American Rescue Plan Act Update
Town of Bluffton

July 13, 2021

Impact to Local Governments

- Congress approved $350 billion for state, local, territorial and Tribal governments to respond to the COVID-19 emergency and bring back jobs.

- Municipal allocations based on two tranches; non-entitlement ($19.5B) vs entitlement communities ($45.6B)

- Metro (entitlement eligible) communities receive distribution based on CDBG formula which uses objective measures of community needs;
  - Population
  - Extent of poverty
  - Housing overcrowding and
  - Age of housing

- Non-entitlement allocations are based solely on population

Final Allocations

- State = $2.5 billion
- Beaufort County = $37.3 million
- **Bluffton = $1.98 million**
- Hilton Head = $5.2 million
- Beaufort City = $6.69 million (non-entitlement)
- Hardeeville = $3.6 million (non-entitlement)

Final Allocations Cont'd

Original Estimate $9.55M

Why a 79% decline?

- Congressional estimates recognized Bluffton as a non-entitlement based on our decline of HUD entitlement classification

- U.S. Treasury interpreted the law to mean all eligible metro areas, regardless of HUD CDBG status, shall be treated as an entitlement community for purposes of ARPA allocations

- Revised estimate based on CDBG formula = $1.98M

Options:

- U.S. Treasury will not adjust allocations

- Some communities impacted by the different interpretation were made whole from State ARPA allocations.

Distribution of Funds

- Direct allocation from U.S. Treasury to entitlement communities
- 50% Received ($991,235.50)
- Other 50% allocated in June 2022
- Can be used for costs incurred (obligated) by December 31, 2024
  - Must be fully spent by December 31, 2026
- Subrecipients subject to ARPA use restrictions

Objectives

1. Support COVID-19 Response

2. Replace lost public sector revenue

3. Support immediate economic stabilization

4. Address systemic public health and economic challenges

Allowable Uses of Funds

A. Replace Public Sector Revenue Loss

B. Support Public Health Response

C. Water & Sewer Infrastructure

D. Broadband Infrastructure

E. Address Negative Economic Impacts

F. Equity-Focused Services

G. Premium Pay for Essential Workers

Ineligible Uses

- To offset tax decreases

- Payments into a pension fund

- Other restrictions to allowable uses

Allowable Uses - Replace Revenue Loss

- **Revenue loss is calculated** relative to the expected trend (prior three FY's), beginning with the last full fiscal year pre-pandemic (FY19) and adjusted annually for growth.

Base Year Revenue	$ 27,933,115
Growth Rate	9.1%
Counterfactual Revenue	$ 31,849,065
Actual Revenue	$ 28,142,164
Revenue Reduction	$ 3,706,901
Revenue Reduction %	-11.6%

- Can expect to capture full $1.98M ARPA allocation as revenue loss

Allowable Uses - Replace Revenue Loss Cont'd

- "…for the provision of **government services**."
- Can include but are not limited to;
  - Maintenance
  - Infrastructure
  - Modernization of cybersecurity
  - Health services
  - Environmental remediation
  - Safety services
- Cannot be used for;
  - P&I
  - Settlements
  - Reserves

Allowable Uses – Support Public Health Response

- **Mitigation & Prevention**: vaccinations, medical care, testing, contract tracing, support of quarantines, medical access for vulnerable populations, enforcement, public communication, PPE, ventilation, facilities improvements to meet pandemic operational needs.

- **Medical Expenses**: May provide care and services to address these near- and longer-term needs of COVID-19 symptoms.

- **Behavioral Health:** Mental health treatment, substance misuse, behavioral health, crisis intervention, overdose prevention, infections disease prevention, promoting access to primary and preventative medicine.

- **Public Health and Safety Staff**: Payroll and benefits of public health and safety personnel to the extent that their services are devoted to mitigating or responding to COVID-19 emergency.

Allowable Uses – Water & Sewer Infrastructure

- Aligns eligible uses with the types of projects eligible under the EPA's Clean Water State Revolving Fund or Drinking Water State Revolving Fund.
    - Wastewater treatment plant improvements
    - Control of non-point sources of pollution
    - Improve infrastructure resiliency to severe water events
    - Green infrastructure
    - Protection of water bodies from pollution
    - Drinking water systems
    - Distribution systems improvements
    - Treatment infrastructure
    - Stormwater treatment
    - Water reuse
    - Cyber security

Allowable Uses – Broadband Infrastructure

- "Projects designed to deliver service that reliably meets or exceeds symmetrical upload and download speeds of 100Mbs."

- Mostly directed at underserved rural areas

- Not applicable

Allowable Uses – Address Negative Economic Impacts

- "…assess whether, and the extent to which, there as been an economic harm, such as loss of earnings or revenue, that resulted from the COVID-19 public health emergency and whether, and the extent to which, the use would respond or address this harm." "…consider whether this harm was caused or made worse by the COVID-19 public health emergency*.

*"In assessing whether a household meets this definition you may presume a household that experienced unemployment or increased housing or food insecurity **or is low or moderate income** (<80% AMI) experienced negative economic impacts from the pandemic."

Allowable Uses – Address Negative Economic Impacts

- Eligible uses:
  - **Assistance to unemployed workers**
  - **Assistance to households**; food assistance, rent, mortgage, or utility assistance, burials, home repairs, weatherization, or other needs, literacy assistance, job training.
  - **Improve efficacy of economic relief programs** including data analysis, targeted consumer outreach, improvement to technology and impact evaluations.
  - **Small Business and Non-profit assistance** to weather closure or mitigate financial hardships resulting from COVID-19 including loans, grants to compensate for declines in revenues or implement COVID-19 prevention tactics and technical assistance, counseling or other services to assist with business planning needs.
  - **Rehiring government staff**
  - **Aid to impacted industries**; to respond to negative economic impacts of the pandemic in tourism, travel and hospitality, for example: PPE, safe reopening and impacts of required closures.

Allowable Uses – Equity-Focused Services

- **Investments in housing and neighborhoods**
  - Services to address homelessness
  - Affordable housing development
  - Housing vouchers, residential counseling or housing navigations
- **Educational disparities**
  - Early learning services
  - High-poverty school district assistance
  - Tutoring, summer, afterschool and extended learning programs
  - Social, emotional and mental health programs
- **Promoting healthy childhood environments**
  - New or expanded childcare
  - Home visiting programs to educate and assist in navigating resources
  - Education and training for child welfare involved families

Allowable Uses – Premium Pay

- "Premium pay to eligible workers performing essential work during the COVID-19 public health emergency….workers that maintain continuity of operation of essential critical sectors including protecting the health and wellbeing of communities."

- An amount up to $13 per hour in addition to wages otherwise received not to exceed $25k per eligible worker. Should prioritize lower income eligible workers performing essential work.

- Such workers include; healthcare staff, workers in food production, janitors and sanitation workers, public safety, childcare, social and human services, workers that have regular in-person interactions or regular physical handling of items that were also handled by others.

Questions / Discussion

- What priorities does Council have for the $1.98M of recaptured "lost revenue?" (less restrictions) i.e.:
    - Historic preservation
    - Public wi-fi
    - Parks
    - Economic development
    - Land acquisition

- If we receive State ARPA dollars what "allowable use(s)" are your priorities?
    - Support Public Health Response
    - Water & Sewer Infrastructure
    - Broadband Infrastructure
    - **Address Negative Economic Impacts**
    - **Equity-Focused Services**
    - **Premium Pay for Essential Workers**