



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 08/03/2021

ITEM NO: 8

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DATE: July 20, 2021  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive Update on ARPA Allocations to Nonentitlement Units of Government and the Town's Allocation

**RECOMMENDATION:**

Receive update on ARPA allocations to Nonentitlement Units (NEUs) of Government and the Town's allocation.

**BACKGROUND:**

On March 29, 2021, the Town Council received a staff report describing the American Rescue Plan Act (ARPA), and receipt on March 10, 2021, of notification from Congressional Representative Eshoo's Office that Los Gatos will receive \$5,688,630 based on a modified version of the Community Development Block Grant formula.

The ARPA delineated local governments which generally have populations below 50,000 as nonentitlement units of local government (NEUs). Unlike other ARPA allocation recipients NEUs were programmed to receive their allocations directly from the State. The ARPA requires that States and territories allocate funding to NEUs in an amount that bears the same proportion as the population of the NEU bears to the total population of all NEUs in the State.

**DISCUSSION:**

Based on the State Finance Department's proportional population calculations, the Town is now slated to receive \$7,229,744 of which the first tranche payment of \$3,614,872 was received on July 13, 2021. Given the States proportional population calculation the Town's allocation will increase by \$1,541,114.

**PREPARED BY:** Arn Andrews  
Assistant Town Manager

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Reviewed by: Town Manager, Town Attorney, and Finance Director

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DISCUSSION (continued):

To date, the Town Council has pledged a total of \$5,106,898 in eligible ARPA allocations with \$2,122,846 of ARPA funding currently unallocated. Pledged allocations total \$1,831,452 toward assistance to households, small businesses, nonprofits, and impacted industries such as hospitality and \$3,275,446 toward the provision of governmental services to the extent of revenue reduction due to the pandemic. While staff tracks Council commitments by fiscal year for accounting purposes, ARPA funding does not need to be expended until December 31, 2024 and can remain fluid until that time. As an example, if FY 2021/22 revenue budget projections perform better than anticipated, then the current commitment of ARPA funding toward provision of governmental services would be less and the funding can be diverted to other eligible uses.

|                              | FY 2020/21  | FY 2021/22  |
|------------------------------|-------------|-------------|
| Estimated ARPA Funds         | \$3,614,872 | \$3,614,872 |
| Replace Revenue Reduction    | \$1,362,910 | \$1,912,536 |
| Economic Development         |             |             |
| • Parklets                   | \$250,000   | \$550,000   |
| • CUP Fee waiver             | \$50,000    |             |
| • ADA Fee waiver             |             | \$25,000    |
| • Destination Marketing      |             | \$55,000    |
| Nonprofit/Public Assistance  |             |             |
| • Rent Waiver                |             | \$341,452   |
| • Direct Grants              | \$60,000    |             |
| • Enhanced Senior Services   |             | \$500,000   |
| Total Allocations            | \$1,722,910 | \$3,383,988 |
| Total ARPA Funds Unallocated | \$1,891,962 | \$230,884   |

CONCLUSION:

Staff will continue to monitor ARPA guidance for the allocation of funding toward eligible uses and any Council funding commitments.

PAGE 3 OF 3

SUBJECT: ARPA Allocation Update

DATE: July 19, 2021

COORDINATION:

This staff report was coordinated with the Town Manager, Town Attorney, and Director of Finance.

FISCAL IMPACT:

None

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.