



## Agenda City Council Policy Session

---

Tuesday, June 8, 2021

2:30 PM

phoenix.gov

---

### **OPTIONS TO ACCESS THIS MEETING**

#### ***Request to speak at a meeting:***

- **Register online** by visiting the City Council Meetings page on phoenix.gov **at least 1 hour prior to the start of this meeting**. Then, click on this link at the time of the meeting and join the Webex to speak: <https://phoenixcitycouncil.webex.com/phoenixcitycouncil/onstage/g.php?MTID=edc23e03917a557a63caaf58d6d4dc223>

- **Register via telephone** at 602-262-6001 **at least 1 hour prior to the start of this meeting**, noting the item number. Then, use the Call-in phone number and Meeting ID listed below at the time of the meeting to call-in and speak.

#### ***At the time of the meeting:***

- **Watch** the meeting live streamed on phoenix.gov or Phoenix Channel 11 on Cox Cable, or using the Webex link provided above.

- **Call-in** to listen to the meeting. Dial 602-666-0783 and Enter Meeting ID 182 260 9514# (for English) or 182 025 0084# (for Spanish). Press # again when prompted for attendee ID.

#### ***Para nuestros residentes de habla hispana:***

- **Para registrarse para hablar en español**, llame al 602-262-6001 **al menos 1 hora antes del inicio de esta reunión** e indique el número del tema. El día de la reunión, llame al 602-666-0783 e ingrese el número de identificación de la reunión 182 025 0084#. El intérprete le indicará cuando sea su turno de hablar.

- **Para solamente escuchar la reunión en español**, llame a este mismo número el día de la reunión (602-666-0783; ingrese el número de identificación de la reunión 182 025 0084 #). Se proporciona interpretación simultánea para nuestros residentes durante todas las reuniones.

**CALL TO ORDER****COUNCIL INFORMATION AND FOLLOW-UP REQUESTS**

This item is scheduled to give City Council members an opportunity to publicly request information or follow up on issues of interest to the community. If the information is available, staff will immediately provide it to the City Council member. No decisions will be made or action taken.

**CONSENT ACTION**

This item is scheduled to allow the City Council to act on the Mayor's recommendations on the Consent Agenda. There was no Consent Agenda for this meeting.

**CALL FOR AN EXECUTIVE SESSION**

A vote may be held to call an Executive Session for a future date.

**REPORTS AND BUDGET UPDATES BY THE CITY MANAGER**

This item is scheduled to allow the City Manager to provide brief informational reports on topics of interest to the City Council. The City Council may discuss these reports but no action will be taken.

**INFORMATION AND DISCUSSION (ITEM 1)****1 Colorado River Update**

Page 5

This report provides information regarding the current conditions in the Colorado River Basin and potential for upcoming declared shortages in Colorado River supplies delivered through the Central Arizona Project.

**THIS ITEM IS FOR INFORMATION AND DISCUSSION.****Responsible Department**

This item is submitted by Deputy City Manager Karen Peters and the Water Services Department.

**DISCUSSION AND POSSIBLE ACTION (ITEM 2)****2 American Rescue Plan Proposed Strategic Plan - June 8, 2021 Update** Page 6

This report serves as a follow up to the May 18, 2021 report that provided City Council with information about creating a framework for the use of federal American Rescue Plan Act (ARPA) funds. Over the next two years the City will receive approximately \$396 million in State and Local Fiscal Recovery Funds in two separate allocations. The first allocation of \$198 million was received on May 19, 2021. On May 27, 2021, the Department of Treasury revised "The State and Local Fiscal Recovery Fund Frequently Asked Questions" (**Attachment A**). The changes to the "State and Local Fiscal Recovery Fund FAQs" are highlighted within the attachment. This report presents City Council with a revised strategic plan based on the discussion and follow-up from the May 18, 2021 City Council meeting.

**THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.****Responsible Department**

This item is submitted by City Manager Ed Zuercher and Assistant City Manager Jeff Barton.

**ADJOURN**

For further information or for reasonable accommodations, please call the Management Intern, City Manager's Office, at 602-262-4449 or Relay 7-1-1 as early as possible to coordinate needed arrangements.

Si necesita traducción en español, por favor llame a la oficina del gerente de la Ciudad de Phoenix, 602-262-4449 tres días antes de la fecha de la junta.





## **Colorado River Update**

This report provides information regarding the current conditions in the Colorado River Basin and potential for upcoming declared shortages in Colorado River supplies delivered through the Central Arizona Project.

### **THIS ITEM IS FOR INFORMATION AND DISCUSSION.**

#### **Summary**

The entire Colorado River Basin, including Arizona and six other states, has been in a state of drought for over 20 years. Hot and dry conditions, combined with a lack of precipitation and effective snowpack runoff, have reduced the two main reservoirs in the region, Lake Mead and Lake Powell, to near-historic low levels. In August 2021, the United States Department of the Interior is expected to declare the first Tier 1 shortage in the Lower Basin of the Colorado River for 2022. In accordance with the Drought Contingency Plan adopted by the state in 2019, this declaration will result in a 512,000 acre-foot reduction of Colorado River supplies delivered to Central Arizona water users, or 18 percent of the total Arizona supply.

Tom Buschatzke, Director of the Arizona Department of Water Resources, and Cynthia Campbell, Water Resources Management Advisor, will provide a briefing on the current conditions of the Colorado River and the anticipated 2022 Tier 1 shortage. Director Buschatzke will describe the impacts of the Drought Contingency Plan and shortage declaration in Arizona and Ms. Campbell will describe the impacts of a declared shortage on water resources available to the City of Phoenix.

#### **Responsible Department**

This item is submitted by Deputy City Manager Karen Peters and the Water Services Department.

**American Rescue Plan Proposed Strategic Plan - June 8, 2021 Update**

This report serves as a follow up to the May 18, 2021 report that provided City Council with information about creating a framework for the use of federal American Rescue Plan Act (ARPA) funds. Over the next two years the City will receive approximately \$396 million in State and Local Fiscal Recovery Funds in two separate allocations. The first allocation of \$198 million was received on May 19, 2021. On May 27, 2021, the Department of Treasury revised "The State and Local Fiscal Recovery Fund Frequently Asked Questions" (**Attachment A**). The changes to the "State and Local Fiscal Recovery Fund FAQs" are highlighted within the attachment. This report presents City Council with a revised strategic plan based on the discussion and follow-up from the May 18, 2021 City Council meeting.

**THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.****Summary**

Over the next two years, the City of Phoenix will receive approximately \$396 million in State and Local Fiscal Recovery Funds under the umbrella of the previously approved American Rescue Plan Act which was signed by President Biden in March. Funding is anticipated to be received in two equal distributions 12 months apart. The City received the first allocation of approximately \$198 million on May 19, 2021. The second allocation of \$198 million will be awarded approximately one year from now and is not expected to be available to spend until FY 2022-23. Based on this and the discussion with Council over the last two months, this report focuses primarily on the first allocation of funds.

According to federal guidance, these funds may only be used to cover costs that are necessary expenditures caused by COVID-19 incurred between March 3, 2021 and Dec. 31, 2024. Per the revised guidance and language currently available, funds can only be used to:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
  - Address negative economic impacts caused by the public health emergency,
-

including economic harms to workers, households, small businesses, impacted industries, and the public sector;

- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

The proposed strategic options included in this report are based on input from councilmembers and designed to fit within the parameters set forth in the recently released federal guidance. Some of the proposals are continuations of programs that were successfully implemented under the \$293 million Coronavirus Relief Fund (CRF) Strategic Plan and others are new initiatives which will require additional time and resources to fully develop and deploy.

### **Allocation 1 (\$198 million)**

Like the CRF strategic plan, this proposed strategic plan includes three areas of emphasis: Community Investment (\$143 million), City Operations (\$50 million) and a Contingency for Future Operational Needs (\$5 million). **Attachment B** provides the Council with a detailed summary of the programs that staff have identified to address important community and operational initiatives. Guidance from the federal government will likely continue to evolve and the City will need to be nimble to adjust programs to ensure compliance with the ever-changing federal guidance. The following is a high-level summary of the information contained in **Attachment B**.

### **Community Investment - \$143 million**

The Community Investment category, the largest proposed allocation in this plan, is strategically focused on providing assistance to vulnerable populations, businesses and those hardest hit by the COVID-19 pandemic. This portion of the plan includes six distinct focus areas consisting of multiple programs. The proposed strategic plan assumes Community Investment will receive approximately 72% of ARPA funding, or \$286 million, over two years. If the proposed Contingency is ultimately allocated to further enhance the programs listed below it would result in 75% of funding, or \$296 million, being allocated to Community Investment. The six Community Investment

focus areas include the following:

*Phoenix Arts, Business and Employee Assistance - \$40,000,000*

Small business is the heart and soul of the local economy. Many of our small businesses are still struggling to stay open due to COVID-19. These funds will provide resources that Phoenix businesses, including our vibrant arts community, need to stay open, pay employees, and cover other operational costs due to the downturn in business. Funds are also proposed to provide robust job training opportunities for those that lost their jobs during the downturn. Additionally, as the local economy recovers, staff is proposing a robust arts program that provides the arts community with a lifeline that will ultimately provide working capital to the struggling arts industry.

*Mitigation and Care of Vulnerable Populations - \$31,500,000*

Research shows that the pandemic has disproportionately impacted underserved populations. This focus area proposes funding that provides resources to address homelessness, mental and behavioral health, veterans issues, and funding for the senior and refugee community. Some of the funding in this category also lends itself to a larger regional approach to address the issues of homelessness and mental and behavioral health.

*Youth Sports, Recreation, Education, After-School and Wireless - \$28,800,000*

As parents return back to the workplace and families struggle to give recreational and educational opportunities to their children, staff is proposing to use ARPA funds to provide resources to restore after-school programs, provide financial assistance to youth sports leagues and to enhance library programs. As well, funding will be used to continue the development of the large wireless project that staff has been working on with regional partners and to further enhance free wireless access for Phoenix residents in public housing and for customers in City facilities.

*Household and Residential Assistance - \$28,000,000*

Funding in this category is intended to provide families with the resources needed to address rent, mortgage and utility shortages. More specifically, these funds are intended to provide resources for residents who do not qualify for the Emergency Rental Assistance Programs (ERA 1 or 2). Funding is also proposed to provide families with financial assistance to cover childcare costs and other household necessities. Staff will need Council discussion and direction on the scope of any such program. Funds are also proposed to provide public transportation subsidies to those in need of financial assistance due to loss of wages or employment because of COVID-19. Also included is a plan to provide childcare options for impacted workers at Phoenix Sky Harbor Airport.



**Phoenix Resilient Food System - \$9,700,000**

One of the City's most successful CRF-funded programs was the Feed Phoenix Food Program. This allocation of funding builds off of that success and provides additional resources to develop more sustainable food options for Phoenix residents. Based on Council input, this program also includes funding to provide resources to local and neighborhood food banks and food kitchens.

**Better Health and Community Outcomes - \$5,000,000**

This funding would be used to expand the use of the mobile testing vans that the City has deployed to assist underserved communities with COVID-19 testing. These funds could also be used to offset any costs associated with the City taking on a more active role in vaccine distribution.

**City Operations - \$50 million**

The City Operations category, the second largest of the three plan areas, is strategically focused on General Fund (GF) resiliency and capitalizing on the one-time nature of this funding source to address issues that will free up future GF resources and support transformational investments. The proposed strategic plan assumes City Operations will receive approximately 25% of ARPA funding, or \$100 million, over two years. This area includes the following areas of focus:

**Infrastructure, Technology and Capital Needs - \$23,000,000**

This funding will be used to provide resources needed to address key infrastructure, technology and capital projects that have been deferred or exacerbated as a result of the pandemic. One example is to provide resources to upgrade the 27th Avenue Recycling Facility. The need to replace this facility has intensified due to the increase in residential tonnage due to COVID-19. Funding can also be used for other capital and technology projects that improve the efficacy of economic relief programs designed to address negative impacts to targeted populations. An example of such a project is the replacement of the Case Management System used by Human Services staff to provide resident services. The system is antiquated and does not allow for online applications. Replacing this aging system would enhance the delivery of services to our residents. Staff also recommends critical stormwater, flood control and energy conservation projects that comply with federal guidance.

**Revenue Replacement - \$22,400,000**

Unlike CRF funds, ARPA funds are allowed to be used for revenue replacement. Because of the pandemic, the Phoenix Convention Center has been severely impacted due to the downturn in the travel, tourism and hospitality industry. As a result, there are significant concerns about how long that industry will take to recover and how deep of an impact that recovery will have on the Convention Center's fund

---

balance. It is important to note that the Convention Center is ultimately backed by GF revenues. If the tourism and convention downturn lags as long as some economists suggest, this could impair Convention Center revenues enough that the GF would be forced to make reductions to provide working capital. Allocating ARPA funds to replace a portion of the revenue lost by the convention center over the last 15 months would be a sound financial decision that would be viewed favorably by the City's rating agencies. The proposed plan assumes the Convention Center would receive approximately \$31 million in relief over the two allocations. Additionally, ARPA allows the City to offset costs for trust fund expenses that are directly tied to COVID-19 expenses. For example, the City has seen over \$2.4 million in worker's compensation related claims due to COVID-19. Staff recommends these claims are eligible to be replaced with ARPA funds and would reduce the actuarial impact to future City resources.

**Administrative Oversight and Staff Augmentation to Support New ARPA Funded Initiatives - \$4,000,000**

In order to successfully deploy the wide range of programs that the ARPA funds will provide, service levels must be enhanced in key areas of the organization. These staffing enhancements will also provide the oversight and compliance functions that are critical to ensure a clean audit at the end of funding cycle.

**PPE, Cleaning, Sanitizing/Testing and Vaccine Distribution - \$600,000**

One thing the City learned during the first few months of the pandemic was that the City did not possess an adequate supply of PPE and sanitizing agents needed to ensure that employees were adequately protected. We also realized like many other cities across the country that the impact of not being fully prepared led to significant supply chain disruption. This allocation of funds will be used to stockpile equipment and supplies needed to ensure that our staff is adequately protected against the spread of COVID-19 and to ensure that the City is not a victim to future disruptions in the supply chain for these necessary items. Funding could also be used to address additional employee testing and vaccination related costs as needed.

**Contingency - \$5 million**

A \$5 million contingency is proposed to preserve resources in case the federal government changes guidance to allow the funds to be used in new areas of concern for the Council or to supplement funding for an approved program that exhausts its allocation of funds before more funding becomes available. The contingency would also be available to cover other unexpected COVID-19 expenses that could occur later in the year. The reserve is not a requirement and Council could allocate this funding immediately or at any other point in the fiscal year as necessary. In an effort to address more initiatives, the contingency allocation has been reduced by 50% since

our last report.

Staff is seeking Council feedback, direction and possible action on the proposed strategic plan. Based on the Council's strategic direction and feedback, staff will return (if necessary) to a future meeting with refined recommendations or start working on deploying these programs for our community.

**Responsible Department**

This item is submitted by City Manager Ed Zuercher and Assistant City Manager Jeff Barton.

**Coronavirus State and Local Fiscal Recovery Funds****Frequently Asked Questions****AS OF MAY 27, 2021**

This document contains answers to frequently asked questions regarding the Coronavirus State and Local Fiscal Recovery Funds (CSFRF / CLFRF, or Fiscal Recovery Funds). Treasury will be updating this document periodically in response to questions received from stakeholders. Recipients and stakeholders should consult the [Interim Final Rule](#) for additional information.

- For overall information about the program, including information on requesting funding, please see <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments>
- For general questions about CSFRF / CLFRF, please email [SLFRP@treasury.gov](mailto:SLFRP@treasury.gov)
- Treasury is seeking comment on all aspects of the Interim Final Rule. Stakeholders are encouraged to submit comments electronically through the Federal eRulemaking Portal (<https://www.regulations.gov/document/TREAS-DO-2021-0008-0002>) on or before July 16, 2021. Please be advised that comments received will be part of the public record and subject to public disclosure. Do not disclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Questions added 5/27/21: 1.5, 1.6, 2.13, 2.14, 2.15, 3.9, 4.5, 4.6, 10.3, 10.4 (noted with “[5/27]”)

**1. Eligibility and Allocations****1.1. Which governments are eligible for funds?**

The following governments are eligible:

- States and the District of Columbia
- Territories
- Tribal governments
- Counties
- Metropolitan cities
- Non-entitlement units, or smaller local governments

**1.2. Which governments receive funds directly from Treasury?**

Treasury will distribute funds directly to each eligible state, territory, metropolitan city, county, or Tribal government. Smaller local governments that are classified as non-entitlement units will receive funds through their applicable state government.

**1.3. Are special-purpose units of government eligible to receive funds?**

Special-purpose units of local government will not receive funding allocations; however, a state, territory, local, or Tribal government may transfer funds to a special-purpose unit of government. Special-purpose districts perform specific functions in the community, such as fire, water, sewer or mosquito abatement districts.

**1.4. How are funds being allocated to Tribal governments, and how will Tribal governments find out their allocation amounts?**

\$20 billion of Fiscal Recovery Funds was reserved for Tribal governments. The American Rescue Plan Act specifies that \$1 billion will be allocated evenly to all eligible Tribal governments. The remaining \$19 billion will be distributed using an allocation methodology based on enrollment and employment.

There will be two payments to Tribal governments. Each Tribal government's first payment will include (i) an amount in respect of the \$1 billion allocation that is to be divided equally among eligible Tribal governments and (ii) each Tribal government's pro rata share of the Enrollment Allocation. Tribal governments will be notified of their allocation amount and delivery of payment 4-5 days after completing request for funds in the Treasury Submission Portal. The deadline to make the initial request for funds is June 7, 2021.

In late-May or shortly after completing the initial request for funds, Tribal governments will receive an email notification to re-enter the Treasury Submission Portal to confirm or amend their 2019 employment numbers that were submitted to the Department of the Treasury for the CARES Act's Coronavirus Relief Fund. The deadline to confirm employment numbers is June 21, 2021. Treasury will calculate each Tribal government's pro rata share of the Employment Allocation for those Tribal governments that confirmed or submitted amended employment numbers. In late-June, Treasury will communicate to Tribal governments the amount of their portion of the Employment Allocation and the anticipated date for the second payment.

**1.5. My county is a unit of general local government with population under 50,000. Will my county receive funds directly from Treasury? [5/27]**

Yes. All counties that are units of general local government will receive funds directly from Treasury and should apply via the [online portal](#). The list of county allocations is available [here](#).

**1.6. My local government expected to be classified as a nonentitlement unit. Instead, it was classified as a metropolitan city. Why? [5/27]**

The American Rescue Plan Act defines, for purposes of the Coronavirus Local Fiscal Recovery Fund (CLFRF), metropolitan cities to include those that are currently metropolitan cities under the Community Development Block Grant (CDBG) program but also those cities that relinquish or defer their status as a metropolitan city for purposes

of the CDBG program. This would include, by way of example, cities that are principal cities of their metropolitan statistical area, even if their population is less than 50,000. In other words, a city that is eligible to be a metropolitan city under the CDBG program is eligible as a metropolitan city under the CLFRF, regardless of how that city has elected to participate in the CDBG program.

Unofficial allocation estimates produced by other organizations may have classified certain local governments as nonentitlement units of local government. However, based on the statutory definitions, some of these local governments should have been classified as metropolitan cities.

## **2. Eligible Uses – Responding to the Public Health Emergency / Negative Economic Impacts**

### **2.1. What types of COVID-19 response, mitigation, and prevention activities are eligible?**

A broad range of services are needed to contain COVID-19 and are eligible uses, including vaccination programs; medical care; testing; contact tracing; support for isolation or quarantine; supports for vulnerable populations to access medical or public health services; public health surveillance (e.g., monitoring case trends, genomic sequencing for variants); enforcement of public health orders; public communication efforts; enhancement to health care capacity, including through alternative care facilities; purchases of personal protective equipment; support for prevention, mitigation, or other services in congregate living facilities (e.g., nursing homes, incarceration settings, homeless shelters, group living facilities) and other key settings like schools; ventilation improvements in congregate settings, health care settings, or other key locations; enhancement of public health data systems; and other public health responses. Capital investments in public facilities to meet pandemic operational needs are also eligible, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics.

### **2.2. If a use of funds was allowable under the Coronavirus Relief Fund (CRF) to respond to the public health emergency, may recipients presume it is also allowable under CSFRF/CLFRF?**

Generally, funding uses eligible under CRF as a response to the direct public health impacts of COVID-19 will continue to be eligible under CSFRF/CLFRF, with the following two exceptions: (1) the standard for eligibility of public health and safety payrolls has been updated; and (2) expenses related to the issuance of tax-anticipation notes are not an eligible funding use.

### **2.3. If a use of funds is not explicitly permitted in the Interim Final Rule as a response to the public health emergency and its negative economic impacts, does that mean it is prohibited?**

The Interim Final Rule contains a non-exclusive list of programs or services that may be funded as responding to COVID-19 or the negative economic impacts of the COVID-19 public health emergency, along with considerations for evaluating other potential uses of Fiscal Recovery Funds not explicitly listed. The Interim Final Rule also provides flexibility for recipients to use Fiscal Recovery Funds for programs or services that are not identified on these non-exclusive lists but which meet the objectives of section 602(c)(1)(A) or 603(c)(1)(A) by responding to the COVID-19 public health emergency with respect to COVID-19 or its negative economic impacts.

**2.4. May recipients use funds to respond to the public health emergency and its negative economic impacts by replenishing state unemployment funds?**

Consistent with the approach taken in the CRF, recipients may make deposits into the state account of the Unemployment Trust Fund up to the level needed to restore the pre-pandemic balances of such account as of January 27, 2020, or to pay back advances received for the payment of benefits between January 27, 2020 and the date when the Interim Final Rule is published in the Federal Register.

**2.5. What types of services are eligible as responses to the negative economic impacts of the pandemic?**

Eligible uses in this category include assistance to households; small businesses and non-profits; and aid to impacted industries.

Assistance to households includes, but is not limited to: food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance; emergency assistance for burials, home repairs, weatherization, or other needs; internet access or digital literacy assistance; or job training to address negative economic or public health impacts experienced due to a worker's occupation or level of training.

Assistance to small business and non-profits includes, but is not limited to:

- loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs;
- Loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccination, testing, or contact tracing programs; and
- Technical assistance, counseling, or other services to assist with business planning needs

**2.6. May recipients use funds to respond to the public health emergency and its negative economic impacts by providing direct cash transfers to households?**

Yes, provided the recipient considers whether, and the extent to which, the household has experienced a negative economic impact from the pandemic. Additionally, cash transfers must be reasonably proportional to the negative economic impact they are intended to address. Cash transfers grossly in excess of the amount needed to address the negative economic impact identified by the recipient would not be considered to be a response to the COVID-19 public health emergency or its negative impacts. In particular, when considering appropriate size of permissible cash transfers made in response to the COVID-19 public health emergency, state, local, territorial, and Tribal governments may consider and take guidance from the per person amounts previously provided by the federal government in response to the COVID crisis.

**2.7. May funds be used to reimburse recipients for costs incurred by state and local governments in responding to the public health emergency and its negative economic impacts prior to passage of the American Rescue Plan?**

Use of Fiscal Recovery Funds is generally forward looking. The Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021.

**2.8. May recipients use funds for general economic development or workforce development?**

Generally, not. Recipients must demonstrate that funding uses directly address a negative economic impact of the COVID-19 public health emergency, including funds used for economic or workforce development. For example, job training for unemployed workers may be used to address negative economic impacts of the public health emergency and be eligible.

**2.9. How can recipients use funds to assist the travel, tourism, and hospitality industries?**

Aid provided to tourism, travel, and hospitality industries should respond to the negative economic impacts of the pandemic. For example, a recipient may provide aid to support safe reopening of businesses in the tourism, travel and hospitality industries and to districts that were closed during the COVID-19 public health emergency, as well as aid a planned expansion or upgrade of tourism, travel and hospitality facilities delayed due to the pandemic.

Tribal development districts are considered the commercial centers for tribal hospitality, gaming, tourism and entertainment industries.

**2.10. May recipients use funds to assist impacted industries other than travel, tourism, and hospitality?**

Yes, provided that recipients consider the extent of the impact in such industries as compared to tourism, travel, and hospitality, the industries enumerated in the statute. For



example, nationwide the leisure and hospitality industry has experienced an approximately 17 percent decline in employment and 24 percent decline in revenue, on net, due to the COVID-19 public health emergency. Recipients should also consider whether impacts were due to the COVID-19 pandemic, as opposed to longer-term economic or industrial trends unrelated to the pandemic.

Recipients should maintain records to support their assessment of how businesses or business districts receiving assistance were affected by the negative economic impacts of the pandemic and how the aid provided responds to these impacts.

#### **2.11. How does the Interim Final Rule help address the disparate impact of COVID-19 on certain populations and geographies?**

In recognition of the disproportionate impacts of the COVID-19 virus on health and economic outcomes in low-income and Native American communities, the Interim Final Rule identifies a broader range of services and programs that are considered to be in response to the public health emergency when provided in these communities. Specifically, Treasury will presume that certain types of services are eligible uses when provided in a Qualified Census Tract (QCT), to families living in QCTs, or when these services are provided by Tribal governments.

Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic. In identifying these disproportionately-impacted communities, recipients should be able to support their determination for how the pandemic disproportionately impacted the populations, households, or geographic areas to be served.

Eligible services include:

- Addressing health disparities and the social determinants of health, including: community health workers, public benefits navigators, remediation of lead paint or other lead hazards, and community violence intervention programs;
- Building stronger neighborhoods and communities, including: supportive housing and other services for individuals experiencing homelessness, development of affordable housing, and housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity;
- Addressing educational disparities exacerbated by COVID-19, including: early learning services, increasing resources for high-poverty school districts, educational services like tutoring or afterschool programs, and supports for students' social, emotional, and mental health needs; and
- Promoting healthy childhood environments, including: child care, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth.

**2.12. May recipients use funds to pay for vaccine incentive programs (e.g., cash or in-kind transfers, lottery programs, or other incentives for individuals who get vaccinated)?**

Yes. Under the Interim Final Rule, recipients may use Coronavirus State and Local Fiscal Recovery Funds to respond to the COVID-19 public health emergency, including expenses related to COVID-19 vaccination programs. See forthcoming 31 CFR 35.6(b)(1)(i). Programs that provide incentives reasonably expected to increase the number of people who choose to get vaccinated, or that motivate people to get vaccinated sooner than they otherwise would have, are an allowable use of funds so long as such costs are reasonably proportional to the expected public health benefit.

**2.13. May recipients use funds to pay “back to work incentives” (e.g., cash payments for newly employed workers after a certain period of time on the job)? [5/27]**

Yes. Under the Interim Final Rule, recipients may use Coronavirus State and Local Fiscal Recovery Funds to provide assistance to unemployed workers. See forthcoming 31 CFR 35.6(b)(4). This assistance can include job training or other efforts to accelerate rehiring and thus reduce unemployment, such as childcare assistance, assistance with transportation to and from a jobsite or interview, and incentives for newly employed workers.

**2.14. The Coronavirus Relief Fund (CRF) included as an eligible use: "Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency." What has changed in CSFRF/CLFRF, and what type of documentation is required under CSFRF/CLFRF? [5/27]**

Many of the expenses authorized under the Coronavirus Relief Fund are also eligible uses under the CSFRF/CLFRF. However, in the case of payroll expenses for public safety, public health, health care, human services, and similar employees (hereafter, public health and safety staff), the CSFRF/CLFRF does differ from the CRF. This change reflects the differences between the ARPA and CARES Act and recognizes that the response to the COVID-19 public health emergency has changed and will continue to change over time. In particular, funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, including first responders, to the extent that the employee's time that is dedicated to responding to the COVID-19 public health emergency.

For administrative convenience, the recipient may consider a public health and safety employee to be entirely devoted to mitigating or responding to the COVID-19 public health emergency, and therefore fully covered, if the employee, or his or her operating unit or division, is primarily dedicated (e.g., more than half of the employee's time is dedicated) to responding to the COVID-19 public health emergency.

Recipients may use presumptions for assessing whether an employee, division, or operating unit is primarily dedicated to COVID-19 response. The recipient should maintain records to support its assessment, such as payroll records, attestations from supervisors or staff, or regular work product or correspondence demonstrating work on the COVID-19 response. Recipients need not routinely track staff hours. Recipients should periodically reassess their determinations.

**2.15. What staff are included in “public safety, public health, health care, human services, and similar employees”? Would this include, for example, 911 operators, morgue staff, medical examiner staff, or EMS staff? [5/27]**

As discussed in the Interim Final Rule, funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, for the portion of the employee’s time that is dedicated to responding to the COVID-19 public health emergency.

Public safety employees would include police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel. Public health employees would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians, medical examiner or morgue staff) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel. Human services staff include employees providing or administering social services; public benefits; child welfare services; and child, elder, or family care, as well as others.

### **3. Eligible Uses – Revenue Loss**

**3.1. How is revenue defined for the purpose of this provision?**

The Interim Final Rule adopts a definition of “General Revenue” that is based on, but not identical, to the Census Bureau’s concept of “General Revenue from Own Sources” in the Annual Survey of State and Local Government Finances.

General Revenue includes revenue from taxes, current charges, and miscellaneous general revenue. It excludes refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and revenue generated by utilities and insurance trusts. General revenue also includes intergovernmental transfers between state and local governments, but excludes intergovernmental transfers from the Federal government, including Federal transfers made via a state to a locality pursuant to the CRF or the Fiscal Recovery Funds.

Tribal governments may include all revenue from Tribal enterprises and gaming operations in the definition of General Revenue.

**3.2. Will revenue be calculated on an entity-wide basis or on a source-by-source basis (e.g. property tax, income tax, sales tax, etc.)?**

Recipients should calculate revenue on an entity-wide basis. This approach minimizes the administrative burden for recipients, provides for greater consistency across recipients, and presents a more accurate representation of the net impact of the COVID- 19 public health emergency on a recipient's revenue, rather than relying on financial reporting prepared by each recipient, which vary in methodology used and which generally aggregates revenue by purpose rather than by source.

**3.3. Does the definition of revenue include outside concessions that contract with a state or local government?**

Recipients should classify revenue sources as they would if responding to the U.S. Census Bureau's Annual Survey of State and Local Government Finances. According to the Census Bureau's [Government Finance and Employment Classification manual](#), the following is an example of current charges that would be included in a state or local government's general revenue from own sources: "Gross revenue of facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, museums, zoos, etc.); auxiliary facilities in public recreation areas (camping areas, refreshment stands, gift shops, etc.); lease or use fees from stadiums, auditoriums, and community and convention centers; and rentals from concessions at such facilities."

**3.4. What is the time period for estimating revenue loss? Will revenue losses experienced prior to the passage of the Act be considered?**

Recipients are permitted to calculate the extent of reduction in revenue as of four points in time: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023. This approach recognizes that some recipients may experience lagged effects of the pandemic on revenues.

Upon receiving Fiscal Recovery Fund payments, recipients may immediately calculate revenue loss for the period ending December 31, 2020.

**3.5. What is the formula for calculating the reduction in revenue?**

A reduction in a recipient's General Revenue equals:

$$\text{Max} \{ [\text{Base Year Revenue} * (1 + \text{Growth Adjustment})^{\left(\frac{n_t}{12}\right)} ] - \text{Actual General Revenue}_t ; 0 \}$$

Where:

*Base Year Revenue* is General Revenue collected in the most recent full fiscal year prior to the COVID-19 public health emergency.

*Growth Adjustment* is equal to the greater of 4.1 percent (or 0.041) and the recipient's average annual revenue growth over the three full fiscal years prior to the COVID-19 public health emergency.

$n$  equals the number of months elapsed from the end of the base year to the calculation date.

*Actual General Revenue* is a recipient's actual general revenue collected during 12-month period ending on each calculation date.

Subscript  $t$  denotes the calculation date.

**3.6. Are recipients expected to demonstrate that reduction in revenue is due to the COVID-19 public health emergency?**

In the Interim Final Rule, any diminution in actual revenue calculated using the formula above would be presumed to have been “due to” the COVID-19 public health emergency. This presumption is made for administrative ease and in recognition of the broad-based economic damage that the pandemic has wrought.

**3.7. May recipients use pre-pandemic projections as a basis to estimate the reduction in revenue?**

No. Treasury is disallowing the use of projections to ensure consistency and comparability across recipients and to streamline verification. However, in estimating the revenue shortfall using the formula above, recipients may incorporate their average annual revenue growth rate in the three full fiscal years prior to the public health emergency.

**3.8. Once a recipient has identified a reduction in revenue, are there any restrictions on how recipients use funds up to the amount of the reduction?**

The Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. Government services can include, but are not limited to, maintenance of infrastructure or pay-go spending for building new infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.

However, paying interest or principal on outstanding debt, replenishing rainy day or other reserve funds, or paying settlements or judgments would not be considered provision of a government service, since these uses of funds do not entail direct provision of services to

citizens. This restriction on paying interest or principal on any outstanding debt instrument, includes, for example, short-term revenue or tax anticipation notes, or paying fees or issuance costs associated with the issuance of new debt. In addition, the overarching restrictions on all program funds (e.g., restriction on pension deposits, restriction on using funds for non-federal match where barred by regulation or statute) would apply.

**3.9. How do I know if a certain type of revenue should be counted for the purpose of computing revenue loss? [5/27]**

As discussed in FAQ #3.1, the Interim Final Rule adopts a definition of “General Revenue” that is based on, but not identical, to the Census Bureau’s concept of “General Revenue from Own Sources” in the Annual Survey of State and Local Government Finances.

Recipients should refer to the definition of “General Revenue” included in the Interim Final Rule. See forthcoming 31 CFR 35.3. If a recipient is unsure whether a particular revenue source is included in the Interim Final Rule’s definition of “General Revenue,” the recipient may consider the classification and instructions used to complete the Census Bureau’s Annual Survey.

For example, parking fees would be classified as a Current Charge for the purpose of the Census Bureau’s Annual Survey, and the Interim Final Rule’s concept of “General Revenue” includes all Current Charges. Therefore, parking fees would be included in the Interim Final Rule’s concept of “General Revenue.”

The Census Bureau’s Government Finance and Employment Classification manual is available [here](#).

## **4. Eligible Uses – General**

**4.1. May recipients use funds to replenish a budget stabilization fund, rainy day fund, or similar reserve account?**

No. Funds made available to respond to the public health emergency and its negative economic impacts are intended to help meet pandemic response needs and provide immediate stabilization for households and businesses. Contributions to rainy day funds and similar reserves funds would not address these needs or respond to the COVID-19 public health emergency, but would rather be savings for future spending needs. Similarly, funds made available for the provision of governmental services (to the extent of reduction in revenue) are intended to support direct provision of services to citizens. Contributions to rainy day funds are not considered provision of government services, since such expenses do not directly relate to the provision of government services.

**4.2. May recipients use funds to invest in infrastructure other than water, sewer, and broadband projects (e.g. roads, public facilities)?**

Under 602(c)(1)(C) or 603(c)(1)(C), recipients may use funds for maintenance of infrastructure or pay-go spending for building of new infrastructure as part of the general provision of government services, to the extent of the estimated reduction in revenue due to the public health emergency.

Under 602(c)(1)(A) or 603(c)(1)(A), a general infrastructure project typically would not be considered a response to the public health emergency and its negative economic impacts unless the project responds to a specific pandemic-related public health need (e.g., investments in facilities for the delivery of vaccines) or a specific negative economic impact of the pandemic (e.g., affordable housing in a Qualified Census Tract).

**4.3. May recipients use funds to pay interest or principal on outstanding debt?**

No. Expenses related to financing, including servicing or redeeming notes, would not address the needs of pandemic response or its negative economic impacts. Such expenses would also not be considered provision of government services, as these financing expenses do not directly provide services or aid to citizens.

This applies to paying interest or principal on any outstanding debt instrument, including, for example, short-term revenue or tax anticipation notes, or paying fees or issuance costs associated with the issuance of new debt.

**4.4. May recipients use funds to satisfy nonfederal matching requirements under the Stafford Act? May recipients use funds to satisfy nonfederal matching requirements generally?**

Fiscal Recovery Funds are subject to pre-existing limitations in other federal statutes and regulations and may not be used as non-federal match for other Federal programs whose statute or regulations bar the use of Federal funds to meet matching requirements. For example, expenses for the state share of Medicaid are not an eligible use. For information on FEMA programs, please [see here](#).

**4.5. Are governments required to submit proposed expenditures to Treasury for approval? [5/27]**

No. Recipients are not required to submit planned expenditures for prior approval by Treasury. Recipients are subject to the requirements and guidelines for eligible uses contained in the Interim Final Rule.

**4.6. How do I know if a specific use is eligible? [5/27]**

Fiscal Recovery Funds must be used in one of the four eligible use categories specified in the American Rescue Plan Act and implemented in the Interim Final Rule:

- a) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- b) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- c) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- d) To make necessary investments in water, sewer, or broadband infrastructure.

Recipients should consult Section II of the Interim Final Rule for additional information on eligible uses. For recipients evaluating potential uses under (a), the Interim Final Rule contains a non-exclusive list of programs or services that may be funded as responding to COVID-19 or the negative economic impacts of the COVID-19 public health emergency, along with considerations for evaluating other potential uses of Fiscal Recovery Funds not explicitly listed. See Section 2 for additional discussion.

For recipients evaluating potential uses under (c), the Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. See FAQ #3.8 for additional discussion.

For recipients evaluating potential uses under (b) and (d), see Sections 5 and 6.

## **5. Eligible Uses – Premium Pay**

### **5.1. What criteria should recipients use in identifying essential workers to receive premium pay?**

Essential workers are those in critical infrastructure sectors who regularly perform in-person work, interact with others at work, or physically handle items handled by others.

Critical infrastructure sectors include healthcare, education and childcare, transportation, sanitation, grocery and food production, and public health and safety, among others, as provided in the Interim Final Rule. Governments receiving Fiscal Recovery Funds have the discretion to add additional sectors to this list, so long as the sectors are considered critical to protect the health and well-being of residents.

The Interim Final Rule emphasizes the need for recipients to prioritize premium pay for lower income workers. Premium pay that would increase a worker's total pay above 150% of the greater of the state or county average annual wage requires specific justification for how it responds to the needs of these workers.



**5.2. What criteria should recipients use in identifying third-party employers to receive grants for the purpose of providing premium pay to essential workers?**

Any third-party employers of essential workers are eligible. Third-party contractors who employ essential workers in eligible sectors are also eligible for grants to provide premium pay. Selection of third-party employers and contractors who receive grants is at the discretion of recipients.

To ensure any grants respond to the needs of essential workers and are made in a fair and transparent manner, the rule imposes some additional reporting requirements for grants to third-party employers, including the public disclosure of grants provided.

**5.3. May recipients provide premium pay retroactively for work already performed?**

Yes. Treasury encourages recipients to consider providing premium pay retroactively for work performed during the pandemic, recognizing that many essential workers have not yet received additional compensation for their service during the pandemic.

**6. Eligible Uses – Water, Sewer, and Broadband Infrastructure**

**6.1. What types of water and sewer projects are eligible uses of funds?**

The Interim Final Rule generally aligns eligible uses of the Funds with the wide range of types or categories of projects that would be eligible to receive financial assistance through the Environmental Protection Agency’s Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF).

Under the DWSRF, categories of [eligible projects](#) include: treatment, transmission and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development.

Under the CWSRF, categories of [eligible projects](#) include: construction of publicly-owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment systems, stormwater systems, water conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act.

As mentioned in the Interim Final Rule, eligible projects under the DWSRF and CWSRF support efforts to address climate change, as well as to meet cybersecurity needs to protect water and sewer infrastructure. Given the lifelong impacts of lead exposure for children, and the widespread nature of lead service lines, Treasury also encourages recipients to consider projects to replace lead service lines.

**6.2. May construction on eligible water, sewer, or broadband infrastructure projects continue past December 31, 2024, assuming funds have been obligated prior to that date?**

Yes. Treasury is interpreting the requirement that costs be incurred by December 31, 2024 to only require that recipients have obligated the funds by such date. The period of performance will run until December 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with Fiscal Recovery Funds.

**6.3. May recipients use funds as a non-federal match for the Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF)?**

Recipients may not use funds as a state match for the CWSRF and DWSRF due to prohibitions in utilizing federal funds as a state match in the authorizing statutes and regulations of the CWSRF and DWSRF.

**6.4. Does the National Environmental Policy Act (NEPA) apply to eligible infrastructure projects?**

NEPA does not apply to Treasury's administration of the Funds. Projects supported with payments from the Funds may still be subject to NEPA review if they are also funded by other federal financial assistance programs.

**6.5. What types of broadband projects are eligible?**

The Interim Final Rule requires eligible projects to reliably deliver minimum speeds of 100 Mbps download and 100 Mbps upload. In cases where it is impracticable due to geography, topography, or financial cost to meet those standards, projects must reliably deliver at least 100 Mbps download speed, at least 20 Mbps upload speed, and be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed.

Projects must also be designed to serve unserved or underserved households and businesses, defined as those that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.

**6.6. For broadband investments, may recipients use funds for related programs such as cybersecurity or digital literacy training?**

Yes. Recipients may use funds to provide assistance to households facing negative economic impacts due to Covid-19, including digital literacy training and other programs that promote access to the Internet. Recipients may also use funds for modernization of cybersecurity, including hardware, software, and protection of critical infrastructure, as part of provision of government services up to the amount of revenue lost due to the public health emergency.

## **7. Non-Entitlement Units (NEUs)**

### **7.1. Can states impose requirements or conditions on the transfer of funds to NEUs?**

As the statute requires states to make distributions based on population, states may not place additional conditions or requirements on distributions to NEUs, beyond those required by the ARPA and Treasury’s implementing regulations and guidance.

For example, states may not impose stricter limitations than permitted by statute or Treasury regulations or guidance on an NEU’s use of Fiscal Recovery Funds based on the NEU’s proposed spending plan or other policies, nor permitted to offset any debt owed by the NEU against its payment. Further, states may not provide funding on a reimbursement basis (e.g., requiring NEUs to pay for project costs up front before being reimbursed with Fiscal Recovery Fund payments), because this approach would not comport with the statutory requirement that states make distributions to NEUs within the statutory timeframe.

### **7.2. Can states transfer additional funds to local governments beyond amount allocated to NEUs?**

Yes. The Interim Final Rule permits states, territories, and Tribal governments to transfer Fiscal Recovery Funds to other constituent units of government or private entities beyond those specified in the statute, as long as the transferee abides by the transferor’s eligible use and other requirements. Similarly, local governments are authorized to transfer Fiscal Recovery Funds to other constituent units of government (e.g., a county is able to transfer Fiscal Recovery Funds to a city, town or school district within it).

### **7.3. What is the definition of “budget” for the purpose of the 75 percent cap on NEU payments, and who is responsible for enforcing this cap?**

States are responsible for enforcing the “75 percent cap” on NEU payments, which is a statutory requirement that distributions to NEUs not exceed 75 percent of the NEU’s most recent budget. Treasury interprets the most recent budget as the NEU’s most recent annual total operating budget, including its general fund and other funds, as of January 27, 2020. States may rely for this determination on a certified top-line budget total from the NEU. Funding amounts in excess of such cap must be returned to Treasury.

### **7.4. May states use funds to pay for the administrative costs of allocating and distributing money to the NEUs?**

Yes. If necessary, states may use Fiscal Recovery Funds to support the administrative costs of allocating and distributing money to NEUs, as disbursing these funds itself is a response to the public health emergency and its negative economic impacts.

## 8. Ineligible Uses

### 8.1. What is meant by a pension “deposit”? Can governments use funds for routine pension contributions for employees whose payroll and covered benefits are eligible expenses?

Treasury interprets “deposit” in this context to refer to an extraordinary payment into a pension fund for the purpose of reducing an accrued, unfunded liability. More specifically, the interim final rule does not permit this assistance to be used to make a payment into a pension fund if both: (1) the payment reduces a liability incurred prior to the start of the COVID-19 public health emergency, and (2) the payment occurs outside the recipient’s regular timing for making such payments.

Under this interpretation, a “deposit” is distinct from a “payroll contribution,” which occurs when employers make payments into pension funds on regular intervals, with contribution amounts based on a pre-determined percentage of employees’ wages and salaries. In general, if an employee’s wages and salaries are an eligible use of Fiscal Recovery Funds, recipients may treat the employee’s covered benefits as an eligible use of Fiscal Recovery Funds.

## 9. Reporting

### 9.1. What records must be kept by governments receiving funds?

Financial records and supporting documents related to the award must be retained for a period of five years after all funds have been expended or returned to Treasury, whichever is later. This includes those which demonstrate the award funds were used for eligible purposes in accordance with the ARPA, Treasury’s regulations implementing those sections, and Treasury’s guidance on eligible uses of funds.

### 9.2. What reporting will be required, and when will the first report be due?

Recipients will be required to submit an interim report, quarterly project and expenditure reports, and annual recovery plan performance reports as specified below, regarding their utilization of Coronavirus State and Local Fiscal Recovery Funds.

Interim reports: States (defined to include the District of Columbia), territories, metropolitan cities, counties, and Tribal governments will be required to submit one interim report. The interim report will include a recipient’s expenditures by category at the summary level and for states, information related to distributions to nonentitlement units of local government must also be included in the interim report. The interim report will cover activity from the date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Nonentitlement units of local government are not required to submit an interim report.

Quarterly Project and Expenditure reports: State (defined to include the District of Columbia), territorial, metropolitan city, county, and Tribal governments will be required to submit quarterly project and expenditure reports. This report will include financial data, information on contracts and subawards over \$50,000, types of projects funded, and other information regarding a recipient's utilization of award funds. Reports will be required quarterly with the exception of nonentitlement units, which will report annually. An interim report is due on August 31, 2021. The reports will include the same general data as those submitted by recipients of the Coronavirus Relief Fund, with some modifications to expenditure categories and the addition of data elements related to specific eligible uses. The initial quarterly Project and Expenditure report will cover two calendar quarters from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent quarterly reports will cover one calendar quarter and must be submitted to Treasury within 30 days after the end of each calendar quarter.

Nonentitlement units of local government will be required to submit the project and expenditure report annually. The initial annual Project and Expenditure report for nonentitlement units of local government will cover activity from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent annual reports must be submitted to Treasury by October 31 each year.

Recovery Plan Performance reports: States (defined to include the District of Columbia), territories, metropolitan cities, and counties with a population that exceeds 250,000 residents will also be required to submit an annual recovery plan performance report to Treasury. This report will include descriptions of the projects funded and information on the performance indicators and objectives of each award, helping local residents understand how their governments are using the substantial resources provided by Coronavirus State and Local Fiscal Recovery Funds program. The initial recovery plan performance report will cover activity from date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Thereafter, the recovery plan performance reports will cover a 12-month period and recipients will be required to submit the report to Treasury within 30 days after the end of the 12-month period. The second Recovery Plan Performance report will cover the period from July 1, 2021 to June 30, 2022 and must be submitted to Treasury by July 31, 2022. Each annual recovery plan performance report must be posted on the public-facing website of the recipient. Local governments with fewer than 250,000 residents, Tribal governments, and nonentitlement units of local government are not required to develop a Recovery Plan Performance report.

Treasury will provide further guidance and instructions on the reporting requirements for program at a later date.

### **9.3. What provisions of the Uniform Guidance for grants apply to these funds? Will the Single Audit requirements apply?**

Most of the provisions of the Uniform Guidance (2 CFR Part 200) apply to this program, including the Cost Principles and Single Audit Act requirements. Recipients should refer

to the Assistance Listing for detail on the specific provisions of the Uniform Guidance that do not apply to this program. The Assistance Listing will be available on [beta.SAM.gov](https://www.sam.gov).

## 10. Miscellaneous

### 10.1. May governments retain assets purchased with Fiscal Recovery Funds? If so, what rules apply to the proceeds of disposition or sale of such assets?

Yes, if the purchase of the asset was consistent with the limitations on the eligible use of funds. If such assets are disposed of prior to December 31, 2024, the proceeds would be subject to the restrictions on the eligible use of payments.

### 10.2. Can recipients use funds for administrative purposes?

Recipients may use funds to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID–19 public health emergency and its negative economic impacts. This includes, but is not limited to, costs related to disbursing payments of Fiscal Recovery Funds and managing new grant programs established using Fiscal Recovery Funds.

### 10.3. Are recipients required to remit interest earned on CSFRF/CLFRF payments made by Treasury? [5/27]

No. CSFRF/CLFRF payments made by Treasury to states, territories, and the District of Columbia are not subject to the requirement of the Cash Management Improvement Act and Treasury's implementing regulations at 31 CFR part 205 to remit interest to Treasury. CSFRF/CLFRF payments made by Treasury to local governments and Tribes are not subject to the requirement of 2 CFR 200.305(b)(8)–(9) to maintain balances in an interest-bearing account and remit payments to Treasury.

### 10.4. Is there a deadline to apply for funds? [5/27]

The Interim Final Rule requires that costs be incurred by December 31, 2024. Eligible recipients are encouraged to apply as soon as possible. For recipients other than Tribal governments, there is not a specific application deadline.

Tribal governments do have deadlines to complete the application process and should visit [www.treasury.gov/SLFRPTribal](https://www.treasury.gov/SLFRPTribal) for guidance on applicable deadlines.



## City of Phoenix

**ATTACHMENT B**  
**City of Phoenix American Rescue Plan (ARPA) Fund Strategic Plan**  
**Potential Program Summaries**  
**Allocation 1: \$198,000,000**

- A. Community Investment - \$143,000,000
- B. City Operations - \$50,000,000
- C. Contingency for Future Needs - \$5,000,000

**Community Investment \$143,000,000**

**Phoenix Arts, Business, and Employee Assistance Programs \$40,000,000**

**Workforce Training Facility and Training Program - \$15,000,000**

Program would seek to leverage funding from IDA, PCDIC, Maricopa County and the Arizona Community Foundation to purchase and rehabilitate the old Kmart Building. Arizona State University, Maricopa Community Colleges and WestMec would take over all ongoing operations and maintenance. Facility would be used to create workforce training programs.

**Workforce Wraparound Tuition/Apprentice Program - \$10,000,000**

Utilization of existing and customized training programs, including apprenticeship programs, that will leverage the Phoenix Work4orce partnership. These programs will provide tuition assistance and wraparound services to Phoenix residents to promote training and job placement in high-growth, in-demand industries and occupations while addressing barriers to accessing training and employment.

**Micro and Small Business Assistance Programs - \$8,000,000**

Based on lessons learned from the CRF program, CED recommends combining the micro and small business programs into one program. This would allow for a more efficient and less bureaucratic process. Awards would be either \$3K, \$5k or \$10k and would be based on the number of employees. Funding will also be used to provide assistance to business that have been impacted by COVID-19 and light rail development. For these businesses award amounts would be 50% higher due to the double impact of COVID and light rail construction.

**Nonprofit Arts and Culture Stabilization Grants - \$2,750,000**

The Nonprofit Arts and Culture Stabilization Grants would provide two-years of funding to help Phoenix's nonprofit arts and culture organizations manage their operations, personnel, and programming as they welcome back audiences, guests, and patrons to their services. This two-year program awards recovery grants to eligible Phoenix-based arts and cultural nonprofit organizations of all sizes who demonstrate intent, commitment, and strategies to sustain well beyond the COVID-19 pandemic. Organizations must have been in operation prior to March 1, 2020.

**Small Business Workforce Program - \$2,000,000**

Program would provide assistance to small businesses (less than 100 employees) in Phoenix. Staff would market workforce connections to small businesses through special visits, marketing, social media, chambers and others. Funds would be used to assist business owners with training and hiring a new workforce and retraining their existing workforce.

#### Artists to Work - \$1,000,000

The Artists to Work program would enable the city to contract artists to develop temporary projects, installations, and performances. These commissions would reactivate a wide range of public spaces, including parks, trails, community centers, and neighborhood areas not usually defined or programmed as cultural spaces. The events could range from outdoor community performances of music, opera, theater, poetry, etc., to temporary outdoor installations/exhibitions of sculptures, paintings, and other forms throughout the city.

#### Arts Career Advancement Grants - \$500,000

Grants will support working artists or arts workers who have experienced job loss, indefinitely postponed or canceled events and residencies, or terminated contracts due to the pandemic. Funding will cover lost income, support services to grow artistic skills, equipment or business operations recovery costs, and participation in an exhibit, festival, vendor showcase, or artist residency.

#### Arts and Culture Internship Program - \$500,000

The Arts and Culture Internship Program is a two-year program that would allow nonprofit arts and culture organizations and for-profit creative industries the opportunity to hire full-time interns for twenty weeks. The internships provide undergraduate students with meaningful on-the-job training and experience working in the cultural sector. The program ultimately strengthens Phoenix's workforce by providing access to high-quality opportunities for college students of all backgrounds to gain experience, understanding, and transferable skills relevant to careers in and out of the arts, the creative economy, and engagement in public life.

#### Personnel/Technical Assistance/Professional Development Programs - \$250,000

This funding would allow the Office of Arts and Culture to reallocate a current vacant position or hire a new position to coordinate and spread the word about the work. It also includes funds for continued technical assistance and professional development in financial sustainability, business practices, and reopening strategies.

### **Mitigation and Care for Vulnerable Populations \$31,500,000**

\*Denotes programs related to the City's Homelessness Strategy

Funds are intended to be used to provide resources needed to properly address the needs of persons experiencing or facing homelessness during the public health emergency, persons suffering from mental and/or behavioral health conditions, veterans, seniors and our refugee communities. A few examples of how funds may be used are listed below:

#### \*Homelessness and Mental Health- \$10,500,000

This funding provides City Council with the resources needed to address a variety of opportunities including but not limited to mental and behavioral health, rehabilitation centers, and homelessness. These funds could also be leveraged with funds from other units of local government and the non-profit community to provide regional solutions to these issues.

#### Edison Impact Hub - \$5,000,000

Funding to retrofit the historic children's hospital from a vacant, dilapidated building to a community services center that will provide medical offices and other services to the community.

#### \*US Vets and Veteran Relief - \$4,500,000

Funds would provide relief for Veterans experiencing or at risk of homelessness during the pandemic. Many of our vets are more vulnerable to COVID-19 due to living conditions, age, and chronic health complications. Funding could also provide additional operational support needed by the US Vets Organization to transition into the property purchased earlier this year with COVID Relief Funds.



\*Summer Heat Respite - \$3,000,000

Create a heat respite/cooling center to provide a place of respite during the summer for individuals experiencing homelessness. The center would be operated May through September for 7 days a week, during the warmest times of the day (9am-7pm) and provide guests with a place to socially distance due to COVID-19 and include meals, outreach and other supports. Funding would be used for a temporary shelter, insurance, utilities, tables and chairs, security, janitorial services, bio-waste removal services, IT services, meals, water, and staffing.

Financial Assistance for Phoenix Refugee and Asylee Community - \$3,000,000

Funds would be used to support nonprofit agencies serving the refugee and asylee community, as well as to create full-time staff support to provide services to this community. These positions would act as navigators that would help this community navigate government services and programs.

Memory Café Program - \$2,000,000

This funding will expand the City's Memory Café program for senior center members and their caregivers. Memory Cafes stimulate participants through music therapy, art and memory exercises, and are a key contributor to the Dementia Friendly City initiative.

Area Agency on Aging's Goods2HOME - \$2,000,000

Funding will continue to support the Area of Agency on Aging's Goods2HOME program which the City support with CARES Act funding in 2020. This program provides delivery services to low-income, disabled, and homebound seniors who need medication and sanitation supplies.

Justa Center - \$1,000,000

This funding will support the restoration of the Justa Center, a building currently owned by the Area Agency on Aging (AAA). The Justa Center serves vulnerable seniors experiencing homelessness and would seek to leverage funds with Maricopa County and the State to build a transitional or bridge housing complex next to the Justa Center.

Bus Stop Shelters - \$500,000

As part of the T2050 plan, the Public Transit Department has a goal of installing 80 new bus shelters per year. This additional funding will increase this goal to 100 shelters per year over the next two years. Bus shelters will be placed in locations currently without shade and provide heat relief to transit users.

**Households and Residential Assistance \$28,000,000**

\*Denotes programs related to the City's Homelessness Strategy

\*Financial Assistance for Phoenix Families - \$12,000,000

Funds would be used to provide financial assistance to help low-to-moderate income families in Phoenix. The intent of this funding would be to ensure that families have resources needed to provide quality childcare and to cover other household expenses. Resources could also be used to provide mini-grants to Phoenix childcare facilities in low-to-moderate census tracts for technology upgrades that could include classroom screens, web-cam access, digital sign in/out software, childcare management software, and/or general WiFi upgrades.

\*Utility & Rent/Mortgage Assistance - \$10,000,000

A portion of these funds will be used to provide residents with City water, sewer and trash, electric, internet/broadband, natural gas utility and rent/mortgage assistance. Funds are intended to be used on residents who don't qualify for the City's more restrictive \$91M Emergency Rent Assistance Programs (ERA 1 and ERA 2). A portion of funds will also be used to provide landlord incentives as part of the Emergency Housing Vouchers program.

Airport Childcare Facility - \$5,000,000

Funds would be used to provide childcare options for workers at the airport. A survey was sent to companies that do business at Sky Harbor International Airport and of the companies that responded, an overwhelming majority were in favor of offering childcare services to workers at the airport.

Bus Card Subsidy Program - \$1,000,000

Funds would be used to provide subsidies and fare assistance to residents that rely on public transportation.

**Youth Sports, Recreation, Education and After-School \$28,800,000**

Citywide Wireless Network Project and Partnership with Phoenix Union - \$10,000,000

Funds would be used to continue building the community wireless network project that was initially approved by City Council using the Coronavirus Relief Fund. The project is a partnership between the City, Phoenix Union High School District, and others.

Early Childhood Education Expansion - \$6,000,000

Funding will be used to create a program to increase access to early childhood education for 500 preschool children, ages four to five. The proposed program would mirror performance standards, quality control, and curriculum of the Head Start Program while allowing eligible families to be at 200% of poverty level rather than the Head Start mandated 100% of poverty level. Additionally, approximately half of this funding will be used to provide First Things First scholarships for early childhood services (childcare and preschool) for children birth to five.

After-School Grant for Phoenix Schools - \$2,500,000

Funds will be available for school districts and charter schools who commit to providing free or affordable after-school programs in-line with the Phoenix After-School Center (PAC) program.

Wi-Fi Connectivity for Community Centers and Public Housing Properties - \$2,300,000

Funding to provide access to internet connectivity in community centers and public housing properties in an attempt to bridge the digital divide that impacted communities during pandemic.

StartupPHX @ Burton Barr - \$1,400,000

Funds will be used to provide a broader range of services to the community by expanding the Hive @ Central. The expansion would include the addition of two meeting rooms, a graphics station, and technical assistance for small business owners. For programming, funds would be used to contract with a vendor to provide the Business Roadmap and MAPA Para Us Negocio series for teens and adults. The contracted vendor would be responsible for curriculum development and facilitating all sessions in English and Spanish.

College Depot Assistance for Students - \$1,000,000

Funds will be used to purchase laptops and hotspots to loan out to students who have struggled with staying connected to school during the pandemic. The program would loan selected students a laptop and hotspot for the summer to help level the playing field in education. High school students with a district issued device need to turn in their laptops at the end of the school year and will not regain access to them until the school year resumes in August. This program will allow students to continue skill building, summer job hunting, and virtual programs throughout the summer.

Library Bookmobile for Underserved Areas - \$700,000

The library department has several pieces of land for future library branches located in fast growing areas. Since a bond program is a few years away, we propose purchasing a large bookmobile that could be used to provide service from library property at 67th Avenue and Lower Buckeye.

#### PHXWorks at Burton Barr and Ocotillo - \$600,000

Funds will be used to purchase laptops and hotspots to leverage resources and provide extra services for the community. The library will partner with CED to establish a Job Services Center in Burton Barr Central Library and at Ocotillo Library. Workforce laptops and hotspots will be available for customers to check out for a 3-week check out period.

#### Parks After-School Programs - \$500,000

Funds will be used to expand PAC programming to 10 additional sites. This affordable after-school recreation and enrichment program provides youth ages six to 13 a fun, supportive, and educational atmosphere during crucial afterschool hours.

#### Youth Sports League Grants - \$500,000

Funds could be used to offer financial assistance or stipends to at-risk, underserved and low-income youth to participate in youth sports and recreational leagues.

#### Early Literacy Tutoring Support - \$300,000

The library would use funds to partner with ASU's America Reads tutoring program to provide 1:1 reading tutoring to emerging readers in 1<sup>st</sup> through 4<sup>th</sup> grade who lost ground due to the pandemic. Tutoring would be provided by ASU students and the library will provide Wi-Fi provisioned tablet computers to facilitate virtual tutoring as needed.

#### Library Technology, Capital and Staff Support - \$3,000,000

Funds would be used to cover the costs of various technological and capital enhancements identified by library staff including but not limited to online catalog enhancements, tablets and hotspots for lending and onsite use, outdoor signage upgrades and automated materials handler replacement at Mesquite Library.

### **Phoenix Resilient Food System \$9,700,000**

#### Economic Development and Innovation - \$3,400,000

This portion of the Phoenix Food Initiative includes the following programs:

- Feed Phoenix Program – This program is a continuation of the CRF funded Feed Phoenix Program. Under this program, the Local First Arizona Foundation delivered over 80,000 meals.
- Worker Cooperative Sustainable Food System Business Incubator – This program will focus on developing worker cooperatives for sustainable food business enterprises through a collaboration with the private sector.
- Agri-Food Technology Grants – This program will provide funding and incentives to encourage food system entrepreneurs and innovative food businesses to expand or locate in Phoenix.

#### Equity and Inclusion - \$2,400,000

This portion of the Phoenix Food Initiative includes the following programs:

- LISC Phoenix Funds to Feed Phoenix – This program is a continuation of the CRF funded program that provides funding for community and grassroots organizations.
- Urban Agriculture Fellowship – Provide funding for a one-year fellowship for high school and college age students with local food producers with 60% for Black, Indigenous, and persons of color participants.
- Council District Food Action Plans or Initiatives – The program would focus on districts with food deserts, high food insecurity and hunger rates to identify whether a council specific food plan would be feasible and desired or whether more specific projects or initiatives would be preferred.

#### Local Food Consumption/Production - \$1,500,000

This portion of the Phoenix Food Initiative includes the following programs:

- Farmland Preservation – In partnership with nonprofits and land trusts, assist in the purchase and preservation of up to 100 acres of land for agriculture in Phoenix.
- Backyard Food Production Pilot – Provide grant funding to 100 residents located in food deserts for backyard gardens and community gardens using aquaponics, raised beds, and other water conservative growing methods.

#### Food Banks and Pantries Support - \$1,300,000

This funding would be used to provide resources for local food banks and food pantries to provide food and other resources for struggling families. Staff will ensure broad engagement with small, medium and large foodbanks and pantries ensuring outreach and emphasis with smaller community-based food banks and food pantries.

#### Meals That Work - \$700,000

This program will prepare and deliver 1,000 meals for 26 weeks to social service organizations, such as St. Vincent de Paul, schools, and more. Fourteen food service employees at the Convention Center will be utilized to prepare the meals.

#### Resilient Food System - \$200,000

This portion of the Phoenix Food Initiative includes the following program:

- Resilient and Sustainable Agriculture Projects – Provide grant funding to farms for advancing technologies and methods that address growing food in our changing climate.

#### Outreach and Support Staff - \$200,000

This funding would be used to provide advertising and outreach efforts to ensure funding allocated under this program is fully maximized. Funding would be used to sponsor community events, stakeholder meetings, and to produce digital and print advertisements. Funding would also be used to hire two full-time positions for the next two fiscal years. These positions will manage and monitor all of the activities in the Phoenix Sustainable Food Initiative.

#### **Better Health Outcomes and Community Testing and Vaccines - \$5,000,000**

Funds will be used to provide resources needed to ensure resident COVID-19 testing and vaccination efforts remain available through the duration of the public health emergency. This includes education, outreach, and incentives, with a focus in communities of color. Funds could also be used to purchase PPE and other public health related materials for the community as needed. The funds could be used to convert the City's testing vans to vaccination vans, dependent on clinical partners with access to vaccines.

## **City Operations \$50,000,000**

### **Infrastructure, Technology and Capital Needs - \$23,000,000**

Funds are intended to be used to provide resources needed to address capital needs. Examples include purchasing spare ambulance units so that Fire has enough units in service while units are being decontaminated after a service call. During the Great Recession the City was forced to close its central stores warehouse and as a result during the height of the pandemic staff used the empty convention center to warehouse materials. As that space is no longer available, funds may be used to lease, buy or construct a warehouse to store PPE and critical inventory. Funds may also be used to address other technology and capital projects within the federal guidelines which include the rehabilitation of the 27<sup>th</sup> Avenue Recycling Facility. Staff also recommend allocating a portion of this funding to address green energy and green streets, flood control and stormwater projects. Due to the large-scale nature of many of these projects, it is assumed that funding would be allocated in both ARPA allocations.

### **Revenue Replacement - \$22,400,000**

Funds will be used to replace lost revenue at the Convention Center and to offset COVID-19 worker's compensation claims. COVID-19 has had a severe impact on the Convention Center bookings. It is likely that large conventions and the associated hospitality industry will be among the slowest to recover and revenue will continue to be weak. Using the prescribed Treasury formula, staff has determined that up to \$31 million of the revenue lost by the Convention Center is eligible for revenue replacement. Staff recommends replacing this revenue over two years rather than all at once. It is important to note that the General Fund serves as the financial backstop for the Convention Center so replacing lost revenue with ARPA funds significantly reduces risk to the General Fund. ARPA also allows the City to offset costs for COVID-related worker's compensation trust fund expenses that can be tied to COVID-19 employee claims. The City anticipates over \$2.4 million in worker's compensation claims that can be replaced with ARPA funds. This action would reduce the actuarial impact to future City resources.

### **Administrative Oversight, Compliance and Outreach Efforts - \$4,000,000**

Funds are intended to be used to provide staffing necessary to support federal compliance efforts. Staffing additions will also assist with enhancing community outreach to improve service delivery and to increase transparency on city progress for all approved programs via an enhanced website.

### **PPE/Cleanings/Sanitizing/Testing and Vaccine Distribution - \$600,000**

Funds will be used to ensure staff have access to necessary PPE, cleaning and sanitizing materials. Funds will also be used to ensure that workstations and common areas are appropriately cleaned. Additionally, funds will be used to offset any additional expense incurred to ensure that all city staff, family members and contractors have access to both vaccines and COVID testing.

## **Contingency \$5,000,000**

### **Contingency for Future Needs**

A contingency is proposed to preserve resources in case the federal government changes guidance to allow the funds to be used in new areas of concern for the council or to supplement funding for an approved program that exhausts its allocation of funds before more funding becomes available. The contingency would also be available to cover other unexpected COVID-19 expenses that could occur later in the year.

Revised On:  
6/3/2021 5:49 PM