$212,513, in the General Fund.

These actions are needed clean-up items required as part of meeting the federal obligation deadline for ARPA funding.

**Staff Responsible (Department Head):** Theresa Wilson, Director of Finance

**Staff Member Presenting:** Theresa Wilson, Director of Finance

**Financial Impact:** N/A

**Funding Source:** Federal ARPA funding

**Staff Recommendation:** Approve Ordinance 2669

**Suggested Motion:** Motion to introduce by council as seated and approve Ordinance 2669