



VILLAGE OF WILLIAMS BAY

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NOTICE

FINANCE & PERSONNEL (F&P) COMMITTEE MEETING TUESDAY, JUNE 15, 2021 AT 4:00 PM VILLAGE HALL COUNCIL ROOM

AGENDA

The following agenda items may be considered for Discussion, Consideration, or Action

- I. Call to Order
- II. Roll Call
- III. Pandemic Relief Funds
- IV. Consider a motion to convene in closed session pursuant to the exemption contained in Wis. Stats. 19.85(1)(e) for the purpose of deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session.
 - A. Village IT Services
- V. Motion to reconvene into open session
- VI. Possible discussion of/action for those items discussed in closed session
- VII. Adjourn

Don Parker
Finance & Personnel Chair

Requests from persons with disabilities, who need assistance to participate in this meeting or hearing, should be made to the Village Clerk's office in advance so the appropriate accommodations can be made.

Posted: 06/14/2021 4:00 PM

64002	WALWORTH	TOWN OF BLOOMFIELD	1,606	\$168,097.70	\$84,048.85	\$84,048.85
64004	WALWORTH	TOWN OF DARIEN	1,710	\$178,983.23	\$89,491.61	\$89,491.61
64006	WALWORTH	TOWN OF DELAVAN	5,333	\$558,197.40	\$279,098.70	\$279,098.70
64008	WALWORTH	TOWN OF EAST TROY	4,053	\$424,221.65	\$212,110.83	\$212,110.83
64010	WALWORTH	TOWN OF GENEVA	5,040	\$527,529.52	\$263,764.76	\$263,764.76
64012	WALWORTH	TOWN OF LA FAYETTE	2,005	\$209,860.45	\$104,930.23	\$104,930.23
64014	WALWORTH	TOWN OF LA GRANGE	2,470	\$258,531.33	\$129,265.67	\$129,265.67
64016	WALWORTH	TOWN OF LINN	2,403	\$251,518.54	\$125,759.27	\$125,759.27
64018	WALWORTH	TOWN OF LYONS	3,737	\$391,146.39	\$195,573.19	\$195,573.19
64020	WALWORTH	TOWN OF RICHMOND	1,902	\$199,079.59	\$99,539.80	\$99,539.80
64022	WALWORTH	TOWN OF SHARON	915	\$95,771.73	\$47,885.86	\$47,885.86
64024	WALWORTH	TOWN OF SPRING PRAIRIE	2,195	\$229,747.48	\$114,873.74	\$114,873.74
64026	WALWORTH	TOWN OF SUGAR CREEK	3,962	\$414,696.81	\$207,348.41	\$207,348.41
64028	WALWORTH	TOWN OF TROY	2,371	\$248,169.14	\$124,084.57	\$124,084.57
64030	WALWORTH	TOWN OF WALWORTH	1,715	\$179,506.57	\$89,753.29	\$89,753.29
64032	WALWORTH	TOWN OF WHITEWATER	1,467	\$153,548.77	\$76,774.38	\$76,774.38
64115	WALWORTH	VILLAGE OF BLOOMFIELD	4,746	\$496,756.96	\$248,378.48	\$248,378.48
64116	WALWORTH	VILLAGE OF DARIEN	1,590	\$166,423.00	\$83,211.50	\$83,211.50
64121	WALWORTH	VILLAGE OF EAST TROY	4,313	\$451,435.48	\$225,717.74	\$225,717.74
64126	WALWORTH	VILLAGE OF FONTANA	1,741	\$182,227.95	\$91,113.98	\$91,113.98
64131	WALWORTH	VILLAGE OF GENOA CITY	2,985	\$312,435.64	\$156,217.82	\$156,217.82
64181	WALWORTH	VILLAGE OF SHARON	1,557	\$162,968.94	\$81,484.47	\$81,484.47
64191	WALWORTH	VILLAGE OF WALWORTH	2,827	\$295,898.00	\$147,949.00	\$147,949.00
64192	WALWORTH	VILLAGE OF WILLIAMS BAY	2,639	\$276,220.32	\$138,110.16	\$138,110.16
64216	WALWORTH	CITY OF DELAVAN	8,264	\$864,980.94	\$432,490.47	\$432,490.47
64221	WALWORTH	CITY OF ELKHORN	10,019	\$1,048,674.25	\$524,337.13	\$524,337.13
64246	WALWORTH	CITY OF LAKE GENEVA	8,105	\$848,338.64	\$424,169.32	\$424,169.32
64291	WALWORTH	CITY OF WHITEWATER	14,895	\$1,559,038.12	\$779,519.06	\$779,519.06



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American Rescue Plan Act League of Wisconsin Municipalities FAQ May 24, 2021

On March 11, 2021, the American Rescue Plan Act (ARPA) of 2021 was signed into law. It provides \$1.9 trillion in economic stimulus to aid the recovery from the COVID-19 pandemic. ARPA created the Coronavirus State and Local Fiscal Recovery Fund which provides \$350 billion for states, counties, municipalities, tribes, and territories, including \$130 billion for local governments split evenly between municipalities and counties. On May 10, 2021, the U.S. Department of Treasury released the Interim Final Rule providing guidance on the implementation of the State and Local Fiscal Recovery Fund. Below are League of Wisconsin Municipalities member questions with answers provided by League staff based on our reading of the Interim Final Rule.

Disclaimer: The League's FAQs on the American Rescue Plan Act (ARPA) are general in nature and should not be viewed or relied on as legal advice. Answers to FAQs are based on our interpretations of the Interim Final Rule and guidance provided from the U.S. Department of the Treasury. The Interim rule is open for public comment until July 16, 2021 and the final rule may change because of comments the Treasury Department receives during the comment period. Also, our answers below may be affected by facts specific to your municipality's situation or future developments. Consult your municipal attorney before relying upon information herein.

Questions and Answers:

Eligible Uses – Public Health and Economic Impacts

Are administrative costs (non-salary/benefits) like mailings to households identified as potentially eligible for utility assistance and staff time for administering ARPA able to be funded by the grant funds?

- A. On page 10 of the Interim Final Rule eligible uses in the category of public health and economic impacts are discussed. These eligible activities authorize the use of Fiscal recovery funds to respond to the public health emergency with respect to COVID-19 or its negative economic impacts including assistance for households. On page 15 and 16 the rule also discusses disproportionate impacts to low income and socially vulnerable communities. In addition, on page 22, if you are operating in a Qualified Census Tract (have 50 percent of households with incomes below 60% of the Area Median Gross Income (AMGI) or have a poverty rate of 25% or more) then you can use the ARPA funds to facilitate access to resources to assist community members with navigating and applying for available Federal, State, and local public benefits or services (like utility forgiveness). Finally, on page 33 of the Interim Final Rule additional details

on the provision which allows assistance to households or populations facing negative economic impacts are provided, including an expanded, non-exhaustive list of eligible uses which include food assistance, rent, mortgage, or utility assistance. Mailings and administrative costs to those eligible for utility assistance would qualify as “assistance to households.”

Can we provide our Community Center (we give them an annual contribution) funding out of the grant for unpaid 2020 wages?

- A. Community Center unpaid 2020 wages would qualify since the center lost business due to the pandemic.

Can we give funds to our joint Fire Department for the Village's share of a new truck or our joint EMS for the Village's share to purchase a new ambulance?

- A. A new ambulance or truck for the fire department, squad car or other public safety vehicle may qualify as an eligible use of ARPA funds. The Interim Final Rule provides for calculating a community's revenue loss and to the extent of the estimated reduction in revenue you have broad latitude to use ARPA dollars for the provision of government services.

According to the Treasury rule, government services can include, but are not limited to, maintenance of infrastructure or pay-go spending for new infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.

If a community cannot utilize funds due to a reduction in revenue, these public safety provisions may still qualify for direct ARPA funding if the municipality is servicing communities disproportionately impacted by Covid or it can justify an increased usage in public safety services as a result of the pandemic resulting in the need for additional or new vehicles replacing those that have reached the end of their useful life.

In regard to payroll, does that include leave to quarantine for exposure?

- A. Page 13 of the Interim Final Rule discusses mitigating the impact of COVID-19. Fundable components include new or heightened public health needs including testing, expansions in contract tracing, support for individuals in isolation or quarantine, etc. Therefore, leave for employees in quarantine seems like an eligible use of the ARPA funds.

I am hearing that the State will dole out our funds (we are in the less than 50K population bucket) what's the state's timeline to distribute?

- A. The state is REQUIRED to distribute ARPA funds to non-entitlement communities within 30 days of receiving it from the fed. The state realizes it needs to act promptly, without layering over a lot of additional process. From what we are told, they are ready to execute.

Can we give a certain fixed dollar bonus to full-time and part-time?

- A. The premium pay provision included in ARPA is for essential workers that have been and continue to be relied on to maintain continuity of operations of essential critical infrastructure sectors and additional sectors as each Governor may designate as critical to protect the health and well-being of citizens of their state.

In Governor Evers Safer at Home Order in March of 2020 he included government functions as essential including all services provided by the State, tribal, or local governments needed to ensure the continuing operation of the government body and support the health, safety, and welfare of the public. Each local municipality must determine its essential governmental functions and identify the key employees and contractors necessary to perform these functions.

Essential workers must have regular in-person interactions or regular handling of items that were handled by others and cannot include telework from home.

Premium pay means an amount up to \$13 per hour in addition to wages or remuneration that worker otherwise receives and in an aggregate amount not to exceed \$25,000 per eligible worker. The Interim Final Rule does not direct whether the payment can a fixed dollar amount. We are waiting for additional Treasury guidance on this question.

Essential - meaning anything we as a municipality declared "essential" during the pandemic and exempted from the COVID leave?

- A. Essential work is defined as work involving regular in-person interactions or regular physical handling of items that were also handled by others. A worker would not be engaged in essential work for telework performed from a residence (page 47 Interim Final Rule).

Can we buy gift cards from our small businesses as a part of this?

- A. When providing support to households, small businesses, nonprofits, and impacted industries such as tourism, travel and hospitality, an eligible use must "respond to" the identified negative economic impact. Although gift cards are not specifically called out as an eligible use the list developed by Treasury is non-exhaustive and recipients are encouraged to consider local economic conditions and business data when establishing further eligible categories (page 35).

Can we hire staff that may address the behavior health needs area? Social worker?

- A. There are two sections in the Interim Final Rule that touch on this issue. 1. Behavioral Health Care is an eligible activity including new or enhanced government service to meet behavioral health needs exacerbated by the pandemic and respond to other public health impacts. These services include mental health treatment, substance misuse treatment, other behavioral health services, hotlines, crisis intervention, overdose prevention and outreach to promote access to physical or behavioral health primary care and preventative medicine. 2. Public Health and Safety Staff, you can cover payroll and covered benefits for public safety, public health, health

care, human services, and similar employees to the extent that their services are devoted to mitigating or responding to the COVID-19 PHE (page 19-20)

Note: Please use caution in hiring a full-time employee with one-time funding. Project positions or Limited Term positions are better suited for this purpose.

Would funding for something that could make your downtown more attractive for tourism events be eligible?

- A. You are allowed to use the funds to respond to the identified negative economic impacts of certain industries including tourism, travel, and hospitality, but those provisions seem to be referring to existing business as part of that industry sector that have been disproportionately impacted economically by the pandemic (page 31). Therefore, a main street beautification project is most likely outside the allowable use category.

However, The Interim Final Rule provides for calculating a community's revenue losses due to the pandemic, municipalities then have broad latitude to use ARPA funds for the provision of government services to the extent of the total revenue loss.

According to the Treasury rule government services can include, but are not limited to, maintenance of infrastructure or pay-go spending for new infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services. Depending on your downtown plans and if you have a revenue loss, the project may qualify under the government services section of revenue loss.

Can our city use ARPA dollars for the formation and initial funding of a BID or similar organization?

- A. ARPA funds could be used to form and seed the initial funding for a Business Improvement District to spur business economic recovery post COVID-19. However, since creating and maintaining a BID would establish an ongoing expense, we caution against hiring full time staff and use a project position so there is an expectation that the district is tied to the pandemic and ARPA funding. Another option would be to establish, upon initial creation, the requirement that post ARPA the BID will be funded by business self- assessments so that obligation is referenced and understood at the time the district is created.

Revenue Inquiries:

It appears that the rule requires you to look at total general revenues rather than at specific revenues losses. For example, it would not be enough to show a reduction in room tax revenue if total general revenues did not decrease under the calculation. Is that correct?

- A. Yes, that is correct. Page 54 of the Interim Final Rule states that in calculating revenue, recipients should sum across all revenue streams covered as "general revenue." On the same

page the rule adopts a definition of “general revenue” based largely on the components reported under “General Revenue for Own Sources” in the Census Bureau’s Annual Survey of State and Local Government Finances.

The Census Bureau Survey definition of General Revenue from Own Sources is based on the definition of **General Revenue** defined as “all government revenue except liquor stores revenue, insurance trust revenue, and utility revenue.” The basis for distinction is not the fund or administrative unit receiving particular amounts, but rather the nature of the revenue sources concerned. And **Own Source Revenue** is defined “as revenue raised by a government from its own imposition of a tax, a license, a fee, or any other charge.” Combined the definitions provide GENERAL REVENUE FROM OWN SOURCES - For Census Bureau statistics, this term includes revenue from three sources: (1) Taxes; (2) Charges and Fees; and (3) Miscellaneous revenue, which includes interest earnings, special assessments, sale of property, and other general revenue.

Does overall general revenue include utility revenue?

- A. No. The rule states that general revenue excludes revenue generated by utilities and insurance trusts.

Our community collects a local premier resort tax to help support our infrastructure budget due to the tourism in our community. We suffered substantial losses of this revenue source in 2020. Can we use our ARPA funds to reimburse those losses under the “Replace Lost Public Sector Revenues” use to the extent the calculation allows?

- A. Short Answer is Yes. Once you determine the community’s general overall 2020 revenue losses compared to 2019, you may use part of your ARPA funding equaling the amount of revenue loss on street and other infrastructure.

On page 48 of the Treasury’s Interim Rule, it is clear that the reductions your community experienced in its local premier resort tax count towards the calculation of your community’s total revenue losses. The interim final rule defines the term “general revenue” to include “revenues collected by a recipient and generated from its underlying economy and would capture a range of different types of tax revenues, as well as other types of revenue that are available to support government services.”

As far as what you can spend the ARPA funding designated for replacement of lost revenue on, the rule states: “Sections 602(c)(1)(C) and 603(c)(1)(C) of the Act provide recipients with broad latitude to use the Fiscal Recovery Funds for the provision of government services. Government services can include, but are not limited to, maintenance or pay-go funded building of infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.” Page 53 of the Interim Rule.

Does the loss in revenue include interest/investment income?

- A. Yes. The revenue calculation is based on General Revenue from Own Sources in the Census Bureau's Annual Survey of State and Local Government Finances which indicates this term includes revenue from three sources: (1) Taxes; (2) Charges and Fees; and (3) Miscellaneous revenue, which includes interest earnings, special assessments, sale of property, and other general revenue.

Is this combined revenue from all sources? Does it have to include CARES Act funds received in 2020?

- A. Yes, it is combined revenue from all sources and No the calculation does not include CARES Act funding. On page 54 of the Interim Final Rule recipients are instructed to sum across all revenue streams covered as general revenue based on the Census Bureau's definition of revenue from own sources and on page 56 general revenue would include intergovernmental transfers between State and local governments, but excludes intergovernmental transfers from the Federal government, including Federal transfers made via a State to a local government pursuant to the CRF or as part of the Fiscal Recovery Funds.

Our Village waived sewer utility late fees during the pandemic as community relief, can we consider this as lost revenue?

- A. No. According to the Interim Final Rule, general revenue for purposes of calculating a community's revenue loss excludes revenue generated by utilities.

Can your revenue recovery funds be used toward reserves since there is more latitude about how those funds are used? For lost revenue, can we replenish reserves / fund balance?

- A. No. While the Interim Final Rule gives municipalities broad latitude to use funds for the provision of government services to the extent of reductions in revenue, paying interest or principal on outstanding debt, replenishing rainy day or other reserve funds is not allowed since such use of funds would not entail direct provision of government services to citizens.

Can we place the ARPA funds in an interest earning account?

- A. There is nothing specific disqualifying this practice in the 151-page Interim Final Rule, fact sheet, or the Q&A. Treasury is also attempting to provide discretion when recipients are deciding how to utilize funding. Therefore, we believe that a community would be able to deposit into an interest earning account until the funding is utilized, but we are awaiting further Treasury guidance on this specific question.

If we transfer to a Special Purpose Unit of Government (Joint Library or Joint Fire) do they have to follow the same use restrictions as the City, or can we transfer the money to them for whatever use they like?

- A. Transfers are identified beginning on page 105 of the Interim Final Rule. Specifically, the rule states that transfers under sections 602(c)(3) and 603(c)(3) must qualify as an eligible use of Fiscal Recovery Funds by the transferor. Once the funds are received, the transferee must abide

by the restrictions on use applicable to the transferor under ARPA and other applicable law and program guidance.

Note: Section 602 relates to states, territories, and tribal government and section 603 pertains to local units of government metropolitan cities, non-entitlement units of government, and counties.

Note: this section would apply to transfers to nonprofits as well. Any recipient of ARPA funding must adhere to the eligible uses, however, keep in mind the eligible uses are non-exhaustive lists.

Can the funds only be used for expenses incurred after March 3, 2021 unless they are covered under the Revenue Loss section?

A. Yes, we believe that is accurate.

I thought the money was just going to be direct deposit in our existing account, if we open a separate account how will the dollars get there.

A. Do not create a separate bank account. We are suggesting creating a special revenue FUND separate from your general fund and allocating the ARPA dollars you receive to that fund, which will help you better account for the ARPA funds you receive and help you track expenditures. Establishing a separate fund will also help your community avoid being disqualified from receiving Expenditure Restraint Program payments due to increased spending from your general fund.

Typically, your revenue shortfalls will occur within your general fund and be under the tax levy and ERP. If you were going to offset your lost revenues with ARPA, but at the end of the year you have a surplus, is that going to be a problem?

A. Regarding avoiding problems with the Expenditure Restraint Program, see the answer to the above question. To avoid a problem with ERP, allocate your ARPA funds to a special reserve fund. If you calculate revenue losses for the period ending December 31, 2020, you may spend an amount of your ARPA payment equal to your revenue losses out of the special reserve fund on the provision of government services, including maintenance of streets and other infrastructure and the provision of police, fire, and other public safety services.

Would remainder of costs already incurred for quarantine payroll that we did not have enough grant funding to cover in last payments be able to be included.

A. We are seeking further clarification from Treasury on this question.

Will there be a way to get positive acceptance from the Treasury for a specific project before proceeding?

A. We are not aware of a central office at the U.S. Treasury you can reach out to for approval or sign off. We and the National League of Cities will be providing opportunities for sharing ideas and resources between municipalities and we will keep a listing on our website of projects and plans communities have implemented for spending ARPA. Also, DOR might answer questions relating to implications of spending ARPA on issues like levy limits and ERP. In addition,

private consulting firms will be entering the field to offer their expertise and guidance, at a cost, of course.

Infrastructure:

Would a lift station rehab for wastewater be a qualified expenditure?

A. Yes.

Are upgrades (replacements) to sanitary sewer system lift station control panels qualified?

A. Yes.

Is the funding limited to one project or can funds be used for multiple infrastructure projects?

A. Nothing in the Interim Final Rule prohibits using the funding on multiple infrastructure projects.

Does the Water or Sewer infrastructure have to be linked to the pandemic in any way?

A. No

Can ARPA funding be used to invest in green infrastructure to address urban flooding and to enhance a city's stormwater infrastructure?

A. Yes, projects eligible for the Clean Water State Revolving Fund include projects to construct, improve, and repair wastewater treatment plants, control non-point sources of pollution, improve resilience of infrastructure to severe weather events, create green infrastructure, and protect waterbodies from pollution. Green infrastructure projects that support stormwater resiliency could include rain gardens that provide water storage and filtration benefits, and green streets, where vegetation, soil, and engineered systems are combined to direct and filter rainwater from impervious surfaces.

Could we use the funding for installation of EV chargers?

A. If your community experienced revenue losses, you could use ARPA funds to the extent of revenue loss to install EV chargers in municipal parking areas. Otherwise, ARPA funds may not be used to install EV chargers.

Does it include planning projects or only construction projects?

A. The majority of planning projects appear to fall outside of the allowable uses of ARPA funds. However, there are a couple categories of planning that would qualify.

- On page 21 of the Interim Rule - Expenses to Improve the Design and Execution of Health and Public Health Programs. This section allows the use of funds to engage in planning and analysis in order to improve programs addressing the COVID19 pandemic, including through use of targeted consumer outreach, improvements to data or technology infrastructure, impact evaluations, and data analysis.
- Page 35 - Small Businesses and Non-profits. This provision allows funds to be utilized to provide technical assistance, counseling, or other services to assist with business planning needs.

- Page 63 – Water and Sewer Infrastructure - The Interim Final Rule aligns eligible uses of the Fiscal Recovery 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 (EPA) Clean Water State Revolving Fund (CWSRF). Two project categories under CWSRF provide planning services. In the watershed pilot projects category, assistance can be provided to any public, private, or nonprofit for the planning, development, and implementation of watershed projects. Also, in the technical assistance category, assistance can be provided to owners and operators of small and medium sized publicly owned treatment works to plan, develop, and obtain financing for eligible projects.

Any ideas on whether funding can be used for private lead water service line replacements, given this is not Utility revenue regulated by PSC?

- A. The treasury rule explicitly mentioned that it would be permissible to use ARPA funds for replacement of private side lead water service lines (page 63-privately owned infrastructure is listed).

Is the replacement of a parking lot or street allowed if it is part of a storm water project?

- A. Yes, if it is part of a stormwater project

If a water system project is already in planning stages (started) can funds still be used to fund this?

- A. On page 99, the Interim Final Rule states that the rule permits funds to be used to cover costs incurred beginning on March 3, 2021.

We have current projects that are being funded by DOA clean water and safe drinking water loans. The loan funds have been awarded but not all the funds have been drawn. The projects are at about 50% completed today. The projects are not expected to be completed till 2022. Do you think we could use some of the funds in place of the future draw on the loan award?

- A. Even though there is broad latitude to use the APRA funding for government services associated with revenue loss including infrastructure and there is also broad authority for investments in projects that improve access to clean drinking water and improve wastewater and stormwater infrastructure systems, the provision on page 99 of the Interim Final Rule that states that the rule permits funds to be used to cover costs incurred beginning on March 3, 2021 provides the direction. Therefore, the reach back on Covid related expenses for projects underway may not be lenient enough to allow you to include these projects as ARPA fundable infrastructure projects.

Is "green infrastructure" a broader category or does it have to be a "green infrastructure" within the W/S/SW/Broadband categories? I.e. LED Streetlight conversion?

- A. Green Infrastructure is mentioned in the Interim Final Rule within the context of Water, Sewer and Stormwater infrastructure. Therefore, LED street light installation is probably outside the allowable use for infrastructure. However, if a community calculates revenue loss, ARPA dollars could be used to the extent of lost revenue to purchase and install LED streetlights.

The guidance addresses environmental reviews through NEPA not being required, but what about Federal Wage Rates under the Davis Bacon Act?

- A. The Davis-Bacon Act is not explicitly stated in the Interim Final Rule. However, on page 63, Treasury encourages recipients to ensure that water, sewer, and broadband projects use strong labor standards, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions. In addition, on page 64, Treasury states “to provide public transparency on whether projects are using practices that promote on time and on-budget delivery, Treasury will seek information from recipients on their workforce plans and practices related to water, sewer, and broadband projects undertaken with Fiscal Recovery Funds. Treasury will provide additional guidance and instructions on the reporting requirements at a later date.”

For now, we think that the silence on Davis-Bacon does not excuse municipalities from using those practices when otherwise normally required. However, we are seeking further guidance on this provision from Treasury.

Can we use the funding for road repairs due to the increased usage of our streets by out of state vehicles because their state was closed?

- A. If your community has calculated lost revenues because of the pandemic, ARPA dollars could be used to the extent of lost revenues on street maintenance. The Interim Final Rule provides that recipients may use funds for maintenance of infrastructure or pay-go spending for new infrastructure as part of the general provision of government services, to the extent of the community’s estimated reduction in revenue.

According to the Treasury rule government services can include, but are not limited to, maintenance of infrastructure or pay-go spending for new infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.

If a community cannot utilize funds from a reduction in revenue, this maintenance may still qualify for direct ARPA funding if the municipality is servicing communities disproportionately impacted by Covid or it can justify the increased usage is a direct result of the pandemic.

If we started our lead line replacement program this year and work has commenced, can we reimburse our utility or the municipality for the expenses incurred to date and costs we will continue to incur over the next 2 years?

- A. We do not believe this practice is permitted, but we are seeking further clarification from Treasury.

We are approving an upgrade to our playground in the next week, and the sole reason is due to the increase in use related to COVID. Can we use funds to improve our park since they were and are used much more due to the pandemic?

- A. Several playgrounds were closed during COVID-19 due to touch contact points but anything a community can do to promote social distancing, provide additional activities at playgrounds or provide multiple structures would be Covid related. However, if a community is just replacing a structure without addressing modifications due to increased usage during COVID-19, that replacement may not qualify.

Also, if a community calculates revenue loss, ARPA dollars could be used to the extent of lost revenue to purchase and install playground equipment because parks and recreation qualify as a general government service.

Can we use the funding to rebuild the small building/housing at our two well locations? The buildings are very old and need replacement mostly for safety at our wells and around the wells.

- A. We believe the buildings or houses would be outside of the water/sewer infrastructure category, but if the structures would qualify under the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund then they would qualify for ARPA funds.

In addition, if a community calculates revenue loss, ARPA dollars could be used to the extent of lost revenue to protect your wells as critical infrastructure (page 60 in discussion of revenue loss and government services).

Can ARPA be used as a match for a non-federal grant program relating to stormwater infrastructure.

- A. No, the Interim Final Rule on page 96 lists additional restrictions on use providing that payments from the Fiscal Recovery Funds are also subject to pre-existing limitations provided in other Federal statutes and regulations and may not be used as non-Federal match for other Federal programs whose statute or regulations bar the use of Federal funds to meet matching requirements.

Can we donate funds to a nonprofit and then they pay for roadwork done in the town?

- A. You can donate funds to a nonprofit, but they are required to meet the same use criteria as municipalities. Road infrastructure is an ineligible use unless you are completing it through a loss of revenue calculation, or it is directly tied to a water or sewer infrastructure project. You could transfer funds directly to the town, but they are held to the same criteria. However, a town may have revenue loss that their own ARPA distribution cannot fully cover. If that is the case, the municipality's funds could be used to fill their revenue loss and then that revenue loss could be spent on road infrastructure as a government service (page 60).

Ineligible Uses:

We have a sanitation department deficit, not a loan but a recurring deficit we accrue annually. We want to use some of this to offset that deficit. Thoughts on using these funds towards that deficit reduction?

- A. On page 60 of the Interim Final Rule Treasury specifies that government services (which recovery funds can be spent on) do not include expenses associated with obligations under

instruments evidencing financial indebtedness for borrowed money because these financing expenses do not directly provide services or aid to citizens. The guidance continues by stating specifically, government services would not include interest or principal on any outstanding debt instrument.

Are there any other ineligible items other than those you listed earlier?

- A. Ineligible uses include direct deposits into pension funds; funding debt service; contributions to rainy day funds, financial reserves, or similar funds; satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree; federal matching requirements; and general infrastructure outside of revenue loss government services supported infrastructure and water, wastewater, stormwater, sewer, or broadband infrastructure.

Reporting and Other Criteria:

Are there reporting criteria besides the single audit?

- A. Yes, see page 110-112 of the Interim Rule. Metropolitan cities must submit an interim report to Treasury by August 31, 2021 and quarterly Project and Expenditure reports thereafter beginning on October 31, 2021.

Metropolitan cities with a population in excess of 250,000 will also be required to submit an annual Recovery Plan Performance report to Treasury. The first report is due August 31, 2021 the second is due July 31, 2022 and each year after.

Non-entitlement units of local government (NEU) are NOT required to submit interim reports or Recovery Performance Reports. However, NEUs will be required to submit annual Project and Expenditure reports. The first will be due to Treasury on October 31, 2021.

Do non-entitled municipalities need a DUNS number?

- A. Yes, NEU need a DUNS number. If a community does not have a valid DUNS number, please visit <https://fedgov.dnb.com/webform/> or call 1-866-705-5711 to begin the registration process.

When is guidance going to be released for Non-Entitlement Communities?

- A. U.S. Treasury has indicated that guidance for NEU will be distributed as soon as the week of May 24th.

Does the state have to file a request to get the non-entitlement community money?

- A. No, the state will get the money (soon). without requesting it