



**Town Council Work Session**  
**ARPA Update – Review of Final Rule**  
**February 8, 2022**

# Agenda

- Review funding principles
- Review expenditure and eligible use categories
- Review changes resulting from Final Rule
- Review of current allocation
- Next steps...

The American Rescue Plan Act established the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) to ensure that governments have the resources to:

**Support**

Fight the pandemic and support families and businesses struggling with the **public health and economic impacts**

**Maintain**

Maintain **vital public services**, even amid declines in revenue

**Build**

Build a strong, resilient, and equitable recovery by making **investments that support long-term growth and opportunity**

# Timeline

- CSLFRF funded March 2021
- Interim Final Rule issued in May 2021
- First tranche received June 30, 2021
- Final Rule issued January 2022
  - Effective April 1, 2022
  - Can operate under final rule now
- Second tranche to be received June 30, 2022



# Expenditure Categories

## 1: Public Health

- 1.1 COVID-19 Vaccination ^
- 1.2 COVID-19 Testing ^
- 1.3 COVID-19 Contact Tracing
- 1.4 Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)\*
- 1.5 Personal Protective Equipment
- 1.6 Medical Expenses (including Alternative Care Facilities)
- 1.7 Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
- 1.8 Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
- 1.9 Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
- 1.10 Mental Health Services\*
- 1.11 Substance Use Services\*
- 1.12 Other Public Health Services

## 2: Negative Economic Impacts

- 2.1 Household Assistance: Food Programs\* ^
- 2.2 Household Assistance: Rent, Mortgage, and Utility Aid\* ^
- 2.3 Household Assistance: Cash Transfers\* ^
- 2.4 Household Assistance: Internet Access Programs\* ^
- 2.5 Household Assistance: Eviction Prevention\* ^
- 2.6 Unemployment Benefits or Cash Assistance to Unemployed Workers\*
- 2.7 Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)\* ^
- 2.8 Contributions to UI Trust Funds
- 2.9 Small Business Economic Assistance (General)\* ^
- 2.10 Aid to Nonprofit Organizations\*
- 2.11 Aid to Tourism, Travel, or Hospitality
- 2.12 Aid to Other Impacted Industries
- 2.13 Other Economic Support\* ^
- 2.14 Rehiring Public Sector Staff

## 3: Services to Disproportionately Impacted Communities

- 3.1 Education Assistance: Early Learning\* ^
- 3.2 Education Assistance: Aid to High-Poverty Districts ^
- 3.3 Education Assistance: Academic Services\* ^
- 3.4 Education Assistance: Social, Emotional, and Mental Health Services\* ^
- 3.5 Education Assistance: Other\* ^
- 3.6 Healthy Childhood Environments: Child Care\* ^
- 3.7 Healthy Childhood Environments: Home Visiting\* ^
- 3.8 Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System\* ^

- 3.9 Healthy Childhood Environments: Other\* ^
- 3.10 Housing Support: Affordable Housing\* ^
- 3.11 Housing Support: Services for Unhoused Persons\* ^
- 3.12 Housing Support: Other Housing Assistance\* ^
- 3.13 Social Determinants of Health: Other\* ^
- 3.14 Social Determinants of Health: Community Health Workers or Benefits Navigators\* ^
- 3.15 Social Determinants of Health: Lead Remediation ^
- 3.16 Social Determinants of Health: Community Violence Interventions\* ^

## 4: Premium Pay

- 4.1 Public Sector Employees
- 4.2 Private Sector: Grants to Other Employers

## 5: Infrastructure<sup>24</sup>

- 5.1 Clean Water: Centralized Wastewater Treatment
- 5.2 Clean Water: Centralized Wastewater Collection and Conveyance
- 5.3 Clean Water: Decentralized Wastewater
- 5.4 Clean Water: Combined Sewer Overflows
- 5.5 Clean Water: Other Sewer Infrastructure
- 5.6 Clean Water: Stormwater
- 5.7 Clean Water: Energy Conservation
- 5.8 Clean Water: Water Conservation
- 5.9 Clean Water: Nonpoint Source
- 5.10 Drinking water: Treatment
- 5.11 Drinking water: Transmission & Distribution
- 5.12 Drinking water: Transmission & Distribution: Lead Remediation
- 5.13 Drinking water: Source
- 5.14 Drinking water: Storage
- 5.15 Drinking water: Other water infrastructure
- 5.16 Broadband: "Last Mile" projects
- 5.17 Broadband: Other projects

## 6: Revenue Replacement

- 6.1 Provision of Government Services

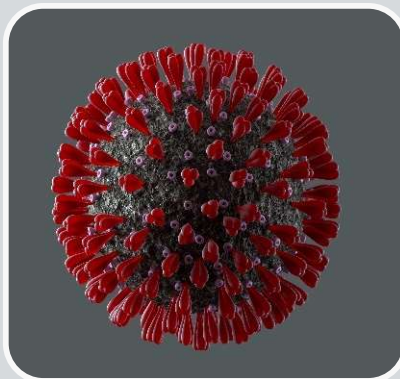
## 7: Administrative

- 7.1 Administrative Expenses
- 7.2 Evaluation and Data Analysis
- 7.3 Transfers to Other Units of Government
- 7.4 Transfers to Non-entitlement Units (States and territories only)

# Eligible Use Categories



**Replace Lost  
Public  
Sector  
Revenue**



**Support the  
COVID-19  
Public  
Health and  
Economic  
Response**



**Provide  
Premium  
Pay for  
Eligible  
Essential  
Workers**

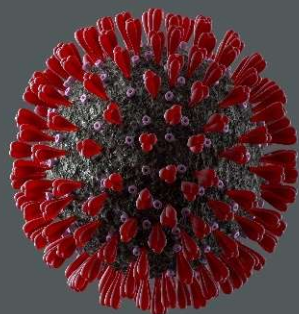


**Invest in  
Water, Sewer,  
and  
Broadband  
Infrastructure**

# Eligible Use Categories



**Replace Lost  
Public  
Sector  
Revenue**



**Support the  
COVID-19  
Public  
Health and  
Economic  
Response**



**Provide  
Premium  
Pay for  
Eligible  
Essential  
Workers**



**Invest in  
Water, Sewer,  
and  
Broadband  
Infrastructure**

# Public Sector Revenue

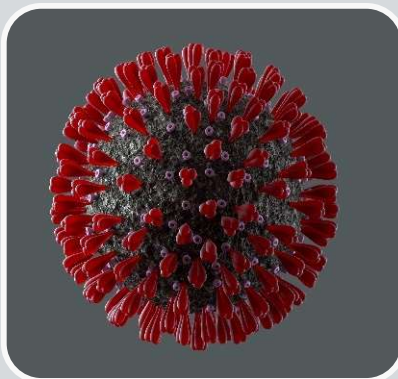
- Under IFR, had to calculate loss on a calendar year basis
  - Our original calculation was \$3.8M
- **Standard allowance of up to \$10 million**
- Can be used for government services
  - Generally, any service traditionally provided by the government with a few exceptions
- Warrenton's total allocation = \$10.4M



# Eligible Use Categories



**Replace Lost  
Public  
Sector  
Revenue**



**Support the  
COVID-19  
Public  
Health and  
Economic  
Response**



**Provide  
Premium  
Pay for  
Eligible  
Essential  
Workers**



**Invest in  
Water, Sewer,  
and  
Broadband  
Infrastructure**

# Public Health and Economic Impacts

- Support the Public Health Response
  - COVID-19 Mitigation and Containment
    - Vaccination and testing programs
    - May also include certain capital expenditures, such as medical facilities devoted to COVID-19
  - Medical expenses
    - Expenses to households, medical providers and others
    - Can include unreimbursed expenses for COVID-19 testing or treatment and emergency medical response
  - Behavioral Healthcare
    - Prevention, treatment, harm reduction and recovery services
    - May include certain capital expenditures for behavioral health facilities and equipment
  - Preventing and Responding to Violence
    - Responses to communities that experienced increases in violence, such as community violence intervention programs and enforcement efforts to reduce gun violence

# Public Health and Economic Impacts

## Assistance to Households

- Impacted
  - low and moderate income
    - **< 300% of FPG (\$65,880) or < 65% of AMI (\$75,465)**
  - experiencing unemployment or food or housing insecurity
  - **households that qualify for certain federal programs (e.g. – CHIP, CCDF)**
- Disproportionately impacted
  - low income
    - **< 185% of FPG (\$40,626) or < 40% of AMI (\$46,440)**
  - households in QCTs
  - **households that qualify for certain federal programs (e.g. - TANF, SNAP and others)**

## Assistance can include

- Food assistance
- Re-employment and job training
- Rent, mortgage, utility and other forms of assistance
- Home repairs and weatherization
- Financial services – unbanked and underbanked
- Affordable housing development
- Permanent supportive housing
- Childcare, early learning, and learning loss assistance
- Addressing health disparities
- Addressing educational disparities
- Investment in neighborhoods to promote health outcomes
- Improvements to vacant/abandoned property

# Public Health and Economic Impacts

## Assistance to Small Businesses

- Impacted – experienced decreased revenue or gross receipts, financial insecurity, increased costs
- Small business is generally defined as < 500 employees

### Can include

- Loans or grants to mitigate financial hardship
- Technical assistance, counseling or other business support services

## Assistance to Non-Profits

- Impacted – experienced decreased revenue, financial insecurity, increased costs, increased need for services that was not compensated

### Can include

- Loans or grants to mitigate financial hardship
- Technical or in-kind assistance or other assistance to mitigate negative economic impact

# Public Health and Economic Impacts

## Aid to Impacted Industries

- Travel, Tourism, or Hospitality sectors
- Other industries if
  - Experienced 8% or greater employment loss
  - Is experiencing comparable or worse economic impacts compared to national travel, tourism, and hospitality sectors as of the date of the Final Rule and the impacts resulted from the COVID-19 public health emergency

## Can include

- Aid to mitigate financial hardship, such as supporting payroll costs
- COVID-19 mitigation and infection prevention measures
- Technical assistance, counseling or other services to support business planning

Note: Aid limited to entities operating prior to the pandemic and affected by required closures and other efforts to contain the pandemic

## Restore and Bolster Public Sector Capacity

- Payroll and benefits for public safety
  - Limited to the portion of time spent responding to COVID-19
- Government employment
  - Hiring up to 7.5% above pre-pandemic baseline
  - Maintaining compensation levels to prevent layoffs
  - Worker retention incentives, including reasonable increases in compensation
  - Funding for employees who experienced pay reductions or were furloughed
- Effective service delivery
  - Supporting use of evidence, program evaluation, data, and outreach
  - Providing administrative expenses for administration of programs that respond to COVID-19
  - Address administrative needs caused or exacerbated by the pandemic





# Public Health and Economic Impacts

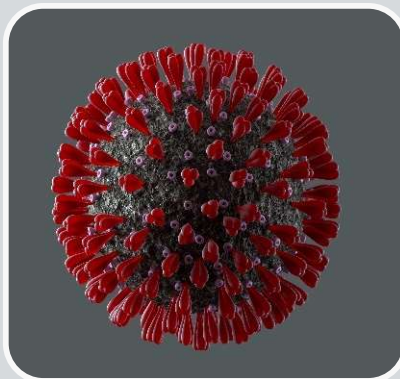
## Invest in Capital Expenditures

- Subject to same related and reasonably proportional standard as other uses
- Must include written justification for expenditures > \$1M
  - Must explain why project is appropriate and why it is superior to other alternatives
  - Projects > \$10M must submit justification to Treasury
- Presumed eligible
  - Testing labs and equipment
  - Emergency operations center and equipment
  - Affordable housing
  - Childcare facilities
- Presumed ineligible
  - New correctional facilities
  - New congregate facilities
  - Convention centers, stadiums, other large capital projects for general economic development or aid to impacted industries

# Eligible Use Categories



**Replace Lost  
Public  
Sector  
Revenue**



**Support the  
COVID-19  
Public  
Health and  
Economic  
Response**



**Provide  
Premium  
Pay for  
Eligible  
Essential  
Workers**



**Invest in  
Water, Sewer,  
and  
Broadband  
Infrastructure**

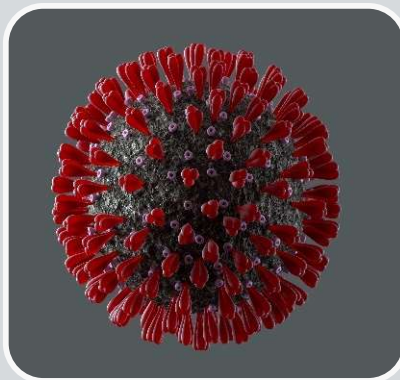
# Premium Pay for Essential Workers

- Essential work involves regular in-person interactions or physical handling of items handled by others
- Pay can be flexibly awarded up to \$13 per hour in installments or lump sums
  - May not exceed \$25,000 for any single worker
  - Workers cannot be exempt from FLSA overtime rules
- Pay must respond to worker needs
  - Serves workers who:
    - Earn at or below 150% of their state or county's average annual wage, **OR**
    - Must provide a written justification of how it meets needs

# Eligible Use Categories



**Replace Lost  
Public  
Sector  
Revenue**



**Support the  
COVID-19  
Public  
Health and  
Economic  
Response**



**Provide  
Premium  
Pay for  
Eligible  
Essential  
Workers**



**Invest in  
Water, Sewer,  
and  
Broadband  
Infrastructure**

# Water, Sewer and Broadband Infrastructure

- Water and Sewer Projects
  - Broad range of allowable costs for necessary investments
  - Under IFR, qualifying projects were those allowable under Clean Water and Drinking Water Acts
  - Final Rule
    - Clean Water Act
    - Drinking Water Act
    - Lead remediation
    - Stormwater infrastructure
    - Residential wells
    - Certain dam and reservoir rehabilitation



# Restrictions on Use

- Funds may not be used for:
  - Debt service
  - Replenishing rainy day funds/reserves
  - Satisfaction of a settlement or judgment
  - Deposits into pension funds
  - To offset a tax cut
- Cannot violate Uniform Guidance conflict-of-interest requirements or other applicable laws
- Cannot undermine COVID-19 mitigation practices in line with CDC guidance and recommendations

# Match and Cost-Share

- Funds available under the revenue loss category may generally be used for non-federal cost-share or matching requirements of other federal programs
- Funds not available under revenue loss may not be used for non-federal cost-share or matching requirements

# Procurement

- Procurement requirements in Uniform Guidance apply to the Funds
  - 2 CFR Part 200 Sections 317-327
  - Emergency procurements are specifically defined
- Cooperative procurements
  - Not prohibited
  - Must have been procured in accordance with requirements in Uniform Guidance
- Davis-Bacon Wage Rate Requirements generally will not apply

# Reporting and Audit Impacts

- Quarterly reporting begins April 30, 2022
- Requires specific information on projects, expenditures, revenue loss and contracts and subawards over \$50,000
- Single Audit
  - Higher risk program
  - Focus on
    - Activities Allowed/Unallowed
    - Allowable Costs/Cost Principles
    - Period of Performance
    - Procurement, Suspension, and Debarment
    - Reporting
    - Subrecipient Monitoring

# Spending Plan

DESCRIPTION	AMOUNT	NOTES
Sidewalk Construction	\$18,260	CIP T-23-003
Pedestrian Crossing – Blackwell & Moorhead	96,236	CIP T-23-004
Pedestrian Crossing Improvements	25,000	CIP T-23-005
Waterloo Speed/Safety Improvements	70,200	CIP T-23-006
Compensation Study	50,000	estimate
Administrative	312,000	3-year period
<b>Semi-automated Refuse Trucks</b>	<b>597,374</b>	
<b>Water and Sewer Projects – HOLD</b>	<b>4,000,000</b>	<b>Under review</b>
<b>Parks and Recreation Projects - HOLD</b>	<b>2,000,000</b>	
<b>TOTAL PROPOSED</b>	<b>\$7,169,070</b>	



# Spending Plan

Balance of \$3,234,110 to allocate

- **Support**

- Affordable Housing
- Economic Support
  - Travel, Tourism, and Hospitality
  - Other impacted sectors

- **Maintain**

- Premium Pay
  - initial estimate based on different scenarios of \$300,000 - \$400,000

- **Build**

- Updated CIP to be reviewed in context of Water and Sewer Rate Study and General Fund model