Strategic Planning and Use of ARPA Funding

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Setting the Table

- The purpose of today's discussion is not to provide a blueprint on how to engage in the strategic planning process.
- The purpose is to share thoughts and ideas on how to meaningfully determine the best utilization of limited resources (as if THAT'S really a new topic!)
- We are not strategic planning experts nor can we tell you how your county should plan – that is up to you!

Strategic Planning – the Basics

- While different experts and consultants will tell you different things about the contents of a "good" strategic plan, there are some common elements:
  - Vision
  - Mission
  - Goals/Objectives
  - Strategies
  - Tactics

Vision

- The county's Vision Statement defines what you want the county to be long term.
- Should be short, sweet and to the point.
- A powerful vision provides inspiration and focuses effort.

[XXX] County Government ~~leads by providing high quality infrastructure and integrated services and by developing trusting, collaborative relationships among diverse partners. It~~ is proactive in enhancing health and safety, protecting the environment, and providing cultural, recreational, and economic opportunities which make [XXX] County ~~and the surrounding area~~ a preferred place to live, work, visit, and do business.

Mission

- The mission tells your county leadership and staff how it is you will achieve your vision.
- Think of it as answering the "why" and "how" questions.

[XXX] County Government serves people by leading, coordinating, and providing county, regional, and statewide initiatives. It directly or in cooperation with other public and private partners provides services and creates opportunities ~~that make [XXX] County and the surrounding area a preferred place to live, work, visit, and do business~~ that enhance and enrich our citizens' lives.

Goals/Objectives

- Goals or objectives provide specific results (ends) that the county aims to achieve.
- The goals or objectives should be specific, time-delineated, measurable.

  1. *Achieve scores above 90% on customer satisfaction rubric in all departments by 12-31-21.*
  2. *Increase utilization of county parks by 15% by 6-30-22.*

Strategies

- Strategies are much more specific than vision, mission and goals/objectives.
- Focus on the short-term.
- Administration MUST play an integral roll in developing strategies.

Tactics

- Tactics speak specifically to execution.
- They are the very detailed steps a county will take to execute on all of the items making up the Vision, Mission, Goals/Objectives, Strategies and Approach/Process.
- A tactic should always relate back to a Goal/Objective or Strategy.

Visualizing the Strategic Plan

Cuttingedgepr.com

So How Does This Relate to ARPA?

- ARPA funds are one-time funds paid in two tranches.
- The use of ARPA funds should be consistent with your county's Vision, Mission and Goals/Objectives.
- What is the long-term return on the investment of ARPA funds?

ARPA Basics

- Funding divided into four separate funds, with the Local Fiscal Recovery Fund (“LFRF”) comprising $130.2B for local units of government.
- Funds must be incurred and obligated by December 31, 2024 and expended to cover obligations and all work must be completed by December 31, 2026.

Reporting Requirements

- August 31, 2021: Counties were required to submit one Interim Report, similar to that required under the CARES Act.
- Counties are required to submit quarterly project and expenditure reports, from the date a county receives funds to September 30, 2021 and a first overall quarterly report by October 31, 2021.
- August 31, 2021: Counties with a population > 250,000 were required to submit an Annual Recovery Plan Performance Report.

Restrictions Regardless of Category

- FRFs may not be used for deposit into any pension funds.
- FRFs are subject to pre-existing limitations provided in other Federal statutes and regulations. EX.: may not be used as a non-Federal match for other Federal programs where otherwise barred.
- While not explicitly prohibited, proceed with caution when offsetting a reduction in net tax revenue.
    - State levy limits still apply!

ARPA Strategic Planning

- Step 1 → identify a need or negative impact of the Covid pandemic; and
- Step 2 → identify how the program, service or other intervention addressed the identified need or impact.
- Treasury encourages, but does not mandate, use of funds for low-income communities and people of color.
- Best Practice: specifically document how the usage complies with the various eligible-use factors to maximize compliance and avoid recoupment.

Category #1: Public Health and Economic Interests

- Public Health:
  - (a) Covid-19 Mitigation and Prevention (broad range);
  - (b) medical expenses;
  - (c) behavioral health care;
  - (d) public health and safety staff covered payroll and benefits;
  - (e) improving design and execution of health and public health programs; and
  - (f) expenses to address disparities in public health outcomes.

Category #1: Public Health and Economic Interests

- Economic Impacts:
  - Must be designed to address an economic harm resulting from or exacerbated by the public health emergency.
- Document:
  - Whether and the extent to which there has been an economic harm;
  - Consider whether an economic harm exists;
  - The harm can be immediate or delayed; and
  - Responses must be related and reasonably <u>proportional</u> to the extent and type or harm experienced.

Category #1: Public Health and Economic Interests

- Economic Impacts Examples:
  - Assistance to unemployed workers;
  - Assistance to households or populations facing negative economic impacts;
  - Expenses to improve the efficacy of economic development programs;
  - Small business and non-profits;
  - Rehiring state, local and tribal government staff; and
  - Aid to impacted industries disproportionately impacted.

Category #1: Public Health and Economic Interests

- Economic Impacts Key Points:
  - Treasury will presume that certain services to low income and minority groups will be covered as economic impacts.
  - Impermissible Uses:
    - General infrastructure projects;
    - Contributions to rainy day funds, financial reserves, or similar funds;
    - Settlement agreements, judgments, consent decrees, or judicially confirmed debt.

Category #2: Premium Pay

- Provide premium pay of up to $13 per hour per worker, in addition to usual wage (up to $25,000 in total for any single worker).
- May be both retrospective and prospective.
- “Essential work” broadly defined as involving regular in-person interactions or regular physical handling of items.
  - Does NOT include telework or remote work.
  - Includes ANY work performed by a local or tribal government employee.

Category #3: Revenue Loss

- Measured relative to the revenue collected in the most recent full fiscal year prior to the emergency, i.e. 2019.
- "General revenue" based largely on the components reported under "general revenue from own sources" in the Census Bureau's Annual Survey of State and Local Government Finances.
- Should sum across all revenue streams covered as general revenue in the aggregate rather than by source.

Category #3: Revenue Loss, How to Calculate

- Compare actual revenue to a counterfactual trend representation of what could have been expected to occur.
- Use growth adjustment rate of *either* 4.1% per year *or* the recipient's average annual revenue growth over the three full fiscal years prior to Covid, whichever is HIGHER.
- Can calculate as four points in time: December 31, 2020, 2021, 2022, and 2023.

Category #4: Investment Infrastructure

- Investment in water, sewer, and broadband infrastructure does NOT need to be tied to the pandemic.
- Treasury encourages, but does NOT mandate, the use of project labor agreements that use prevailing wage and local hire provisions.
- Counties funding projects using ARPA funds should check to ensure whether any other federal funding is used on the project that would otherwise subject the project to Davis-Bacon.

State Law Limitations

- Counties must ensure compliance with the state's "public purpose" requirement.
  - When in doubt, use economic development corporations!
- ARPA does not explicitly prohibit the use of LRFR funds to offset a reduction in net tax revenue.
  - However, such a decision could carry with it considerable risk, like lowering statutory levy limits and triggering accountability and audit features.

Thank you for your service to county government!

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