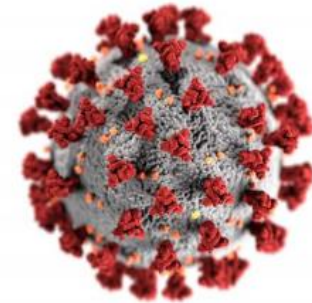




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ARPA Overview

WTA 2021





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Where are we?





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Learning Objectives

- Few Basic Facts
- General ARPA Strategy
- Allowable Uses
 - 4 Allowable Use Categories
 - ✓ Revenue Loss Calculator
 - Transferring Funds
 - Regional Projects
- Reporting
 - Project and Expenditure Reports
 - Important Dates/Deadlines





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ARPA Basics

- 4th COVID Relief Package
 - \$1.9 Trillion
 - \$399.1 Million for Wisconsin Non-Entitlement Communities (NEUs) (under 50,000)
- **FIRST EVER** direct allocation to towns
 - Need to demonstrate fiscal responsibility in local government
- WTA Communication
 - ✓ Magazine
 - ✓ County Unit Meetings
 - ✓ Rolling FAQs
 - ✓ Email
 - ✓ Legal Hotline
 - ✓ Convention
 - ✓ Website
 - ✓ WTA Revenue Loss Calculator
 - ✓ Upcoming Webinars



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ARPA Strategy

- This is a marathon, not a sprint!
 - ARPA funds allocated by 12/31/2024
 - Projects completed 12/31/2026
- Lead with community discussion
- Strategy of targeted patience



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ARPA Strategy

- Beware of scams
- Lots of solicitations are occurring
 - See point about community discussion
- New guidance from the U.S. Department of the Treasury (Treasury) continues to be released
 - Do not interpret information in the presentation as being final
 - Importance of documentation



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Allowable Uses

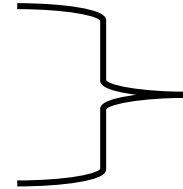
- Treasury has released Interim Final Rule
 - Provides some clarity regarding Allowable Uses
 - Non-Exclusive List of Items
- WTA strongly encourages you to read all ARPA guidance
 - Some Treasury provided resources include:
 - Interim Final Rule
 - Treasury FAQs
 - Compliance and Reporting Guide
- Meant for expenses incurred beginning on March 3, 2021



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Allowable Uses

1. Support Public Health Expenditures
2. Address Negative Economic Impacts
3. Replace Lost Public Sector Revenue
4. Premium Pay
5. Water, Sewer, and Broadband



This is one category in the rules
but WTA breaks it into two.



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Allowable Use: Public Health Expenditure

1. Support public health expenditures

- **Services and programs to counter the spread of COVID-19**
 - Two-part test
 - 1) Identify an effect of COVID-19 on public health and;
 - 2) Assess how the use would respond to or address the identified need
- **Project examples**
 - PPE purchases
 - Ventilation improvements in public facilities
 - Vaccine Incentives
 - Qualified Payroll



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Allowable Use: Address Negative Economic Impact

2. Address negative economic impacts caused by public health emergency

- **Supporting Small Businesses**

- Address financial challenges caused by pandemic through loans, grants, in-kind assistance

- **Aid to households and individuals**

- **Speeding the recovery of the tourism, travel, and hospitality sectors**

- **Two-part test**

- 1) To what extent was the entity, group, sector negatively impacted by the pandemic
- 2) How is the use you're engaging in proportionately addressing the negative impact



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Allowable Use: Replace Lost Revenue

3. Replace lost public sector revenue

- ARPA funds replacing lost revenue can be used to provide “government service”
 - Example: road maintenance, police, fire, EMS
 - Cannot be used for debt service
- Compare two numbers
 - Actual Revenue - the actual revenue you receive in a year
 - Counterfactual Revenue – revenue the federal government thinks you should have brought in had the pandemic not occurred
- If counterfactual revenue is larger than actual revenue, any difference is presumed to be due to COVID
 - You DO NOT have to prove how each dollar was lost due to COVID 19
- Comparison is done 4 times
 - 2020, 2021, 2022, and 2023



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Allowable Use: Replace Lost Revenue

- **What counts as revenue?**
 - Taxes
 - Example: property taxes, room taxes
 - Intergovernmental Revenue
 - Excludes federal money (excludes federal money distributed by the state government)
 - Example: grants, shared revenue, general transportation aid
 - Charges
 - Excludes utility service charges
 - Miscellaneous General Revenue
 - Example: bank interest



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Allowable Use: Replace Lost Revenue

- **Counterfactual Revenue**

- Base Year Revenue * $[(1 + \text{growth adjustment})^{(n/12)}]$

- Base Year Revenue: Revenue for 2019

- Growth Adjustment: The higher of either 4.1% (federal growth rate) or your community's average annual revenue growth over the three full fiscal years prior to the COVID-19 public health emergency (internal growth rate)

- n: The number of months that have elapsed since the end of the base year to the calculation date

- 2020: n=12

- 2021: n=24

- 2022: n=36

- 2023: n=48



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Allowable Use: Replace Lost Revenue

- Base Year (2019) Revenue: \$81,039

| | 2020 (Actual Revenue) | 2021(Projection) | 2022 (Projection) | 2023 (Projection) |
|-------------------------------|-----------------------|---------------------|---------------------|----------------------|
| Taxes | \$28,663.00 | \$29,236.26 | \$29,820.99 | \$30,417.40 |
| Intergovernmental Revenues | \$50,652.00 | \$51,665.04 | \$52,405.98 | \$53,146.92 |
| Current Charges | \$244.00 | \$248.88 | \$253.86 | \$258.93 |
| Miscellaneous General Revenue | \$183.00 | \$186.66 | \$190.39 | \$194.20 |
| TOTAL | \$79,742.00 | \$81,336.84 | \$82,671.22 | \$84,017.46 |
| Counterfactual Revenue | \$84,361.60 | \$87,820.42 | \$91,421.06 | \$95,169.33 |
| Revenue Loss | (\$4,619.60) | (\$6,483.58) | (\$8,749.85) | (\$11,151.86) |

- Go to Information Library on WTA Website for calculator!



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Allowable Uses: Premium Pay

4. Provide premium pay for essential workers

- “Those workers needed to maintain continuity of operations of essential critical infrastructure sectors....”
- Two-part test
 - 1) Does the employee work in a critical infrastructure sector?
 - 2) Did the employee have regular in person interactions and/or physical handling of materials touched by others?
- Thresholds
 - Up to \$13 per hour in addition to wages
 - Cannot exceed \$25,000 per eligible worker
 - 150% total pay limit
- Generally, not for elected officials
- Retrospective – could provide premium pay for work since beginning of pandemic (January 27, 2020)



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Allowable Uses: Water, Sewer, Broadband

5. Invest in water, sewer, and broadband infrastructure

- **Water and Sewer (including Stormwater)**
 - Alignment of EPA's Drinking Water and Clean Water State Revolving Funds
 - **Stormwater projects**
 - Culverts? Ditches?
 - **Construct, improve, and repair wastewater treatment plants**
 - **Control non-point sources of pollution**
- **Broadband**
 - Unserved and underserved households and businesses
 - **Lacking a wireline connection that reliably delivers minimum speeds of 25 mbps download and 3 mbps upload**
 - **Standard: Service must meet or exceed upload and download speeds of 100 mbps**
 - **20 mbps if 100 mbps is impractical due to geographical, topographical, or financial constraints**



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Allowable Uses

- ARPA funds may be used to cover the costs of administering the program
 - **Example: hiring of consultants to ensure compliance**
- Transfers
 - **Recipients may transfer ARPA funds to eligible recipients**
 - Private non-profit organization
 - 501(c)3
 - Tribal organization
 - Public benefit corporation involved in the transportation of passengers or cargo
 - Special purpose unit of State or local government
 - State and county government
 - **Subrecipients must abide by ARPA's rules and regulations!**



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Allowable Uses

- ARPA funds may be used for regional projects
 - Recipients may expend funds directly or transfer funds to other governments
 - Proportionality
 - Recipient may transfer funds to a government outside of its boundary provided there is a proportional impact within their own boundary
- Can use ARPA funds along with other funding options for projects
 - Be sure to review applicable rules and regulation
 - Example: LRIP – CANNOT use federal funds for local match



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Allowable Uses

- ARPA funds cannot be:
 - Deposited into pension funds
 - “Extraordinary contribution to a pension fund for the purpose of reducing an accrued, unfunded liability”
 - Payroll contributions are allowable for employees whose wages and salaries are an eligible use of funds
- Used to fund debt services, legal settlements or judgements, and deposits to rainy day funds or financial reserves






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Reporting

- WE ARE STILL WAITING ON EXTREMELY IMPORTANT INFORMATION!
 - Treasury has yet to release their Program User Guide for NEU reporting

RECIPIENT COMPLIANCE AND REPORTING GUIDANCE

On June 17, 2021, Treasury released the [Compliance and Reporting Guidance](#)  for the SLFRF Program. The guidance provides additional detail and clarification for each recipient's compliance and reporting responsibilities, and should be read in concert with the Award Terms and Conditions, the authorizing statute, the [Interim Final Rule](#)  (IFR), and other regulatory and statutory requirements.

Treasury is now accepting the Interim Report and the Recovery Plan Performance Report through Treasury's Portal. Recipients should refer to the [User Guide: Treasury's Portal for Recipient Reporting](#)  which includes step-by-step guidance for submitting the required SLFRF reports using Treasury's Portal.

Recipients have been notified of the revised reporting deadlines for the Project and Expenditure Report. States, Territories and Cities/Counties must submit a Project and Expenditure Report by January 31, 2022.

A forthcoming User Guide will provide information on submitting Project and Expenditure Reports.



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Reporting

- Must keep financial records related to ARPA funds, as well as supporting documents demonstrating that the funds were used appropriately, for at least five years after either all funds have either been spent or returned to the Treasury, whichever is later
 - Records must be made available to the Treasury and other oversight bodies upon request
 - Remember to follow records retention policies and statute!



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Reporting

- Project and Expenditure Report Schedule
- First due date is April 30, 2022
 - Period covered will be award date to March 31, 2022



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In the future...

- Lead with community discussion
- If priorities are clearly eligible for ARPA
 - Great! Go for it!
 - Otherwise
 - Wait for Final Rule
 - Revenue Loss
- Review Reporting Guidelines – Program User Guide (April 2022)
- WTA Communication



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Questions?

WTA...

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