



ARPA FUNDING

American Rescue Plan Act

Fairfax Town Council Meeting

September 1, 2021



ARPA Funding - Staff Report

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RECOMMENDATIONS:

- Receive report and presentation.
- Staff recommends that potential projects continue to be developed in order that Council can establish priorities for appropriations over the next two fiscal years.

ARPA Funding – Background

- In March, President Biden signed the American Rescue Plan Act (ARPA) to provide \$1.9 trillion in federal aid to help reduce economic hardship for low- and middle-income households, combat housing instability and homelessness, and bolster the economy.
- ARPA includes \$350 billion in direct flexible fiscal aid to state and local governments referred to as the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF).
- Fairfax was allocated \$1.8 million in funding. The first half (\$900,000) was received in July. The second payment of \$900,000 is scheduled for next May at the earliest.
- The FY21-22 town budget (Fund 25 – Federal Stimulus Funds) approved on July 7 includes grant receipts for \$900K and no committed appropriations.
- At a special meeting July 1, the Council discussed possibilities for ARPA expenditures including \$583,000 in Projects/Programs

ARPA Funding – Eligible Uses

The Federal fiscal aid can be used for any of the following purposes:

- Covering COVID-19-related public health and economic costs.
- Offsetting local government revenue losses compared to the prior fiscal year.
- Providing premium pay to essential workers of up to \$13/hour on top of their current wages, up to a maximum of \$25,000 per worker.
- Expanding broadband, water, and sewer infrastructure.

ARPA Funding – Ineligible Uses

The guidance from the Treasury explicitly specifies instances where use of LFRF are disallowed. Grantees may not use this funding:

- To make a deposit to a pension fund,
- To fund debt service,
- To pay for legal settlements and judgments,
- To make deposits to rainy day funds or financial reserves, or
- To fund infrastructure projects outside of water, sewer, and broadband.

ARPA Funding – Timeframe

- Covers eligible costs that Town incurred during the period that begins on March 3, 2021 and ends on December 31, 2024, as long as the award funds for the obligations incurred by December 31, 2024 are expended by December 31, 2026.
- Costs for projects incurred by the Town prior to March 3, 2021 are not eligible
- Exceptions exist for all permitted categories ie:
 - may use SLFRF award funds to cover costs incurred for eligible projects planned or started prior to March 3, 2021, provided that the project costs covered by the SLFRF award funds were incurred after March 3, 2021.

ARPA Funding – Compliance

Recipients are required to comply with

- Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”)
 - Procurement must be conducted in a manner providing full and open competition
 - Contractor oversight
 - Have and use documented procurement procedures
- Adherence to all applicable local, State, and federal procurement laws and regulations.
- Civil Rights compliance for use of federal funds
- Stringent Reporting & Recordkeeping
- Subrecipient Monitoring and reporting
- Single Audit

ARPA Funding – How shall we decide?

Guidelines from the Government Finance Officers Association

- Investment in critical infrastructure is well-suited for nonrecurring ARPA funds.
- Partnering may be available. Jurisdictions should be aware of plans for ARPA funding throughout their communities.
- Use other dedicated grants and programs first whenever possible and save ARPA funds for priorities not eligible for other federal and state assistance programs.
- Whenever possible, expenditures related to the ARPA funding should be spread over the qualifying period (through December 31, 2024) to enhance budgetary and financial stability.
- Adequate time should be taken to carefully consider all alternatives.

ARPA Funding – Proposed Uses (so far)

- During the course of Council’s July 1, 2021 special meeting, the following listing of “Coronavirus State and Local Recovery Fund Proposed Allocations” table was presented.

| <u>Category</u> | <u>Proposed Allocations</u> |
|--|------------------------------------|
| Loss Revenue | \$ 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 |
| Administration | \$ 25,000 |
| Rental Assistance (replace GF) | \$ 25,000 |
| Storm Drain repairs/improvements (Broadway) | \$ 30,000 |
| Premium Pay | (limit 150% of county avg. wage) |
| Home repairs/weatherization | (no dollar amount) |
| Total | \$ 563,000 |
| Total Remaining | \$ 337,000 |
| Total Available | \$ 900,000 |

ARPA Funding – Proposed Uses (so far)

- During the course of Council's July 7, 2021 regular meeting, the Town approved the budget and programmed \$900,000 in revenue for ARPA-eligible projects in the fiscal year beginning July 1, 2021 and ending June 30, 2022. No appropriations were made at that time although the County-wide Homeless Voucher Program and Storm drain pollution control improvements were noted as potential future appropriations.

ARPA Funding – Proposed Uses (so far)

- Replace outdated information technology and telecommunications equipment at Town Hall and other public buildings to:
 - enhance reliability,
 - resilience against local and remote electrical power quality issues and public safety shutdowns and
 - preserve local government functions in emergencies.
 - Equipment acquisition costs are very preliminarily estimated at: \$100,000 to \$150,000
- Establish revolving fund loan program using ARPA as a seed-funding source to:
 - facilitate equitable installation of insulation, energy efficient equipment retrofits and other decarbonization and carbon-footprint reduction improvements in Fairfax homes, commercial buildings and businesses (CAC)
 - Estimate: \$160,000
- Establish Fairfax Water Conservation Program (FWCP) intended to:
 - build on the programs offered by Marin Water to dramatically increase the adoption of water conservation strategies (CAC)
 - Estimate up to \$100,000 for the first six months

ARPA Funding – Proposed Uses (so far)

- Acquisition of storage and distribution facilities in the Corporation Yard for use of tertiary-treated recycled water produced at the Las Gallinas Water Reclamation Facility to irrigate irreplaceable plant materials (second-growth Redwoods, for example).
 - Estimate: capital equipment less than \$10,000.
- Potential collaborative projects with Ross Valley Fire, Marin County Fire and Marin Water to expedite any fire flow improvements to the existing potable water distribution network in Fairfax and vicinity would likely be eligible for ARPA funding.
 - Preliminary Town participation estimate: \$200,000 or more.

ARPA Funding – Proposed Uses (so far)

- Potential collaborative projects with the Ross Valley Sanitary District No. 1 and the Central Marin Sanitation Agency (CMSA) to increase production of and extend distribution pumps and pipelines for delivery of highly-treated reclaimed water to Town.
 - Timeframe considered unlikely under current ARPA criteria.
- Examine the possibility of utilizing ARPA funds for stormwater conveyance and water quality improvements in collaboration with the Marin County Stormwater Pollution Prevention Program.
 - Preliminary capital cost estimate: \$100,000.
- A collaboration with the Ross Valley Sanitary District and Marin Municipal Water District to repair or replace water mains, services, sewer mains and laterals, and storm drainage piping resulting in renewed infrastructure as well as street and sidewalk repairs. and upgrades would also likely be eligible.
 - Preliminary Town costs estimate: \$100,000 to th\$1.8 million.

ARPA Funding – Conclusion

Staff has identified several alternative courses of action for Council's consideration.

Two of those are:

- A. Council may wish to continue to accumulate potential projects and programs for funding under the ARPA, collaborating with neighboring jurisdictions to identify priorities and better leverage Fairfax's sensibilities and priorities into the FY 22/23 budget process having more permanent staff in the Town Manager and Public Works Director roles.
- B. Council may wish to appropriate some funds now to build momentum on collaborative or other projects that are stalled or warrant funding in the short-term for other reasons.



ARPA Funding - Recommendations

- Receive report and presentation
- Questions of Staff
- Public comment
- Discussion and direction to staff