



# TOWN OF FAIRFAX

## STAFF REPORT

### July 7, 2021

**TO:** Mayor and Town Council

**FROM:** Garrett Toy, Town Manager

**SUBJECT:** Receive report on the Council's workshop to discuss the allocation of funding to be received from the American Rescue Plan

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#### **RECOMMENDATION**

Receive report on the Council's workshop to discuss the allocation of funding to be received from the American Rescue Plan

#### **DISCUSSION**

On July 1<sup>st</sup>, the Council conducted a workshop to discuss the allocation of the American Rescue Plan (aka Coronavirus State and Local Fiscal Recovery Funds program- SLFRP). Under SLFRP, the Town is designated a "Non-Entitlement Unit (NEU) which means we receive our funds via the State. The Town is slated to receive approximately \$1.8M in two equal installments: July 2021 and July 2022. The following are the eligible uses of the monies:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

For more program detail, see the attached fact sheet. It should be noted that the funds can only be used to pay for eligible expenses after March 3, 2021

The Council workshop focused on the allocation of the first \$900,000. The second installment of \$900,000 can be discussed within the FY22-23 budget cycle. Attached is the worksheet developed at the workshop. The programs and projects listed are preliminary concepts discussed by the Council. Several programs/projects have identified preliminary allocations made by the Council. The initial allocations may change and most will require Council approval

at a future meeting. For example, the homeless case management program is also on this evening's agenda for consideration.

It should be noted that the "loss revenue" program reflects revenue the Town lost due to COVID-19 per the calculations allowed under the SLFRP. This is a preliminary estimate by staff. The final amount will most likely be different, but within +/-10%. The proceeds received for loss revenues are less restrictive and can be used for any infrastructure projects.

At the workshop, the Council indicated it would hold future workshops to discuss the specific details for listed program/projects. The Council acknowledged this is a living document subject to change at any time, but that the Council was supportive of the program/projects listed with preliminary funding allocations. Staff indicated at the meeting that the Council does not need to decide immediately how to use the funding. The Town has until 12/31/2024 to obligate the funding and until 12/31/26 to spend the funding.

**FISCAL IMPACT**

The Town will receive a total of \$1,800,000: \$900,000 in July 2021 and \$900,000 in July 2022.

**ATTACHMENT**

Worksheet

SLFRP fact sheet

**WORKSHEET- Coronavirus State and Local Recovery Fund (SLRFP)**

We are recommending the Council focus on the use of the initial \$900,000 the Town will receive in July. The other \$900,0000 will be distributed next July and the Council can discuss the uses as part of the next budget cycle with the new TM. This worksheet is meant to be used as a guide and has some suggested uses for the Council to consider. We will explain the worksheet in more detail at the meeting, how it gets incorporated into the budget, and the limitations for the use of the funds based on our understanding.

<b>Program/Project Description</b>	<b>Proposed Allocations</b>	
Loss Revenue to the Town as defined by the SLRFP	\$	250,000
Storm Drain Pollution Control Improvements	\$	100,000
Homeless Case Management	\$	33,000
Mental Health Services (Countywide)	\$	50,000
Small Business Grants (e.g., outdoor spaces)	\$	50,000
SLRFP Administrative costs (in-house or 3rd party)	\$	25,000
Rental Assistance (replace General funds allocated to local program)	\$	25,000
Storm Drain repairs/improvements (Broadway)	\$	50,000
Premium Pay (limit 150% of county avg. wage)		
Home repairs (e.g., home hardening)/weatherization programs		
Water- grey water, recycled water projects/programs		
Outdoor spaces- restrooms janitorial/maintenance expenses		
Affordable housing assistance programs		
Climate resiliency programs		
Other		
Other		
<b>Total</b>	<b>\$</b>	<b>583,000</b>
<b>Total Remaining</b>	<b>\$</b>	<b>317,000</b>
<b>Total Available</b>	<b>\$</b>	<b>900,000</b>

**Restrictions/limitations/ requirements**

Eligible expenses after March 3, 2021

Loss revenue can be used for infrastructure projects & public safety (\$660k in FY21-22 CIP)

July 2022- \$900,000

July 2021- \$900,000

Four eligible use categories: 1) public health or economic impact, 2) essential workers premium pay, 3) revenue loss, 4) water, sewer, broadband infrastructure

Public safety only if 50% of time related to COVID-19

Funding obligated by 12/31/2024

Spend by 12/31/2026

Annual report due 10/31 annually

Town already applied

Town determines eligible uses



# Coronavirus State and Local Fiscal Recovery Funds

The American Rescue Plan will deliver \$350 billion for state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and bring back jobs.

The Coronavirus State and Local Fiscal Recovery Funds provide a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

## Funding Objectives

- **Support urgent COVID-19 response efforts** to continue to decrease spread of the virus and bring the pandemic under control
- **Replace lost public sector revenue** to strengthen support for vital public services and help retain jobs
- **Support immediate economic stabilization** for households and businesses
- **Address systemic public health and economic challenges** that have contributed to the inequal impact of the pandemic

## Eligible Jurisdictions & Allocations

### Direct Recipients

- States and District of Columbia (\$195.3 billion)
- Counties (\$65.1 billion)
- Metropolitan cities (\$45.6 billion)
- Tribal governments (\$20.0 billion)
- Territories (\$4.5 billion)

### Indirect Recipients

- Non-entitlement units (\$19.5 billion)



### Support Public Health Response

Fund COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff



### Address Negative Economic Impacts

Respond to economic harms to workers, families, small businesses, impacted industries, and the public sector



### Replace Public Sector Revenue Loss

Use funds to provide government services to the extent of the reduction in revenue experienced due to the pandemic



### Premium Pay for Essential Workers

Offer additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors



### Water and Sewer Infrastructure

Make necessary investments to improve access to clean drinking water and invest in wastewater and stormwater infrastructure



### Broadband Infrastructure

Make necessary investments to provide unserved or underserved locations with new or expanded broadband access



**For More Information:** Please visit [www.treasury.gov/SLFRP](http://www.treasury.gov/SLFRP)

**For Media Inquiries:** Please contact the U.S. Treasury Press Office at (202) 622-2960

**For General Inquiries:** Please email [SLFRP@treasury.gov](mailto:SLFRP@treasury.gov) for additional information



# Example Uses of Funds

## Support Public Health Response

- **Services to contain and mitigate the spread of COVID-19**, including vaccination, medical expenses, testing, contact tracing, quarantine costs, capacity enhancements, and many related activities
- **Behavioral healthcare services**, including mental health or substance misuse treatment, crisis intervention, and related services
- **Payroll and covered benefits** for public health, healthcare, human services, and public safety staff to the extent that they work on the COVID-19 response

## Replace Public Sector Revenue Loss

- **Ensure continuity of vital government services** by filling budget shortfalls
- **Revenue loss is calculated** relative to the expected trend, beginning with the last full fiscal year pre-pandemic and adjusted annually for growth
- **Recipients may re-calculate revenue loss** at multiple points during the program, supporting those entities that experience revenue loss with a lag

## Water & Sewer Infrastructure

- **Includes improvements to infrastructure**, such as building or upgrading facilities and transmission, distribution, and storage systems
- **Eligible uses aligned to Environmental Protection Agency project categories** for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund

## Equity-Focused Services

- **Additional flexibility for the hardest-hit communities and families** to address health disparities, invest in housing, address educational disparities, and promote healthy childhood environments
- **Broadly applicable** to Qualified Census Tracts, other disproportionately impacted areas, and when provided by Tribal governments

## Address Negative Economic Impacts

- **Deliver assistance to workers and families**, including support for unemployed workers, aid to households, and survivor's benefits for families of COVID-19 victims
- **Support small businesses** with loans, grants, in-kind assistance, and counseling programs
- **Speed the recovery of impacted industries**, including the tourism, travel, and hospitality sectors
- **Rebuild public sector capacity** by rehiring staff, replenishing state unemployment insurance funds, and implementing economic relief programs

## Premium Pay for Essential Workers

- **Provide premium pay to essential workers**, both directly and through grants to third-party employers
- **Prioritize low- and moderate-income workers**, who face the greatest mismatch between employment-related health risks and compensation
- **Key sectors include** healthcare, grocery and food services, education, childcare, sanitation, and transit
- **Must be fully additive** to a worker's wages

## Broadband Infrastructure

- **Focus on households and businesses** without access to broadband and those with connections that do not provide minimally acceptable speeds
- **Fund projects that deliver reliable service** with minimum 100 Mbps download / 100 Mbps upload speeds unless impracticable
- **Complement broadband investments** made through the Capital Projects Fund

## Ineligible Uses

- **Changes that reduce net tax revenue** must not be offset with American Rescue Plan funds
- **Extraordinary payments into a pension fund** are a prohibited use of this funding
- **Other restrictions apply** to eligible uses

The examples listed in this document are non-exhaustive, do not describe all terms and conditions associated with the use of this funding, and do not describe all the restrictions on use that may apply. The U.S. Department of the Treasury provides this document, the State and Local contact channels, and other resources for informational purposes. Although efforts have been made to ensure the accuracy of the information provided, the information is subject to change or correction. Any Coronavirus State and Local Fiscal Recovery Funds received will be subject to the terms and conditions of the agreement entered into by Treasury and the respective jurisdiction, which shall incorporate the provisions of the Interim Final Rule and/or Final Rule that implements this program.