



Coronavirus State and Local **Fiscal Recovery Funds (FRF)** Interim Final Rule (IFR) is in from Treasury

WITH NEW FUNDING ANNOUNCEMENTS COMING OUT REGULARLY, IT IS HARD TO KEEP TRACK.

OUR FUNDING AND RESEARCH SPECIALISTS ARE MONITORING AND ANALYZING ALL THE FUNDING ANNOUNCEMENTS SO YOU DON'T HAVE TO. WE CAN HELP YOU PREPARE, PLAN, AND POSITION WHILE WE AWAIT ADDITIONAL GUIDANCE FROM THE TREASURY.

The American Rescue Plan Act of 2021 provides **\$350 billion** in State and Local Fiscal Recovery Funds

Type	Amount (\$ billions)
States & District of Columbia	\$195.3
Counties	\$65.1
Metropolitan Cities	\$45.6
Tribal Governments	\$20.0
Territories	\$4.5
Non-entitlement Units of Local Government	\$19.5

We've summarized the recent guidance released by Treasury at a very high level around eligible uses of funds, requirements placed on this funding, and comments and clarifications that Treasury is requesting from local officials. We also have included links to:

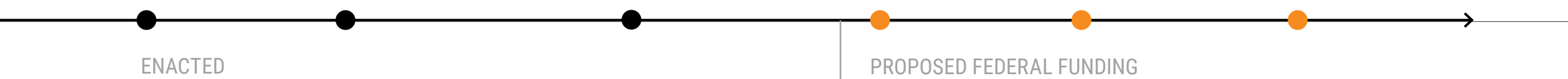
- [Full 134-page Rule](#)
- [Treasury's FRF website](#)
- [Fact Sheet for Non-Entitlement Communities](#)

CATEGORY OF USES

1 Public Health & Economic Hardship

Eligible uses include responding to the negative economic impacts of the public health emergency and must be designed to address an economic harm resulting from or exacerbated by the public health emergency, including but not limited to:

- COVID-19 Mitigation & Containment
- Medical Expenses



ENACTED

PROPOSED FEDERAL FUNDING

CARES ACT
(ENACTED, \$2.2T)

CONSOLIDATED APPROPRIATIONS ACT 2021
(ENACTED, \$1.4T)
& CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL APPROPRIATIONS ACT
(ENACTED, \$900B)

AMERICAN RESCUE PLAN ACT
(ENACTED, \$1.9T)

FY 2022 BUDGET EARMARKS

AMERICAN JOBS PLAN
(PROPOSED, \$2.2T)

PRESIDENT'S BUDGET REQUEST
(PROPOSED, \$2.2T)

- Behavioral Healthcare
- Public Health & Safety Staff
- Assistance to households and individuals; businesses; state, local, and tribal governments

2 Revenue Shortfalls

May use this funding to provide government services to the extent of the reduction in revenue experienced due to the COVID-19 public health emergency. May be used to avoid cuts in government services. Once a reduction in revenue is identified, there is broad latitude to use these funds to support government services.

3 Essential Workers

Can provide premium pay to essential workers or grants to eligible employers. May use this funding to provide premium pay to eligible workers performing essential work, either in public sector roles or through grants to third-party employers.

Essential work involves regular in-person interactions or physical handling of items that were also handled by others. Treasury encourages that this premium pay should prioritize low- and moderate-income workers.

4 Water, Sewer, Broadband Infrastructure

Rule provides State, Local & Tribal governments with wide latitude to identify investments in water, sewer and stormwater infrastructure that are of the highest priority for their own communities. Also provides State, Local & Tribal governments with wide latitude to make necessary investments in broadband infrastructure.



These four key elements are broken down to focus on the eligible uses where Stantec can best support you.

1 Economic Hardship

- Assessing whether a program or service fits under this category requires the recipient to identify a need or negative impact of the COVID-19 public health emergency and then identify how the program, service, or other intervention addresses that need or impact.
- Must be in response to the disease itself or the harmful consequences of the economic disruptions.
- Can provide grants or loans to small businesses, non-profits, and impacted industries such as tourism, travel, hospitality, and similarly impacted industries impacted by required closures on a regional basis.
- Deliver economic relief programs.
- Allows for affordable housing development and promoting healthy childhood environments.

2 Revenue Shortfalls

- Allows for revenue replacement due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the local

government.

- General Revenue: Draws on the Census definition of General Revenue of Own Sources.
- The base year to measure lost revenue against is not the most recent full fiscal year, but the most recent full fiscal year prior to the emergency.
- IRF establishes a clear and consistent methodology to use to calculate reduction in revenue.
- Once a reduction in revenue is identified, recipients have broad latitude to use these funds to support government services (excluding those expressly prohibited in the IFR as noted on page 1).

3 Water and Sewer Infrastructure

- Projects eligible under the Environmental Protection Agency’s Clean Water and Drinking Water State Revolving Funds (SRF) are eligible projects under this category of use.
 - Clean Water eligible projects: construction of publicly owned treatment works, nonpoint source projects, national estuary program projects, decentralized wastewater treatment systems, stormwater, water conservation, efficiency, and reuse, watershed pilot projects, energy efficiency, water reuse, and security measures at publicly

owned treatment works.

- Drinking Water eligible projects: treatment, transmission and distribution, source, storage, consolidation, and creation of new systems.
- Includes projects that build resiliency to climate change.
- Lead service line removal projects are encouraged.
- Includes Stormwater and Green Infrastructure projects.

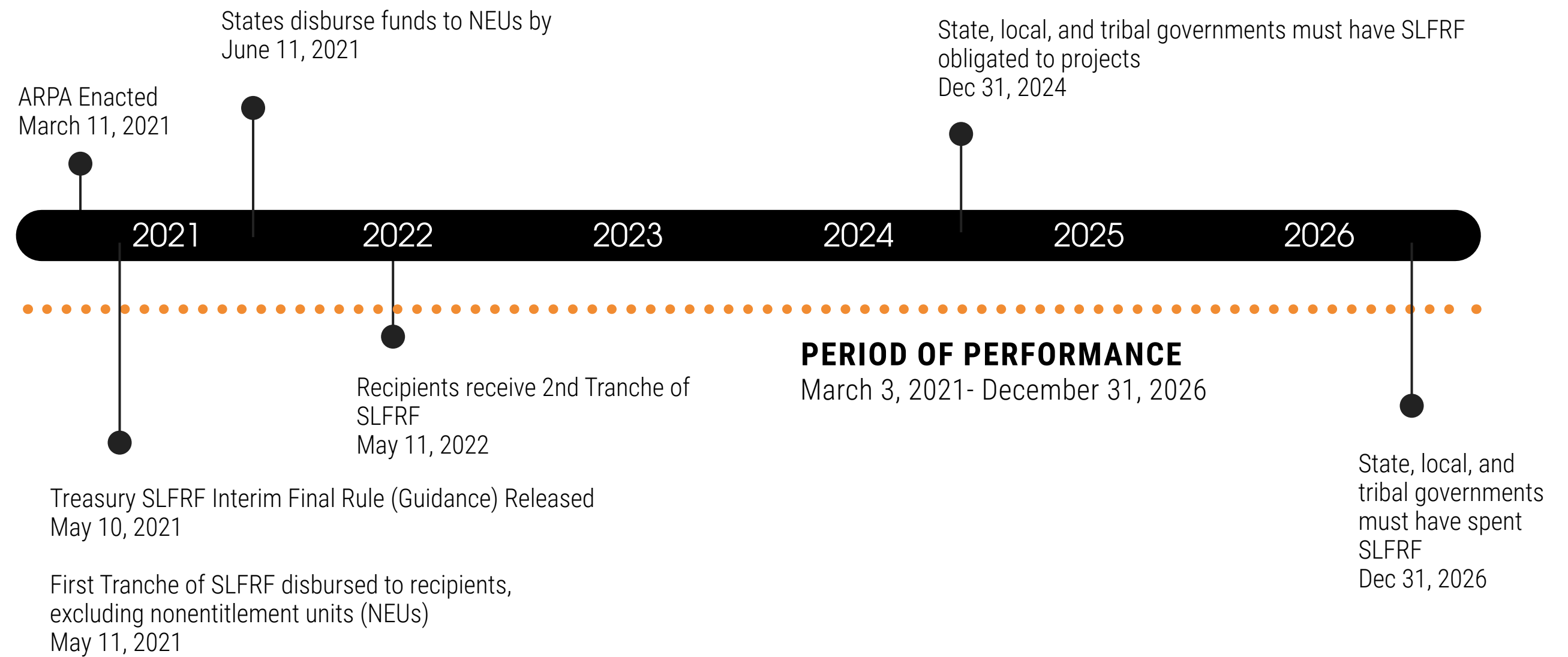
4 Broadband Infrastructure

- To provide service to unserved and underserved households and businesses.
- Those lacking access of at least 25 Mbps download/3 Mbps upload wireline service.
- Provide service that reliably meets or exceeds symmetrical speeds of 100 Mbps or at least 100/20 Mbps with ability to scale to 100 Mbps

symmetrical.

- Projects are encouraged to consider affordability.
- Avoid investing in locations with existing agreements to build reliable wireline service with above minimum speeds by 12/21/24.
- Prioritize projects that achieve last-mile connections.
- Prioritize municipal, nonprofit and cooperative-owned networks.

SLFRF Timeline – You have time!





The Next Step: Submitting Your Questions and Clarifications

Although the Interim Final Rule is effective immediately, Treasury has stated that this Rule is an evolving document, and they understand there are outstanding questions and clarifications needed. To that end, they are soliciting comments from interested members of the public and local governments on all aspects of the Interim Final Rule.

Comments must be submitted 60 days after date of publication in the federal register (July 10, 2021). They are looking for succinct comments and want to hear from local governments how this should work. In other words, request clarification or ask questions, but also provide your suggested / preferred solution. Items they expressly call out in the Rule:

1. Are there other types of services or costs that Treasury should consider as eligible uses to respond to the negative economic impacts of COVID-19? Describe how these respond to the COVID-19 public health emergency.
2. What other measures, presumptions, or considerations could be used to

assess “impacted industries” affected by the COVID-19 public health emergency?

3. Are there other populations (in addition to low-income / high poverty communities, people of color, and Tribal communities) or geographic areas that were disproportionately impacted by the pandemic that should be explicitly included?
4. Are there other services or costs that Treasury should consider as eligible uses to respond to the disproportionate impacts of COVID-19 on low-income populations and communities?
5. Discuss the advantages and disadvantages of explicitly including other uses to support affordable housing and stronger neighborhoods, including rehabilitation of blighted properties or demolition of abandoned or vacant properties. In what ways does, or does not, this potential use address public health or economic impacts of the pandemic?

Other items for clarification / confirmation: Confirmation that water, sewer and storm sewer projects do not need to be on their state’s Intended Use Plan.

Where We Can Help

Stantec has a team of funding and research specialists that are monitoring and analyzing all funding announcements coming out from the federal and state governments. While we await further guidance from the Treasury, we can help you prepare, plan, and position for not only the Coronavirus Local Fiscal Recovery Fund, but other elements within ARPA, future stimulus funding, and layering this federal funding with what is coming out at the state levels.

Through our technical expertise – including engineering, design, planning, and engagement – coupled with our funding know-how, we can help you collaborate with neighboring jurisdictions, and consider ways this funding can increase resiliency to future economic shocks.

Entitlement	Non-Entitlement
>50,000 pop.	< 50,000 pop.
Receive directly from Treasury	Receive from state
Can request now via Treasury portal	Additional guidance released 5/24/21

Timeline of Funding	
3/3/21	Start date for costs incurred
3/11/21	ARPA Enacted
5/10/21	Guidance released from Treasury
7/10/21	Comments/clarification due to Treasury
12/31/24	Obligation of all FRF funds
12/31/26	Funds spent

Prohibited Uses
States and territories may not use the funds to either directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation during the covered period that reduces any tax or delays the imposition of any tax or tax increase.
May not be used for deposit into any pension fund.
May not be used for legal settlements.
States may not further restrict FRF to non-entitlement communities
May not be used for federal matching requirements of a federal program.

To learn more visit our website and read :

["The American Rescue Plan Act: 4 questions to get thinking about infrastructure projects"](#)



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