



TO: Mayor and City Council

FROM: Jennifer Ferrer-Santa Ines, Director of Finance and Budget

DATE: August 10, 2021

RE: Ordinance Accepting Coronavirus Local Fiscal Recovery Funds from the American Rescue Plan Act (ARPA) and Creating ARPA Fiscal Recovery Fund

The American Rescue Plan Act of 2021 (“ARPA”) was signed into law on March 11, 2021. As part of this COVID-19 stimulus package, federal funding will be distributed to state and local governments to aid in the recovery from the budgetary, economic, and financial impacts of the COVID-19 pandemic. The Washington State Office of Financial Management (OFM) is responsible for the distribution of ARPA funds to local governments. The City of Yakima is currently projected to receive approximately \$26 million of Coronavirus Local Fiscal Recovery Funds from ARPA. The first distribution of \$13,097,739.50 was received on May 19, 2021, and the remaining balance will be received in 2022. Funding must be used for eligible costs incurred during the period March 3, 2021 through December 31, 2024. Funds must be expended by December 31, 2026.

The attached Ordinance authorizes the establishment of an “ARPA Fiscal Recovery Fund” to account for the award and future expenditure of these funds. This special revenue fund will allow for separate accountability of these federal funds and will be used to administer fiscal matters related to the program.

The Ordinance authorizes the City Manager to apply for and accept current and future funds awarded by the U.S. Department of Treasury through the OFM under the ARPA. It also authorizes the City Manager or his designee to execute all related contracts, agreements, amendments, and documents in connection with this program, with the approval as to form by the City Attorney, without further Council action. This ordinance further authorizes the City Manager to accept and deposit ARPA funds into the ARPA Fiscal Recovery Fund.

The U.S. Department of Treasury has issued an Interim Final Rule outlining eligible uses, but until the federal regulations for how the ARPA funds can be spent are finalized, it is difficult to solidify a plan for how to utilize the funds. The City is carefully considering all alternatives for the prudent use of the ARPA funds as allowed under the Interim Final Rule with recommendations coming forward to Council in the near future. Subsequent budget amendment ordinances will be presented to authorize appropriation and expenditure of funds for activities eligible under the ARPA.