



Council Communication

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In Control: City Council

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AN ORDINANCE AMENDING THE 2024 BUDGET OF THE CITY OF COMMERCE CITY BY REVISING MULTIPLE INTERFUND TRANSFERS OF AMERICAN RESCUE PLAN ACT FUNDING AND APPROPRIATING 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 2677 is being presented to accomplish minor, but important clean up items related to ARPA funding appropriations. This ordinance includes the following related actions. These actions are needed clean-up items required as part of meeting the federal obligation deadline for ARPA funding.

1. The return of a surplus interfund transfer amount of \$24,873 from the Facility

Services Fund to the General Fund. This amount was part of a \$1,300,000 interfund transfer from the General Fund to the Facility Services Fund for the purchase of emergency generators for the City's two recreation centers. Only \$1,275,127 is needed, and the surplus \$24,873 must be returned to the General Fund for appropriation.

2. The return of a surplus interfund transfer amount of \$179,728 from the Capital Expenditures Fund to the General Fund. This amount was part of a \$500,000 interfund transfer from the General Fund to the Capital Expenditures Fund for infrastructure (including broadband). Only \$320,272 is needed, and the surplus \$179,728 must be returned to the General Fund for appropriation.
3. The return of a surplus interfund transfer amount of \$7,912 from the Fleet Management Fund to the General Fund. This amount was part of a \$200,000 interfund transfer from the General Fund to the Fleet Management Fund for the purchase of two Community Well-Being vehicles. Only \$192,088 is needed, and the surplus \$7,912 must be returned to the General Fund for appropriation.
4. The three surplus interfund transfer amounts detailed above total \$212,513. This cumulative amount must be appropriated in the General Fund to align ARPA funding related appropriations with obligations made to meet the December 31, 2024 obligation deadline. This \$212,513 will be used on Advancing Commerce City Together (ACT) Program areas that ARPA funding is being used within the General Fund, such as Emergency Rental/Mortgage Assistance, Food Equity, the Code Enforcement Remedy Program and other Housing and Livability needs, etc.

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 balance of Ordinance 2533 obligations 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 includes 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.

Theresa Wilson, Director of Finance, will be available to answer questions you may have.

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 2667

Suggested Motion: Motion to introduce by council as seated and approve Ordinance 2667