

COVID-19 Recovery Funds for Special Districts

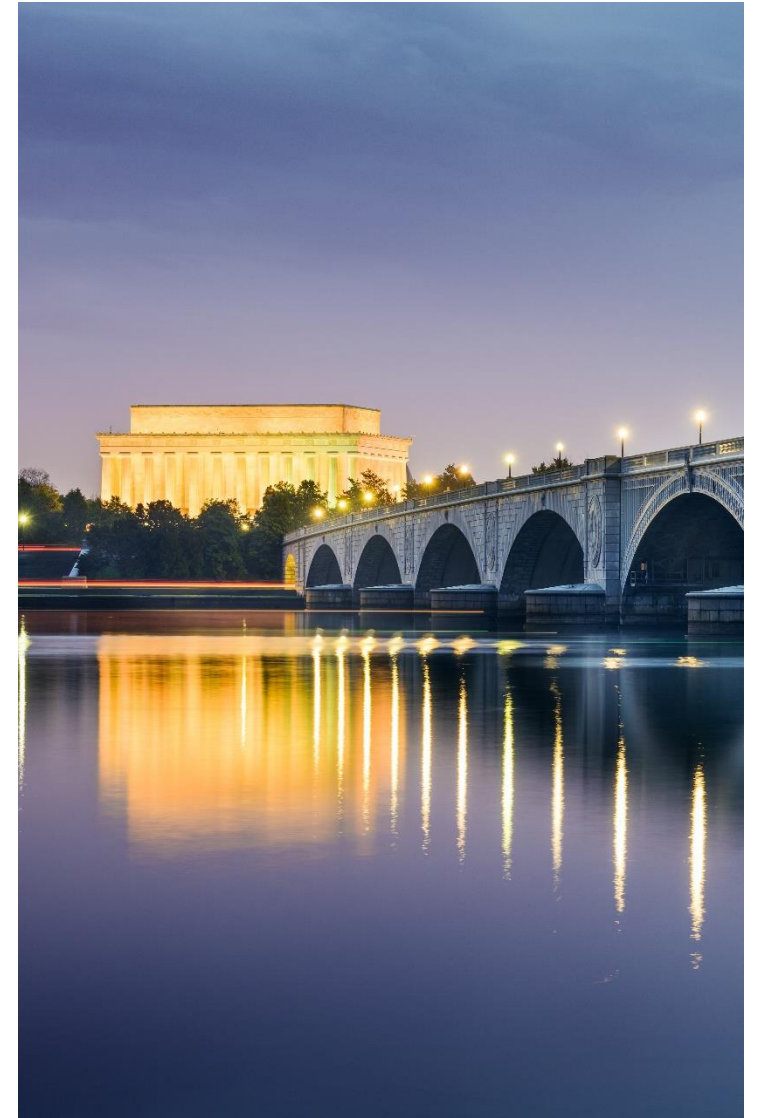
The Latest Guidance on *American Rescue Plan* Recovery
Funds

May 20, 2021

AGENDA

- Let's Review the Basics
- Things to Think About
- Use of Coronavirus State/Local Recovery Funds
- How to Advocate For Recovery Funds
- Fiscal Recovery Fund Alternatives

Let's Review the Basics: State and Local Fiscal Recovery Funds



LET'S REVIEW THE BASICS

\$350B to State and Local Governments

- May 10: Most ARPA allocations and Interim Final Rule released (effective beginning May 17).
 - Final numbers for states and direct recipients (generally over 50k population).
 - Guidance on implementation.
 - Awaiting allocations and further guidance for non-entitlement units of local government (NEUs) (generally less than 50k population).
- Published in Federal Register on May 17, open comment period until July 16 before Final Rule.
 - There is time to make changes.



Provide feedback to Treasury – look at the questions.

LET'S REVIEW THE BASICS

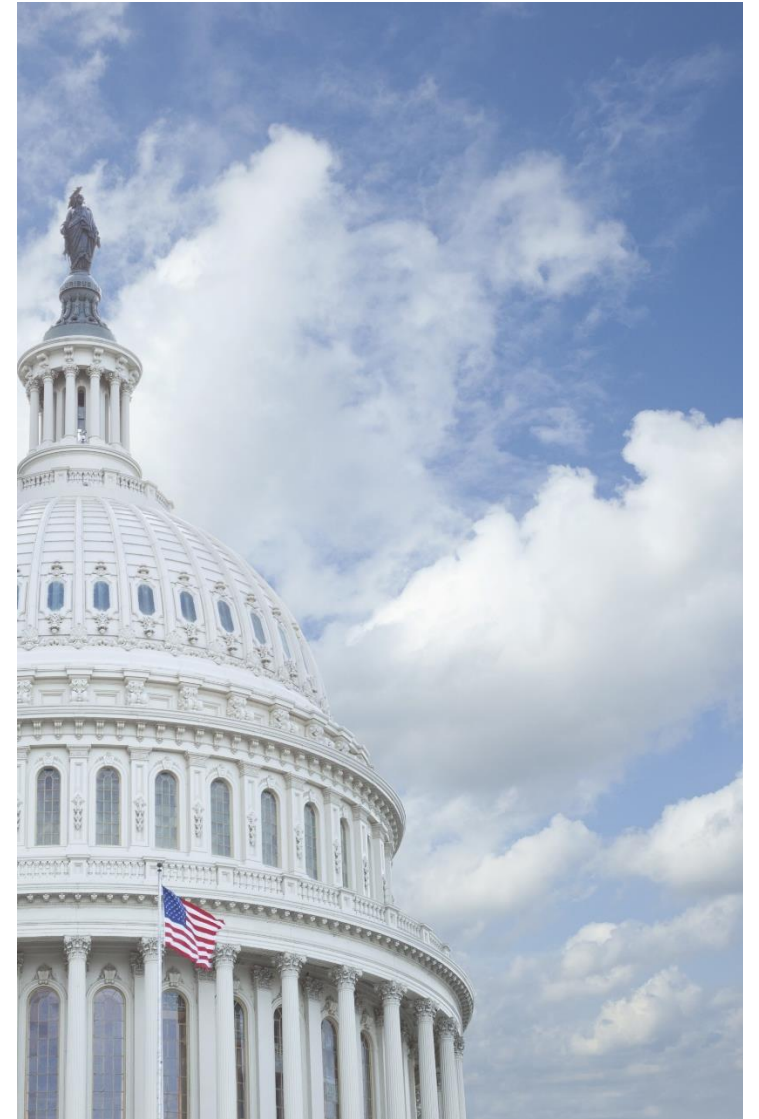
Timing of Distribution of Funds

- Disbursements in two tranches, 12 months apart.
 - Allows recipients to respond to the current recovery status and plan accordingly.
 - Exception for states with high unemployment, then single disbursement.

Dates of Importance

- **January 27, 2020:** Beginning of the COVID-19 public emergency;
- **March 3, 2021:** Funds can be used to cover costs incurred from this date forward;
 - Note:* Funds can still be used to replace lost revenue; can also be used for retroactive premium pay for essential workers;
- **December 31, 2024:** Deadline to obligate funds; and
- **December 31, 2026:** End of Period of Performance.

Things to Think About



THINGS TO THINK ABOUT

Insider Scoop from NSDC

- Unique opportunity to avoid federal red tape.
- National Environmental Policy Act (NEPA) will NOT be required for infrastructure projects funded with only Treasury funds.
- Expanded uses for the hardest hit communities.
 - Must be in Qualified Census Tract or in disproportionately-impacted communities
 - Lead abatement, affordable housing, community violence intervention, housing vouchers, relocation assistance, etc.
- State, Local Fiscal Recovery Funds may be transferred to special districts, other jurisdictions, non-profit organizations, and even the state.



Consider the funding a once in a lifetime opportunity.

THINGS TO THINK ABOUT

Things to Consider

- Solicit community input.
- Incorporate official consideration or action in decision making process.
- How will the project be described on the front page of the local paper?
- Can you adequately explain why the use of funds is necessary?
- What is the harm/need you are looking to address?
- How does the expenditure address that harm/need?



Connect the harm/need created by the COVID-19 emergency.

How Can I Spend the Money?



HOW CAN I SPEND THE MONEY

Eligible Uses

- Costs associated with responding to or negative economic impacts of the COVID-19 public health emergency.
- Revenue loss.
- Premium pay.
- Water, sewer, and broadband infrastructure.

HOW CAN I SPEND THE MONEY

Public Health Response to the COVID-19 Emergency

- Mitigation and prevention activities.
- Medical expenses for health care and services to address short- and long-term needs.
- Behavioral health care:
 - Mental health;
 - Substance misuse; and/or
 - Domestic violence (DV) services.
- Public health and safety staff payroll and benefits.
- Activities to address the disparities in public health outcomes.

HOW CAN I SPEND THE MONEY

Negative Economic Impacts

- Help households and individuals.
- Assist small businesses.
- “Broad latitude” to address impact on state, local, Tribal governments’ ability to deliver general government services (e.g., rehiring staff).
- Aid to impacted industries.
- Expanded uses for disproportionately impacted communities.

HOW CAN I SPEND THE MONEY

Revenue Loss

- Compares actual pandemic-era revenue to an estimate of revenue if the pandemic had not occurred.
- Calculation provided in guidance or assume 4.1% growth, whichever is higher.
- Revenue loss is different for every community, so Treasury will allow calculations at **4 points in time**:
 1. **December 31, 2020;**
 2. **December 31, 2021;**
 3. **December 31, 2022; and**
 4. **December 31, 2023.**

HOW CAN I SPEND THE MONEY

Revenue Loss Continued...

- “Broad latitude” to use funds for provision of government services, such as infrastructure maintenance or pay-go infrastructure projects:
 - Roads;
 - Modernization of cybersecurity;
 - Health services;
 - Environmental remediation;
 - School or educational services; and
 - The provision of public safety services (e.g., police and fire).



If you haven't already, calculate your loss of revenue.

HOW CAN I SPEND THE MONEY

Premium Pay to Essential Workers

- Direct payments to essential workers or grants to 3rd-party employers with eligible workers.
 - To qualify, work must involve frequent in-person interactions or physical handling of items that were also handled by others.
 - Not for teleworkers!
- Premium pay is \$13/hour **above** wage/payment not to exceed \$25k/year.
- Written justification is required if premium pay increases total pay above 150% of state or county's avg. annual wage, whichever is higher.
- Retroactive and future payments are allowed and encouraged.



Many special district employees are considered essential.

HOW CAN I SPEND THE MONEY

Water and Sewer Infrastructure

- **Drinking water infrastructure** eligible under the *Drinking Water State Revolving Fund* such as:
 - Building or upgrading facilities and transmission;
 - Distribution; and
 - Storage systems.
- **Wastewater infrastructure** eligible under *the Clean Water State Revolving Fund* including:
 - Constructing publicly-owned treatment infrastructure;
 - Managing and treating stormwater or subsurface drainage water;
 - Facilitating water reuse; and
 - Securing publicly-owned treatment works.
- Projects should encourage strong labor standards.
- May include projects on privately-owned infrastructure and cybersecurity.



Think: “Build Back Better” – resiliency, green infrastructure, lead service lines.

HOW CAN I SPEND THE MONEY

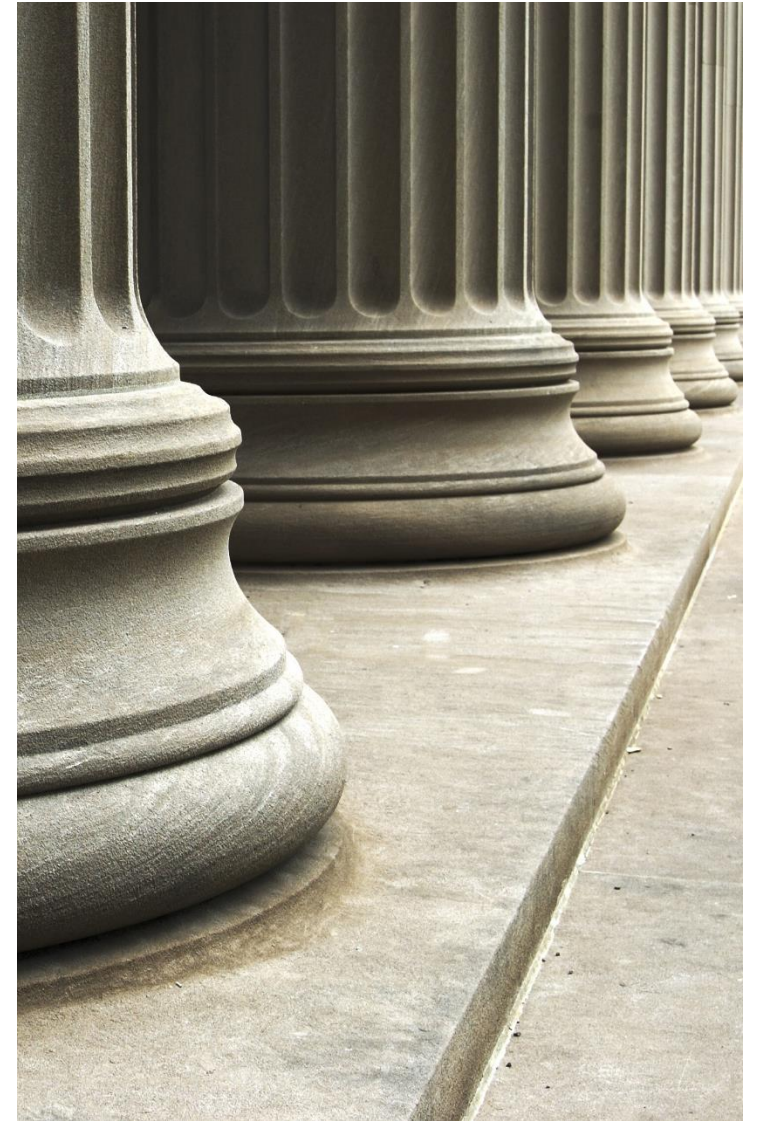
Broadband Infrastructure

- Focus on unserved or underserved, defined as:

“ Users lacking a wireline connection that reliably delivers minimum speeds of **25 Mbps download and 3 Mbps upload** (or 25/3).^{*}”

- Prioritize:
 - Last-mile connections to households and businesses;
 - Building reliable 100/100 unless impracticable due to topography, geography, or financial cost;
 - Fiber optic infrastructure where feasible; and/or
 - Support for networks owned, operated, or affiliated with local governments, non-profits, co-ops.

How Do I Access Fiscal Recovery Funding?



HOW DO I ACCESS THE FUNDING?

Pre-Award Requirements

- Districts must register with the System for Awards Management (SAM)
 - All entities receiving federal financial assistance must maintain an active SAM registration. Renewal is required on an annual basis.
 - Register: <https://www.sam.gov/SAM/> Processing: ~3 weeks
- Districts must acquire a Data Universal Numbering System (DUNS) number, which is used to track federal financial assistance.
 - Register: <https://fedgov.dnb.com/webform/> or call (866) 705-5711
 - Processing: Couple business days
- Treasury guidance: units of government receiving pass-through relief are required to have updated SAM and DUNS.

HOW DO I
ACCESS THE
FUNDING?

Best Practice: Prepare, Demonstrate Relief

Prepare a document in three-parts:

1. Record all COVID-19-related expenditures since January 27, 2020.

Identify supporting documents. Breakdown in categories:

- i. Eligible payroll expenses
- ii. **Separately:** calculation of eligible premium pay
- iii. Personal protective equipment, Sanitization
- iv. Medical expenditures, including testing
- v. Community behavioral health efforts, as defined.
- vi. Expenditures on vaccination efforts.
- vii. Capital investments required to meet demands of the pandemic
- viii. Contact tracing, testing efforts
- ix. Any other pandemic response and mitigation expenditures.

HOW DO I
ACCESS THE
FUNDING?

Best Practice: Prepare, Demonstrate Relief

Prepare a document in three-parts:

2. Revenue loss statement

- i. Calculate loss as of Dec. 31, 2020.
- ii. Base on revenues collected for Fiscal Year 2019.
- iii. Pinpoint revenue loss projects either 4.1 percent or the average annual growth rate of district's revenues for FY17-FY19.
 - a. Calculate revenue losses forward at 12/2021, 12/2022, 12/2023
- iv. Provide adequate documentation

3. Water and/or wastewater infrastructure projects

- Report applicable project totals as a demonstration of need with documentation

HOW DO I ACCESS THE FUNDING?

Advocating for Fiscal Recovery Funds

Tell Your Story

- Use prepared impacts to quantify impacts in dollars
- Appeal to human impacts
 - Reduction in district services
 - Reduction in district employment
 - Impacts on districts staff (COVID exposure on the frontlines)
- Is there a memorable, impactful COVID event that impacted your district?
- How has your district shifted operations to meet community needs?
- COVID testing, vaccination hub?
- Have you received relief funds?

HOW DO I ACCESS THE FUNDING?

Advocating for Fiscal Recovery Funds

Telling the Story: State Elected Leaders

- Check state association for advocacy in-progress, get engaged
- Write a letter (see template) to elected officials:
 - Introduce the district and services provided.
 - Define geographic area and population estimate
 - State top line impact figure whether the district has received relief, ask for Fiscal Recovery Fund Access.
 - Share highlight of the district's story
 - Close to thank the official for consideration, provide a point of contact.
- Send via “contact me” webform and/or on letterhead via USPS.
 - Leverage email contacts if available.
 - Request field meeting

HOW DO I
ACCESS THE
FUNDING?

Advocating for Fiscal Recovery Funds

Simultaneously Communicate Needs to County, City Officials

- While advocating at state level
- Best initial contacts:
 - County commissioner/supervisor
 - County administrative officers/CAO/CEO
- Explain situation, impacts, story
- **First request: supporting districts' state ask.**
 - No deferral of guaranteed ARP funds
- Second request: local fiscal recovery funds access (if state unsuccessful)

HOW DO I ACCESS THE FUNDING?

Advocating for Fiscal Recovery Funds

Other tips:

- Power in numbers – form local, regional, statewide coalitions
- Newspaper op-eds, letters to editors
- Engage the community
 - Social media, billing statements, newsletters, etc.
- Invite for tour (if local restrictions allow)

HOW DO I ACCESS THE FUNDING?

Advocacy Resources Are Available

Virtual packet/DropBox link:

- State coalition letter sample documents
- Background information including state, county and city relief allocations
- Template letters to state elected officials and county officials
- Template meeting request content
- Examples of Op-Ed pieces

Access to DropBox link

<http://bit.ly/NSDCcovid19advocacy>



Questions?



Fiscal Recovery Fund Alternatives

FISCAL RECOVERY FUND ALTERNATIVES

FEMA Public Assistance

- Special Districts are eligible to apply for FEMA's Public Assistance Program and may do so in situations beyond the pandemic.
- FEMA can assist with emergency protective measures including, but not limited to, the following, if not funded by the U.S. HHS or CDC:
 - Measure taken for the management, control and mitigation of immediate threats to public health and safety.
 - Emergency medical services, supplies, transport
 - Food distribution
 - Overtime costs for emergency/response officials
 - Communications in the interest of public information, re: health & safety

FISCAL
RECOVERY FUND
ALTERNATIVES

Emergency Rental Assistance Program

- \$46.5 billion total allocated to the program since established.
- States and cities, counties (pop. 200,000+) received direct allocation for programs.
- Low-income rental households eligible
- Renter or landlord must apply to facilitating agency.
 - Potential agencies include the state, a county, city or designated non-profit.
- Utilities recommended to work with facilitating agency to demonstrate need / status of arrears.
- Utilities should encourage eligible households to apply.

[Treasury FAQ document](#)
[Find ERAP administrator in your area](#)

FISCAL
RECOVERY FUND
ALTERNATIVES

Homeowner Assistance Fund

- Similar to ERAP, but for homeowners financially distressed due to COVID-19 economic downturn
- \$9.4 billion appropriated to states.
- Utilities arrearage assistance available:
 - Water, wastewater, solid waste, home heating and broadband
- Many other options to avoid mortgage default, foreclosure, interest reduction, etc.
- First tranche of funds focused on low-income and socially disadvantaged homeowners.

[Full Treasury guidance document](#)

FISCAL
RECOVERY FUND
ALTERNATIVES

Low-Income Household Drinking Water and Wastewater Emergency Assistance Program

- Established under FY21 Consolidated Appropriations Act, boosted with ARP.
- \$1.138 billion total in program; guidance and funds *still* pending.
- Anticipate to be similar LIHEAP
- Public water systems eligible
 - Arrearage reduction
 - Rate reduction for arrearage-impacted households

FISCAL
RECOVERY FUND
ALTERNATIVES

Additional Funding for First Responders

- \$100 million for the agency's Emergency Management Performance Grants.
- \$100 million in additional funds for the Assistance to Firefighter (AFG) Grant through Fiscal Year 2025.
- \$200 million in additional funds for the Staffing for Adequate Fire and Emergency Response (SAFER) Grant through Fiscal Year 2025.
- \$400 million in grant funding for FEMA Emergency Food and Shelter Program.

The law also infuses \$625 in additional resources for the Cybersecurity and Infrastructure Security Agency, which is responsible for programs to harden physical critical infrastructure assets, such as water treatment, power and flood control facilities, and protect against cyber threats.

FISCAL
RECOVERY FUND
ALTERNATIVES

Additional Funding for Public Transit

- \$30.5 billion to public transit agencies to prevent layoffs and severe cuts to services.
 - \$26.087 billion provided as formula grants to areas with populations 200,000+.
- Funding is also included to ensure that ongoing transit construction projects do not experience costly delays or slowdowns. The legislation also includes:
 - \$2.2 billion in funding to be allocated to recipients with the greatest operating assistance needs that remain unmet after formula-based relief
 - \$100 million to preserve intercity bus services under the section 5311(f) program for rural areas.
 - \$1 billion in funds to ensure the solvency of ongoing New Start, Core Capacity, and Expedited Project Delivery projects under the Capital Investment Grants program (CIG)
 - \$250 million in funds to ensure the solvency of ongoing Small Start CIG projects
 - \$25 million in route planning grants to help agencies improve service throughout and following the pandemic, including by improving the quality and frequency of service provided to low-income riders and disadvantaged communities

FISCAL RECOVERY FUND ALTERNATIVES

Additional Funding for Public Airports

- \$6.4 billion is distributed to primary airports for costs related to operations, personnel, debt service payments, and combating the spread of pathogens at airports.
- \$100 million to non-primary airports to help address costs related to the current pandemic
- \$600 million to help ensure all airports receive 100 percent federal cost share for any airport improvement grant awarded to them in fiscal year 2021.

FISCAL RECOVERY FUND ALTERNATIVES

Additional Funding for Public Health (Highlights)

- \$500 million to for rural healthcare; Increases vaccine distribution capacity, medical supplies and medical surge capacity, and expands telehealth access.
- \$7.5 billion in CDC funding to support vaccine related activities to prepare, promote, distribute, administer, monitor, and track COVID-19 vaccines.

Consult state and local health departments on programs for:

- Enhancement of COVID-19 vaccine distribution and administration capabilities, including the distribution and administration of licensed or authorized vaccines and ancillary medical products and supplies.
- The establishment and expansion of community vaccination centers, including in particularly underserved areas.
- The deployment of mobile vaccination units, particularly in underserved areas.
- IT, data, and reporting enhancements.
- Facility enhancements.
- Public communication.



Questions?

Thank you!

Cole Karr

Federal Advocacy Coordinator
National Special Districts Coalition
colek@csda.net

Kristi More

The Ferguson Group
kmore@tfgnet.com

Zachary Israel

The Ferguson Group
zisrael@tfgnet.com

Joe Krahn

Paragon Government Relations
jk@paragonlobbying.com