TOWN OF OLD SAYBROOK
**SELECTMEN'S OFFICE**

*CARL P. FORTUNA JR., FIRST SELECTMAN*
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# AMERICAN RESCUE PLAN ACT (ARPA) AD HOC COMMITTEE
MEETING AGENDA
HYBRID MEETING

**Tuesday, January 11, 2022**
**5:00 p.m.**
Old Saybrook Town Hall – First Floor Conference Room

Public Zoom Link:
https://zoom.us/j/97813035481?pwd=QkE1OVFXZlhIRTVTaGhMdjZKMkNOQT09
Dial In: 929-436-2866
Meeting ID: 978 1303 5481
Passcode: 302302
One Tap Mobile: tel://9294362866,,97813035481#

**I. CALL TO ORDER**
**II. ESTABLISHMENT OF OFFICERS –** Chairman, Vice-Chair, Secretary
**III. COMMENTS FROM THE PUBLIC**
**IV. APPROVAL OF MINUTES**: No minutes to be approved
**V. REVIEW OF COMMITTEE CHARGE**
**VI. COMMENTS FROM THE COMMITTEE**
**VII. BUSINESS BEFORE THE BOARD**
   i. Overview of ARPA – Discussion or materials forwarded by the Board of Selectmen
   ii. Projects to be considered
   iii. Assignments to the committee
   iv. Consultant discussion
**VIII. OLD BUSINESS**
**IX. NEW BUSINESS**
**X. ADJOURNMENT**

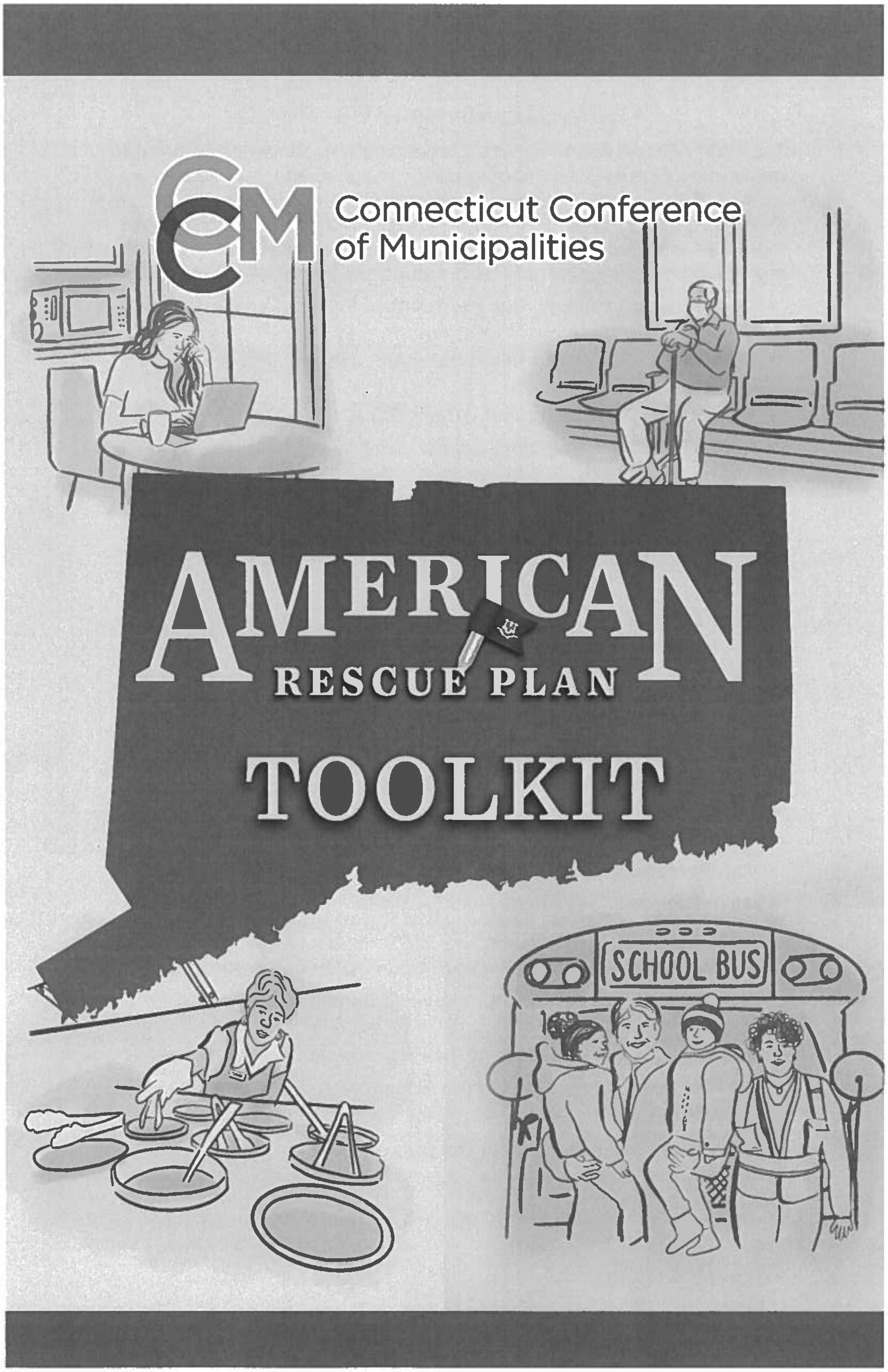
## BOARD OF SELECTMEN

## THE ESTABLISHMENT OF AN AD HOC COMMITTEE to advise and recommend to the Board of Selectmen how best to deploy American Rescue Plan Act in Old Saybrook.

The Old Saybrook Board of Selectmen (BOS) at their regular meeting dated December 14, 2021 established an ad hoc committee for the purposes of researching the best uses of ARPA funds, advising the Board of Selectmen on how best to deploy said funds and any other recommendations suitable to the committee as it relates to ARPA funding. The Board of Selectmen has appointed Brad Thorpe, Bruce Carlson, Elizabeth McEvily, Kacie Costello Hand, Maureen Zavatone, Kristen Roberts, Susan Esty and Judy Sullivan to this committee, all of whom will serve at the pleasure of the Board of Selectmen. The Board of Selectmen may add members to the committee as it sees fit. The First Selectman or his designee shall serve as an ex-officio member of the Committee. Unless renewed the committee shall sunset on December 31, 2022.

The following charge is presented for review by this Committee:

To research the best uses of ARPA funds for the Old Saybrook community as permitted by United States Treasury Guidelines, advising the Board of Selectmen on how best to deploy said funds and any other recommendations suitable to the committee as it relates to ARPA funding. As permitted by Treasury, the committee may recommend the engagement of a consultant to guide discussion and implementation of projects. The BOS would like an initial proposal for recommended projects no later than June 30, 2022.


Connecticut Conference
of Municipalities
AMERICAN
RESCUE PLAN
TOOLKIT
SCHOOL BUS

## CCM's ARP Advisory Committee

The CCM ARP Advisory Service Committee was convened to provide municipal CEOs with an ongoing panel of public and private sector experts designed to best help administer funding from the American Rescue Plan. Along with developing best practice and resources for members, they will work on a case-by-case basis with CCM member municipalities to analyze and recommend the use of ARP funds.

- **Courtney Hendricson**, Vice President of Partnerships, AdvanceCT
- **Brig Smith**, City of Middletown General Counsel and President, CAMA
- **Eric Gjede**, VP, Government Affairs, CBIA
- **Chris Dipentima**, President & CEO, CBIA
- **Gian-Carl Casa**, President & CEO, CT Community Nonprofit Alliance
- **Patrick McMahon**, CEO, CT Main Street Center
- **Gene Goddard**, Chief Business Investment Officer, METRO Hartford Alliance
- **Fred Carstensen**, Professor of Finance and Economics - Director, Connecticut Center for Economic Analysis -School of Business, University of Connecticut
- **John Glascock**, PhD -Professor of Real Estate and Finance Director, Center for Real Estate and Urban Studies, University of Connecticut
- **Dale Graver**, Regional Director, VC3
- **Mike LeBlanc**, President, GFOA
- **Norm Needleman**, First Selectman, Essex
- **Carl Fortuna**, First Selectman, Old Saybrook
- **Dave Demchak**, President & CEO, CIRMA
- **Lynn Stoddard** , Director, Sustainable CT
- **Jay Williams**, President, Hartford Foundation for Public Giving
- **Sam Gold**, Executive Director, Lower Connecticut River Valley Council of Governments
- **Pam Keyes**, Vice President of Risk Management, CIRMA
- **Erin Stewart**, Mayor, City of New Britain
- **Steve Mednick**, Attorney, Law Office of Steven G. Mednick
- **Kari Olsen**, Partner, Murtha Cullina LLC
- **Tim Weber**, Director, Security Services, ADNET Technologies
- **Betsy Gara**, Executive Director, COST

# CCM ARP
# Advisory Committee
# Municipal Toolkit

## Overview

As municipal leaders begin to determine how best to use the funding provided by the American Rescue Plan (ARP), CCM's ARP Advisory Committee has developed the following toolkit to help guide thinking around these actions. Allocating these funds should provide an opportunity for local leaders to engage partners in their town and region to jumpstart a long and large economic recovery from the Covid-19 pandemic and its effects. It also lets us address long-term issues that we haven't had the ability to adequately deal with before, while balancing ever changing local needs with declining support from the state and federal governments.

This toolkit is intended to be a resource and supplement formal information provided by federal and state government agencies. CCM encourages local officials to continue to refer to the Interim Rule issued by the Department of Treasury for formal guidance.

**Governor Lamont spoke at the ARP Advisory committee's recent meeting held at CCM's offices in New Haven**

# AMERICAN RESCUE PLAN

## Overview of ARP

**The final ARP plan allocated $65.1 billion to municipalities throughout the country. Connecticut towns and cities will be receiving $2.55 billion statewide, with $1.56 billion to general government and an additional $995 million to boards of education.** In regards to allocation distribution, funding for general government will be distributed in a modified CDBG formula with entitlement cities (those with a population over 50,000) receiving funding directly from the Treasury Department and non-entitlement towns (those with a population under 50,000) distributed by the State as a passthrough.

Local governments will receive allocations in two tranches—the first half 60 days after enactment and the other half one year later. For non-entitlement units of local government, those deadlines are the dates for Treasury to send the funding to the state, which has an additional 30 days to distribute to each non-entitlement unit of local government. The county funding will also be distributed in two tranches.

States have no discretionary authority to change the amount of, or attach additional requirements to, the payments allocated to local governments.

Along with general government expenditures, Connecticut has received $1.105 billion statewide for education purposes. Of the total amount, 90% ($995 million) will be distributed to Local Education Agencies (LEAs) - school districts.

The ARP allows local boards of education and districts to spend their funding on numerous activities, including:

- Hiring and retaining teachers and other school personnel,
- Purchasing computers and hot spot devices for online learning;
- Supporting the unique needs of underserved students, and foster and homeless youth;
- Training and professional development;
- Purchasing supplies for cleaning and sanitization;
- Carrying out IDEA requirements, including providing assistive technology or adaptive equipment to support students with disabilities;
- Summer learning; and
- Other activities to maintain the continuity of educational services, addressing learning loss, and school facility repairs etc.

## What can be done with the funding?

Funds must be "obligated" by December 31, 2024 and can be used to cover costs associated with:

- Responding to the negative impacts of the COVID pandemic, including assistance to households, small businesses, and nonprofits as well as aid to affected industries such as tourism, travel, and hospitality;

- Providing government services previously cut due to pandemic-related revenue shortfalls, and;
- Making needed investments in water, sewer, or broadband infrastructure.

**Funds explicitly cannot be used for:**

- Paying down unfunded pension liabilities
- Applying as matching funds toward other federal grants
- Paying interest or principal on outstanding debt, or for consent decrees/legal settlements Contributing to rainy day funds

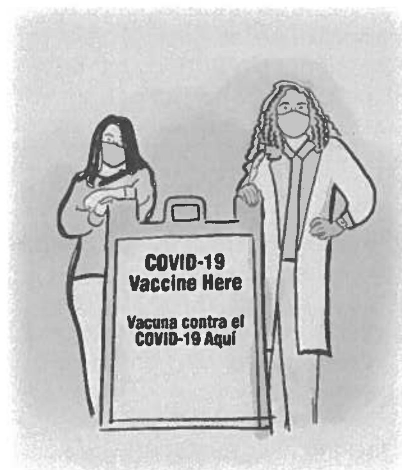
The Department of Treasury created an Interim Rule to guide eligible uses for the ARP funding. Eligible uses can be segregated into five broad categories and broken down further based on the following:

- **Non-exclusive lists of allowable expenditures** (Categories include intervention for Qualified Census Tracts, public health, direct aid, community & economic development, infrastructure)
- **Encouraged expenditures** (Categories include addressing racial disparities, inequities, disproportionate harm)
- **Prohibited expenditures** (Categories include pension funds, legal settlements, federal match requirements)

## ELIGIBLE USES ARE SEPARATED INTO FIVE CATEGORIES:

➢ **Support public health response:**

- To contain and mitigate the spread of COVID-19 including vaccination, medical expenses, testing and contact tracing, quarantine costs and other related activities.
- Behavioral healthcare services, including mental health or substance abuse treatment, crisis intervention and other related services.




- Provide payroll and benefits for public health and public safety officials on their work related to COVID-19 response. This includes retroactive pay.

➢ **Address negative economic impacts:**

- Assistance to business and households including assistance to families, those unemployed, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality through grants or loans.
- Rebuilding public sector capacity by rehiring staff and implementing economic relief programs.

➢ **Investments in water and sewer:**

- Projects eligible under the Clean Water State Revolving Fund
- 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.
- Projects eligible under the Drinking Water State Revolving Fund
- Build or upgrade facilities to improve water quality; transmission, distribution, and storage systems; consolidation or establishment of drinking water systems
- Climate Change and Resilience
- Lead Service Line Replacement

➢ **Broadband infrastructure, eligible projects must:**
- "be designed to provide service...to unserved and underserved households and businesses."
- Unserved and underserved = lacking access at least 25/3 Mbps wireline service
- Specific service areas and locations may be defined by community
- Provide service that "reliably meets or exceeds symmetrical speeds of 100 Mbps" or, if impossible, at least 100/20 Mbps with the ability to scale to 100 Mbps symmetrical

➢ **Replace loss of revenue:**
- Towns and cities can use funds to replace lost revenue by using a specified formula to compute the reduction in revenue and comparing with the actual revenue to an alternative revenue that would have been expected absent the pandemic.
- The analysis to determine loss revenue begins with the last full fiscal year prior to pandemic and projecting forward using anticipated four over a three-year period or a 4.1% increase.
- Once a shortfall in revenue is identified, recipients have broad latitude to use the funds to "support government services".
- Further revenue loss details, calculation process, and examples of "government services" can be found in FAQ.

**If a project is not specifically allowed or prohibited, the following process should be used as a framework to asses 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.

## Reporting will be neccesary to ensure compliance

Along with the Interim Rule, Treasury has released the Compliance and Reporting Guidance regarding the American Rescue Plan Act (ARPA). The guidance provides

**Table 2: Reporting requirements by recipient type**

<table>
<tr><th>Recipient</th><th>Interim Report</th><th>Project and Expenditure Report</th><th>Recovery Plan Performance Report</th></tr>
<tr><td>States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents</td><td rowspan="4">By August 31, 2021, with expenditure summary by category</td><td rowspan="3">By October 31, 2021, and then 30 days after the end of each quarter thereafter[9]</td><td>By August 31, 2021, and annually thereafter by July 31 [10]</td></tr>
<tr><td>Metropolitan cities and counties with a population below 250,000 residents which received more than $5 million in SLFRF funding</td><td rowspan="4">Not required</td></tr>
<tr><td>Tribal Governments</td></tr>
<tr><td>Metropolitan cities and counties with a population below 250,000 residents which received less than $5 million in SLFRF funding</td><td rowspan="2">By October 31, 2021, and then annually thereafter[11]</td></tr>
<tr><td>NEUs</td><td>Not required</td></tr>
</table>

additional details and clarification for each recipient's compliance and reporting responsibilities, and should be read in concert with the Award Terms and Conditions, the authorizing statute, the Interim Final Rule (IFR), and other regulatory and statutory requirements.

All eligible recipients are required to have a DUNS Number previously issued by Dun & Bradstreet (https://www.dnb.com/) and an active registration with the System for Award Management (SAM) (https://www.sam.gov). These are for systems used for receipt of funds (for metropolitan cities) and reporting (for all).

General reporting requirements will be based on the statutory eligible uses. Within those statutory uses, reporting recipients will need to align them to single expenditure category (with a choice of 66 different categories). Documentation and evidence will need to be provided to ensure compliance within each category. Records and financial documents will need to be maintained for five years after program (December 2026).

Generally, recipients will be subject to Uniform Administrative Requirements, Cost Principles, and Audit Requirements which are outlined in the Uniform Reporting Guidance. If funds are transferred to a third party, the municipality is still responsible for reporting of subrecipients and subawards. Therefore, municipalities will need to develop robust internal controls and effective monitoring to ensure compliance. This includes developing written process/procedures for reporting, monitoring and risk assessment, along with compliance with Civil Rights requirements, manage and monitor subrecipients for compliance, ensure proper reporting requirements, evaluate risk of noncompliance for any subrecipients. Any costs to develop these control or outsource them to a consultant, Council of Government or other entity is an allowable expense under ARP. This can be to support effective management and oversight of the use of funds, along with ensuring compliance with legal, regulatory, and other requirements.

## Basic Foundations For Local Officials to Consider When Deciding on Use of Funds:

**Follow allowable uses under ARP.** As Treasury provides greater clarity on how and where the funds can be spent, cities and towns should adhere to the rules. Due to the sheer number of recipients, Treasury does not have the capacity to review each project for eligibility prior to execution. Failure to adhere to the eligible uses may result in recuperation of funds by Treasury.

**Meet all accounting and reporting rules.** Make sure you have the systems in place to track and inform our federal partners of how well you are using your ARP funds. Reporting will be through the federal DUNS system.

**Comply with all local and state laws and ordinances.** In addition to federal rules, your ARP processes should be integrated with all other accounting, appropriation and audit requirements. For instance, many water or sewer investments may need to comply with DEEP and or DPH regulations.

**Ensure transparency throughout.** The public and media will want to know how these funds are being used, especially those that are not subject to appropriation. Consider creating an ARP dashboard and/or committee to make it easy for everyone to see the uses of the funds, and who is benefiting.

**Do not create future budget deficits.** The ARP is one-time funding, and it should be treated as such. Do not use the funds in collective bargaining contracts, for example, as this would lead to shortfalls in future years. Even premium pay should be closely scrutinized, as any pensionable benefits would increase unfunded liabilities for years to come, eroding available resources for essential services. Since the funds need to be "obligated" by December 2024 and spent by December 206, recognize that the funding commitments should end then, too.

## Local leaders should consider the following factors to leverage the ARP funds:

**Immediate Impact:** Families, non-profits and businesses are hurting. Businesses need capital to reopen doors, and people need outreach and skills development to match them to available jobs, and non-profits need resources and capital to help their constituents. While it is important to consider an investment's impact beyond the immediate term, providing such immediate help is a necessary baseline for a longer-term recovery.

Below are some examples of programs for which local governments can contract with businesses and community nonprofits.

- **Marketing Campaigns** to tell the public how to get help from area nonprofits. Funding can also support other forms of engagement with residents and communities.

- **Grants/Loans**: The pandemic has drained many nonprofits of resources, including funding they may have saved for capital projects that would increase the efficiency of their programs. Investments in these projects - one-time expenditures - frees up nonprofit dollars that can be used for services and to improve the community in which they work.
- **Grief counseling** for people who have lost loved ones due to Covid (or other reasons during Covid)
- **Tourism venues** often need to make structural changes and, having been closed, need funding for those. They may also need funds to subsidize performances and exhibits which, due to social distancing, cannot draw large enough crowds to support all the related costs.
- **Funding for existing mobile crisis teams designated by DMHAS and DCF** (Emergency Mobile Psychiatric Services) to add crisis clinicians to respond to community needs and which could be imbedded with police.
- **Programs for Substance Abuse Prevention and Treatment.** People with substance use disorders are more likely to catch COVID, get seriously ill or die from COVID and are more likely to become homeless. Substance use has been increasing during the pandemic.
- **Mental Health First Aid:** Similar in concept to CPR, Mental Health First Aid trains people in the community in ways to respond to mental health and substance abuse crises, e.g., training for trauma care.
- **Funding is needed** for Triage Therapists in outpatient clinics to handle increased caseloads and for psychiatrists and APRNs for medication management in clinics. Funding for regular


clinical services will be needed due to the increased stresses brought by the pandemic.
- **School-based Mental Health Clinics.** Note that these are different from school-based health clinics that are in many communities. The mental health clinics can serve mental health and substance use needs of students and families that are growing as the pandemic continues.

**Use existing delivery channels for efficiency:** It would be prudent to spend your aid on direct assistance, programs and investments, rather than using precious resources to create new offices or delivery systems. If that means working with outside partners, including nonprofits or nearby communities that are already engaged in the work so you can leverage their

systems, that would be prudent.

**Invest for future prosperity:** Localities will receive two ARP disbursements over two years, but have until the end of 2026 to spend all the funds. Local leaders thus have a chance to invest in future growth and prosperity, the impacts of which will extend beyond near-term expenditure needs.

One future-oriented example is the "R7" pandemic response plan from MAGNET, the Manufacturing Extension Partnership in Northeast Ohio, which used CARES Act resources to help local manufacturers "restart" safely, "relaunch" using Industry 4.0 technologies, "refocus" on new products and markets, "reconnect" in new ways through the supply chain, "reskill" workers, "reshore" production from overseas, and "resecure" operations through cybersecurity transformation. Both the R7 plan and the health workforce "earn-and-learn" model can immediately help businesses and workers while also influencing their long-term productive potential.

Municipalities throughout Connecticut – rural, suburban and urban – are in the process of developing economic programs to provide grants to businesses to revitalize main streets. The goal is these investments will spur greater economic growth for these businesses and then the municipality as a whole.

**Complement existing efforts:** Ideally, ARP investments can boost strategies already in progress.

For example, multiple groups in Cleveland have been collaborating to ensure positive economic spillovers from the Opportunity Corridor, a $350 million road project through one of the most economically distressed neighborhoods in the country. The city, foundations, the regional chamber, and others have worked with the local community development corporation (CDC) to purchase and remediate land in the hopes of bringing mid-skilled, family-sustaining jobs back to this promising part of the city.

The CDC has a vision of creating a food tech hub that harnesses the region's many food-related assets into a business accelerator with shared production and storage infrastructure, a startup fund to support diverse entrepreneurs, and a workforce development center to prepare people to attain and advance in a career. Parts of ARP run through the Economic Development Administration (EDA) and the Department of Agriculture have programs that could support such initiatives; the city and county should consider how its allocation could be used to complement this work.

This effort includes, **coordinating with state and federal programs.** The state is using its federal aid and its own resources to address a wide range of urgent needs, such as rent and mortgage relief, small business relief, support for child care, access to public transportation, and much more. Work closely with the state and your COGS to complement each other. If businesses and residents in your community already qualify for state funding, look at ways you can augment this or repurpose your aid to address community needs in other ways, rather than spending resources unnecessarily.

**Convene all stakeholders and build consensus.** Decisions on how to spend ARPA funds will likely be concentrated in the hands of municipal CEOs, but the power to act should not short-circuit an open process to bring all stakeholders in the community together to engage in dialogue about needs, resources and priority-setting, including government colleagues, nonprofits, businesses and others. True engagement and listening will minimize friction and encourage collaboration over ARP's three-and-a-half-year lifespan.

Some examples of those that should be convened at the local level include:

- Boards of Selectman
- Chambers of Commerce (and other economic development groups or commissions)
- Local non-profits (in particular those focused on housing and food assistance)
- Local tourism groups
- Municipal attorney or legal counsel (to ensure compliance)
- Public health officials
- Local Internet Service Providers (ISPs)
- Public works and/or water and sewer officials
- Councils of Government (COGs)

**Be organized and transparent:** Beyond the ARP at the very local level, drawing Long-Term Recovery Committees, these can execute strategic investments and monitor impact. These councils should be public/private partnerships that include small businesses, neighborhood leaders, social service agencies, philanthropic leaders, and corporate heads. They would be tasked with aggregating and supplementing existing recovery plans, setting goals, recommending investments, and tracking results. Furthermore, these Committees can serve as a unified voice to liaise with implementing agencies.

**Build Capacity: Create intermediaries that can get stuff done**

Focus on creating intermediaries with the capacity, capital and community standing to drive the growth of business growth. In con-

crete terms, that means multi-year operations support for critically needed intermediary organizations. The four-year duration of the flexible funding to municipalities enables this multi-year approach.

As capacity gets built, the geography of the effort must be an intentional design feature. In many places, capacity building must be a regional exercise that deliberately focuses on pockets of distress, not an effort bounded artificially by municipal boundaries. It will be important for recipients of the funds to know that they can spend money to help people and businesses beyond the borders of their current geographies as it makes sense.

## How Can Local Officials Maximize the Funds?

**Try to solve something well, don't try to solve everything.**

The ARP awards a substantial amount of money, but it could be spread very thin across a set of uncoordinated priorities and actors on the local level. With the sheer amount and variety of federal funding it is tempting for local leaders to get overwhelmed.

Rather than trying to do everything, local leaders should establish a clear set of three-to-five priority goals they hope to achieve with ARP funding. These can draw from previous strategic plans or gap assessments that emerged from the crises of the past year.

## Invest in Best Uses for Long-Term Recovery and Results

**Invest in urgent health and economic needs:** Of course the most immediate challenge is to deploy the funds to reverse the damage that the pandemic has done to our residents and small businesses, and using the funds as an economic lifeline is more than appropriate — it is called for, especially to lift up the most vulnerable in your community. Failing to do so will hamper future growth and progress.

**Prioritize short-term investments with lasting benefits:** Consider multiple ways to provide assistance and choose the path that will go farther and last longer. For example, using ARPA funds to support struggling businesses and households could be coordinated with education and training on financial planning (assuming that would be an allowable use).

**Identify and address pre-COVID inhibitors to growth:** ARPA allows investments in certain types of infrastructure, including water, sewer and broadband. If the quality of these systems has hampered your growth in the past, then it would make sense to consider such investments. Capital investments that improve water quality and access, or close the digital divide, can also make great economic sense and free up funds for future investments as well.

**Measure progress throughout to inform ongoing plans:** This is a best practice that will be very helpful to allow adjustments over the next several years, ensuring ARPA's success.

The most effective strategic plans have four key phases:

1. make sense of the situation (investigate all angles with all stakeholders);
2. make a plan (choosing what to do and what not to do);
3. make it happen (making sure everyone is aligned with your strategy); and
4. make revisions and repeat steps 1-4. It is impossible to make revisions and improve if you do not measure whether you are hitting your targets or achieving expected results. Making changes is not an admission of failure, it is a commitment to excellence and a best practice

## References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Whitehead, B., & Parilla, J. (2021, March 23). *How should local leaders use their American Rescue Plan funding?* Retrieved May 25, 2021, from Brookings Institution: https://www.brookings.edu/blog/the-avenue/2021/03/23/how-should-local-leaders-use-their-american-rescue-plan-funding/

# ARP FAQ

## 1. Who has authority to appropriate funds?

The ARPA and the Interim Rule does not provide guidance on allocation methodology. As these are more akin to formula grants rather than competitive grants, towns and cities should follow the normal process for handling supplemental revenue or special funds. There is no legal basis to conclude that allocation of the funds is an executive function.

## 2. What is included/excluded in sum of revenue

The Interim Final Rule (IFR) defines the term "general revenue" to include revenues collected by a recipient and generated from its underlying economy and would capture a range of different types of tax revenues, as well as other types of revenue that are available to support government services.

In calculating revenue, recipients should sum across all revenue streams covered as general revenue. This would include gross revenue of facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, museums, zoos, etc.); and auxiliary facilities in public recreation areas (camping areas, refreshment stands, gift shops, etc.); lease or use fees from stadiums, auditoriums, and community and convention centers; and rentals from concessions at such facilities. When reporting, you will likely need to classify the various types of revenue.

Excluded Revenue Sources:

- Refunds and other correcting transactions
- Proceeds from issuance of debt or the sale of investments
- Agency or private trust transactions
- Utilities and insurance trusts

Recipients may provide data on a cash, accrual, or modified accrual basis, provided that recipients are consistent in their choice of methodology throughout the covered period and until reporting is no longer required.

Calculation of Loss Recipients will compute the extent of the reduction in revenue by comparing actual revenue to a counterfactual trend representing what could have been expected to occur in the absence of the pandemic. The counterfactual trend starts with the last full fiscal year prior to the COVID-19 public health emergency and then assumes growth at a constant rate in the subsequent years.

For purposes of measuring revenue growth in the counterfactual trend, recipients may use a growth adjustment of either 4.1 percent per year or the recipient's average annual revenue growth over the three full fiscal years prior to the COVID-19 public health emergency, whichever is higher.

Recipients should calculate the extent of the reduction in revenue as of four points in time: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023.

Four Steps for Calculating Lost Revenue:

1. Identify revenues collected in the most recent full fiscal year prior to the public health emergency (i.e., last full fiscal year before January 27, 2020), called the base year revenue.
2. Estimate counterfactual revenue, which is equal to base year revenue * [(1 + growth adjustment) ^(n/12)], where n is the number of months elapsed since the end of the base year to the calculation date, and growth adjustment is the greater of 4.1 percent and the recipient's average annual revenue growth in the three full fiscal years prior to the COVID-19 public health emergency.
3. Identify actual revenue, which equals revenues collected over the past twelve months as of the calculation date
4. The extent of the reduction in revenue is equal to counterfactual revenue less actual revenue. If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.

The Government Finance Officers Association (GFOA) developed a beta-tested revenue replacement calculator modeled off the US Treasury and US Census guidance on revenue calculation: https://www.nlc.org/wp-content/uploads/2021/06/GFOA-Rev-Calculator.xlsx

### 3. Once revenue loss is determined, what types of "government services" can the funding be used for?

Government services can include, but are not limited to, maintenance of infrastructure (including roads); modernization of cybersecurity (including hardware, software, and protection of critical infrastructure); health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.

### 4. Can the funds be used retroactively for acceptable infrastructure projects?

Generally, no. Most uses under the Interim Final Rule permits funds to cover costs incurred beginning on March 3, 2021 unless otherwise specified in certain sections.

### 5. Can funds be used for grants to businesses and other economic development investments?

Recipients must demonstrate that funding uses directly address a negative economic impact of the COVID-19 public health emergency, including funds used for economic or workforce development.

Assistance to small business and non-profits includes, but is not limited to:

- Loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs;
- Loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19


vaccination, testing, or contact tracing programs; and

- Technical assistance, counseling, or other services to assist with business planning needs

## 6. How can the funds be used to assist those disproportionately impacted by COVID-19?

Treasury will presume that expanded types of services are eligible uses when provided in a Qualified Census Tract (QCT). This does not limit these uses only to QCT's, other recipients may provide these services to other populations, households, or geographic areas but will need to identify that that they are disproportionately impacted by the pandemic. In identifying these disproportionately-impacted communities, recipients should be able to support their determination for how the pandemic disproportionately impacted the populations, households, or geographic areas to be served. Eligible services include:

- **Addressing health disparities and the social determinants of health, including:** community health workers, public benefits navigators, remediation of lead paint or other lead hazards, and community violence intervention programs;

Programs or services that provide or facilitate access to health and social services and address health disparities exacerbated by the pandemic include:

- **Evidence-based practices** like focused deterrence, street outreach, violence interrupters, and hospital-based violence intervention models, complete with wraparound services such as behavioral therapy, trauma recovery, job training, education, housing and relocation services, and financial assistance.

- **Capacity-building efforts** such as additional intervention workers; training and professional development for intervention workers; and hiring and training workers to administer the community violence intervention programs.
- **Building stronger neighborhoods and communities, including:** supportive housing and other services for individuals experiencing homelessness, development of affordable housing, and housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity;
- **Addressing educational disparities exacerbated by COVID-19, including:** early learning services, increasing resources for high-poverty school districts, educational services like tutoring or afterschool programs, and supports for students' social, emotional, and mental health needs; and
- **Promoting healthy childhood environments, including:** child care, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth.

Programs or services that address or mitigate the impacts of the COVID-19 public health emergency on education, childhood health and welfare include:

- Summer education and enrichment programs in these communities, which include many communities currently struggling with high levels of violence;
- Programs that address learning loss and keep students productively engaged;
- Enhanced services for foster youths and home visiting programs; and
- Summer camps and recreation.

## 7. Can cellular networks be considered eligible under broadband?

While the IFR encourages fiber investment, it does not require it - but it does require that broadband projects be capable of 100/100 Mbps service or, if that is not possible, a minimum of 100/20 Mbps service with the ability to scale to 100/100 Mbps. Projects also need to be focused on locations currently lacking 25/3 Mbps service.

## 8. Do towns and cities need pre-approval for projects?

Recipients do not need approval from Treasury to determine whether an investment in a water, sewer, or broadband project. Each recipient should review the Interim Final Rule (IFR), along with the preamble to the Interim Final Rule, in order to make its own assessment of whether its intended project meets the eligibility criteria in the IFR. A recipient that makes its own determination that a project meets the eligibility criteria as outlined in the IFR may pursue the project as a project without pre-approval from Treasury. Local government recipients similarly do not need state approval to determine that a project is eligible. However, recipients should be cognizant of other federal or state laws or regulations that may apply to construction projects independent of funding conditions and that may require pre-approval.

## 9. What type of account can the funds be kept in until the municipal allocations are made?

ARPA not impose any restrictions on investing the funds in an interest-bearing account. Interest earned on the funds would need to be spent on one of the allowable uses.

## 10. Can recipients use funds for hiring of staff or for administrative purposes?

Recipients may use funds to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID-19 public health emergency and its negative economic impacts. This includes, but is not limited to, costs related to disbursing payments of Fiscal Recovery Funds and managing new grant programs established using Fiscal Recovery Funds, as well as costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.

## 11. Who are considered frontline workers?

As discussed in the Interim Final Rule, funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, for the portion of the employee's time that is dedicated to responding to the COVID-19 public health emergency.

- **Public safety employees** would include police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel.
- **Public health employees** would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians, medical examiner or morgue staff) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel.
- **Human services staff** include employees providing or administering social services; public benefits; child welfare services; and child, elder, or family care, as well as others.

## 12. The ARPA funds are to be used prospectively but from what date?

Generally, the funds are intended to be used prospectively (aside from premium pay and some reimbursement eligibility). For most uses the Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021.

## 13. Would investments in improving outdoor spaces (e.g. parks) be an eligible use of funds as a response to the public health emergency and/or its negative economic impacts?

There are multiple ways that investments in improving outdoor spaces could qualify as eligible uses.  These programs and services could include services designed to build stronger neighborhoods and communities and to address health disparities and the social determinants of health. The Interim Final Rule provides a non-exhaustive list of eligible services to respond to the needs of communities disproportionately impacted by the pandemic, and recipients identify other uses of funds that do so, consistent with the Rule's framework. For example, investments in parks, public plazas, and other public outdoor recreation spaces may be responsive to the needs of disproportionately impacted communities by promoting healthier living environments and outdoor recreation and socialization to mitigate the spread of COVID-19.

In addition, recipients may provide assistance to small businesses in all communities. Assistance to small businesses could include support to enhance outdoor spaces for COVID-19 mitigation (e.g., restaurant patios) or to improve the built environment of the neighborhood (e.g., façade improvements).

## 14. Can funds be used to assist small business start-ups as a response to the negative economic impact?

A recipient could assist small business startups with additional costs associated with COVID-19 mitigation tactics (e.g., barriers or partitions; enhanced cleaning; or physical plant changes to enable greater use of outdoor space). Funds can be used to respond to a negative economic impact of COVID19 by assisting businesses that have faced increased costs to starting the business due to the pandemic, or that the small business had lost expected startup capital due to the pandemic. In addition, funds can be used for job training for unemployed individuals and initiatives to support small business startups and individuals seeking to start small businesses.

## 15. How can I use funds to prevent and respond to crime, and support public safety?

The Interim Final Rule provides several ways for recipients to "respond to" this pandemic-related gun violence, ranging from community violence intervention programs to mental health services to hiring of public safety personnel.  Below are some examples of how the funds can be used address public safety:

- Rehire police officers and other public servants to restore law enforcement to pre-pandemic levels or paying overtime where the funds are directly focused on advancing community policing strategies.
- In communities where an increase in violence is a result of the pandemic, funding Community Violence Intervention (CVI) programs, advancing additional enforcement efforts to reduce gun violence exacerbated by the pandemic.
- Investing in technology and equipment to allow law enforcement to more efficiently and effectively respond to the rise in gun violence resulting from the pandemic

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For more information regarding this toolkit, please contact:
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or Ron Thomas (rthomas@ccm-ct.org).

**<u>Coronavirus State and Local Fiscal Recovery Funds</u>**

**<u>Frequently Asked Questions</u>**

**AS OF JULY 14, 2021**

This document contains answers to frequently asked questions regarding the Coronavirus State and Local Fiscal Recovery Funds (CSFRF / CLFRF, or Fiscal Recovery Funds). Treasury will be updating this document periodically in response to questions received from stakeholders. Recipients and stakeholders should consult the Interim Final Rule for additional 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
- Treasury is seeking comment on all aspects of the Interim Final Rule. Stakeholders are encouraged to submit comments electronically through the Federal eRulemaking Portal (https://www.regulations.gov/document/TREAS-DO-2021-0008-0002) on or before July 16, 2021. Please be advised that comments received will be part of the public record and subject to public disclosure. Do not disclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Questions added 5/27/21: 1.5, 1.6, 2.13, 2.14, 2.15, 3.9, 4.5, 4.6, 10.3, 10.4 (noted with "[5/27]")

Questions added 6/8/21: 2.16, 3.10, 3.11, 3.12, 4.7, 6.7, 8.2, 9.4, 9.5, 10.5 (noted with "[6/8]")

Questions added 6/17/21: 6.8, 6.9, 6.10, 6.11 (noted with "[6/17]")

Questions added 6/23/21: 1.7, 2.17, 2.18, 2.19, 2.20, 3.1 (appendix), 3.13, 4.8, 6.12 (noted with "[6/23]")

Question added 6/24/21: 2.21 (noted with "[6/24]")

Questions added 7/14/21: 1.8, 3.14, 3.15, 4.9, 4.10, 4.11, 4.12, 6.13, 6.14, 6.15, 6.16, 6.17, 10.3 updated (noted with "[7/14]")

Answers to frequently asked questions on distribution of funds to non-entitlement units of local government (NEUs) can be found in this FAQ supplement, which is regularly updated.

## 1. Eligibility and Allocations

### 1.1. Which governments are eligible for funds?

The following governments are eligible:

- States and the District of Columbia
- Territories
- Tribal governments
- Counties
- Metropolitan cities
- Non-entitlement units, or smaller local governments

**1.2. Which governments receive funds directly from Treasury?**

Treasury will distribute funds directly to each eligible state, territory, metropolitan city, county, or Tribal government. Smaller local governments that are classified as non-entitlement units will receive funds through their applicable state government.

**1.3. Are special-purpose units of government eligible to receive funds?**

Special-purpose units of local government will not receive funding allocations; however, a state, territory, local, or Tribal government may transfer funds to a special-purpose unit of government. Special-purpose districts perform specific functions in the community, such as fire, water, sewer or mosquito abatement districts.

**1.4. How are funds being allocated to Tribal governments, and how will Tribal governments find out their allocation amounts?[1]**

$20 billion of Fiscal Recovery Funds was reserved for Tribal governments. The American Rescue Plan Act specifies that $1 billion will be allocated evenly to all eligible Tribal governments. The remaining $19 billion will be distributed using an allocation methodology based on enrollment and employment.

There will be two payments to Tribal governments. Each Tribal government's first payment will include (i) an amount in respect of the $1 billion allocation that is to be divided equally among eligible Tribal governments and (ii) each Tribal government's pro rata share of the Enrollment Allocation. Tribal governments will be notified of their allocation amount and delivery of payment 4-5 days after completing request for funds in the Treasury Submission Portal. The deadline to make the initial request for funds is June 21, 2021.

The second payment will include a Tribal government's pro rata share of the Employment Allocation. There is a $1,000,000 minimum employment allocation for Tribal governments. In late-June, Tribal governments will receive an email notification to re-enter the Treasury Submission Portal to confirm or amend their 2019 employment numbers that were submitted to the Department of the Treasury for the CARES Act's Coronavirus Relief Fund. To receive an Employment Allocation, including the minimum employment allocation, Tribal governments must confirm employment numbers by July

[1] The answer to this question was updated on June 29, 2021.

16, 2021. Treasury will calculate employment allocations for those Tribal governments that confirmed or submitted amended employment numbers by the deadline. In August, Treasury will communicate to Tribal governments the amount of their portion of the Employment Allocation and the anticipated date for the second payment.

**1.5. My county is a unit of general local government with population under 50,000. Will my county receive funds directly from Treasury? [5/27]**

Yes. All counties that are units of general local government will receive funds directly from Treasury and should apply via the online portal. The list of county allocations is available here.

**1.6. My local government expected to be classified as a non-entitlement unit. Instead, it was classified as a metropolitan city. Why? [5/27]**

The American Rescue Plan Act defines, for purposes of the Coronavirus Local Fiscal Recovery Fund (CLFRF), metropolitan cities to include those that are currently metropolitan cities under the Community Development Block Grant (CDBG) program but also those cities that relinquish or defer their status as a metropolitan city for purposes of the CDBG program. This would include, by way of example, cities that are principal cities of their metropolitan statistical area, even if their population is less than 50,000. In other words, a city that is eligible to be a metropolitan city under the CDBG program is eligible as a metropolitan city under the CLFRF, regardless of how that city has elected to participate in the CDBG program.

Unofficial allocation estimates produced by other organizations may have classified certain local governments as non-entitlement units of local government. However, based on the statutory definitions, some of these local governments should have been classified as metropolitan cities.

**1.7. In order to receive and use Fiscal Recovery Funds, must a recipient government maintain a declaration of emergency relating to COVID-19? [6/23]**

No. Neither the statute establishing the CSFRF/CLFRF nor the Interim Final Rule requires recipients to maintain a local declaration of emergency relating to COVID-19.

**1.8. Can non-profit or private organizations receive funds? If so, how? [7/14]**

Yes. Under section 602(c)(3) of the Social Security Act, a State, territory, or Tribal government may transfer funds to a "private nonprofit organization . . . , a Tribal organization . . . , a public benefit corporation involved in the transportation of passengers or cargo, or a special-purpose unit of State or local government." Similarly, section 603(c)(3) authorizes a local government to transfer funds to the same entities (other than Tribal organizations). The Interim Final Rule clarifies that the lists of transferees in sections 602(c)(3) and 603(c)(3) are not exclusive, and recipients may transfer funds to constituent units of government or private entities beyond those specified in the statute. A transferee receiving a transfer from a recipient under sections 602(c)(3) and 603(c)(3) will be considered to be a subrecipient and will be expected to comply with all subrecipient reporting requirements.

The ARPA does not authorize Treasury to provide CSFRF/CLFRF funds directly to non-profit or private organizations. Thus, non-profit or private organizations should seek funds from CSFRF/CLFRF recipient(s) in their jurisdiction (e.g., a State, local, territorial, or Tribal government).

## 2. Eligible Uses – Responding to the Public Health Emergency / Negative Economic Impacts

### 2.1. What types of COVID-19 response, mitigation, and prevention activities are eligible?

A broad range of services are needed to contain COVID-19 and are eligible uses, including vaccination programs; medical care; testing; contact tracing; support for isolation or quarantine; supports for vulnerable populations to access medical or public health services; public health surveillance (e.g., monitoring case trends, genomic sequencing for variants); enforcement of public health orders; public communication efforts; enhancement to health care capacity, including through alternative care facilities; purchases of personal protective equipment; support for prevention, mitigation, or other services in congregate living facilities (e.g., nursing homes, incarceration settings, homeless shelters, group living facilities) and other key settings like schools; ventilation improvements in congregate settings, health care settings, or other key locations; enhancement of public health data systems; and other public health responses. Capital investments in public facilities to meet pandemic operational needs are also eligible, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics.

### 2.2. If a use of funds was allowable under the Coronavirus Relief Fund (CRF) to respond to the public health emergency, may recipients presume it is also allowable under CSFRF/CLFRF?

Generally, funding uses eligible under CRF as a response to the direct public health impacts of COVID-19 will continue to be eligible under CSFRF/CLFRF, with the following two exceptions: (1) the standard for eligibility of public health and safety payrolls has been updated; and (2) expenses related to the issuance of tax-anticipation notes are not an eligible funding use.

### 2.3. If a use of funds is not explicitly permitted in the Interim Final Rule as a response to the public health emergency and its negative economic impacts, does that mean it is prohibited?

The Interim Final Rule contains a non-exclusive list of programs or services that may be funded as responding to COVID-19 or the negative economic impacts of the COVID-19 public health emergency, along with considerations for evaluating other potential uses of Fiscal Recovery Funds not explicitly listed. The Interim Final Rule also provides flexibility for recipients to use Fiscal Recovery Funds for programs or services that are not identified on these non-exclusive lists but which meet the objectives of section 602(c)(1)(A) or 603(c)(1)(A) by responding to the COVID-19 public health emergency with respect to COVID-19 or its negative economic impacts.

**2.4. May recipients use funds to respond to the public health emergency and its negative economic impacts by replenishing state unemployment funds?**

Consistent with the approach taken in the CRF, recipients may make deposits into the state account of the Unemployment Trust Fund up to the level needed to restore the pre-pandemic balances of such account as of January 27, 2020, or to pay back advances received for the payment of benefits between January 27, 2020 and the date when the Interim Final Rule is published in the Federal Register.

**2.5. What types of services are eligible as responses to the negative economic impacts of the pandemic?**

Eligible uses in this category include assistance to households; small businesses and non-profits; and aid to impacted industries.

Assistance to households includes, but is not limited to: food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance; emergency assistance for burials, home repairs, weatherization, or other needs; internet access or digital literacy assistance; or job training to address negative economic or public health impacts experienced due to a worker's occupation or level of training.

Assistance to small business and non-profits includes, but is not limited to:

- loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs;
- Loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccination, testing, or contact tracing programs; and
- Technical assistance, counseling, or other services to assist with business planning needs

**2.6. May recipients use funds to respond to the public health emergency and its negative economic impacts by providing direct cash transfers to households?**

Yes, provided the recipient considers whether, and the extent to which, the household has experienced a negative economic impact from the pandemic. Additionally, cash transfers must be reasonably proportional to the negative economic impact they are intended to address. Cash transfers grossly in excess of the amount needed to address the negative economic impact identified by the recipient would not be considered to be a response to the COVID-19 public health emergency or its negative impacts. In particular, when considering appropriate size of permissible cash transfers made in response to the COVID-19 public health emergency, state, local, territorial, and Tribal governments may consider and take guidance from the per person amounts previously provided by the federal government in response to the COVID crisis.

**2.7. May funds be used to reimburse recipients for costs incurred by state and local governments in responding to the public health emergency and its negative economic impacts prior to passage of the American Rescue Plan?**

Use of Fiscal Recovery Funds is generally forward looking. The Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021.

**2.8. May recipients use funds for general economic development or workforce development?**

Generally, not. Recipients must demonstrate that funding uses directly address a negative economic impact of the COVID-19 public health emergency, including funds used for economic or workforce development. For example, job training for unemployed workers may be used to address negative economic impacts of the public health emergency and be eligible.

**2.9. How can recipients use funds to assist the travel, tourism, and hospitality industries?**

Aid provided to tourism, travel, and hospitality industries should respond to the negative economic impacts of the pandemic. For example, a recipient may provide aid to support safe reopening of businesses in the tourism, travel and hospitality industries and to districts that were closed during the COVID-19 public health emergency, as well as aid a planned expansion or upgrade of tourism, travel and hospitality facilities delayed due to the pandemic.

Tribal development districts are considered the commercial centers for tribal hospitality, gaming, tourism and entertainment industries.

**2.10. May recipients use funds to assist impacted industries other than travel, tourism, and hospitality?**

Yes, provided that recipients consider the extent of the impact in such industries as compared to tourism, travel, and hospitality, the industries enumerated in the statute. For example, nationwide the leisure and hospitality industry has experienced an approximately 17 percent decline in employment and 24 percent decline in revenue, on net, due to the COVID-19 public health emergency. Recipients should also consider whether impacts were due to the COVID-19 pandemic, as opposed to longer-term economic or industrial trends unrelated to the pandemic.

Recipients should maintain records to support their assessment of how businesses or business districts receiving assistance were affected by the negative economic impacts of the pandemic and how the aid provided responds to these impacts.

### 2.11. How does the Interim Final Rule help address the disparate impact of COVID-19 on certain populations and geographies?

In recognition of the disproportionate impacts of the COVID-19 virus on health and economic outcomes in low-income and Native American communities, the Interim Final Rule identifies a broader range of services and programs that are considered to be in response to the public health emergency when provided in these communities. Specifically, Treasury will presume that certain types of services are eligible uses when provided in a Qualified Census Tract (QCT), to families living in QCTs, or when these services are provided by Tribal governments.

Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic. In identifying these disproportionately-impacted communities, recipients should be able to support their determination for how the pandemic disproportionately impacted the populations, households, or geographic areas to be served.

Eligible services include:

- Addressing health disparities and the social determinants of health, including: community health workers, public benefits navigators, remediation of lead paint or other lead hazards, and community violence intervention programs;
- Building stronger neighborhoods and communities, including: supportive housing and other services for individuals experiencing homelessness, development of affordable housing, and housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity;
- Addressing educational disparities exacerbated by COVID-19, including: early learning services, increasing resources for high-poverty school districts, educational services like tutoring or afterschool programs, and supports for students' social, emotional, and mental health needs; and
- Promoting healthy childhood environments, including: child care, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth.

**2.12. May recipients use funds to pay for vaccine incentive programs (e.g., cash or in-kind transfers, lottery programs, or other incentives for individuals who get vaccinated)?**

Yes. Under the Interim Final Rule, recipients may use Coronavirus State and Local Fiscal Recovery Funds to respond to the COVID-19 public health emergency, including expenses related to COVID-19 vaccination programs. See 31 CFR 35.6(b)(1)(i). Programs that provide incentives reasonably expected to increase the number of people who choose to get vaccinated, or that motivate people to get vaccinated sooner than they otherwise would have, are an allowable use of funds so long as such costs are reasonably proportional to the expected public health benefit.

**2.13. May recipients use funds to pay "back to work incentives" (e.g., cash payments for newly employed workers after a certain period of time on the job)? [5/27]**

Yes. Under the Interim Final Rule, recipients may use Coronavirus State and Local Fiscal Recovery Funds to provide assistance to unemployed workers. See 31 CFR 35.6(b)(4). This assistance can include job training or other efforts to accelerate rehiring and thus reduce unemployment, such as childcare assistance, assistance with transportation to and from a jobsite or interview, and incentives for newly employed workers.

**2.14. The Coronavirus Relief Fund (CRF) included as an eligible use: "Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency." What has changed in CSFRF/CLFRF, and what type of documentation is required under CSFRF/CLFRF? [5/27]**

Many of the expenses authorized under the Coronavirus Relief Fund are also eligible uses under the CSFRF/CLFRF. However, in the case of payroll expenses for public safety, public health, health care, human services, and similar employees (hereafter, public health and safety staff), the CSFRF/CLFRF does differ from the CRF. This change reflects the differences between the ARPA and CARES Act and recognizes that the response to the COVID-19 public health emergency has changed and will continue to change over time. In particular, funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, including first responders, to the extent that the employee's time that is dedicated to responding to the COVID-19 public health emergency.

For administrative convenience, the recipient may consider a public health and safety employee to be entirely devoted to mitigating or responding to the COVID-19 public health emergency, and therefore fully covered, if the employee, or his or her operating unit or division, is primarily dedicated (e.g., more than half of the employee's time is dedicated) to responding to the COVID-19 public health emergency.

Recipients may use presumptions for assessing whether an employee, division, or operating unit is primarily dedicated to COVID-19 response. The recipient should maintain records to support its assessment, such as payroll records, attestations from supervisors or staff, or regular work product or correspondence demonstrating work on the COVID-19 response. Recipients need not routinely track staff hours. Recipients should periodically reassess their determinations.

**2.15. What staff are included in "public safety, public health, health care, human services, and similar employees"? Would this include, for example, 911 operators, morgue staff, medical examiner staff, or EMS staff? [5/27]**

As discussed in the Interim Final Rule, funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, for the portion of the employee's time that is dedicated to responding to the COVID-19 public health emergency.

Public safety employees would include police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel. Public health employees would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians, medical examiner or morgue staff) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel. Human services staff include employees providing or administering social services; public benefits; child welfare services; and child, elder, or family care, as well as others.

**2.16. May recipients use funds to establish a public jobs program? [6/8]**

Yes. The Interim Final Rule permits a broad range of services to unemployed or underemployed workers and other individuals that suffered negative economic impacts from the pandemic. That can include public jobs programs, subsidized employment, combined education and on-the-job training programs, or job training to accelerate rehiring or address negative economic or public health impacts experienced due to a worker's occupation or level of training. The broad range of permitted services can also include other employment supports, such as childcare assistance or assistance with transportation to and from a jobsite or interview.

The Interim Final Rule includes as an eligible use re-hiring public sector staff up to the government's level of pre-pandemic employment. "Public sector staff" would not include individuals participating in a job training or subsidized employment program administered by the recipient.

**2.17. The Interim Final Rule states that "assistance or aid to individuals or businesses that did not experience a negative economic impact from the public health emergency would not be an eligible use under this category." Are recipients**

**required to demonstrate that each individual or business experienced a negative economic impact for that individual or business to receive assistance? [6/23]**

Not necessarily. The Interim Final Rule allows recipients to demonstrate a negative economic impact on a population or group and to provide assistance to households or businesses that fall within that population or group. In such cases, the recipient need only demonstrate that the household or business is within the population or group that experienced a negative economic impact.

For assistance to households, the Interim Final Rule states, "In assessing whether a household or population experienced economic harm as a result of the pandemic, a recipient may presume that a household or population that experienced unemployment or increased food or housing insecurity or is low- or moderate-income experienced negative economic impacts resulting from the pandemic." This would allow, for example, an internet access assistance program for all low- or moderate-income households, but would not require the recipient to demonstrate or document that each individual low- or -moderate income household experienced a negative economic impact from the COVID-19 public health emergency apart from being low- or -moderate income.

For assistance to small businesses, the Interim Final Rule states that assistance may be provided to small businesses, including loans, grants, in-kind assistance, technical assistance or other services, to respond to the negative economic impacts of the COVID-19 public health emergency. In providing assistance to small businesses, recipients must design a program that responds to the negative economic impacts of the COVID-19 public health emergency, including by identifying how the program addresses the identified need or impact faced by small businesses. This can include assistance to adopt safer operating procedures, weather periods of closure, or mitigate financial hardship resulting from the COVID-19 public health emergency.

As part of program design and to ensure that the program responds to the identified need, recipients may consider additional criteria to target assistance to businesses in need, including to small businesses. Assistance may be targeted to businesses facing financial insecurity, with substantial declines in gross receipts (e.g., comparable to measures used to assess eligibility for the Paycheck Protection Program), or facing other economic harm due to the pandemic, as well as businesses with less capacity to weather financial hardship, such as the smallest businesses, those with less access to credit, or those serving disadvantaged communities. For example, a recipient could find based on local data or research that the smallest businesses faced sharply increased risk of bankruptcy and develop a program to respond; such a program would only need to document a population or group-level negative economic impact, and eligibility criteria to limit access to the program to that population or group (in this case, the smallest businesses).

In addition, recognizing the disproportionate impact of the pandemic on disadvantaged communities, the Interim Final Rule also identifies a set of services that are presumptively eligible when provided in a Qualified Census Tract (QCT); to families and individuals living in QCTs; to other populations, households, or geographic areas identified by the recipient as disproportionately impacted by the pandemic; or when these services are provided by Tribal governments. For more information on the set of presumptively eligible services, see the Interim Final Rule section on *Building Stronger Communities through Investments in Housing and Neighborhoods* and FAQ 2.11.

**2.18. Would investments in improving outdoor spaces (e.g. parks) be an eligible use of funds as a response to the public health emergency and/or its negative economic impacts? [6/23]**

There are multiple ways that investments in improving outdoor spaces could qualify as eligible uses; several are highlighted below, though there may be other ways that a specific investment in outdoor spaces would meet eligible use criteria.

First, in recognition of the disproportionate negative economic impacts on certain communities and populations, the Interim Final Rule identifies certain types of services that are eligible uses when provided in a Qualified Census Tract (QCT), to families and individuals living in QCTs, or when these services are provided by Tribal governments. Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic.

These programs and services include services designed to build stronger neighborhoods and communities and to address health disparities and the social determinants of health. The Interim Final Rule provides a non-exhaustive list of eligible services to respond to the needs of communities disproportionately impacted by the pandemic, and recipients may identify other uses of funds that do so, consistent with the Rule's framework. For example, investments in parks, public plazas, and other public outdoor recreation spaces may be responsive to the needs of disproportionately impacted communities by promoting healthier living environments and outdoor recreation and socialization to mitigate the spread of COVID-19.

Second, recipients may provide assistance to small businesses in all communities. Assistance to small businesses could include support to enhance outdoor spaces for COVID-19 mitigation (e.g., restaurant patios) or to improve the built environment of the neighborhood (e.g., façade improvements).

Third, many governments saw significantly increased use of parks during the pandemic that resulted in damage or increased maintenance needs. The Interim Final Rule recognizes that "decrease[s to] a state or local government's ability to effectively administer services" can constitute a negative economic impact of the pandemic.

**2.19. Would expenses to address a COVID-related backlog in court cases be an eligible use of funds as a response to the public health emergency? [6/23]**

The Interim Final Rule recognizes that "decrease[s to] a state or local government's ability to effectively administer services," such as cuts to public sector staffing levels, can constitute a negative economic impact of the pandemic. During the COVID-19 public health emergency, many courts were unable to operate safely during the pandemic and, as a result, now face significant backlogs. Court backlogs resulting from inability of courts to safely operate during the COVID-19 pandemic decreased the government's ability to administer services. Therefore, steps to reduce these backlogs, such as implementing COVID-19 safety measures to facilitate court operations, hiring additional court staff or attorneys to increase speed of case resolution, and other expenses to expedite case resolution are eligible uses.

**2.20. Can funds be used to assist small business startups as a response to the negative economic impact of COVID-19? [6/23]**

As discussed in the Interim Final Rule, recipients may provide assistance to small businesses that responds to the negative economic impacts of COVID-19. The Interim Final Rule provides a non-exclusive list of potential assistance mechanisms, as well as considerations for ensuring that such assistance is responsive to the negative economic impacts of COVID-19.

Treasury acknowledges a range of potential circumstances in which assisting small business startups could be responsive to the negative economic impacts of COVID-19, including for small businesses and individuals seeking to start small businesses after the start of the COVID-19 public health emergency. For example:

- A recipient could assist small business startups with additional costs associated with COVID-19 mitigation tactics (e.g., barriers or partitions; enhanced cleaning; or physical plant changes to enable greater use of outdoor space).
- A recipient could identify and respond to a negative economic impact of COVID-19 on new small business startups; for example, if it could be shown that small business startups in a locality were facing greater difficult accessing credit than prior to the pandemic, faced increased costs to starting the business due to the pandemic, or that the small business had lost expected startup capital due to the pandemic.
- The Interim Final Rule also discusses eligible uses that provide support for individuals who have experienced a negative economic impact from the COVID-19 public health emergency, including uses that provide job training for unemployed individuals. These initiatives also may support small business startups and individuals seeking to start small businesses.

**2.21. Can funds be used for eviction prevention efforts or housing stability services? [6/24]**

Yes. Responses to the negative economic impacts of the pandemic include "rent, mortgage, or utility assistance [and] counseling and legal aid to prevent eviction or homelessness." This includes housing stability services that enable eligible households to maintain or obtain housing, such as housing counseling, fair housing counseling, case management related to housing stability, outreach to households at risk of eviction or promotion of housing support programs, housing related services for survivors of domestic abuse or human trafficking, and specialized services for individuals with disabilities or seniors that supports their ability to access or maintain housing.

This also includes legal aid such as legal services or attorney's fees related to eviction proceedings and maintaining housing stability, court-based eviction prevention or eviction diversion programs, and other legal services that help households maintain or obtain housing.

Recipients may transfer funds to, or execute grants or contracts with, court systems, non-profits, and a wide range of other organizations to implement these strategies.

## 3. Eligible Uses – Revenue Loss

### 3.1. How is revenue defined for the purpose of this provision? [appendix added 6/23]

The Interim Final Rule adopts a definition of "General Revenue" that is based on, but not identical, to the Census Bureau's concept of "General Revenue from Own Sources" in the Annual Survey of State and Local Government Finances.

General Revenue includes revenue from taxes, current charges, and miscellaneous general revenue. It excludes refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and revenue generated by utilities and insurance trusts. General revenue also includes intergovernmental transfers between state and local governments, but excludes intergovernmental transfers from the Federal government, including Federal transfers made via a state to a locality pursuant to the CRF or the Fiscal Recovery Funds.

Tribal governments may include all revenue from Tribal enterprises and gaming operations in the definition of General Revenue.

Please see the appendix for a diagram of the Interim Final Rule's definition of General Revenue within the Census Bureau's revenue classification structure.

### 3.2. Will revenue be calculated on an entity-wide basis or on a source-by-source basis (e.g. property tax, income tax, sales tax, etc.)?

Recipients should calculate revenue on an entity-wide basis. This approach minimizes the administrative burden for recipients, provides for greater consistency across recipients, and presents a more accurate representation of the net impact of the COVID- 19 public health emergency on a recipient's revenue, rather than relying on financial reporting prepared by each recipient, which vary in methodology used and which generally aggregates revenue by purpose rather than by source.

### 3.3. Does the definition of revenue include outside concessions that contract with a state or local government?

Recipients should classify revenue sources as they would if responding to the U.S. Census Bureau's Annual Survey of State and Local Government Finances. According to the Census Bureau's Government Finance and Employment Classification manual, the following is an example of current charges that would be included in a state or local government's general revenue from own sources: "Gross revenue of facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, museums, zoos, etc.); auxiliary facilities in public recreation areas (camping areas, refreshment stands, gift shops, etc.); lease or use fees from stadiums, auditoriums, and community and convention centers; and rentals from concessions at such facilities."

**3.4. What is the time period for estimating revenue loss? Will revenue losses experienced prior to the passage of the Act be considered?**

Recipients are permitted to calculate the extent of reduction in revenue as of four points in time: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023. This approach recognizes that some recipients may experience lagged effects of the pandemic on revenues.

Upon receiving Fiscal Recovery Fund payments, recipients may immediately calculate revenue loss for the period ending December 31, 2020.

**3.5. What is the formula for calculating the reduction in revenue?**

A reduction in a recipient's General Revenue equals:

$$\text{Max } \{[\text{Base Year Revenue* } (1+\text{Growth Adjustment})^{\left(\frac{n_t}{12}\right)}] - \text{Actual General Revenue}_t \text{ ; } 0\}$$

Where:

*Base Year Revenue* is General Revenue collected in the most recent full fiscal year prior to the COVD-19 public health emergency.

*Growth Adjustment* is equal to the greater of 4.1 percent (or 0.041) and the recipient's average annual revenue growth over the three full fiscal years prior to the COVID-19 public health emergency.

*n* equals the number of months elapsed from the end of the base year to the calculation date.

*Actual General Revenue* is a recipient's actual general revenue collected during 12-month period ending on each calculation date.

Subscript *t* denotes the calculation date.

**3.6. Are recipients expected to demonstrate that reduction in revenue is due to the COVID-19 public health emergency?**

In the Interim Final Rule, any diminution in actual revenue calculated using the formula above would be presumed to have been "due to" the COVID-19 public health emergency. This presumption is made for administrative ease and in recognition of the broad-based economic damage that the pandemic has wrought.

**3.7. May recipients use pre-pandemic projections as a basis to estimate the reduction in revenue?**

No. Treasury is disallowing the use of projections to ensure consistency and comparability across recipients and to streamline verification. However, in estimating the revenue shortfall using the formula above, recipients may incorporate their average annual revenue growth rate in the three full fiscal years prior to the public health emergency.

**3.8. Once a recipient has identified a reduction in revenue, are there any restrictions on how recipients use funds up to the amount of the reduction?**

The Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. Government services can include, but are not limited to, maintenance of infrastructure or pay-go spending for building new infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.

However, paying interest or principal on outstanding debt, replenishing rainy day or other reserve funds, or paying settlements or judgments would not be considered provision of a government service, since these uses of funds do not entail direct provision of services to citizens. This restriction on paying interest or principal on any outstanding debt instrument, includes, for example, short-term revenue or tax anticipation notes, or paying fees or issuance costs associated with the issuance of new debt. In addition, the overarching restrictions on all program funds (e.g., restriction on pension deposits, restriction on using funds for non-federal match where barred by regulation or statute) would apply.

**3.9. How do I know if a certain type of revenue should be counted for the purpose of computing revenue loss? [5/27]**

As discussed in FAQ #3.1, the Interim Final Rule adopts a definition of "General Revenue" that is based on, but not identical, to the Census Bureau's concept of "General Revenue from Own Sources" in the Annual Survey of State and Local Government Finances.

Recipients should refer to the definition of "General Revenue" included in the Interim Final Rule. See 31 CFR 35.3. If a recipient is unsure whether a particular revenue source is included in the Interim Final Rule's definition of "General Revenue," the recipient may consider the classification and instructions used to complete the Census Bureau's Annual Survey.

For example, parking fees would be classified as a Current Charge for the purpose of the Census Bureau's Annual Survey, and the Interim Final Rule's concept of "General Revenue" includes all Current Charges. Therefore, parking fees would be included in the Interim Final Rule's concept of "General Revenue."

The Census Bureau's Government Finance and Employment Classification manual is available here.

**3.10. In calculating revenue loss, are recipients required to use audited financials? [6/8]**

Where audited data is not available, recipients are not required to obtain audited data. Treasury expects all information submitted to be complete and accurate. See 31 CFR 35.4(c).

**3.11. In calculating revenue loss, should recipients use their own data, or Census data? [6/8]**

Recipients should use their own data sources to calculate general revenue, and do not need to rely on published revenue data from the Census Bureau. Treasury acknowledges that due to differences in timing, data sources, and definitions, recipients' self-reported general revenue figures may differ somewhat from those published by the Census Bureau.

**3.12. Should recipients calculate revenue loss on a cash basis or an accrual basis? [6/8]**

Recipients may provide data on a cash, accrual, or modified accrual basis, provided that recipients are consistent in their choice of methodology throughout the covered period and until reporting is no longer required.

**3.13. In identifying intergovernmental revenue for the purpose of calculating General Revenue, should recipients exclude all federal funding, or just federal funding related to the COVID-19 response? How should local governments treat federal funds that are passed through states or other entities, or federal funds that are intermingled with other funds? [6/23]**

In calculating General Revenue, recipients should exclude all intergovernmental transfers from the federal government. This includes, but is not limited to, federal transfers made via a state to a locality pursuant to the Coronavirus Relief Fund or Fiscal Recovery Funds. To the extent federal funds are passed through states or other entities or intermingled with other funds, recipients should attempt to identify and exclude the federal portion of those funds from the calculation of General Revenue on a best-efforts basis.

**3.14. What entities constitute a government for the purpose of calculating revenue loss? [7/14]**

In determining whether a particular entity is part of a recipient's government for purposes of measuring a recipient's government revenue, recipients should identify all the entities included in their government and the general revenue attributable to these entities on a best-efforts basis. Recipients are encouraged to consider how their administrative structure is organized under state and local statutes. In cases in which the autonomy of certain authorities, commissions, boards, districts, or other entities is not readily distinguishable from the recipient's government, recipients may adopt the Census Bureau's criteria for judging whether an entity is independent from, or a constituent of, a given government. For an entity to be independent, it generally meets all four of the following conditions:

- The entity is an organized entity and possesses corporate powers, such as perpetual succession, the right to sue and be sued, having a name, the ability to make contracts, and the ability to acquire and dispose of property.
- The entity has governmental character, meaning that it provides public services, or wields authority through a popularly elected governing body or officers appointed by public officials. A high degree of responsibility to the public, demonstrated by public reporting requirements or by accessibility of records for public inspection, also evidences governmental character.
- The entity has substantial fiscal independence, meaning it can determine its budget without review and modification by other governments. For instance, the entity can determine its own taxes, charges, and debt issuance without another government's supervision.
- The entity has substantial administrative independence, meaning it has a popularly elected governing body, or has a governing body representing two or more governments, or, in the event its governing body is appointed by another government, the entity performs functions that are essentially different from those of, and are not subject to specification by, its creating government.

If an entity does not meet all four of these conditions, a recipient may classify the entity as part of the recipient's government and assign the portion of General Revenue that corresponds to the entity.

To further assist recipients in applying the forgoing criteria, recipients may refer to the Census Bureau's *Individual State Descriptions: 2017 Census of Governments* publication, which lists specific entities and classes of entities classified as either independent (defined by Census as "special purpose governments") or constituent (defined by Census as "dependent agencies") on a state-by-state basis. Recipients should note that the Census Bureau's lists are not exhaustive and that Census classifications are based on an analysis of state and local statutes as of 2017 and subject to the Census Bureau's judgement. Though not included in the Census Bureau's publication, state colleges and universities are generally classified as dependent agencies of state governments by the Census Bureau.

If an entity is determined to be part of the recipient's government, the recipient must also determine whether the entity's revenue is covered by the Interim Final Rule's definition of "general revenue." For example, some cash flows may be outside the definition of "general revenue." In addition, note that the definition of general revenue includes Tribal enterprises in the case of Tribal governments. Refer to FAQ 3.1 (and the Appendix) for the components included in General Revenue.

**3.15. The Interim Final Rule's definition of General Revenue excludes revenue generated by utilities. Can you please clarify the definition of utility revenue? [7/14]**

As noted in FAQs 3.1 and 3.9, the Interim Final Rule adopts a definition of "general revenue" that is based on, but not identical to, the Census Bureau's concept of "General Revenue from Own Sources" in the Annual Survey of State and Local Government Finances. Recipients should refer to the definition of "general revenue" included in the Interim Final Rule. See 31 CFR 35.3. If a recipient is unsure whether a particular revenue source is included in the Interim Final Rule's definition of "general revenue," the recipient may consider the classification and instructions used to complete the Census Bureau's Annual Survey.

According to the Census Bureau's Government Finance and Employment Classification manual, utility revenue is defined as "[g]ross receipts from sale of utility commodities or services to the public or other governments by publicly-owned and controlled utilities." This includes revenue from operations of publicly-owned and controlled water supply systems, electric power systems, gas supply systems, and public mass transit systems (see pages 4-45 and 4-46 of the manual for more detail).

Except for these four types of utilities, revenues from all commercial-type activities of a recipient's government (e.g., airports, educational institutions, lotteries, public hospitals, public housing, parking facilities, port facilities, sewer or solid waste systems, and toll roads and bridges) are covered by the Interim Final Rule's definition of "general revenue." If a recipient is unsure whether a particular entity performing one of these commercial-type activities can be considered part of the recipient's government, please see FAQ 3.14.

## 4. Eligible Uses – General

**4.1. May recipients use funds to replenish a budget stabilization fund, rainy day fund, or similar reserve account?**

No. Funds made available to respond to the public health emergency and its negative economic impacts are intended to help meet pandemic response needs and provide immediate stabilization for households and businesses. Contributions to rainy day funds and similar reserves funds would not address these needs or respond to the COVID-19 public health emergency, but would rather be savings for future spending needs. Similarly, funds made available for the provision of governmental services (to the extent of reduction in revenue) are intended to support direct provision of services to citizens. Contributions to rainy day funds are not considered provision of government services, since such expenses do not directly relate to the provision of government services.

**4.2. May recipients use funds to invest in infrastructure other than water, sewer, and broadband projects (e.g. roads, public facilities)?**

Under 602(c)(1)(C) or 603(c)(1)(C), recipients may use funds for maintenance of infrastructure or pay-go spending for building of new infrastructure as part of the general provision of government services, to the extent of the estimated reduction in revenue due to the public health emergency.

Under 602(c)(1)(A) or 603(c)(1)(A), a general infrastructure project typically would not be considered a response to the public health emergency and its negative economic impacts unless the project responds to a specific pandemic-related public health need (e.g., investments in facilities for the delivery of vaccines) or a specific negative economic impact of the pandemic (e.g., affordable housing in a Qualified Census Tract).

**4.3. May recipients use funds to pay interest or principal on outstanding debt?**

No. Expenses related to financing, including servicing or redeeming notes, would not address the needs of pandemic response or its negative economic impacts. Such expenses would also not be considered provision of government services, as these financing expenses do not directly provide services or aid to citizens.

This applies to paying interest or principal on any outstanding debt instrument, including, for example, short-term revenue or tax anticipation notes, or paying fees or issuance costs associated with the issuance of new debt.

**4.4. May recipients use funds to satisfy nonfederal matching requirements under the Stafford Act? May recipients use funds to satisfy nonfederal matching requirements generally?**

Fiscal Recovery Funds are subject to pre-existing limitations in other federal statutes and regulations and may not be used as non-federal match for other Federal programs whose statute or regulations bar the use of Federal funds to meet matching requirements. For example, expenses for the state share of Medicaid are not an eligible use. For information on FEMA programs, please see here.

**4.5. Are governments required to submit proposed expenditures to Treasury for approval? [5/27]**

No. Recipients are not required to submit planned expenditures for prior approval by Treasury. Recipients are subject to the requirements and guidelines for eligible uses contained in the Interim Final Rule.

**4.6. How do I know if a specific use is eligible? [5/27]**

Fiscal Recovery Funds must be used in one of the four eligible use categories specified in the American Rescue Plan Act and implemented in the Interim Final Rule:

a) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

b) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;

c) For the provision of government services to the extent of the reduction in revenue due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and

d) To make necessary investments in water, sewer, or broadband infrastructure.

Recipients should consult Section II of the Interim Final Rule for additional information on eligible uses. For recipients evaluating potential uses under (a), the Interim Final Rule contains a non-exclusive list of programs or services that may be funded as responding to COVID-19 or the negative economic impacts of the COVID-19 public health emergency, along with considerations for evaluating other potential uses of Fiscal Recovery Funds not explicitly listed. See Section II of the Interim Final Rule for additional discussion.

For recipients evaluating potential uses under (c), the Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. See FAQ #3.8 for additional discussion.

For recipients evaluating potential uses under (b) and (d), see Sections 5 and 6.

**4.7. Do restrictions on using Coronavirus State and Local Fiscal Recovery Funds to cover costs incurred beginning on March 3, 2021 apply to costs incurred by the recipient (e.g., a State, local, territorial, or Tribal government) or to costs incurred by households, businesses, and individuals benefiting from assistance provided using Coronavirus State and Local Fiscal Recovery Funds? [6/8]**

The Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021. This limitation applies to costs incurred by the recipient (i.e., the state, local, territorial, or Tribal government receiving funds). However, recipients may use Coronavirus State and Local Fiscal Recovery Funds to provide assistance to households, businesses, and individuals within the eligible use categories described in the Interim

Final Rule for economic harms experienced by those households, businesses, and individuals prior to March 3, 2021. For example,

- Public Health/Negative Economic Impacts – Recipients may use Coronavirus State and Local Fiscal Recovery Funds to provide assistance to households – such as rent, mortgage, or utility assistance – for economic harms experienced or costs incurred by the household prior to March 3, 2021 (e.g., rental arrears from preceding months), provided that the cost of providing assistance to the household was not incurred by the recipient prior to March 3, 2021.
- Premium Pay – Recipients may provide premium pay retrospectively for work performed at any time since the start of the COVID-19 public health emergency. Such premium pay must be "in addition to" wages and remuneration already received and the obligation to provide such pay must not have been incurred by the recipient prior to March 3, 2021.
- Revenue Loss – The Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. The calculation of lost revenue begins with the recipient's revenue in the last full fiscal year prior to the COVID-19 public health emergency and includes the 12-month period ending December 31, 2020. However, use of funds for government services must be forward looking for costs incurred by the recipient after March 3, 2021.
- Investments in Water, Sewer, and Broadband – Recipients may use Coronavirus State and Local Fiscal Recovery Funds to make necessary investments in water, sewer, and broadband. See FAQ Section 6. Recipients may use Coronavirus State and Local Fiscal Recovery Funds to cover costs incurred for eligible projects planned or started prior to March 3, 2021, provided that the project costs covered by the Coronavirus State and Local Fiscal Recovery Funds were incurred after March 3, 2021.

### 4.8. How can I use CSFRF/CLFRF funds to prevent and respond to crime, and support public safety in my community? [6/23]

Under Treasury's Interim Final Rule, there are many ways in which the State and Local Fiscal Recovery Funds ("Funds") under the American Rescue Plan Act can support communities working to reduce and respond to increased violence due to the pandemic. Among the eligible uses of the Funds are restoring of public sector staff to their pre-pandemic levels and responses to the public health crisis and negative economic impacts resulting from the pandemic. The Interim Final Rule provides several ways for recipients to "respond to" this pandemic-related gun violence, ranging from community violence intervention programs to mental health services to hiring of public safety personnel.

Below are some examples of how Fiscal Recovery Funds can be used to address public safety:

- In all communities, recipients may use resources to rehire police officers and other public servants to restore law enforcement and courts to their pre-pandemic levels.

Additionally, Funds can be used for expenses to address COVID-related court backlogs, including hiring above pre-pandemic levels, as a response to the public health emergency. See FAQ 2.19.

- In communities where an increase in violence or increased difficulty in accessing or providing services to respond to or mitigate the effects of violence, is a result of the pandemic they may use funds to address that harm. This spending may include:

  - Hiring law enforcement officials – even above pre-pandemic levels – or paying overtime where the funds are directly focused on advancing community policing strategies in those communities experiencing an increase in gun violence associated with the pandemic
  - Community Violence Intervention (CVI) programs, including capacity building efforts at CVI programs like funding and training additional intervention workers
  - Additional enforcement efforts to reduce gun violence exacerbated by the pandemic, including prosecuting gun traffickers, dealers, and other parties contributing to the supply of crime guns, as well as collaborative federal, state, and local efforts to identify and address gun trafficking channels
  - Investing in technology and equipment to allow law enforcement to more efficiently and effectively respond to the rise in gun violence resulting from the pandemic

  As discussed in the Interim Final Rule, uses of CSFRF/CLFRF funds that respond to an identified harm must be related and reasonably proportional to the extent and type of harm experienced; uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses.

- Recipients may also use funds up to the level of revenue loss for government services, including those outlined above.

Recognizing that the pandemic exacerbated mental health and substance use disorder needs in many communities, eligible public health services include mental health and other behavioral health services, which are a critical component of a holistic public safety approach. This could include:

- Mental health services and substance use disorder services, including for individuals experiencing trauma exacerbated by the pandemic, such as:
  - Community-based mental health and substance use disorder programs that deliver evidence-based psychotherapy, crisis support services, medications for opioid use disorder, and/or recovery support
  - School-based social-emotional support and other mental health services
- Referrals to trauma recovery services for crime victims.

Recipients also may use Funds to respond to the negative economic impacts of the public health emergency, including:

- Assistance programs to households or populations facing negative economic impacts of the public health emergency, including:

- Assistance to support economic security, including for the victims of crime;
- Housing assistance, including rent, utilities, and relocation assistance;
- Assistance with food, including Summer EBT and nutrition programs; and
- Employment or job training services to address negative economic or public health impacts experienced due to a worker's occupation or level of training.

- Assistance to unemployed workers, including:
  - Subsidized jobs, including for young people. Summer youth employment programs directly address the negative economic impacts of the pandemic on young people and their families and communities;
  - Programs that provide paid training and/or work experience targeted primarily to (1) formerly incarcerated individuals, and/or (2) communities experiencing high levels of violence exacerbated by the pandemic;
  - Programs that provide workforce readiness training, apprenticeship or pre-apprenticeship opportunities, skills development, placement services, and/or coaching and mentoring; and
  - Associated wraparound services, including for housing, health care, and food.

Recognizing the disproportionate impact of the pandemic on certain communities, a broader range of services are eligible in those communities than would otherwise be available in communities not experiencing a pandemic-related increase in crime or gun violence. These eligible uses aim to address the pandemic's exacerbation of public health and economic disparities and include services to address health and educational disparities, support neighborhoods and affordable housing, and promote healthy childhood environments. The Interim Final Rule provides a non-exhaustive list of eligible services in these categories.

These services automatically qualify as eligible uses when provided in Qualified Census Tracts (QCTs), low-income areas designated by HUD; to families in QCTs; or by Tribal governments. Outside of these areas, recipient governments can also identify and serve households, populations, and geographic areas disproportionately impacted by the pandemic.

Services under this category could include:

- Programs or services that address or mitigate the impacts of the COVID-19 public health emergency on education, childhood health and welfare, including:
  - Summer education and enrichment programs in these communities, which include many communities currently struggling with high levels of violence;
  - Programs that address learning loss and keep students productively engaged;
  - Enhanced services for foster youths and home visiting programs; and
  - Summer camps and recreation.

- Programs or services that provide or facilitate access to health and social services and address health disparities exacerbated by the pandemic. This includes Community Violence Intervention (CVI) programs, such as:
  - Evidence-based practices like focused deterrence, street outreach, violence interrupters, and hospital-based violence intervention models, complete with

wraparound services such as behavioral therapy, trauma recovery, job training, education, housing and relocation services, and financial assistance; and,
- Capacity-building efforts at CVI programs like funding more intervention workers; increasing their pay; providing training and professional development for intervention workers; and hiring and training workers to administer the programs.

Please refer to Treasury's Interim Final Rule for additional information.

**4.9. May recipients pool funds for regional projects? [7/14]**

Yes, provided that the project is itself an eligible use of funds and that recipients can track the use of funds in line with the reporting and compliance requirements of the CSFRF/CLFRF. In general, when pooling funds for regional projects, recipients may expend funds directly on the project or transfer funds to another government that is undertaking the project on behalf of multiple recipients. To the extent recipients undertake regional projects via transfer to another government, recipients would need to comply with the rules on transfers specified in the Interim Final Rule, Section V. A recipient may transfer funds to a government outside its boundaries (e.g., county transfers to a neighboring county), provided that the recipient can document that its jurisdiction receives a benefit proportionate to the amount contributed.

**4.10. May recipients fund a project with both ARP funds and other sources of funding (e.g., blending, braiding, or other pairing funding sources), including in conjunction with financing provided through a debt issuance? [7/14]**

Cost sharing or matching funds are not required under CSFRF/CLFRF. Funds may be used in conjunction with other funding sources, provided that the costs are eligible costs under each source program and are compliant with all other related statutory and regulatory requirements and policies. The recipient must comply with applicable reporting requirements for all sources of funds supporting the CSFRF/CLFRF projects, and with any requirements and restrictions on the use of funds from the supplemental funding sources and the CSFRF/CLFRF program. Specifically,

- All funds provided under the CSFRF/CLFRF program must be used for projects, investments, or services that are eligible under the CSFRF/CLFRF statute, Treasury's Interim Final Rule, and guidance. See 31 CFR 35.6-8; FAQ 4.6. CSFRF/CLFRF funds may not be used to fund an activity that is not, in its entirety, an eligible use under the CSFRF/CLFRF statute, Treasury's Interim Final Rule, and guidance. For example,
    - CSFRF/CLFRF funds may be used in conjunction with other sources of funds to make an investment in water infrastructure, which is eligible under the CSLFRF statute, and Treasury's Interim Final Rule.
    - CSFRF/CLFRF funds could not be used to fund the entirety of a water infrastructure project that was partially, although not entirely, an eligible use under Treasury's Interim Final Rule. However, the recipient could use CSFRF/CLFRF funds only for a smaller component project that does

constitute an eligible use, while using other funds for the remaining portions of the larger planned water infrastructure project that do not constitute an eligible use. In this case, the "project" under this program would be only the eligible use component of the larger project.

- In addition, because CSFRF/CLFRF funds must be obligated by December 31, 2024, and expended by December 31, 2026, recipients must be able to, at a minimum, determine and report to Treasury on the amount of CSFRF/CLFRF funds obligated and expended and when such funds were obligated and expended.

**4.11. May Coronavirus State and Local Fiscal Recovery Funds be used to make loans or other extensions of credit ("loans"), including loans to small businesses and loans to finance necessary investments in water, sewer, and broadband infrastructure? [7/14]**

Yes. Coronavirus State and Local Fiscal Recovery Funds ("Funds") may be used to make loans, provided that the loan is an eligible use and the cost of the loan is tracked and reported in accordance with the points below. See 31 CFR 35.6. For example, a recipient may use Coronavirus State and Local Fiscal Recovery Funds to make loans to small businesses. See 31 CFR 35.6(b)(6). In addition, a recipient may use Funds to finance a necessary investment in water, sewer or broadband, as described in the Interim Final Rule. See 31 CFR 35.6(e).

Funds must be used to cover "costs incurred" by the recipient between March 3, 2021, and December 31, 2024, and Funds must be expended by December 31, 2026. See Section III.D of the Interim Final Rule; 31 CFR 35.5. Accordingly, recipients must be able to determine the amount of Funds used to make a loan.

- For loans that mature or are forgiven on or before December 31, 2026, the recipient must account for the use of funds on a cash flow basis, consistent with the approach to loans taken in the Coronavirus Relief Fund.
    - Recipients may use Fiscal Recovery Funds to fund the principal of the loan and in that case must track repayment of principal and interest (i.e., "program income," as defined under 2 CFR 200).
    - When the loan is made, recipients must report the principal of the loan as an expense.
    - Repayment of principal may be re-used only for eligible uses, and subject to restrictions on timing of use of funds. Interest payments received prior to the end of the period of performance will be considered an addition to the total award and may be used for any purpose that is an eligible use of funds under the statute and IFR. Recipients are not subject to restrictions under 2 CFR 200.307(e)(1) with respect to such payments.

- For loans with maturities longer than December 31, 2026, the recipient may use Fiscal Recovery Funds for only the projected cost of the loan. Recipients may estimate the subsidy cost of the loan, which equals the expected cash flows associated with the loan discounted at the recipient's cost of funding. A recipient's cost of funding can be determined based on the interest rates of securities with a similar maturity to the cash flow being discounted that were either (i) recently issued by the recipient or (ii) recently issued by a unit of state, local, or Tribal government similar to the recipient. Recipients that have adopted the Current Expected Credit Loss (CECL) standard may also treat the cost of the loan as equal to the CECL-based expected credit losses over the life of the loan. Recipients may measure projected losses either once, at the time the loan is extended, or annually over the covered period.

Under either approach for measuring the amount of funds used to make loans with maturities longer than December 31, 2026, recipients would not be subject to restrictions under 2 CFR 200.307(e)(1) and need not separately track repayment of principal or interest.

Any contribution of Fiscal Recovery Funds to a revolving loan fund must follow the approach described above for loans with maturities longer than December 31, 2026. In other words, a recipient could contribute Fiscal Recovery Funds to a revolving loan fund, provided that the revolving loan fund makes loans that are eligible uses and the Fiscal Recovery Funds contributed represent the projected cost of loans made over the life of the revolving loan fund.

**4.12. May funds be used for outreach to increase uptake of federal assistance like the Child Tax Credit or federal programs like SNAP? [7/14]**

Yes. Eligible uses to address negative economic impacts include work "to improve efficacy of programs addressing negative economic impacts, including through use of data analysis, targeted consumer outreach, improvements to data or technology infrastructure, and impact evaluations." See 31 CFR 35.6(b)(10). Of note, per the CSFRF/CLFRF Reporting Guidance, allowable use of funds for evaluations may also include other types of program evaluations focused on program improvement and evidence building. In addition, recipients may use funds to facilitate access to health and social services in populations and communities disproportionately impacted by the COVID-19 pandemic, including benefits navigators or marketing efforts to increase consumer uptake of federal tax credits, benefits, or assistance programs that respond to negative economic impacts of the pandemic. See 31 CFR 35.6(b)(12).

## 5. Eligible Uses – Premium Pay

**5.1. What criteria should recipients use in identifying essential workers to receive premium pay?**

Essential workers are those in critical infrastructure sectors who regularly perform in-person work, interact with others at work, or physically handle items handled by others.

Critical infrastructure sectors include healthcare, education and childcare, transportation, sanitation, grocery and food production, and public health and safety, among others, as provided in the Interim Final Rule. Governments receiving Fiscal Recovery Funds have the discretion to add additional sectors to this list, so long as the sectors are considered critical to protect the health and well-being of residents.

The Interim Final Rule emphasizes the need for recipients to prioritize premium pay for lower income workers. Premium pay that would increase a worker's total pay above 150% of the greater of the state or county average annual wage requires specific justification for how it responds to the needs of these workers.

**5.2. What criteria should recipients use in identifying third-party employers to receive grants for the purpose of providing premium pay to essential workers?**

Any third-party employers of essential workers are eligible. Third-party contractors who employ essential workers in eligible sectors are also eligible for grants to provide premium pay. Selection of third-party employers and contractors who receive grants is at the discretion of recipients.

To ensure any grants respond to the needs of essential workers and are made in a fair and transparent manner, the rule imposes some additional reporting requirements for grants to third-party employers, including the public disclosure of grants provided.

**5.3. May recipients provide premium pay retroactively for work already performed?**

Yes. Treasury encourages recipients to consider providing premium pay retroactively for work performed during the pandemic, recognizing that many essential workers have not yet received additional compensation for their service during the pandemic.

## 6. Eligible Uses – Water, Sewer, and Broadband Infrastructure

**6.1. What types of water and sewer projects are eligible uses of funds?**

The Interim Final Rule generally aligns eligible uses of the Funds with the wide range of types or categories of projects that would be eligible to receive financial assistance through the Environmental Protection Agency's Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF).

Under the DWSRF, categories of eligible projects include: treatment, transmission and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development.

Under the CWSRF, categories of eligible projects include: construction of publicly-owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment systems, stormwater systems, water conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act.

As mentioned in the Interim Final Rule, eligible projects under the DWSRF and CWSRF support efforts to address climate change, as well as to meet cybersecurity needs to protect water and sewer infrastructure. Given the lifelong impacts of lead exposure for children, and the widespread nature of lead service lines, Treasury also encourages recipients to consider projects to replace lead service lines.

**6.2. May construction on eligible water, sewer, or broadband infrastructure projects continue past December 31, 2024, assuming funds have been obligated prior to that date?**

Yes. Treasury is interpreting the requirement that costs be incurred by December 31, 2024 to only require that recipients have obligated the funds by such date. The period of performance will run until December 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with Fiscal Recovery Funds.

**6.3. May recipients use funds as a non-federal match for the Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF)?**

Recipients may not use funds as a state match for the CWSRF and DWSRF due to prohibitions in utilizing federal funds as a state match in the authorizing statutes and regulations of the CWSRF and DWSRF.

**6.4. Does the National Environmental Policy Act (NEPA) apply to eligible infrastructure projects?**

NEPA does not apply to Treasury's administration of the Funds. Projects supported with payments from the Funds may still be subject to NEPA review if they are also funded by other federal financial assistance programs.

**6.5. What types of broadband projects are eligible?**

The Interim Final Rule requires eligible projects to reliably deliver minimum speeds of 100 Mbps download and 100 Mbps upload. In cases where it is impracticable due to geography, topography, or financial cost to meet those standards, projects must reliably deliver at least 100 Mbps download speed, at least 20 Mbps upload speed, and be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed.

Projects must also be designed to serve unserved or underserved households and businesses, defined as those that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.

**6.6. For broadband investments, may recipients use funds for related programs such as cybersecurity or digital literacy training?**

Yes. Recipients may use funds to provide assistance to households facing negative economic impacts due to Covid-19, including digital literacy training and other programs that promote access to the Internet. Recipients may also use funds for modernization of cybersecurity, including hardware, software, and protection of critical infrastructure, as part of provision of government services up to the amount of revenue lost due to the public health emergency.

**6.7. How do I know if a water, sewer, or broadband project is an eligible use of funds? Do I need pre-approval? [6/8]**

Recipients do not need approval from Treasury to determine whether an investment in a water, sewer, or broadband project is eligible under CSFRF/CLFRF. Each recipient should review the Interim Final Rule (IFR), along with the preamble to the Interim Final Rule, in order to make its own assessment of whether its intended project meets the eligibility criteria in the IFR. A recipient that makes its own determination that a project meets the eligibility criteria as outlined in the IFR may pursue the project as a CSFRF/CLFRF project without pre-approval from Treasury. Local government recipients similarly do not need state approval to determine that a project is eligible under CSFRF/CLFRF. However, recipients should be cognizant of other federal or state laws or regulations that may apply to construction projects independent of CSFRF/CLFRF funding conditions and that may require pre-approval.

For water and sewer projects, the IFR refers to the EPA Drinking Water and Clean Water State Revolving Funds (SRFs) for the categories of projects and activities that are eligible for funding. Recipients should look at the relevant federal statutes, regulations, and guidance issued by the EPA to determine whether a water or sewer project is eligible. Of note, the IFR does not incorporate any other requirements contained in the federal statutes governing the SRFs or any conditions or requirements that individual states may place on their use of SRFs.

**6.8. For broadband infrastructure investments, what does the requirement that infrastructure "be designed to" provide service to unserved or underserved households and businesses mean? [6/17]**

Designing infrastructure investments to provide service to unserved or underserved households or businesses means prioritizing deployment of infrastructure that will bring service to households or businesses that are not currently serviced by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed. To meet this requirement, states and localities should use funds to deploy broadband infrastructure projects whose objective is to provide service to unserved or underserved households or businesses. These unserved or underserved households or businesses do not need to be the only ones in the service area funded by the project.

**6.9. For broadband infrastructure to provide service to "unserved or underserved households or businesses," must every house or business in the service area be unserved or underserved? [6/17]**

No. It suffices that an objective of the project is to provide service to unserved or underserved households or businesses. Doing so may involve a holistic approach that provides service to a wider area in order, for example, to make the ongoing service of unserved or underserved households or businesses within the service area economical. Unserved or underserved households or businesses need not be the *only* households or businesses in the service area receiving funds.

**6.10. May recipients use payments from the Funds for "middle mile" broadband projects? [6/17]**

Yes. Under the Interim Final Rule, recipients may use payments from the Funds for "middle-mile projects," but Treasury encourages recipients to focus on projects that will achieve last-mile connections—whether by focusing on funding last-mile projects or by ensuring that funded middle-mile projects have potential or partnered last-mile networks that could or would leverage the middle-mile network.

**6.11. For broadband infrastructure investments, what does the requirement to "reliably" meet or exceed a broadband speed threshold mean? [6/17]**

In the Interim Final Rule, the term "reliably" is used in two places: to identify areas that are eligible to be the subject of broadband infrastructure investments and to identify expectations for acceptable service levels for broadband investments funded by the Coronavirus State and Local Fiscal Recovery Funds. In particular:

- The IFR defines "unserved or underserved households or businesses" to mean one or more households or businesses that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speeds and 3 Mbps of upload speeds.

- The IFR provides that a recipient may use Coronavirus State and Local Fiscal Recovery Funds to make investments in broadband infrastructure that are designed to provide service to unserved or underserved households or businesses and that are designed to, upon completion: (i) reliably meet or exceed symmetrical 100 Mbps download speed and upload speeds; or (ii) in limited cases, reliably meet or exceed 100 Mbps download speed and between 20 Mbps and 100 Mbps upload speed and be scalable to a minimum of 100 Mbps download and upload speeds.

The use of "reliably" in the IFR provides recipients with significant discretion to assess whether the households and businesses in the area to be served by a project have access to wireline broadband service that can actually and consistently meet the specified thresholds of at least 25Mbps/3Mbps—i.e., to consider the actual experience of current wireline broadband customers that subscribe to services at or above the 25 Mbps/3 Mbps threshold. Whether there is a provider serving the area that advertises or otherwise claims to offer speeds that meet the 25 Mbps download and 3 Mbps upload speed thresholds is not dispositive.

When making these assessments, recipients may choose to consider any available data, including but not limited to documentation of existing service performance, federal and/or state-collected broadband data, user speed test results, interviews with residents and business owners, and any other information they deem relevant. In evaluating such data, recipients may take into account a variety of factors, including whether users actually receive service at or above the speed thresholds at all hours of the day, whether factors other than speed such as latency or jitter, or deterioration of the existing connections make the user experience unreliable, and whether the existing service is being delivered by legacy technologies, such as copper telephone lines (typically using Digital Subscriber Line technology) or early versions of cable system technology (DOCSIS 2.0 or earlier).

The IFR also provides recipients with significant discretion as to how they will assess whether the project itself has been designed to provide households and businesses with broadband services that meet, or even exceed, the speed thresholds provided in the rule.

**6.12. May recipients use Funds for pre-project development for eligible water, sewer, and broadband projects? [6/23]**

Yes. To determine whether Funds can be used on pre-project development for an eligible water or sewer project, recipients should consult whether the pre-project development use or cost is eligible under the Drinking Water and Clean Water State Revolving Funds (CWSRF and DWSRF, respectively). Generally, the CWSRF and DWSRF often allow for pre-project development costs that are tied to an eligible project, as well as those that are reasonably expected to lead to a project. For example, the DWSRF allows for planning and evaluations uses, as well as numerous pre-project development costs, including costs associated with obtaining project authorization, planning and design, and project start-up like training and warranty for equipment. Likewise, the CWSRF allows for broad pre-project development, including planning and assessment activities, such as cost and effectiveness analyses, water/energy audits and conservation plans, and capital improvement plans.

Similarly, pre-project development uses and costs for broadband projects should be tied to an eligible broadband project or reasonably expected to lead to such a project. For example, pre-project costs associated with planning and engineering for an eligible broadband infrastructure build-out is considered an eligible use of funds, as well as technical assistance and evaluations that would reasonably be expected to lead to commencement of an eligible project (e.g., broadband mapping for the purposes of finding an eligible area for investment).

All funds must be obligated within the statutory period between March 3, 2021 and December 31, 2024, and expended to cover such obligations by December 31, 2026.

**6.13. May State and Local Fiscal Recovery Funds be used to support energy or electrification infrastructure that would be used to power new water treatment plants and wastewater systems? [7/14]**

The EPA's Overview of Clean Water State Revolving Fund Eligibilities describes eligible energy-related projects. This includes a "[p]ro rata share of capital costs of offsite clean energy facilities that provide power to a treatment works." Thus, State and Local Fiscal Recovery Funds may be used to finance the generation and delivery of clean power to a wastewater system or a water treatment plant on a pro-rata basis. If the wastewater system or water treatment plant is the sole user of the clean energy, the full cost would be considered an eligible use of funds. If the clean energy provider provides power to other entities, only the proportionate share used by the water treatment plant or wastewater system would be an eligible use of State and Local Fiscal Recovery Funds.

**6.14. How should states and local governments assess whether a stormwater management project, such as a culvert replacement, is an eligible project for State and Local Fiscal Recovery Funds? [7/14]**

FAQ 6.7 describes the overall approach that recipients may take to evaluate the eligibility of water or sewer projects. For stormwater management projects specifically, as noted in the EPA's Overview of Clean Water State Revolving Fund Eligibilities, "Stormwater projects must have a water quality benefit." Thus, to be eligible under CSFRF/CLFRF, stormwater management projects should be designed to incorporate water quality benefits consistent with the goals of the Clean Water Act. Summary of the Clean Water Act.

**6.15. May recipients use Funds for road repairs and upgrades that occur in connection with an eligible water or sewer project? [7/14]**

Yes, recipients may use State and Local Fiscal Recovery Funds for road repairs and upgrades directly related to an eligible water or sewer project. For example, a recipient could use Funds to repair or re-pave a road following eligible sewer repair work beneath it. However, use of Funds for general infrastructure projects is subject to the limitations described in FAQ 4.2. Water and sewer infrastructure projects are often a single component of a broader transportation infrastructure project, for example, the implementation of stormwater infrastructure to meet Clean Water Act established water quality standards. In this example, the components of the infrastructure project that interact directly with the stormwater infrastructure project may be funded by Fiscal Recovery Funds.

**6.16. May Funds be used to build or upgrade broadband connections to schools or libraries? [7/14]**

As outlined in the IFR, recipients may use Fiscal Recovery Funds to invest in broadband infrastructure that, wherever it is practicable to do so, is designed to deliver service that reliably meets or exceeds symmetrical upload and download speeds of 100 Mbps to households or businesses that are not currently serviced by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed. Treasury interprets "businesses" in this context broadly to include non-residential users of broadband, including private businesses and institutions that serve the public, such as schools, libraries, healthcare facilities, and public safety organizations.

**6.17. Are eligible infrastructure projects subject to the Davis-Bacon Act? [7/14]**

The Davis-Bacon Act requirements (prevailing wage rates) do not apply to projects funded solely with award funds from the CSFRF/CLFRF program, except for CSFRF/CLFRF-funded construction projects undertaken by the District of Columbia. The Davis-Bacon Act specifically applies to the District of Columbia when it uses federal funds (CSFRF/CLFRF funds or otherwise) to enter into contracts over $2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. Recipients may be otherwise subject to the requirements of the Davis-Bacon Act, when CSFRF/CLFRF award funds are used on a construction project in conjunction with funds from another federal program that requires enforcement of the Davis-Bacon Act. Additionally, corollary state prevailing-wage-in-construction laws (commonly known as "baby Davis-Bacon Acts") may apply to projects. Please refer to FAQ 4.10 concerning projects funded with both CSFRF/CLFRF funds and other sources of funding.

Treasury has indicated in its Interim Final Rule that it is important that necessary investments in water, sewer, or broadband infrastructure be carried out in ways that produce high-quality infrastructure, avert disruptive and costly delays, and promote efficiency. Treasury encourages recipients to ensure that water, sewer, and broadband projects use strong labor standards, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions, not only to promote effective and efficient delivery of high-quality infrastructure projects, but also to support the economic recovery through strong employment opportunities for workers. Using these practices in construction projects may help to ensure a reliable supply of skilled labor that would minimize disruptions, such as those associated with labor disputes or workplace injuries.
Treasury has also indicated in its reporting guidance that recipients will need to provide documentation of wages and labor standards for infrastructure projects over $10 million, and that that these requirements can be met with certifications that the project is in compliance with the Davis-Bacon Act (or related state laws, commonly known as "baby Davis-Bacon Acts") and subject to a project labor agreement. Please refer to the Reporting and Compliance Guidance, page 21, for more detailed information on the reporting requirement.

## 7. Non-Entitlement Units (NEUs)

Answers to frequently asked questions on distribution of funds to NEUs can be found in this FAQ supplement, which is regularly updated.

## 8. Ineligible Uses

### 8.1. What is meant by a pension "deposit"? Can governments use funds for routine pension contributions for employees whose payroll and covered benefits are eligible expenses?

Treasury interprets "deposit" in this context to refer to an extraordinary payment into a pension fund for the purpose of reducing an accrued, unfunded liability. More specifically, the interim final rule does not permit this assistance to be used to make a payment into a pension fund if both: (1) the payment reduces a liability incurred prior to the start of the COVID-19 public health emergency, and (2) the payment occurs outside the recipient's regular timing for making such payments.

Under this interpretation, a "deposit" is distinct from a "payroll contribution," which occurs when employers make payments into pension funds on regular intervals, with contribution amounts based on a pre-determined percentage of employees' wages and salaries. In general, if an employee's wages and salaries are an eligible use of Fiscal Recovery Funds, recipients may treat the employee's covered benefits as an eligible use of Fiscal Recovery Funds.

### 8.2. May recipients use Fiscal Recovery Funds to fund Other Post-Employment Benefits (OPEB)? [6/8]

OPEB refers to benefits other than pensions (see, e.g., Governmental Accounting Standards Board, "Other Post-Employment Benefits"). Treasury has determined that Sections 602(c)(2)(B) and 603(c)(2), which refer only to pensions, do not prohibit CSFRF/CLFRF recipients from funding OPEB. Recipients of either the CSFRF/CLFRF may use funds for eligible uses, and a recipient seeking to use CSFRF/CLFRF funds for OPEB contributions would need to justify those contributions under one of the four eligible use categories.

## 9. Reporting

On June 17, 2021, Treasury released Guidance on Recipient Compliance and Reporting Responsibilities for the Coronavirus State and Local Fiscal Recovery Funds. Recipients should consult this guidance for additional detail and clarification on recipients' compliance and reporting responsibilities. A users' guide will be provided with additional information on how and where to submit required reports.

**9.1. What records must be kept by governments receiving funds?**

Financial records and supporting documents related to the award must be retained for a period of five years after all funds have been expended or returned to Treasury, whichever is later. This includes those which demonstrate the award funds were used for eligible purposes in accordance with the ARPA, Treasury's regulations implementing those sections, and Treasury's guidance on eligible uses of funds.

**9.2. What reporting will be required, and when will the first report be due?**

Recipients will be required to submit an interim report, quarterly project and expenditure reports, and annual Recovery Plan Performance Reports as specified below, regarding their utilization of Coronavirus State and Local Fiscal Recovery Funds.

Interim reports: States (defined to include the District of Columbia), territories, metropolitan cities, counties, and Tribal governments will be required to submit one interim report. The interim report will include a recipient's expenditures by category at the summary level and for states, information related to distributions to non-entitlement units of local government must also be included in the interim report. The interim report will cover activity from the date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Non-entitlement units of local government are not required to submit an interim report.

Quarterly Project and Expenditure reports: State (defined to include the District of Columbia), territorial, metropolitan city, county, and Tribal governments will be required to submit quarterly project and expenditure reports. This report will include financial data, information on contracts and subawards over $50,000, types of projects funded, and other information regarding a recipient's utilization of award funds. Reports will be required quarterly with the exception of non-entitlement units, which will report annually. An interim report is due on August 31, 2021. The reports will include the same general data as those submitted by recipients of the Coronavirus Relief Fund, with some modifications to expenditure categories and the addition of data elements related to specific eligible uses. The initial quarterly Project and Expenditure report will cover two calendar quarters from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent quarterly reports will cover one calendar quarter and must be submitted to Treasury within 30 days after the end of each calendar quarter.

Non-entitlement units of local government will be required to submit the project and expenditure report annually. The initial annual Project and Expenditure report for non-entitlement units of local government will cover activity from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent annual reports must be submitted to Treasury by October 31 each year.

Recovery Plan Performance Reports: States (defined to include the District of Columbia), territories, metropolitan cities, and counties with a population that exceeds 250,000 residents will also be required to submit an annual Recovery Plan Performance Report to Treasury. This report will include descriptions of the projects funded and information on the performance indicators and objectives of each award, helping local residents understand how their governments are using the substantial resources provided by Coronavirus State and Local Fiscal Recovery Funds program. The initial Recovery Plan Performance Report will cover activity from date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Thereafter, the Recovery Plan Performance Reports will cover a 12-month period and recipients will be required to submit the report to Treasury within 30 days after the end of the 12-month period. The second Recovery Plan Performance Report will cover the period from July 1, 2021 to June 30, 2022 and must be submitted to Treasury by July 31, 2022. Each annual Recovery Plan Performance Report must be posted on the public-facing website of the recipient. Local governments with fewer than 250,000 residents, Tribal governments, and non-entitlement units of local government are not required to develop a Recovery Plan Performance Report.

Please see the Guidance on Recipient Compliance and Reporting Responsibilities for more information.

**9.3. What provisions of the Uniform Guidance for grants apply to these funds? Will the Single Audit requirements apply?**

Most of the provisions of the Uniform Guidance (2 CFR Part 200) apply to this program, including the Cost Principles and Single Audit Act requirements. Recipients should refer to the Assistance Listing for detail on the specific provisions of the Uniform Guidance that do not apply to this program. The Assistance Listing will be available on beta.SAM.gov.

**9.4. Once a recipient has identified a reduction in revenue, how will Treasury track use of funds for the provision of government services? [6/8]**

The ARPA establishes four categories of eligible uses and further restrictions on the use of funds to ensure that Fiscal Recovery Funds are used within the four eligible use categories. The Interim Final Rule implements these restrictions, including the scope of the eligible use categories and further restrictions on tax cuts and deposits into pensions. Reporting requirements will align with this structure.

Consistent with the broad latitude provided to recipients to use funds for government services to the extent of the reduction in revenue, recipients will be required to submit a description of services provided. As discussed in IFR, these services can include a broad range of services but may not be used directly for pension deposits, contributions to reserve funds, or debt service. Recipients may use sources of funding other than Fiscal Recovery Funds to make deposits to pension funds, contribute to reserve funds, and pay debt service, including during the period of performance for the Fiscal Recovery Fund award.

For recipients using Fiscal Recovery Funds to provide government services to the extent of reduction in revenue, the description of government services reported to Treasury may be narrative or in another form, and recipients are encouraged to report based on their existing budget processes and to minimize administrative burden. For example, a recipient with $100 in revenue replacement funds available could indicate that $50 were used for personnel costs and $50 were used for pay-go building of sidewalk infrastructure.

In addition to describing the government services provided to the extent of reduction in revenue, all recipients will also be required to indicate that Fiscal Recovery Funds are not used directly to make a deposit in a pension fund. Further, recipients subject to the tax offset provision will be required to provide information necessary to implement the Interim Final Rule, as described in the Interim Final Rule. Treasury does not anticipate requiring other types of reporting or recordkeeping on spending in pensions, debt service, or contributions to reserve funds.

These requirements are further detailed in the guidance on reporting requirements for the Fiscal Recovery Funds available here.

**9.5. What is the Assistance Listing and Catalog of Federal Domestic Assistance (CFDA) number for the program? [6/8]**

The Assistance Listing for the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) was published May 28, 2021 on SAM.gov. This includes the final CFDA Number for the program, 21.027.

The assistance listing includes helpful information including program purpose, statutory authority, eligibility requirements, and compliance requirements for recipients. The CFDA number is the unique 5-digit code for each type of federal assistance, and can be used to search for program information, including funding opportunities, spending on usaspending.gov, or audit results through the Federal Audit Clearinghouse.

To expedite payments and meet statutory timelines, Treasury issued initial payments under an existing CFDA number. If you have already received funds or captured the initial CFDA number in your records, please update your systems and reporting to reflect the final CFDA number 21.027. **Recipients must use the final CFDA number for all financial accounting, audits, subawards, and associated program reporting requirements.**

To ensure public trust, Treasury expects all recipients to serve as strong stewards of these funds. This includes ensuring funds are used for intended purposes and recipients have in place effective financial management, internal controls, and reporting for transparency and accountability.

Please see Treasury's Interim Final Rule and the Guidance on Recipient Compliance and Reporting Responsibilities for more information.

## 10. Miscellaneous

**10.1. May governments retain assets purchased with Fiscal Recovery Funds? If so, what rules apply to the proceeds of disposition or sale of such assets?**

Yes, if the purchase of the asset was consistent with the limitations on the eligible use of funds. If such assets are disposed of prior to December 31, 2024, the proceeds would be subject to the restrictions on the eligible use of payments.

**10.2. Can recipients use funds for administrative purposes?**

Recipients may use funds to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID–19 public health emergency and its negative economic impacts. This includes, but is not limited to, costs related to disbursing payments of Fiscal Recovery Funds and managing new grant programs established using Fiscal Recovery Funds.

**10.3. Are recipients required to remit interest earned on CSFRF/CLFRF payments made by Treasury? [5/27, updated 7/14]**

No. CSFRF/CLFRF payments made by Treasury to states, territories, and the District of Columbia are not subject to the requirement of the Cash Management Improvement Act and Treasury's implementing regulations at 31 CFR part 205 to remit interest to Treasury. CSFRF/CLFRF payments made by Treasury to local governments and Tribes are not subject to the requirement of 2 CFR 200.305(b)(8)–(9) to maintain balances in an interest-bearing account and remit payments to Treasury. Moreover, interest earned on CSFRF/CLFRF payments is not subject to program restrictions. Finally, States may retain interest on payments made by Treasury to the State for distribution to NEUs that is earned before funds are distributed to NEUs, provided that the State adheres to the statutory requirements and Treasury's guidance regarding the distribution of funds to NEUs. Such interest is also not subject to program restrictions.

Among other things, States and other recipients may use earned income to defray the administrative expenses of the program, including with respect to NEUs.

**10.4. Is there a deadline to apply for funds? [5/27]**

The Interim Final Rule requires that costs be incurred by December 31, 2024. Direct recipients are encouraged to apply as soon as possible. For direct recipients other than Tribal governments, there is not a specific application deadline.

Tribal governments do have deadlines to complete the application process and should visit www.treasury.gov/SLFRPTribal for guidance on applicable deadlines.

Non-entitlement units of local government should contact their state government for information on applicable deadlines.

**10.5. May recipients use funds to cover the costs of consultants to assist with managing and administering the funds? [6/8]**

Yes. Recipients may use funds for administering the CSFRF/CLFRF program, including costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.

## 11. Operations

**11.1. How do I know if my entity is eligible?**

The Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan Act of 2021 set forth the jurisdictions eligible to receive funds under the program, which are:

- States and the District of Columbia
- Territories
- Tribal governments
- Counties
- Metropolitan cities (typically, but not always, those with populations over 50,000)
- Non-entitlement units of local government, or smaller local governments (typically, but not always, those with populations under 50,000)

**11.2. How does an eligible entity request payment?**

Eligible entities (other than non-entitlement units) must submit their information to the Treasury Submission Portal. Please visit the **Coronavirus State and Local Fiscal Recovery Fund website** for more information on the submission process.

**11.3. I cannot log into the Treasury Submission Portal or am having trouble navigating it. Who can help me?**

If you have questions about the Treasury Submission Portal or for technical support, please email covidreliefitsupport@treasury.gov.

**11.4. What do I need to do to receive my payment?**

All eligible payees are required to have a DUNS Number previously issued by Dun & Bradstreet (https://www.dnb.com/).

All eligible payees are also required to have an active registration with the System for Award Management (SAM) (https://www.sam.gov).

And eligible payees must have a bank account enabled for Automated Clearing House (ACH) direct deposit. Payees with a Wire account are encouraged to provide that information as well.

More information on these and all program pre-submission requirements can be found on the **Coronavirus State and Local Fiscal Recovery Fund website.**

### 11.5. Why is Treasury employing id.me for the Treasury Submission Portal?

ID.me is a trusted technology partner to multiple government agencies and healthcare providers. It provides secure digital identity verification to those government agencies and healthcare providers to make sure you're you – and not someone pretending to be you – when you request access to online services. All personally identifiable information provided to ID.me is encrypted and disclosed only with the express consent of the user. Please refer to ID.me Contact Support for assistance with your ID.me account. Their support website is https://help.id.me.

### 11.6. Why is an entity not on the list of eligible entities in Treasury Submission Portal?

The ARPA statute lays out which governments are eligible for payments. The list of entities within the Treasury Submission Portal includes entities eligible to receive a direct payment of funds from Treasury, which include states (defined to include the District of Columbia), territories, Tribal governments, counties, and metropolitan cities.

Eligible non-entitlement units of local government will receive a distribution of funds from their respective state government and should not submit information to the Treasury Submission Portal.

If you believe an entity has been mistakenly left off the eligible entity list, please email SLFRP@treasury.gov.

### 11.7. What is an Authorized Representative?

An Authorized Representative is an individual with legal authority to bind the government entity (e.g., the Chief Executive Officer of the government entity). An Authorized Representative must sign the Acceptance of Award terms for it to be valid.

### 11.8. How does a Tribal government determine their allocation?

Tribal governments will receive information about their allocation when the submission to the Treasury Submission Portal is confirmed to be complete and accurate.

### 11.9. How do I know the status of my request for funds (submission)?

Entities can check the status of their submission at any time by logging into Treasury Submission Portal.

**11.10. My Treasury Submission Portal submission requires additional information/correction. What is the process for that?**

If your Authorized Representative has not yet signed the award terms, you can edit your submission with in the into Treasury Submission Portal. If your Authorized Representative has signed the award terms, please email SLFRP@treasury.gov to request assistance with updating your information.

**11.11. My request for funds was denied. How do I find out why it was denied or appeal the decision?**

Please check to ensure that no one else from your entity has applied, causing a duplicate submission. Please also review the list of all eligible entities on the **Coronavirus State and Local Fiscal Recovery Fund website**.

If you still have questions regarding your submission, please email SLFRP@treasury.gov.

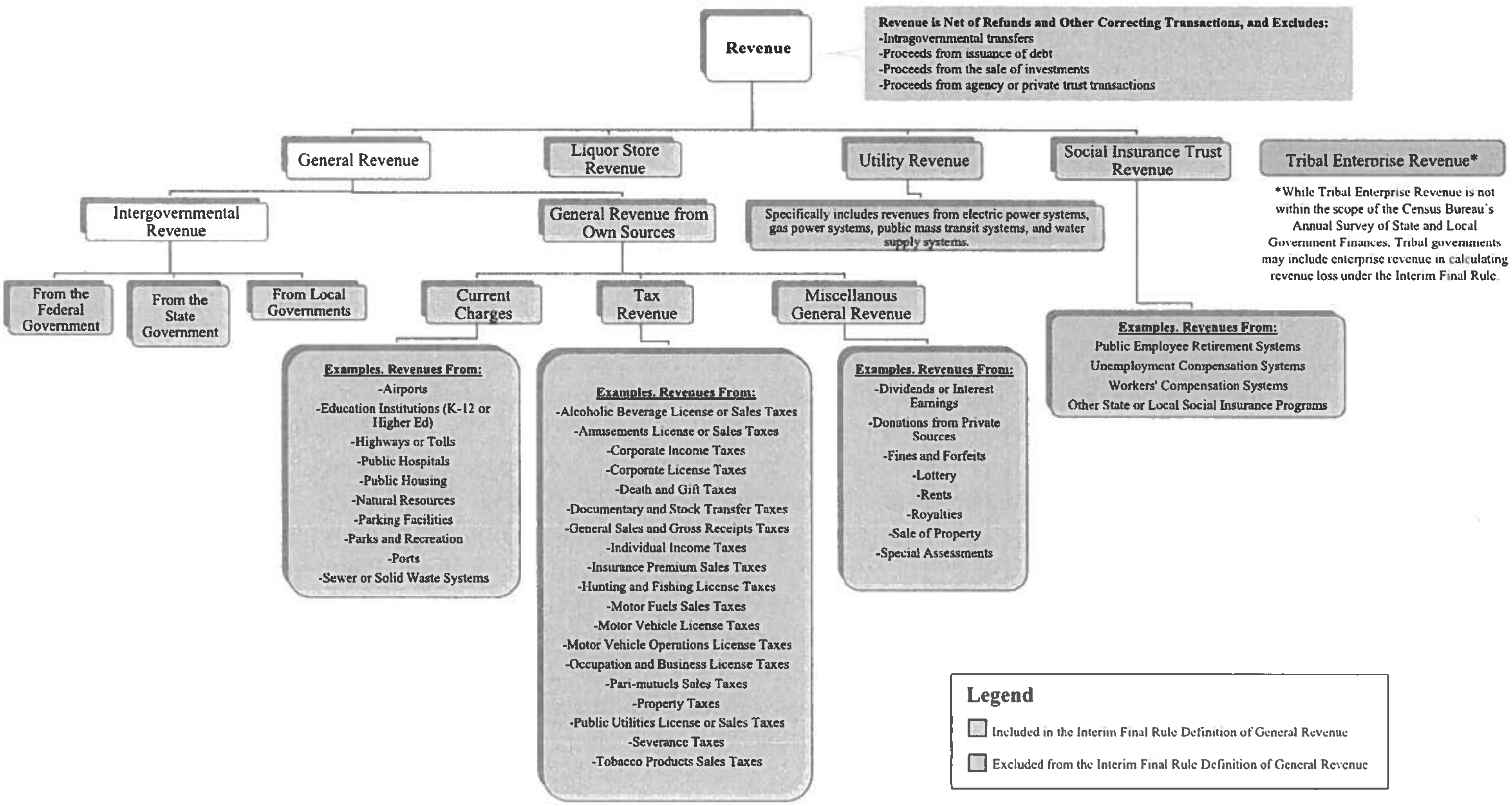
**11.12. When will entities get their money?**

Before Treasury is able to execute a payment, a representative of an eligible government must submit the government's information for verification through the Treasury Submission Portal. The verification process takes approximately four business days. If any errors are identified, the designated point of contact for the government will be contacted via email to correct the information before the payment can proceed. Once verification is complete, the designated point of contact of the eligible government will receive an email notifying them that their submission has been verified. Payments are generally scheduled for the next business day after this verification email, though funds may not be available immediately due to processing time of their financial institution.

**11.13. How does a local government entity provide Treasury with a notice of transfer of funds to its State?**

For more information on how to provide Treasury with notice of transfer to a state, please email SLRedirectFunds@treasury.gov.

## Appendix: Interim Final Rule Definition of General Revenue Within the Census Bureau Classification Structure of Revenue




**Source:** U.S. Bureau of the Census Government Finance and Employment Classification Manual, 2006; Annual Survey of State and Local Government Finances

# CCM ARP Advisory Committee Municipal Guidance Checklist

*Updated: May 25, 2021*

As municipal leaders begin to determine how best to use the funding provided by the American Rescue Plan (ARP) enacted by Congress and President Biden this spring, CCM's ARP Advisory Committee has developed the following brief to help guide thinking around these actions. This is a great opportunity for local leaders to engage partners in their town and region to jumpstart a long and large economic recovery from the Covid-19 pandemic and its effects. It also lets us address long-term issues that we haven't had the ability to adequately deal with before, while balancing ever-changing local needs with declining support from the state and federal governments.

What can we do with the funding? Familiarize yourself with the parameters of the legislation and what the funding can be used for:

Funds must be "obligated" by December 31, 2024 and can be used to cover costs associated with:

- Responding to the negative impacts of the COVID pandemic, including assistance to households, small businesses, and nonprofits as well as aid to affected industries such as tourism, travel, and hospitality;
- Providing government services previously cut due to pandemic-related revenue shortfalls, and;
- Making needed investments in water, sewer, or broadband infrastructure.

Funds explicitly cannot be used for:

- Paying down unfunded pension liabilities
- Applying as matching funds toward other federal grants
- Paying interest or principal on outstanding debt, or for consent decrees/legal settlements Contributing to rainy day funds

**The Treasury Interim Rule provides:**

- Non-exclusive lists of allowable expenditures (Categories include intervention for Qualified Census Tracts, public health, direct aid, community & economic development, infrastructure
- Encouraged expenditures (Categories include addressing racial disparities, inequities, disproportionate harm)
- Prohibited expenditures (Categories include pension funds, legal settlements, federal match requirements)

**If a project is not specifically allowed or prohibited, the following process should be used as a framework to asses eligibility for pprojects and sservices:**

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.

Gene Goddard - Metro alliance
- Facade improvement
- rent assistance
- code compliance assistance

**To respond to the public health emergency (COVID–19) or its negative economic impacts,** including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality.

- COVID-19 Mitigation and Prevention
- Medical Expenses
- Behavioral Health Care Including Addiction Treatment
- Public Health and Public Safety Employees
- Data, Design, and Execution of Health Programs
- Health Disparities

Funds can be used to make "**necessary investments in water, sewer, or broadband infrastructure**."

- Projects eligible under the Clean Water State Revolving Fund
- 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.
- Projects eligible under the Drinking Water State Revolving Fund
- Build or upgrade facilities to improve water quality; transmission, distribution, and storage systems; consolidation or establishment of drinking water systems
- Climate Change and Resilience
- Lead Service Line Replacement

For broadband projects, eligible projects must:

- "be designed to provide service...to unserved and underserved households and businesses."
- Unserved and underserved = lacking access at least 25/3 Mbps wireline service
- Specific service areas and locations may be defined by community
- Provide service that "reliably meets or exceeds symmetrical speeds of 100 Mbps" or, if impossible, at least 100/20 Mbps with the ability to scale to 100 Mbps symmetrical

### Different Frameworks to think through

There are various possible ways to think through how municipalities can use the ARP funding. Below are a few of them:

#### To Support Small Businesses and Economic Development: Ecosystem, Capacity, Leverage, Transact, Innovate

Bruce Katz and Colin Higgins from the Nowak Metro Finance Lab at Drexel University developed the following framework (https://www.thenewlocalism.com/newsletter/deploying-the-american-rescue-plan/), with a focus on minority businesses, though the lessons can be applied more broadly:

**Take an ecosystem approach**

Rather than actions at a few specific businesses or sectors, take a broad look at your community and see how the different parts work together. As they said:

> They must move from a history of siloed transactions to a cohesive system of transformation. The tech industry has benefitted tremendously from strong ecosystems of universities, corporations, investors and entrepreneurial support organizations that advise, mentor and capitalize (majority white) innovative technology firms. By contrast, the ecosystem for growing Black- and Latinx-owned small businesses is thin, under-capitalized, and dependent on government and nonprofit support.

**Build Capacity: Create intermediaries that can get stuff done**

Policymakers should create intermediaries with the capacity, capital and community standing to drive the growth of Black- and Latino-owned small business growth. In concrete terms, that means multi-year operations support for critically needed intermediary organizations. The four-year duration of the flexible funding to cities and counties enables this multi-year approach.

As capacity gets built, the geography of the effort must be an intentional design feature. In many places, capacity building must be a regional exercise that deliberately focuses on pockets of distress, not an effort bounded artificially by municipal boundaries. It will be important for recipients of the funds to know that they can spend money to help people and businesses beyond the borders of their current geographies as it makes sense.

**Leverage: Ensure that public resources catalyze private and civic investment**

Supporting intermediaries can use their new found capacity to leverage substantial public and private resources. In many cases, one dollar of funding for capacity-building to support professional staff and technology-driven operations can leverage anything from $50 to $100 or more in public, private and civic financing, producing returns much larger than the initial investment.

**Transact: Focus on capital investments on overlooked priorities**

Cities, counties and states can use federal ARP funds to make direct capital investments in areas that have been inadequately covered by federal relief to date. For example, this funding may provide an opportunity for cities to address some of their most chronic problem properties coming out of the pandemic. Neighborhood business districts in many cities and counties across the country suffer from decades of disinvestment. The impact of COVID on these communities has been significant, often amplifying the stresses they were already underway and increasing commercial and residential vacancies.

**Innovate: Build new financing and business models for equitable recovery**

Cities, counties and states can test new business and financing models to ensure that entrepreneurs restart and grow their companies with capital and supports that are fit to purpose.

From Federal Sources to Local Uses: Maximizing the American Rescue Plan from the Ground Up
By Bruce Katz, Colin Higgins, Karyn Bruggeman, Victoria Orozco and Paige Sterling.
https://www.thenewlocalism.com/newsletter/from-federal-sources-to-local-uses-maximizing-the-american-rescue-plan-from-the-ground-up/

**1. Try to solve something well, don't try to solve everything**
The ARP is a large plan, but it could be spread very thin across a set of uncoordinated priorities and actors on the local level. With the sheer amount and variety of federal funding it is tempting for local leaders to get overwhelmed. It is equally tempting to try and focus on pulling down every last bit of federal funding from every nook-and-cranny of the federal government. With limited staff time and unlimited local needs, this is a recipe for failure.

Rather than trying to do everything, local leaders should establish a clear set of three-to-five priority goals they hope to achieve with ARP funding. These can draw from previous strategic plans or gap assessments that emerged from the crises of the past year.

**2. Once you have clear priorities, connect local uses to federal sources**
The beauty of the ARP is that it has a wide array of flexible investments — and even more investments that, while less-flexible, can be leveraged to achieve local goals. The challenge with the ARP is that there is so much in it that it is easy to lose sight of the local North Star (and it is now even easier to lose sight of imminent goals with the recently announced American Jobs Plan).

**3. Convene key actors through Stimulus Command Centers based on priorities**
A narrower focus is needed to supercharge these command centers.

This modus operandi will serve cities well as the country cycles from rescue to recovery and other forms of funding – for infrastructure, innovation and human capital – are, potentially, authorized and appropriated through subsequent pieces of federal legislation. Such investments will implicate an even broader group of public, private and civic institutions locally as well as offer possibilities for leveraging other sources of capital and expertise. To that end, managing the delivery of the American Rescue Plan now is a dry run for what comes next.

How should local leaders use their American Rescue Plan funding?
By Brad Whitehead and Joseph Parilla at the Brookings Institution https://www.brookings.edu/blog/the-avenue/2021/03/23/how-should-local-leaders-use-their-american-rescue-plan-funding/
For many cities and counties, the American Rescue Plan's (ARP) state and local funds are not just a $350 billion lifeline; they represent the largest positive fiscal jolt to their budgets in decades. Now, a scramble is underway to determine how best to deploy the money. The decisions made in the coming weeks—and over the next year regarding the second tranche of funding—will determine whether cities merely enjoy a brief stimulus or seed a new trajectory of inclusive economic growth.

The stakes are high. The money needs to move fast and be deployed smartly and equitably. In 10 years, we may look back at this time and ask: Which places merely spent their money, and which places invested it?

**Stabilize**

ARP provides state and local governments with the resources to stabilize their operating budgets. Many governments incurred large deficits in 2020, as the economic slowdown hurt tax revenues and local governments assumed significant pandemic-related costs. To remedy this imbalance, many cities pared back essential services: First responders, sanitation workers, planning personnel, and other government employees faced hours reductions and furloughs. Other governments cut back on contracts with agencies delivering vital social services.

Local government shortfalls will vary considerably across the United States, owing to the disparate economic impact of COVID-19 and how cities collect revenues. Birmingham, for example, depends heavily on sales tax and income tax revenue, and experienced a shortfall of $63 million in fiscal year 2021. Much of the first half of the city's expected $149 million ARP allocation will fill that hole.

**Strategize**

In addition to direct government services, ARP allows cities to invest in infrastructure and launch programs to support workers and small businesses. Those investments can be spent directly by public entities or funneled through nonprofits. The funding's magnitude and flexibility suggest that local governments should be strategic in deploying any ARP funds that extend beyond basic budget stabilization. In making investments, local leaders should consider four factors:

1. *Immediacy*. People and businesses are hurting. Businesses need capital to reopen doors, and people need outreach and skills development to match them to available jobs. While it is important to consider an investment's impact beyond the immediate term, providing such immediate help is a necessary baseline for a longer-term recovery.

2. *Inclusivity*. An important lesson from last year's CARES Act is that moving resources very quickly through existing systems can exacerbate economic and racial inequality. Many minority-owned microbusinesses did not access loans through the federal government's Paycheck Protection Program due to lack of awareness, lack of connectivity, and outright discrimination.

   Acknowledging this inequality, ARP provides funding for "Community Navigators" to ensure equitable access to capital and technical assistance. This approach can work, but requires organizational coalitions that have legitimacy and reach in a diverse range of communities. In Cleveland, the coalition approach resulted in the local Urban League's small but successful loan support program qualifying for federal funding as a revolving loan fund. In Summit County, the largest county in Ohio's Akron region, the Greater Akron Chamber of Commerce's vice president of opportunity and inclusion—a local leader with strong ties to the Black community—was critical in disbursing $13 million in CARES Act small business funding to 3,000 businesses, including 94% of eligible Black-owned businesses.

3. *Future prosperity.* Localities will receive two ARP disbursements over a year, but they have until the end of 2024 to spend all the funds. Local leaders thus have a chance to invest in future growth and prosperity, the impacts of which will extend beyond near-term expenditure needs. One future-oriented effort is emerging in Birmingham, where the University of Alabama at Birmingham (UAB), local workforce training organizations, public health officials, and health care employers will train and employ community health care workers to enable vaccine access. Under the plan, program participants would be paid to work at community health clinics and conduct community outreach for 20 hours per week. For the other half of the week, they would be paid to take training in one of three health-related occupational pathways that set them up for a post-pandemic career. Another example is the "R7" pandemic response plan from MAGNET, the Manufacturing Extension Partnership in Northeast Ohio, which used CARES Act resources to help local manufacturers "restart" safely, "relaunch" using Industry 4.0 technologies, "refocus" on new products and markets, "reconnect" in new ways through the supply chain, "reskill" workers, "reshore" production from overseas, and "resecure" operations through cybersecurity transformation. Both the R7 plan and the health workforce "earn-and-learn" model can immediately help businesses and workers while also influencing their long-term productive potential.

4. *Complementarity.* Ideally, ARP investments can boost strategies already in progress. For several years, multiple players in Cleveland have been collaborating to ensure positive economic spillovers from the Opportunity Corridor, a $350 million road project through one of the most economically distressed neighborhoods in the country. The city, foundations, the regional chamber, and others have worked with the local community development corporation (CDC) to purchase and remediate land in the hopes of bringing mid-skilled, family-sustaining jobs back to this promising part of the city. The CDC has a vision of creating a food tech hub that harnesses the region's many food-related assets into a business accelerator with shared production and storage infrastructure, a startup fund to support diverse entrepreneurs, and a workforce development center to prepare people to attain and advance in a career. Parts of ARP run through the Economic Development Administration (EDA) and the Department of Agriculture have programs that could support such initiatives; the city and county should consider how its allocation could be used to complement this work.

5. *Organize*. While ARP money flows through cities and counties, the most effective public officials know that deploying it will require a team. Drawing on a proposal from our colleagues Mary Jean Ryan and Alan Berube, "Regional Recovery Coordinating Councils" can execute strategic investments and monitor impact. These councils should be public/private partnerships that

include small businesses, neighborhood leaders, social service agencies, philanthropic leaders, and corporate heads. They would be tasked with aggregating and supplementing existing recovery plans, setting goals, recommending investments, and tracking results.

These councils can also play a role far beyond ARP's local government allocations. They can identify and pursue relevant opportunities in the many other parts of the $1.9 trillion legislation, such as for education, transit, small businesses (especially restaurants), and affordable housing. Councils can also coordinate responses to potentially large future federal legislation around infrastructure and innovation, and determine what complementary actions may act as force multipliers.

Furthermore, a council can serve as a unified voice to liaise with implementing agencies. For example, during the CARES Act, a consortium of Cleveland-based institutions came together to share a curated list of priorities with the regional EDA office around the Economic Adjustment Assistance program. The model worked well for both parties and continues to this day. Similarly, ARP funding is a major strategic focus of a new collaborative called Prosper Birmingham, which is developing a regional investment agenda under the leadership of community leaders, city and county elected officials, corporate CEOs, philanthropic and university presidents, and entrepreneurs and small business owners.

## AN OPPORTUNITY TO ACT

Before the passage of the American Rescue Plan, it was not clear whether cities and counties would receive the financial resources they needed to rebuild from the pandemic and recession. Now that funding is secure, it's time to act. Local coalitions can stabilize their communities, strategize together to invest in future prosperity, and organize themselves to enable an inclusive recovery from COVID-19.

Massachusetts Municipal Association: Unprecedented federal aid places great opportunity and immense responsibility on local leaders
https://www.mma.org/advocacy/unprecedented-federal-aid-places-great-opportunity-and-immense-responsibility-on-local-leaders/

**A municipal planning framework for maximum impact**
Managing and leading in the public square is always complex and filled with multifaceted challenges. With the stakes so high, and billions of dollars soon arriving on municipal doorsteps, local leaders will need to approach ARPA with a comprehensive planning process that emphasizes three overarching themes: **governing** well, **leveraging** ARPA with other resources, and **investing** for recovery and results.

**Govern well**
With an infusion of thousands, millions or tens of millions coming into your community, there will be no shortage of requests, suggestions, pleas, and lobbying for how to spend the funds. In high-pressure and urgent situations like this, it is not uncommon to start making snap decisions rather than taking a step back and thinking carefully about how to proceed. Here are some basic suggestions:

• *Convene all stakeholders and build consensus*. Decisions on how to spend ARPA funds will likely be concentrated in the hands of municipal CEOs, but the power to act should not short-circuit an open process to bring all stakeholders in the community together to engage in dialogue about needs, resources and priority-setting, including government colleagues, nonprofits, businesses and others. True engagement and listening will minimize friction and encourage collaboration over ARPA's three-and-a-half-year lifespan.

• *Follow allowable uses under ARPA.* Once the Treasury clarifies how and where the funds can be spent, cities and towns should adhere to the rules. One story of misspent funds will undermine 100 stories of impactful use.

• *Meet all accounting and reporting rules*. Make sure you have the systems in place to track and inform our federal partners of how well you are using your ARPA funds.

• *Comply with all local and state laws and ordinances*. In addition to federal rules, your ARPA processes should be integrated with all other accounting, appropriation and audit requirements.

• *Ensure transparency throughout*. The public and media will want to know how these funds are being used, especially those that are not subject to appropriation. Consider creating an ARPA dashboard, making it easy for everyone to see the uses of the funds, and who is benefiting.

• *Do not create future budget deficits*. This is one-time funding, and it should be treated as such. Do not use the funds in collective bargaining contracts, for example, as this would lead to shortfalls in future years. Even premium pay should be closely scrutinized, as any pensionable benefits would increase unfunded liabilities for years to come, eroding available resources for essential services. Since the funds cannot be used after December 2024, recognize that the funding commitments should end then, too.

**Leverage your ARPA aid**
While ARPA is unprecedented in scope and scale, all three levels of government have already dedicated massive resources to fighting all aspects of the pandemic during the past year. Coordinate and integrate ARPA into your planning and execution at all levels to scale existing efforts and create new initiatives.

• *Use a thoughtful and integrated strategic planning process that connects ARPA to your entire municipal government*. Over the past year, nearly every aspect of local government has been pulled into the battle to subdue the pandemic, and you have created new programs and new ways of doing business, breaking down silos in the process. Don't put ARPA in a silo; integrate it into your overall planning process.

• *Leverage your ARPA aid with other funding*. The good news is that the federal government has created multiple funding sources, and you should use these resources to stretch your ARPA dollars as far as they can go. Cities and towns should use ARPA to build on, extend or complement their other reimbursements or grants, including from FEMA, the CARES Act, ESSERs 1, 2 and 3, and more. Don't spend ARPA funds on items that will be funded by these programs.

• *Coordinate with other state and federal programs*. The state is using its federal aid and its own resources to address a wide range of urgent needs, such as rent and mortgage relief, small business relief, support for child care, access to public transportation, and much more. Work closely with your state partners to complement each other. If your businesses or residents qualify for state funding, look at ways you can augment this or repurpose your aid to address community needs in other ways, rather than spending resources unnecessarily.

• *Collaborate with community partners and organizations*. To maximize efficiency, look at what social service and civic agencies are doing and consider partnering with them if they are already addressing critical needs that need to be scaled up.

• *Use existing delivery channels for efficiency*. You'll want to spend your aid on direct assistance, programs and investments, rather than using precious resources to create new offices or delivery systems. If that means working with outside partners, including nonprofits or nearby communities that are already engaged in the work so you can leverage their systems, that would be a best-practice move.

• *Don't reinvent the wheel: learn from others*. In addition to looking across your community to connect the dots, look across the state and nation to see what your peers are doing. The NLC and other leading organizations (including the MMA) have or will be creating networks to share information, compare notes, and learn about what works and what doesn't. Bring what you learn back home and apply it.

**Invest in best uses for long-term recovery and results**
The third lens to bring to your ARPA challenge is the investment lens. The funding will come in two tranches and last only three and one-half years. Human nature has us focus more on immediate payback rather than longer time horizons that are harder to imagine. That's why fewer people in their 20s start putting extra money in their retirement accounts, and lots of people in their 50s and 60s are giving their 401Ks unparalleled priority. As you think about the best use of ARPA money, think about investing in your community in ways that will yield benefits far beyond 2024.

• *Invest in urgent health and economic needs*. Of course the most immediate challenge is to deploy the funds to reverse the damage that the pandemic has done to our residents and small businesses, and using the funds as an economic lifeline is more than appropriate — it is called for, especially to lift up the most vulnerable in your community. Failing to do so will hamper future growth and progress.

• *Prioritize short-term investments with lasting benefits*. Consider multiple ways to provide assistance and choose the path that will go farther and last longer. For example, using ARPA funds to support struggling businesses and households could be coordinated with education and training on financial planning (assuming that would be an allowable use). Some communities could use ESSER funds to address school ventilation issues, making classrooms more pandemic-resilient.

• *Identify and address pre-COVID inhibitors to growth.* ARPA allows investments in certain types of infrastructure, including water, sewer and broadband. If the quality of these systems has hampered your growth in the past, then it would make sense to consider such investments. Capital investments that improve water quality and access, or close the digital divide, can also make great economic sense and free up funds for future investments as well.

• *Move quickly to stimulate a faster recovery.* ARPA is intended to serve two key purposes: to provide massive resources to close out the last stages of the pandemic battle, and to provide investments to stimulate our economy. During the last fiscal crisis, the Great Recession, the federal aid package (the American Recovery and Reinvestment Act of 2009) was whittled down in a compromise with senators who opposed government spending. The result was a sluggish recovery that was unnecessarily slow and prolonged, costing our economy millions of jobs and lost growth. ARPA is intended to avoid that mistake. That's why ARPA should be used to supplement and expand investments in the community, not simply replace planned spending and banking those funds for future use.

• *Measure progress throughout to inform ongoing plans.* This is a best practice that will be very helpful to allow adjustments over the next several years, ensuring ARPA's success. The most effective strategic plans have four key phases: 1. make sense of the situation (investigate all angles with all stakeholders); 2. make a plan (choosing what to do and what *not* to do); 3. make it happen (making sure everyone is aligned with your strategy); and 4. make revisions and repeat steps 1-4. It is impossible to make revisions and improve if you do not measure whether you are hitting your targets or achieving expected results. Making changes is not an admission of failure, it is a commitment to excellence and a best practice.

**ARPA brings opportunity and responsibility**

The bottom line is clear: ARPA is entrusting cities and towns in Massachusetts and across America with unprecedented aid and resources, and the local leaders of our nation have a responsibility to be outstanding stewards of these resources.

Done well, ARPA can transform our communities, boosting us out of the pandemic recession into a recovery that will create jobs and accelerate growth and prosperity.

Even more, the example of a successful implementation of ARPA programs at the local level can prove once and for all that municipal governments should be equal partners in the governance of our nation. That would be transformational as well.

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# Old Saybrook Coronavirus State and Local Fiscal Recovery Funds Use

## Proposal

**Title:** Four Seasons of Promotion
**Funding Amount:** $142,685
**Sponsoring Agency:** Economic Development Commission

**Proposal:** To hold special events four times between July 2021 and June 2022 to promote Old Saybrook as a place to visit, shop, dine, explore and enjoy entertainment by attracting visitors and encouraging residents to take advantage of the offerings of local businesses in a festive atmosphere. Greater emphasis will be on events during the fall, winter and spring to increase visitor traffic to businesses during slower times of the year.

**Goal:** To direct funds into businesses and to address the negative economic impacts caused by the public health emergency by speeding the recovery of the retail, restaurant, tourism, travel and hospitality businesses in Old Saybrook.

**Implementation:** Immediately upon approval

**Project Description:**
The project will consist of special events in every season with seasonal themes. The attached pages describe the events by season with a total budget for the seasonal promotion. More detailed cost breakdowns are included with the descriptions of each element of the event.

$250 saybucks cards –
why not $100.00? or $150.00

**Summer**
**Budget $14,486**

**July 2-5, 2021 – Celebrate Saybrook Sidewalk Sale**

Marketing - $5,000

Funds will be used for advertising, collateral materials and other items to promote the Celebrate Saybrook Sidewalk Sale over the Fourth of July weekend.

$ayBucks eGift Card Giveaway - $5,270

$ayBucks eGift Cards are a program offered by the Old Saybrook Chamber of Commerce. The $ayBucks eGift Cards can only be redeemed at participating businesses. The Old Saybrook Chamber of Commerce has opened participation to their members and to non-member businesses located in Old Saybrook. The Chamber has waived fees for all participants through April 2022.

$ayBucks eGift Cards work with any existing Mastercard point-of-sale system. A fee is assessed to the purchaser of the egift cards (just like the egift cards purchased at drug stores, grocery stores or other outlets). There is no cost to the business aside from the normal MasterCard fees to use credit cards. The total cost of the program will be $5,270 to purchase 20 cards each valued at $250 and cover the purchase fees.

Similar to the Chamber's very successful Great Restaurant Giveaway program during the early months of the public health emergency, the $ayBucks eGift Card Giveaway will raffle off 20 eGift cards. To enter the $ayBucks eGift Card raffle, individuals will need to submit a receipt from a purchase at an Old Saybrook business during the event. Twenty $ayBucks eGift Cards, each with a value of $250, will be raffled off. Funding the $ayBucks eGift Card raffle will encourage shopping at Old Saybrook businesses and the $5,000 in $ayBucks eGift Cards will go directly to local businesses participating in the $ayBucks program.

**Summer Concerts 2021**

$ayBucks eGift Card Giveaway- $4,216

The Summer Concert Series $ayBucks eGift Card Giveaway will direct $4,000 funds into local businesses participating in the $ayBucks eGift Card program which is open to all Old Saybrook Chamber of Commerce members and any non-member business located in Old Saybrook. OS Parks & Recreation is asking community members to register for the concerts. The concerts are still free, but concert goers can then be tracked. All community members registering for the concert will be automatically entered for that evening's giveaway. The First Selectman or another town leader would be asked to draw a name during the concert and give a $250 $ayBucks eGift Card to the winner.

**Fall**
**Budget $46,540**

**Artoberfest – October, 2021**
Marketing - $20,000
Funds will be used for marketing, advertising, and collateral materials to promote a month of arts-related events that will include music, giveaways and contests with prizes.

OS Chamber Annual Arts & Crafts Festival – no cost
After having to cancel its largest fundraiser of the year in 2020, the Chamber has scheduled its 2021 Annual Arts & Crafts Festival for the first weekend in October. The Annual Arts & Craft Festival will kick-off a month-long series of art-themed events to draw visitors into town to shop, dine, explore the arts and enjoy entertainment.

Artisan Pop-Ups – no cost
A small group of arts enthusiasts have been meeting with the town to establish Artisan Pop-Ups for the weekends throughout October starting the weekend after the Annual Arts & Crafts Festival. The group plans to invite local businesses, the Kate, and other organizations to participate with activities and special offers. The Artisan Pop-Ups will take advantage of the OS Chamber Annuals Arts & Crafts Festival to kick off a month of weekend Artisan Pop-Ups with the goal of attracting visitors throughout the month of October and giving local artisans exposure to a wider audience to sell their work.

$ayBucks eGift Card Giveaway - $5,270
The $ayBucks eGift Card Giveaway will raffle off 20 eGift cards with a value of $250 each. To enter the $ayBucks eGift Card raffle, individuals will submit a receipt for a purchase at an Old Saybrook retailer, restaurant or venue.

Old Saybrook Rocks - $6,000
Ten wood Adirondack Rocking Chairs will be purchased and ten Old Saybrook artists will be asked to paint the chairs. The chairs will be placed in front of businesses along Main Street and auctioned off. The artists receive a percentage of the auction price. The promotion provides interesting, colorful artwork along Main Street, offers seating to visitors, supports local artists, and will generate funds to support the Old Saybrook Chamber of Commerce which has also suffered negative economic impacts during the public health emergency.

Scarecrow Contest – no cost
The Annual Scarecrow Contest will occur during Artoberfest providing additional artistic and seasonal interest.

Pumpkin Carving/Parks & Recreation Activities – no cost
Any seasonal activities and programs through OS Parks & Recreation will be promoted as part of the month-long celebration.

**Restaurant Week – November, 2021**
Marketing - $10,000
Funds will be used for marketing, advertising, and collateral materials to promote a Restaurant Week in early November to encourage residents and visitors to patronize restaurants helping the industry continue to recover from the negative financial impacts of the public health emergency.

$ayBucks eGift Cards Giveaway - $5,270
Encourage local dining by incorporating $ayBucks eGift Card raffle into Restaurant Week. Twenty cards, each valued at $250, will be raffled off. Winners will be chosen from participants who submit an Old Saybrook restaurant receipt during Restaurant Week.

**Winter**
**Budget $66,389***

**Festival of Lights - December, 2021 through January, 2022**
Marketing - $20,000
Funds will be used for marketing, advertising, and collateral materials to promote two months of holiday and winter-themed events that will include music, giveaways and contests with prizes.

Light Display on the Town Green - $25,000*
The Town of Old Saybrook will contract a company (*this could be done by town employees at lower cost) to create a festive light display on the Town Green to draw visitors of all ages into Old Saybrook throughout the holiday season and January. An event will be planned to Light Up Old Saybrook by turning on the light display. The event will draw people into the center of town to shop, dine, and enjoy a festive holiday environment.

Saybrook Stroll – no cost
Restart the Saybrook Stroll to create interest and incentives for visitors and residents to shop local for holiday gift giving. Work with retail businesses to plan for specials and with restaurants to offer festive drink & dine offerings. The Saybrook Stroll could be incorporated into the Light Up Old Saybrook event.

Torchlight Parade- no cost
Take advantage of the crowds that gather early for the Torchlight Parade by encouraging shopping and dining throughout the day prior to the parade.

$ayBucks eGift Cards Giveaway - $5,270
Encourage local shopping by holding a $ayBucks eGift Card raffle the month of December. Twenty cards, each valued at $250, will be raffled off. Winners will be chosen from participants who submit a receipt of a purchase at an Old Saybrook retailer or venue.

Gingerbread Decorating Contest – $849
Include in all marketing and build on the success of the 2020 Gingerbread Decorating Contest and encourage increased participation to draw even more people to see the entries. Offer $ayBucks eGift Cards as prizes for first prize ($250), second prize ($100) and third prize ($50) in all three categories (a total of $800 in prizes plus fees of $49).

Entertainment at the Kate- no cost
Include events at the Kate in all marketing and work with the Kate to schedule programs that enhance the Saybrook Stroll and provide afternoon programming the day of the Torchlight Parade.

OS Parks & Recreation Activities/OS Youth & Family Services
Work with other town departments to plan programming that coincides with holiday festivities during the holiday season. Include all activities in marketing.

**Restaurant Week – January, 2022**
Marketing - $10,000
Funds will be used for marketing, advertising, and collateral materials to promote a Restaurant Week in March to encourage residents and visitors to patronize restaurants helping the industry continue to recover from the negative financial impacts of the public health emergency.

$ayBucks eGift Cards Giveaway - $5,270
Encourage local dining by incorporating $ayBucks eGift Card raffle into Restaurant Week. Twenty cards, each valued at $250, will be raffled off. Winners will be chosen from participants who submit an Old Saybrook restaurant receipt during Restaurant Week.

**Spring**
**Budget $15,270**

**May Market Days**

Marketing - $10,000

Attract visitors and encourage residents to enjoy shopping, dining and entertainment in Old Saybrook prior to Memorial Day. The OS Garden Club May Market in early May will kick-off the month-long event. The May Market may include a Farmer's Market, Artisans Market, sidewalk sale, programming at the Kate and special offerings at restaurants.

$ayBucks eGift Cards Giveaway - $5,270

Encourage local residents and visitors to shop, dine and enjoy entertainment in Old Saybrook by incorporating $ayBucks eGift Card raffle into May Market Days. Twenty cards, each valued at $250, will be raffled off. Winners will be chosen from participants who submit a receipt from an Old Saybrook retailer, restaurant or venue.

$75k marketing

Lower Connecticut River Valley Council of Governments
145 Dennison Road Essex, CT 06426 | +1 860 581 8554 | www.rivercog.org

November 3, 2021

Carl Fortuna, First Selectman
Town of Old Saybrook
302 Main St.
Old Saybrook, CT 06475

RE: Regional ARPA Project Support

Dear First Selectman Fortuna:

At the July 28, 2021 RiverCOG meeting, the region's chief elected and executive officials voted unanimously to ask towns to temporarily set aside up to 15% of the county portion of their American Rescue Plan Act funds to allow for the development of regional approaches to projects that will assist towns. The concept is that some of the types of projects envisioned in ARPA could be more effectively and efficiently administered on a regional level, and that most towns do not have the staff to take on a large amount of new administrative duties. The request at the moment is to earmark a small portion of the town's county ARPA funds to allow for participation in a regional ARPA project, if the town decides that participation in such a project would be beneficial.

RiverCOG, under the direction of the municipal CEOs, will be developing three regional projects: ARPA bookkeeping and reporting, a regional small business grants program, and a regional social services grants program. I believe the financial administration and reporting support project will be of near universal interest to the towns since the federal requirements for spending and reporting ARPA funds are new to most towns and are not simple. Furthermore, most towns do not have experience administering grant programs and the small business and social service support envisioned by ARPA really demands a professional and apolitical process to solicit requests and make decisions. We envision that support for these three projects would be coordinated by RiverCOG and be administered in partnerships with the Middlesex Chamber of Commerce's Middlesex Revitalization Commission and the Community Foundation of Middlesex County.

The next step for regional ARPA support would be to convene subcommittees of municipal CEOs to work through the proposed projects and develop budgets and scopes of works to be presented to the municipalities. It will be up to each municipality to choose to participate and authorize the spending of ARPA funds. Any ARPA funds that were earmarked for regional projects remain the town's and will only be spent on items duly authorized by the municipality. I envision that full project proposals will be developed this fall and presented to the municipalities by the end of the year.

I would be happy to discuss this concept further, or attend a meeting of any town's ARPA Committee. I will also stay in touch providing you project proposals directly, as they are developed.

Please do not hesitate to contact me.

Sincerely,

Samuel S. Gold, AICP
Executive Director
Cell 518-505-6088