

**Indian River County
Interoffice Memorandum
Office of Management and Budget**

To: Members of the Board of County Commissioners
Date: November 30, 2022
From: Kristin Daniels
Director, Office of Management & Budget
Subject: American Rescue Plan Act – Spending Plan Revisions

Description and Conditions

On March 11, 2021, President Biden signed the \$1.9 trillion American Rescue Plan Act of 2021. The American Rescue Plan (ARP) as it is normally referred to, is a COVID-19 stimulus package that was intended to speed up the United States’ recovery from the negative health and economic impacts of COVID-19. Indian River County received \$31,063,168 in ARP funding. The County has until December 31, 2024 to encumber the funds, and until December 31, 2026 to fully exhaust all funding.

Analysis

The following table illustrates the proposed spending revisions per category.

Spending Plan			
Expense Category	Current Budget	Proposed Revisions	Revised Budget
Respond to the Public Health Emergency	\$8,915,750	(\$2,506,413)	\$6,409,337
Workers Performing Essential Work	\$1,772,006	\$0	\$1,772,006
Reduction in Revenues	\$3,414,034	\$2,506,413	\$5,920,447
Water/Sewer or Broadband Infrastructure	\$11,500,000	\$0	\$11,500,000
Constitutional Officer Expenses	\$5,461,378	\$0	\$5,461,378
Total	\$31,063,168	\$0	\$31,063,168

Respond to the Public Health Emergency

Staff is proposing a reduction of \$2,506,413 in funding from this category, bringing the revised total to \$6,409,337.

In an effort to address the negative economic impacts COVID-19 has had on the lower-income population, as well as the Tourism Industry, the Board partnered with Indian River State College (IRSC) regarding purchasing the Fellsmere Inn property to use as a satellite campus. On June 7th 2022, Casey Lunceford, IRSC Campus President – Mueller Campus informed the Board that the project was no longer

viable and that the college would not be moving forward with the purchase of the Fellsmere Inn. Staff is recommending the remaining \$1,472,600 allocation be removed from this project.

The Small Business Development Grant Program was originally awarded \$1,000,000 in ARP funding. On December 31, 2021 the application period ended, leaving a balance of \$753,813 in the program. Similarly, the Board approved a \$500,000 allocation for the Non-Profit Assistance Program. The application period for the Non-Profit Assistance also sunset on December 31, 2021, leaving a remaining balance of \$130,000 in the program. Staff recommends the remaining funding which totals \$883,813 for the two programs be removed from these projects.

The original ARP spending plan had allocated \$150,000 for the enhanced cleaning of buildings. Since the County had sufficient funding budgeted in the Coronavirus Aid, Relief, and Economic Security (CARES) Act to fund the building cleanings, ARP dollars were not expended. Staff recommends the \$150,000 allocation be removed from this project.

Reduction in Revenues (Road Resurfacing)

On January 6, 2022 the Treasury issued updated ARP guidance that increased the County's reduction in revenue allocation to a maximum of \$10,000,000. Per the Treasury's guidance, revenue losses must be spent on government services. Government services can include, but are not limited to, maintenance of infrastructure or pay-go spending for building new infrastructure, including roads; modernization of cybersecurity, including hardware, software and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire and other public safety services.

Previously, on August 17, 2021, the Board approved \$3,414,034 be allocated for road resurfacing and restriping from the Reduction in Revenues category in order to supplement the long-term reduction in Gas Tax revenue the County receives. Currently, the County uses several forms of revenue to maintain, improve and construct roadways. Optional Sales Tax and Traffic Impact Fees are used for the capital improvements to roadways such as widening and adding turning lanes. These revenues cannot be used for general maintenance of roads, such as repaving and restriping, and thus Gas Tax revenues are used to fund these expenses. Unfortunately, Gas Tax revenues have steadily decreased over the past few years, and are projected to continue decreasing as vehicles become more fuel efficient and electric vehicle purchases increase. Resurfacing of the County's roadways has been limited due to the reduction of revenue. Additionally, materials for roadways are increasing at a record pace. The use of ARP monies to fund resurfacing has benefitted the Gas Tax fund and provided the County the opportunity to fund additional projects, while accumulating the traditional Gas Tax revenues. This ultimately prolongs the unavoidable move to begin funding roadway maintenance with Transportation Fund dollars, which are largely funded by transfers from the General and M.S.T.U. ad valorem taxing funds.

Staff is proposing the \$2,506,413 in unspent funding within the Responding to the Public Health Emergency category, as detailed above, be reallocated to the Reduction in Revenues category to fund additional road resurfacing projects. These additional dollars will bring the total Reduction in Revenues allocation to \$5,920,447 which is still below the maximum allowable amount of \$10,000,000.

Recommendation

Staff recommends that the Board consider the proposed spending plan revisions (see attachment) as further detailed above totaling \$2,506,413, consider any changes, and approve the attached plan, with any amendments as needed.

Attachment

ARP Proposed Spending Plan