



# American Rescue Plan Act (ARPA) Committee

## Meeting Minutes

Lee County, Illinois

Feb 10, 2022 at 9:00 AM CST

Old Lee County Courthouse, Third Floor, 112 E Second Street, Dixon, IL 61021

### **I. Call to Order**

Meeting was called to order at 9:05 a.m., by member John Nicholson.

### **II. Roll Call - Bob Olson, Chair, Jim Schielein, John Nicholson, Chris Norberg, Rick Humphrey, and Tim Bivins**

Chair Bob Olson was absent. All other members were present.

Also present were Lirim Mimini and Tom Wilson (Board Members). ARPA Advisory Members: Wendy Ryerson (Administrator), Charley Boonstra (State's Attorney)(9:19-9:40), Sara Leisner (ARPA Grant Coordinator), and Paul Rudolphi (Investment Strategist, Accounts Payable, and Staff Consultant),

### **III. Approval of Minutes (January 6, 2022 meeting)**

The January 6, 2022, American Rescue Plan Act Meeting minutes were approved without modification.

### **IV. Visitors**

Andy McFarlan from the Dixon YMCA attended to learn more about the application process.

### **V. Monthly PowerPoint Presentation**

Sara Leisner walked the committee through the monthly PowerPoint presentation. The presentation included the Treasury Final Rule which included changes and updates in the following categories: Public Health, Negative Economic Impacts, Small Business, Public Sector Capacity, Capital Expenditures, Water/Sewer Infrastructure, Eligible Expenses Beyond those Enumerated in the Final Rule, Revenue Loss, and Examples of ARPA Use vs. Government Services Use. The full presentation can be found in its entirety included in the minutes.

### **VI. Old Business**

None

## VII. New Business

The committee had a lengthy discussion regarding the Treasury's Revenue Loss Category changes. The Treasury gave the County the option to calculate revenue loss using two (2) different formulas **or** to take a standard allowance of up to \$10 million (or full award if total award is less than \$10 million). The benefit to the County in taking the standard allowance would be a major reduction in the amount of administrative reporting and tracking responsibilities. This option would not keep the funds from being distributed throughout the County to applicants or agencies. A narrative of the distribution of funds would still be required by the Treasury. No action was taken.

### A. Funds spent, approved and remaining

Please see PowerPoint presentation and Final Rule information below regarding information for New Business items A, B, C, and D.

### B. Final Rule updates on eligible categories/changes

See attached.

### C. Social Service Program update and extension of application due date - Action Item

Sara Leisner explained that since the PowerPoint presentation was posted, she had received two (2) Social Service applications. She also explained that there were other funding sources that have had earlier deadlines, which would explain why there had not been more applications received. With this in mind along, with the Treasury changes, it was suggested that the deadline for Social Services applications be extended from February 15, 2022 to February 28, 2022.

**Motion** to extend the Social Service Program updates and the extension of application due date. **Moved** by Jim Schielein. **Second** by Tim Bivins. Motion approved by voice vote.

### D. Next Steps using Final Rule Guidance

See attached PowerPoint presentation.

### E. Audio/Visual upgrades to County Boardroom - Action Item

Wendy Ryerson and the committee walked through the Lee County Board Technology upgrade bids that were opened on February 8, 2022. A specific contract had not been chosen. The bids were still being reviewed to make sure all the services provided in the bids would correct all the audio/video issues the County was having and that the system would be user friendly. The committee

approved the following motion so a bid could be accepted before the next meeting and the project could start as soon as possible.

**Motion** to approve the County Audio/Visual upgrades to the County Boardroom not to exceed \$250,000. **Moved** by Chris Norberg. **Second** by Tim Bivins. Motion carried by voice vote.

F. Other New Business

VIII. Next Meeting Date (March 10, 2022)

IX. Adjournment

**Motion** to adjourn at 10:29. **Moved** by Jim Schielein. **Second** by Chris Norberg.

## 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.

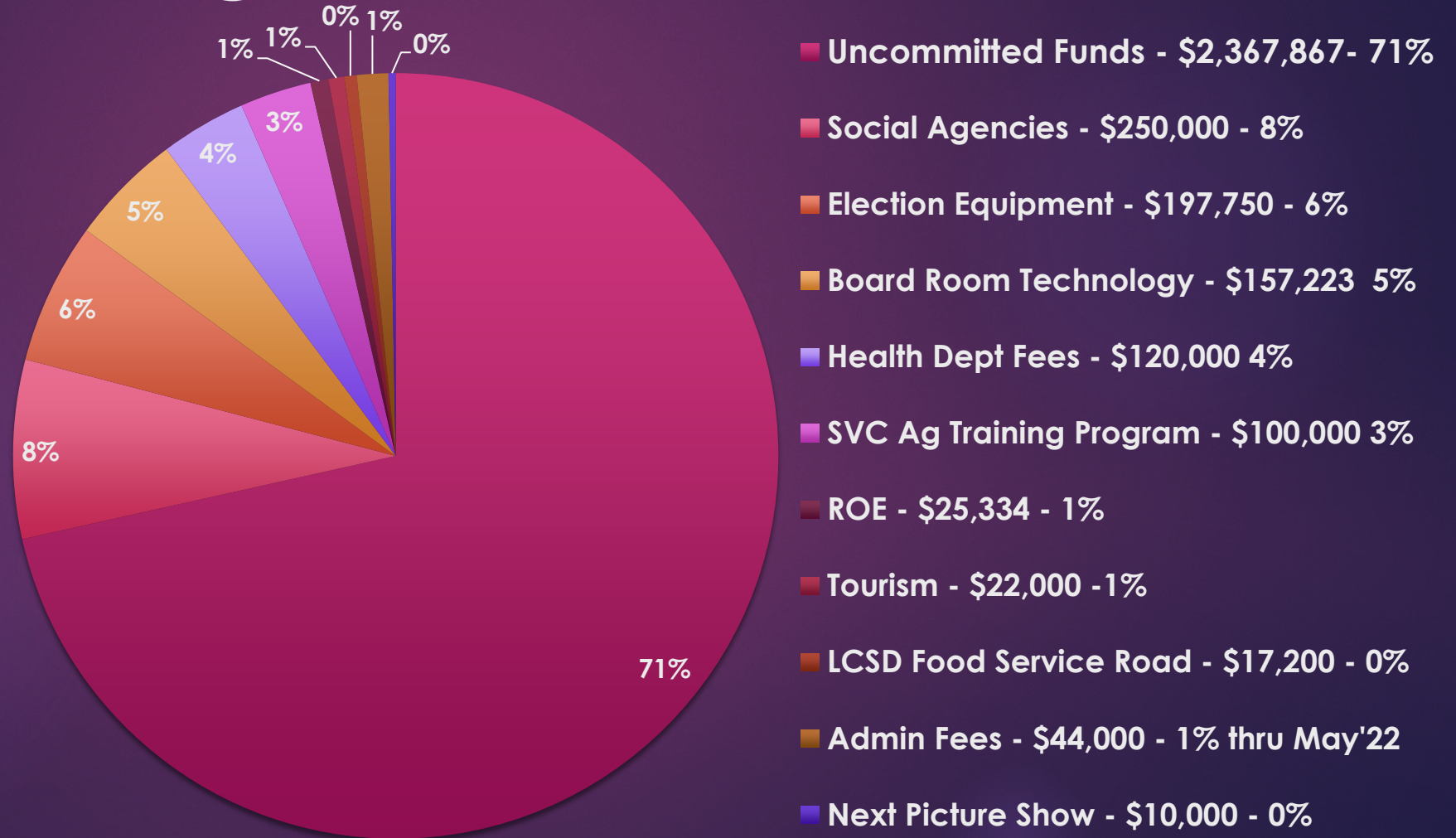


**American Rescue Plan Act  
State & Local Fiscal  
Recovery Funds  
Committee Meeting**

**FEBRUARY 10, 2022**

# Funds Expended, Approved & Remaining- 1<sup>st</sup> Installment

**\$943,507**  
**Committed Funds**



# Treasury Final Rule

- Released January 7, 2022
- Takes effect April 1, 2022
- Numerous changes in categories which allows for more flexibility for use of funds



# Public Health Category

- ▶ Removal of Qualified Census Tract (QCT) and replaced with “impacted” or “disproportionally impacted”
- ▶ Capital Expenditures, if they qualify, to be used for affordable housing, schools, hospitals & childcare facilities
- ▶ Additional eligible services in categories of Medical Expenses to households, medical providers, & others
- ▶ Additional eligible services for behavioral healthcare
- ▶ Additional eligible expenses for preventing & responding to violence in certain communities that have experienced increased gun violence due to pandemic

# Negative Economic Impacts Category

- ▶ Sets forth a list of household and communities “impacted” and “disproportionally impacted” by the Pandemic that qualify for assistance.
- ▶ Improvement to abandoned properties in some neighborhoods
- ▶ Additional eligible uses for:
  - ▶ Affordable housing or relocation out of a certain neighborhood
  - ▶ Lost instruction time for K-12 students including tutoring
  - ▶ Financial services for the unbanked & underbanked
  - ▶ Schools and other educational equipment & facilities

# Small Business Category

- ▶ **Additional uses for small businesses that have been impacted and disproportionately impacted by the pandemic**
  - ▶ **Rehabilitation of commercial properties, storefront improvements & façade improvements**
  - ▶ **Technical assistance, business incubators & grants for start-up or expansion costs for small businesses**
  - ▶ **Support for microbusinesses, including financial, childcare & transportation**

# Public Sector Capacity Category

- ▶ Applies to Public Safety, Public Health, Human Services, Government Employees
- ▶ Hiring of 7.5% above pre-pandemic baseline
- ▶ Additional funding for employees who were furloughed or experienced pay reduction
- ▶ Maintain current compensation to prevent layoffs
- ▶ Worker incentives, including increases in compensation
- ▶ Improvements to efficacy of public health programs & government IT programs
- ▶ Administrative costs for the uses listed above

# Capital Expenditures

- ▶ **Must respond to public health & economic impacts, reasonably proportional to the impact and reasonably designed to benefit the impacted population**
- ▶ **Projects generally ineligible:**
  - ▶ **Construction of new correctional facilities as a response to an increase in crime**
  - ▶ **Construction of new congregate facilities to decrease spread of COVID19**
  - ▶ **Construction of convention centers, stadiums or other large capital projects intended for general economic development**

# Water/Sewer Infrastructure Category

- ▶ **Additional eligible projects include:**
  - ▶ **Culvert repair, resizing & removal**
  - ▶ **Replacement of storm sewers and additional stormwater infrastructure**
  - ▶ **Dam & reservoir rehabilitation if primary purpose is for drinking water**
  - ▶ **Broad set of lead remediation projects**
  - ▶ **A ‘Necessary’ investment in this category must be**
    - ▶ **1. Responsive to an identified need to achieve or maintain an adequate level of service**
    - ▶ **2. Cost-effective means**
    - ▶ **3. Drinking water infrastructure investments meet projected population growth and be sustainable over estimated useful life**

# Eligible Expenses BEYOND those Enumerated in the Final Rule

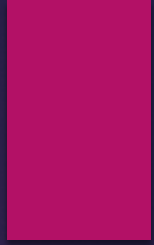
- ▶ Final Rule allows broad flexibility to respond to other pandemic impacts beyond those enumerated within the Final Rule
- ▶ Must use the following formula to determine if it qualifies:
  - ▶ 1. Identify COVID19 Public Health or Economic Impact
  - ▶ 2. Design a Response that addresses/responds to the impact

# Revenue Loss Category

- ▶ Option to Calculate revenue loss using 2 different formulas OR take a standard allowance of up to \$10 million (or full award if total award is less than \$10 million)
- ▶ Funds taken as revenue loss must be used for “government services”
- ▶ UNANSWERED QUESTIONS BY TREASURY ON THIS OPTION:
  - ▶ 1. If we have already used funds, can we elect to use what remains as the standard allowance?
  - ▶ 2. Reporting in this area is not yet clear and per Treasury will release updated reporting requirements
  - ▶ 3. Guidance on how we can use the standard allowance throughout the period of performance (through 12/31/2024 and possibly through 12/31/2026) as we cannot replenish a financial reserve



# Example of ARPA Use vs. Government Services Use



Intended Use	Funds used per ARPA Guidelines	Funds used in Revenue Loss Category for Government Services
Abandoned Properties	Limitations on use-neighborhood revitalization, must benefit disproportionately impacted community	Broader flexibility, no limitations on use, can use for any abandoned property
Culvert Repair/Replacement	Specific eligibility for projects-eligible if meets CWSRF guidelines & additional guidelines	Broader flexibility, no limitations on use, can be used for any culvert repair/replacement project
HVAC	Ventilation improvements/replacements using special filters/equipment to mitigate the spread of COVID	Broader flexibility, no limitations on type of system/filters/equipment

# Social Service Program Update

- ▶ Application deadline February 15, 2022
- ▶ As of February 7, 2022-Applications received-0
- ▶ Propose to extend Application Deadline to February 28, 2022-Action Item-Vote Needed

# Next Steps Using the Final Rule

- ▶ **ARPA Staff to attend Committee Meetings next week to review changes to ARPA Final Rule**
- ▶ **Await further guidance from Treasury on Revenue Loss unanswered questions before determining how to proceed with ARPA funds**
- ▶ **ARPA Documents to be posted on OnBoard**



# Questions, Comments, Feedback

**NEXT MEETING DATE**

**THURSDAY MARCH 10, 2022**

**9:00 AM**