



# STAFF REPORT

DATE: 12/18/2024  
TO: Honorable Mayor and City Council Members  
FROM: Finance Department

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**2024-175**

## REQUEST FOR CITY COUNCIL ACTION

### SUBJECT:

AMERICAN RESCUE PLAN ACT (ARPA) BUDGETARY ADJUSTMENTS

### EXECUTIVE SUMMARY:

This staff report asks the Council to consider budgetary adjustments for American Rescue Plan Act projects to meet the obligation deadline of December 31, 2024.

### RECOMMENDED ACTION:

#### That the City Council:

- a. Approve budgetary adjustments, including funding reallocations and cash transfers, relating to the American Rescue Plan Act Projects as noted in the Analysis section.
- b. Authorize the City Manager, or his designee, to prepare and process any budgetary and cash transfers to ensure the American Rescue Plan Act obligation deadline is met.

### BACKGROUND & HISTORY:

The American Rescue Plan Act of 2021 appropriated nearly \$220 billion to states, territories, and tribal areas, and \$130 billion to cities and counties for pandemic relief. Funds were distributed in block grant fashion. In the case of CDBG eligible cities ("metropolitan cities," generally those with a population of 50,000 or larger), dollars are allocated according to the CDBG distribution formula, not by population. In the cases of

smaller cities and counties, it provides that dollars will be distributed solely by population. The City of Corona received \$29.2 million. The project options were initially presented to the City Council at the September 29, 2021, Fall Workshop.

The American Rescue Plan Act (ARPA) funds have specific deadlines for obligation and use.

- **December 31, 2024:** Funds must be obligated. To meet this obligation requirement, funds must be encumbered to a purchase order or tied to an executed contract.
- **December 31, 2026:** Funds must be spent. Any unspent funds after this date must be returned to the U.S. Department of Treasury.

### **ANALYSIS:**

At the Fall Policy Workshop on September 26, 2024, staff provided the City Council with an update of ARPA funds, including the recommendation to reallocate funds to meet the December 31, 2024, deadline in which funds must be fully obligated.

Based on the Fall Policy Workshop presentation, the City Council approved budgetary realignments and transfers on November 6, 2024, and December 4, 2024. After additional review of the projects and obligation (contract/purchase order) status, additional adjustments are needed to fully utilize all the ARPA funds allocated to the City. In summary, the requested adjustments will allow the City to meet the December 31, 2024 obligation deadline. As a result, staff requests the following adjustments:

#### Fire Station Rebuild (76720)

- Budgetary transfer of \$5,589.90 from the Business Grants Project (76760) to the Fire Station Rebuild Project (76720) within the American Rescue Plan Act Fund 413.

#### 6th Street Beautification and Revitalization (76730)

- Budgetary transfer of \$6,284.28 from the Business Grants Project (76760) 413 to the 6th Street Beautification and Revitalization Project (76730) within the American Rescue Plan Act Fund 413.

#### Traffic Signal Optimization (76740)

- Budgetary transfer of \$3,443.10 from the Business Grants Project (76760) to the Traffic Signal Optimization Project (76740) within the American Rescue Plan Act Fund 413.

#### Business Grants (76760)

- Budgetary transfer of \$15,967.83 to multiple projects within the American Rescue Plan Act Fund 413.
- Appropriation reduction of \$83,788.23 from the American Rescue Plan Act Fund 413.

- Cash Transfer of \$83,788.23 from the American Rescue Plan Act Fund 413 to the Measure X Fund 120 for the City Park Revitalization Project (78340).

Communications Studio (76800)

- Appropriation reduction of \$2,038.75 from the American Rescue Plan Act Fund 413.
- Cash Transfer of \$2,038.75 from the American Rescue Plan Act Fund 413 to the Measure X Fund 120 for the City Park Revitalization Project (78340).

Rental Assistance at the Historic Civic Center (76810)

- Budgetary transfer of \$218.31 from the Business Grants Project (76760) to the Rental Assistance at the Historic Civic Center Project (76810) within the American Rescue Plan Act Fund 413.

Computer Equipment at Senior Center (76850)

- Appropriation reduction of \$0.37 from the American Rescue Plan Act Fund 413.
- Cash Transfer of \$0.37 from the American Rescue Plan Act Fund 413 to the Measure X Fund 120 for the City Park Revitalization Project (78340).

South Mall Parking Lot Rehabilitation (79290)

- Budgetary transfer of \$432.24 from the Business Grants Project (76760) to the South Mall Parking Lot Rehabilitation Project (79290) within the American Rescue Plan Act Fund 413.

**FINANCIAL IMPACT:**

Approval of the recommended actions will result in an appropriation reduction in the amount of \$85,827.35 in the American Rescue Plan Act Fund 413. The appropriation reduction will allow for a cash transfer to Measure X Fund 120 to fund expenditures that have already been incurred or are currently obligated for the City Park Project. That project meets the criteria for funding under the ARPA guidelines. The recommended budgetary adjustments and cash transfers relating to the American Rescue Plan Act Projects are reflected in the following tables.

<b>Budgetary Transfers</b>			
<b>Project Name</b>	<b>Project No.</b>	<b>From</b>	<b>To</b>
Business Grants	76760	\$ (15,967.83)	\$ -
Fire Station Rebuild	76720	-	5,589.90
6th Street Beautification and Revitalization	76730	-	6,284.28
Traffic Signal Optimization	76740	-	3,443.10

Rental Assistance at the Historic Civic Center	76810	-	218.31
South Mall Parking Lot Rehabilitation	79290	-	432.24
	<b>Total</b>	<b>\$ (15,967.83)</b>	<b>\$ 15,967.83</b>

<b>Appropriations</b>			
<b>Fund</b>	<b>Appropriations</b>	<b>Estimated Revenue Increase</b>	<b>Net Impact</b>
American Rescue Plan Act Fund (413)	\$ (85,827.35)	\$ -	\$ (85,827.35)
<b>Total</b>	<b>\$ (85,827.35)</b>	<b>\$ -</b>	<b>\$ (85,827.35)</b>

<b>Cash Transfers</b>		
<b>Fund</b>	<b>Transfer In</b>	<b>Transfer Out</b>
Measure X Fund (120)	\$ 85,827.35	\$ -
American Rescue Plan Act Fund (413)	-	(85,827.35)
<b>Total</b>	<b>\$ 85,827.35</b>	<b>\$ (85,827.35)</b>

**ENVIRONMENTAL ANALYSIS:**

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is to approve budgetary adjustments for American Rescue Plan Act (ARPA) funds, and there is no possibility that approval of the recommended actions will have a significant effect on the environment. Therefore, no environmental analysis is required.

**PREPARED BY:** LUIS NAVARRO, BUDGET SUPERVISOR

**REVIEWED BY:** KIM SITTON, FINANCE DIRECTOR