

ARPA Final Rule-Important Changes

Public Health Category

In the IFR it allowed some services in an area if they qualified as a Qualified Census Tract (QCT). Lee County is not a QCT. In the FR it allows a county to use funds for those services assuming they have been “impacted” or “disproportionally impacted” by the pandemic. Treasury provides clearer guidelines and a 2-step process to be used for qualification in this area.

Eligible capital expenditures for affordable housing, schools, hospitals & childcare facilities

These additional uses are community violence intervention programs, in communities that have experienced increased gun violence additional resources for law enforcement.

Additional uses for medical expenses and behavioral healthcare.

Negative Economic Impacts Category

Adds eligible uses for “impacted” and “disproportionally impacted” population to qualify for assistance in certain areas such as, affordable housing programs, lost instructional time for students K-12 by adding tutoring and additional instruction time, financial services for the unbanked & underbanked, schools and other educational equipment & facilities, list of services and assistance for individuals living in various neighborhoods and uses to relocate out of that neighborhood or improve the neighborhood

****Improvements to vacant and abandoned properties** including rehabilitation, maintenance, renovation, remediation of environmental containments, demolition or deconstruction, greening/vacant lot cleanup & conversion to affordable housing. Per the FR-“Treasury encourages recipients to undertake these activities as part of a strategy for neighborhood revitalization and to consider how the cleared property will be used to benefit the disproportionately impacted community. Activities under this eligible use should benefit current residents and businesses, who experienced the pandemic’s impact on the community.” (FR page 135)

Small Businesses

Additional uses to disproportionately impacted small businesses:

- *Rehabilitation of commercial properties, storefront improvements & façade improvements
- *Technical assistance & business incubators, grants for startup/expansion costs
- *Support for microbusinesses including financial, childcare & transportation costs

Public Sector Capacity

- *Allows hiring of 7.5 % above pre-pandemic baseline
- *Providing additional funding for employees who experienced pay reductions or were furloughed
- *Maintain current compensation levels to prevent layoffs
- *Providing worker retention incentives including reasonable increases in compensation
- *Administrative costs associated with the hiring, support and retention programs listed above
- *Improving the efficacy of public health & economic programs such as supporting program evaluation data & outreach through -Technology infrastructure to improve access to and use experience of government IT systems as well as technology improvements to increase public access & delivery of government programs & services

Capital Expenditures

*Must respond to public health & economic impacts, reasonably proportional to the impact and reasonably designed to benefit the impacted population

*Less than \$1 million, no written justification needed/Greater than \$1million written justification needed but not required to submit as a part of regular Treasury reporting

Capital expenditures generally ineligible: Construction of new correctional facilities as a response to an increase in crime, construction of new congregate facilities to decrease the spread of COVID, construction of convention centers/stadiums intended for general economic development

Water/Sewer Infrastructure

Additional Eligible Projects include:

*Culvert repair, resizing, removal, replacement of storm sewers & add'l types of stormwater infrastructure

*Additional projects pertaining to improvements to safe drinking water, dam/reservoir rehabilitation, remediation projects

Eligible Expenses BEYOND those Enumerated within the Final Rule

Final Rule allows broad flexibility to respond to other pandemic impacts beyond those enumerated within the Final Rule

Must use the following formula to determine if it qualifies:

1. Identify COVID19 Public Health or Economic Impact
2. Design a Response that addresses/responds to the impact

Lost Revenue Section

In the Interim Final Rule (IFR) it allowed us to use a specific calculation to determine if our County had revenue loss and if so, we could elect to use ARPA funds equal to that revenue loss amount. Those revenue loss funds can then be used for "government services". In 2020, Lee County had no revenue loss.

In the Final Rule (FR) it allows for a standard allowance of up to \$10million to use for revenue loss. This does not increase our award to \$10 million, just allows awards under \$10million to be used in full in this category. In other words, we can elect to take our entire award (\$6.6 million) as revenue loss and use for "government services".

Unanswered Questions by Treasury regarding this option:

*If we have used funds already, can we elect to use what remains as the standard allowance? Example, we have used close to \$1 million, can we elect to use the remaining \$5.6 million?

*The reporting requirements are not clear for this option and per the FR, they will release updated reporting requirements. Our 1st report is due 4/30/2022 and I predict we will not receive this reporting form until the beginning of April 2022.

*We can use this over the entire period of performance for the award (through 12/31/2024, possibly 12/31/2026-but that has not been clarified). It is not clear if we need to obligate how much of the award we plan to use each year. Example in 2022 we use \$2 million, 2023 we use \$3 million, etc.