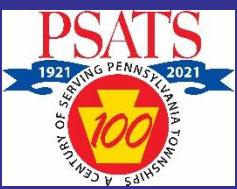




PSATS TOWN HALL

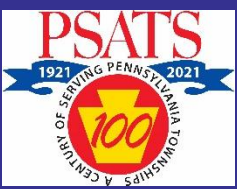
American Rescue Plan Act Funding Update

May 14, 2021



Agenda

- Overview of American Rescue Plan Act
- Review of Treasury Department Interim Final Rule (issued on 5/10/21)
- What's Next?
- Q&A



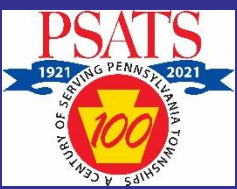
- Planning is essential
- Regulations change regularly
- Patience
- Proper documentation is critical to being eligible
- Dedicated central contact
- Monitoring other funding streams that may overlap to help entities achieve their goals

Zelenkofske Axelrod LLC

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

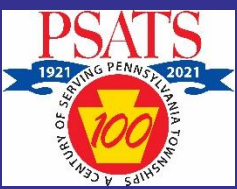
Growing better and stronger with townships for 100 years.



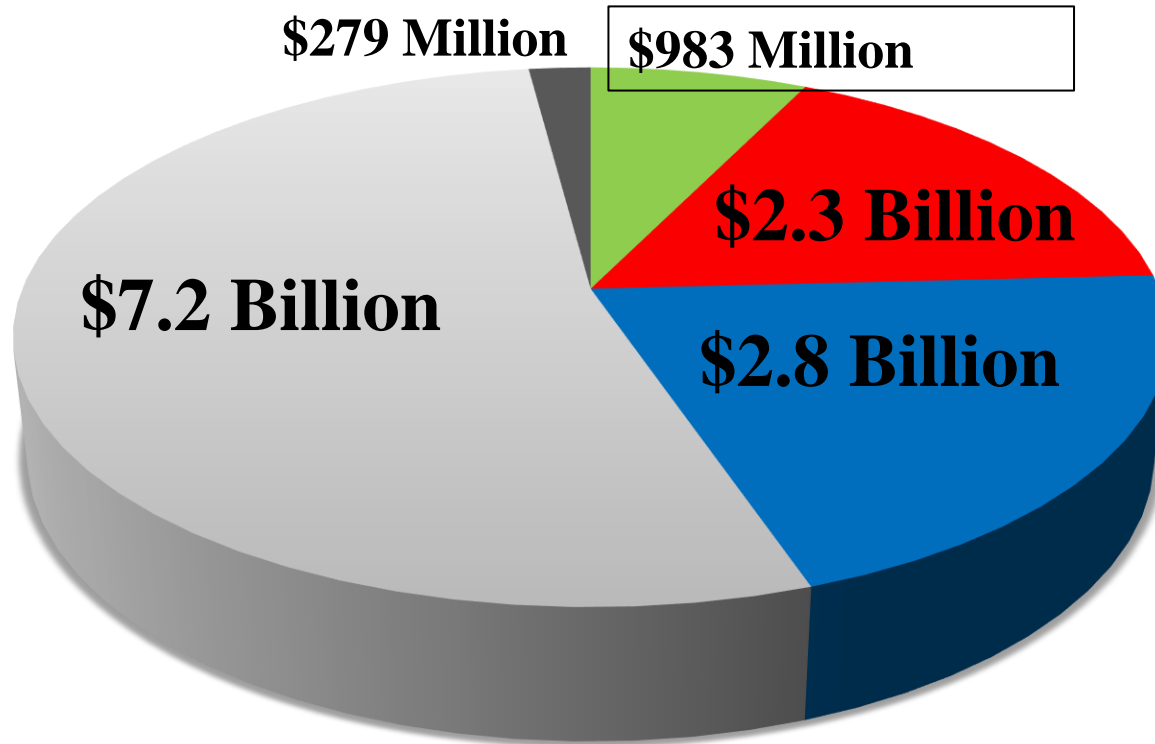
Overview of American Rescue Plan

- **\$350 billion in direct financial relief for state, local, tribal governments (*Recovery Fund*)**
- **Extends federal supplemental UC benefits**
- **Increases PPP funding**
- **Funding for school reopening**
- **Utility/rental assistance**
- **Much more**

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Pennsylvania Allocations



■ Non-Entitlement Communities (7%)

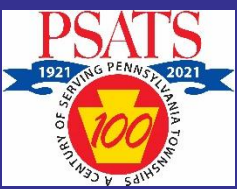
■ Entitlement Communities (17%)

■ Counties (21%)

■ Commonwealth (53%)

■ Commonwealth: capital projects (2%)

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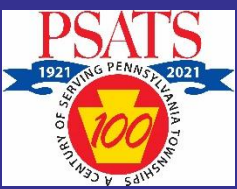


Total Allocations

| | 2021 | 2022 |
|------------------------------------|-----------------|-----------------|
| Commonwealth | \$3.6 billion | \$3.6 billion |
| Counties | \$1.4 billion | \$1.4 billion |
| Municipalities over 50,000 | \$1.15 billion | \$1.15 billion |
| Municipalities under 50,000 | \$491.5 million | \$491.5 million |

Second Class Townships: \$561 Million

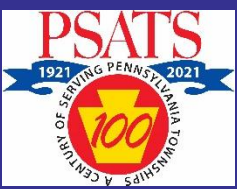
Growing better and stronger with townships for 100 years.



Timing of Distributions

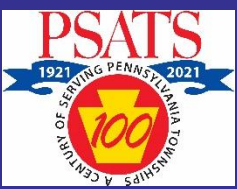
- **Feds to States/Locals (more than 50K)**
 - First round: happening now
 - Second round – w/in 12 months after initial allocation
- **States to Locals (under 50K)**
 - First round – w/in 30 days of receipt from Feds, with extensions permitted
 - Second round – w/in 12 months after initial allocation
- **Limit: You cannot receive more than 75% of 2020 budget**

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Timing on Use

- ARP funds may be used to cover costs incurred after 3/3/21
- Funds must be obligated by 12/31/24
- Period of performance by 12/31/26



Permitted Uses

1.) Response to COVID-19 emergency or its negative economic impacts (NEI):

- "Should consider whether and how the use would respond to the COVID-19 public health emergency"
 - Identify a need or negative impact; and
 - Identify how program, service or other intervention addresses identified need/impact
- Must be in response to COVID-19 or consequences of economic disruptions

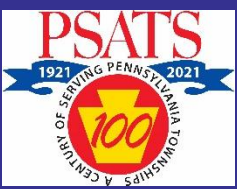
Growing better and stronger with townships for 100 years.



Permitted Uses

1.) Response to COVID-19 emergency:

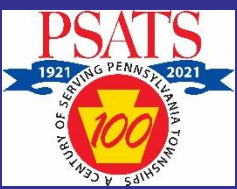
- Examples of permitted uses:
 - Enforcement of public health orders
 - New public communication efforts
 - Capital investments to meet pandemic operational needs/implement COVID-19 mitigation tactics
 - Purchases of PPE
 - Ventilation improvements
 - Employee COVID costs



Permitted Uses

1.) Response to NEI:

- Must be designed to address economic harm caused by COVID-19
 - Assess economic harm caused by COVID-19; and
 - Whether use of funds will respond to that harm
- NO aid to individuals/businesses with no NEI from COVID-19



Permitted Uses

1.) Response to NEI:

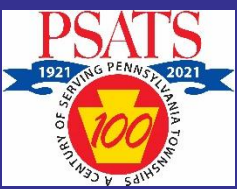
- Examples of permitted uses:
 - Assistance to unemployed workers and households (*can presume NEI caused by COVID-19*)
 - Improvements to tech infrastructure
 - Loans/grants/tech assistance to small businesses/non-profits (only 501c(3))
 - Rehiring staff
- Transfers must be reasonably proportional to NEI



Permitted Uses

1.) Response to NEI:

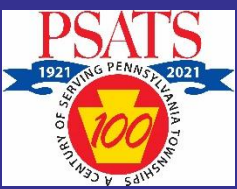
- Examples of permitted aid to impacted industries:
 - Mitigation efforts
 - Expansions/upgrades delayed due to COVID-19
- Consider extent of NEI on industry
- Reporting requirements



Permitted Uses

1.) Prohibited Uses under Category 1:

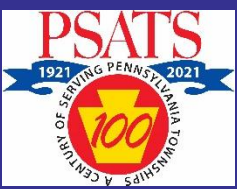
- No general infrastructure projects (*unless response to specific public health need or NEI*)
- No allocations to rainy day funds
- No payment of interest/principal on loans
- No fees/costs associated with new debt



Permitted Uses

2.) Premium pay for essential workers

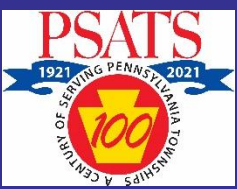
- Township boards of supervisors determine eligibility of workers (*need to be critical to protect health and well-being of residents*)
- May provide grants to other public/private employers with eligible workers
- Up to \$13/hour for each eligible worker, capped at \$25K per worker
 - Must be in addition to regular wages
 - Can be paid retroactive to beginning of pandemic
 - Work-from-home employees not eligible



Permitted Uses

2.) Premium pay for essential workers

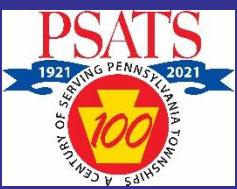
- Must address heightened risks of being physically present or costs associated with illness
- Should prioritize lower-paid eligible workers
- Premium pay cannot increase total pay above 150% of higher of (1) state's average annual wage for all occupations or (2) county's average annual wage
- Includes payroll contributions to pension funds as part of the premium pay



Permitted Uses

3.) Lost revenue replacement

- Based on "general revenue"
 - Does not include the following:
 - Refunds and other corrections
 - Proceeds from issuance of debt
 - Sale of investments
 - Generated from utilities or insurance trusts
 - Transfers from federal government
 - Transfers from state government pursuant to federal programs

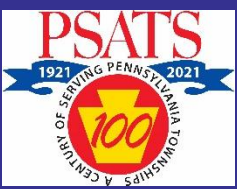


Permitted Uses

3.) Lost revenue replacement

– Formula

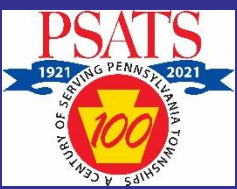
- Step 1 – Identify 2019 "base year revenue"
- Step 2 – Estimate "counterfactual revenue"
 - Based on a growth adjustment from 2019 revenue
 - Greater of 4.1% or average annual growth in 2017-2019
- Step 3 – Identify "actual revenue" in past 12 months as of calculation date
- Step 4 – Subtract actual revenue from counterfactual revenue



Permitted Uses

3.) Lost revenue replacement

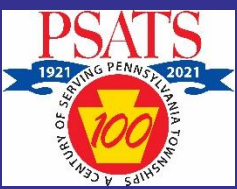
- "Broad latitude" for "provision of government services" with lost revenue funds
- Examples of permitted uses:
 - Infrastructure, including roads
 - Cybersecurity
 - Police, fire and EMS



Permitted Uses

4.) Infrastructure investments (*water, sewer, broadband*):

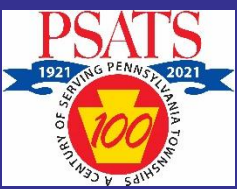
- Water/sewer
 - "Wide latitude" to identify investments in public/private infrastructure
 - Aligned with types of projects that are eligible for financial assistance under:
 - EPA's Clean Water State Revolving Fund
 - EPA's Drinking Water State Revolving Fund
 - Not precluded from own eligibility criteria



Permitted Uses

4.) Infrastructure investments (water, sewer, broadband):

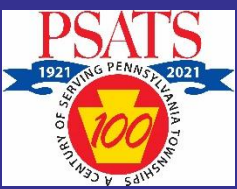
- Examples of permitted water/sewer:
 - Wastewater treatment plant improvements/builds
 - Control non-point sources of pollution
 - Improve resiliency to severe weather events
 - Create green infrastructure (rain gardens, green streets, etc.)
 - Protect waterbodies
 - Drinking water systems
 - Stormwater system resiliency



Permitted Uses

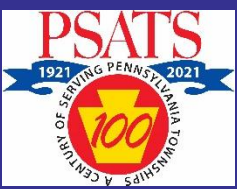
4.) Infrastructure investments (water, sewer, broadband):

- Expectations for broadband projects:
 - Reliably meet upload/download speeds of 100 Mbps
 - If those speeds aren't practicable:
 - Meet 100 Mbps download and at least 20 Mbps upload, but scalable to 100 Mbps for both
 - Focus on unserved/underserved areas (based on 25 Mbps download and 3 Mbps upload)
 - Prioritize last-mile connections



Transfers

- May transfer to other governmental entities (*municipal authorities*), non-profits (501(c)3), small businesses, etc.
 - Third-party uses must comply with recovery funding allowable uses.

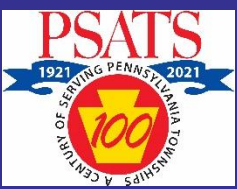


Reporting

■ Entitlement communities must submit:

- Interim report: date of award to 7/31/21
- Quarterly reports through 12/31/26
 - First one: date of award to 9/30/21 and due by 10/31/21
 - All others: by quarter and due 30 days after quarter

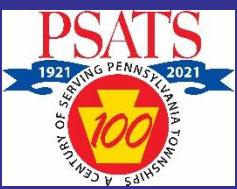
■ No interim report for non-entitlement communities



Reporting

■ Non-entitlement communities

- Annual reports due **October 31**
 - First report due October 31, 2021
- **Based on Federal fiscal year** (*October 1-September 30*)
 - Second report due October 31, 2022



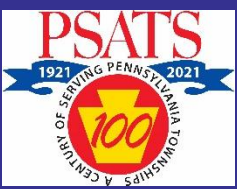
What's Next?

■ Status of U.S. Treasury's Final Rule

- Effective immediately (*waived 60-day effective date rule*)
- Comments solicited for additional changes/clarifications (*due 60 days after published in Federal Register*)

■ Timing of Commonwealth's request for funds and delivery to non-entitlement communities

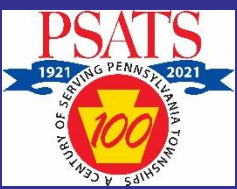
■ Questions?



PSATS Resources

- **PSATS Morning News:** make sure that PSATS has your email address!
- COVID-19 Information Page at psats.org
- PSATS Member Discussion Groups
- PSATS Fact Sheets: More coming soon!
- Town Hall Available On-Demand

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THANK YOU!

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