

Coronavirus State and Local Fiscal Recovery Funds

City Council Primer

June 7th, 2021



Program Background

- CSLFRF was a component of American Rescue Plan Act of 2021 (ARPA)
- Established \$350 billion for State, Local and other governments
- \$45.6 billion allocated to Metropolitan Cities (like Greenville)
- City's allocation is \$17,908,547
- City funding will be received in two payments, May 2021, and approximately May 2022, with each payment being \$8,954,273.50



Eligible Uses

- Support for Public Health Expenditures
- Addressing negative economic impacts caused by the Public Health emergency
- Replacing lost public sector revenue
- Premium Pay for Essential Workers
- Investing in water, sewer and broadband infrastructures



Ineligible Uses

- Funding cannot be used to offset revenues lost to an intentional tax cut
- Funding cannot be used for extraordinary deposit to a pension fund for the purpose of reducing accrued liability
- Funding cannot be used for debt service, legal settlements, deposits to financial reserves or general infrastructure spending *above the amount allocated under the revenue loss provision*



Deadlines, Recordkeeping, Reporting

- Funds must be fully committed by December 31, 2024 and spent by December 31, 2026
- All records related to funding and use must be held for five years from date of expense
- First Interim Report on use of funds covers 5/10/21 – 7/31/21 and must be submitted by 8/31/21
- First Quarterly Report covers 5/10/21 – 9/30/21 and must be published by 10/31/21
 - Subsequent quarterly reports will cover 1 calendar quarter and must be submitted within one month of the end of the quarter

Specific Use Categories – Public Health

- Similar to previous Coronavirus Relief Funds (CARES Act)
- Covers such items as vaccination programs, testing and contact tracing, enforcement of public health orders, PPE purchases, etc.
- CSLFRF funds are forward-looking and only cover expenses after 3/3/21
- City does not have significant eligible expenses for this category

Specific Use Categories – Addressing Negative Economic Impacts

- Includes assistance to households, businesses and non-profits and Aid to Impacted Industries
 - City not established as a Social Service provider, would be administratively difficult to use the funding for direct household assistance
- Grants or loans to small businesses must meet the same criteria as City, including use of funds, audits and recordkeeping. Qualifying grant program would be administratively difficult.
- Aid to Impacted Industries is targeted at travel, tourism and hospitality, BUT funding is limited to supporting safe reopening of businesses in the industry or planned expansion/upgrade of tourism facilities *that was delayed due to COVID*

Specific Use Categories – Revenue Replacement

- CSLFRF allows for replacement of “General Revenue” lost relative to the most recent fiscal year before onset of pandemic
 - For City, this would be FY19
- General Revenue has multiple exclusions, but will cover most of the City’s losses
- Funds in this category must be used for “provision of government services”, including maintenance or construction of infrastructure, modernization of cybersecurity, environmental remediation, and Police and Fire services
- Based on formula provided in the Act, OMB estimates the City’s eligible revenue loss at \$24,112,332

Specific Use Categories – Premium Pay for Essential Workers

- CSLFRF allows for retroactive premium pay for certain categories of Essential Workers
 - Up to \$13 per hour, maximum of \$25,000 per employee, as long as total compensation does not exceed 150% of state or county average wage, whichever is higher
- Act definition of Essential Workers includes sanitation workers, transit drivers and public safety employees
 - Also allows for City to designate other Critical Infrastructure employees that either work in-person with the public or handle items touched by other people
- Do not recommend this category due to limited City employee qualification and unclear instructions from Treasury on how to apply retroactive payments to employees who have separated

Specific Use Categories – Water, Sewer, Broadband Infrastructure

- CSLFRF allows for Water and Sewer construction projects that meet the guidelines of existing EPA Clean Water and Drinking Water Revolving Loan Fund programs
 - Includes Stormwater projects
- Broadband projects must deliver symmetrical 100Mbps download and upload speeds where physically possible and project definition suggests service to households or businesses is required
- Any infrastructure projects in this category are “encouraged” to utilize strong labor standards, community benefit agreements, prevailing wages at or above local rates and local hire provisions
- City has a few potential Stormwater projects that would qualify, if administrative burden deemed worth the funding

Recommended Use

- Category with most flexibility for the City and lowest administrative burden is Revenue Replacement
 - Based on formula, City can use entire allocation for this category
- Funding will be appropriated as decided by City Council, which will replace local funding for provision of government services, which will in turn free up Fund Balance in the designated funds for other uses
- Recommend focusing on General Fund for maximum flexibility in use
- City will receive funding in two allocations, so opportunity available to made a different decision for May 2022 funds.

Discussion

