CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA

Agenda Date:	December 16, 2024
Action Required:	Council vote (1 reading).
Presenter:	Chris Cullinan, Director of Finance
Staff Contacts:	Chris Cullinan, Director of Finance Samuel Sanders, Jr., City Manager
Title:	**Resolution to reallocate remaining unspent/unobligated American Rescue Plan Act (ARPA) funds for eligibile uses.**

Background

This agenda item serves to obligate the City's remaining American Rescue Plan Act (ARPA) funds by the December 31, 2024 deadline from the US Treasury Department (UST).

ARPA was signed into law in the Spring of 2021 to provide funding for state, local, and tribal governments in assisting individuals and businesses affected by the coronavirus pandemic. The City of Charlottesville received a total of $19,609,708 from UST in two equal tranches in May 2021 and June 2022. City Council made a series of appropriations between 2021 and 2023 allocating the full amount of the ARPA award to 50+ projects supporting a number of eligible uses.

ARPA contained two deadlines for using the funds: 1.) December 31, 2024 to obligate funds for eligible uses; 2.) December 31, 2026 to fully expend all funds. For purposes of the December 31, 2024 deadline, "obligate" means funds have been reserved on a formal obligation to pay such as a purchase order, contract, credit card, or memorandum of understanding (MOU). An appropriation of funds does not satisfy the UST definition of obligation. Funds not obligated by the December 31, 2024 deadline must be returned to UST.

As of the date of this agenda item, the City has spent approximately $13.5M in ARPA funds (approximately 69% of the total). Of the remaining funds, $2.4M has already been obligated per UST guidelines. This leaves approximately $3.7M of ARPA funds that need to be obligated before the end of December.

This agenda item focuses on the $3.7M of ARPA funds which need to be reallocated and obligated.

Discussion

As noted above, City Council appropriated ARPA funds to 50+ projects between 2021 and 2023 to address the multi-faceted impacts and responses to the coronavirus pandemic on the community and the City organization. The appropriations reflect the best practices and financial estimates at the time of the City Council action.

As time progressed, the pandemic and the responses to the pandemic evolved. The scope and completion of ARPA projects also evolved over time. There are unspent/unobligated ARPA project funds for several reasons:

- Projects have been completed and have leftover balances.
- Projects were not undertaken as the response to the pandemic changed.
- Funds were reserved for projects that were not able to be fully utilized within the ARPA deadline.
- Funds were reserved for possible, unforeseen contingencies resulting from the pandemic.

The total funds available for reallocation totals $3,759,774.43 A detailed listing of the unspent/unobligated project funds can be found in the attached resolution.

Note: the final numbers for unspent/obligated funds and the projected balance are subject to change as there are still several days remaining during which projects are being completed and paid for. However, the figures above are not expected to change significantly and are reasonable projections.

Alignment with City Council's Vision and Strategic Plan

This resolution aligns with the City's Strategic Outcome Areas of Housing, Partnerships, and Public Safety.

Community Engagement

N/A.

Budgetary Impact

The City has considered ARPA funds as one-time revenues and has endeavored to use these funds for one-time uses in accordance with its financial management policies. The investment in the Salvation Army is a one-time use intended to leverage additional funds and partners. The use of ARPA funds to reimburse the General Fund for previously incurred public safety payroll expenses will result in the reclassification of these expenses from the General Fund to the ARPA Fund. This will result in additional budgetary capacity in the General Fund in the current fiscal year.

Recommendation

Staff is recommending the remaining unspent/unobligated ARPA funds be reallocated for two uses:

1. $3,000,000.00 for expansion of the Salvation Army's Center of Hope on Ridge Street to increase capacity for unhoused persons.
2. $759,774.43 (or the actual unspent/unobligated balance of ARPA funds remaining on December 31, 2024) to reimburse the City for eligible public safety personnel expenses incurred to date during the current fiscal year.

The Salvation Army plans to construct a new 47,000 square foot Center of Hope on their current location on Ridge Street. The new facility will double the current year-round emergency shelter capacity. In addition, there will be space for hunger relief through a community dining room, collaboration space with local social service agencies, and more case management space to prevent homelessness and meet other basic human needs. The City's contribution will be used leverage additional funds.

The second recommendation is to use the balance of unspent/unobligated ARPA funds to partially reimburse the City for a portion of previous public safety payroll costs since July 1, 2024 (the current Fiscal Year 2025). This is an eligible use under UST guidelines and is similar to the strategy used by the City at the end of 2020 to incur unspent CARES funds as that program ended.

These recommendations:

1. Ensures the City will fully obligate all of the APRA funds by the December 31, 2024 UST deadline
2. Makes a significant investment in addressing major gaps in services and a need for more a more collaborative ecosystem to address the unmet needs of a growing unhoused community.
3. Provides the General Fund budgetary relief and capacity in the current fiscal year.

Alternatives

Amend the Resolution while maintaining compliance with ARPA uses and the December 31, 2024 obligation deadline or return unspent/unobligated funds to UST.

Attachments

1. Resolution to Reallocate Unspent Unobligated ARPA Funds December 2024