

ARPA Update

November 14, 2022



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Agenda

- Background on American Rescue Plan Act (ARPA)
- Update on Funding and Costs
- Challenges with ARPA and County Capital Projects
- Recommendations
- Next Steps

Recap on ARPA

- American Rescue Plan Act (ARPA) passed on March 22, 2021 for \$1.9T
- Primary intent was to fund COVID-19 response along with health and economic effects
- County received \$217M in two tranches – May 2021 and May 2022.
- Since the passage, the US Treasury has issued the “Interim Final Rule”, the “Final Rule”, and countless updates



ARPA Deadlines/Rules

- Funds must be encumbered by 12/31/2024
- Funds must be expended by 12/31/2026
- All expenditures from ARPA Funds must follow Federal Uniform Guidance
- Projects that include acquisition/improvement of real property include deed restrictions
- Requires extensive quarterly reporting (new capital reporting is coming for projects over \$1M)



Summary of ARPA Funds to Date

| Total ARPA Funding | \$ |
|---------------------------------------|----------------------|
| Revenues | \$217,076,105 |
| | |
| Budget vs Actual Costs | \$ |
| Appropriated & Budgeted | \$172,638,382 |
| Expenditures | \$62,002,392 |
| Encumbrances (Under Contract) | <u>\$19,286,108</u> |
| Budget less Expenditures/Encumbrances | \$91,349,883 |
| | |
| Unappropriated/unbudgeted Funds | \$ |
| Available for Appropriation | \$44,437,723 |

ARPA Challenges & Opportunities

Challenges

- Few eligible public health costs remain
- Limited uses to address negative economic impact outside of current programs (Food insecurity, Homeless services, etc)
- US Treasury discourages use of ARPA funds for capital projects
- Federal auditing will be rigorous

Opportunities

- US Treasury has opened up these funds for Affordable Housing Projects
 - Promoting use of ARPA funding for Affordable Housing projects
 - Can be used with existing federal housing programs (CDBG, LIHTC)
 - No additional reporting or compliance requirements

Challenges in County Capital Projects

- Inflation peaked at 40 year high, 9.1% in the South
 - Beech Bluffs \$7.8M over budget or 55%
 - EMS Garner Main Station, \$1.4M or 20% increase
 - Public Safety Station-Caddy Road, \$544K or 17 increase
- Inadequate number of bids on construction projects
- BOC action required to shore up projects
- Delays in awarding contracts

Recommendations

NEW ARPA Appropriation for Affordable Housing

- Identified ARPA eligible Affordable Housing projects
- Projects will be part of existing Federal Housing programs
- Appropriate \$35M in ARPA funding to Housing Department

Repurpose Current Affordable Housing CIP Funds

- \$18.5M of Housing CIP funding will be repurposed back to general County CIP
- Projects in need of additional funding will be identified
- Recommended allocations will come back as projects are bid (FY23)part of FY24 budget

Next Steps

- Today – Receive Board feedback and answer questions
- November 21 – Board agenda item
- Appropriates \$35M of ARPA to Housing, reallocates \$18.5M to County CIP
- Update on ARPA funded categories and projects

Questions



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Appendix



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