

# ARPA: Coronavirus State and Local Fiscal Recovery Fund

**June 14, 2021**

Information in slides attributed to National League of Cities and Department of Treasury presentations

# Purpose of ARPA Funds

- ▶ **Assist cities and towns in their response to the COVID-19 emergency and its economic impacts by:**
  - Supporting urgent COVID-19 response efforts to continue to decrease the spread of the virus;
  - Replacing lost public sector revenue to strengthen support for vital public services and retain jobs;
  - Supporting immediate economic stabilization for households and businesses; and
  - Addressing systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations.

# Receiving Funds: General Information

- ▶ Portsmouth has been classified as a Metropolitan City
- ▶ Metropolitan cities make a direct application to the Department of Treasury and receive their funds directly, not through the State of New Hampshire
- ▶ The funds are dispersed in two tranches:
  - ▶ City will receive \$12.88 million over two years
  - ▶ On May 20, 2021, City received first tranche of \$6,441,140
  - ▶ Second tranche will be dispersed 12 months later
  - ▶ Expenditure of funds are subject to federal rules and conditions and the State may not impose any additional conditions on expending these funds
  - ▶ City Council will vote to accept and expend these funds

# How ARPA funds differ from FEMA and CARES Act funds

- ▶ No application, evaluation, approval and reimbursement process
- ▶ Primarily forward-looking focus for use of funds to address COVID-19 (March 3, 2021 through obligation of funds December 31, 2024 and period of performance until December 31, 2026)
- ▶ City must make own determination on eligibility based on ARPA and U.S. Treasury Guidance documents:
  - ▶ Guidance documents provide nonexclusive lists of eligible projects;
  - ▶ Subject to public comments through July 16, 2021; and
  - ▶ Clarification on Guidance documents being actively sought by National League of Cities (NLC) working with NHMA
- ▶ Public outreach and transparency
- ▶ Noncompliance could result in delay of subsequent disbursement and improper use of funds will be subject to recoupment by federal government

# Eligible Uses for Public Health

- ▶ **Public Health- Non-Exclusive list of programs to contain and mitigate COVID-19**
  - ▶ Vaccination programs, testing, contact tracing, monitoring variants and enhancement of public health data
  - ▶ Isolation or quarantine, PPE purchase, ventilation improvements in key settings
  - ▶ Improve support, outreach and communication with vulnerable populations for access to medical or public health services, including medical expenses, support for behavioral health needs and survivor benefits
  - ▶ Capital investments in public facilities to meet pandemic operational needs
  - ▶ Staff costs for staff who are primarily dedicated to respond to COVID-19 (but can't claim if covered by other federal grants)

# Eligible Uses for Economic Hardship

- ▶ **Provide Equity-Focused Services** intended to address the health and economic impacts to low -income families and people of color, exacerbating long-standing disparities
- ▶ **Presumption of Eligibility inside Qualified Census Tracts (QCT) (low income as defined by HUD)**
  1. Direct cash and loan interventions
  2. Assistance to business and non-profits
  3. Impacted industries and workers
  4. Housing and Community Development
  5. Homelessness
  6. Childcare and Education

# Eligible Uses for Economic Hardship Outside Qualified Census Tracts

**The City may also provide these services to populations outside a Qualified Census Tract:**

*Recipients may also provide these services to other populations, households, or geographic areas that are disproportionately-impacted by the pandemic. In identifying these disproportionately-impacted communities, recipients should be able to support their determination that the pandemic resulted in disproportionate public health outcomes to the specific populations, households or geographic areas to be served.*

# Framework to Assess Eligibility for Projects and Services

1. Identify the harmful effect of COVID-19 the activity will address.
2. Assess the causal or compounding connection.
3. Assess for disproportionate impact on distressed sectors or populations.
4. Determine how to prove the expense produces the expected outcome.



# Lost Revenue Calculation

- ▶ General Revenue draws on the Census Definition of General Revenue
- ▶ Further Guidance is expected on the exclusion of utilities from definition of revenue
- ▶ Revenue loss is not actual revenue loss by department but is summed across all revenue streams
- ▶ Calculation begins with the last full fiscal year pre-pandemic
- ▶ City may use predetermined growth rate of 4.1% OR the average annual growth rate over the three full fiscal years prior to the pandemic
- ▶ Lost revenue calculations will be made at four points in time:
  - ▶ December 31, 2020, December 31, 2021, December 31, 2022, December 31, 2023

# Eligible Uses for Lost Revenue to Fund Defined Government Services

- ▶ City may use lost revenue funds to pay for certain defined government services, such as:
  - ▶ Maintenance or pay-go funded building of infrastructure, including roads;
  - ▶ Modernization of cybersecurity, including hardware, software, and protection of critical infrastructure;
  - ▶ Health services;
  - ▶ Environmental remediation;
  - ▶ School or educational services; and
  - ▶ Provision of police, fire, and other public safety services

# Eligible Uses for Premium Pay for Essential Workers

- ▶ Essential workers are those who have regular in-person interactions or physical handling of items that have been handled by others. City may identify additional sectors:
  - ▶ Health care providers at hospitals and nursing homes
  - ▶ Workers who grow, produce, sell and serve food
  - ▶ Janitors and sanitation workers
  - ▶ Warehouse workers and truck and bus drivers
  - ▶ Childcare, school and social services staff
  - ▶ Public health and safety staff whose services are substantially dedicated (more than half their time) to mitigating or responding to COVID-19 health emergency

# Eligible Uses for Water and Sewer Infrastructure

Funding for projects eligible under the Clean Water State Revolving Fund (*CWSRF*) and Drinking Water State Revolving Fund (*DWSRF*), which included:

***CWSRF***: Construct, improve, and repair wastewater treatment plants; control non-point sources of pollution; create green infrastructure; manage and treat stormwater; water reuse; protect waterbodies from pollution

***DWSRF***: Build or upgrade facilities to improve water quality; transmission, distribution, and storage systems; consolidation or establishment of drinking water systems

Cybersecurity

Climate Change and Resilience

Lead Service Line Replacement

# Eligible Uses for Broadband Infrastructure

## ▶ Eligible Projects must:

- ▶ Be designed to provide service to unserved and underserved households and businesses (lacking access to 25 Mbps download/3 Mbps upload)
- ▶ Service areas and locations may be defined by City
- ▶ Must meet or exceed defined upload speeds

## ▶ City Encouraged to:

- ▶ Not invest where defined upload speeds exist
- ▶ Promote last-mile connections and affordable service
- ▶ Also includes assistance to households both in access and digital literacy assistance

# Ineligible Uses

- ▶ Premium Pay for teleworkers
- ▶ Deposits into Pension Funds, includes extraordinary contributions to pension fund to reduce an accrued or unfunded liability, excludes routine payroll contributions to employees
- ▶ Debt Service, Rainy Day Funds, Financial Reserves
- ▶ Legal settlements
- ▶ Infrastructure not directly addressed in ARPA
- ▶ Federal matching requirements

# Reporting Schedule for Metropolitan Cities

- ▶ Interim Report for expenditures by category at the summary level from award date to July 31, 2021 due August 31, 2021
- ▶ Quarterly Project and Expenditure reports thereafter including:
  - ▶ information on contracts/subawards over \$50K
  - ▶ description of types of projects funded
  - ▶ information to support eligibility and utilization of awards
- ▶ For populations +250K, annual Recovery Plan Performance Reports, not required for City
- ▶ Public engagement, transparency and outreach regarding expenditures

# Action Steps

- ▶ **Assess government operations and community needs to develop a plan for recovery**
- ▶ **Use revenue resources strategically**
- ▶ **Prioritize fiscal stability and return to work**
- ▶ **Maintain records**
- ▶ **Documents impacts**
- ▶ **File interim report**



# Corona Virus State and Local Fiscal Relief Information

- ▶ For overall information about the program, including information on requesting funding, please see <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments>
- ▶ For general questions about CSFRF / CLFRF, please email [SLFRP@treasury.gov](mailto:SLFRP@treasury.gov)