

American Rescue Plan Act of 2021

Strategic Community Investment Opportunities and Management of Federal Funding

Board of County Commissioners Meeting
July 20, 2021

ARPA Allocations/Grants Total \$1.9 Trillion

Funding Highlights:

State and Local Fiscal Recovery Funds	\$350.0 B
Emergency Education & Connection Devices (schools and public libraries)	\$171.2 B
FEMA	\$ 50.0 B
Public Transportation	\$ 30.0 B
Support for Restaurants	\$ 28.6 B
Medical Care and Health Needs	\$ 14.5 B
Aid to Hard Hit Small Bus, Non-Profits	\$ 10.0 B
Homeowner Assistance	\$ 9.9 B
Relief for Airports	\$ 8.0 B
Homeless Assistance and Supportive Services	\$ 5.0 B
Emergency Mgmt. Performance Grants	\$ 100 M
Child Tax Credit	\$ 3,000-\$3,600/Year

ARPA State & Local Direct Funding

\$350 billion in State and Local Fiscal Recovery Funds (SLFRF):

- States and DC \$195.3 B → State of Nevada \$3.3 B
- Counties \$65.1 B → **Washoe County \$91.6 M**
- Metro Cities \$45.6 B → Reno \$51.5 M, Sparks \$16.2 M
- Tribal Govt.'s \$20.0 B
- Non-entitlement Units \$19.6 B

Total of \$159 million directly allocated locally to County, Reno and Sparks

U.S. Department of the Treasury's Key Principles

- Recipients and subrecipients are responsible for effective oversight in ensuring eligible use, and that there is no fraud, waste or abuse of funding
- Projects funded must respond to COVID-19 public health emergency and meet urgent community needs
- Projects funded should advance shared interests and promote equitable delivery of government benefits and opportunities to underserved communities
- Transparency and public accountability of funding uses are critical to program integrity and trust – funds should be managed consistent with Administration guidance

Eligible Uses of ARPA Funds

Opportunities for strategic investments to benefit our community and region in the following categories:

- Public Health
- Negative Economic Impacts
- Essential Workers
- Revenue Loss
- Water, Sewer and Broadband Infrastructure



Eligible Use: Public Health

- **COVID-19 Mitigation and Containment-** vaccine programs, PPE, medical expenses, public health data systems, capital investments to meet pandemic operational needs
- **Behavioral Healthcare** –services to meet mental health, substance abuse and other behavioral needs, crises intervention/hotlines, promotion of social services
- **Public Health & Safety Staff** – Payroll and benefits for public health, public safety, and human services staff primarily dedicated to COVID-19 response

Eligible Use: Addressing Negative Economic Impacts

- **Impacted Industries** – COVID-19 mitigation/prevention measures for safe resumption of tourism, travel, and hospitality services, including ventilation improvements, physical barriers, signage for social distancing and PPE
- **Rebuilding Public Sector Capacity** – Rehiring staff, payroll and benefits
- **Small Business Support** – loans, grants, and assistance to implement COVID-19 prevention or mitigation tactics and to mitigate financial hardship due to the pandemic
- **Hardest-hit Communities** – investing in disproportionately impacted communities and neighborhoods; services to address homelessness, affordable housing, disparities in education, and promoting health childhood environments

Eligible Use: Premium Pay for Essential Employees

- **Essential Workers** – employees that regularly and physically interact with the public or who physically handle items also handled by others
- **Employees** - designated public sector workers in **public health and safety, social services**, and private sector workers in nursing homes, hospitals and home care, food production, grocery stores, restaurants, janitors/sanitation, truck drivers, warehouse operations, childcare, teachers
- **Premium Pay** – Up to \$13/hour in addition to wages otherwise received, up to \$25,000 per eligible workers (whose regular wage is less than 150% of their residing state and county average annual wage as defined by Bureau of Labor Statistics Occupational Employment and Wage Statistics)

Eligible Use: Replace Public Sector Revenue Loss

- **Budget Shortfalls** – to pay for broad range of general government services to the extent of loss of revenue
- **Calculation** – revenue loss relative to expected trend based on last full pre-pandemic fiscal year (2019) and adjusted for 3-year average annual growth rate based on calendar years ending December 31, 2020
- **Timing** - revenue loss may be re-calculated at multiple points during the program for entities experiencing revenue loss with a lag
- **Revenues Not Eligible** – federal and state transfers, internal transfers between funds, revenues from utilities, refunds, proceeds from debt issuance, liquor store revenues

Eligible Use: Water, Sewer and Broadband Infrastructure

- **Water and Sewer** – necessary investments of highest priority to each community, providing minimum level of service unlikely to be funded by private sources
 - Uses aligned with the Environmental Protection Agency’s Clean Water Act State Revolving Fund and Drinking Water State Revolving Fund criteria
 - Building/upgrading facilities, transmission, distribution and storage systems, including replacement of lead service lines
 - Construction of publicly owned wastewater treatment, stormwater or subsurface water treatment and management, drainage, facilitating water reuse and securing publicly owned treatment works
- **Broadband** – providing modern technology and assisting households to support internet access or digital literacy

In-Eligible Uses

- **Deposits to Pension Funds**
- **Non-federal Match** – when barred by other federal regulation (EPA Clean Water and Drinking Water SRF’s, EDA, and Medicaid)
- **Debt Service**
- **Legal Settlements**
- **Deposits to Reserves or Rainy-Day Funds**
- **General Infrastructure** – for capital improvements outside of water, sewer and broadband investments, unless to directly address negative economic impacts of the public health emergency or related to the “revenue loss provision”
- **General Economic Development or Workforce Development Activities** – unless to directly address negative economic impacts of the public health emergency or related to the “revenue loss provision”

Source: *Compliance and Reporting Guidance – State and Local Fiscal Recovery Funds*, US Department of the Treasury, June 17, 2021

Management of Federal ARPA Grant Funding Compliance and Reporting Requirements

U.S. Dept. of the Treasury

Key Principles

Key Principals:

- Recipients and subrecipients are the first line of defense, and responsible for ensuring funds are not used for ineligible purposes, and there is no fraud, waste and abuse of the awarded funds
- Funded projects respond to COVID-19 public health emergency and meet urgent community needs
- Funded projects should advance shared interests and promote equitable delivery of government benefits and opportunities to underserved communities
- Transparency and public accountability for award funds are critical to upholding program integrity and trust in all levels of government

U.S. Dept. of the Treasury Internal Control Best Practices

Best Practices:

- **Written Policies and Procedures** - Formal documentation of recipient policies and procedures
- **Written Standards of Conduct** – Formal statement of mission, values, principles and professional standards (internal and for subrecipients)
- **Risk-based Due Diligence** – Pre-payment validations conducted according to assessed level of risk
- **Risk-based Compliance Monitoring** – Ongoing validations according to assessed level of risk
- **Record Maintenance and Retention** – Creation and storage of financial and non-financial records

Resource:
***Washoe County
Grants Manual***
[Link](#)

Management of ARPA Funding

ARPA are awards subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Funds, 2 CFR Part 200, which require that we:

- **Verify Eligibility of Proposals and Maintain Documentation of Eligibility**
 - **One-time expenses and capital initiatives will take priority**
 - **Alignment with County Strategic Plan will take priority**
 - **Transformational pilot projects will take priority**
- Adhere to Federal Procurement Regulations
- Effective Budgeting and Cash Management
- Maintain Accurate Accounting Records
- Comply with Reporting and Auditing Requirements

Examples:

- Homeless Facilities and Services
- Sewer Infrastructure
- Broadband Infrastructure
- Mitigate COVID-19 Related Impacts (Judicial, Public Safety and Human Services)

Verifying Eligibility and Maintaining Proper Documentation

- Funding Proposals: Must Meet Appropriate Eligibility Category
 - a) Review Eligibility check list and identify eligibility category
 - b) Complete Proposal Form in **e-Civis Grant Management System**
- Evaluation: Proposal Review
 - a) Documentation appropriately identifies eligibility and priority;
 - b) Follow up with proposing party, if necessary
 - c) Verify eligibility and priority
 - d) Proposal recommended to County Manager for approval
- Approval: County Manager Approves Proposals
 - a) Proposer is notified of approval decision
 - b) Project can begin

*Per 2 CFR 200.303:
Organizations must develop and implement effective internal controls to ensure that funding decisions under the award constitute eligible uses of funds, and must document determination of eligibility*

Adhering to Federal Procurement Requirements

- Recipients must ensure that procurement is consistent with the procurement standards set forth in the Uniform Guidance at 2 CFR 200.317 through 2 CFR 200.327.
- All procurement transactions must be conducted providing full and open competition, consistent with standards outlined in 2 CFR 200.320, non-competitive procurements allowed only where at least one of the conditions below is true:
 - The item is below the micro-purchase threshold; the item is only available from a single source; the public exigency or emergency will not permit a delay from publicizing a competitive solicitation; or after solicitation of a number of sources, competition is determined inadequate.
- Recipients must have and use documented procurement procedures that are consistent with the standards outlined in 2 CFR 200.317 through 2 CFR 200.320, including competitive bidding and contractor oversight, maintaining written standards of conduct and prohibitions on dealing with suspended or debarred parties. Organization's must ensure adherence to all applicable local, State, and federal procurement laws and regulations.

Adhering to Federal Procurement Requirements

Period of Performance:

1. Organizations should also develop and implement internal controls related to activities occurring outside the period of performance. For example, each recipient should articulate each project’s policy on allowability of costs incurred prior to award or start of the period of performance.
2. All funds remain subject to statutory requirements that they must be used for costs incurred by the recipient during the period that begins on March 3, 2021, and ends on December 31, 2024, and that award funds for:
 - a) **Financial obligations incurred by December 31, 2024**
 - b) **Must be expended by December 31, 2026. Any funds not used must be returned to Treasury.**
3. Recipients should evaluate how long the project will take to complete and work backwards to the encumbrance date, and then back to the necessary procurement date

“Financial Obligation” means an encumbrance via purchase order must be in place by 12/31/2024 for all for approved uses of ARPA grant funding

“Expended” means that recipients must complete expenditures, make all payments related to their ARPA funded project by 12/31/2026.

Proper Budgeting and Cash Management

Budgeting:

- Expenditures should be budgeted in appropriate fiscal year(s), and in an approved capital project or subgrant as applicable

Cash Management:

- Funds may be held in interest bearing accounts and investments, interest earnings are not required to be remitted to U.S. Department of the Treasury
- Cash flow needs and timing projections provided to County Treasurer for effective cash/investment management

Proper Budgeting
and Cash
Management
ensure that funding
resources are
available when
needed

Maintain Accurate Accounting and Record Keeping

Accounting:

- Expenditures may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied. Reporting must be consistent with the definition of expenditures pursuant to 2 CFR 200.1.
- Organizations should maintain accounting records for compiling and reporting accurate, compliant financial data, in accordance with appropriate accounting standards and principles.
- Where appropriate, organizations need to establish controls to ensure completion and timely submission of all mandatory performance and/or compliance reporting.

Record Keeping:

- Records and financial documents must be maintained for 5 years after all funds are expended
- Records and financial documents are subject to the Single Audit Act under 2 CFR Part 200 (F)
- Upon request, records and financial documents must be provided to U.S. Treasury, Government Accountability Office (GAO), Office of the Inspector General (OIG), and the Pandemic Relief Accountability Committee (PRAC), and to any other oversight body.

Source: Compliance and Reporting Guidance – State and Local Fiscal Recovery Funds, US Department of the Treasury, June 17, 2021

Reporting Requirements

Due August 31, 2021:

- ***Interim Expenditure Report*** by category and project (summary thru July 31st)
- ***Initial Recovery Plan/Performance Report*** (project descriptions and objectives; key performance indicators thru July 31st); subsequently due annually by July 31st

Due October 31, 2021:

- ***Quarterly Expenditure Report*** (financial data, information on contracts and subawards over \$50,000, funding utilization); subsequently due 30 days after the end of each quarter (October 31, January 31, April 30, and July 31)

Recovery Plan Performance Report

Recovery Plan Performance Report initially due August 31, 2021, then annually each July 31st, and must be posted to public facing website by same date, and include, at a minimum, the following information:

Recovery Plan Performance Report:	
Executive Summary	Uses of Funds
Promoting Equitable Outcomes	Community Engagement
Labor Practices	Use of Evidence
Table of Expenditures by Category	Project Inventory
Performance Report	Required Performance Indicators and Programmatic Data

Source: *Compliance and Reporting Guidance – State and Local Fiscal Recovery Funds*, US Department of the Treasury, June 17, 2021

Additional Requirements

Civil Rights Requirements :

Recipients of Federal financial assistance are required to meet legal requirements relating to nondiscrimination and non-discriminatory use of Federal funds – benefits or services must not be denied based on race, color, national origin, disability, age or sex in accordance with the Civil Rights Act of 1964 (Title VI)

Subrecipient Monitoring:

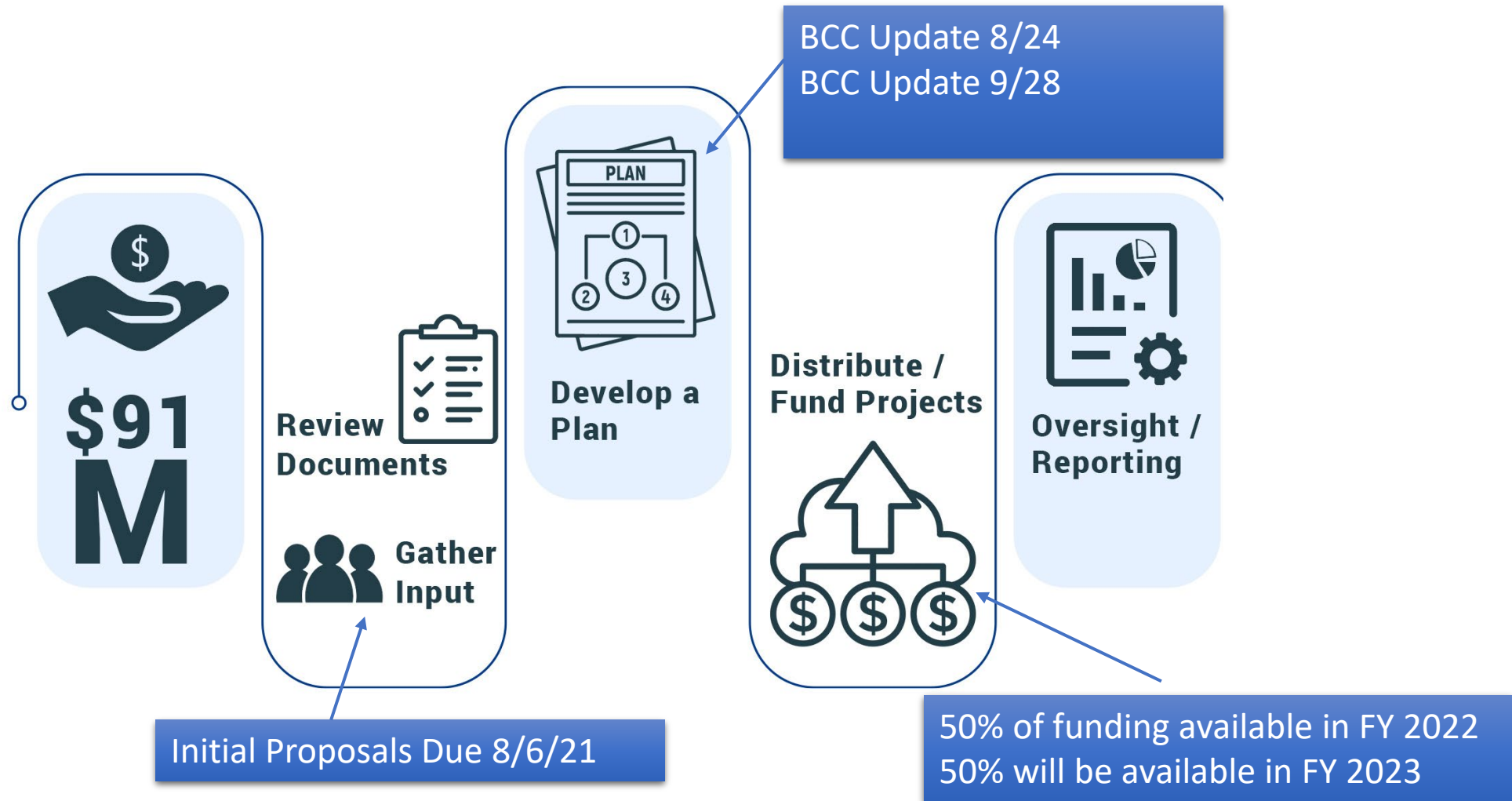
Pass-through entities as defined under 2 CFR 200.1 are required to use a risk-based approach in managing and monitoring their subrecipients to ensure compliance with requirements of 2 CFR 200.332, including:

- Due diligence pre-payment validations conducted according to an assessed level of risk, with enhanced eligibility review of subrecipient with imperfect performance history.
- Ongoing validations conducted according to an assessed level of risk with a higher degree of monitoring for projects that have a higher risk of fraud, given program characteristics.
- Creation and storage of financial and non-financial records. Storage of all subrecipient payment information, award terms and conditions

Treasury has set a deadline of July 16, 2021, for receipt of public comment on Interim Final Rule and will adopt a final rule responding to these comments.

In addition, Treasury may add clarifications to the implementing guidance.

Next Steps: Award Acceptance and Implementation



Questions/Discussion