

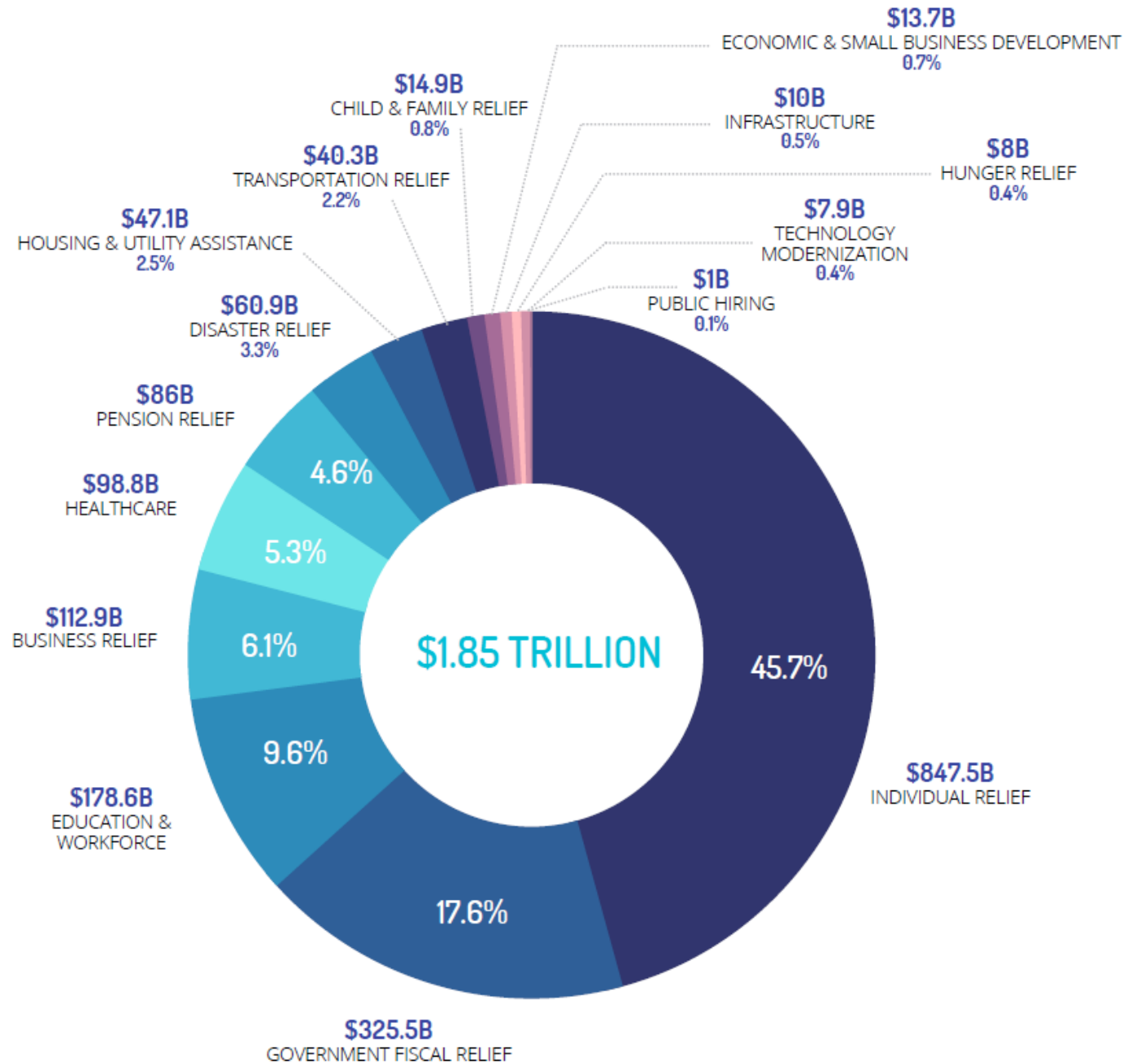
# CITY OF IOWA CITY

American Rescue Plan Act :

Local Government Relief  
Treasury Rules Overview

May 18, 2021

# WHAT IS IN THE AMERICAN RESCUE PLAN?



# State and Local Government Relief Allocations

\$195.3 billion to States and Washington D.C.

\$65.1 billion each to cities and counties

\$1.4 billion allocation to the State of Iowa

Notable allocations in Johnson County:

- Johnson County: \$29.3 million
- Iowa City: \$18.3 million
- Coralville: \$3.1 million **(estimated)**
- North Liberty: \$2.7 million **(estimated)**

## Timing of Allocations & Spending Deadlines

Funding to be issued in two tranches:

- 50% beginning in May 2021
- Remaining 50% approximately 12 months later

**December 31, 2024:** Deadline for funds to be *obligated*

**December 31, 2026:** Deadline for activities/projects to be completed and to incur and expend approved funds

**City has applied for and is awaiting receipt of funds from the U.S. Treasury**

## U.S. Treasury Interim Final Rule

# Four Primary Categories of Eligible Uses

**1**

Respond to pandemic's public health and economic impacts

**2**

Premium pay for eligible workers performing essential work

**3**

Replace lost revenue and restore government service levels

**4**

Necessary Water, Sewer & Broadband Infrastructure

# 1

## Respond to pandemic's negative public health and economic impacts

### Public Health Impacts: Eligible Uses

- COVID-19 mitigation and prevention
- Behavioral health care, mental health, substance misuse, domestic violence services
- Broader latitude to address disparities in public health outcomes caused by or exacerbated by the pandemic

**U.S. Treasury encourages prioritizing households, businesses, and non-profits most disproportionately impacted by COVID-19 or its compounding effects**

# 1

## Respond to pandemic's negative public health and economic impacts

### **Economic Impacts: Eligible Uses**

- Address economic harm and disparities caused by or exacerbated by the pandemic
- Assistance to households, workers, businesses, non-profits, and impacted industries
- Expanded uses for hardest hit communities: housing, community development, homelessness, childcare, and education

### **U.S. Treasury encourages prioritizing households & business disproportionately impacted:**

- **Households:** Prioritize BIPOC, women, low-income/low-wage populations
- **Businesses:** Prioritize smallest businesses, low credit, substantial declines in revenue
- **Non-Profits:** Prioritize those serving disadvantaged communities, cut service levels

## 2

### Premium pay for eligible workers performing essential work

- **“Eligible workers performing essential work during the COVID-19 public health emergency”**
  - Essential work definition: “work involving regular in-person interactions or regular physical handling of items that were also handled by others”
  - Eligible worker definition: “workers needed to maintain continuity of operations of essential critical infrastructure sectors” and “additional sectors...critical to protect health and well-being of residents” as designated by governments
- Direct premium pay to eligible City staff or grants to third-party employers with eligible workers
- Eligible worker examples:
  - Health and home care staff; social service staff
  - Food production, grocery store, and restaurant workers
  - Janitors and sanitation workers
  - Transit drivers, warehouse workers, truck drivers

**U.S. Treasury encourages prioritizing low-income eligible workers & retrospective pay**



# 3

## Replace lost revenue and restore government service levels

### Revenue Replacement

- Provision of government services to the extent of the reduction in general revenue, relative to last full fiscal year prior to the pandemic (FY19)
- Guidance defines methodology for calculating revenue loss

### Negative Economic Impact

- Eligible:
  - Restore service and staffing to pre-pandemic levels
  - New service or projects that were planned prior to the pandemic, but paused or delayed due to the pandemic
- Not eligible:
  - Utilities
  - Debt proceeds

# 4

## Necessary Investments in Water, Sewer & Broadband Infrastructure

- “Necessary Investments”
- **Water/Stormwater/Wastewater Infrastructure:** provide an adequate minimum level of service that meet applicable health-based standards, taking into account resilience or climate change
  - Capital improvements (facilities, storage, infrastructure)
  - Treatment, management, distribution, efficiency, and re-use
  - Projects addressing climate change (pollution, severe weather events, efficiency & conservation)

**U.S. Treasury encourages: resiliency, green infrastructure, lead service lines**

- **Broadband:** establishes or improves service to underserved populations (minimum 25/3) to reach an adequate level (100/100) for work school and is unlikely to be done privately.
  - Prioritize “last mile” connections, fiber optic infrastructure where feasible, consider affordability

# U.S. Treasury's Encouraged Uses & Framework for Assessing Use Eligibility

## 1. Public health + economic impacts:

- Identify harmful effect caused or exacerbated by the pandemic
- Demonstrate how use of funds addresses that harmful effect
- Assess disproportionate impact of effect on certain populations or sectors

## 2. Premium pay:

- Identify if workers are eligible under 'essential work' and 'eligible worker' definitions
- Prioritize low-wage/low-income frontline workers and retrospective pay where needed

## 3. Government services & revenue loss:

- Calculate revenue loss using defined methodology
- Compare service, project, and staff reductions to pre-pandemic levels

## 4. Water, sewer, broadband infrastructure:

- Broadband: Determine if project targets 25/3 geography and investment will provide adequate minimum service levels unlikely to be made by private sources.
- Water/Storm/Sewer: Identify if project is necessary to maintain minimum health-based standards, considering resiliency or climate change

# Transfers of Funds

- Transfer to another jurisdiction, special purpose unit of government, public benefit corporation involved in transportation, private non-profit, or private entity
- Transfers must be used for a qualifying eligible use under Treasury guidance
- Transferred funds are still bound by ARPA and Treasury guidance
- Cannot transfer to another entity to make funds become an eligible use

# Interim Final Rule: Ineligible Uses

- Federal Matching Requirements
- Premium Pay for Telework
- Pensions
- **Infrastructure not directly addressed in ARPA**
  - Eligible: water, sewer, broadband, infrastructure directly tied to mitigating COVID-19 or direct economic/public health impacts
- Contributions to reserve funds
- Debt payments
- Replacement of lost utility revenue



# Recommended Process

# Draft Guiding Principles

Leverage outside funding and avoid duplication with other relief programs

Restore financial stability to support future governmental operations

Retain flexibility to address evolving emergent community needs

Seek opportunities to make lasting change in physical and social infrastructure

Ensure funding decisions help mitigate racial inequalities

Pursue actions that contribute toward the City's climate action goals

Limit operational investments without identified sustainable funding sources

Demonstrate compliance and transparency through regular public reporting