



American Rescue Plan

Town of Berlin
September 2021

Agenda

- Overview of the law
- Dollars allocated to Berlin
- Timeline
- Recoupment Process
- Considerations for use of Berlin's ARPA funds
- Deeper Dive into Uses of Funds

Overview of the law

- Section 603 of the law establishes funds for metropolitan cities, non-entitlement units of local government, and counties. Berlin is a non-entitlement unit (NEU).
- The funds may be used (per Section 603(c)(1)):
 - 1) To respond to the public health emergency or its negative economic impacts;
 - 2) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
 - 3) 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 fiscal year prior to the emergency;
 - 4) To make necessary investments in water, sewer , or broadband infrastructure.
- Funds **may not be used for:**
 - 1) Depositing into any pension fund;
 - 2) Directly or indirectly offsetting a reduction in the net tax revenue of the State or territory resulting from a change in law, regulation, or administrative interpretation.

Dollars Allocated to Berlin

- Berlin will receive funds from two pools of money – Non-entitlement units & counties
- Non-entitlement unit amount: **\$3,969,453.42**
- County amount: **\$2,078,592.74**
- TOTAL: **\$6,048,046.16**
- Paid in **two equal installments** – June 2021 & 2022
- **Town received \$3,024,023.08 on June 22, 2021...** expect to receive the second installment approximately 12 months later.
- Any appropriation of grant funds requires approval of both the Town Council and the Board of Finance...\$700,000 of the total grant was appropriated in the adopted FY22 General Fund budget.

Timeline

- Costs **incurred** by December 31, 2024
- “Treasury is interpreting the requirement in section 603 that costs be incurred by December 31, 2024, to require only that recipients have obligated the Fiscal Recovery Funds by such date.” (Interim Final Rule, p. 98)
- Period of performance will run until December 31, 2026, which provides a reasonable amount of time to complete projects funded with payments from the Fiscal Recovery Funds. (Interim Final Rule, p. 99)

Recoupment Process

- Failure to comply with the restrictions on use contained in sections 602(c) and 603(c) of the Act may result in recoupment of funds.
- Process for recoupment:
 - Identification and Notice of Violations: Treasury will provide written notice to recipients if it identifies a violation.
 - Request for reconsideration: a recipient may submit a request for reconsideration of any amounts identified in the notice.
 - Written request must be submitted to the Treasury Secretary within 60 calendar days of receipt of such notice.
 - Within 60 days of receipt of the recipient's request for reconsideration, the recipient will be notified of the Secretary's decision to affirm, withdraw, or modify the notice of recoupment.
 - Repayment: any amounts subject to recoupment must be repaid within 120 calendar days of receipt of any final notice of recoupment or, if recipient has not requested reconsideration, within 120 calendar days of the initial notice provided by the Secretary. (Interim Final Rule, p.100-101)

Considerations for use of Berlin's ARPA Funds

- 1) *Help fund HVAC upgrades at all three elementary schools:*
 - a) *Aligns with first identified use of the funds, "ventilation improvements in congregate settings, health care settings, or other key locations."*
 - b) *Estimated project cost is \$6-10+ million, so funds would pay for a substantial portion...avoid bonding \$5 million means over \$500k annual savings in the mill rate*
- 2) *Investments in water and/or sewer system*
 - a) *East Berlin water infrastructure*
 - b) *Berlin Turnpike pipe enlargement...economic development impact*
- 3) *Direct assistance to individuals and/or businesses impacted by the pandemic*

Town Council and Board of Finance might consider soliciting input from the public for other investment ideas that would improve Berlin's infrastructure or assist individuals and/or businesses impacted by COVID

Deeper Dive into Allowable Uses of ARPA Funds

1) To respond to the public health emergency or its negative economic impacts

- Section 603 describes several types of uses under this heading:
 - Assistance to households, small businesses and nonprofits
 - Aid to impacted industries such as tourism, travel and hospitality
- Key question to ask in assessing whether a program or service is included in the category: whether and how the use would respond to the COVID-19 public health emergency?

1) To respond to the public health emergency or its negative economic impacts

- Measuring uses under this category:
 - Must be designed to address an economic harm resulting from or exacerbated by the public health emergency
 - Assistance of aid to individuals or businesses that did not experience a negative impact from the public health emergency **would not be an eligible use** under this category
 - Eligible use must “respond to” the identified negative economic impact. Responses must be **related** and **reasonably proportional** to the extent and type of harm experienced; ***uses that bear not relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses.***
- Assessments requires the Town of Berlin to:
 - 1) Identify a need or negative impact of the COVID-19 public health emergency
 - 2) Identify how the program, service, or other intervention addresses the identified need or impact
- **“While the COVID-19 public health emergency affected many aspects of American life, eligible uses under this category must be in response to the disease itself or the harmful consequences of the economic disruptions resulting from or exacerbated by the COVID-19 public health emergency.”**
(Interim Final Rule, p. 10)

1) To respond to the public health emergency or its negative economic impacts

- Examples of uses under this category:
 - Capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics
 - Support for prevention, mitigation, or other services in congregate living facilities or **other key settings like schools, ventilation improvements in congregate settings, health care settings, or other key locations**
 - Medical expenses
 - Behavioral Health Care expenses
 - Public Health and Safety Staff (payroll and covered benefits for the time dedicated to responding to the COVID-19 public health emergency.)
 - Expenses to improve the Design and Execution of Health and Public Health Programs
 - To address disparities in public health outcomes
 - Address exacerbation of pre-existing disparities
 - Assistance to unemployed workers (including job training)

1) To respond to the public health emergency or its negative economic impacts

- Assistance to households, including:
 - Food assistance,
 - Rent
 - Mortgage or utility assistance
 - Counseling and legal aid
 - Emergency assistance for burials
 - Home repairs, internet access
 - **Town of Berlin must consider whether, and the extent to which, the household has experienced a negative economic impact from the pandemic**
 - **Cash transfers must be reasonably proportional to the negative impact they are intended to address**
- Small businesses & non-profits:
 - Loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure
 - Loans, grants or in-kind assistance to implement COVID-19 prevention or mitigation tactics
 - Technical assistance, counseling, or other services to assist with business planning needs

1) To respond to the public health emergency or its negative economic impacts

- Building Stronger Communities through Investments in Housing & Neighborhoods
 - Services to address homelessness
 - Affordable housing development to increase to supply
 - Housing vouchers, residential counseling, or housing navigation assistance
- Addressing educational disparities
 - New, expanded, or enhanced early learning services
 - Aiding high poverty school districts
 - Evidence-based educational services and practices to address academic needs
 - Evidence-based practices to address social, emotional and mental health needs of students
- Promoting Healthy Childhood Environments

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

- Examples of eligible workers include:
 - staff at nursing homes, hospitals, and home care settings
 - Workers at farms, food production facilities, grocery stores, and restaurants
 - Janitors and sanitation workers
 - Truck drivers, transit staff, and warehouse workers
 - Public health and safety staff
 - Childcare workers, educators, and other school staff
 - Social service and human services staff
- **The Interim Final Rule defines essential work as work involving regular in-person interactions or regular physical handling of items that were also handled by others**
- The Chief Executive of the Town of Berlin has discretion to add additional sectors to this list, so long as additional sectors are deemed critical to protect the health and well-being of residents.

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

- ARPA defines premium pay to mean an amount up to \$13 per hour in addition to wages or remuneration the worker otherwise receives and in an aggregate amount not to exceed \$25,000 per eligible worker.
- Should prioritize compensation of those lower income eligible workers that perform essential work.
- If premium pay would increase a worker's total pay above 150% of their residing state's average annual wage for all occupations, as defined by BLS Occupational Employment and Wage Statistics the **Town of Berlin must provide Treasury and make publicly available, whether for themselves or on behalf of a grantee, a written justification of how the premium pay or grant is responsive to worker performing essential work during the public health emergency.** (As of 5/2020, 150% for CT was \$98,175)

3) For the provision of government services to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency.

- A recipient's reductions in revenue is measured relative to the revenue collected in the most recent **full fiscal year** prior to the emergency.
- Recipients should calculate the extent of the reduction in revenue as of 12/31/2020, 12/31/2021, 12/31/2022 and 12/31/2023
- **Based on the established methodology, Berlin experienced a loss of \$892,449 at 12/31/2020. \$700,000 of this amount was assumed in the FY22 budget, so an additional \$192,449 is available for the provision of government services.**
- *Note: if the actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date. (Interim Final Rule, p. 59)*

3) For the provision of government services to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency.

Government services can include, but not limited to:

- maintenance or pay-go funded building of infrastructure, including roads
- Modernization of cybersecurity, including hardware, software, and protection of critical infrastructure
- Health services
- Environmental remediation
- School or educational services
- The provision of police, fire, and other public services

Government services would **not include:**

- Interest or principal on any outstanding debt
- Fees or issuance costs associated with the issuance of new debt
- Replenishing financial reserves (e.g., rainy day or other reserve funds)

4) Water & Sewer Infrastructure & Broadband

“By permitting funds to be used for water and sewer infrastructure, Congress recognized the critical role that clean drinking water and services for the collection and treatment of wastewater and stormwater play in protecting public health.” (Interim Final Rule, .p 63)

- a. *May be used for projects that improve drinking water infrastructure (building or upgrading facilities and transmission, distribution and storage systems, including replacement of lead service lines)*
- b. *May be used to support the consolidation or establishment of drinking water systems*
- c. *May be used to construct publicly owned treatment infrastructure, manage and treat stormwater or subsurface drainage water, facilitate water reuse and secure publicly owned treatment works, among other uses. (Interim Final Rule, p. 67)*
- d. *May be used for cybersecurity needs to protect water and sewer infrastructure.*

4) Water & Sewer Infrastructure & Broadband

*“Eligible uses are those that are designed to provide services meeting adequate speeds and are provided to unserved and underserved households and businesses.”
(Interim Final Rule, p. 71)*

- a. *Eligible projects are expected to be designed to deliver, upon project completion, service that reliably meets or exceeds symmetrical upload and download speeds of 100Mbps.*
- b. *Unserved and underserved means they lack access to wireline connection capable of reliably delivering at least minimum speeds of 25 Mbps download and 3 Mbps upload. This threshold is consistent with the FCCs benchmark for an “advanced telecommunications capability.”*

Questions