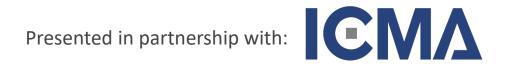


Relief Has Arrived

The Latest Guidance on Using Recovery Funds from the American Rescue Plan

May 17, 2021





Agenda

- Let's review the basics
- Did you know?
- How can I spend the money?
- What are my reporting requirements?





\$350B to State and Local Governments

- May 10: Most ARPA allocations and Interim Final Rule released (effective beginning May 17)
 - Final numbers for states and direct recipients (generally over 50k population)
 - Guidance on implementation
 - Awaiting allocations and further guidance for nonentitlement units of local government (NEUs) (generally less than 50k population)
- Published in Federal Register on May 17, open comment period until July 16 before Final Rule
 - There is time to make changes



Provide feedback to Treasury – look at the questions

Let's review the basics



Treasury Portal is Open

- Direct recipients can access half of their allocations
 - DUNS, SAM, authorized rep, POC, bank info
 - Once submitted by recipients, verification process will take Treasury ~4 business days; once verification confirmed, could have money in the bank the next business day!
- NEUs will receive first half of their allocations from the states within 30 days after Treasury releases funds to the state (states may request extension)
 - DUNS, authorized rep, POC, bank info No SAM!

Let's review the basics



Timing of the Distribution of Funds

- Disbursements in two tranches, 12 months apart
 - Allows recipients to respond to the current recovery status and plan accordingly
 - Exception for states with high unemployment, then single disbursement
- Dates of importance
 - January 27, 2020: beginning of the COVID-19 public emergency
 - March 3, 2021: funds can be used to cover costs incurred from this date forward (can still be used to replace lost revenue; can also be used for retroactive premium pay for essential workers)
 - December 31, 2024: funds must be obligated
 - **December 31, 2026**: end of period of performance





Did you know?

- Unique opportunity to avoid federal red tape
- NEPA will NOT be required for infrastructure projects funded with only Treasury funds
- Expanded uses for hardest hit communities
 - Must be in Qualified Census Tract or in disproportionately-impacted communities
 - Lead abatement, affordable housing, community violence intervention, housing vouchers, relocation assistance, etc.
- You can transfer funding to special districts, other jurisdictions, non-profit organizations, and even your state

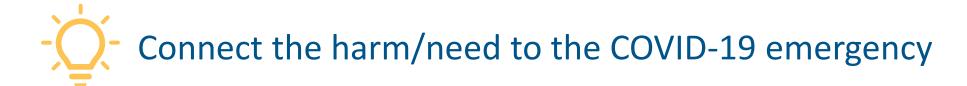


Use first tranche for revenue replacement, then be creative



Things to Think About and Consider

- Solicit community input
- Consider Council or Board action and/or resolutions
- How will the project be described on the front page of the local paper?
- Can you adequately explain why the use of funds is necessary?
- What is the harm/need you are looking to address?
- How does the expenditure address that harm/need?







Eligible Uses

- Respond to public health emergency / negative economic impacts
- Revenue loss
- Premium pay
- Water, sewer, and broadband infrastructure



Public Health Response to COVID-19 Emergency

- Mitigation and prevention activities
- Medical expenses for care and services to address short- and long-term needs
- Behavioral health care: mental health, substance misuse, DV services
- Public health and safety staff payroll and benefits
- Activities to address the disparities in public health outcomes



Negative Economic Impacts

- Help households and individuals
- Assist small businesses
- "Broad latitude" to address impact on state, local, Tribal governments' ability to deliver general government services; rehiring staff
- Aid to impacted industries
- Expanded uses for hardest hit communities



Revenue Loss

- Compares actual pandemic-era revenue to an estimate of revenue if the pandemic had not occurred
- Calculation provided in guidance OR assume 4.1% growth, whichever is higher
- Revenue loss is different for every community, so Treasury will allow calculations at 4 points in time: December 31, 2020; December 31, 2021; December 31, 2023
- Broad latitude to use funds for provision of government services, such as infrastructure maintenance or pay-go infrastructure projects; examples:
 - Roads, modernization of cybersecurity, health services, environmental remediation, school or educational services, the provision of public safety services (e.g., police and fire)



Premium Pay to Essential Workers

- Direct payments to essential workers or grants to 3rd-party employers with eligible workers
- Work must involve regular in-person interactions or regular physical handling of items that were also handled by others
 - Not for teleworkers!
- Premium pay is \$13/hour more than wage/payment not to exceed \$25k/year
- If premium pay increases total pay above 150% of state's avg. wage or their county's avg. annual wage, whichever is higher, then written justification is required
- Retroactive and future payments allowed and encouraged



Water and Sewer Infrastructure

- Drinking water infrastructure, such as building or upgrading facilities and transmission, distribution, and storage systems (Eligible under Drinking Water State Revolving Fund)
- Wastewater infrastructure, including constructing publicly-owned treatment infrastructure, managing and treating stormwater or subsurface drainage water, facilitating water reuse, and securing publicly-owned treatment works (Eligible under Clean Water State Revolving Fund)
- Projects should encourage strong labor standards
- May include projects on privately-owned infrastructure and cybersecurity



Think "Build Back Better" – resiliency, green infrastructure, lead service lines



Broadband Infrastructure

- Focus on unserved or underserved lacking a wireline connection that reliably delivers minimum speeds of 25 Mbps download and 3 Mbps upload (or 25/3)
- Prioritize last-mile connections to households and businesses
- Build reliable 100/100 unless impracticable due to topography, geography, or financial cost
- Prioritize fiber optic infrastructure where feasible
- Prioritize support for networks owned, operated, or affiliated with local governments, non-profits, co-ops



Ineligible Uses

- Offset tax cuts
- Deposit into pension funds, rainy day funds
- Funding debt service, legal settlements, matching funds (unless allowed by the federal program)
- General infrastructure spending (outside of broadband, water/sewer) unless under revenue loss provision



What are my reporting requirements?



Reporting Mechanisms for the Use of Funding

- Direct recipients must submit one Interim Report and thereafter quarterly Project and Expenditure reports through December 31, 2026 (the end of period performance).
 - Remember, funds must be obligated by December 31, 2024, and completed by December 31, 2026
- Direct recipients with a population more than 250,000 will also be required to submit an annual Recovery Performance Plan to Treasury (the first report must be submitted by August 31, 2021).
- NEUs are not required to submit an Interim Report or Recovery Performance Report. However,
 NEUs will be required to submit annual Project and Expenditure reports through December 31,
 2026.
- Financial records and supporting documents must be kept for five years after all funds are expended.

Thank you!



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