



TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting City Manager

DATE: December 2, 2021

RE: **Resolution No. 21-2832 – Confirming the Application for the American Rescue Plan Act (ARPA) Local Government Lost Revenue Relief Program (LGLRRP) from the Alaska Department of Commerce, Community and Economic Development to Offset Significant Revenue Loss Due to the COVID-19 Public Health Emergency; and Establishing an Effective Date**

The attached resolution was prepared by Finance Director Michelle Johansen, who asked that it be placed before the City Council for consideration at its meeting of December 16, 2021. If adopted, Resolution No. 21-2832 provides for confirming the City's application to the American Rescue Plan Act (ARPA) Local Government Lost Revenue Relief Program (LGLRRP) through the Alaska Department of Commerce, Community and Economic Development. Through the application, the Finance Director has submitted a demonstrated loss of \$17,225,349 in revenue to the City as a result of the COVID-19 pandemic. As stated by the Finance Director, there is no guarantee if or in what amount the City may receive relief funds from the State of Alaska, and staff will keep the City Council apprised of any notice of award or additional information. I concur with the Finance Director's recommendation.

Ms. Johansen will be attending the City Council meeting of December 16, 2021, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended the City Council adopt the motion approving Resolution No. 21-2832 confirming the application for the American Rescue Plan Act (ARPA) Local Government Lost Revenue Relief Program (LGLRRP) from the Alaska Department of Commerce, Community and Economic Development to offset significant revenue loss due to the COVID-19 Public Health Emergency; and establishing an effective date.

Recommended Motion: I move the City Council approve Resolution No. 21-2832 confirming the application for the American Rescue Plan Act (ARPA) Local Government Lost Revenue Relief Program (LGLRRP) from the Alaska Department of Commerce, Community and Economic Development to offset significant revenue loss due to the COVID-19 Public Health Emergency; and establishing an effective date.

MEMORANDUM
CITY OF KETCHIKAN, ALASKA
Finance Department
Office of the Finance Director

Michelle L. Johansen, Finance Director
Camille Nelson, Financial Analyst
Phone: (907) 228-5621
Facsimile: (907) 228-5617

To: Lacey G. Simpson, Acting City Manager/KPU General Manager

From: Michelle L. Johansen, Finance Director

Date: December 1, 2021

Subject: **Resolution No. 21-2832, Confirming the Application for the American Rescue Plan Act (ARPA) Local Government Lost Revenue Relief Program (LGLRRP) from the Alaska Department of Commerce, Community and Economic Development to Offset Significant Revenue Loss Due to the COVID-19 Public Health Emergency; and Establishing an Effective Date**

Attached is Resolution No. 21-2832 that has been prepared to confirm the Council's concurrence with the application for American Rescue Plan Act Local Government Lost Revenue Relief Program funds from the Alaska Department of Commerce, Community and Economic Development.

The Alaska legislature appropriated \$50 million from the State's American Rescue Plan Act (ARPA) Funds toward a local government relief grant program of "Grants to local governments with significant revenue loss due to COVID-19" to promote economic recovery and continuity of government services to local governments. In order for the City to complete the application the Council must pass a resolution acknowledging concurrence it is applying for the award. If staff is successful in obtaining assistance from this program the Council will be informed once the award amount is known.

The current application covers the revenue loss period for January 1, 2020 to December 31, 2020 and is calculated using the attached worksheet provided by the Alaska Department of Commerce, Community and Economic Development. The City followed the instructions in the handbook to calculate the revenues included in the attached "calculation tool" as required by the Alaska Department of Commerce, Community and Economic Development. The application explicitly states there is no guarantee that the City will receive funding and or how much funding the City could expect under this program even though the requirement of revenue loss in excess of 10% of general revenue has been met.

It is unclear, at this time, if there will be an opportunity to request assistance for the revenue losses realized in 2021 but staff will be looking for additional program information to request funding for the 2021 revenue losses should the opportunity present itself.

I recommend that the City Council pass Resolution No. 21-2807 confirming the application for the American Rescue Plan Act (ARPA) Local Government Lost Revenue Relief (LGLRR) Program from the Alaska Department of Commerce, Community and Economic Development.

Recommended Motion:

I move that the City Council pass Resolution No. 21-2832, confirming the application for the American Rescue Plan Act (ARPA) Local Government Lost Revenue Relief Program (LGLRRP) from the Alaska Department of Commerce, Community and Economic Development to offset

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significant revenue loss due to the COVID-19 Public Health Emergency; and establishing an effective date.

CITY OF KETCHIKAN, ALASKA

RESOLUTION NO. 21-2832

A RESOLUTION OF THE CITY OF KETCHIKAN, ALASKA CONFIRMING THE APPLICATION FOR THE AMERICAN RESCUE PLAN ACT (ARPA) LOCAL GOVERNMENT LOST REVENUE RELIEF PROGRAM (LGLRRP) FROM THE ALASKA DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT TO OFFSET SIGNIFICANT REVENUE LOSS DUE TO THE COVID-19 PUBLIC HEALTH EMERGENCY; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of Ketchikan, Alaska desires to submit an application for the American Rescue Plan Act Local Government Lost Revenue Relief Program from the Alaska Department of Commerce, Community and Economic Development; and

WHEREAS, the City of Ketchikan experienced loss of revenue as a result of the COVID-19 public health emergency; and

WHEREAS, the City of Ketchikan attests to the accuracy of the attached program worksheet identifying revenue loss of \$17,225,349 or 24% of general revenues;

THEREFORE, BE IT RESOLVED by the Council of the City of Ketchikan, Alaska as follows:

Section 1: The City of Ketchikan, Alaska confirms the application for Local Government Lost Revenue Relief Program funds; and

Section 2: The City Council confirms the revenue and fund receipt totals discussed herein, and can confirm with supporting documentation.

Section 3: This resolution shall become effective immediately upon passage.

PASSED AND APPROVED this 16th day of December, 2021.

David Kiffer, Mayor

ATTEST:

Kim Stanker, City Clerk

Loss Calculation Tool ARPA - LGLR Relief program

Local Government Relief Loss Calculation Tool		Date of end of Fiscal Year	Actual average revenue growth FY16-19	Growth rate used in calculation
Dept. of Commerce, Community and Economic Development 11.4.21		31-Dec (CY)	1.45%	4.10%
	FY 16	FY 19	Jan. 1, 2020 - Dec. 31, 2020 Revenue	
General revenue	\$ 66,142,022	\$ 69,069,093	\$ 54,675,577	
Projected revenue			\$ 71,900,925.81	
Dollar amount of lost revenue			\$ 17,225,348.81	
Percentage of general revenue loss			24.0%	If the number appearing in the green "Percentage of general revenue loss" cell is less than 10 percent, the applicant is not eligible for the initial round of funding.
Go to cell C2 on the calculation tool and use the drop down menu to select the appropriate "Date of end of Fiscal Year"--either 31-DEC (CY) if the municipality budgets based on the calendar year ending December 31, or 30-Jun (FY) If the budget year ends June 30.		For the <u>Municipal Fiscal Years</u> 2016 and 2019 calculate the qualifying municipal revenues and enter in the yellow highlighted cells of the spreadsheet.	For the period <u>January 1, 2020 through December 31, 2020</u> calculate the qualifying municipal revenues and enter in the orange highlighted cell of the spreadsheet.	If the number in the green "Percentage of general revenue loss" cell is equal to or greater than that 10 percent, transfer the "Dollar Amount of Lost Revenue" number and "Percentage of General Revenue Loss" number to the appropriate line of the application.

HANDBOOK

Introduction

The Alaska Legislature has appropriated \$50 million in the state's Fiscal Year 2022 budget from the state's American Rescue Plan Act (ARPA) Funds toward a local government relief program of "Grants to local governments with significant revenue loss due to COVID-19."

Grantees may use awarded funds for government services, as outlined in the guidance and rules provided by the [United States Department of the Treasury for ARPA funds](#).

Allowable and non-allowable uses of funds are listed below.

References

Interim Final Rule [2021-10283.pdf \(govinfo.gov\)](#)

Frequently Asked Questions [SLFRPFAQ.pdf \(treasury.gov\)](#)

[DCRA's Lost Revenue Relief Program page](#)

Application

The completed application package will include:

1. Municipal applicant information and federal SAM and DUNS number
2. Revenue calculations and worksheet
3. Resolution by municipal legislative body
4. Certification

Eligibility

Alaska municipal governments are eligible for this program. No other entities, public or private, are eligible for this program. The applicant must be qualified to receive federal funds. Eligibility does not guarantee funding.

Calculation of Revenue Loss for the Purpose of this Program

Revenue calculations for the purpose of this program are based on the text of the Interim Guidance published May 17, 2021, and any subsequent federal guidance and law.

Calculation of revenues for granting purposes will be made by formula on a form provided by the department available on [DCRA's Lost Revenue Relief Program page](#). The formula is available in the Interim Guidance and in the instructions below. Treasury's Interim Guidance sets four points in time that revenue loss can be calculated, starting with the period from January 1, 2020, through December 31, 2020, the initial application period for this grant program.

Allowable uses for Local Fiscal Recovery Funds

Federal rules and guidelines give recipients broad latitude to use funds to the extent of reduction of revenue. These funds may be used for the provision of government services.

Government services can include but are not limited to:

- Maintenance of infrastructure
- Pay-go spending for building new infrastructure, including roads ("pay-go" means financing expenditures with funds that are currently available rather than borrowed)
- Modernization of cybersecurity;
- Health services;
- Environmental remediation;
- School or educational services; and,
- Provision of police, fire, and other public safety services.

The funds may **NOT** be used to:

- Pay interest or principal on outstanding debt,
- Replenish rainy day or reserve funds,
- Pay settlements or judgements; or,
- Other expenditures not considered to be for the direct provision of government services.

Required information

The local government is required to input revenue calculations based on the instructions below.

The local government will include a passed resolution by the assembly, council, or other representative body affirming it is applying for the award.

A grant agreement that is signed and certified as correct by a chief executive or other authorized representative will be required after grant award amounts are finalized.

Recipients should use their own data sources to calculate general revenue. Recipients may be required to provide financial documentation in support of their certified revenue statements. Where audited data is not available, recipients are not required to obtain audited data. All information submitted is expected to be complete and accurate.

Other considerations

Receipt of these funds may affect a municipality's eligibility for certain audits based on federal funds amounts.

The funds must be separately accounted for to track spending for allowable purposes.

Governments are not required to submit proposed expenditures for prior approval.

There will be required reporting of expenditures.

Program Definitions

The Federal Interim Final Rule adopts a **definition of "General Revenue"** that is based on, but not identical, to the Census Bureau's concept of "General Revenue from Own Sources."

For the purposes of this program, General Revenue includes revenue from taxes, current charges, and miscellaneous general revenue. Miscellaneous general revenue does **not** include: Refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and revenue generated by utilities and insurance trusts. General revenue also includes intergovernmental transfers between state and local governments, but excludes intergovernmental transfers from the Federal government, including Federal transfers made via a state to a locality pursuant to the CRF or the Fiscal Recovery Funds.

Local government's general revenue from own sources: Gross revenue of facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, museums, zoos, etc.); auxiliary facilities in public recreation areas (camping areas, refreshment stands, gift shops, etc.); lease or use fees from stadiums, auditoriums, and community and convention centers; and rentals from concessions at such facilities.

INSTRUCTIONS

Application Instructions

Fill out the top section of the application. When you reach Dollar Amount of Lost Revenue and Percent of Lost Revenue, use the loss calculation tool as described below.

(For additional help, please see the attached “General Revenue Guide” available on [DCRA’s Lost Revenue Relief Program page](#)

Complete the “calculating reduction in revenues” steps below.

Calculating reduction in revenues

General revenues for the purposes of this program are all revenues, **excluding**:

- Refunds and other correcting transactions;
- Proceeds from issuance of debt or the sale of investments;
- Agency or private trust transactions;
- Revenue generated by utilities and insurance trusts; and,
- Intergovernmental transfers from the federal government.

FISCAL YEARS

Go to cell C2 on the calculation tool and use the drop down menu to select the appropriate “Date of end of Fiscal Year”--either 31-DEC (CY) if the municipality budgets based on the calendar year ending December 31 or 30-Jun (FY) if the budget year ends June 30.

For ALL APPLICANTS:

As specified in Treasury’s Guidance, the revenue calculation for 2020 uses the calendar year. Calculate revenues from January 1, 2020, through December 31, 2020.

RECOMMEDED CALCULATION METHOD

NOTE: You must use the supplied DCRA calculation tool

Add revenue numbers from all sources, excluding:

- Refunds and other correcting transactions;

- Proceeds from issuance of debt or the sale of investments;
- Agency or private trust transactions;
- Revenue generated by utilities and insurance trusts; and,
- Intergovernmental transfers from the Federal government.

For the Municipal Fiscal Years 2016 and 2019 calculate the qualifying municipal revenues and enter in the yellow highlighted cells of the spreadsheet.

For the period January 1, 2020, through December 31, 2020, calculate the qualifying municipal revenues and enter in the orange highlighted cell of the spreadsheet.

For further assistance, consult the “General Revenue QuickBooks Guide.”

If the number appearing in the green “Percentage of general revenue loss” cell is less than 10 percent, the applicant is not eligible for the initial round of funding.

If the number in the green “Percentage of general revenue loss” cell is equal to or greater than that 10 percent, transfer the “Dollar Amount of Lost Revenue” number and “Percentage of General Revenue Loss” number to the appropriate line of the application.

NOTE: The spreadsheet provided incorporates the following formula provided by the United States Treasury:

A reduction in a recipient’s General Revenue equals:

$$\text{Max } \{ [\text{Base Year Revenue} * (1 + \text{Growth Adjustment})^{(nt/12)}] - \text{Actual General Revenue}_t ; 0 \}$$

Where:

Base Year Revenue is General Revenue collected in the most recent full fiscal year prior to the COVID-19 public health emergency.

Growth Adjustment is equal to the greater of 4.1 percent (or 0.041) and the recipient’s average annual revenue growth over the three full fiscal years prior to the COVID-19 public health emergency.

n equals the number of months elapsed from the end of the base year to the calculation date.

Actual General Revenue is a recipient’s actual general revenue collected during 12-month period ending on each calculation date.

Subscript *t* denotes the calculation date.