

ARPA Discussion

June 14, 2021

Definitions

- American Rescue Plan Act (ARPA) passed by Congress in March 2021
- CSLFRF - Coronavirus State and Local Fiscal Recovery Fund. Name of the funds provided by ARPA
- NEU – Non-entitlement unit. Government unit under 50k population that doesn't receive housing grants. Vienna is an NEU. NEU's will receive funding directly from the State instead of directly from the US Treasury, 30 days after the State receives their funds.

Status and Amount of Funds

- Under calculation instructions from the US Treasury, dated 5/24/21, Vienna should receive \$17,103,462 in two tranches, half within 30 days of the State receiving the funds (next 30 days), and half a year later.
- As of June 4, no guidance has been issued to NEU's on how to apply for Virginia ARPA funds.
- As part of the application for funds, Vienna has to attest that their ARPA distribution does not exceed 75% of its annual operating budget. It does not exceed that; we will get the full allocation.

Amount Calculation Excerpt

Name	State	Population Estimate 2019	Percent of Total	Allocated Amount
Martinsville city	Virginia	12,554	2.0552%	
Falls Church city	Virginia	14,617	2.3929%	\$15,165,381
Williamsburg city	Virginia	14,954	2.4481%	\$15,515,024
Front Royal town	Virginia	15,278	2.5012%	\$15,851,179
Vienna town	Virginia	16,485	2.6988%	\$17,103,462
Manassas Park city	Virginia	17,478	2.8613%	\$18,133,716
Culpeper town	Virginia	18,873	3.0897%	\$19,581,051
Fairfax city	Virginia	24,019	3.9321%	\$24,920,112
Herndon town	Virginia	24,601	4.0274%	\$25,523,947
Salem city	Virginia	25,301	4.1420%	\$26,250,208
Manassas city	Virginia	41,085	6.7260%	\$42,626,371
	202	610,837	100.0000%	

State NEU Allocation

\$ 633,753,549

Suggestion for Guiding Principals - GFOA

- **Temporary Nature of ARPA Funds**

- Care should be taken to avoid creating new programs or add-ons to existing programs that require an ongoing financial commitment.
- Replenishing reserves used to offset revenue declines during the pandemic should be given high priority to rebuild financial flexibility/stability and restore fiscal resiliency.
- Use of ARPA funds to cover operating deficits caused by COVID-19 should be considered temporary and additional budget restraint may be necessary to achieve/maintain structural balance in future budgets.
- Investment in critical infrastructure is particularly well-suited use of ARPA funds because it is a non-recurring expenditure that can be targeted to strategically important long- term assets that provide benefits over many years. However, care should be taken to assess any on-going operating costs that may be associated with the project.

Suggestion for Guiding Principals - GFOA

- **ARPA Scanning and Partnering Efforts**
 - Local jurisdictions should be cognizant of state-level ARPA efforts, especially regarding infrastructure, potential enhancements of state funding resources, and existing or new state law requirements.
 - Consider regional initiatives, including partnering with other ARPA recipients. It is possible there are many beneficiaries of ARPA funding within your community, such as schools, transportation agencies and local economic development authorities. Be sure to understand what they are planning and augment their efforts or create cooperative spending plans to enhance the structural financial condition of your community.

Suggestion for Guiding Principals - GFOA

- **Take Time and Careful Consideration**

- Use other dedicated grants and programs first whenever possible and save ARPA funds for priorities not eligible for other federal and state assistance programs.
- Whenever possible, expenditures related to the ARPA funding should be spread over the qualifying period (through December 31, 2024) to enhance budgetary and financial stability.
- Adequate time should be taken to carefully consider all alternatives for the prudent use of ARPA funding prior to committing the resources to ensure the best use of the temporary funding.

ARPA Categories

- **Responding to Public Health Emergency**
 - Includes capital improvement to public facilities
 - Ventilation improvements
- **Premium Pay**
 - Very limited definition
 - Mainly public safety and sanitation
- **Provide Government Services to Extent of Revenue Reduction**
 - Pay-go capital funding, including roads
 - Modernization of cyber-security
 - Environmental remediation (stormwater)
 - Provision of public safety
- **Necessary Investments in Water, Sewer and/or Broadband**
 - Of highest priority for locality
 - Improve drinking water infrastructure
 - Support efforts to address climate change

To Do List / Calendar

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|--|---|
| 1. Apply for State payment | 1. Director of Finance completed, 6/10/21 |
| 2. Establish guiding principals | 2. Council, summer 2021 |
| 3. Create Task Force | 3. Staff and Council, June 2021 |
| 4. Identify eligible items in 2022 budget and CIP | 4. Staff, July 2021 |
| 5. Generate initial list of projects (can include unallocated funds) | 5. August 30, 2021 Council Meeting |
| 6. Public hearing to appropriate funds and get public input | 6. Staff and Council, August 30, 2021 Council Meeting |
| 7. Establish briefing and re-evaluation schedule | 7. August 2021 |