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## Rules enable Orinda to use federal stimulus money

By Sora O'Doherty

Administrative Services Director Doug Alessio on March 1 presented his first budget to the Orinda City Council, which was a mid-year budget review. One issue that has been uncertain was the allowable use of funds coming to the city from the American Rescue Plan Act (ARPA). Orinda is scheduled to receive \$4.7 million, but had not yet budgeted it because it was unclear if the city could add the grant to its general fund. The ARPA contained a number of provisions intended to ease the fiscal suffering caused to Americans by the COVID-19 pandemic. One of the ways the act seeks to affect the economic situation is to help to offset economic losses to local government revenue caused by the pandemic. However, it was a requirement of the act that in order to spend the federal money on general government, a local government had to prove a revenue loss due to COVID.

Under the newly published rules, the first \$10 million to be spent on general government is exempt from revenue loss test. The city's entire award falls under that. Since Orinda will be receiving less than \$5 million, they do not have to prove any loss. Therefore Orinda plans to put the grant into its general fund.

The grant is to be received by the city in two parts, so Orinda is currently budgeting for the first \$2.4 million. Alessio announced increase expenditures of \$100,000 for Information Technology Assessment and Strategic Plan and \$50,000 for implementation of a Records Management System.

In addition, the city will be spending \$3 million on storm drain improvements. These improvements had been targeted to be funded from Measure R funds. The application of federal funds to this project will free up some Measure R funds to be used to improve wildfire sustainability. In addition, \$80,000 of Measure R funds will be used for enhanced evacuation analysis, which directly applies to emergency preparedness. Measure R funds are kept separate from the general budget.

In general, Alessio said that for the first six months of the fiscal year property and sales tax revenue was better than the previous year, but traffic fines were down some \$40,000. Unexpected expenses included \$100,000 storm damages to city hall and the community center. City Manager David Biggs identified some continued general economic impacts from the pandemic and other national and global events. These include the necessity to fill key management vacancies and adapting to changes in the workforce and labor market. Council Member Amy Worth agreed with applying these one-time funds to capital programs, because they are one-time funds and there won't be any further revenue from this source. Vice Mayor Inga Miller congratulated the new administrative services director on his first budget report, finding it succinct and easy to follow. She also thanked all who were involved in securing the federal funding.

Council Member Darlene Gee echoed the vice mayor's comments thanking staff and Alessio. She noted that she was especially happy about moving forward with IT work. "It's very good to see where we are later in the pandemic," she said. "I feel very good about where we are, we continue to be very stable" and able to maintain the city's reserves.

Mayor Dennis Fay thanked staff for articulating in the report that we have more flexibility with the money and "don't have to jump through hoops." And City Manager David Biggs explained that the new regulations eliminate the fear that the federal government could come back and audit the city 10 years later. Biggs also thanked senior accountant Nancy Zhang, who does a lot of this work for the city.

Reach the reporter at: [sora@lamorindaweekly.com](mailto:sora@lamorindaweekly.com)

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