



# American Rescue Plan Act (ARPA) Update

City Council Presentation - October 22, 2024

# American Rescue Plan - Background

- ❑ In March of 2021, Congress passed the American Rescue Plan Act (ARPA) into law, which established the Coronavirus State and Local Fiscal Recovery Fund (SLFR).
- ❑ Funds are to be used to help local governments nationwide with COVID-19 pandemic recovery assistance.
- ❑ Martinsville received a total of *\$15.4M ARPA Allocation*
- ❑ Key Dates-
  - Funds must be obligated/encumbered by December 31, 2024
  - Funds must be fully expended by December 31, 2026

# American Rescue Plan Eligible Expenditures



Support public health response: Fund COVID-19 mitigation efforts, medical expenses, behavioral healthcare and certain public health and safety staff.



Water and sewer infrastructure: Make necessary investments to improve access to clean drinking water and invest in wastewater and stormwater infrastructure.



Broadband infrastructure: Make necessary investments to improve broadband infrastructure provide unserved or underserved locations with new or expanded broadband access.



Premium pay for essential workers: Offer additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure. Funds can be used retroactively back to January 27, 2020.



Replace public sector revenue loss: Use funds to provide government services to the extend of the reduction in revenue experienced due to the pandemic.



Address negative economic impacts: Respond to economic harms to workers, families, small businesses, and nonprofits, or impacted industries and re-hiring of public sector workers.

# American Rescue Plan Ineligible Expenditures



## Rainy Day

Deposits to rainy day funds or financial reserves because this would create savings for future spending rather than responding to immediate pandemic and recovery needs.



## Pension

Deposits into defined benefit pension funds unless for routine payroll contributions to pensions for employees whose wages are an eligible use.



## Debt Service

Funds cannot be used for paying any debt incurred prior to March 3, 2021.



## General

General infrastructure spending outside of those in the eligible uses.



## Legal

Legal settlements or judgements except for any services that would respond to the public health emergency.



## Matching

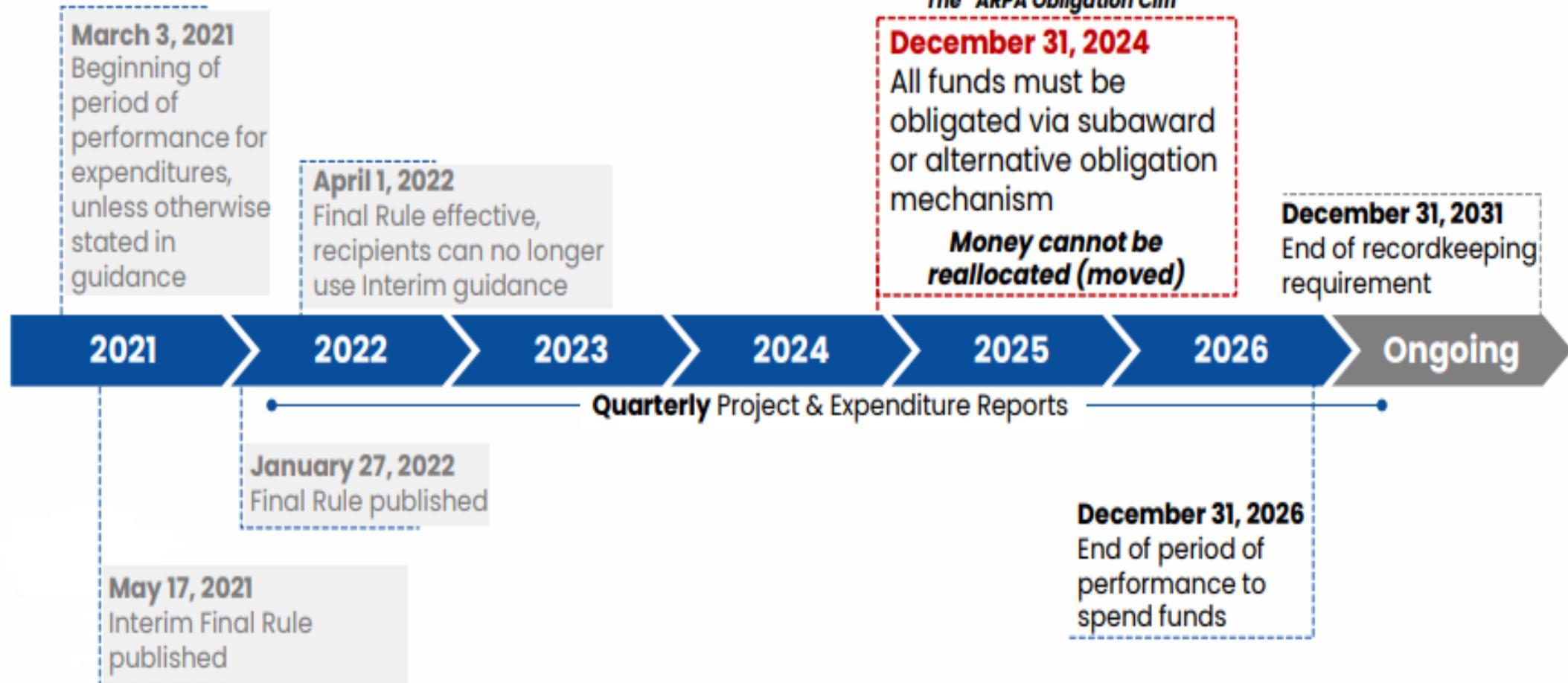
Non-Federal matching funds for Federal programs.

# Best Practices & Considerations

When obligating and spending ARPA funds, keep best practices in mind:

- Be mindful of the definition of obligation.
  - It is not just budgeting — the city must create and issue a contract, subaward, or similar transaction requiring a payment.
- Prioritize one-time use to avoid fiscal cliffs.
- Consider all potential audits and mitigate all risks by adhering to ALL purchasing, contracting, federal, state, and local laws.

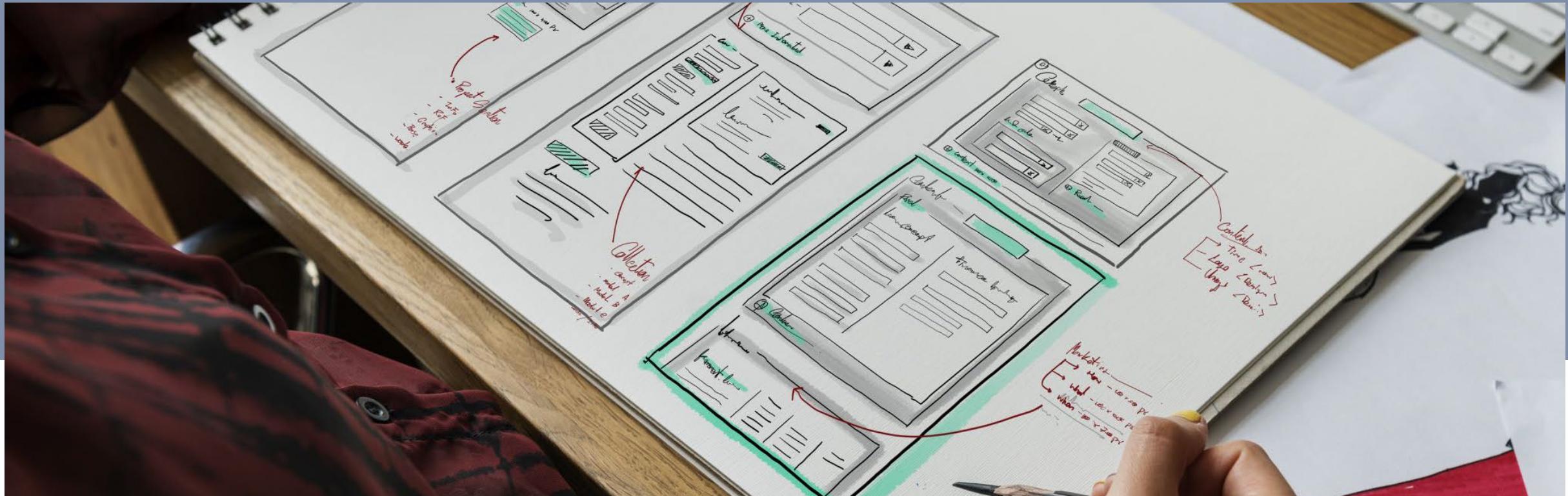
# ARPA Period of Performance Timeline



# ARPA Progress – Committed Funds

Updated as of 10/21/2024

Total ARPA Funds Received & Budgeted by the City	\$ 15,463,451.00
Total ARPA Funds Committed by Council (Projected & Allocated)	\$ 14,288,347.00
<b>Total Remaining Unallocated Amount of ARPA Funds</b>	<b>\$ 1,175,104.00</b>
<b>Must Commit/Approve Funds by December 31, 2024</b>	



# Proposed ARPA Projects

## (Unapproved)

# I.T. CYBER SECURITY AND NETWORK UPDATE

## PROJECT DESCRIPTION

We are requesting an I.T. Network switch upgrade for internal switching to support our City Hall, our warehouse, and all external city remote locations. All switch gears have reached end-of-life, and they are no longer supported by suppliers. \$300,000 will go towards this network project.

We are also requesting \$100,000 to add additional security enhancements.

## ELIGIBLE EXPENSE CATEGORY

Broadband Infrastructure



TOTAL PROJECT COST/FUNDING REQUEST	
INITIAL REQUESTED	REVISED AMOUNT
\$ 400,000	\$ 400,000
EXPENDED/ENCUMBERED	
\$ 0	TOTAL REQUESTED
	\$ 400,000

## ANTICIPATED IMPACT

This project represents a significant step forward in enhancing the City's cybersecurity features.

## ANTICIPATED COMPLETION DATE

End of 2024 if approved.

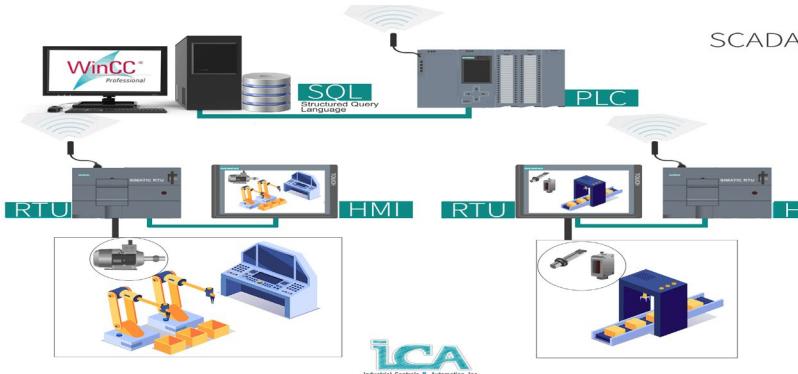
# SCADA SYSTEM UPDATE FOR WATER/SEWER UTILITY

## PROJECT DESCRIPTION

Updated SCADA systems are needed to ensure that both facilities remain operable, increase system security, and improve the overall treatment system reliability. A total of \$100,000 was approved in the FY24 budget for the Water Treatment Plant and Wastewater Treatment Plant combined; however, it was not enough to cover the cost of new SCADA systems upgrades. SCADA systems are utilized to operate and monitor the water and wastewater treatment facilities. The total cost to replace the whole system is \$500,000. \$200,000 of FY25 Capital Funds were already approved.

## ELIGIBLE EXPENSE CATEGORY

Water & Sewer Infrastructure



TOTAL PROJECT COST/FUNDING REQUEST	
INITIAL REQUESTED	REVISED AMOUNT
\$ 250,000	\$ 300,000
EXPENDED/ENCUMBERED	TOTAL REQUESTED
\$ 0	\$ 300,000

## ANTICIPATED IMPACT

SCADA systems are utilized to operate and monitor the water and wastewater treatment facilities. The current systems have outlived their useful lifespan. The ability to maintain the systems has been significantly decreased due to the retirement of employees who were familiar with maintaining the programs, control, and communication devices.

## ANTICIPATED COMPLETION DATE

December 2025

# ARPA Progress – Expended/Encumbered Funds

Updated as of 10/21/2024

Total ARPA Funds Received & Budgeted by the City	\$ 15,463,451.00
Total Expended & Encumbered ARPA Funds	\$ 12,200,421.00
<b>ARPA Funds, Not Expended or Encumbered</b>	<b>\$ 3,263,030.00</b>
<b>Must Obligate Funds (via subaward, MOU, PO, etc.) by December 31, 2024</b>	



# Approved ARPA Projects Update

(See "ARPA Project Status" Handout)



## Next Steps

- ✓ Staff must spend all ARPA funds by December 31, 2026.
- ✓ Staff will return with specific programming and services, quotes, budget adjustments, and updates.
- ✓ Monthly ARPA updates will continue to be provided to the City Manager and City Council regarding the status of projects and timelines.