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To: Mayor and Town Council
From: Wade Carroll, Town Manager
CC: Anita Otterson, Interim Town Secretary
**Re: Request for ARPA Funds from the MUD
June 14, 2022**

Agenda Item:

Discuss and take appropriate action regarding the request of ARPA funds from the Trophy Club Municipal Utility District No. 1's Board of Directors.

Strategic Link:

This item relates primarily to the following strategic priorities and goals of the Town's strategy map.

Infrastructure and Development: Foster a business friendly environment
Develop a long-term evaluation and maintenance plan for all Town Owned infrastructure.

Background and Explanation:

On May 23, 2022 Town Manager Wade Carroll received an email from MUD General Manager Alan Fourmentin asking if the Town of Trophy Club has any available funding from the American Rescue Plan Act (ARPA) for transfer to the MUD for future MUD projects.

On March 22, 2022 the Town Council approved Resolution 2022-04 supporting the following described uses for \$3,085,182.86 in ARPA funds received from the Federal Government: \$2.3 million in drainage work, \$400,000 recapture of lost revenues, \$200,000 Employee bonus for work during the COVID shut down, \$185,182.86 set aside for current and future COVID related expenditures.

According to our attorney the MUD was not eligible to directly apply to the federal government or the Texas Department of Emergency Management that allocated the non-entitlement unit of government (NEU) funding to those cities of less than 50,000 in Texas, BUT the MUD was/is eligible to request funding from the county. The federal bills passed that allocated the funding specifically allow distribution to local governments that are political subdivisions that are not

cities or counties which include municipal utility districts. Therefore while the MUD was not automatically eligible for funding like the Town, there are other mechanisms for the MUD to gain access to federal funding, primarily through the county, which is specifically authorized in the federal laws and regulations adopted that allocate the funding.

However, the transfer of ARPA funding from the Town to the MUD is legal but would require a specific process for approval of any project for which the ARPA funding would be used as the Town would be ultimately responsible for the correct use of the funding received as outlined in the agreements the Town signed for the funding through the application process.

Financial Considerations:

All funding the Town has received and is scheduled to receive has been allocated in the previously approved Resolution 2022-04. The allocation as described above; the employee bonuses have already occurred. Any transfer of funds to the MUD as a sub-recipient would require oversight by the Town as the Town is responsible for the use of funds. The best way if a transferred is desired is for the MUD to identify a project, seek Council approval and then have the Town reimburse the MUD for applicable work in that project. The Town would jeopardize its funds by just giving the MUD money because they asked.

Legal Review:

No Response

Board/Commission/ or Committee Recommendation:

Not applicable

Staff Recommendation:

This is a policy decision and therefore the staff does not have a recommendation to provide.