

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 15, 2026

CAO File No. 0220-06428-0000
Council File No. 23-0211
Council District: All

To: City Council
Mayor

From: Matthew W. Szabo, City Administrative Officer  for

Subject: **AMERICAN RESCUE PLAN ACT CLOSEOUT PREPARATION**

RECOMMENDATION

That the City Council, subject to the approval of the Mayor:

1. Authorize the reallocation of \$96,219.45 between American Rescue Plan Act (ARPA) projects, as detailed in Table 1 of this report;
2. Authorize the Controller to:
 - a. Transfer appropriations to a new appropriation account within the ARPA Business Assistance Programs Fund No. 64N as follows:

TRANSFER FROM:

<u>Fund/Dept</u>	<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
64N/22	22Y842	Contract Ready LA	\$25.36
64N/22	22V5AC	LA Optimized Program	\$1,881.64
64N/22	22V833	JEDI Zone Program Business Assistance	\$57,231.92
			\$59,138.92

TRANSFER TO:

<u>Fund/Dept</u>	<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
64N/21	21E121	Community Investment (New)	\$59,138.92

- b. Increase appropriations in the amount of \$59,138.92 within the Community Investment Department Fund No. 100/21, Account No, 001010, Salaries General to be funded by the ARPA Business Assistance Program Fund No. 64N/21 for administrative costs relative to ARPA-funded programs.
3. Authorize the Controller to disencumber up to \$28,622.86 in Fiscal Year 2021-22 encumbered balances for Contract Nos. C-138702, C-138714, C-138723, C-138699,

C-138609, and C-138610 within the ARPA Business Assistance Programs Fund No. 64N/22, Account 22V839, Business Assistance Program Costs and process an early reversion of the disencumbered amount to the Reserve Fund No. 101/62.

4. Authorize the Controller to appropriate \$37,080.53 from the available Cash Balance within the Digital Inclusion Fund No. 65Q/50 to the Public Works, Bureau of Street Lighting Fund No. 100/84, Account No. 001010, Salaries General, to provide funding for administrative costs related to ARPA-funded programs.
5. Authorize the General Manager of the Community Investment Department and the Director of the Bureau of Street Lighting, or designee, to make technical corrections to transactions included in this report, subject to the approval of the City Administrative Officer, to implement the Mayor and City Council intentions.

SUMMARY

On March 11, 2021, President Biden signed the American Rescue Plan Act (ARPA) into law, establishing the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund (SLFRF). The intent of these funds was to provide support to state, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and toward their efforts to contain impacts on their communities, residents, and businesses. The SLFRF provided the City with approximately \$1.278 billion in recovery funds. The City must fully expend these grant funds by December 31, 2026. As of June 30, 2026, the total spending is \$1.275 billion.

The City Administrative Officer (CAO), with assistance from the Community Investment Department, Public Works (PW) Bureau of Street Lighting, and KPMG (the City's consultant for the SLFRF), has begun to prepare for the closeout of this grant and in that process identified \$96,219.45 in project cost savings. To ensure all SLFRF funds are expended by December 31, 2026, this Office recommends the reallocation of these funds for eligible purposes as noted below. These SLFRF savings may only be reclassified from the original activity to another preexisting SLFRF project, which includes staffing costs. The U.S. Department of the Treasury guidance for the SLFRF program, which is authorized by ARPA, allows for a recipient to have incurred SLFRF-eligible staffing costs through December 31, 2026, to the extent the respective employee is serving in a position that was established and filled prior to December 31, 2024. As such, this Office identified project management employee(s) who have worked, and continue to work, on SLFRF projects since the inception of ARPA. Under the criteria set forth in the SLFRF program rules, the City may reclassify these staffing costs to the SLFRF program. To ensure the City's compliance in meeting the expenditure deadline of December 31, 2026, this Office recommends reclassifying \$96,219.45 in personnel costs for the Community Investment Department (\$59,138.92) and the Bureau of Street Lighting (\$37,080.53) to the SLFRF program for administrative support of ARPA-funded programs.

**Table 1 – Project Savings
State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund**

Project	Cost Savings	CAO Recommendation Reclassification to Eligible Personnel Costs
Procure LA Program	\$25.36	Staffing costs within the Community Investment Department Fund No. 100/21, Account No. 001010, Salaries General for administrative support of ARPA-funded programs during the period of July 1, 2026 – December 31, 2026.
LA Optimized	1,881.64	
JEDI Zone Program Business Assistance Program	57,231.92	
Community Connectivity Infrastructure Pilot	37,080.53	Staffing costs within PW Bureau of Street Lighting Fund No. 100/84, Account No. 001010, Salaries General for administrative support of ARPA-funded programs during the period of July 1, 2026 – December 31, 2026.
TOTAL	\$96,219.45	

This Office, with assistance from the Community Investment Department and KPMG, also identified \$28,622.86 in residual funds under the Restaurant and Small Business Recovery Program (Comeback Checks Program). The City completed the program disbursements and administrative reconciliations for the Small Business Recovery Program and these residual balances were never committed, designated, or submitted to the U.S. Department of the Treasury for SLFRF. This amount may be disencumbered from the ARPA Business Assistance Programs Fund and transferred back to the City's General Fund without impacting federal reporting or requiring retroactive adjustment. Inasmuch as the original SLFRF award was reflected as General Fund revenue, this Office recommends transferring these savings to the Reserve Fund.

FISCAL IMPACT STATEMENT

There is no General Fund impact as a result of the recommendations in this report. The recommendations in this report will authorize the reallocation of American Rescue Plan Act funding in preparation for the final grant closeout.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City's Financial Policies in that grant funds will be utilized for grant-eligible activities.