



# AGENDA REPORT

**Department:** Engineering & Public Works  
**Prepared by:** Stephen Manganiello, Director of Public Works/City Engineer  
**Meeting Date:** Tuesday, November 19, 2024  
**Approved by:** Benjamin A. Martinez, City Manager

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**SUBJECT:**

Establishing American Rescue Plan Act (ARPA) Appropriations for Capital Projects

**RECOMMENDATION:**

Adopt a Resolution Entitled, "Resolution of the City Council of the City of National City, California, 1) Authorizing the Establishment of American Rescue Plan Act Fund Appropriations for the Following Capital Projects: A) Kimball Park Lighting in the Amount of \$228,800; B) Las Palmas Park Improvements in the Amount of \$2,902,002; C) El Toyon Park Improvements in the Amount of \$822,762; and D) Police Department Facility Upgrades in the Amount of \$1,420,880; and 2) Authorizing the Establishment of Appropriations in the Amount of \$95,435 in the Vehicle Acquisition Fund for Transfer to the American Rescue Plan Act Fund."

**BOARD/COMMISSION/COMMITTEE PRIOR ACTION:**

Not Applicable.

**EXPLANATION:**

In March 2021, a \$1.9 trillion economic stimulus bill titled the American Rescue Plan Act of 2021 (ARPA) was enacted by the federal government. Of the \$1.9 trillion, \$350 billion was allocated for state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and promote economic growth. The Federal Government refers to this portion of the stimulus bill as the Coronavirus State and Local Fiscal Recovery Funds. Of the \$350 billion, the City of National City received \$18,010,907.

The U.S. Treasury issued an Interim Final Rule with guidance on eligible uses for the funds in May 2021. In January 2022, the U.S. Treasury released a Final Rule, which confirmed the following four funding objectives of the State and Local Fiscal Recovery Funds:

1. Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control.
2. Replace lost public sector revenue to provide government services to the extent of the reduction in revenue experienced due to the pandemic.
3. Respond to the negative economic impacts of the pandemic, including assistance to households, small businesses, and non-profits, and aid to impacted industries.
4. Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations.

In addition, the Final Rule confirmed National City's ability to take a standard allowance of \$10M in the revenue loss category without needing to prove specific revenue loss based on the calculation methodology previously defined by Treasury.

The City Council ultimately decided to designate \$6,060,000 of the \$18M ARPA allocation as a revenue offset to General Fund expenditures spread over a three-year period.

Of significant importance is that ARPA funds must be obligated (through contract awards and/or other transactions) by December 31, 2024. Funds must be spent by December 31, 2026.

At the City Council Meeting held on April 16, 2024, staff provide a report and presentation on the history and status of National City's ARPA Fund. Topics included community outreach and priorities, use of fund balance, and options to obligate and spend remaining fund balance prior to the respective deadlines. Improvements to Kimball Park Ballfield Lighting, Las Palmas Pool support facilities, and new restrooms at Las Palmas Park were identified as high priority needs through community outreach workshops and surveys, which had not yet been addressed through capital projects. At the end of the presentation, staff presented a spending plan that included use of remaining ARPA fund balance to improve these facilities. City Council supported staff's recommendations and directed staff to move forward with final design.

The following request to establish ARPA Fund appropriations for the remaining fund balance of \$5,374,444 will provide the necessary funding to award a series of construction contracts that are included as companion items on the City Council Meeting agenda for November 19, 2024:

- 1) Kimball Park Lighting – \$228,800;
- 2) Las Palmas Park Improvements – \$2,902,002;
- 3) El Toyon Park Improvements – \$822,762;
- 4) Police Department Facility Upgrades – \$1,420,880.

It is important to note, that while use of ARPA fund balance was not previously contemplated for El Toyon Park Improvements and Police Department Facility Upgrades, these are both high priority projects that will improve quality of life and safety for the community. In the case of El Toyon Park Improvements, ARPA funds will help fill a funding gap for construction. Conversely, the Police Department Facility Upgrades project, which will complete comprehensive electrical upgrades to support installation of a new standby generator system and other critical equipment, was slated to be funded by the General Fund. By establishing ARPA fund appropriations for this project, the funds can be obligated by the December 31, 2024 deadline. In addition, the savings to the General Fund for capital projects can then be applied to the cost of potential construction change orders / contingency work, construction management, and inspection services for the remaining ARPA projects. This is key, since any potential change order work on the remaining ARPA projects would not occur until after the ARPA funding obligation deadline.

#### **FINANCIAL STATEMENT:**

All unencumbered appropriations and unspent balances for previously budgeted ARPA funded projects will be canceled and new appropriations will be established based on the revised spending plan. A portion of the unspent balances includes \$95,435 that will be returned to the ARPA fund from the Vehicle Acquisition fund as a result of a lower than anticipated cost for vehicular equipment for the homeless outreach team. The new appropriations will be established in the following ARPA fund capital project expenditure accounts:

- 117-10-18-18500-7598-1176117 (Kimball Park Lighting) – \$228,800
- 117-10-18-18500-7598-1171117 (Las Palmas Park Improvements) – \$2,902,002
- 117-10-18-18500-7598-1177117 (El Toyon Park Improvements) – \$822,762

117-10-18-18500-7598-1178117 (Police Department Facility Upgrades) – \$1,420,880

Transfer from the Vehicle Acquisition Fund to the ARPA Fund:

644-10-19-19100-8999 Transfer Out – Vehicle Acquisition Fund

117-10-19-19100-3999 Transfer In - ARPA Fund

**RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:**

Parks, Recreation and Library

Public Safety

**ENVIRONMENTAL REVIEW:**

This is not a project under CEQA and is therefore not subject to environmental review. CCR15378; PRC 21065.

**PUBLIC NOTIFICATION:**

The Agenda Report was posted within 72 hours of the meeting date and time in accordance with the Ralph M. Brown Act.

**ORDINANCE:**

Not Applicable

**EXHIBITS:**

Exhibit A - Resolution