



DATE: December 3, 2024

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT: Adopt a Resolution Approving the Reallocation of Unobligated ARPA Funds to the General Fund

RECOMMENDATION

That the Council adopts a resolution (Attachment II) approving the transfer and appropriation ARPA Funds to the General Fund.

SUMMARY

On March 11, 2021, the federal stimulus package, the American Rescue Plan Act (ARPA), was signed into law, providing \$1.9 trillion in economic stimulus to address impacts due to the COVID-19 crisis. Specifically, federal relief provided over \$65 billion in direct funding to cities to address the economic and fiscal impacts of the pandemic and to assist in the recovery of local communities. The City of Hayward was awarded an allocation of \$38.4 million in ARPA dollars.

To meet funding requirements, all ARPA funding must be obligated by December 31, 2024, and fully expended by December 31, 2026. If Council adopts the resolution approving the reallocation of up to \$3.6 million in ARPA funds, including an additional \$0.4 million in earned interest to the General Fund, staff will commence with transferring and appropriating the unobligated funds to the General Fund.

BACKGROUND & DISCUSSION

The City of Hayward was awarded an allocation of approximately \$38.4 million in relief funds from the federal government to address the internal and external needs of the organization and Hayward community associated with the pandemic.

On July 13, 2021¹, the City Council adopted the City of Hayward Federal Stimulus Expenditure Plan for \$38.4 million in federal stimulus funding. Annual budget appropriation of ARPA

¹ [Hayward City Council Meeting – July 13, 2021 \(www.legistar.com\)](http://www.legistar.com)

funded projects has been included in the annual budget process beginning in FY 2022 through FY 2024.

In December 2023², the Council Budget and Finance Committee received an update on the status of ARPA fund projects, including a list of potential projects that could be funded through the use of the reallocation of any unobligated ARPA dollars.

On October 29, 2024³, the Council Budget and Finance Committee received another update on the status of ARPA fund projects and unobligated ARPA dollars. Staff recommended reallocating unobligated funds to the General Fund to account for lost revenue due to the pandemic and ensure federal compliance with the December 31, 2024 obligation date.

At the November 19, 2024⁴ Council meeting, City staff recommended reallocating unobligated ARPA funds to the General Fund, including any interest earned. Council supported staff recommendation.

ECONOMIC IMPACT

Receiving the Federal Stimulus funding (ARPA), the City has been able to respond and provide relief to both the City programs and local community members who experienced adverse economic impacts related to the pandemic. Beginning in July 2021, the adopted Federal Stimulus Expenditure Plan identified several projects and programs that provided funding that has made a substantial difference in helping the local economy recover from the pandemic; the reallocation of unobligated ARPA funds continues the City's recovery from the pandemic.

STRATEGIC ROADMAP

This agenda item supports several of the Strategic Priorities in the City's approved Strategic Roadmap.

FISCAL IMPACT

The City of Hayward has \$3,590,072 in unspent and/or unobligated ARPA dollars and \$415,455 of earned interest on received ARPA dollars. The total reallocation of previously appropriated ARPA dollars to the General Fund amounts to \$4,005,527 and will be utilized to account for lost revenue due to the pandemic and ensure federal compliance with the December 31, 2024, obligation date.

PUBLIC CONTACT

This agenda item was published in accordance with all Brown Act requirements.

² [Hayward Council Budget and Finance Committee Meeting - December 6, 2023 \(www.legistar.com\)](http://www.legistar.com)

³ [Hayward Council Budget and Finance Committee Meeting - October 29, 2024 \(www.legistar.com\)](http://www.legistar.com)

⁴ [Hayward City Council Meeting - November 19, 2024 \(www.legistar.com\)](http://www.legistar.com)

NEXT STEPS

Upon Council adopts the resolution approving transfer and appropriation of up to \$4.1 million in unobligated ARPA funds and interest earned to the General Fund, staff will transfer and appropriate the funds immediately.

Prepared by: Nicholas Mullins, Senior Management Analyst
Nicole Gonzales, Director of Finance

Recommended by: Nicole Gonzales, Director of Finance

Approved by:



Dustin Claussen, Interim City Manager