

TOWN OF BERLIN
SPECIAL BOARD OF FINANCE MEETING
MARCH 8, 2022
John "Doc" McIntosh Conference Room
Remote Option
6:00 P.M.

<https://berlinct-gov.zoom.us/j/83388435720?pwd=eGdQb0NRL0x1WUJJb01SdzAwSWZPUT09>

Call-in Option:	1 929 205 6099 United States Toll
Meeting ID:	833 8843 5720
Passcode:	041649

A. CALL TO ORDER

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

D. PUBLIC COMMENTS

E. APPROVAL OF PRIOR MINUTES

February 8, 2022, Regular Meeting

F. NEW BUSINESS

1. Move to appropriate \$600 from the sale of two old computer servers to the Police Computer Equipment account in the Capital Nonrecurring Fund.
2. Move to reappropriate \$4,000 of the Juvenile Review Board Grant from the Grants and Donation Fund to the General Fund.
3. Move to appropriate \$35,000 from the Coronavirus Relief Funds (CRF) reimbursement to the police overtime expenditure account in the General Fund.
4. Discuss American Rescue Plan (ARPA) grant funds Final Rule from the US Treasury.
5. Discussion and possible votes on FY23 General Fund and/or Berlin Water Control budgets.
6. Finance Director update.

G. ADJOURNMENT

TOWN OF BERLIN
REGULAR BOARD OF FINANCE MEETING
FEBRUARY 8, 2022
John "Doc" McIntosh Conference Room
Remote Option
7:00 P.M.

<https://berlinct-gov.zoom.us/j/84116092046?pwd=dW40VnpYM092aUICK1l6NUV1ekVRQT09>

Call-in Option: 1 929 205 6099 United States Toll
Meeting ID: 841 1609 2046
Passcode: 105016

A. CALL TO ORDER

Director Delaney called the meeting to order at 7:00 p.m.

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

ATTENDANCE:

Members Present: Sal Bordonaro, Tim Grady, George Millerd, Gerald Paradis

Members Absent: Raul Fernandes, Mark Holmes

Staff Present:

Kevin Delaney – Finance Director

Aroscha Jayawickrema – Town Manager

Michael Ahern – Town Engineer and Public Works Director

Barbara Vujs – VNA Director

D. PUBLIC COMMENTS

None.

E. APPROVAL OF PRIOR MINUTES

January 6, 2022, Joint Meeting

January 11, 2022, Regular Meeting

Mr. Paradis moved to approve the January 6, 2022 Joint Meeting minutes and the January 11, 2022 Regular Meeting minutes.

Seconded by Mr. Grady.

Those voting in favor: Mr. Bordonaro, Mr. Grady, Mr. Millerd, Mr. Paradis

Vote being 4-0. (MOTION CARRIED)

F. NEW BUSINESS

1. Discuss VNA Strategy – VNA Director Barbara Vujs

VNA Director Vujs provided an update on the last 6 months. The VNA had some staffing issues with Ms. Vujs accepting the Director position and one of the nurses left, but then two new nurses were hired and went through the orientation process. Ms. Vujs said the VNA has highly qualified, great nurses ready to take on admissions and everyone is working really hard. The VNA census is slowly going back up and the VNA had a performance review by SimiTree healthcare consultants who helped the VNA figure out some of the work flow and how to improve the agency to take on better census and start bringing in more money. Ms. Vujs is re-educating all of the staff. One problem that the VNA had was over utilizing patient visits and they have been working really hard on improving utilization to take on more patients. The VNA is not keeping patients for as long if they are stable and able to be discharged. The admissions are going up to mid 50's census. Over the last 2 to 3 months, the VNA admitted on average 25-28 new patients and discharged some. The referrals are coming in and the VNA is doing a lot of education and improving the agency to utilize resources.

Mr. Bordonaro said Ms. Vujs is coming into a challenging situation. The Board of Finance has seen a \$900k to \$1M loss for the last several years and will be looking if the VNA has done anything different, especially in the budget cycle. What are future expectations and where do you see your upcoming budget? What are the VNA's plans for the next budget year and what are the metrics? Also, where do you think you'll be on average for this coming budget cycle?

Ms. Vujs said it is going to take some time, but the VNA can start closing down the gap and loss. They are doing some marketing. Ms. Vujs went to about 8 assisted living nursing homes in December and is trying to bring in more business. The VNA is utilizing resources, but it will take time to truly see that change in utilization. For example, a Medicare patient can get \$5k for a 60-day policy, but from that amount the VNA has to cover supplies, staff and all of the visits. Ms. Vujs said she is re-educating the staff to go in and say we don't need a nurse to see the patient 3x per week when a physical therapist and occupational therapist is going out as well. The VNA is splitting up those visits and by doing that, the nurse can take on additional patients. This is where we are going to start seeing the budget improving.

The VNA combined the administrator and supervisor position and that should be huge savings. There are 3 nurses and 3 home health aides and they are utilizing the school nurses to help cover some weekends and vacations. Ms. Vujs said we need time to see all of the changes happen and account for them. The VNA is taking a lot more patients than before and the census is reflecting it because they are also discharging those patients. November and December, the VNA census was barely in the 40's and it went to mid 50's in a little over a month, that is a huge improvement and the budget gap is going to start getting smaller as we take on more patients. Ms. Vujs thinks by educating staff and improving the workflow they will be able to handle more patients. If the VNA starts seeing that the census is increasing, then they can think about using per diem nurses, or utilize the school staff to take more admissions. Ms. Vujs thinks the VNA can comfortably have 75-80, maybe even eventually 100 census and have money coming in.

Mr. Paradis said Ms. Vujs is in a very difficult position and he believes the Board of Finance received a lot of misinformation over the years. Ms. Vujs has to build this back up to where the Board of Finance

can trust what she is saying. Mr. Paradis said the Board of Finance was told that people were being utilized 90-95% and they couldn't do this or that, but now we hear all of that may have been just utilization that was going in the wrong direction. The Board of Finance has heard this for 4 years. Mr. Paradis would really like to move this in the direction of reducing the loss that we've seen every year, anywhere from \$700-\$900k. This year could easily be \$800k-\$900k again. Mr. Paradis would like to get some specific goals out of Ms. Vujs as to where she is trying to head towards and is expecting that the VNA budget for next year will show what that goal is. Because it should be measured against where we are going here. The numbers given before showed that the department was going to need about 120 census to break even, if that is even possible with the current staffing level. It is an uphill climb. Mr. Paradis is encouraged that we have someone who is willing to take this on and hoping that the Board of Finance has given Ms. Vujs some of the ammunition that she needs with this study.

Also, Mr. Paradis would like to see this budget focus on what the VNA expects to get out of everything for next year. If Ms. Vujs presents a budget that says over the next 16-17 months I'm still going to be losing money, about \$800k, then that says something else to the Board of Finance. It is pretty much telling the Board of Finance that no matter what you are going to do, it is not going to happen. If Ms. Vujs says it is going to take 4 years, that would tell the Board of Finance something else. Mr. Paradis is willing to wait for this to turn around and wants to lay the cards on the table for Ms. Vujs. It is important to know what your goal is and the Board of Finance understands it is a complex mix of insurances and who is paying for what. It is all about how many services we are doing and getting the mindset to the point where utilization is efficient. The VNA department does good work and the Board of Finance understands that, but the bottom line comes down to is this a function that the Town of Berlin can afford to do and if not, then we have to look at our charter, or some other perspectives. Mr. Paradis would like to know the VNA's goal if it was finalized with the account manager for this budget yet, because budget hearings are coming up in a couple weeks. Mr. Paradis understands if Ms. Vujs wants to hold off until then to get into specifics, but he will be looking at the VNA's budget presentation and would like to see where it is going.

Ms. Vujs said we still have to finalize the budget and the goals. We want to start bringing it down, maybe \$700k and \$500k loss and then eventually keep cutting it down. Because we are changing the way VNA is working and we are re-thinking the utilization. Ms. Vujs understands utilization has been a big issue before. Now by having a 3rd party, SimiTree healthcare consultants, come in and say this is what is going on, this is what is wrong, it kind of brings down that utilization and brings it into perspective. Because it is not just Ms. Vujs saying that the VNA has to improve it, this is a 3rd party that specializes in it. This is what is going on and we already have a change in the utilization. We have quarterly audits done and in just one quarter, utilization went down to 50%. Now it is going to take some time to figure out how much money that is going to bring in. Every week, month and billing cycle, we are seeing more money coming in with the expenses being reduced. The VNA is going to be able to take in more of the census and start bringing in the money. Ms. Vujs does not have exact numbers but can definitely talk at the next meeting.

Town Manager Jayawickrema said Ms. Vujs has done a great job and thanked her for the hard work she's done over the last few months with the transition. To reiterate a couple of things, the VNA lost quite a few nurses and Ms. Vujs couldn't get the staffing in place until November, December. Sometimes it meant working with one nurse and having to turn away a lot of patients as a result of that. It has contributed some revenue shortfall this year. The second one is that for some crazy reason the school nurses were all reporting to the VNA and it was taking a humungous amount of time from the VNA

Director to resolve conflict issues and other personal matters. Ms. Vujs did a restructure in the fall and all of those scheduling and personnel matters are now addressed to the Board of Education. One of the nurses took the lead position so that moved that responsibility out and gives us some additional time to focus on the actual running of the VNA business. The third one is, with the 2 nurses gone, the VNA didn't have anyone for coding and Ms. Vujs had a person who is internal within the VNA take classes and learn coding. It is really confusing stuff and coding drives the revenue, unless you know exactly what you are doing, it is tricky. Town Manager Jayawickrema thinks the person is up to speed now, so the first half of the year Ms. Vujs had some challenges. The VNA reduced 2.5 FTE's, combining the Director and the Clinical Supervisor. That is 3.5 FTE's. Town Manager Jayawickrema's goal for Ms. Vujs is to get close to a \$700k range and now we are in a position that she can increase the pipeline in terms of census and see a pathway to a \$500k gap. We talked about utilization and how busy the nurses are, one of the first things that Ms. Vujs did was implementing iPads. People were using paper copies and busy from just shuffling paper so we got them iPads for when they are out in the field, they don't have to come back to the office, fill out paperwork and take it back. All these time-consuming measures have been addressed so that it is one place for people to put all of the patient data. Everybody can access it using technology and computer systems to add more efficiencies.

Town Manager Jayawickrema also thinks the SimiTree review helped a lot, coming as an independent 3rd party, they were objective with their review and recommendations and the VNA is just beginning to put these into place. One of the things that they have been doing in the past, is keeping patients for longer than 3 months. Some of them for years and you get next to nothing in terms of reimbursements for them. The goal of the VNA should be to go when people come out of the hospital and transition them quickly as possible within a month so they can be independent. The VNA is not a place where we should be taking care of them for life. Ms. Vujs has made that change and those are the type of things that will allow us to improve the revenue equation. With Ms. Vujs coming in, she has a mechanism to measure when you spend money on a patient, what is the ROI and how much money are we getting back. When you keep patients for 6 months to 1 year, you are actually in the negative every time you treat someone. These are the type of measures Ms. Vujs has done and it would be dishonest to say we can break even, but I see the pathway to \$500k very quickly. Ms. Vujs had a partnership that we just signed an agreement with and will have their patients coming in solely to the VNA, we need to do more things like that and build a pipeline.

Chairman Bordonaro asked if Ms. Vujs could share with the Board of Finance the existing staff and if they are in full efficiency. What is the max in terms of supporting max census? Also, on your market approach, can you tell the Board of Finance what you are targeting and where you are seeing success? Describe where we think it is going to grow. The Board of Finance sees that Ms. Vujs is doing a certain thing that hasn't been done in the past.

Ms. Vujs said with the marketing, the VNA is just starting now that they have full staff and oriented. The last nurse joined the VNA in mid-December. Since then, they have already went up in census fairly quickly. Ms. Vujs went out with marketing materials to 8 assisted living nursing homes and talked to the nurses and discharge planners to tell them the VNA is here and ready to serve patients. The VNA is going to utilize the nurses as well on any days when they are in between patients, or discharges to go out and see doctor offices. The next plan is to go out and talk to doctor offices. A lot of doctors don't realize, or they are not sure if they can order services. They just don't think much about it until the patient ends up in a hospital. The VNA wants to get out to those doctor offices, so people don't end up in a hospital.

That is our goal, to avoid hospitalization. The VNA signed a contract with Brookdale, West Hartford, an assisted living facility with about 200 rooms. They are hoping to get a few people from there and investigate other facilities like this. The nurses there cannot do wound care or medication management. There is another place in Southington and the VNA has already been getting 3 or 4 patients from them in less than a month. The VNA is getting that connection established and getting back out to communities. Ms. Vujs did an in-service for seniors in the senior center and discussed safety. The VNA wants to start doing outreach to the community. Because a lot of people may not realize we are still here and going strong. Those are some things for marketing that the VNA is looking into doing. It is going to take time, and hoping that by summertime the VNA will get to 60-70 census, probably before summer the way the referrals are coming in.

One of the issues the VNA had for a short time was that because we were not utilizing those services and were refusing patients, their referral sources kind of put the VNA on a back burner. They don't want to send out a referral if you keep refusing. Now we are really thinking through every referral and rearranging our schedules doing whatever we need to do to make sure we can take those referrals and telling the referral sources to send us more, calling and thanking them. Establishing those relationships that we lost unfortunately for a while. Ms. Vujs is hoping within the next couple of months to get into 60's and 70's and thinks with 3 nurses, the VNA can safely have 75-80 patients on census if they don't fall back into holding on to the patient. Because our census is low, or the visit utilization is low we can utilize the nurses for other things like marketing. Everyone is always concentrated on how many patients our nurses are seeing and what is the census. Also, the VNA saw a lot of people not getting discharged from hospitals when the Omicron was happening. Then suddenly everyone got discharged. We have a whole bunch of patients. It is going to be up and down, and we cannot hold on to patients just because our census is dropping. The VNA must use that slow time to really market and get out there and then it picks right up again a week or two later. The VNA has that space to take those admissions. It is really rethinking the way we look at patients, it was even difficult for Ms. Vujs to change the mindset to think about this as a business. Once she switched that mindset, she was able to educate the staff and really think through what we are doing. How can the VNA make sure patients are safe, educated and comfortable at home? Once they know what they need to do and are independent, then we move on to the next one.

Chairman Bordonaro said as a result, the report that you received, one of the key aspects of that is maintaining the metrics. Ms. Vujs will need to start maintaining a certain level of metrics and a long-term metrics forecast saying here is where I want to end up and this is going to be how the VNA gets to that end point. Ms. Vujs said she can come up with some metrics for the next meeting. The numbers have not changed from a financial standpoint in the past 4 years, but the Board of Finance hears good things about what is happening with the VNA. Hartford Healthcare is a huge organization, how do you compete with them? Ms. Vujs said what has been good for the VNA is because Hartford Healthcare is so big, they have been behind about two weeks on admissions. A lot of doctors call the VNA because a patient has been home for two weeks and no one has seen them, we tell them our admission is 24 to 48 hours and we will see your patients. That is one of the approaches the VNA is taking with referral sources. Letting them know that once they put that referral in, the patient is getting seen. The referral sources really appreciate it and they are surprised that we can see them so quick. The VNA can see patients in just 1 – 2 days. That niche is needed to separate the VNA from the competition.

2. Discuss Public Works Strategy – Public Works Director Mike Ahern

Public Works Director Ahern started off with roads. We are plowing and salting during in the winter and preparing for the next season. Mr. Ahern has a list of about 4.5 miles of town roads that are going to be paved. DOT is going to be doing about 5.25 miles on Chamberlain Highway from Butler Street up to the town line. We are basically doing that whole stretch and the lower part of Chamberlain Highway is terrible so they will be improving that. Overall, it is probably going to be about 10 miles of roads paved this construction season, if everything goes right. We are lucky to have gotten the grant thanks to former Town Manager, Jack Healey. Christian Lane, Deming Rd. and Porters Pass are about over \$4M and its not just paving, some intersection work and some geometry changes. That is being funded by the CRCOG through the LOTCIP program. When the second engineering firm came in to do the detailed design, the budget went up so we were at \$3.6M or \$3.7M, the CRCOG increased the number to \$4M with the understanding that the town, if it goes over, we will have to kick in some money. Public Works Director Ahern worked with Finance Director Delaney to put some money aside and this past paving season we held back to make sure we had enough money. As part of that, I understand no one wants to bond more in town until certain benchmarks are met, so we submitted two more applications to the CRCOG on January 19th for 4 more roads. One set of roads is Burnham St. and Massirio Dr., and the second set is Episcopal Rd. and Rowley St., that total is \$3.7M. We will see what happens. The idea is we probably don't have enough money to do the 5 or 6 miles we would love to do every year. Every time there is going to be an application round from the CRCOG or anywhere else if I'm competing with Economic Development Coordinator Mahoney or other projects for the LOTCIP fund. The Town of Berlin is going to be putting in applications because we have already gotten one and we are going through it now and kind of see how it works. Public Works Director Ahern thinks with the federal money that is coming in, they might be kicking more money into the capital region as well as the DOT programs for the bridges and has a feeling that there might be more applications. The total amount will be going up for the 38 towns in the capital region to compete for.

Public Works Director Ahern said he is getting a company called Street Scan to come in and do a town wide evaluation all the town roads, get a report card of how bad and where are the worst roads on a map. Because we get information from the highway guy saying this road is terrible and the residents say my road is terrible. To have one company come in as a 3rd party will provide an objective look and give us a report card. Public Works Director Ahern thinks that will also provide the base level of information to go forward and then at some point he will probably be in front of the Board of Finance requesting some money. With the LOTCIP money, the federal money coming in and also a little bit more state money with the GRI, it was a great little addition that we can use for paving. That is kind of the strategy going forward into this fiscal year and probably the next fiscal year.

Chairman Bordonaro asked if you have all of the CRCOG money and have enough resources to handle that? Public Works Director Ahern said what happens when you get the CRCOG funding, the town has to kick in for design. Fuss and O'Neil is doing that 3-row project; Christian, Deming and Porters Pass and that is costing the Town of Berlin a little over \$100k for a \$4M paving project, so we can use some of the other state money to fund that as well for the design. As far as resources, for these projects when they come in, they are big, we review the drawings when they come in there are several milestones where you have to submit it to the CROG for their review and the DOT, but yes we can handle it.

Finance Director Delaney asked Public Works Director Ahern to explain some of the competing aspects that happen for example we have someone who lives on Vineyard Dr., and we've talked about that road and CNG was doing work on there. Public Works Director Ahern said he coordinates with CNG's residential marketing person who asks for the Town of Berlin's paving list because she wants to get in and do an extension in an area they are looking at before we pave. Because after we pave, we don't want them touching the roads for several years. It is kind of like this informal moratorium, West Lane and Vineyard and some other streets, that whole area we wanted to pave, but had to wait for an extension. CNG tries to figure out if there are enough customers interested and there were. The roads were already in bad shape, CNG came in and ripped up the roads. Public Works Director Ahern had to explain to residents that the gas mains are going in down the street and you have an option of hooking up. So, we held off in that area and want to pave it if we have extra money, or the bids come in for the big project lower. Then we can kick some more roads especially at Vineyard, the first third of that road from Chamberlain Highway is one of the worst sections in town. It is probably a tie with West Lane. Public Works Director Ahern has been putting off until CNG was done especially with the service connections. Because you can pave it, they have the gas mains down, we pave it and suddenly 3 people go I want a new service and you rip right across the road.

The other complication we have sometimes is bridges. We just finished Berlin St. before the bridge project which included the one on Berlin St. on the east side of town. Berlin St. needs to be done, but we waited until the bridge was done. They did the approach on the west side and they did the seam and it will run all the way over to Beckley Rd. Berlin St. is on my list, but sometimes you have to look at what is going on and like West Lane, Shuttle Meadow, they have a preserve project that is going to be going up there so we may not be able to wait. I would rather wait until they are all done with construction or maybe the first phase, run the road up, but you have to look at sometimes what is going on in the area and then make your decision. Should I pave this year or next year. We are going to pave a new road and then have a complete new subdivision with tractor trailers running up there, it is sort of a balancing act. Those are some of the complications.

Mr. Ahern added that bridges are a big ticket category and we just finished 4 bridges. It was a bridge preservation project 80 percent funded by the feds which is great. The work is done and we are going to closeout and that was on Berlin St., Wildermere, Heritage Dr., and Worthington Ridge. Last week Glen St. bridge needed some emergency repairs, that will hopefully be done and give us another 5 to 10 years before DOT comes saying close the road. That was done with town money. That bridge, because of what happened with Hurricane Ida, it is a little bit more damaged. We are probably going to go with replacing the entire bridge and Public Works Director Ahern would like to go and get federal money for that, 80 percent. We will look for the best program depending on the bridge condition. Glen St. could apply, another bridge on Edgewood Rd. could apply and then two other bridges that are in design. One is on Kensington Rd. by the Post Office on Brooks St. That is also being funded by LOTCIP CROG, through the LOTSA program. It is 100 percent and \$2M. The Town of Berlin is paying Weston and Sampson to do the engineering which is a little over a \$100k, construction is \$2M and that is about 65 percent design. They go through permitting and the CROG, the town is not going to be paying for the construction of that. Spruce Brook Rd. bridge is 100 percent design, low funding level because of when it started, it is 31 percent. We are waiting for federal permits to come in and Public Works Director Ahern is not sure the timing of that because Finance Director Delaney would have to help figure it out to see how much money we have received from other bridge projects rolled into that account. That is at \$1.9M last estimate. It is a bit of a juggling act with the bridges and after all of this is done, Public Works Director Ahern wants to

sit down and get sort of a global look at all of the bridges in town, what we have done, what is left and what is the master plan. But we have to take care of these emergency situations first. There are 37 bridges in town and we are dealing with 8 or 9 now, but what about the other 28 or 29 bridges.

Finance Director Delaney added in the LOTCIP program they actually prefund us, when we go out to bid, they take the bid number and they add 20 percent, one for contingency and one for incidentals. They give us that money up front and we have to document it. If they gave us more than we needed, we would need to give it back, but that is a huge advantage there versus the traditional state and DOT programs where we do the work and then we get reimbursed afterwards. We essentially have a bond to have the cash flow to do the project. The LOTCIP Program, in addition to funding a great deal of money, the cash flow and the way they fund it is hugely beneficial.

Mr. Paradis had a question on the Street Scan program, is that including the bridges or do you have to do the bridges separately and create a different database for that? Public Works Director Ahern said that is specifically pavement conditions of town roadways. They will be doing the deck and any portion of road that goes over a bridge, the bridge deck, that would get evaluated, but as far as the abutments and anything else underneath, that is not part of that. Mr. Paradis asked if Public Works Director Ahern does it himself, or brings in other people? Public Works Director Ahern said WMC Engineers did the last one and created a master spreadsheet of all the bridges. They reviewed the inspection reports and what the town had done and they ranked them. I'd like to have a hit list of what are the next 4 or 5 bridges we need to focus on, how much and how can we fund them. Because I would like to put them in the CIP. Currently the CIP is populated with all these sort of triage cases, we have to take care of those first, but Public Works Director Ahern would like to get ahead of some of this where it is always an emergency and maybe do a little bit of proactive O&M, or maybe if we could fix this abutment and get another 15 years out of it, or this is a replacement, we have to go for the program. With the federal program, you get the money, but you pay with time. By the time you submit your application and from application submission to bridge being closed out can take 5 to 6 years because of all the hoops and obstacles and all that. It is probably a better idea to just have an idea of which ones you want to roll into next so you can last those 5 to 6 years without DOT saying shut the road down, or close a bridge.

Chairman Bordonaro said it is good to plan ahead because we started Board of Finance 4 years ago, all of a sudden we got hit with all these bridges, it happened right away. Planning is good and then it also allows you to plan for the grants because you have to take some time and lead time associated with getting the grants in place

3. Move to appoint PKF O'Connor Davies as the Town's auditor for fiscal years ending June 30, 2022-24 in accordance with Section 7-14 of the Town Charter.

Mr. Paradis moved to appoint PKF O'Connor Davies as the Town's auditor for fiscal years ending June 30, 2022-24 in accordance with Section 7-14 of the Town Charter.

Seconded by Mr. Grady.

Those voting in favor: Mr. Bordonaro, Mr. Grady, Mr. Millerd, Mr. Paradis.

Vote being 4-0 (MOTION CARRIED)

Mr. Paradis added that we've met with the auditors and thinks they have done a very good job. Their proposed bid puts them significantly ahead of the others from a professional standpoint. They are a very good firm and for us to be able to select them as the low bidder is a good thing.

Mr. Millerd asked if 3 years is the standard time. Mr. Paradis said usually its 3 with an option for 2 more. Finance Director Delaney added we did the first 3 and said its working, we will keep them. Then this time we went back out to bid for three more, by at the end of this contract it will have been 9 years. They are good and Finance Director Delaney said he has no problem keeping them. It doesn't hurt to go out there just to check the market. Mr. Paradis said it is a very limited market in Connecticut for the number of firms providing that service

4. Move to transfer \$16,793.77 from the Chotkowski Properties Open Space account to the Open Space Acquisition account, both in the Land Acquisition & Development Fund, to pay for the Town's purchase of a one-acre parcel of land on Reservoir Road.

Mr. Paradis moved to transfer \$16,793.77 from the Chotkowski Properties Open Space account to the Open Space Acquisition account, both in the Land Acquisition & Development Fund, to pay for the Town's purchase of a one-acre parcel of land on Reservoir Road.

Mr. Seconded by Mr. Millerd.

Those voting in favor: Mr. Bordonaro, Mr. Grady, Mr. Millerd, Mr. Paradis.

Vote being 4-0 (MOTION CARRIED)

Mr. Millerd asked if the Board of Finance ever talked about what is this? Mr. Grady said he asked the question about it to Finance Director Delaney earlier in the day when he sent the document. Finance Director Delaney added the yellow area on the left of the handout, is really down at the park side by Timberlin golf course. This gives an opportunity out into the road area and further spots. The family has had the property for a number of years. They are looking to sell it and it is an opportunity for the Town of Berlin to jump in and get a small slice of it. The other advantage is it is intended to be maintained as open space for encouraging passive recreation and allowing for passing through into the other areas. The Town Council had an executive session in their second January meeting to go over all of this. They came out and endorsed and said we want the Town Manager to sign and purchase it. The motion here is really about funding. Funding remains from when the town bonded the purchase of the Chotkowski property. We are looking to move it into a generic open space acquisition account out of the Chotkowski property. Because it is open space acquisition, it still complies with the bonding provisions, spirit of bonding with continuing to use it for open space. In the event after the surveys and everything legal, if there was ever anything that popped up in this process that said we can't continue, the funds would remain there and could only be used for future open space use, if we didn't use it for this, it wouldn't be used for something else. Mr. Millerd asked if there are any plans to do anything with it? There is a small section over on Kensington Rd. as you get past Elton Rd., there is a conservation sign.

What is that for, there is no path or access, no parking. There is a chunk of land there that seems to be totally unusable. We might have gotten it for nothing, but to be paying money. Finance Director Delaney said it takes a minimal amount off the tax rules and is one acre, we are purchasing it for \$40k so the tax implications are minimal and yes, there are a number of parcels like that. Mr. Paradis said someone said this would allow you to then go from Timberlin Park down and once you cross over Reservoir Rd., up into Ragged Mountain. It is like an extension of the hiking trail. Mr. Grady added that is how it was explained to him when he asked about the path, more or less a hiker's path. Finance Director Delaney said there is a broader purpose and that Economic Development Coordinator Mahoney is instrumental in this and a huge proponent of open space and tax recreation in town.

5. Finance Director update.

Finance Director Delaney said the last piece is there are a couple of pieces of paper. The first 3 pages in this section are a notification. Earlier in the process we talked about the revenue sharing, it was around for one year and then it was stopped. They resurrected it in the state budget for this fiscal year, but after we had adopted our budget so there was a possibility of a good guide there, about \$190k and the next year was expected to be \$390k. The first page that you have is the letter we received from Martin Heft who is under Secretary of OPM. We are not getting the identified revenue sharing grant funds. If you look at the bottom of the overview of commitments, municipal revenue sharing grants is the bottom line. The 3rd page is actually a little better write up from Connecticut Conference of Municipalities (CCM). Essentially what it is funded with is the excess portion of the 0.05 percent sales tax intercept. So there is not just the state sales tax, but a very specific provision and the money that comes in from that is used to fund all of these items to transition then pilot which was significant enhanced and is above our budget that was adopted for this year, so when they came through with that enhanced program they are using this money for that so we did see some additional unexpected revenue from that, general fund transfers so basically satisfying the general fund, making the budget balance. Then lastly municipal revenue sharing, we are notified that we are not going to get that additional unexpected money, it was not in our budget for this year, by 2022. We were also advised by CCM at this point it was recommended to all municipalities and in talking with many of my peers, we are not planning to include it in the FY23 budget in anticipation that we won't get it.

The tax revenue we are at 94.2 percent as compared to 95.9 percent through January of last year, January 31st was the tail end and January was in last year's numbers. It fell on Monday this year so it was not in. We collected about \$2M on that date so if you put that number in, we would be right in line with last year's number. Tax revenues are actually coming in pretty well considering the budget. Our budget is 99.3 percent so we need a strong collection rate to hit that number and we are consistent with that, the office is doing well. Two things to point out in the bottom of that section as we look at some of the expenditure's specific expenditure items we have about just under \$98k left in storm- related. Last week highway grounds and a few other folks reported spending 18 hours on Saturday plowing that extensive amount of snow. There is a good amount of overtime that came through here. I expect that variance budget to be much smaller as we come into next month. That is a budget buster on that but the crew did a great job. There is some risk to tax refunds as we go through the process. We feel pretty good because anybody who would have received either the traditional motor vehicle, or a supplemental motor vehicle tax bill and don't

feel that it was right would have disputed it with the Assessor. That would have been corrected and we would of worked through refunds, so probably another month of risk we should have a decent feel for that. The health insurance fund is in a solid position. One thing to keep an eye on is the new federal mandate that every single member is eligible for up to 8 COVID tests per month. We have over 2k members and have to pay for it should they chose to purchase and request reimbursement, so if you think about let's say \$30 for a box, 2 so you have 4 boxes per member over 2k members, we can quickly get to \$500k or \$1M if everybody did that.

Mr. Paradis asked if we are seeing a significant increase in the motor vehicle component. Finance Director Delaney said we haven't seen that this year, that would be in next year's grand list. Motor vehicles in Berlin like so many other towns we have read about, about are up 25 percent. When it comes to the grand list you will see lift. What we are seeing a 2.9 percent lift in the grand list. Traditionally 3 percent of the grand list would be great because it is going offset roughly 1 mill of spending. The problem you have is if you think about your car, the way this grew principally is motor vehicles. As your car became a year older from last year and your taxes were up 25 percent, so you are going to have an older car and pay more money. If you paid \$400 in taxes last year, the car got a year older and you are paying \$500, while that may dampen the mill rate as an individual you still see it as a tax increase, whether you call it a mill rating evaluation, you are still taking \$100 more out of someone's pocket so we are keenly aware of that as we look at the budget. Mr. Delaney noted there is a meeting Thursday, Chairman Bordonaro will be there, Mayor Kaczynski, Julia Dennis head of BOE, Superintendent Benigni and Finance Director Delaney. It is to take a first look at the draft that we have. There are 3 factors right now driving it. With the new grand list numbers, you can think roughly \$2.4M is the value of 1 mill in town so at 2.2 and change, the Superintendents budget proposal is just shy of 1 mill of value. The second piece is the Town Manager had talked about some of the positions he is looking to hire a HR Director as our part time HR Director has shifted to just Board of Education and filling that spot as well as the Superintendent position talked about at the last meeting. Also, the Police Department, as the Chief mentioned is looking to expand 2 more sworn officers, as well as one Dispatcher, those come with certainly salary but also benefits. When you look at that, we have increases in cyber insurance and increases in IT related to cyber security, with increases in refuse disposal. We also have an increase in legal fees. We are still fighting to dispute Atkins St. and facing increased costs related to the affordable housing that was just required by statute. We are also looking at potentially bringing back the financial plan for Police Officers and if that decision is made that would require legal work to resurrect the plan and design that so we are looking at increased legal costs. You put all of that together, you are looking at the Town Manager's increase right now to be primarily in the same neighborhood as the Superintendents. Then the third piece we are dealing with last year you will recall the revenue number, the \$1.2M left over from the Berlin High School project that was pulled in, as well as the \$700k of article money that is \$1.9M for health and 0.8 mills of one-time revenue items in the net worth 2022 budget that we have to address next year. You put all that together, at the preliminary increase is about 3 mills. Motor vehicle goes up, there is a little lift in real estate and personal property, and the mill rate increases in the neighborhood of 2 mill. Mr. Grady said that 2 mills is using the BOE's number. Finance Director Delaney confirmed yes and added that he is hoping we get some more definitive clarity tomorrow, is the Governor came out with a 5 prong tax relief proposal. Most of those are related to individuals whether it is speeding up the annuity, pension exemption, or the write off of businesses who help kids with their college loans, but one in particular effects municipalities,

which would be placing a 29 mill cap on motor vehicles. The differential as the governor pointed out would be compensated through a state grant. The other piece I would mention is the capital budget last year it was \$370k, this year eyeing about \$1.1M right now.

The only other piece talked about was assumption to do any additional bonding so there is no interest or things like that in the budget for next year. If there was a change in direction, they wanted they wanted to bond anything, there would be additional interest costs.

Mr. Paradis asked how much do we pick up just on the amortization and interest this year. Finance Director Delaney said the savings this year is \$217k.

Chairman Bordonaro said he appreciates that and the last couple of years we ended up with quite a huge surplus end of the year and I'm going to be looking for, I know some of it had to do with that we didn't hire some higher level but I really want to take a really close look at what would be the surplus this fiscal year and how is that carried forward. Mr. Grady added that you are saying that the revenue increase is true when it is a bigger grand list and all the taxes and everything is around 2.9 percent. The grand list growth is 2.9 percent, your tax growth would be more like 6 percent. Which is ultimately what drives the true tax credit. If somebody added a pool or a deck or something, their taxes would go up but typically we would look at the mill rate because that is an objective way of saying if you did nothing last year and you carried it forward, if the mill rate flat like it has been the last couple of years, your taxes should be the same. Mr. Paradis said you are saying the 2 mill increase would be about 6 percent. Finance Director Delaney said that is why we are having a meeting on Thursday as that increase won't be met favorably. Mr. Grady asked what is our total increase in revenue to the town over last year, because is it too early to reject? Finance Director Delaney said right now the all up cost, which the revenues with internal expenditures. The numbers show \$5.3M and \$5.7M increase overall from last year, that is what it would mean as a regular increase. Just over \$2.2M from the BOE, \$2.2M from the town operations, you have about three quarters of a million capital, a quarter million from Department 61 sort of things of the town budget for the BOE, offset partially by a little over \$200k. We have roughly one third BOE operations with roughly one third town operations, roughly one third one time revenue items.

Mr. Paradis said the capital items that you referred to at \$1.3M, Finance Director Delaney said \$1.1M. Chairman Bordonaro said last year though generated an increase in the grand list and then generated like a \$1.5M revenue. Finance Director Delaney said this year is about \$1.8M. That is assuming of course the 29 cap doesn't go in. The challenge with the motor vehicle cap is unless you adjust spending, it ships it over to real estate and personal property.

Mr. Millerd asked about salaries and stuff, so the BOE is giving both contractual raises and step raises, do those all happen July 1st? Finance Director Delaney said generally yes, but does not know specifically on the BOE, but the town side yes. I would have to confirm with the Board of Education maybe in September because it may coincide with the start of school. I'm not sure because many folks take a payout at the end of the school year to cover them until through the summer until they return so it may coincide with that, but the timing if it is not July it would be right around the week they start school.

Mr. Millerd added related to that do you ever see FTE budgets, like budgets to actual. The question becomes at any point in time, how many personnel vacancies do we have if any because that can add up to a lot of money. Finance Director Delaney said that at any given time the Town of Berlin is going to have anywhere from 2 to 5 vacancies approximately. Mr. Millerd said he wonders about the BOE side because they are so salary intensive. Finance Director Delaney said most of the time where we see those variances and I grab them, is in personnel, if we have vacancies, we will typically to fill that vacancy, but certainly salary, unless we plan to pay something different, salary isn't going to change, but more importantly I go in and grab benefits. We had an agency for 2 months that health insurance is retro and I'm grabbing those pieces.

G. ADJOURNMENT

Mr. Paradis moved to adjourn at 8:24 p.m.

Seconded by Mr. Grady.

Those voting in favor: Mr. Bordonaro, Mr. Grady, Mr. Millerd, Mr. Paradis

Vote being 4-0

Submitted by,
Alina Brown

Agenda Item No. F-1
Request for Board of Finance Action

TO: The Board of Finance

FROM: Arosha Jayawickrema, Town Manager

DATE: January 31, 2022

SUBJECT: Transfer of funds from Sale of Servers to Police IT Budget

Summary of Agenda Item:

The Director of Information Technology was able to sell two old Police Department servers for the sum of \$600 on the Public Surplus website through the Purchasing Department. Brian Freeman, Director is asking that the funds be appropriated into the Police's budget account number 500.15.1532.0.54000.01000 Computer Equipment.

Action Needed:

Move to appropriate \$600 from the sale of two old computer servers to the Police Computer Equipment account in the Capital Nonrecurring Fund.

Attachments:

None

Prepared By: Brian Freeman, Director of Information Technology

Agenda Item No. F-2
Request for Board of Finance Action

TO: The Board of Finance

FROM: Aroscha Jayawickrema, Town Manager

DATE: January 31, 2022

SUBJECT: Juvenile Review Board Grant

Summary of Agenda Item:

The Connecticut Department of Children and Families and the Connecticut Youth Services Association have renewed our Juvenile Review Board Grant for fiscal 2021-22 in the amount of \$4,000. The grant supports providing case management services to JRB clients.

Initially, funds were requested to be deposited in the State Grants revenue account 100.05.0505.2.44801.00000, and appropriated to the Part Time Help 100.30.3054.0.51510.00000, Worker's Comp. 100.30.3054.0.52010.00000, and Social Security 100.30.3054.0.52100.00000 expense accounts to be used according to the terms of the grant. To ease administration, the funds will be deposited to revenue account 001.00.0000.8.45301.00000 and appropriated to the Part Time Help 001.30.3054.0.51510.00000, Worker's Comp. 001.30.3054.0.52010.00000, and Social Security 001.30.3054.0.52100.00000 expense accounts.

Action Needed:

Move to reappropriate \$4,000 of the Juvenile Review Board Grant from the Grants and Donation Fund to the General Fund.

Attachments:

None

Prepared By:

Doug Truitt, Director of Social & Youth Services

Agenda Item No. F-3
Request for Board of Finance Action

TO: The Board of Finance

FROM: Arosha Jayawickrema, Town Manager

DATE: February 7, 2022

SUBJECT: Appropriation of Coronavirus Relief Funds (CRF)

Summary of Agenda Item:

The police department was eligible, applied for, and was granted \$35,000.00 in federal Coronavirus Relief Funds (CRF), which was administered by the Connecticut Office of Policy and Management (OPM). The police department was selected for several reasons, including but not limited to the crime challenges the town experienced, which have been created or exacerbated by the pandemic.

The department used all \$35,000 for payroll expenses (overtime) for personnel that was devoted to mitigating or responding to crime challenges exacerbated by the pandemic. They are requesting that the funds be appropriated to the police overtime expenditure account # 001.15.1532.0.51400.00000.

Action Needed:

Move to appropriate \$35,000 from the Coronavirus Relief Funds (CRF) reimbursement to the police overtime expenditure account in the General Fund.

Attachments:

None

Prepared By:

Deputy Chief Chris Ciuci

Agenda Item No. F-4
Request for Board of Finance Action

TO: The Board of Finance

FROM: Aroscha Jayawickrema, Town Manager

DATE: February 18, 2022

SUBJECT: Discuss American Rescue Plan (ARPA) grant funds Final Rule

Summary of Agenda Item:

Under the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan, the Town of Berlin was awarded \$6,048,046.16. The distribution of these funds was scheduled to occur in two installments – June 2021 and June 2022. The Town received the first installment (\$3,024,023.08 or 50% of the total grant) on 6/22/2021. The second installment is scheduled for approximately twelve months after the first installment.

In May 2021, The US Treasury published the Interim final rule (IFR) describing eligible uses of the SLFRF. Since that time, Treasury has received feedback on the IFR. Based on that feedback, Treasury issued the final rule in January 2022. The final rule delivers broader flexibility and greater simplicity.

Among the changes, the final rule offers a standard allowance for revenue loss of up to \$10 million, not to exceed the total award amount, and streamlined reporting requirements. The final rule takes effect April 1, 2022. However, “recipients can choose to take advantage of the final rule’s flexibilities and simplifications now, even ahead of the effective date. Treasury will not take action to enforce the Interim final rule to the extent that a use of funds is consistent with the terms of the final rule, regardless of when the SLFRF funds were used.” (p.5, Overview of the Final Rule)

Based on the final rule, “SLFRF funds may be used on government services up to the revenue loss amount. Government services generally include any service traditionally provided by a government unless Treasury has stated otherwise.” (p. 11, Overview of the Final Rule) The overview document includes a list of common examples of government services, but this is not an exhaustive list:

- | | |
|---|--|
| ✓ Construction of schools and hospitals | ✓ Environmental remediation |
| ✓ Road building and maintenance, and other infrastructure | ✓ Provision of police, fire, and other public services (including purchase of fire trucks and police vehicles) |
| ✓ Health services | ✓ General government administration, staff, and admin, facilities |

Notwithstanding the standard allowance and uses outlined above, the final rule maintains certain restrictions on use. These are outlined on p. 41 of the Overview document and include:

- 1) States and territories may not use this funding to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation beginning on March 3, 2021, through the last day of the fiscal year in which the funds provided have been spent.
- 2) No recipients except Tribal governments may use this funding to make a deposit to a pension fund.
- 3) No debt service or replenishing of financial reserves.
- 4) No satisfaction of settlements or judgements.
- 5) SLFRF funds may not be used for a project that conflicts with or contravenes the purpose of the American Rescue Plan Act statute and may not be used in violation of the award Terms and conditions of conflict-of-interest requirements under the Uniform Guidance.

Based on the IFR (and reinforced by the final rule), the Town appropriated \$700,000 to the State & Federal Grants revenue account in the fiscal year 2022 General Fund budget. As a result, the Town has \$5,348,046.16 remaining.

Original ARPA Grant – Berlin	\$6,048,046.16
Fiscal Year 2022 adopted GF budget	<u>(\$ 700,000.00)</u>
Available ARPA Grant – Berlin	\$5,348,046.16

Based on the final rule, the Town may classify the entire grant as lost revenue and expend the funds on government services. Alternatively, the Town may use the funds to help pay for the HVAC upgrade project at the three elementary schools. In the final rule, Treasury responded to public comments about capital expenditures by writing, “in recognition of the importance of capital expenditures in the COVID-19 public health response, Treasury enumerated that the following projects are examples of eligible capital expenditures...Installation and improvements of ventilation systems.” (Final Rule, p.60-61) The available uses section of the final rule has been included with this motion because other plausible uses within Berlin are on the permitted uses list (e.g., Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces)).

Although there are many uses of the remaining ARPA funds that would benefit Berlin, this motion is requesting to appropriate the remaining ARPA grant balance (\$5,348,046.16) to the HVAC Upgrade account (545.35.3561.0.54000.00341) in the American Rescue Plan Fund. This appropriation may be used to purchase equipment, pay construction contractors, and pay a construction manager. The first school HVAC project is expected to be bid in 2022, and construction is projected to start at the first school during the summer of 2023.

While this funding will offset a significant percentage of the total projected cost, additional funding (currently estimated at \$10-15 million) will be necessary to complete upgrades at all three elementary schools. Governor Lamont proposed a \$90 million HVAC program in his recent fiscal year 2023 State budget submission, and the Town is monitoring the progress of this

proposal closely. It is expected that local funding (likely bonding or a combination of bonding and operating surplus funds) will be necessary over the next 2-3 years to complete the project.

Action Needed:

None

Attachments:

Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule
Capital section from Treasury ARPA Final Rule (pages 60 & 61)

Prepared By:

Kevin Delaney, Finance Director

Capital expenditures.

Public Comment: Many commenters requested clarification around the types and scope of permissible capital investments in public facilities to meet pandemic operational needs; ventilation improvements in congregate settings, health care settings, or other key locations; and whether support for prevention and mitigation in congregate facilities could include facilities renovations, improvements, or construction of new facilities, or if the facilities must solely be used for COVID-19 response.

Treasury Response: For clarity, Treasury has addressed the eligibility standard for capital expenditures, or investments in property, facilities, or equipment, in one section of this Supplementary Information; see section Capital Expenditures in General Provisions: Other. In recognition of the importance of capital expenditures in the COVID-19 public health response, Treasury enumerates that the following projects are examples of eligible capital expenditures, as long as they meet the standards for capital expenditures in section Capital Expenditures in General Provisions: Other:

- Improvements or construction of COVID-19 testing sites and laboratories, and acquisition of related equipment;
- Improvements or construction of COVID-19 vaccination sites;
- Improvements or construction of medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment);

Note that programs may provide incentives to individuals who have already received a vaccination if the incentive is reasonably expected to increase the number of people who choose to get vaccinated or motivate people to get vaccinated sooner and the costs are reasonably proportional to the expected public health benefit.

- Expenses of establishing temporary medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs;
- Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment;
- Improvements to or construction of emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems);
- Installation and improvements of ventilation systems;
- Costs of establishing public health data systems, including technology infrastructure;
- Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility); and
- Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces).

Other clarifications on COVID-19 mitigation: medical care, supports for vulnerable populations, data systems, carceral settings. Based on public comments and questions received from recipients following the interim final rule, Treasury is making several further clarifications on enumerated eligible uses in this category.

Public Comment: Several commenters requested clarification on eligible uses of funds for medical care; Treasury addresses those comments in the section Medical Expenses below.

Public Comment: Recipients posed questions on the type and scope of activities eligible as “supports for vulnerable populations to access medical or public health services.”



Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule

U.S. DEPARTMENT OF THE TREASURY

January 2022



The Overview of the Final Rule provides a summary of major provisions of the final rule for informational purposes and is intended as a brief, simplified user guide to the final rule provisions.

The descriptions provided in this document summarize key provisions of the final rule but are non-exhaustive, do not describe all terms and conditions associated with the use of SLFRF, and do not describe all requirements that may apply to this funding. Any SLFRF funds received are also subject to the terms and conditions of the agreement entered into by Treasury and the respective jurisdiction, which incorporate the provisions of the final rule and the guidance that implements this program.



Contents

Introduction	4
Overview of the Program	6
Replacing Lost Public Sector Revenue	9
Responding to Public Health and Economic Impacts of COVID-19	12
Responding to the Public Health Emergency	14
Responding to Negative Economic Impacts	16
Assistance to Households	17
Assistance to Small Businesses	21
Assistance to Nonprofits	23
Aid to Impacted Industries	24
Public Sector Capacity	26
Public Safety, Public Health, and Human Services Staff	26
Government Employment and Rehiring Public Sector Staff	27
Effective Service Delivery	28
Capital Expenditures	30
Framework for Eligible Uses Beyond those Enumerated	32
Premium Pay	35
Water & Sewer Infrastructure	37
Broadband Infrastructure	39
Restrictions on Use	41
Program Administration	43



Introduction

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan, delivers \$350 billion to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. The program ensures that governments have the resources needed to:

- Fight the pandemic and support families and businesses struggling with its public health and economic impacts,
- Maintain vital public services, even amid declines in revenue, and
- Build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity.

EARLY PROGRAM IMPLEMENTATION

In May 2021, Treasury published the Interim final rule (IFR) describing eligible and ineligible uses of funds (as well as other program provisions), sought feedback from the public on these program rules, and began to distribute funds. The IFR went immediately into effect in May, and since then, governments have used SLFRF funds to meet their immediate pandemic response needs and begin building a strong and equitable recovery, such as through providing vaccine incentives, development of affordable housing, and construction of infrastructure to deliver safe and reliable water.

As governments began to deploy this funding in their communities, Treasury carefully considered the feedback provided through its public comment process and other forums. Treasury received over 1,500 comments, participated in hundreds of meetings, and received correspondence from a wide range of governments and other stakeholders.

KEY CHANGES AND CLARIFICATIONS IN THE FINAL RULE

The final rule delivers broader flexibility and greater simplicity in the program, responsive to feedback in the comment process. Among other clarifications and changes, the final rule provides the features below.

Replacing Lost Public Sector Revenue

The final rule offers a standard allowance for revenue loss of up to \$10 million, allowing recipients to select between a standard amount of revenue loss or complete a full revenue loss calculation. Recipients that select the standard allowance may use that amount – in many cases their full award – for government services, with streamlined reporting requirements.

Public Health and Economic Impacts

In addition to programs and services, the final rule clarifies that recipients can use funds for capital expenditures that support an eligible COVID-19 public health or economic response. For example, recipients may build certain affordable housing, childcare facilities, schools, hospitals, and other projects consistent with final rule requirements.



In addition, the final rule provides an expanded set of households and communities that are presumed to be “impacted” and “disproportionately impacted” by the pandemic, thereby allowing recipients to provide responses to a broad set of households and entities without requiring additional analysis. Further, the final rule provides a broader set of uses available for these communities as part of COVID-19 public health and economic response, including making affordable housing, childcare, early learning, and services to address learning loss during the pandemic eligible in all impacted communities and making certain community development and neighborhood revitalization activities eligible for disproportionately impacted communities.

Further, the final rule allows for a broader set of uses to restore and support government employment, including hiring above a recipient’s pre-pandemic baseline, providing funds to employees that experienced pay cuts or furloughs, avoiding layoffs, and providing retention incentives.

Premium Pay

The final rule delivers more streamlined options to provide premium pay, by broadening the share of eligible workers who can receive premium pay without a written justification while maintaining a focus on lower-income and frontline workers performing essential work.

Water, Sewer & Broadband Infrastructure

The final rule significantly broadens eligible broadband infrastructure investments to address challenges with broadband access, affordability, and reliability, and adds additional eligible water and sewer infrastructure investments, including a broader range of lead remediation and stormwater management projects.

FINAL RULE EFFECTIVE DATE

The final rule takes effect on April 1, 2022. Until that time, the interim final rule remains in effect; funds used consistently with the IFR while it is in effect are in compliance with the SLFRF program.

However, recipients can choose to take advantage of the final rule’s flexibilities and simplifications now, even ahead of the effective date. Treasury will not take action to enforce the interim final rule to the extent that a use of funds is consistent with the terms of the final rule, regardless of when the SLFRF funds were used. Recipients may consult the *Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule*, which can be found on Treasury’s website, for more information on compliance with the interim final rule and the final rule.



Overview of the Program

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program provides substantial flexibility for each jurisdiction to meet local needs within the four separate eligible use categories. This Overview of the Final Rule addresses the four eligible use categories ordered from the broadest and most flexible to the most specific.

Recipients may use SLFRF funds to:

- **Replace lost public sector revenue**, using this funding to provide government services up to the amount of revenue loss due to the pandemic.
 - Recipients may determine their revenue loss by choosing between two options:
 - A standard allowance of up to \$10 million in aggregate, not to exceed their award amount, during the program;
 - Calculating their jurisdiction's specific revenue loss each year using Treasury's formula, which compares actual revenue to a counterfactual trend.
 - Recipients may use funds up to the amount of revenue loss for government services; generally, services traditionally provided by recipient governments are government services, unless Treasury has stated otherwise.
- **Support the COVID-19 public health and economic response** by addressing COVID-19 and its impact on public health as well as addressing economic harms to households, small businesses, nonprofits, impacted industries, and the public sector.
 - Recipients can use funds for programs, services, or capital expenditures that respond to the public health and negative economic impacts of the pandemic.
 - To provide simple and clear eligible uses of funds, Treasury provides a list of enumerated uses that recipients can provide to households, populations, or classes (i.e., groups) that experienced pandemic impacts.
 - Public health eligible uses include COVID-19 mitigation and prevention, medical expenses, behavioral healthcare, and preventing and responding to violence.
 - Eligible uses to respond to negative economic impacts are organized by the type of beneficiary: assistance to households, small businesses, and nonprofits.
 - Each category includes assistance for "impacted" and "disproportionately impacted" classes: impacted classes experienced the general, broad-based impacts of the pandemic, while disproportionately impacted classes faced meaningfully more severe impacts, often due to preexisting disparities.
 - To simplify administration, the final rule presumes that some populations and groups were impacted or disproportionately impacted and are eligible for responsive services.

Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule



- Eligible uses for assistance to impacted households include aid for re-employment, job training, food, rent, mortgages, utilities, affordable housing development, childcare, early education, addressing learning loss, and many more uses.
- Eligible uses for assistance to impacted small businesses or nonprofits include loans or grants to mitigate financial hardship, technical assistance for small businesses, and many more uses.
- Recipients can also provide assistance to impacted industries like travel, tourism, and hospitality that faced substantial pandemic impacts, or address impacts to the public sector, for example by re-hiring public sector workers cut during the crisis.
- Recipients providing funds for enumerated uses to populations and groups that Treasury has presumed eligible are clearly operating consistently with the final rule. Recipients can also identify (1) other populations or groups, beyond those presumed eligible, that experienced pandemic impacts or disproportionate impacts and (2) other programs, services, or capital expenditures, beyond those enumerated, to respond to those impacts.
- **Provide premium pay for eligible workers performing essential work**, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors.
 - Recipients may provide premium pay to eligible workers – generally those working in-person in key economic sectors – who are below a wage threshold or non-exempt from the Fair Labor Standards Act overtime provisions, or if the recipient submits justification that the premium pay is responsive to workers performing essential work.
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, to support vital wastewater and stormwater infrastructure, and to expand affordable access to broadband internet.
 - Recipients may fund a broad range of water and sewer projects, including those eligible under the EPA’s Clean Water State Revolving Fund, EPA’s Drinking Water State Revolving Fund, and certain additional projects, including a wide set of lead remediation, stormwater infrastructure, and aid for private wells and septic units.
 - Recipients may fund high-speed broadband infrastructure in areas of need that the recipient identifies, such as areas without access to adequate speeds, affordable options, or where connections are inconsistent or unreliable; completed projects must participate in a low-income subsidy program.

While recipients have considerable flexibility to use funds to address the diverse needs of their communities, some restrictions on use apply across all eligible use categories. These include:

- **For states and territories:** No offsets of a reduction in net tax revenue resulting from a change in state or territory law.

Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule



- **For all recipients except for Tribal governments:** No extraordinary contributions to a pension fund for the purpose of reducing an accrued, unfunded liability.
- **For all recipients:** No payments for debt service and replenishments of rainy day funds; no satisfaction of settlements and judgments; no uses that contravene or violate the American Rescue Plan Act, Uniform Guidance conflicts of interest requirements, and other federal, state, and local laws and regulations.

Under the SLFRF program, funds must be used for costs incurred on or after March 3, 2021. Further, funds must be obligated by December 31, 2024, and expended by December 31, 2026. This time period, during which recipients can expend SLFRF funds, is the “period of performance.”

In addition to SLFRF, the American Rescue Plan includes other sources of funding for state and local governments, including the [Coronavirus Capital Projects Fund](#) to fund critical capital investments including broadband infrastructure; the [Homeowner Assistance Fund](#) to provide relief for our country’s most vulnerable homeowners; the [Emergency Rental Assistance Program](#) to assist households that are unable to pay rent or utilities; and the [State Small Business Credit Initiative](#) to fund small business credit expansion initiatives. Eligible recipients are encouraged to visit the Treasury website for more information.



Replacing Lost Public Sector Revenue

The Coronavirus State and Local Fiscal Recovery Funds provide needed fiscal relief for recipients that have experienced revenue loss due to the onset of the COVID-19 public health emergency. Specifically, SLFRF funding may be used to pay for “government services” in an amount equal to the revenue loss experienced by the recipient due to the COVID-19 public health emergency.

Government services generally include any service traditionally provided by a government, including construction of roads and other infrastructure, provision of public safety and other services, and health and educational services. Funds spent under government services are subject to streamlined reporting and compliance requirements.

In order to use funds under government services, recipients should first determine revenue loss. They may, then, spend up to that amount on general government services.

DETERMINING REVENUE LOSS

Recipients have two options for how to determine their amount of revenue loss. Recipients must choose one of the two options and cannot switch between these approaches after an election is made.

- 1. Recipients may elect a “standard allowance” of \$10 million to spend on government services through the period of performance.**

Under this option, which is newly offered in the final rule Treasury presumes that up to \$10 million in revenue has been lost due to the public health emergency and recipients are permitted to use that amount (not to exceed the award amount) to fund “government services.” The standard allowance provides an estimate of revenue loss that is based on an extensive analysis of average revenue loss across states and localities, and offers a simple, convenient way to determine revenue loss, particularly for SLFRF’s smallest recipients.

All recipients may elect to use this standard allowance instead of calculating lost revenue using the formula below, including those with total allocations of \$10 million or less. Electing the standard allowance does not increase or decrease a recipient’s total allocation.

- 2. Recipients may calculate their actual revenue loss according to the formula articulated in the final rule.**

Under this option, recipients calculate revenue loss at four distinct points in time, either at the end of each calendar year (e.g., December 31 for years 2020, 2021, 2022, and 2023) or the end of each fiscal year of the recipient. Under the flexibility provided in the final rule, recipients can choose whether to use calendar or fiscal year dates but must be consistent throughout the period of performance. Treasury has also provided several adjustments to the definition of general revenue in the final rule.

To calculate revenue loss at each of these dates, recipients must follow a four-step process:



- a. Calculate 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*.
- b. Estimate *counterfactual revenue*, which is equal to the following formula, where n is the number of months elapsed since the end of the base year to the calculation date:

$$\text{base year revenue} \times (1 + \text{growth adjustment})^{\frac{n}{12}}$$

The *growth adjustment* is the greater of either a standard growth rate—5.2 percent—or the recipient’s average annual revenue growth in the last full three fiscal years prior to the COVID-19 public health emergency.

- c. Identify *actual revenue*, which equals revenues collected over the twelve months immediately preceding the calculation date.

Under the final rule, recipients must adjust actual revenue totals for the effect of tax cuts and tax increases that are adopted after the date of adoption of the final rule (January 6, 2022). Specifically, the estimated fiscal impact of tax cuts and tax increases adopted after January 6, 2022, must be added or subtracted to the calculation of actual revenue for purposes of calculation dates that occur on or after April 1, 2022.

Recipients may subtract from their calculation of actual revenue the effect of tax increases enacted prior to the adoption of the final rule. Note that recipients that elect to remove the effect of tax increases enacted before the adoption of the final rule must also remove the effect of tax decreases enacted before the adoption of the final rule, such that they are accurately removing the effect of tax policy changes on revenue.

- d. Revenue loss for the calculation date is equal to *counterfactual revenue* minus *actual revenue* (adjusted for tax changes) for the twelve-month period. If actual revenue exceeds counterfactual revenue, the loss is set to zero for that twelve-month period. Revenue loss for the period of performance is the sum of the revenue loss on for each calculation date.

The supplementary information in the final rule provides an example of this calculation, which recipients may find helpful, in the Revenue Loss section.



SPENDING ON GOVERNMENT SERVICES

Recipients can use SLFRF funds on government services up to the revenue loss amount, whether that be the standard allowance amount or the amount calculated using the above approach. **Government services generally include *any service* traditionally provided by a government**, unless Treasury has stated otherwise. Here are some common examples, although this list is not exhaustive:

- ✓ Construction of schools and hospitals
- ✓ Road building and maintenance, and other infrastructure
- ✓ Health services
- ✓ General government administration, staff, and administrative facilities
- ✓ Environmental remediation
- ✓ Provision of police, fire, and other public safety services (including purchase of fire trucks and police vehicles)

Government services is the most flexible eligible use category under the SLFRF program, and funds are subject to streamlined reporting and compliance requirements. Recipients should be mindful that certain restrictions, which are detailed further in the Restrictions on Use section and apply to all uses of funds, apply to government services as well.



Responding to Public Health and Economic Impacts of COVID-19

The Coronavirus State and Local Fiscal Recovery Funds provide resources for governments to meet the public health and economic needs of those impacted by the pandemic in their communities, as well as address longstanding health and economic disparities, which amplified the impact of the pandemic in disproportionately impacted communities, resulting in more severe pandemic impacts.

The eligible use category to respond to public health and negative economic impacts is organized around the types of assistance a recipient may provide and includes several sub-categories:

- public health,
- assistance to households,
- assistance to small businesses,
- assistance to nonprofits,
- aid to impacted industries, and
- public sector capacity.

In general, to identify eligible uses of funds in this category, recipients should (1) identify a COVID-19 public health or economic impact on an individual or class (i.e., a group) and (2) design a program that responds to that impact. Responses should be related and reasonably proportional to the harm identified and reasonably designed to benefit those impacted.

To provide simple, clear eligible uses of funds that meet this standard, Treasury provides a non-exhaustive list of enumerated uses that respond to pandemic impacts. Treasury also presumes that some populations experienced pandemic impacts and are eligible for responsive services. In other words, recipients providing enumerated uses of funds to populations presumed eligible are clearly operating consistently with the final rule.¹

Recipients also have broad flexibility to (1) identify and respond to other pandemic impacts and (2) serve other populations that experienced pandemic impacts, beyond the enumerated uses and presumed eligible populations. Recipients can also identify groups or “classes” of beneficiaries that experienced pandemic impacts and provide services to those classes.

¹ However, please note that use of funds for enumerated uses may not be grossly disproportionate to the harm. Further, recipients should consult the Capital Expenditures section for more information about pursuing a capital expenditure; please note that enumerated capital expenditures are not presumed to be reasonably proportional responses to an identified harm except as provided in the Capital Expenditures section.



Step	1. Identify COVID-19 public health or economic impact	2. Design a response that addresses or responds to the impact
Analysis	<ul style="list-style-type: none">• Can identify impact to a specific household, business or nonprofit or to a class of households, businesses, or nonprofits (i.e., group)• Can also identify disproportionate impacts, or more severe impacts, to a specific beneficiary or to a class	<ul style="list-style-type: none">• Types of responses can include a program, service, or capital expenditure• Response should be related and reasonably proportional to the harm• Response should also be reasonably designed to benefit impacted individual or class
Simplifying Presumptions	<ul style="list-style-type: none">• Final Rule presumes certain populations and classes are impacted and disproportionately impacted	<ul style="list-style-type: none">• Final Rule provides non-exhaustive list of enumerated eligible uses that respond to pandemic impacts and disproportionate impacts

To assess eligibility of uses of funds, recipients should first determine the sub-category where their use of funds may fit (e.g., public health, assistance to households, assistance to small businesses), based on the entity that experienced the health or economic impact.² Then, recipients should refer to the relevant section for more details on each sub-category.

While the same overall eligibility standard applies to all uses of funds to respond to the public health and negative economic impacts of the pandemic, each sub-category has specific nuances on its application. In addition:

- Recipients interested in using funds for capital expenditures (i.e., investments in property, facilities, or equipment) should review the Capital Expenditures section in addition to the eligible use sub-category.
- Recipients interested in other uses of funds, beyond the enumerated uses, should refer to the section on “Framework for Eligible Uses Beyond Those Enumerated.”

² For example, a recipient interested in providing aid to unemployed individuals is addressing a negative economic impact experienced by a household and should refer to the section on assistance to households. Recipients should also be aware of the difference between “beneficiaries” and “sub-recipients.” Beneficiaries are households, small businesses, or nonprofits that can receive assistance based on impacts of the pandemic that they experienced. On the other hand, sub-recipients are organizations that carry out eligible uses on behalf of a government, often through grants or contracts. Sub-recipients do not need to have experienced a negative economic impact of the pandemic; rather, they are providing services to beneficiaries that experienced an impact.



RESPONDING TO THE PUBLIC HEALTH EMERGENCY

While the country has made tremendous progress in the fight against COVID-19, including a historic vaccination campaign, the disease still poses a grave threat to Americans' health and the economy. Providing state, local, and Tribal governments the resources needed to fight the COVID-19 pandemic is a core goal of the Coronavirus State and Local Fiscal Recovery Funds, as well as addressing the other ways that the pandemic has impacted public health. Treasury has identified several public health impacts of the pandemic and enumerated uses of funds to respond to impacted populations.

- **COVID-19 mitigation and prevention.** The pandemic has broadly impacted Americans and recipients can provide services to prevent and mitigate COVID-19 to the general public or to small businesses, nonprofits, and impacted industries in general. Enumerated eligible uses include:
 - ✓ Vaccination programs, including vaccine incentives and vaccine sites
 - ✓ Testing programs, equipment and sites
 - ✓ Monitoring, contact tracing & public health surveillance (e.g., monitoring for variants)
 - ✓ Public communication efforts
 - ✓ Public health data systems
 - ✓ COVID-19 prevention and treatment equipment, such as ventilators and ambulances
 - ✓ Medical and PPE/protective supplies
 - ✓ Support for isolation or quarantine
 - ✓ Ventilation system installation and improvement
 - ✓ Technical assistance on mitigation of COVID-19 threats to public health and safety
 - ✓ Transportation to reach vaccination or testing sites, or other prevention and mitigation services for vulnerable populations
 - ✓ Support for prevention, mitigation, or other services in congregate living facilities, public facilities, and schools
 - ✓ Support for prevention and mitigation strategies in small businesses, nonprofits, and impacted industries
 - ✓ Medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., ICUs, emergency rooms)
 - ✓ Temporary medical facilities and other measures to increase COVID-19 treatment capacity
 - ✓ Emergency operations centers & emergency response equipment (e.g., emergency response radio systems)
 - ✓ Public telemedicine capabilities for COVID-19 related treatment



- **Medical expenses.** Funds may be used for expenses to households, medical providers, or others that incurred medical costs due to the pandemic, including:
 - ✓ Unreimbursed expenses for medical care for COVID-19 testing or treatment, such as uncompensated care costs for medical providers or out-of-pocket costs for individuals
 - ✓ Paid family and medical leave for public employees to enable compliance with COVID-19 public health precautions
 - ✓ Emergency medical response expenses
 - ✓ Treatment of long-term symptoms or effects of COVID-19
- **Behavioral health care, such as mental health treatment, substance use treatment, and other behavioral health services.** Treasury recognizes that the pandemic has broadly impacted Americans' behavioral health and recipients can provide these services to the general public to respond. Enumerated eligible uses include:
 - ✓ Prevention, outpatient treatment, inpatient treatment, crisis care, diversion programs, outreach to individuals not yet engaged in treatment, harm reduction & long-term recovery support
 - ✓ Enhanced behavioral health services in schools
 - ✓ Services for pregnant women or infants born with neonatal abstinence syndrome
 - ✓ Support for equitable access to reduce disparities in access to high-quality treatment
 - ✓ Peer support groups, costs for residence in supportive housing or recovery housing, and the 988 National Suicide Prevention Lifeline or other hotline services
 - ✓ Expansion of access to evidence-based services for opioid use disorder prevention, treatment, harm reduction, and recovery
 - ✓ Behavioral health facilities & equipment
- **Preventing and responding to violence.** Recognizing that violence – and especially gun violence – has increased in some communities due to the pandemic, recipients may use funds to respond in these communities through:
 - ✓ Referrals to trauma recovery services for victims of crime
 - ✓ Community violence intervention programs, including:
 - Evidence-based practices like focused deterrence, with wraparound services such as behavioral therapy, trauma recovery, job training, education, housing and relocation services, and financial assistance
 - ✓ In communities experiencing increased gun violence due to the pandemic:
 - Law enforcement officers focused on advancing community policing
 - Enforcement efforts to reduce gun violence, including prosecution
 - Technology & equipment to support law enforcement response



RESPONDING TO NEGATIVE ECONOMIC IMPACTS

The pandemic caused severe economic damage and, while the economy is on track to a strong recovery, much work remains to continue building a robust, resilient, and equitable economy in the wake of the crisis and to ensure that the benefits of this recovery reach all Americans. While the pandemic impacted millions of American households and businesses, some of its most severe impacts fell on low-income and underserved communities, where pre-existing disparities amplified the impact of the pandemic and where the most work remains to reach a full recovery.

The final rule recognizes that the pandemic caused broad-based impacts that affected many communities, households, and small businesses across the country; for example, many workers faced unemployment and many small businesses saw declines in revenue. The final rule describes these as “impacted” households, communities, small businesses, and nonprofits.

At the same time, the pandemic caused disproportionate impacts, or more severe impacts, in certain communities. For example, low-income and underserved communities have faced more severe health and economic outcomes like higher rates of COVID-19 mortality and unemployment, often because pre-existing disparities exacerbated the impact of the pandemic. The final rule describes these as “disproportionately impacted” households, communities, small businesses, and nonprofits.

To simplify administration of the program, the final rule presumes that certain populations were “impacted” and “disproportionately impacted” by the pandemic; these populations are presumed to be eligible for services that respond to the impact they experienced. The final rule also enumerates a non-exhaustive list of eligible uses that are recognized as responsive to the impacts or disproportionate impacts of COVID-19. Recipients providing enumerated uses to populations presumed eligible are clearly operating consistently with the final rule.

As discussed further in the section Framework for Eligible Uses Beyond Those Enumerated, recipients can also identify other pandemic impacts, impacted or disproportionately impacted populations or classes, and responses.

However, note that the final rule maintains that general infrastructure projects, including roads, streets, and surface transportation infrastructure, would generally not be eligible under this eligible use category, unless the project responded to a specific pandemic public health need or a specific negative economic impact. Similarly, general economic development or workforce development – activities that do not respond to negative economic impacts of the pandemic but rather seek to more generally enhance the jurisdiction’s business climate – would generally not be eligible under this eligible use category.

**Assistance to Households*****Impacted Households and Communities***

Treasury presumes the following households and communities are impacted by the pandemic:

- ✓ Low- or-moderate income households or communities
- ✓ Households that experienced unemployment
- ✓ Households that experienced increased food or housing insecurity
- ✓ Households that qualify for the Children's Health Insurance Program, Childcare Subsidies through the Child Care Development Fund (CCDF) Program, or Medicaid
- ✓ *When providing affordable housing programs:* households that qualify for the National Housing Trust Fund and Home Investment Partnerships Program
- ✓ *When providing services to address lost instructional time in K-12 schools:* any student that lost access to in-person instruction for a significant period of time

Low- or moderate-income households and communities are those with (i) income at or below 300 percent of the Federal Poverty Guidelines for the size of the household based on the most recently published poverty guidelines or (ii) income at or below 65 percent of the area median income for the county and size of household based on the most recently published data. For the vast majority of communities, the Federal Poverty Guidelines are higher than the area's median income and using the Federal Poverty Guidelines would result in more households and communities being presumed eligible. Treasury has provided an easy-to-use spreadsheet with Federal Poverty Guidelines and area median income levels on its website.

Recipients can measure income for a specific household or the median income for the community, depending on whether the response they plan to provide serves specific households or the general community. The income thresholds vary by household size; recipients should generally use income thresholds for the appropriate household size but can use a default household size of three when easier for administration or when measuring income for a general community.

The income limit for 300 percent of the Federal Poverty Guidelines for a household of three is \$65,880 per year.³ In other words, recipients can always presume that a household earning below this level, or a community with median income below this level, is impacted by the pandemic and eligible for services to respond. Additionally, by following the steps detailed in the section Framework for Eligible Uses Beyond Those Enumerated, recipients may designate additional households as impacted or disproportionately impacted beyond these presumptions, and may also pursue projects not listed below in response to these impacts consistent with Treasury's standards.

³ For recipients in Alaska, the income limit for 300 percent of the Federal Poverty Guidelines for a household of three is \$82,350 per year. For recipients in Hawaii, the income limit for 300 percent of the Federal Poverty Guidelines for a household of three is \$75,780 per year.



Treasury recognizes the enumerated projects below, which have been expanded under the final rule, as eligible to respond to impacts of the pandemic on households and communities:

- ✓ Food assistance & food banks
- ✓ Emergency housing assistance: rental assistance, mortgage assistance, utility assistance, assistance paying delinquent property taxes, counseling and legal aid to prevent eviction and homelessness & emergency programs or services for homeless individuals, including temporary residences for people experiencing homelessness
- ✓ Health insurance coverage expansion
- ✓ Benefits for surviving family members of individuals who have died from COVID-19
- ✓ Assistance to individuals who want and are available for work, including job training, public jobs programs and fairs, support for childcare and transportation to and from a jobsite or interview, incentives for newly-employed workers, subsidized employment, grants to hire underserved workers, assistance to unemployed individuals to start small businesses & development of job and workforce training centers
- ✓ Financial services for the unbanked and underbanked
- ✓ Burials, home repair & home weatherization
- ✓ Programs, devices & equipment for internet access and digital literacy, including subsidies for costs of access
- ✓ Cash assistance
- ✓ Paid sick, medical, and family leave programs
- ✓ Assistance in accessing and applying for public benefits or services
- ✓ Childcare and early learning services, home visiting programs, services for child welfare-involved families and foster youth & childcare facilities
- ✓ Assistance to address the impact of learning loss for K-12 students (e.g., high-quality tutoring, differentiated instruction)
- ✓ Programs or services to support long-term housing security: including development of affordable housing and permanent supportive housing
- ✓ Certain contributions to an Unemployment Insurance Trust Fund⁴

⁴ Recipients may only use SLFRF funds for contributions to unemployment insurance trust funds and repayment of the principal amount due on advances received under Title XII of the Social Security Act up to an amount equal to (i) the difference between the balance in the recipient's unemployment insurance trust fund as of January 27, 2020 and the balance of such account as of May 17, 2021, plus (ii) the principal amount outstanding as of May 17, 2021 on any advances received under Title XII of the Social Security Act between January 27, 2020 and May 17, 2021. Further, recipients may use SLFRF funds for the payment of any interest due on such Title XII advances. Additionally, a recipient that deposits SLFRF funds into its unemployment insurance trust fund to fully restore the pre-pandemic balance may not draw down that balance and deposit more SLFRF funds, back up to the pre-pandemic balance. Recipients that deposit SLFRF funds into an unemployment insurance trust fund, or use SLFRF funds to repay principal on Title XII advances, may not take action to reduce benefits available to unemployed workers by changing the computation method governing regular unemployment compensation in a way that results in a reduction of average weekly benefit amounts or the number of weeks of benefits payable (i.e., maximum benefit entitlement).



Disproportionately Impacted Households and Communities

Treasury presumes the following households and communities are disproportionately impacted by the pandemic:

- | | |
|---|--|
| ✓ Low-income households and communities | ✓ Households receiving services provided by Tribal governments |
| ✓ Households residing in Qualified Census Tracts | ✓ Households residing in the U.S. territories or receiving services from these governments |
| ✓ Households that qualify for certain federal benefits ⁵ | |

Low-income households and communities are those with (i) income at or below 185 percent of the Federal Poverty Guidelines for the size of its household based on the most recently published poverty guidelines or (ii) income at or below 40 percent of area median income for its county and size of household based on the most recently published data. For the vast majority of communities, the Federal Poverty Guidelines level is higher than the area median income level and using this level would result in more households and communities being presumed eligible. Treasury has provided an easy-to-use spreadsheet with Federal Poverty Guidelines and area median income levels on its website.

Recipients can measure income for a specific household or the median income for the community, depending on whether the service they plan to provide serves specific households or the general community. The income thresholds vary by household size; recipients should generally use income thresholds for the appropriate household size but can use a default household size of three when easier for administration or when measuring income for a general community.

The income limit for 185 percent of the Federal Poverty Guidelines for a household of three is \$40,626 per year.⁶ In other words, recipients can always presume that a household earning below this level, or a community with median income below this level, is disproportionately impacted by the pandemic and eligible for services to respond.

⁵ These programs are Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Free- and Reduced-Price Lunch (NSLP) and/or School Breakfast (SBP) programs, Medicare Part D Low-Income Subsidies, Supplemental Security Income (SSI), Head Start and/or Early Head Start, Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), Section 8 Vouchers, Low-Income Home Energy Assistance Program (LIHEAP), and Pell Grants. For services to address educational disparities, Treasury will recognize Title I eligible schools as disproportionately impacted and responsive services that support the school generally or support the whole school as eligible.

⁶ For recipients in Alaska, the income limit for 185 percent of the Federal Poverty Guidelines for a household of three is \$50,783 per year. For recipients in Hawaii, the income limit for 185 percent of the Federal Poverty Guidelines for a household of three is \$46,731 per year



Treasury recognizes the enumerated projects below, which have been expanded under the final rule, as eligible to respond to disproportionate impacts of the pandemic on households and communities:

- ✓ Pay for community health workers to help households access health & social services
- ✓ Remediation of lead paint or other lead hazards
- ✓ Primary care clinics, hospitals, integration of health services into other settings, and other investments in medical equipment & facilities designed to address health disparities
- ✓ Housing vouchers & assistance relocating to neighborhoods with higher economic opportunity
- ✓ Investments in neighborhoods to promote improved health outcomes
- ✓ Improvements to vacant and abandoned properties, including rehabilitation or maintenance, renovation, removal and remediation of environmental contaminants, demolition or deconstruction, greening/vacant lot cleanup & conversion to affordable housing⁷
- ✓ Services to address educational disparities, including assistance to high-poverty school districts & educational and evidence-based services to address student academic, social, emotional, and mental health needs
- ✓ Schools and other educational equipment & facilities

⁷ Please see the final rule for further details and conditions applicable to this eligible use. This includes Treasury's presumption that demolition of vacant or abandoned residential properties that results in a net reduction in occupiable housing units for low- and moderate-income individuals in an area where the availability of such housing is lower than the need for such housing is ineligible for support with SLFRF funds.



Assistance to Small Businesses

Small businesses have faced widespread challenges due to the pandemic, including periods of shutdown, declines in revenue, or increased costs. The final rule provides many tools for recipients to respond to the impacts of the pandemic on small businesses, or disproportionate impacts on businesses where pre-existing disparities like lack of access to capital compounded the pandemic's effects.

Small businesses eligible for assistance are those that experienced negative economic impacts or disproportionate impacts of the pandemic and meet the definition of "small business," specifically:

1. Have no more than 500 employees, or if applicable, the size standard in number of employees established by the Administrator of the Small Business Administration for the industry in which the business concern or organization operates, and
2. Are a small business concern as defined in section 3 of the Small Business Act⁸ (which includes, among other requirements, that the business is independently owned and operated and is not dominant in its field of operation).

Impacted Small Businesses

Recipients can identify small businesses impacted by the pandemic, and measures to respond, in many ways; for example, recipients could consider:

- | | |
|---------------------------------------|--|
| ✓ Decreased revenue or gross receipts | ✓ Capacity to weather financial hardship |
| ✓ Financial insecurity | ✓ Challenges covering payroll, rent or mortgage, and other operating costs |
| ✓ Increased costs | |

Assistance to small businesses that experienced negative economic impacts includes the following enumerated uses:

- | | |
|---|--|
| ✓ Loans or grants to mitigate financial hardship, such as by supporting payroll and benefits, costs to retain employees, and mortgage, rent, utility, and other operating costs | ✓ Technical assistance, counseling, or other services to support business planning |
|---|--|

Disproportionately Impacted Small Businesses

Treasury presumes that the following small businesses are disproportionately impacted by the pandemic:

⁸ 15 U.S.C. 632.



U.S. DEPARTMENT OF THE TREASURY

- ✓ Small businesses operating in Qualified Census Tracts
- ✓ Small businesses operating in the U.S. territories
- ✓ Small businesses operated by Tribal governments or on Tribal lands

Assistance to disproportionately impacted small businesses includes the following enumerated uses, which have been expanded under the final rule:

- ✓ Rehabilitation of commercial properties, storefront improvements & façade improvements
- ✓ Support for microbusinesses, including financial, childcare, and transportation costs
- ✓ Technical assistance, business incubators & grants for start-up or expansion costs for small businesses



Assistance to Nonprofits

Nonprofits have faced significant challenges due to the pandemic's increased demand for services and changing operational needs, as well as declines in revenue sources such as donations and fees.

Nonprofits eligible for assistance are those that experienced negative economic impacts or disproportionate impacts of the pandemic and meet the definition of "nonprofit"—specifically those that are 501(c)(3) or 501(c)(19) tax-exempt organizations.

Impacted Nonprofits

Recipients can identify nonprofits impacted by the pandemic, and measures to respond, in many ways; for example, recipients could consider:

- ✓ Decreased revenue (e.g., from donations and fees)
- ✓ Financial insecurity
- ✓ Increased costs (e.g., uncompensated increases in service need)
- ✓ Capacity to weather financial hardship
- ✓ Challenges covering payroll, rent or mortgage, and other operating costs

Assistance to nonprofits that experienced negative economic impacts includes the following enumerated uses:

- ✓ Loans or grants to mitigate financial hardship
- ✓ Technical or in-kind assistance or other services that mitigate negative economic impacts of the pandemic

Disproportionately Impacted Nonprofits

Treasury presumes that the following nonprofits are disproportionately impacted by the pandemic:

- ✓ Nonprofits operating in Qualified Census Tracts
- ✓ Nonprofits operated by Tribal governments or on Tribal lands
- ✓ Nonprofits operating in the U.S. territories

Recipients may identify appropriate responses that are related and reasonably proportional to addressing these disproportionate impacts.



Aid to Impacted Industries

Recipients may use SLFRF funding to provide aid to industries impacted by the COVID-19 pandemic. Recipients should first designate an impacted industry and then provide aid to address the impacted industry's negative economic impact.

This sub-category of eligible uses does not separately identify disproportionate impacts and corresponding responsive services.

1. Designating an impacted industry. There are two main ways an industry can be designated as "impacted."

1. If the industry is in the travel, tourism, or hospitality sectors (including Tribal development districts), the industry is impacted.
2. If the industry is outside the travel, tourism, or hospitality sectors, the industry is impacted if:
 - a. The industry experienced at least 8 percent employment loss from pre-pandemic levels,⁹ or
 - b. The industry is experiencing comparable or worse economic impacts as the national tourism, travel, and hospitality industries as of the date of the final rule, based on the totality of economic indicators or qualitative data (if quantitative data is unavailable), and if the impacts were generally due to the COVID-19 public health emergency.

Recipients have flexibility to define industries broadly or narrowly, but Treasury encourages recipients to define narrow and discrete industries eligible for aid. State and territory recipients also have flexibility to define the industries with greater geographic precision; for example, a state may identify a particular industry in a certain region of a state as impacted.

2. Providing eligible aid to the impacted industry. Aid may only be provided to support businesses, attractions, and Tribal development districts operating prior to the pandemic and affected by required closures and other efforts to contain the pandemic. Further, aid should be generally broadly available to all businesses within the impacted industry to avoid potential conflicts of interest, and Treasury encourages aid to be first used for operational expenses, such as payroll, before being used on other types of costs.

⁹ Specifically, a recipient should compare the percent change in the number of employees of the recipient's identified industry and the national Leisure & Hospitality sector in the three months before the pandemic's most severe impacts began (a straight three-month average of seasonally-adjusted employment data from December 2019, January 2020, and February 2020) with the latest data as of the final rule (a straight three-month average of seasonally-adjusted employment data from September 2021, October 2021, and November 2021). For parity and simplicity, smaller recipients without employment data that measure industries in their specific jurisdiction may use data available for a broader unit of government for this calculation (e.g., a county may use data from the state in which it is located; a city may use data for the county, if available, or state in which it is located) solely for purposes of determining whether a particular industry is an impacted industry.



U.S. DEPARTMENT OF THE TREASURY

Treasury recognizes the enumerated projects below as eligible responses to impacted industries.

- ✓ Aid to mitigate financial hardship, such as supporting payroll costs, lost pay and benefits for returning employees, support of operations and maintenance of existing equipment and facilities
- ✓ Technical assistance, counseling, or other services to support business planning
- ✓ COVID-19 mitigation and infection prevention measures (see section Public Health)

As with all eligible uses, recipients may pursue a project not listed above by undergoing the steps outlined in the section Framework for Eligible Uses Beyond Those Enumerated.



PUBLIC SECTOR CAPACITY

Recipients may use SLFRF funding to restore and bolster public sector capacity, which supports government's ability to deliver critical COVID-19 services. There are three main categories of eligible uses to bolster public sector capacity and workforce: Public Safety, Public Health, and Human Services Staff; Government Employment and Rehiring Public Sector Staff; and Effective Service Delivery.

Public Safety, Public Health, and Human Services Staff

SLFRF funding may be used for payroll and covered benefits for public safety, public health, health care, human services and similar employees of a recipient government, for the portion of the employee's time spent responding to COVID-19. Recipients should follow the steps below.

1. Identify eligible public safety, public health, and human services staff. Public safety staff include:

- ✓ Police officers (including state police officers)
- ✓ Sheriffs and deputy sheriffs
- ✓ Firefighters
- ✓ Emergency medical responders
- ✓ Correctional and detention officers
- ✓ Dispatchers and supervisor personnel that directly support public safety staff

Public health staff include:

- ✓ Employees involved in providing medical and other physical or mental health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions
- ✓ Laboratory technicians, medical examiners, morgue staff, and other support services essential for patient care
- ✓ Employees of public health departments directly engaged in public health matters and related supervisory personnel

Human services staff include:

- ✓ Employees providing or administering social services and public benefits
- ✓ Child welfare services employees
- ✓ Child, elder, or family care employees

2. Assess portion of time spent on COVID-19 response for eligible staff.

Recipients can use a variety of methods to assess the share of an employees' time spent responding to COVID-19, including using reasonable estimates—such as estimating the share of time based on discussions with staff and applying that share to all employees in that position.

For administrative convenience, recipients can consider public health and safety employees entirely devoted to responding to COVID-19 (and their payroll and benefits fully covered by SLFRF) if the



employee, or his or her operating unit or division, is “primarily dedicated” to responding to COVID-19. Primarily dedicated means that more than half of the employee, unit, or division’s time is dedicated to responding to COVID-19.

Recipients must periodically reassess their determination and maintain records to support their assessment, although recipients do not need to track staff hours.

3. **Use SLFRF funding for payroll and covered benefits for the portion of eligible staff time spent on COVID-19 response.** SLFRF funding may be used for payroll and covered benefits for the portion of the employees’ time spent on COVID-19 response, as calculated above, through the period of performance.

Government Employment and Rehiring Public Sector Staff

Under the increased flexibility of the final rule, SLFRF funding may be used to support a broader set of uses to restore and support public sector employment. Eligible uses include hiring up to a pre-pandemic baseline that is adjusted for historic underinvestment in the public sector, providing additional funds for employees who experienced pay cuts or were furloughed, avoiding layoffs, providing worker retention incentives, and paying for ancillary administrative costs related to hiring, support, and retention.

- **Restoring pre-pandemic employment.** Recipients have two options to restore pre-pandemic employment, depending on the recipient’s needs.
 - *If the recipient simply wants to hire back employees for pre-pandemic positions:* Recipients may use SLFRF funds to hire employees for the same positions that existed on January 27, 2020 but that were unfilled or eliminated as of March 3, 2021. Recipients may use SLFRF funds to cover payroll and covered benefits for such positions through the period of performance.
 - *If the recipient wants to hire above the pre-pandemic baseline and/or would like to have flexibility in positions:* Recipients may use SLFRF funds to pay for payroll and covered benefits associated with the recipient increasing its number of budgeted FTEs up to 7.5 percent above its pre-pandemic baseline. Specifically, recipients should undergo the following steps:
 - a. Identify the recipient’s budgeted FTE level on January 27, 2020. This includes all budgeted positions, filled and unfilled. This is called the *pre-pandemic baseline*.
 - b. Multiply the pre-pandemic baseline by 1.075. This is called the *adjusted pre-pandemic baseline*.
 - c. Identify the recipient’s budgeted FTE level on March 3, 2021, which is the beginning of the period of performance for SLFRF funds. Recipients may, but are not required to, exclude the number of FTEs dedicated to responding to the COVID-19 public health emergency. This is called the *actual number of FTEs*.
 - d. Subtract the *actual number of FTEs* from the *adjusted pre-pandemic baseline* to calculate the number of FTEs that can be covered by SLFRF funds. Recipients do not have to hire for the same roles that existed pre-pandemic.

Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule



Recipients may use SLFRF funds to cover payroll and covered benefits through the period of performance; these employees must have begun their employment on or after March 3, 2021. Recipients may only use SLFRF funds for additional FTEs hired over the March 3, 2021 level (i.e., the *actual number of FTEs*).

- **Supporting and retaining public sector workers.** Recipients can also use funds in other ways that support the public sector workforce.¹⁰ These include:
 - **Providing additional funding for employees who experienced pay reductions or were furloughed** since the onset of the pandemic, up to the difference in the employee's pay, taking into account unemployment benefits received.
 - **Maintaining current compensation levels to prevent layoffs.** SLFRF funds may be used to maintain current compensation levels, with adjustments for inflation, in order to prevent layoffs that would otherwise be necessary.
 - **Providing worker retention incentives, including reasonable increases in compensation** to persuade employees to remain with the employer as compared to other employment options. Retention incentives must be entirely additive to an employee's regular compensation, narrowly tailored to need, and should not exceed incentives traditionally offered by the recipient or compensation that alternative employers may offer to compete for the employees. Treasury presumes that retention incentives that are less than 25 percent of the rate of base pay for an individual employee or 10 percent for a group or category of employees are reasonably proportional to the need to retain employees, as long as other requirements are met.
- **Covering administrative costs associated with administering the hiring, support, and retention programs above.**

Effective Service Delivery

SLFRF funding may be used to improve the efficacy of public health and economic programs through tools like program evaluation, data, and outreach, as well as to address administrative needs caused or exacerbated by the pandemic. Eligible uses include:

- **Supporting program evaluation, data, and outreach through:**

¹⁰ Recipients should be able to substantiate that these uses of funds are substantially due to the public health emergency or its negative economic impacts (e.g., fiscal pressures on state and local budgets) and respond to its impacts. See the final rule for details on these uses.



U.S. DEPARTMENT OF THE TREASURY

- ✓ Program evaluation and evidence resources
 - ✓ Data analysis resources to gather, assess, share, and use data
 - ✓ Technology infrastructure to improve access to and the user experience of government IT systems, as well as technology improvements to increase public access and delivery of government programs and services
 - ✓ Community outreach and engagement activities
 - ✓ Capacity building resources to support using data and evidence, including hiring staff, consultants, or technical assistance support
-
- **Addressing administrative needs, including:**
 - ✓ Administrative costs for programs responding to the public health emergency and its economic impacts, including non-SLFRF and non-federally funded programs
 - ✓ Address administrative needs caused or exacerbated by the pandemic, including addressing backlogs caused by shutdowns, increased repair or maintenance needs, and technology infrastructure to adapt government operations to the pandemic (e.g., video-conferencing software, data and case management systems)



CAPITAL EXPENDITURES

As described above, the final rule clarifies that recipients may use funds for programs, services, and capital expenditures that respond to the public health and negative economic impacts of the pandemic. Any use of funds in this category for a capital expenditure must comply with the capital expenditure requirements, in addition to other standards for uses of funds.

Capital expenditures are subject to the same eligibility standard as other eligible uses to respond to the pandemic's public health and economic impacts; specifically, they must be related and reasonably proportional to the pandemic impact identified and reasonably designed to benefit the impacted population or class.

For ease of administration, the final rule identifies enumerated types of capital expenditures that Treasury has identified as responding to the pandemic's impacts; these are listed in the applicable sub-category of eligible uses (e.g., public health, assistance to households, etc.). Recipients may also identify other responsive capital expenditures. Similar to other eligible uses in the SLFRF program, no pre-approval is required for capital expenditures.

To guide recipients' analysis of whether a capital expenditure meets the eligibility standard, recipients (with the exception of Tribal governments) must complete and meet the requirements of a written justification for capital expenditures equal to or greater than \$1 million. For large-scale capital expenditures, which have high costs and may require an extended length of time to complete, as well as most capital expenditures for non-enumerated uses of funds, Treasury requires recipients to submit their written justification as part of regular reporting. Specifically:

If a project has total capital expenditures of	and the use is enumerated by Treasury as eligible, then	and the use is beyond those enumerated by Treasury as eligible, then
Less than \$1 million	No Written Justification required	No Written Justification required
Greater than or equal to \$1 million, but less than \$10 million	Written Justification required but recipients are not required to submit as part of regular reporting to Treasury	Written Justification required and recipients must submit as part of regular reporting to Treasury
\$10 million or more	Written Justification required and recipients must submit as part of regular reporting to Treasury	

A Written Justification includes:

- *Description of the harm or need to be addressed.* Recipients should provide a description of the specific harm or need to be addressed and why the harm was exacerbated or caused by the public health emergency. Recipients may provide quantitative information on the extent and the type of harm, such as the number of individuals or entities affected.



- *Explanation of why a capital expenditure is appropriate.* For example, recipients should include an explanation of why existing equipment and facilities, or policy changes or additional funding to pertinent programs or services, would be inadequate.
- *Comparison of proposed capital project against at least two alternative capital expenditures and demonstration of why the proposed capital expenditure is superior.* Recipients should consider the effectiveness of the capital expenditure in addressing the harm identified and the expected total cost (including pre-development costs) against at least two alternative capital expenditures.

Where relevant, recipients should consider the alternatives of improving existing capital assets already owned or leasing other capital assets.

Treasury presumes that the following capital projects are generally ineligible:

- × Construction of new correctional facilities as a response to an increase in rate of crime
- × Construction of new congregational facilities to decrease spread of COVID-19 in the facility
- × Construction of convention centers, stadiums, or other large capital projects intended for general economic development or to aid impacted industries

In undertaking capital expenditures, Treasury encourages recipients to adhere to 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. Treasury also encourages recipients to prioritize in their procurements employers with high labor standards and to prioritize employers without recent violations of federal and state labor and employment laws.

**FRAMEWORK FOR ELIGIBLE USES BEYOND THOSE ENUMERATED**

As described above, recipients have broad flexibility to identify and respond to other pandemic impacts and serve other populations that experienced pandemic impacts, beyond the enumerated uses and presumed eligible populations. Recipients should undergo the following steps to decide whether their project is eligible:

Step	1. Identify COVID-19 public health or economic impact	2. Design a response that addresses or responds to the impact
Analysis	<ul style="list-style-type: none"> Can identify impact to a specific household, business or nonprofit or to a class of households, businesses or nonprofits (i.e., group) Can also identify disproportionate impacts, or more severe impacts, to a specific beneficiary or to a class 	<ul style="list-style-type: none"> Types of responses can include a program, service, or capital expenditure Response should be related and reasonably proportional to the harm Response should also be reasonably designed to benefit impacted individual or class

1. Identify a COVID-19 public health or negative economic impact on an individual or a class.

Recipients should identify an individual or class that is “impacted” or “disproportionately impacted” by the COVID-19 public health emergency or its negative economic impacts as well as the specific impact itself.

- “Impacted” entities are those impacted by the disease itself or the harmful consequences of the economic disruptions resulting from or exacerbated by the COVID-19 public health emergency. For example, an individual who lost their job or a small business that saw lower revenue during a period of closure would both have experienced impacts of the pandemic.
- “Disproportionately impacted” entities are those that experienced disproportionate public health or economic outcomes from the pandemic; Treasury recognizes that pre-existing disparities, in many cases, amplified the impacts of the pandemic, causing more severe impacts in underserved communities. For example, a household living in a neighborhood with limited access to medical care and healthy foods may have faced health disparities before the pandemic, like a higher rate of chronic health conditions, that contributed to more severe health outcomes during the COVID-19 pandemic.

The recipient may choose to identify these impacts at either the individual level or at a class level. If the recipient is identifying impacts at the individual level, they should retain documentation supporting the impact the individual experienced (e.g., documentation of lost revenues from a small business). Such documentation can be streamlined in many cases (e.g., self-attestation that a household requires food assistance).

Recipients also have broad flexibility to identify a “class” – or a group of households, small businesses, or nonprofits – that experienced an impact. In these cases, the recipients should



first identify the class and the impact that it faced. Then, recipients only need to document that the individuals served fall within that class; recipients do not need to document a specific impact to each individual served. For example, a recipient could identify that restaurants in the downtown area faced substantial declines in revenue due to decreased foot traffic from workers; the recipient could develop a program to respond to the impact on that class and only needs to document that the businesses being served are restaurants in the downtown area.

Recipients should keep the following considerations in mind when designating a class:

- **There should be a relationship between the definition of the class and the proposed response.** Larger and less-specific classes are less likely to have experienced similar harms, which may make it more difficult to design a response that appropriately responds to those harms.
 - **Classes may be determined on a population basis or on a geographic basis,** and the response should be appropriately matched. For example, a response might be designed to provide childcare to single parents, regardless of which neighborhood they live in, or a response might provide a park to improve the health of a disproportionately impacted neighborhood.
 - **Recipients may designate classes that experienced disproportionate impact,** by assessing the impacts of the pandemic and finding that some populations experienced meaningfully more severe impacts than the general public. To determine these disproportionate impacts, recipients:
 - May designate classes based on academic research or government research publications (such as the citations provided in the supplementary information in the final rule), through analysis of their own data, or through analysis of other existing data sources.
 - May also consider qualitative research and sources to augment their analysis, or when quantitative data is not readily available. Such sources might include resident interviews or feedback from relevant state and local agencies, such as public health departments or social services departments.
 - Should consider the quality of the research, data, and applicability of analysis to their determination in all cases.
 - **Some of the enumerated uses may also be appropriate responses to the impacts experienced by other classes of beneficiaries.** It is permissible for recipients to provide these services to other classes, so long as the recipient determines that the response is also appropriate for those groups.
 - **Recipients may designate a class based on income level, including at levels higher than the final rule definition of "low- and moderate-income."** For example, a recipient may identify that households in their community with incomes above the final rule threshold for low-income nevertheless experienced disproportionate impacts from the pandemic and provide responsive services.
2. **Design a response that addresses or responds to the impact.** Programs, services, and other interventions must be reasonably designed to benefit the individual or class that experienced



the impact. They must also be related and reasonably proportional to the extent and type of impact experienced. For example, uses that bear no relation or are grossly disproportionate to the type or extent of the impact would not be eligible.

“Reasonably proportional” refers to the scale of the response compared to the scale of the harm, as well as the targeting of the response to beneficiaries compared to the amount of harm they experienced; for example, it may not be reasonably proportional for a cash assistance program to provide a very small amount of aid to a group that experienced severe harm and a much larger amount to a group that experienced relatively little harm. Recipients should consider relevant factors about the harm identified and the response to evaluate whether the response is reasonably proportional. For example, recipients may consider the size of the population impacted and the severity, type, and duration of the impact. Recipients may also consider the efficacy, cost, cost-effectiveness, and time to delivery of the response.

For disproportionately impacted communities, recipients may design interventions that address broader pre-existing disparities that contributed to more severe health and economic outcomes during the pandemic, such as disproportionate gaps in access to health care or pre-existing disparities in educational outcomes that have been exacerbated by the pandemic.



Premium Pay

The Coronavirus State and Local Fiscal Recovery Funds may be used to provide premium pay to eligible workers performing essential work during the pandemic. Premium pay may be awarded to eligible workers up to \$13 per hour. Premium pay must be in addition to wages or remuneration (i.e., compensation) the eligible worker otherwise receives. Premium pay may not exceed \$25,000 for any single worker during the program.

Recipients should undergo the following steps to provide premium pay to eligible workers.

1. **Identify an “eligible” worker.** Eligible workers include workers “needed to maintain continuity of operations of essential critical infrastructure sectors.” These sectors and occupations are eligible:

- | | |
|--|---|
| ✓ Health care | ✓ State, local, or Tribal government workforce |
| ✓ Emergency response | ✓ Workers providing vital services to Tribes |
| ✓ Sanitation, disinfection & cleaning | ✓ Educational, school nutrition, and other work required to operate a school facility |
| ✓ Maintenance | ✓ Laundry |
| ✓ Grocery stores, restaurants, food production, and food delivery | ✓ Elections |
| ✓ Pharmacy | ✓ Solid waste or hazardous materials management, response, and cleanup |
| ✓ Biomedical research | ✓ Work requiring physical interaction with patients |
| ✓ Behavioral health | ✓ Dental care |
| ✓ Medical testing and diagnostics | ✓ Transportation and warehousing |
| ✓ Home and community-based health care or assistance with activities of daily living | ✓ Hotel and commercial lodging facilities that are used for COVID-19 mitigation and containment |
| ✓ Family or child care | |
| ✓ Social services | |
| ✓ Public health | |
| ✓ Mortuary | |
| ✓ Critical clinical research, development, and testing necessary for COVID-19 response | |

Beyond this list, the chief executive (or equivalent) of a recipient government may designate additional non-public sectors as critical so long as doing so is necessary to protecting the health and wellbeing of the residents of such jurisdictions.

2. **Verify that the eligible worker performs “essential work,”** meaning work that:

- Is not performed while teleworking from a residence; and
- Involves either:
 - a. regular, in-person interactions with patients, the public, or coworkers of the individual that is performing the work; or
 - b. regular physical handling of items that were handled by, or are to be handled by, patients, the public, or coworkers of the individual that is performing the work.



3. **Confirm that the premium pay “responds to” workers performing essential work during the COVID-19 public health emergency.** Under the final rule, which broadened the share of eligible workers who can receive premium pay without a written justification, recipients may meet this requirement in one of three ways:

- Eligible worker receiving premium pay is earning (with the premium included) at or below 150 percent of their residing state or county’s average annual wage for all occupations, as defined by the Bureau of Labor Statistics’ [Occupational Employment and Wage Statistics](#), whichever is higher, on an annual basis; or
- Eligible worker receiving premium pay is not exempt from the Fair Labor Standards Act overtime provisions; or
- If a worker does not meet either of the above requirements, the recipient must submit written justification to Treasury detailing how the premium pay is otherwise responsive to workers performing essential work during the public health emergency. This may include a description of the essential worker’s duties, health, or financial risks faced due to COVID-19, and why the recipient determined that the premium pay was responsive. Treasury anticipates that recipients will easily be able to satisfy the justification requirement for front-line workers, like nurses and hospital staff.

Premium pay may be awarded in installments or lump sums (e.g., monthly, quarterly, etc.) and may be awarded to hourly, part-time, or salaried or non-hourly workers. Premium pay must be paid in addition to wages already received and may be paid retrospectively. A recipient may not use SLFRF to merely reimburse itself for premium pay or hazard pay already received by the worker, and premium pay may not be paid to volunteers.



Water & Sewer Infrastructure

The Coronavirus State and Local Fiscal Recovery Funds may be used to make necessary investments in water and sewer infrastructure. State, local, and Tribal governments have a tremendous need to address the consequences of deferred maintenance in drinking water systems and removal, management, and treatment of sewage and stormwater, along with additional resiliency measures needed to adapt to climate change.

Recipients may undertake the eligible projects below:

PROJECTS ELIGIBLE UNDER EPA'S CLEAN WATER STATE REVOLVING FUND (CWSRF)

Eligible projects under the CWSRF, and the final rule, include:

- ✓ Construction of publicly owned treatment works
- ✓ Projects pursuant to implementation of a nonpoint source pollution management program established under the Clean Water Act (CWA)
- ✓ Decentralized wastewater treatment systems that treat municipal wastewater or domestic sewage
- ✓ Management and treatment of stormwater or subsurface drainage water
- ✓ Water conservation, efficiency, or reuse measures
- ✓ Development and implementation of a conservation and management plan under the CWA
- ✓ Watershed projects meeting the criteria set forth in the CWA
- ✓ Energy consumption reduction for publicly owned treatment works
- ✓ Reuse or recycling of wastewater, stormwater, or subsurface drainage water
- ✓ Security of publicly owned treatment works

Treasury encourages recipients to review the EPA handbook for the [CWSRF](#) for a full list of eligibilities.

PROJECTS ELIGIBLE UNDER EPA'S DRINKING WATER STATE REVOLVING FUND (DWSRF)

Eligible drinking water projects under the DWSRF, and the final rule, include:

- ✓ Facilities to improve drinking water quality
- ✓ Transmission and distribution, including improvements of water pressure or prevention of contamination in infrastructure and lead service line replacements
- ✓ New sources to replace contaminated drinking water or increase drought resilience, including aquifer storage and recovery system for water storage
- ✓ Green infrastructure, including green roofs, rainwater harvesting collection, permeable pavement
- ✓ Storage of drinking water, such as to prevent contaminants or equalize water demands
- ✓ Purchase of water systems and interconnection of systems
- ✓ New community water systems

Treasury encourages recipients to review the EPA handbook for the [DWSRF](#) for a full list of eligibilities.

Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule



ADDITIONAL ELIGIBLE PROJECTS

With broadened eligibility under the final rule, SLFRF funds may be used to fund additional types of projects— such as additional stormwater infrastructure, residential wells, lead remediation, and certain rehabilitations of dams and reservoirs — beyond the CWSRF and DWSRF, if they are found to be “necessary” according to the definition provided in the final rule and outlined below.

- ✓ Culvert repair, resizing, and removal, replacement of storm sewers, and additional types of stormwater infrastructure
- ✓ Infrastructure to improve access to safe drinking water for individual served by residential wells, including testing initiatives, and treatment/remediation strategies that address contamination
- ✓ Dam and reservoir rehabilitation if primary purpose of dam or reservoir is for drinking water supply and project is necessary for provision of drinking water
- ✓ Broad set of lead remediation projects eligible under EPA grant programs authorized by the Water Infrastructure Improvements for the Nation (WIIN) Act, such as lead testing, installation of corrosion control treatment, lead service line replacement, as well as water quality testing, compliance monitoring, and remediation activities, including replacement of internal plumbing and faucets and fixtures in schools and childcare facilities

A “necessary” investment in infrastructure must be:

- (1) responsive to an identified need to achieve or maintain an adequate minimum level of service, which may include a reasonable projection of increased need, whether due to population growth or otherwise,
- (2) a cost-effective means for meeting that need, taking into account available alternatives, and
- (3) for investments in infrastructure that supply drinking water in order to meet projected population growth, projected to be sustainable over its estimated useful life.

Please note that DWSRF and CWSRF-eligible projects are generally presumed to be necessary investments. Additional eligible projects generally must be responsive to an identified need to achieve or maintain an adequate minimum level of service. Recipients are only required to assess cost-effectiveness of projects for the creation of new drinking water systems, dam and reservoir rehabilitation projects, or projects for the extension of drinking water service to meet population growth needs. Recipients should review the supplementary information to the final rule for more details on requirements applicable to each type of investment.

APPLICABLE STANDARDS & REQUIREMENTS

Treasury encourages recipients to adhere to 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. Treasury also encourages recipients to prioritize in their procurements employers with high labor standards and to prioritize employers without recent violations of federal and state labor and employment laws.

Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule



Broadband Infrastructure

The Coronavirus State and Local Fiscal Recovery Funds may be used to make necessary investments in broadband infrastructure, which has been shown to be critical for work, education, healthcare, and civic participation during the public health emergency. The final rule broadens the set of eligible broadband infrastructure investments that recipients may undertake.

Recipients may pursue investments in broadband infrastructure meeting technical standards detailed below, as well as an expanded set of cybersecurity investments.

BROADBAND INFRASTRUCTURE INVESTMENTS

Recipients should adhere to the following requirements when designing a broadband infrastructure project:

1. **Identify an eligible area for investment.** Recipients are encouraged to prioritize projects that are designed to serve locations without access to reliable wireline 100/20 Mbps broadband service (meaning service that reliably provides 100 Mbps download speed and 20 Mbps upload speed through a wireline connection), but are broadly able to invest in projects designed to provide service to locations with an identified need for additional broadband investment. Recipients have broad flexibility to define need in their community. Examples of need could include:

- ✓ Lack of access to a reliable high-speed broadband connection
- ✓ Lack of affordable broadband
- ✓ Lack of reliable service

If recipients are considering deploying broadband to locations where there are existing and enforceable federal or state funding commitments for reliable service of at least 100/20 Mbps, recipients must ensure that SLFRF funds are designed to address an identified need for additional broadband investment that is not met by existing federal or state funding commitments. Recipients must also ensure that SLFRF funds will not be used for costs that will be reimbursed by the other federal or state funding streams.

2. **Design project to meet high-speed technical standards.** Recipients are required to design projects to, upon completion, reliably meet or exceed symmetrical 100 Mbps download and upload speeds. In cases where it is not practicable, because of the excessive cost of the project or geography or topography of the area to be served by the project, eligible projects may be designed to reliably meet or exceed 100/20 Mbps and be scalable to a minimum of symmetrical 100 Mbps download and upload speeds.

Treasury encourages recipients to prioritize investments in fiber-optic infrastructure wherever feasible and to focus on projects that will achieve last-mile connections. Further, Treasury encourages recipients to prioritize support for broadband networks owned, operated by, or affiliated with local governments, nonprofits, and co-operatives.



3. **Require enrollment in a low-income subsidy program.** Recipients must require the service provider for a broadband project that provides service to households to either:

- ✓ Participate in the FCC's Affordable Connectivity Program (ACP)
- ✓ Provide access to a broad-based affordability program to low-income consumers that provides benefits commensurate to ACP

Treasury encourages broadband services to also include at least one low-cost option offered without data usage caps at speeds sufficient for a household with multiple users to simultaneously telework and engage in remote learning. Recipients are also encouraged to consult with the community on affordability needs.

CYBERSECURITY INVESTMENTS

SLFRF may be used for modernization of cybersecurity for existing and new broadband infrastructure, regardless of their speed delivery standards. This includes modernization of hardware and software.

APPLICABLE STANDARDS & REQUIREMENTS

Treasury encourages recipients to adhere to 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. Treasury also encourages recipients to prioritize in their procurements employers with high labor standards and to prioritize employers without recent violations of federal and state labor and employment laws.



Restrictions on Use

While recipients have considerable flexibility to use Coronavirus State and Local Fiscal Recovery Funds to address the diverse needs of their communities, some restrictions on use of funds apply.

OFFSET A REDUCTION IN NET TAX REVENUE

- **States and territories may not use this funding to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation beginning on March 3, 2021, through the last day of the fiscal year in which the funds provided have been spent.** If a state or territory cuts taxes during this period, it must demonstrate how it paid for the tax cuts from sources other than SLFRF, such as by enacting policies to raise other sources of revenue, by cutting spending, or through higher revenue due to economic growth. If the funds provided have been used to offset tax cuts, the amount used for this purpose must be repaid to the Treasury.

DEPOSITS INTO PENSION FUNDS

- **No recipients except Tribal governments may use this funding to make a deposit to a pension fund.** Treasury defines a “deposit” as an extraordinary contribution to a pension fund for the purpose of reducing an accrued, unfunded liability. While pension deposits are prohibited, recipients may use funds for routine payroll contributions connected to an eligible use of funds (e.g., for public health and safety staff). Examples of extraordinary payments include ones that:
 - ✗ Reduce a liability incurred prior to the start of the COVID-19 public health emergency and occur outside the recipient's regular timing for making the payment
 - ✗ Occur at the regular time for pension contributions but is larger than a regular payment would have been

ADDITIONAL RESTRICTIONS AND REQUIREMENTS

Additional restrictions and requirements that apply across all eligible use categories include:

- **No debt service or replenishing financial reserves.** Since SLFRF funds are intended to be used prospectively, recipients may not use SLFRF funds for debt service or replenishing financial reserves (e.g., rainy day funds).
- **No satisfaction of settlements and judgments.** Satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring in a judicial, administrative, or regulatory proceeding is itself not an eligible use. However, if a settlement requires the recipient to provide services or incur other costs that are an eligible use of SLFRF funds, SLFRF may be used for those costs.
- **Additional general restrictions.** SLFRF funds may not be used for a project that conflicts with or contravenes the purpose of the American Rescue Plan Act statute (e.g., uses of funds that

Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule



U.S. DEPARTMENT OF THE TREASURY

undermine COVID-19 mitigation practices in line with CDC guidance and recommendations) and may not be used in violation of the Award Terms and Conditions or conflict of interest requirements under the Uniform Guidance. Other applicable laws and regulations, outside of SLFRF program requirements, may also apply (e.g., laws around procurement, contracting, conflicts-of-interest, environmental standards, or civil rights).



Program Administration

The Coronavirus State and Local Fiscal Recovery Funds final rule details a number of administrative processes and requirements, including on distribution of funds, timeline for use of funds, transfer of funds, treatment of loans, use of funds to meet non-federal match or cost-share requirements, administrative expenses, reporting on use of funds, and remediation and recoupment of funds used for ineligible purposes. This section provides a summary for the most frequently asked questions.

TIMELINE FOR USE OF FUNDS

Under the SLFRF, funds must be used for costs incurred on or after March 3, 2021. Further, costs must be obligated by December 31, 2024, and expended by December 31, 2026.

TRANSFERS

Recipients may undertake projects on their own or through subrecipients, which carry out eligible uses on behalf of a recipient, including pooling funds with other recipients or blending and braiding SLFRF funds with other sources of funds. Localities may also transfer their funds to the state through section 603(c)(4), which will decrease the locality's award and increase the state award amounts.

LOANS

Recipients may generally use SLFRF funds to provide loans for uses that are otherwise eligible, although there are special rules about how recipients should track program income depending on the length of the loan. Recipients should consult the final rule if they seek to utilize these provisions.

NON-FEDERAL MATCH OR COST-SHARE REQUIREMENTS

Funds available under the "revenue loss" eligible use category (sections 602(c)(1)(C) and 603(c)(1)(C) of the Social Security Act) generally may be used to meet the non-federal cost-share or matching requirements of other federal programs. However, note that SLFRF funds may not be used as the non-federal share for purposes of a state's Medicaid and CHIP programs because the Office of Management and Budget has approved a waiver as requested by the Centers for Medicare & Medicaid Services pursuant to 2 CFR 200.102 of the Uniform Guidance and related regulations.

SLFRF funds beyond those that are available under the revenue loss eligible use category may not be used to meet the non-federal match or cost-share requirements of other federal programs, other than as specifically provided for by statute. As an example, the Infrastructure Investment and Jobs Act provides that SLFRF funds may be used to meet the non-federal match requirements of authorized Bureau of Reclamation projects and certain broadband deployment projects. Recipients should consult the final rule for further details if they seek to utilize SLFRF funds as a match for these projects.

ADMINISTRATIVE EXPENSES

SLFRF funds may be used for direct and indirect administrative expenses involved in administering the program. For details on permissible direct and indirect administrative costs, recipients should refer to Treasury's [Compliance and Reporting Guidance](#). Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs.

Coronavirus State & Local Fiscal Recovery Funds: Overview of the Final Rule



REPORTING, COMPLIANCE & RECOUPMENT

Recipients are required to comply with Treasury's [Compliance and Reporting Guidance](#), which includes submitting mandatory periodic reports to Treasury.

Funds used in violation of the final rule are subject to remediation and recoupment. As outlined in the final rule, Treasury may identify funds used in violation through reporting or other sources. Recipients will be provided with an initial written notice of recoupment with an opportunity to submit a request for reconsideration before Treasury provides a final notice of recoupment. If the recipient receives an initial notice of recoupment and does not submit a request for reconsideration, the initial notice will be deemed the final notice. Treasury may pursue other forms of remediation and monitoring in conjunction with, or as an alternative to, recoupment.

REVISIONS TO THE OVERVIEW OF THE FINAL RULE:

- January 18, 2022 (p. 4, p. 16): Clarification that the revenue loss standard allowance is "up to" \$10 million under the Replacing Lost Public Sector Revenue eligible use category; addition of further information on the eligibility of general infrastructure, general economic development, and worker development projects under the Public Health and Negative Economic Impacts eligible use category.

Town of Berlin
Financial Status Report
Board of Finance Meeting of March 8, 2022

F-5

GENERAL FUND

	<u>FY 2022</u>	<u>FY 2021</u>	<u>Notes</u>	
<i>(budgeted amount excludes assigned fund balance)</i>				
Receipts				
Actual Receipts	\$88,011,915	\$85,981,887	FY22 revenue increase assumed \$1.2 million from the accepted BHS renovate as new project. This amount has not been recorded yet.	
Budgeted Receipts	\$93,474,047	\$91,050,922		
% to Budget	94.2%	94.4%		
Current Year Tax Receipts <i>(as of January 31)</i>	\$79,413,601	\$77,957,770		
Current Tax Budget	\$79,861,907	\$78,789,139		
Current Tax Levy <i>(99.3%/99.3% collection rates)</i>	\$80,424,881	\$79,504,681		
% to Current Budget	99.4%	98.9%		
% to Current Levy	98.7%	98.1%		
Adopted budget target %	99.3%	99.3%		
Expenditures <i>(excludes capital expenditures)</i>				
Actual Expenditures	\$67,473,976	\$59,126,604	FY22 includes \$5,310,640 non-budgeted pension appropriation/expenditure from unassigned fund balance and \$2,200,000 non-budgeted appropriation for the purchase of two (2) new fire vehicles	
Budgeted Expenditures	\$101,091,497	\$93,491,644		
% to Budget	66.7%	63.2%		
	<u>Actual</u>	<u>Encumbered</u>	<u>Budget</u>	<u>Var to Budget</u>
Storm-related Overtime (51445)	\$88,723	\$0	\$141,738	\$53,016
Electricity (53102)	\$718,176	\$638,206	\$1,487,760	\$131,377
Refuse Disposal (53823)	\$974,892	\$866,330	\$1,917,967	\$76,745
Legal (53828)	\$201,785	\$98,215	\$300,000	\$0
Tax Refunds (53924)	\$198,926	\$0	\$215,000	\$16,074

	<u>Target Floor Fd Bal.</u>	<u>Actual Fund Bal.</u>	<u>Notes</u>
INSURANCE FUNDS			
Health Insurance Fund	\$2,302,598	\$2,474,091	The Health Insurance Fund balance is 26.9% of full year projected expenses - against a target reserve of 25%. Although the fund balance is below the floor, the cash balance is \$2,909,600.
General Insurance Fund	\$1,000,000	\$1,687,384	The fund is used to pay Liability & Worker's Compensation insurance premiums for both the Town and BOE, on-going heart & hypertension claims from police officers, widow/widower heart & hypertension claims, "fronting" reimbursable environmental remediation costs, small equipment claims where Town elects to self-insure and deductibles. Town policy is a \$1 million floor and ceiling at 5% of General Fund budget (or \$4,697,952 for FY22). Displayed fund balance is net of H&H reserve and encumbrances for self-insured claims.
TOTAL INSURANCE FUNDS	<u>\$3,302,598</u>	<u>\$4,161,474</u>	

PENSION FUND

		<u>Notes</u>
Total Liability (as of 7/1/2021) <i>(actuarial valuation liability was adjusted to remove FY21/FY22 retiree payouts)</i>	\$8,032,875	The Town of Berlin Retirement Income (Defined Benefit) Plan was amended for the last time effective July 1, 2000. As a result of this final amendment no new Town employees (excludes BOE employees covered by the Teacher's Retirement Fund) were eligible to participate in the plan. As part of the amendment, participants in the DB Plan have the option to be paid out with an annuity or a lump sum. In recent years, all retiring participants have elected the lump sum payout.
Cash Balances:		
Prudential (as of 2/28/2022)	\$3,286,866	
ICMA Plus (as of 2/28/2022)	<u>\$2,964,926</u> <u>\$6,251,792</u>	Currently, the Town is executing a pay-as-you-go program to manage new retirements. The plan includes 5 active participants, 1 inactive but eligible participant and 15 annuitants.
Funding % - Total	77.8%	
Funding % - DB	40.9%	
Unfunded Liability	(\$1,781,083)	<u>Anticipated retirements:</u> FY22: 5 active participants remain and all are eligible to retire. Annual annuity payments & total monthly fees: \$185,000

ACTIVE CAPITAL PROJECTS

	<u>% Complete*</u>	<u>Project Balance**</u>	<u>Notes</u>
4-Bridge Rehabilitation	84%	\$0	Closeout work continues. Invoicing trails actual construction, so the construction % complete is higher than the amount presented on this exhibit.
BHS Rooftop Ductwork	95%	\$0	Construction is in closeout

* % complete represents invoices received versus total expected project cost - this metric will lag actual construction completion

** Capital projects fund balance includes encumbrances.

Unexpended Education (2%) Account Tracking:

500.35.3561.0.54000.01733

	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Uncommitted Balance</u>	
Hubbard Fire Alarm Upgrades*	\$165,500.00	\$164,675.80	\$824.20	\$0.00	Complete
McGee HVAC Unit #1	\$225,000.00	\$8,763.34	\$216,236.66	\$0.00	
TOTAL FY2020 CARRYOVER	\$390,500.00	\$173,439.14	\$217,060.86	\$0.00	
Lighting upgrades in McGee Library/Media Center	\$150,000.00		\$150,000.00	\$0.00	\$150,000 from 2% Fund; Remaining \$38,400 from CNR Fund (Schools capital projects account)
Paving of Willard playground area & sidewalks**	\$146,137.34	\$146,137.34		\$0.00	Complete
Classroom storage (cubbies) at Hubbard	\$59,488.19		\$50,000.00	\$9,488.19	Using \$16,000 from GF Capital (001 3561) to cover higher bid
Removal of retaining walls at McGee entrance	\$25,500.00	\$25,500.00		\$0.00	Complete
Balance of rooftop units at McGee	\$25,000.00		\$25,000.00	\$0.00	
TOTAL FY2021 CARRYOVER	\$406,125.53	\$171,637.34	\$225,000.00	\$9,488.19	Using \$7,193.34 from Schools CNR funds to cover portion of contingency
TOTAL 2% FUND BALANCE	\$796,625.53	\$345,076.48	\$442,060.86	\$9,488.19	

* The remaining FY2019 balance (\$21,557) after completing all identified projects and the balance remaining before FY2019 (\$69) were added to the initial (\$150,000) Hubbard Fire Alarm carryover budget. The remaining balance (\$6,125.53) was moved to the Classroom storage at Hubbard and to clear the \$500 overage in the Removal of retaining wall at McGee.

** The remaining FY21 balance (\$3,862.66) was moved to the Classroom storage at Hubbard.

Risks

Description	Projected - Low	Projected - High	Probability
Transfers from Other Funds (from BHS project fund)	\$200,000	\$300,000	High
VNA receipts	(\$100,000)	(\$300,000)	Medium/High
School Nurses (responding to COVID)	\$0	\$50,000	Medium
Legal Fees	\$0	\$100,000	Medium
TOTAL	\$100,000	\$150,000	
<i>Total excluding Pension payouts</i>	<i>\$100,000</i>	<i>\$150,000</i>	
Anticipated American Recoveries Act Grants (50% in FY21 & 50% in FY22):			
Town (FY21 - 50% payment)	\$1,039,296.37		
County (FY21 - 50% payment)	\$1,984,726.71		
	<u>\$3,024,023.08</u>		
FY21 & FY22 Anticipated amount	\$6,048,046.16		
FY22 Budgeted Revenue	<u>(\$700,000.00)</u>		
NET American Recoveries Act Available Revenue	<u>\$5,348,046.16</u>		

Opportunities

Description	Projected - Low	Projected - High	Probability
Supplemental Motor Vehicle Taxes	\$100,000	\$250,000	Medium/High
Tax sale early payments	\$0	\$450,000	Medium/High
Prior year payments	\$0	\$200,000	Medium/High
Favorable court settlements	\$0	\$200,000	Medium/High
Town clerk fees	\$0	\$250,000	Medium/High
Building permit fees	\$0	\$200,000	Medium/High
Wages/Fringes (vacancies) - projected based on current headcount/vacancies	\$0	\$500,000	Medium/High
Utilities - large range because of unknown impact of inflation	\$50,000	\$300,000	Medium
TOTAL	\$150,000	\$2,350,000	
Net Projection	\$50,000	\$2,200,000	
Net Projection (ex Pension Payouts)	\$50,000	\$2,200,000	