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CITY AND COUNTY OF HONOLULU
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DEPUTY MANAGING DIRECTOR
HOPE PO'O HO'OKELE

September 17, 2024

The Honorable Tommy Waters
Chair and Presiding Officer
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Waters and Councilmembers:

**SUBJECT: Resolution Relating to the Reprogramming of American Rescue
Plan Act of 2021, State and Local Fiscal Recovery Funds**

The City administration is requesting approval to reprogram certain State and Local Fiscal Recovery Funds ("SLFRF") in support of Revenue Replacement to further advance payments to the City's Other Post Employment Benefit ("OPEB") activity.

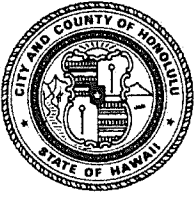
As the December 31, 2024 deadline to encumber SLFRF monies approaches, the departments are finalizing their obligations on various pre-approved projects, and have or are actively preparing to return any unobligated funds. The City currently anticipates approximately \$5,000,000 in unobligated funds from the various pre-approved projects. The exact amount will not be determined until December 2024; therefore, we are seeking Council's approval to reprogram these funds to the City's OPEB activity. This will ensure that the City is able to fully utilize these funds, consistent with U.S. Treasury rules and established City policies, when the projects are closed out and the remaining funds become available.

Due to the tight timeline, your expedient action on this matter is greatly appreciated. If you should have any questions, please contact me at (808) 768-6634.

Sincerely,

A handwritten signature in black ink, appearing to read "mformby", is written over a horizontal line.

Michael D. Formby
Managing Director



HONOLULU CITY COUNCIL
KE KANIHELA O KE KALANA O HONOLULU
CITY AND COUNTY OF HONOLULU

No. _____

RESOLUTION

RELATING TO REPROGRAMMING OF AMERICAN RESCUE PLAN ACT OF 2021 (PUB. L. 117-2), STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM IN SUPPORT OF REVENUE REPLACEMENT.

WHEREAS, on June 5, 2024, the City Council adopted Bill 12 (2024), CD2, FD1, Relating to the Executive Operating Budget and Program for the Fiscal Year July 1, 2024 to June 30, 2025; and

WHEREAS, on June 21, 2024, pursuant to Section 3-203 of the Revised Charter of the City and County of Honolulu 1973 (Amended 2017 Edition), as amended, Bill 12 (2024), CD2, FD1, became a duly enacted ordinance, Ordinance 24-9; and

WHEREAS, Section 12 of Ordinance 24-9 provides, in part, that "Limited purpose monies shall include funding from the American Rescue Plan Act of 2021 (Pub. L. 117-2), State and Local Fiscal Recovery Funds ("SLFRF") program even if such monies are deemed multi-purpose federal monies"; and

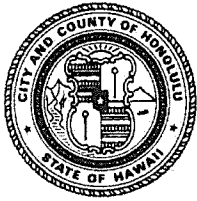
WHEREAS, Section 12(d) provides that such funds "shall be deemed approved, and the designated City official shall be deemed authorized to receive and expend the funds provided pursuant to the agreement, 15 days after notice of receipt of such monies is filed with the City Clerk and distributed to all members of the Council, unless a councilmember files a written objection with the City Clerk prior to the 15th day"; and

WHEREAS, Section 12(d) further states that "such monies that have been objected to shall be subject to Council approval by way of a formal resolution"; and

WHEREAS, notwithstanding Section 12(d), the administration is requesting the submission of this resolution in support of the reprogramming request to allow for public discussion on the proposed action; and

WHEREAS, the City administration has previously proposed to advance payments to the City's Other-Post Employment Benefit ("OPEB") activity under the category of "Revenue Replacement", consistent with U.S. Treasury rules and guidelines, through the reallocation and recovery of SLFRF funds; and

WHEREAS, to date, \$115 million in ARPA funds have been reprogrammed for this purpose and there are currently no additional sources of funding available; and



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RESOLUTION

WHEREAS, the U.S. Department of Treasury's November 20, 2023 Obligation Interim Final Rule to amend the definition of "obligation", set forth in the Department's regulations with respect to the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act of 2021, maintains the December 31, 2024 deadline for obligation of SLFRF funds; and

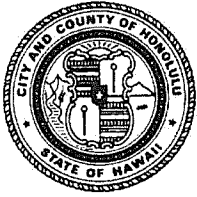
WHEREAS, the administration has proposed to utilize an estimated \$5,000,000 of unexpended SLFRF monies resulting from remaining balances across various, previously approved, SLFRF-funded projects to provide additional advance payments to OPEB in Fiscal Year 2025; and

WHEREAS, due to the timing of the submittal of the respective project amendments and closeout reports and to maximize the amount of SLFRF monies available for this purpose, the exact total of funds to be obligated will not be known until the date of obligation; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu ("Council") that it hereby approves the reprogramming of approximately \$5,000,000 or the sum of SLFRF monies, resulting from remaining program balances, as identified by the administration prior to December 31, 2024, to further support payments to OPEB; and

BE IT FURTHER RESOLVED that the Council, upon approval of the reprogramming of said funds, authorizes the Director of Budget and Fiscal Services to implement the reprogramming, receipt, and expenditure of said funds in accordance with this resolution, and execute any incidental or related amendments, agreements, or documents in furtherance of any reprogramming actions; and

BE IT FURTHER RESOLVED that upon approval of the obligation of said funds, the administration shall provide, with the subsequent monthly reports required pursuant to Resolution 21-88, a summary of the total amounts applied to this obligation; and



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RESOLUTION

BE IT FINALLY RESOLVED that certified copies of this resolution be transmitted to the Mayor, the Managing Director, and the Director of Budget and Fiscal Services.

INTRODUCED BY:

DATE OF INTRODUCTION:

Honolulu, Hawai'i

Councilmembers