



American Rescue Plan Act (ARPA)

Overview of Eligible Uses & Recommended Plan of Use

CARES Act and ARPA Compared

CARES Act

- Distributed through DFA, & reimbursed after County performed eligible distributions
- Limited uses for immediate assistance to individuals and small businesses impacted by COVID-19
- Short-term, and limitations on eligible use
- County exhausted all allotted funds by way of distributions to the community by the deadline of December 31, 2020, in the amount of \$1.7M.

ARPA

- Direct distribution from the US Dept of the Treasury to the County
- County allotted \$3.7M, half received in FY21 (\$1.8M and 2nd half to be received in FY22)
- Long term in nature – has to be spent or encumbered by December 31, 2024, and performance finalized by December 31, 2026
- Broadens the categories of eligible uses and requires much more stringent reporting and statistical demographic monitoring.

ARPA Created State and Local Fiscal Recovery Funds (SLFRF) Program

Provides that funds may be used:

- A. To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- B. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- C. For the provision of government services to the extent of the reduction in revenue due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; *(Note County does not feel this is a necessary category of use since it did not sustain significant revenue loss)*
- D. To make necessary investments in water, sewer, or broadband infrastructure.

Category A Eligible Uses – Responding to, or Negative Economic Impacts of Covid-19

Responding to Covid-19

- COVID-19 Mitigation and Prevention
 - PPE, physical plant improvements
- Behavioral HealthCare – new or enhanced local government services may be needed to meet behavioral health needs exacerbated by the pandemic and respond to other health impacts.
- Public Health and Safety Staff – Can cover payroll and benefits for primary dedication to responding to the Public Health Emergency.
- Expenses to Improve the Design and Execution of Health and Public Health Programs.
 - Targeted consumer outreach
 - Improvements to data or technology infrastructure, impact evaluations and data analysis

Category A Eligible Uses –Continued

Responding to Negative Impacts – Broad Categories

- Impacts to households and individuals
- Impacts on businesses
- Impacts on State, local, Tribal Governments
- Exacerbation of Pre-existing Disparities

Category A Eligible Uses – Continued

- Assistance to Households
- Expenses to Improve Efficacy of Economic Relief Programs
- Small Business and Non-profits
- Aid to Impacted Industries
- Building Stronger Communities through Investments in Housing and Neighborhoods
- Addressing Educational Disparities
- Promoting Healthy Childhood Environments

Note: Eligible uses under this category will require significant demographic data and most require evidence-based reporting requirements.

POLCO -
ARPA
Engagement
Package
Recommended
to Allocate
Category A
Eligible Uses

The ARPA Engagement Package by Polco connects leaders with residents, local businesses, and each other. With high-quality standardized surveys, the Polco engagement platform, and online reporting dashboards – this comprehensive package uncovers community needs and helps align funds with economic priorities.

RECOVER AND GET AHEAD OF THE ISSUES



Assess community needs



Produce documentation



Measure effectiveness of programs and initiatives



Guide spending & decision-making



Engage residents around ARPA funds



Align and track progress on strategic goals

Eligible Uses – Category B – Premium Pay

Fiscal Recovery Funds payments may be used by recipients to provide premium pay to eligible workers performing essential work during the COVID-19 public health emergency or to provide grants to third-party employers with eligible workers performing essential work.

- Eligible Worker Needs to be Defined by the State
- Generally, those workers critical to protect the health and well-being of the its residents
- Sectors may include healthcare, public health and safety, childcare, education, sanitation, transportation, and food production and services, among others

Note: Eligible uses under this category require significant administration on determining eligibility along with strict justifications of how the premium pay or grant is responsive to workers performing essential work during the public health emergency and are subject to thresholds established by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics.

Eligible Uses – Category D Necessary Investments in Water, Sewer or Broadband Infrastructure

Water and Sewer

- Have to meet definition of eligibility under the EPA's Clean Water or Drinking Water State Revolving Fund
- Congress recognized critical role that clean drinking water and collection and treatment of wastewater play in protecting public health
- Provides governments with wide latitude to identify investments in water and sewer infrastructure that are of the highest priority for their own communities

Broadband

- Should be provided to unserved and under-served households and businesses
- Eligible projects are expected to be designed to deliver service reliability that meets or exceeds symmetrical upload and download speeds of 100 Mbps

Note: Los Alamos County may not meet the specific criteria - further analysis is needed. The County also has adopted a CIP project budget for broadband. Therefore, staff is not recommending earmarking ARPA for this category at this time.

Eligible Water and Sewer Projects for Los Alamos County

- We continue to see price escalations due to the impacts of COVID-19 that are causing project overruns
- Cost overruns have created the diversion of funds from other projects, and the need to seek financing in Utilities in order to proceed with high priority projects

Project	Budgeted	Contract	Contingency	NMGRT	Total Project Cost	Overrun
Overlook Booster Station	\$880,000.00	\$1,562,500.00	\$234,000.00	\$131,369.06	\$1,927,869.06	\$1,047,869.06
Tsankawi Chlorination & NM-4 Replacement	\$700,000.00	\$1,725,657.00	\$129,424.00	\$135,652.80	\$1,990,733.80	\$1,290,733.80
North Mesa Road (Alamo & Capulin)	\$535,000.00	1,509,540	\$212,500.00	\$125,924.18	\$1,847,964.18	\$1,312,964.18
Otowi Well #2 & Otowi Well #4 MCC Replacement	\$1,900,000.00	\$3,240,836.00	\$282,001.00	\$257,607.46	\$3,780,444.46	\$1,880,444.46
Bayo Booster Tank	\$1,080,000.00	\$2,404,956.00	\$240,496.00	\$223,210.00	\$2,868,662.00	\$1,788,662.00
White Rock Wastewater Treatment Facility	\$17,000,000.00	\$17,026,537.00	\$5,625,357.50	\$1,095,210.60	\$23,747,105.10	\$6,747,105.10
Totals	\$22,095,000.00	\$27,470,026.00	\$6,723,778.50	\$1,968,974.09	\$36,162,778.59	\$14,067,778.59

Note: It is estimated that based on a 1% interest rate for every \$1M financed, it poses a potential rate increase of \$.06 per 1000 gallons over the next 25 years to support the debt service - that may have to be passed on to our consumers.

Compliance Requirements

SLFRF recipients must follow the Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200) and the Terms and Conditions of the SLFRF assistance.

- Allowable Activities
- Allowable Costs/Cost Principles (such as administrative costs and salaries and expenses)
- Cash Management
- Eligibility
- Subrecipient Monitoring
- SAM.gov Requirements
- Recordkeeping Requirements
- Single Audit Requirements
- Civil Rights Compliance



Reporting Requirements

Metropolitan city or county with a population below 250,000 residents and receiving less than \$5 million in funding submits:

	1. Interim Report	2. Project and Expenditure Report
Contents	<ul style="list-style-type: none"> Initial overview of status and uses of funding 	<ul style="list-style-type: none"> Types of projects funded Financial data Information on contracts, grants, and subawards over \$50,000
Frequency & Submission Date	<ul style="list-style-type: none"> One-time By August 31, 2021 Covers date of award through July 31, 2021 	<ul style="list-style-type: none"> Annually By October 31, 2021 and then annually thereafter Covers date of award through September 30, 2021



Summary and ARPA Allocation of Uses Consideration

Recommended Categories:

- Adopting ARPA Plan of Use for General Categories A and D
- Engaging POLCO for the ARPA package to conduct valuable survey and analysis to further identify specific eligible uses under Category A
- Earmarking partial ARPA funds to provide one-time budgetary support for eligible water and sewer projects and offset impacts to rate payers for cost of financing

Categories of Lower Feasibility:

- Category C – Recovery of Loss in General Revenues (no significant revenue loss to the County – not recommended)
- Category B – Premium Pay (may present feasibility challenges)
- Category D - Broadband Infrastructure (may be ineligible, and already budgeted for in CIP budget)

ARPA Allocation of Uses Plan - \$3,762,201

Category	Range to Earmark
A. To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality	70% - 90% (\$2,633,541 - \$3,385,981)
D. To make necessary investments in water, sewer and broadband infrastructure	10% - 30% (\$376,220 - \$1,128,660)