

City of Alexandria, Virginia
FY 2024 Proposed Operating Budget & CIP
Budget Questions & Answers

March 21, 2023

Question: Can staff provide a summary of ARPA funding? (Mayor Wilson, Councilman Chapman)

Response:

The American Rescue Plan Act of 2021 (ARPA) established the Coronavirus State and Local Fiscal Recovery Fund. ARPA provided funding for many programs and services nationwide, including assistance to small businesses; state and local governments; and school districts. The City of Alexandria received a total of \$59.6 million in one-time federal American Rescue Plan funding for states and localities. The table below provides a summary of the total ARPA allocation received, total project funding expended and/or encumbered as of December 31, 2022, and denotes the amount of revenue replacement transferred to the general fund. Nearly all the remaining \$9.2 million is expected to be spent as projects continue to progress against the project implementation timeline. All unspent balances will be evaluated for reallocation upon project completion.

ARPA Funding Summary	
Total ARPA Allocation: Tranche 1 & Tranche 2	59.6M
Project Expenditures/Encumbrances	10.8M
Revenue Replacement Transfer to General Fund	<u>39.6M</u>
Subtotal	50.4M
*Remaining	9.2M
*Remaining funding is largely expected to be expended as projects progress. Any unspent balances can be reallocated upon project completion.	

The American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds (ARPA/CSLFRF) allows local governments to spend allocations on revenue replacement for lost revenue growth. ARPA funds that are used to replace lost revenue can fund a broad array of government services (ex: infrastructure maintenance, cybersecurity, and public health/safety expenses). The City of Alexandria’s revenue replacement transfer funding referenced in the table above (\$39.6M) can be further categorized into revenue replacement project commitments and unallocated resources. See table below.

Revenue Replacement Transfer to General Fund	
Project commitments	30.0M
Unallocated	<u>9.6M</u>
Total	39.6M

The project commitments are one-time projects and services funded in the General Fund by the \$39.6 million ARPA revenue replacement transfer and include a continuation of existing projects funded with the first tranche of ARPA dollars; or are projects that will assist the City with public engagement; investing resources in Alexandria's historical sites and local economy; and with building community infrastructure. A total of \$30.0 million was allocated in the FY 2023 budget for projects funded by ARPA revenue replacement funds. An additional memo is being prepared to provide Council with a comprehensive update on the status of those projects, funds spent/encumbered, and progress against the project implementation timeline. The remaining unallocated \$9.6 million is recommended to be reserved as potential FY 2024 revenue replacement funding in case of economic stagnation or recession. If revenue grows and it is not needed to support operating expenditures in FY 2024, staff recommends using that one-time funding source to reduce future borrowing and the impact of debt service growth on future operating budgets.