

# ARPA/TID INVESTMENT PLAN

Adopted by Resolution R-18-22  
3/22/22



**City of Fitchburg**  
**Adopted ARPA/TID Closure Investment Plan Summary**  
**Approved 3/22/2022**  
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January 24, 2022

Dear Colleagues, Property Owners, and Residents:

The Mayor's Proposed ARPA/TID Closure Investment Plan is now available on the City's website. This Investment Plan is important to the City and our residents because it identifies the top tier priorities for the use of the American Rescue Plan Act Fiscal Recovery Funds (ARPA/FRF) and the expected Tax Incremental District (TID) #6 closure payment. Both of these funding sources are unique and should be strategically utilized in a manner that best serves our community now and into the future.

### ***Purpose of an Investment Plan***

It is important to note that this Investment Plan is not an appropriation of funds. Instead, it will identify the top tier priorities of the Council for how to best use this funding. The Council will then direct staff to research the programs, investigate the logistics, and create a plan to implement the priorities identified. It is likely many of the priorities will require additional, future Council action whether through resolution, the ten-year capital improvement plan (CIP), future budget(s), and/or a budget amendment. This Investment Plan is a framework and will be further refined and modified as costs are developed and priorities are implemented.

Because this is a high-level indication of priorities, the allocations of the funds are identified broadly in both groups and dollar amounts. Within each group, there are specific types of projects that are priorities. No years are identified but it is unrealistic to expect all of the priorities to be implemented in the first year. Instead, specific projects will be prioritized and addressed as financial and staffing resources allow. Further conversation on timing will occur during future CIP and budget processes.

### ***American Rescue Plan Act Fiscal Recovery Funds (ARPA/FRF)***

A total of \$3,222,954.14 will be provided to the City from the federal government as direct funding. As stated by the U.S. Treasury, the goals of the program are 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 resulting from the crisis
- Build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity

The eligible uses of the funds include:

- Replacing lost public sector revenue
- Responding to the far-reaching public health and negative economic impacts of the pandemic
- Providing premium pay for essential workers
- Investing in water, sewer, and broadband infrastructure

Due to the flexibility allowed under the final rule with regard to the lost public sector revenue calculation, the full amount of the City's allocation could be used for the provision of government services. There are also a lot of ways to address each of the other three eligible uses. This means there are many, many ways to spend this funding. It is Council's responsibility to determine the overall priorities that best serve our community.

### ***Tax Incremental District (TID) #6 Closure Payment***

TID #6 is located in the Orchard Pointe and Arrowhead (McKee and Verona Road) area. The TID was created in 2006 and is expected to close in early 2022. This TID was successful and completed many projects including the Fitchrona Road extension, Spoke and Sprocket road extensions, McKee Road expansion, Badger Trail crossing, and Nesbitt Road roundabout. Even after all these projects are complete, and one year of increment is allocated to our Affordable Housing Fund, there is still expected to be excess increment collected by the TID. This excess increment will be allocated to each of

the overlying jurisdictions within the TID boundaries. Based on current projections, the City's share of this payment is expected to be around \$2 million. The exact amount will be calculated during the final audit, likely in the fall of 2022. This one-time funding also has a wide variety of options on how it can be utilized.

## **Process**

Due to the timing and similarities between the ARPA/FRF and TID closure funding, one Investment Plan is being created for both. Developing the Investment Plan involves discussion with department heads, elected officials, and the public. The process started with a special Committee of the Whole meeting in January 2022, which included a presentation from staff about the funding sources and an open discussion among alders about their initial priorities. Both the slides and recorded video are available on the City's website.

After hearing the project ideas from alders and from staff, it was then my responsibility, as Mayor, to assess the priority of the ideas to both the departments and to the community. I then determined which items were included in the final Mayor's Proposed Investment Plan presented to Council.

As outlined in the adopted schedule, a special Finance Committee meeting will be held to discuss the items included in this Proposed Investment Plan. The public is encouraged to share their thoughts on the Proposed Investment Plan at a public hearing. After the information gathering stage is complete, Council will have an opportunity to submit proposed amendments. After further discussion and another public hearing, the Council will vote on each of the amendments and adopt the Investment Plan.

The Investment Plan is a living document that will evolve over the next several years. ARPA financial reports are due to the U.S. Treasury each April that describe how the funding was used in the prior year. The Investment Plan will be updated and shared each May/June in anticipation of the CIP process. At that time, we will determine if funding is available for additional projects or if some priorities will not be able to be met.

## **My Priorities**

When putting together the Proposed Investment Plan, I considered the following items to be the most important:

1. Reducing Exposure to COVID-19: An important use of this funding is to purchase necessary personal protective equipment (PPE), sanitizer, and barriers to reduce the transmission of COVID-19. Providing employees with the necessary tools to effectively work from home and community members with the ability to interact with employees and elected officials remotely reduces possible exposure to COVID-19 and assists in employee retention and recruitment goals. Investing in the technology to continue hybrid and virtual meetings with more opportunity for public participation, less strain on staff, and a better use of equipment will also allow continued remote participation in public meetings and reduce the possible transmission of COVID-19.
2. Leveraging Funds and Avoiding Duplication: There are several COVID-19 related aid programs and other infrastructure grant programs currently available. The Proposed Investment Plan designates some of the available funding as match funding for these grants, if required. Using this strategy will allow us to leverage this funding into much larger projects. In addition, both the State and Dane County received similar ARPA funding. Due to the unique focus of each type of municipality, I did not feel a duplication of other programs already offered by the County and State was a top tier priority. Our residents already have access to those other well-funded programs.
3. Designing Efficient and Accessible Services: One of the large groups included in this Proposed Investment Plan is the use of technology to improve processes at City Hall. This initiative will benefit our customers (residents, business owners, developers, vendors, contractors, etc.) that interact with our staff by creating a more efficient, effective, and accessible government. While the cost is significant, this initiative should eliminate several frustrating manual processes, increase efficiencies, and avoid some future cost of additional staff by better utilizing our current staff. Our processes have developed over time and departments are striving to be excellent stewards of the community's resources; however, additional software solutions and collaborative implementations are critical to service provision and should have a powerful impact.
4. Creating Future Financial Flexibility: The City's budget has been difficult due to levy limits and the wide variety of requests from departments and our community. I believe a responsible use of this unique opportunity is to fund some of those projects that have had to be delayed or reduced. This strategic use of funds will not only advance certain projects but should also create additional flexibility in future CIPs and budgets to address additional projects and ideas. Funding a planned future project through these sources, rather than borrowing, will also save the taxpayers/ratepayers debt issuance and interest costs. If we remain focused on the long-term financial planning of the City, we will be able to better manage future tax and utility rate increases.

5. Planning for the Future: There is a lot of growth happening in the City but it is important to plan for the future of the City as well, both internally and externally. Included in the Proposed Investment Plan is a South Stoner Prairie Neighborhood Plan and a Greenfield Neighborhood Plan, which are expected to be the next areas of development. It is important to start this process now as it takes several years from this planning stage to buildable lots being available for construction. Also included are other studies and plans to be sure our government organization is appropriately structured and sized to meet our current and future objectives of a growing community. All of these plans will prepare the City for the future.
  
6. Investing in Sustainability Goals: One of the City's goals is to invest in sustainable projects and solutions to combat climate change. These investments are completed within the Investment Plan both on a macro level (i.e. phase 2 of the sustainability plan, fostering resident use of public transportation, and bike sharing programs) and on a micro level (i.e. LED lighting at City buildings and additional funding for electric and hybrid City vehicles). Both approaches are needed to address environmental challenges.

**Next Steps**

I look forward to working with you to develop our first Investment Plan and develop top tier priorities for this unique funding. There have been many great ideas shared already and I am interested in hearing many more great ideas as this process continues. I encourage all Council members to attend the special Finance Committee meeting on Wednesday, February 2<sup>nd</sup> to discuss the specifics of my priorities. A public hearing on this Proposed Investment Plan will occur at the regularly scheduled February 8<sup>th</sup> Council meeting. Council proposed amendments to this Investment Plan are due on Monday, February 14<sup>th</sup>. Thank you for your commitment to our community and your leadership during this challenging time.

Sincerely,



Aaron Richardson  
Mayor



**City of Fitchburg**  
**Adopted ARPA/TID Closure Investment Plan Summary**  
**Approved 3/22/2022**

Group ID #	Project Title	Total Allocation	% of Total
1	Administrative Costs	\$ 400,000	5.7%
2	City Facility Improvements	564,000	8.0%
3	City Infrastructure	2,763,000	39.1%
4	Earmarks Established During 2022 Budget	575,900	8.1%
5	Planning for Growth	300,000	4.2%
6	PPE & Operating Supplies to Address COVID-19	50,000	0.7%
7	Process Improvement Initiatives	1,200,000	17.0%
8	Sustainability Initiatives	439,000	6.2%
9	Technology to Support Virtual Meetings & Telework	200,000	2.8%
10	TID #6 Additional Costs	150,000	2.1%
11	Healthy Neighborhood Areas	350,000	4.9%
12	Greenway System	4,500	0.1%
13	Transportation	75,000	1.1%
	<b>Total</b>	<b>\$ 7,071,400</b>	<b>93.9%</b>

Funding Available	Amount	Status
American Rescue Plan Act - FRF Funding	\$ 3,222,954	final
TID #6 Closure - Excess Increment	\$ 2,000,000	estimated
	<b>\$ 5,222,954</b>	

**Note:**

This Investment Plan is a statement of priorities and is not an appropriation of funding. The goal of this Plan is to identify the top tier priorities and direct staff to research logistics and develop a plan to implement these priorities. As such, there may be more funding allocated to priorities than can be supported by the expected funding. As the projects are implemented and costs are known, this plan will be updated and refined.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 1  
ARPA Eligibility Category: 7.1  
Allocated Funding: \$ 400,000

**Project Title:** Administrative Costs

**Description (50 - 250 words):**

City administrative costs:

- \* 10% de minimus administrative costs for federal funding (ARPA only)
- \* Consultants for grant writing assistance (TID funding only)

**Justification:**

This large federal funding will require significant administrative time to coordinate the projects, monitor compliance, complete reporting, and complete a single audit. Federal grant uniform guidance allows for either the direct allocation to the grant for these administrative costs or the assignment of a de minimus 10% of the grant towards administrative costs without additional documentation. An initial earmark of the de minimus 10% administrative costs is included in the Investment Plan and will be reflected in the reporting to the U.S. Treasury as grant costs are expended.

There are a lot of additional grant opportunities available for the many other projects the City would like to complete if funding is available. To access that funding, grants must be researched and applications submitted. The TID closure funding could include an amount for a contracted grant writer to assist with these applications. It is expected that the investment in the grant writer could result in significant additional dollars available for important City projects.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 2  
ARPA Eligibility Category: 1.7 / 6.1  
Allocated Funding: \$ 564,000

**Project Title:** City Facility Improvements

**Description (50 - 250 words):**

Capital costs to improve City facilities:

- \* Permanent particle barriers at each public-facing counter
- \* Library chiller replacement
- \* Employee fitness center flooring
- \* Voting machines and election equipment
- \* Senior Center outdoor patio

**Justification:**

Adding a permanent particle barrier at all public-facing counters is expected to reduce transmission of COVID-19 among City staff and the general public.

The flooring of the city hall fitness center is damaged and ought to be replaced. Improved flooring is expected to increase the use of this amenity by City staff, which should improve health and wellbeing of those participants.

Two of the eight compressors within the chiller at the library have failed or are failing. These two compressors have also already been replaced since the building was constructed in 2010. The overall system would normally have a life span of 15 - 18 years; however, based on the significant issues with the system, it is expected that the overall system is nearing end of life much sooner than expected. Rather than replacing the two compressors, it is recommended that the entire system be replaced as soon as possible.

More polling locations are necessary, but funding to pay for equipment is a barrier. Most urgent is a second polling place in District 3 (Town of Madison annexation) and District 1 (polling place on either side of Verona Road).

Living with the pandemic over the past 2 years has been a great reminder that being outdoors is a healthy and safe option for activities and social opportunities. The Senior Center would like to create an inviting, outdoor seating area that would be located adjacent to the lower level entrance of the Community/Senior Center. This proposed location will contribute to and enhance the identity of the building which is to be a gathering place for all, as well as a destination for community connections. The outdoor patio would be open to the public throughout the spring, summer, and fall for scheduled small group programs, impromptu social gatherings, or just an inviting place to enjoy a cup of coffee while reading the newspaper.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 3  
ARPA Eligibility Category: 5.x / 6.1  
Allocated Funding: \$ 2,763,000

**Project Title:** City Infrastructure (part 1)

**Description (50 - 250 words):**

Capital costs to address various priority projects:

- \* Stormwater projects (ARPA only)
- \* Lump sum street resurfacing (City and Town) large project, with a focus on roads within qualified census tracts (QCT)
- \* Broadband consultant to assist with strategic planning and city match for other federal funds for implementation
- \* City match for other projects funded by other federal funds
- \* Water fountain at Huegel Jamestown Park
- \* Bike lanes on remainder of Whalen Road

**Justification:**

One of the primary eligibility categories for the ARPA funding is water, sewer, and broadband infrastructure. Due to climate change and recent flooding events, there are a significant number of stormwater projects being discussed. This investment could avoid as large of a stormwater rate increase as would otherwise be required.

With the \$10 million lost revenue standard allowance under the ARPA final rule, other projects not specifically identified in the ARPA eligible categories can also be funded. The existing roads within both the City and the part of the Town that will soon become the City have significant resurfacing needs that cannot be afforded within the existing budget. A large, one-time street resurfacing project should allow the City to catch-up on some delayed maintenance and allow existing funding levels to better meet future needs. This additional funding will be focused on the resurfacing of roads within the qualified census tracts (QCT).

Broadband accessibility and affordability is a concern for many residents, especially in the rural areas. Due to the complexities and various options of expanding broadband coverage, the use of a consultant for the strategic planning is recommended. Funds in this group would also be available as matching funds for other broadband grants.

Since the City is expecting to apply for the many other grant opportunities available, it will be important to have matching funds available. The ARPA final rule allows ARPA funding to be used as a City match for most other federal programs. Example projects include Fitchrona Road, Syene Road, other roads, broadband, solar, EV charging stations, LED upgrades, senior transportation, shared bicycle programs, low lead water meter replacement, and many others. Having funding set aside for matches will allow the City to explore more opportunities and hopefully leverage this smaller funding into larger projects.

A water fountain at Huegel Jamestown Park will better serve the recreational activities in the park and community gardens. It is also expected to reduce plastic water bottle litter that is often seen throughout the park.

The completion of bike lanes on Whalen Road would connect existing bike lanes along a route frequently traveled by cyclers and would provide a significant safety improvement.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 3  
ARPA Eligibility Category: 5.x / 6.1  
Allocated Funding: \$ 2,763,000

Project Title: City Infrastructure (part 2)

Description (50 - 250 words):

Capital costs to address various priority projects:

- \* Kids Crossing replacement at McKee Farms Park
- \* Inclusive Playground benches
- \* Tower Hill shelter replacement
- \* Water fountain at Belmar Park
- \* Bike parking stalls to major City parks
- \* Tree replacement for emerald ash borer (EAB) affected trees
- \* Update/complete tree inventory
- \* Consultant to plan for park and rides

Justification:

Replacement of Kids Crossing Playground, adding benches to the Inclusive Playground, replacing the shelter at Tower Hill Park, and adding a water fountain at Belmar Park preserves outdoor recreational infrastructure that can be tied to public health and wellbeing, especially providing opportunities for underserved communities. These dollars present a unique opportunity to fund/replace some of the park's amenities that most of the time have been pushed forward or held back because of budgetary constraints.

The City has 930 acres of park space. Fitchburg's parks and cycling infrastructure is a draw for both residents and visitor to the City. Given Fitchburg's commitment to achieving gold status as Bicycle Friendly City, and the Bicycle and Pedestrian Plan's charge to increase ridership throughout the city, additional bike parking will serve the entire city and provide infrastructure for increased bicycle use.

Emerald ash borer (EAB) beetles are killing ash trees throughout the city. We do not currently have enough funding to replace dead ash trees that must be or have been removed, approximately 450 trees. We have been unable to incorporate additional funding into the operating budget for EAB affected trees, and trees cannot be placed in the CIP for debt financing; one time use funding allows us to complete the mitigation of this issue.

We do not have a complete or updated tree inventory in Fitchburg, which makes managing the urban forest difficult and requires piecemeal tree inventory for individual projects. Fitchburg has been designated a Tree City USA for decades, but a tree inventory (along with forthcoming tree protection ordinance) will qualify us for the Tree City of World designation. A consultant must be hired.

As we continue to grow (with two forthcoming neighborhood plans), we must consider transportation options that take single-use vehicles off the road. Park and rides are one option, and three general locations have been identified by WisDOT in their study as high priority candidates to improve regional traffic issues: Verona Road/County PD, Fish Hatchery Road/County PD, and US 14/McCoy Rd/Lacy Rd. This funding will hire a consultant so we can properly plan for this.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 3  
ARPA Eligibility Category: 5.x / 6.1  
Allocated Funding: \$ 2,763,000

**Project Title:** \_\_\_\_\_ City Infrastructure (part 3) \_\_\_\_\_

**Description (50 - 250 words):**

Capital costs to address various priority projects:

- \* Startup funding for community gravel beds (for trees)
- \* Traffic calming in District 1

**Justification:**

Fitchburg is large city with an extensive urban forest. Tree nurseries have struggled since the 2008 recession and have never truly recovered, which makes tree procurement (number and species) challenging and expensive. This idea seeks to establish a community gravel bed to grow trees and meet the tree needs for our growing city. Start up costs will be significant, and we will require additional forestry staff, but an investment up front will produce significant savings down the line; it may also generate revenue by allowing us to sell trees to other municipalities.

Speeding is a constant problem at these locations that also have a large number of children and pedestrians. The traffic calming installed on King James Way nearly 13 years ago has proven effective in reducing speed and improving pedestrian and biker safety. Given limits on police to enforce speeds and its temporary effects, the neighborhood residents are asking for these permanent installations. The pocket park on King James Way is a priority with high speeds and many unsupervised small children. All projects would still require meeting the standards of median speed and need the residents to gather the appropriate support of the neighbors.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 4  
ARPA Eligibility Category: 1.7 / 6.1  
Allocated Funding: \$ 575,900

**Project Title:** Earmarks Established During 2022 Budget

**Description (50 - 250 words):**

Various items were discussed and informally earmarked for this funding during the 2022 budget process:

- \* McKee Farms Park tennis courts fencing and resurfacing
- \* FACTv equipment to facilitate hybrid meetings/events
- \* Equipment for additional vehicle maintenance bay
- \* Body camera replacements
- \* South Stoner Prairie neighborhood planning
- \* Native plantings in Fitchburg parks
- \* Pilot sustainable vegetation in street medians

**Justification:**

The McKee Farms Park tennis courts need to be resurfaced and fencing repaired in order for residents to safely utilize the courts. This outdoor recreation option allows play in an environment that is less likely to transmit COVID-19 between players.

Various pieces of equipment are needed in FACTv in order to efficiently facilitate hybrid and virtual meetings and events. Allowing virtual participation in public meetings is expected to reduce transmission of COVID-19.

An additional vehicle maintenance worker is needed in order to address the growing City fleet. Due to levy limit concerns with the 2022 budget, this position and equipment could not be funded in 2022. However, the use of the TID closure levy limit adjustment and one-time funding would be a good way to meet the vehicle and equipment maintenance needs of growing City functions.

The next replacement of the body cameras is scheduled for 2023 and was specifically identified during the Council amendment process to the 2022 budget as being funded through the TID closure. Future replacements of this equipment will be funded through the established equipment replacement fund within the CIP.

The City is growing quickly and needs to be prepared for the development of the next growth area. The first step in that process is the development of a neighborhood plan and the next logical growth area is the South Stoner Prairie area. This advance planning will establish opportunities for future growth.

When discussion occurred on the native plantings in parks and in street medians, Council members mentioned it would be a good match for the one-time funding.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 5  
ARPA Eligibility Category: 6.1  
Allocated Funding: \$ 300,000

**Project Title:** Planning for Growth

**Description (50 - 250 words):**

Professional services costs to plan for future growth:

- \* Neighborhood planning for the Greenfield area
- \* Organizational structure study
- \* Staffing plan consultant

**Justification:**

The City is growing quickly and needs to be prepared for the development of the next growth area. The first step in that process is the development of a neighborhood plan and the next logical growth area (after South Stoner Prairie which is included in Group 4 - Commitments) is the Greenfield area. This advance planning will establish opportunities for future growth and development.

The City has grown significantly since incorporating as a city in 1983 and the staffing structure and staffing levels may not have evolved to match the increased expectations and needs. An organizational study will review and provide recommendations on an efficient and effective staffing organization chart, based on best practices. A staffing study will review and provide recommendations about staffing levels including the number of employees that would be appropriate within each department, considering comparable municipalities.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 6  
ARPA Eligibility Category: 1.5 / 1.4 / 6.1  
Allocated Funding: \$ 50,000

**Project Title:** \_\_\_\_\_ PPE & Operating Supplies to Address COVID-19 \_\_\_\_\_

**Description (50 - 250 words):**

Personal Protective Equipment: Disposable surgical, N95, and KN95 masks for both the public and staff use.

Operating Supplies: Purchase of foggers and related supplies to distribute aerosol sanitizer, purchase of replacement UV bulbs for the units added to City buildings with CARES funding (8 bulbs need to be replaced every two years), hand sanitizer for public and staff use, and sanitizer stations at public buildings.

**Justification:**

Providing access to these supplies is expected to reduce transmission of COVID-19 among City staff and the general public.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 7  
ARPA Eligibility Category: 6.1  
Allocated Funding: \$ 1,200,000

**Project Title:** Process Improvement Initiatives

**Description (50 - 250 words):**

Software and training costs to improve City process and functions:

- \* Diversity, equity, and inclusion training for all staff
- \* CIP #1006 New Financial System
- \* Other software solutions could include planning and/or GIS module in OnBase, GIS enhancements, budgeting software, performance management software, online open records request software, credit card acceptance solutions, work order system tracking software, building permit tracking software, etc.

**Justification:**

Diversity, equity, and inclusion training will be contracted and available to all staff. In order to have an efficient and effective process, the unique needs of all of our customers ought to be considered. This training will encourage that mindset when establishing City processes and procedures.

Included in the CIP is \$900,000 for project #1006 for a New Financial System. This project was originally planned for 2022 but has been delayed many times due to funding limitations. In the 2022-2031 CIP, it was identified as a project to consider for TID closure funding.

There are a lot of manual processes that continue to plague City functions. By investing in software solutions and process improvement projects, staff resources can be better utilized and an improved level of service can be available to our customers. This project will take a lot of coordination between multiple departments as the goal is to foster integration and cooperation between the different functions and systems. The City is large and complex enough to warrant this significant investment.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 8  
ARPA Eligibility Category: 6.1  
Allocated Funding: \$ 439,000

**Project Title:** Sustainability Initiatives (part 1)

**Description (50 - 250 words):**

Costs to address sustainability initiatives:

- \* Sustainability plan - phase 2
- \* LED lights in Jeanie Sieling Room, Council Chambers, other City buildings
- \* Additional bus shelters
- \* Bicycle sharing (i.e. B-Cycle)
- \* Additional funding for electric and hybrid fleet conversion
- \* UniverCity Year partnership

**Justification:**

Phase 1 of the sustainability plan was approved in the 2022 budget. Additional funding is likely needed for phase 2 of the planning effort. Sustainability planning will enable us to be more resilient to climate change impacts and costs.

The replacement of current lighting with LED lighting is a relatively easy way to improve the City's energy efficiency. There are lights at City Hall, the maintenance facility, and other city buildings that are good candidates for upgrade. This investment will reduce the City's environmental impact as well as reduce energy costs. Grant opportunities will also be explored.

Efficient, widely-used public transportation is one of the City's sustainability goals. As a way to encourage more rider participation, additional bus shelters could be added to existing stops. If riders can wait in a location that is less susceptible to weather, it is more likely that they will utilize public transportation.

The initial phase 1 of a bicycle sharing program (i.e. B-Cycle) is being evaluated with some CEDA funding budgeted in 2022 to support initial capital costs. The remaining costs to implement phase 1 are expected to come from private donors and facilitated through the Chamber. Additional funding is included in this group to install bicycle sharing stations specifically in the qualified census tracts (QCT). This investment supports the City's equity and sustainability goals.

Funding was included in a separate CIP project for the differential in cost between a traditional and electric/hybrid vehicle for City use. Additional funding is included in this group to add to this project and allow quicker and larger purchases.

UW-Madison participates in the UniverCity Alliance, which "connects education, service and research activities across UW-Madison with cities, furthering the practice of sustainability". The City could enter a three year partnership with UniverCity on a project to be determined. Once the project is identified, UW-Madison faculty, staff, and students will complete research and provide recommendations on how to best address the issue. Additional support is provided in year three to assist with tools to implement the ideas.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 8  
ARPA Eligibility Category: 6.1  
Allocated Funding: \$ 439,000

Project Title: Sustainability Initiatives (part 2)

Description (50 - 250 words):

Costs to address sustainability initiatives:

- \* Upgrade park shelter to solar shelter
- \* Solar panel additions
- \* Update street lighting to solar (CIP #3479)

Justification:

A solar shelter is a shelter (park, bus, etc.) where the roof is made up entirely of solar panels. The solar panels will generate energy for the city, producing costs savings and helping us achieve our greenhouse gas emission goals. They are also beautiful and a lovely park amenity (see William G. Lunney Lake Farm County Park). This adds funding to upgrade a forthcoming park shelter to a solar shelter (HUB Phase 1, Stoner Prairie Park and Tower Hill Park may be candidates).

Solar panels dedicated to powering lifts, wells and pumps were added to the CIP in 2021. This amendment may allow us to use one-time funding to pay for those projects or expand upon the project at Lift Station #1 rather than use utility rates. Alternatively, we might use this to fund an additional solar park shelter or upgrade the new bus shelter included in the spending plan to solar shelters. Additional solar power will yield energy cost savings and help us achieve our greenhouse gas emission goals.

The city owns approximately 600 100W high pressure sodium street lights, which cost over \$4,000/month to operate. Reducing energy consumption (by 50%) yields a savings of approximately \$1.50 a month/fixture (for 100W fixtures specifically). This reduction can be accomplished by replacing the lamp itself (~\$175 with install), or the entire fixture with an LED alternative (cost to be determined ~\$200-\$300 (materials only)). In addition to energy savings, there is an inherent maintenance savings. Based off of energy savings alone for lamp replacement, payback period is expected to be less than 10 years. Using one time funding will allow us to reap the cost savings immediately and eliminate the need to finance this through the tax levy. (\$39,000 is \$13,000 per year for three years with plans for that to be matched 100% through grant funding, as laid out in CIP).



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 9  
ARPA Eligibility Category: 1.4 / 1.7 / 6.1  
Allocated Funding: \$ 200,000

**Project Title:** Technology to Support Virtual Meetings & Telework

**Description (50 - 250 words):**

Technology costs to promote hybrid/virtual meetings and telework:

- \* Zoom licensing
- \* Additional laptops, monitors, accessories for staff that encourage remote work
- \* Hybrid meeting movable equipment including purchase of Owl devices for meeting rooms
- \* Equipment to efficiently facilitate virtual and hybrid meetings in the Jeanie Sieling room, Council Chambers, etc.

**Justification:**

One extremely effective way to decrease transmission of COVID-19 is to encourage staff to telework and allow remote participation in public meetings. To accomplish this goal, unique technology equipment and software is needed to efficiently facilitate remote meetings and additional hardware is needed for employees to perform City work efficiently from home. The current patch-work processes to complete public meetings are labor intensive and inefficient. Purchasing additional equipment for the rooms most often used for public meetings and events will encourage additional remote participation.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 10  
ARPA Eligibility Category: n/a  
Allocated Funding: \$ 150,000

**Project Title:** \_\_\_\_\_ TID #6 Additional Costs \_\_\_\_\_

**Description (50 - 250 words):**

Additional administrative costs to defend the City in two lawsuits regarding properties within TID #6.

**Justification:**

Administrative costs through the life of the TID (and shortly after) can be paid by the TID out of the existing increment. However, these lawsuits may extend past the final audit of the TID #6 and it is unclear if we will be able to establish an allowance for those costs as a part of the final audit. In case TID #6 isn't available to pay for those full costs, a portion of the TID #6 closure payment ought to be set aside for these costs.

An alternative to this approach is to keep the TID open until the lawsuits are settled. However, the City intends to close the TID early in order to get the levy limit adjustment that was already utilized during the 2022 budget process.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 11  
ARPA Eligibility Category: 6.1  
Allocated Funding: \$ 350,000

**Project Title:** Healthy Neighborhood Areas

**Description (50 - 250 words):**

Costs to support healthy neighborhood areas:

- \* Neighborhood Hub Phase 1
- \* Healthy Neighborhood Initiative Grants

**Justification:**

ARPA funds can be used to provide additional government services like infrastructure (HUB Park) and assistance to impacted households and communities. The HUB Phase 1 also known as the new North Fish Hatchery Park, it is located in an underserved area; most residents are low-income and people of color living in multifamily and with limited access to parks. More development is coming to this corridor, and the City would need to provide more services to current and future residents choosing this area. Investing ARPA funds to fund outdoor recreational facilities and outdoor recreation opportunities, especially in communities disproportionately impacted by COVID-19.

Adding more funds to the HNI grant program and working with not-for-profit organizations providing additional services to Qualified Census Tract areas is at the core value of what these funds should be invested. The annual asking for HNI grant funds has increased in the last couple of years and neighborhood needs. This is an excellent opportunity for the City to raise funds allocated to this program.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 12  
ARPA Eligibility Category: 6.1  
Allocated Funding: \$ 4,500

**Project Title:** Fitchburg Greenway System

**Description (50 - 250 words):**

Matching funds to develop Fitchburg Greenway System:

\* Design, map, name, and provide signage for local cycling network

**Justification:**

Greenways system is a corridor of land recognized for connecting people and places together. Greenways link together resources that can be connected in different ways. Most greenways contain trails, bike paths, sidewalks, scenic roads, which improve the recreation opportunities, and Parks, open spaces, and land and water corridors are considered elements of a greenway.

The City of Fitchburg, in partnership with Bike Fitchburg (a local nonprofit bicycle advocacy organization), and the Fitchburg Chamber of Commerce, along with the Parks department, can collaborate and develop and implement this greenway system. Also, to become a Gold Bicycle Friendly Community, the City needs to develop this plan.

Bike Fitchburg will apply to AARP Livability grant and to the Dane County Bicycle Association to fund the signs. The City can help match some funds and provide street maintenance staff to install the signs without incurring additional costs.



City of Fitchburg  
American Rescue Plan Act (ARPA) &  
Tax Increment District (TID) #6  
Mayor's Proposed Investment Plan

Group #: 13  
ARPA Eligibility Category: 6.1  
Allocated Funding: \$ 75,000

**Project Title:** \_\_\_\_\_ Transportation \_\_\_\_\_

**Description (50 - 250 words):**

Capital costs to support transportation initiatives:

- \* Purchase a vehicle to transport residents to the Senior Center

**Justification:**

Currently the transportation to the senior center has limited options that require the senior to stay for long periods. Purchasing of a vehicle with a handicap ramp on the state contract would provide an option for more flexible access to the Center for our residents. The staffing of the drivers needs to be determined as part of this discussion since the ARPA funds are to be used for one time expenses.

Mayor Richardson  
Introduced by

Finance  
Prepared by

Finance Committee, Various Others  
Referred to

January 25, 2022  
Date

## RESOLUTION R-18-22

### ADOPTING THE ARPA/TID #6 CLOSURE INVESTMENT PLAN

**WHEREAS**, the City is expecting to receive federal funding from the American Rescue Plan Act (ARPA) totaling \$3,222,954.14 that must be obligated by 2024 and spent by 2026; and

**WHEREAS**, Tax Incremental District (TID) #6 in Orchard Pointe is expected to close in 2022 with a future excess increment payment to the City of approximately \$2 million; and

**WHEREAS**, both of these one-time funding sources should be spent strategically to best meet the needs of the City of Fitchburg; and

**WHEREAS**, the Common Council will set the priorities for the use of this one-time funding through the adoption of an ARPA/TID #6 Closure Investment Plan (Investment Plan); and

**WHEREAS**, the Mayor has prepared and various Committees, Commissions, Boards, Authorities, etc. have reviewed the Proposed Investment Plan; and

**WHEREAS**, public hearings were held on the Investment Plan on February 8, 2022 and March 22, 2022; and

**WHEREAS**, the Common Council has examined the Investment Plan and finds the various items therein to be an appropriate list of top tier priorities for the use of this unique funding; and

**NOW BE IT HEREBY RESOLVED**, by the Fitchburg Common Council that it adopts the ARPA/TID #6 Closure Investment Plan; and

**BE IT FURTHER RESOLVED**, by the Fitchburg Common Council that it directs staff to research the programs, investigate the logistics, and create a plan for future Council action to implement the priorities identified.

Adopted this 22<sup>nd</sup> day of March, 2022.

  
Aaron Richardson, Mayor

  
Tracy Oldenburg, City Clerk



**CITY OF FITCHBURG  
 ARPA/TID CLOSURE INVESTMENT PLAN  
 SCHEDULE FOR ADOPTION  
 APPROVED BY COUNCIL 12/14/21**

<p><b><u>Schedule Adoption</u></b></p> <p>Direct Referred and Approved by Council</p>	<p>Tuesday</p>	<p>December 14, 2021</p>
<p><b><u>Investment Plan Adoption</u></b></p> <p>Initial Kick-Off Presentation and Discussion (Special COW)</p> <p>Mayor’s Proposed Investment Plan Posted to City’s Website</p> <p>Special Finance Committee to Discuss Mayor’s Proposed Plan (6:00 pm)</p> <p><b>PUBLIC HEARING – Common Council Meeting</b></p> <p>Council Proposed Amendments Due to Finance Director (4:30 pm)</p> <p>Summary Report and Amendment Details Posted to City’s Website</p> <p>Committee of the Whole Meeting to Discuss Council Amendments</p> <p><b>PUBLIC HEARING – Common Council Meeting</b></p> <p>Discussion and Action on Amendments, Adoption of Investment Plan</p>	<p>Wednesday</p> <p>Monday</p> <p>Wednesday</p> <p>Tuesday</p> <p>Monday</p> <p>Thursday</p> <p>Wednesday</p> <p>Tuesday</p> <p>Tuesday</p>	<p>January 12, 2022</p> <p>January 24, 2022</p> <p>February 2, 2022</p> <p>February 8, 2022</p> <p>February 14, 2022</p> <p>February 17, 2022</p> <p>February 23, 2022</p> <p>March 22, 2022</p> <p>March 22, 2022</p>
<p><b><u>Project Execution</u></b></p> <p>Varies, depending on project authorized to explore</p>		

**Notes:**

- 1) The purpose of this investment plan is to direct staff to further explore the specific projects/programs approved by Council. Depending on the projects authorized, there may be further Council approvals required.
- 2) Subsequent to the schedule adoption, the name of the plan was changed from a Spending Plan to an Investment Plan. The terminology above was administratively changed to be consistent with the new name.



# 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.



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## 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 \$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.<sup>1</sup>

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.

---

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

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.<sup>2</sup> 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.”

<sup>2</sup> 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

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## 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.



## 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.<sup>3</sup> 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.

<sup>3</sup> 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 Fund<sup>4</sup>

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<sup>4</sup> 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 residing in Qualified Census Tracts
- ✓ Households that qualify for certain federal benefits<sup>5</sup>
- ✓ Households receiving services provided by Tribal governments
- ✓ Households residing in the U.S. territories or receiving services from these governments

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.<sup>6</sup> 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.

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<sup>5</sup> 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.

<sup>6</sup> 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 housing<sup>7</sup>
- ✓ 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

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<sup>7</sup> 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 Act<sup>8</sup> (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
- ✓ Financial insecurity
- ✓ Increased costs
- ✓ Capacity to weather financial hardship
- ✓ Challenges covering payroll, rent or mortgage, and other operating 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:

<sup>8</sup> 15 U.S.C. 632.



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

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
- ✓ Technical assistance, business incubators & grants for start-up or expansion costs for small businesses
- ✓ Support for microbusinesses, including financial, childcare, and transportation costs



### **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,<sup>9</sup> 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.

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<sup>9</sup> 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.



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.

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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.<sup>10</sup> 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:**

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<sup>10</sup> 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.



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- ✓ 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
- **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:

<b>If a project has total capital expenditures of</b>	<b>and the use is enumerated by Treasury as eligible, then</b>	<b>and the use is beyond those enumerated by Treasury as eligible, then</b>
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 congregate 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"> <li>• Can identify impact to a specific household, business or nonprofit or to a class of households, businesses or nonprofits (i.e., group)</li> <li>• Can also identify disproportionate impacts, or more severe impacts, to a specific beneficiary or to a class</li> </ul>	<ul style="list-style-type: none"> <li>• Types of responses can include a program, service, or capital expenditure</li> <li>• Response should be related and reasonably proportional to the harm</li> <li>• Response should also be reasonably designed to benefit impacted individual or class</li> </ul>

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

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.

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### 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.

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## 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

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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.

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## **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.

# ARPA/TID #6 Closure Spending Plan Context

Special Committee of the Whole  
January 12, 2022

## Tonight's Discussion

- ▶ Purpose of a Spending Plan
- ▶ What is ARPA/FRF? Allowable Uses, Restrictions, and Best Practices
- ▶ Where is TID #6? Why is it Closing? What are the Financial Impacts?
- ▶ Next Steps in Creating a Spending Plan
- ▶ Open Discussion on Priorities

## Acronyms

- ▶ ARPA - American Rescue Plan Act
- ▶ FRF - Fiscal Recovery Funds
- ▶ NEU - Non-Entitlement Unit of Local Government
- ▶ EPA - Environmental Protection Agency
- ▶ CWSRF - Clean Water State Revolving Fund
- ▶ TID - Tax Incremental District
- ▶ TIF - Tax Incremental Financing
- ▶ DOR - Department of Revenue
- ▶ CIP - Capital Improvement Plan
- ▶ IIJA - Infrastructure Investment and Jobs Act

## Purpose of a Spending Plan

## Purpose of a Spending Plan

- ▶ Demonstrate thoughtful financial planning
- ▶ Identify priorities by Council
- ▶ Direct staff to further explore the priorities identified
- ▶ Frame future discussions on 2023-2032 CIP and 2023 Budget

This is an initial plan, not an appropriation of funds.

## American Rescue Plan Act (ARPA)/ Fiscal Recovery Funds (FRF)

## American Rescue Plan Act (ARPA)

Many provisions affecting individuals, businesses, governments, and educational institutions.

Source: Baker Tilly

<http://www.bakertilly.com/insights/american-rescue-plan-resources-for-public-sector>

Fitchburg's  
Direct Funding



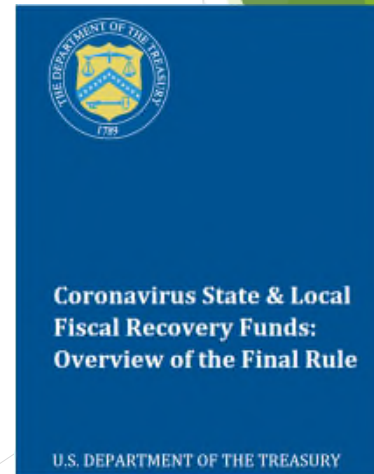
## Fiscal Recovery Funds (FRF)

- ▶ Fiscal Recovery Funds (FRF) paid directly to cities, counties, states
- ▶ Types of Government Units
  - ▶ Entitlement Units (generally 50K+ population)
  - ▶ Non-Entitlement Units (generally <50K population, includes Fitchburg)
- ▶ Fitchburg will receive a total of **\$3,222,954.14** paid during 2021 & 2022
- ▶ Other communities
  - ▶ Dane County \$106.2 million FRF + \$7 million emergency rental assistance
  - ▶ City of Madison \$47.2 million
  - ▶ City of Sun Prairie \$3.6 million
  - ▶ City of Middleton \$2.1 million

For Fitchburg  
Terminology Purposes  
ARPA = FRF

## ARPA/FRF Final Rule

- ▶ The final rule from Treasury was released January 6, 2022 and provides most of the required details
- ▶ Final Rule (437 pages):  
<https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>
- ▶ Overview of the Final Rule (44 pages):  
<https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf>
- ▶ Effective 4/1/22
- ▶ Significant flexibility provided to Fitchburg as compared to the interim final rule



## ARPA/FRF Goals

The SLFRF program provides governments across the country with 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 resulting from the crisis
- Build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity

Source: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

## ARPA/FRF Eligible Uses

### USE OF FUNDS

Recipients may use SLFRF funds to:

- **Replace lost public sector revenue**, using this funding to provide government services up to the amount of revenue lost due to the pandemic
- **Respond to the far-reaching public health and negative economic impacts of the pandemic**, by supporting the health of communities, and helping households, small businesses, impacted industries, nonprofits, and the public sector recover from economic impacts
- **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors
- **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


The Coronavirus State and Local Fiscal Recovery Funds provide substantial flexibility for each jurisdiction to meet local needs within these four separate eligible use categories.

Source: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

## ARPA/FRF Eligible Uses

Source: WI Department of Revenue (DOR)  
<https://www.revenue.wi.gov/Documents/Non-Exclusive-EligibleUsesList-ARPA-LFRF.pdf>

\*based on interim final rule

 <b>Non-Exclusive List of Eligible Uses</b> ARPA – Local Fiscal Recovery Funds			
Responding to the Public Health Emergency	Addressing Negative Economic Impacts	Serving the Hardest Hit	Improving Access to Infrastructure
<b>COVID-19 mitigation</b> <ul style="list-style-type: none"> <li>• Vaccinations</li> <li>• Personal protective equipment (PPE)</li> <li>• Testing</li> <li>• Alternative care facilities</li> </ul>	<b>Workers and families</b> <ul style="list-style-type: none"> <li>• Unemployment and training</li> <li>• Food, housing, financial security assistance</li> <li>• Survivor's benefit</li> </ul>	<b>Health disparities</b> <ul style="list-style-type: none"> <li>• Community health works</li> <li>• Public benefits navigators</li> <li>• Community violence intervention</li> </ul>	<b>Water and sewer</b> <ul style="list-style-type: none"> <li>• Drinking/wastewater infrastructure</li> <li>• Cybersecurity</li> <li>• Remediation of lead pipes</li> <li>• Stormwater/green infrastructure</li> </ul>
<b>Behavioral health care</b> <ul style="list-style-type: none"> <li>• Mental health treatment</li> <li>• Substance abuse treatment</li> <li>• Crisis intervention</li> </ul>	<b>Small businesses</b> <ul style="list-style-type: none"> <li>• Loans</li> <li>• Grants</li> <li>• Counseling programs</li> </ul>	<b>Housing and neighborhoods</b> <ul style="list-style-type: none"> <li>• Homelessness</li> <li>• Affordable housing</li> <li>• Housing vouchers</li> <li>• Residential counseling</li> </ul>	<b>Broadband</b> <ul style="list-style-type: none"> <li>• Currently unserved or underserved</li> <li>• Modern technologies</li> </ul>
<b>Public health resources</b> <ul style="list-style-type: none"> <li>• Payroll for public health and similar employees</li> </ul>	<b>Impacted industries</b> <ul style="list-style-type: none"> <li>• Tourism</li> <li>• Travel</li> <li>• Hospitality</li> <li>• Non-profits</li> </ul>	<b>Educational disparities</b> <ul style="list-style-type: none"> <li>• Early learning services</li> <li>• School district resources</li> <li>• Educational services</li> </ul>	Note: These are examples pending final guidance from the U.S. Dept of Treasury (Treasury).  Review Treasury documents for details: • <a href="#">FAQs</a> • <a href="#">Interim Final Rule</a>
<b>Essential workers</b> <ul style="list-style-type: none"> <li>• Premium pay</li> <li>• Retroactive premium pay</li> </ul>	<b>Public sector</b> <ul style="list-style-type: none"> <li>• Raise public sector employees to pre-pandemic levels</li> <li>• Replace lost revenue</li> </ul>	<b>Healthy environments</b> <ul style="list-style-type: none"> <li>• Childcare</li> <li>• Enhanced child welfare services</li> </ul>	

## Lost Revenue

- ▶ The most flexible way to use the ARPA funding is if the City has a calculated lost revenue
  - ▶ Funds can be used “for the provision of government services”, up to the amount of lost revenue
  - ▶ Complicated and nuanced calculation
  - ▶ Under the final rule, a standard allowance of lost revenue allowed of \$10 million (which covers Fitchburg’s full allocation)
- ▶ Procurement, reporting, etc. requirements still apply

## Lost Revenue



U.S. DEPARTMENT OF THE TREASURY

### 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.

## Stormwater Projects

Interim guidance from Treasury indicates that stormwater projects must be eligible for the EPA's Clean Water State Revolving Fund (CWSRF) FAQ 6.1

Source:

<https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf> (page 27)

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

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

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

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

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

## Stormwater Projects

### Stormwater

Eligible stormwater projects include gray and green infrastructure. Stormwater harvesting and use (see *Water Conservation*) and land conservation/easements (see *Surface Water Protection and Restoration*) are also eligible (see *Water Conservation*). **Stormwater projects must have a water quality benefit.**

Source: EPA

[https://www.epa.gov/sites/default/files/2016-07/documents/overview\\_of\\_cwsrf\\_eligibilities\\_may\\_2016.pdf](https://www.epa.gov/sites/default/files/2016-07/documents/overview_of_cwsrf_eligibilities_may_2016.pdf)

(page 13)

Gray Infrastructure	Green Infrastructure
<ul style="list-style-type: none"> <li>• Traditional pipe, storage, and treatment systems</li> <li>• Real-time control systems for CSO management</li> <li>• Sediment controls including:                             <ul style="list-style-type: none"> <li>○ Filter fences</li> <li>○ Storm drain inlet protection</li> <li>○ Street sweepers</li> <li>○ Vacuum trucks</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Green roofs, green streets, and green walls</li> <li>• Rainwater harvesting collection, storage, management, and distribution systems</li> <li>• Real-time control systems for harvested rainwater</li> <li>• Infiltration basins</li> <li>• Constructed wetlands, including surface flow and subsurface flow (e.g., gravel) wetlands</li> <li>• Bioretention/bioswales (e.g., rain gardens, tree boxes)</li> <li>• Permeable pavement</li> <li>• Wetland/riparian/shoreline creation, protection, and restoration</li> <li>• Establishment/restoration of urban tree canopy</li> <li>• Replacement of gray infrastructure with green infrastructure including purchase and demolition costs</li> </ul>

## Stormwater Projects

(ii) *Additional stormwater projects.* Projects to manage, reduce, treat, or recapture stormwater or subsurface drainage water regardless of whether such projects would improve water quality if such projects would otherwise meet the eligibility requirements of section 603(c)(5) of the Federal Water Pollution Control Act (33 U.S.C. 1383(c)(5));

Source:

<https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf> (page 427)

## ARPA Ineligible Uses

- ▶ Matching funding for other federal grants\*
- ▶ Existing debt service
- ▶ Extraordinary contribution to a pension fund (n/a for Fitchburg)
- ▶ Legal settlements or judgements
- ▶ Deposits into a rainy day fund or financial reserves
- ▶ Uses that conflict with the purpose of ARPA (i.e. undermine COVID-19 mitigation practices), Uniform Guidance conflicts of interest requirements, and other federal, state, and local laws and regulations

\* If use “revenue loss” eligible use category, generally MAY be used to meet the non-federal cost-share or matching requirements of other federal programs.

## ARPA Uniform Guidance Requirements

- ▶ As federal funding, there are requirements that must be followed (key ones listed below)
  - ▶ Allowable Activities: as described in the Final Rule, FAQs, and the Award Terms and Conditions
  - ▶ Eligibility: must be documented for each beneficiary, subrecipient, or contractor using valid SAM.gov registration
  - ▶ Equipment/Real Property Management: equipment inventoried and future sale proceed requirements considered
  - ▶ Period of Performance: obligations incurred by 12/31/24, expended by 12/31/26
  - ▶ Reporting: project and expenditure report required, single audit expected
  - ▶ Subrecipient Monitoring: risk analysis, ensure meet federal requirements and have policies
  - ▶ Procurement: when bids required, vendor requirements, approvals, policies required

## ARPA Spending Plan Best Practices

- ▶ Focus on strategic use of the funding to best meet our needs
- ▶ Be cautious of projects/programs that create on-going obligations outside of this one-time funding
- ▶ Be cautious of duplication with other State, County programs
- ▶ Match priority projects to the various funding sources that may be available, including Approved Infrastructure Investment and Jobs Act (IIJA) and Proposed Build Back Better Act
- ▶ Coordinate efforts with other agencies for Broadband projects
- ▶ Connect spending plan with Treasury's "Expenditure Categories"
- ▶ Consider administrative burden and staff capacity; avoid reporting or compliance issues

## ARPA Final Rule Summary of Changes

### Approach to the Final Rule

Treasury's final rule provides greater flexibility and simplicity for recipients to turn the tide on the pandemic, maintain vital public services amid revenue shortfalls, and build a strong, resilient, and equitable recovery.

#### KEY NEW FEATURES IN THE FINAL RULE

- |   |  |
|---|--|
| <div style="background-color: #0056b3; color: white; padding: 5px; border-radius: 5px; text-align: center; margin-bottom: 10px;"> <span style="font-size: 1.2em; font-weight: bold; color: white; border: 1px solid white; border-radius: 50%; padding: 2px 6px; display: inline-block; margin-right: 5px;">1</span> <div style="background-color: #0056b3; color: white; padding: 5px; border-radius: 5px;">Public Sector Revenues</div> </div> <div style="background-color: #0056b3; color: white; padding: 5px; border-radius: 5px; text-align: center; margin-bottom: 10px;"> <span style="font-size: 1.2em; font-weight: bold; color: white; border: 1px solid white; border-radius: 50%; padding: 2px 6px; display: inline-block; margin-right: 5px;">2</span> <div style="background-color: #0056b3; color: white; padding: 5px; border-radius: 5px;">Public Health &amp; Economic Response</div> </div> <div style="background-color: #0056b3; color: white; padding: 5px; border-radius: 5px; text-align: center; margin-bottom: 10px;"> <span style="font-size: 1.2em; font-weight: bold; color: white; border: 1px solid white; border-radius: 50%; padding: 2px 6px; display: inline-block; margin-right: 5px;">3</span> <div style="background-color: #0056b3; color: white; padding: 5px; border-radius: 5px;">Premium Pay for Essential Workers</div> </div> <div style="background-color: #0056b3; color: white; padding: 5px; border-radius: 5px; text-align: center;"> <span style="font-size: 1.2em; font-weight: bold; color: white; border: 1px solid white; border-radius: 50%; padding: 2px 6px; display: inline-block; margin-right: 5px;">4</span> <div style="background-color: #0056b3; color: white; padding: 5px; border-radius: 5px;">Water, Sewer &amp; Broadband Infrastructure</div> </div> | <ul style="list-style-type: none"> <li>• Major simplification for thousands of recipients through the <b>\$10 million revenue loss standard allowance</b></li> <li>• Providing a <b>broader set of eligible uses</b> for impacted and disproportionately impacted populations</li> <li>• Clarifying that reasonably proportional <b>capital expenditures</b> may be allowable (e.g., affordable housing, hospitals)</li> <li>• <b>Streamlining options to provide premium pay</b> by broadening the share of essential workers who can receive premium pay without a written justification</li> <li>• Expanding <b>water and sewer projects</b> that are eligible</li> <li>• <b>Broadening eligible broadband investments</b> to allow recipients to address access, affordability &amp; reliability challenges</li> </ul> |
|---|--|

Source:

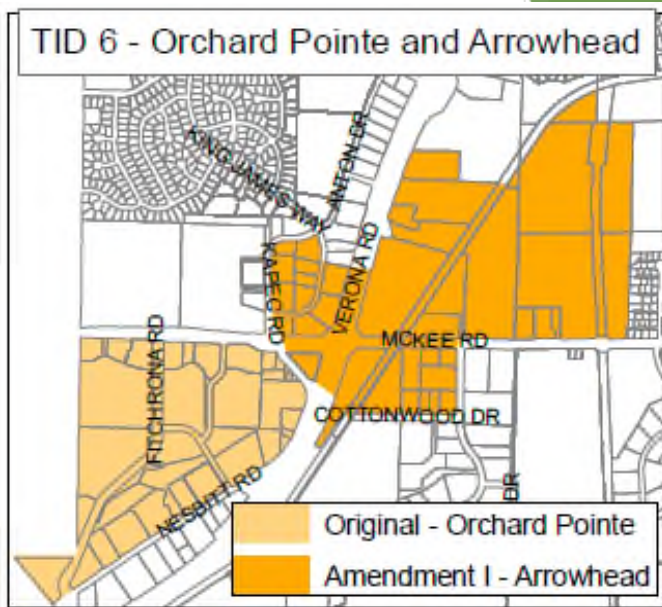
<https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Webinar.pdf> (slide 7)

## References and Additional Information

- ▶ US Treasury main funding page: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>
- ▶ US Treasury Non-Entitlement Units (NEU) specific information: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/non-entitlement-units>
- ▶ National League of Cities: <https://www.nlc.org/covid-19-pandemic-response/american-rescue-plan-act/>
- ▶ League of Wisconsin Municipalities: <https://www.lwm-info.org/1638/American-Rescue-Plan-Act>
- ▶ Government Finance Officers Association: <https://www.gfoa.org/csllrf-guidance-faq>
- ▶ Wisconsin Department of Revenue: <https://www.revenue.wi.gov/Pages/SLF/ARPA.aspx>

# TID #6 (Orchard Pointe) Closure

## TID #6 Area



## TID #6 Summary

Source: TID #6 \*2020\*  
Annual Report  
<http://www.fitchburgwi.gov/DocumentCenter/View/22101/TID-6-Supplemental-Report-2021-6-17>

### Annual Tax Increment District Report

City of Fitchburg, Wisconsin  
Tax Increment District No. 6

**Purpose:** State law requires municipalities with an active Tax Incremental District (TID) to electronically file an Annual Report for each TID by July 1 of each calendar year. This is a supplement to that filing to be used at the annually required meeting of the standing Joint Review Board.

**District Summary:** Tax Increment District No.6 ("District") was created on August 8, 2006 as a Mixed Use District. On August 27, 2013, the District was amended to further facilitate development and/or redevelopment within areas adjacent to the District, the City desires to amend its boundaries to add territory.

The TID has an expenditure period that ends on August 8, 2021 and has a mandatory termination date of August 8, 2026. The final year of increment collection is 2027.

Background Data:	
Base Value	\$86,800,800
Incremental Value (1/1/2020)	\$138,250,100
2020 Year End Fund Balance	\$6,030,156
Projected Closure (based on current cash flow)	2023
Closure with housing extension	2024

## Major TID #6 Funded Projects

- ▶ Spoke and Sprocket Road Extensions
- ▶ McKee Road Expansion
- ▶ Badger Trail Crossing
- ▶ Nesbitt Road Roundabout
- ▶ Fitchrona Road
- ▶ Development Incentives

## Current TID #6 Financials

- ▶ 2021 tax incremental revenue: \$2,671,864.36
- ▶ Outstanding Costs:
  - ▶ 2015B Bonds (Spoke/Sprocket Roads) - callable 2023
  - ▶ Benjamin PAYGO/MRO
  - ▶ Administrative Costs: Hy-Vee Assessment Claim, McKee Road Taking Claim, audit costs, staff charges

Source: TID #6 \*2020\* Annual Report  
<http://www.fitchburgwi.gov/DocumentCenter/View/22101/TID-6-Supplemental-Report-2021-6-17>

Year	General Revenue				G.S. Items, 2018		Mergers/assessments/PAID		Special Assessments		TID		Affordable Housing		Total		Revenue	
	Tax Incremental	State/Local	Exempt	Property, Mill	Principal	Interest	Principal	Rate	Principal	Rate	Principal	Rate	Principal	Rate	Principal	Rate	Principal	Rate
2018	3,145,942	589,453	75,466	14,987	2,415,948	300,000	2.00%	42,250		174,762	2.50%	55,747		2,775,425		2,775,425		2,775,425
2019	3,238,444	591,216	75,467	15,000	2,500,117	300,000	2.00%	42,250		174,762	2.50%	55,747		2,812,876		2,812,876		2,812,876
2020	3,309,424	42,387	75,467	15,000	3,100,000	300,000	2.00%	42,250		174,762	2.50%	55,747		3,172,746		3,172,746		3,172,746
2021	4,271,200	42,387	75,467	15,000	4,384,054	300,000	2.00%	42,250		174,762	2.50%	55,747		4,556,813		4,556,813		4,556,813
2022	4,382,470	42,387	75,467	15,000	4,515,324	300,000	2.00%	42,250		174,762	2.50%	55,747		4,688,083		4,688,083		4,688,083
2023	4,382,470	42,387	75,467	15,000	4,515,324	300,000	2.00%	42,250		174,762	2.50%	55,747		4,688,083		4,688,083		4,688,083
2024	4,382,470	42,387	75,467	15,000	4,515,324	300,000	2.00%	42,250		174,762	2.50%	55,747		4,688,083		4,688,083		4,688,083
2025	4,382,470	42,387	75,467	15,000	4,515,324	300,000	2.00%	42,250		174,762	2.50%	55,747		4,688,083		4,688,083		4,688,083
2026	4,382,470	42,387	75,467	15,000	4,515,324	300,000	2.00%	42,250		174,762	2.50%	55,747		4,688,083		4,688,083		4,688,083
2027	4,382,470	42,387	75,467	15,000	4,515,324	300,000	2.00%	42,250		174,762	2.50%	55,747		4,688,083		4,688,083		4,688,083
2028	4,382,470	42,387	75,467	15,000	4,515,324	300,000	2.00%	42,250		174,762	2.50%	55,747		4,688,083		4,688,083		4,688,083
2029	4,382,470	42,387	75,467	15,000	4,515,324	300,000	2.00%	42,250		174,762	2.50%	55,747		4,688,083		4,688,083		4,688,083
2030	4,382,470	42,387	75,467	15,000	4,515,324	300,000	2.00%	42,250		174,762	2.50%	55,747		4,688,083		4,688,083		4,688,083
Total	32,077,633	509,803	577,834	151,810	34,217,080	3,000,000		1,387,500		1,821,810		582,250		36,728,943		36,728,943		36,728,943

## Financial Impacts of TID #6 Closure

- ▶ Affordable Housing Extension
  - ▶ State Statute 66.1105(6)(g)
  - ▶ One year of incremental revenue, \$2.67 million
  - ▶ Minimum 75% to benefit affordable housing; remaining to improve housing stock
- ▶ Levy Limit Adjustment (on-going costs)
  - ▶ Approximately \$400K expected
  - ▶ Spent early with 2022 Adopted Budget
- ▶ One-Time Surplus Payment
  - ▶ Excess increment within the TID at closure is allocated to all overlying jurisdictions
  - ▶ Approximately \$2 million expected for Fitchburg

## TID #6 Closure Expected Timing

- ▶ Authorizing Prepayment of Outstanding PAYGO (need before start closure process)
  - ▶ Referral 1/11/22
  - ▶ Finance & Council 1/25/22
- ▶ Anticipated Affordable Housing Extension (must close within 1 year of approval)
  - ▶ Referral 1/25/22
  - ▶ CEDA/Housing Committee 1/27/22
  - ▶ Finance & Council 2/8/22
- ▶ Closure Resolution (need by 4/15/22)
  - ▶ Referral 2/22/22
  - ▶ Finance & Council 3/8/22
- ▶ Final Audit in August 2022
- ▶ Closeout Payments in Fall 2022
- ▶ Levy Limit Adjustment for 2023 Budget

## TID Closure Spending Plan Best Practices

- ▶ Focus on strategic use of the funding to best meet our needs
- ▶ Be cautious of projects/programs that create on-going obligations outside of this one-time funding
- ▶ Focus on property-tax funded projects (since property taxes are how the funds accumulated)
- ▶ Earmark legal costs and other expected TID #6 administrative costs
  - ▶ Alternative is to delay closing, but the levy limit adjustment has already been used

## Next Steps in Creating a Spending Plan

### ARPA/TID Closure Spending Plan

#### ARPA/FRF Funding

- ▶ ~\$3.2 million
- ▶ One-time funding
- ▶ 50% available now; 50% in 2022
- ▶ Obligate by 2024; Spend by 2026
- ▶ Reporting/compliance requirements
- ▶ Limited to eligible uses

#### TID Closure Funding

- ▶ ~\$2 million expected
- ▶ One-time funding
- ▶ Expect available Fall 2022
- ▶ No spend-down requirement
- ▶ No additional reporting/compliance requirements
- ▶ Should limit to property tax funded projects

## Spending Discussed During 2022 Budget

- ▶ \$165,000 McKee Farms Tennis Courts Fencing and Resurfacing (Mayor's Budget)
- ▶ \$17,000 FACTv Equipment to Facilitate Hybrid Meetings/Events (Mayor's Budget)
- ▶ \$50,000 Equipment for Additional Vehicle Maintenance Bay (New Proposal #16)
- ▶ \$173,900 Body Camera Replacements (Council Amendment #6)
- ▶ \$150,000 South Stoner Prairie Neighborhood Planning (Council Amendment #4)
- ▶ \$10,000 Native Plantings in Fitchburg Parks (Council Amendment #16)
- ▶ \$10,000 Pilot Sustainable Vegetation in Street Medians (Council Amendment #17)
  
- ▶ Total \$575,900

## Other Costs to Include

- ▶ Smaller amount of ARPA spent in 2021 on PPE, sanitizer, technology for meetings
- ▶ \$100,000 Hy-Vee Assessment Claim Legal Costs
- ▶ \$50,000 McKee Road Taking Legal Costs
- ▶ \$322,000 ARPA de minimus administrative costs @ 10%

## Spending Plan Timeline

### Spending Plan Adoption

**Initial Kick-Off Presentation and Discussion (Special COW)**

Wednesday January 12, 2022

Mayor's Proposed ARPA Spending Plan Posted to City's Website

Monday January 24, 2022

Special Finance Committee to Discuss Mayor's Proposed Plan (6:00 pm)

Wednesday February 2, 2022

**PUBLIC HEARING – Common Council Meeting**

Tuesday February 8, 2022

Council Proposed Amendments Due to Finance Director (4:30 pm)

Monday February 14, 2022

Summary Report and Amendment Details Posted to City's Website

Thursday February 17, 2022

Committee of the Whole Meeting to Discuss Council Amendments

Wednesday February 23, 2022

**PUBLIC HEARING – Common Council Meeting**

Tuesday March 22, 2022

Discussion and Action on Amendments, Adoption of Spending Plan

Tuesday March 22, 2022

## Open Discussion on Priorities

Open Discussion on Priorities

Questions for Me?

Open Discussion on Priorities

What do you think is most  
important?