

**Village of Cambridge  
Economic Development Committee  
Amundson Community Center  
200 Spring St. Cambridge, WI 53523  
Monday October 17, 2022, 5:30 p.m.**

**Revised Agenda**

1. Call to Order/Roll Call
2. Proof of Posting
3. Invited Guest Speaker- Matthew Kures UWM Division of Extension- Community Development Specialist
4. Public Appearances/Citizen Input
5. Approval of Minutes from September 12, 2022
6. Old Business: Discussion and Possible Action Regarding:
  - a. Update on Community Economic Analysis for Rural Wisconsin Communities.
  - b. Connect Communities Agreement between Wisconsin Economic Development Corporation and Village of Cambridge
  - c. Review ARPA funds can be used-possibly use for Tourism
  - d. Cambridge Christmas
  - e. AARP Small Dollar Grant
  - f. Update on Welcome to Cambridge Signs
  - g. Review of Kayla Sipples email regarding broader discussion topics
7. Setting of next meeting date
8. Questions, Referrals to Staff or Future Agenda Items
9. Adjournment

**NOTE:**

1. Persons needing special accommodations should call 423-3712 at least 24 hours prior to the meeting.
2. A quorum of the Village Board may attend this meeting for the purpose of gathering information relevant to their responsibilities as Village Trustees. No matters shall be considered by said Village Board members nor shall any action be taken by said Village Board members at this meeting.
3. More specific information about agenda items may be obtained by calling 423-3712.

# **VILLAGE OF CAMBRIDGE**

## **Policy of Decorum for Public Meetings**

The purpose of Policy of Decorum is to promote mutual respect, civility, and orderly conduct among elected and appointed Village officials, Village staff, and members of the public. This policy is not intended to deprive any person of his or her right to freedom of expression, but to promote, to the extent possible and reasonable, open dialogue and positive communications while discouraging intimidating, demeaning, volatile, hostile or aggressive actions. The Village expects locally elected and appointed officials and its employees to comply with this policy, and also seeks cooperation from members of the public.

The Village holds numerous public meetings, such as meetings of the Village Board and Village commissions, boards and committees. In order to safeguard participatory democracy in the Village of Cambridge, all elected officials, appointed officials and Village employees are expected to adhere to the following standards of conduct:

- Treat everyone with courtesy;
- Listen to others respectfully;
- Exercise self-control;
- Exercise honesty at all times;
- Give open-minded consideration to all viewpoints;
- Focus on the issues and avoid personalizing debate;
- Embrace respectful disagreement and dissent as democratic rights that are inherent components of an inclusive public process and tools for forging sound decisions;
- Allow board and commission members to speak without intimidation or interruption;
- Provide fair and equal treatment for all persons coming before Village bodies.

The Village requests that members of the public also exercise civility by following these guidelines during public meetings.

Whenever any disturbance or disorderly conduct shall occur in any of the meetings of the board, the president may cause the room to be cleared of all persons causing such disorderly conduct.  
VCO § 2.08.190.

**Village of Cambridge  
Economic Development Committee  
Amundson Community Center-Senior Citizen's Room  
200 Spring St. Cambridge, WI 53523  
Monday September 12, 2022, 5:30 p.m.**

**Minutes**

1. Call to Order/Roll Call Chairperson Hollenbeck called the meeting to order at 5:30 P.M. Chris Krueger, Christianne Laing, Kayla Sipple, Kevin Mehringer present. Also, present Chrissie Brynwood, Treasurer. Mark McNally President.
2. Proof of Posting the Agenda was posted in the upper and lower levels of the Amundson Community Center, Hometown Bank, Badger Bank, Cambridge Post Office and Village Web Site.
3. Invited Guest Speaker- Matthew Kures UWM Division of Extension- Community Development Specialist Can attend next meeting with these dates 10/10-10/17-10/24
4. Public Appearances/Citizen Input- None
5. Approval of Minutes from August 22, 2022

*Commissioner Sipple made a motion to approve the Minutes from July 18, 2022, seconded by Commissioner Krueger motion carried 5-0.*

6. Old Business: Discussion and Possible Action Regarding:
  - a. Update on Community Economic Analysis for Rural Wisconsin Communities. Commissioner Sipple gave an update that the village was not chosen as the pilot grant. She will look for contacts at UWM and ask to present at future meetings.
  - b. Cambridge Christmas- Commissioner Sipple would like the Public Works department to hang the garlands and the Christmas decorations before December 1<sup>st</sup>. Commissioner Laing stated the majority of complaints were that the hayrides stopped.

- c. AARP Small Dollar Grant Commissioner Sipple sent out the AARP small dollar grant to the committee for them to brainstorm ideas these funds could be used for. This is an opportunity for free money and funds don't have to be matched but must be used between 30-60 days upon receiving the funds. Commissioner Krueger stated that this would be a seed money and can build on this. Forward thinking- outdoor spaces, benches to be placed by new Fire Fest statute and placed at LBK park. Commissioner Hollenbeck volunteered to write up the grant and submit it. Another idea would be warming stations for the Ice Rink and skates to loan out.
  
- d. Update on Welcome to Cambridge Signs Commissioner Sipple stated she finally received a call from Busch's Signs that he plans on having the signs in ground in November. Commissioner Sipple requested a letter from the attorney be sent to Busch's sign company to bring up their bad communication, that he has the deposit and to hold him accountable. Commissioner Hollenbeck stated this letter should be positive and encourage him to finish the signs.
  
- e. Review of Kayla Sipples email regarding broader discussion topics- Committee mentioned if there are any updates on the Smart Growth. They will have to touch base with Trustee Wittwer.

7. Setting of next meeting date- October 17<sup>th</sup> at 5:30 p.m.

8. Questions, Referrals to Staff or Future Agenda Items-Cambridge Christmas on next agenda for follow up and the AARP grant status.

9. Adjournment

*Commissioner Krueger made a motion to adjourn the meeting, seconded by Commissioner Mehringer. Commissioner Hollenbeck adjourned the meeting at 6:15 p.m.*

**Note:**

Persons needing special accommodations should call 423-3712 at least 24 hours prior to the meeting.

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2. More specific information about agenda items may be obtained by calling 423-3712.

Chrissie Brynwood, Treasurer

# WISCONSIN

ECONOMIC DEVELOPMENT

August 18, 2022

Attn: Lisa Moen

**RE: Connect Communities Agreement #AK7866 between the Wisconsin Economic Development Corporation ("WEDC") and Village of Cambridge ("Local Organization").**

Dear Lisa Moen:

Congratulations! WEDC has determined that the Village of Cambridge, your Local Organization, is eligible to participate in the Connect Communities Program from July 1, 2022, to June 30, 2023. By signing and returning this letter agreement to the WEDC and paying the participation fee outlined below, the Local Organization agrees to the following terms.

As a participant in the Connect Communities Program, the Local Organization shall:


- Pay WEDC the annual participation fee of Two Hundred Dollars (\$200);
- Actively participate in the Connect Communities Program, by attending a minimum of Two (2) training opportunities offered by WEDC during the year; and
- Submit an annual performance report as required by WEDC, in such form as required by WEDC.

WEDC shall provide the following services to the Local Organization:

- Designate staff to liaise with the Local Organization;
- Provide an on-line communication tool for participants in the Connect Communities Program; and
- Plan and implement workshops and training sessions on downtown revitalization topics based on the needs of the Connect Communities and Wisconsin Main Street program participants.

This letter agreement will be in effect as of WEDC's receipt of the Two Hundred Dollar (\$200) participation fee and this signed letter agreement is returned to WEDC by the Local Organization.

Sincerely,

  
Melissa L. Hughes,  
Secretary and CEO

**ACKNOWLEDGED & AGREED TO BY:**

By:

Mark McNally,  
Village President

Date

By signing this agreement, the signer attests that he/she is fully authorized to execute and deliver this agreement on behalf of the Local Organization.

**LOOK FORWARD** ➔

Broader discussion topics:

- **What issues are important to committee members?** Aside from the general topic of encouraging economic development in the Village, I'm interested to know what ***specific ideas*** committee members have to further this goal.
  - I think this point relates to the "what are we?" question that had been discussed at length in previous months, but is perhaps a bit more of a pointed question. Rather than a broad, existential question, I'm interested in what individual committee members bring to the table. While I don't necessarily expect committee members to bring new ideas to the table every month, I think bringing some specific ideas and possible solutions to the table occasionally keeps members accountable and demonstrates that members are genuinely interested in contributing to the committee.
  - Related questions:
    - What do committee members envision Cambridge looking like in 10-20 years?
    - Alternatively, what do committee members **want** Cambridge to look like in 10-20 years?
  
- **Neighborhood density:** Dense neighborhoods with built-in amenities are attractive to both current and future residents. Is the Village open to higher density neighborhoods containing both single family and multi-family housing *alongside* retail, etc.? (In my mind perhaps this looks something like a multi-family building with first floor retail similar to Main Street.) I'm not advocating for Cambridge to morph into something like downtown Madison, but more walkable neighborhoods with direct access to goods and services is smart city planning.
  - Based on historical context I would expect a project like this to garner pushback from existing residents, especially those with existing homes that would be within close proximity to a neighborhood development like this. Is there a suitable location anywhere in Cambridge for something like this?
  - Not sure if this topic is more suited to the Plan Commission or perhaps both committees.
  
- **Land annexation:** Has the committee ever provided any serious consideration to this topic? Economic development planning seems unproductive if no available land exists to develop.
  
- **What are other municipalities of similar sizes outlining in their economic development plans?** Just another "jumping off" point to consider.

- **What can the Village do to actively attract and/or recruit businesses and development?** Is this something the Village is interested in doing?
  - Is there room for an economic development coordinator position like what had been held previously by Linda Korth? Not proactively recruiting new businesses and/or development seems like a missed opportunity.

Action items:

- **Long range plans for the Village:** I would encourage the committee to ask the Village to reupload the Smart Growth 2025 and economic development plans to the Village website. Both pages currently pull up a 404 error message. I am personally interested in reviewing both documents.
  - Has the committee reviewed either document in recent history? While perhaps both of these documents are somewhat dated, I assume they contain relevant information that could be useful in encouraging economic growth. I understand that the Village plans to revisit the Smart Growth plan in the next few years.
  - Has the development of Cambridge followed the outline of either plan? Why or why not? I'd be interested in learning more about what factors have contributed to the "compliance" or deviation from the plans. I think the answers to these questions could help guide the committee.
    - Question: I know that Linda Korth played a big role in economic development in Cambridge in the past. Did her vacancy play any sort of significant role in compliance or deviation from the plans?
- **Map of Village limits:** Where can the public find a map of the municipal limits? This sounds like a simple question but I have struggled to find an accurate, comprehensive map that is easy to digest and read.
  - While I am interested in this personally as a tool to assist with planning for my company's expansion, I also think this information would be useful to the committee in determining where development is even possible within the Village limits.
  - Note: There is a map of the Village that is listed on the Village website (pulled from Google Maps). I question if this is 100% accurate. Is the current Kwik Trip location really in the Town of Christiana?
- **Identifying "vacant" parcels within Village limits:** This is related to the map suggestion as well as the land "slivers" that had been discussed. I understand that there are very few Village-owned parcels that are open/vacant and have development potential. However, I think it could be useful to identify vacant parcels that are privately owned. From there, potential developers could take the initiative to contact landowners to discuss a sale if desired.

- In an ideal scenario I'd envision this looking like a list of plots or addresses essentially. I don't necessarily expect the Village to gather and maintain contact information of private landowners.
- **Utility costs:** Where can potential developers find information related to expected utility costs within the Village? For example, some municipalities have a "calculator" of sorts that provides general projections of what utility costs might look like for a building by entering different variables.
- **Permitting process:** I think it would be useful to develop a fact sheet or informational guide for developers on how to navigate the Village's permit process.
  - 1. Assuming a proposed development fits within current zoning regulations, how does a potential developer gauge the Village's interest in approving a project prior to the developer purchasing land and submitting a building permit application?
    - For example: It is not in the interest of a potential builder to wait until the building permit process for a project to be outright denied. At that point, the land may already be purchased (or purchase contingent) and thousands of dollars have likely been spent on development planning (architect, etc.). Is there some kind of "soft approval" process a builder can use to approach the Village to determine if this is something the Village is even interested in considering? Obviously a detailed plan would need to be submitted to the Village for *final* approval or denial. I'm more so wondering about the very premature planning stages for a potential builder.
  - 2. Assuming a proposed development doesn't fit within current zoning regulations, what are the steps for petitioning rezoning? (I assume that process would be a joint venture between the County and the Village.)



# FACT SHEET: The Coronavirus State and Local Fiscal Recovery Funds Will Deliver \$350 Billion for State, Local, Territorial, and Tribal Governments to Respond to the COVID-19 Emergency and Bring Back Jobs

May 10, 2021

*Aid to state, local, territorial, and Tribal governments will help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery*

Today, the U.S. Department of the Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021, to provide \$350 billion in emergency funding for eligible state, local, territorial, and Tribal governments. Treasury also released details on how these funds can be used to respond to acute pandemic response needs, fill revenue shortfalls among these governments, and support the communities and populations hardest-hit by the COVID-19 crisis. With the launch of the Coronavirus State and Local Fiscal Recovery Funds, eligible jurisdictions will be able to access this funding in the coming days to address these needs.

State, local, territorial, and Tribal governments have been on the frontlines of responding to the immense public health and economic needs created by this crisis – from standing up vaccination sites to supporting small businesses – even as these governments confronted revenue shortfalls during the downturn. As a result, these governments have endured unprecedented strains, forcing many to make untenable choices between laying off educators, firefighters, and other frontline workers or failing to provide other services that communities rely on. Faced with these challenges, state and local governments have cut over 1 million jobs since the beginning of the crisis. The experience of prior economic downturns has shown that budget pressures like these often result in prolonged fiscal austerity that can slow an economic recovery.

To support the immediate pandemic response, bring back jobs, and lay the groundwork for a strong and equitable recovery, the American Rescue Plan Act of 2021 established the Coronavirus State and Local Fiscal Recovery Funds, designed to deliver \$350 billion to state, local, territorial, and Tribal governments to bolster their response to the COVID-19 emergency and its economic impacts. Today, Treasury is launching this much-needed relief to:

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control;
- Replace lost public sector revenue to strengthen support for vital public services and help retain jobs;
- Support immediate economic stabilization for households and businesses; and,
- Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations.

The Coronavirus State and Local Fiscal Recovery Funds provide substantial flexibility for each jurisdiction to meet local needs—including support for households, small businesses, impacted industries, essential workers, and the communities hardest-hit by the crisis. These funds also deliver resources that recipients can invest in building, maintaining, or upgrading their water, sewer, and broadband infrastructure.

Starting today, eligible state, territorial, metropolitan city, county, and Tribal governments may request Coronavirus State and Local Fiscal Recovery Funds through the Treasury Submission Portal. Concurrent with this program launch, Treasury has published an Interim Final Rule that implements the provisions of this program.

## **FUNDING AMOUNTS**

The American Rescue Plan provides a total of \$350 billion in Coronavirus State and Local Fiscal Recovery Funds to help eligible state, local, territorial, and Tribal governments meet their present needs and build the foundation for a strong recovery. Congress has allocated this funding to tens of thousands of jurisdictions. These allocations include:

<b>Type</b>	<b>Amount (\$ billions)</b>
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

Treasury expects to distribute these funds directly to each state, territorial, metropolitan city, county, and Tribal government. Local governments that are classified as non-entitlement units will receive this funding through their applicable state government. Treasury expects to provide further guidance on distributions to non-entitlement units next week.

Local governments should expect to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered 12 months later. States that have experienced a net increase in the unemployment rate of more than 2 percentage points from February 2020 to the latest available data as of the date of certification will receive their full allocation of funds in a single payment; other states will receive funds in two equal tranches. Governments of U.S. territories will receive a single payment. Tribal governments will receive two payments, with the first payment available in May and the second payment, based on employment data, to be delivered in June 2021.

## **USES OF FUNDING**

Coronavirus State and Local Fiscal Recovery Funds provide eligible state, local, territorial, and Tribal governments with a substantial infusion of resources to meet pandemic response needs and rebuild a stronger, more equitable economy as the country recovers. Within the categories of eligible uses, recipients have broad flexibility to decide how best to use this funding to meet the needs of their communities. Recipients may use Coronavirus State and Local Fiscal Recovery Funds to:

- **Support public health expenditures**, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- **Address negative economic impacts caused by the public health emergency**, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- **Replace lost public sector revenue**, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- **Provide premium pay for essential workers**, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

Within these overall categories, Treasury’s Interim Final Rule provides guidelines and principles for determining the types of programs and services that this funding can support, together with examples of allowable uses that recipients may consider. As described below, Treasury has also designed these provisions to take into consideration the disproportionate impacts of the COVID-19 public health emergency on those hardest-hit by the pandemic.

### 1. Supporting the public health response

Mitigating the impact of COVID-19 continues to require an unprecedented public health response from state, local, territorial, and Tribal governments. Coronavirus State and Local Fiscal Recovery Funds provide resources to meet these needs through the provision of care for those impacted by the virus and through services that address disparities in public health that have been exacerbated by the pandemic. Recipients may use this funding to address a broad range of public health needs across COVID-19 mitigation, medical expenses, behavioral healthcare, and public health resources. Among other services, these funds can help support:

- **Services and programs to contain and mitigate the spread of COVID-19, including:**
  - ✓ Vaccination programs
  - ✓ Medical expenses
  - ✓ Testing
  - ✓ Contact tracing
  - ✓ Isolation or quarantine
  - ✓ PPE purchases
  - ✓ Support for vulnerable populations to access medical or public health services
  - ✓ Public health surveillance (e.g., monitoring for variants)
  - ✓ Enforcement of public health orders
  - ✓ Public communication efforts
  - ✓ Enhancement of healthcare capacity, including alternative care facilities
  - ✓ Support for prevention, mitigation, or other services in congregate living facilities and schools
  - ✓ Enhancement of public health data systems
  - ✓ Capital investments in public facilities to meet pandemic operational needs
  - ✓ Ventilation improvements in key settings like healthcare facilities

- **Services to address behavioral healthcare needs exacerbated by the pandemic, including:**
  - ✓ Mental health treatment
  - ✓ Substance misuse treatment
  - ✓ Other behavioral health services
  - ✓ Hotlines or warmlines
  - ✓ Crisis intervention
  - ✓ Services or outreach to promote access to health and social services
- **Payroll and covered benefits expenses** for public health, healthcare, human services, public safety and similar employees, to the extent that they work on the COVID-19 response. For public health and safety workers, recipients can use these funds to cover the full payroll and covered benefits costs for employees or operating units or divisions primarily dedicated to the COVID-19 response.

## 2. Addressing the negative economic impacts caused by the public health emergency

The COVID-19 public health emergency resulted in significant economic hardship for many Americans. As businesses closed, consumers stayed home, schools shifted to remote education, and travel declined precipitously, over 20 million jobs were lost between February and April 2020. Although many have since returned to work, as of April 2021, the economy remains more than 8 million jobs below its pre-pandemic peak, and more than 3 million workers have dropped out of the labor market altogether since February 2020.

To help alleviate the economic hardships caused by the pandemic, Coronavirus State and Local Fiscal Recovery Funds enable eligible state, local, territorial, and Tribal governments to provide a wide range of assistance to individuals and households, small businesses, and impacted industries, in addition to enabling governments to rehire public sector staff and rebuild capacity. Among these uses include:

- **Delivering assistance to workers and families**, including aid to unemployed workers and job training, as well as aid to households facing food, housing, or other financial insecurity. In addition, these funds can support survivor’s benefits for family members of COVID-19 victims.
- **Supporting small businesses**, helping them to address financial challenges caused by the pandemic and to make investments in COVID-19 prevention and mitigation tactics, as well as to provide technical assistance. To achieve these goals, recipients may employ this funding to execute a broad array of loan, grant, in-kind assistance, and counseling programs to enable small businesses to rebound from the downturn.
- **Speeding the recovery of the tourism, travel, and hospitality sectors**, supporting industries that were particularly hard-hit by the COVID-19 emergency and are just now beginning to mend. Similarly impacted sectors within a local area are also eligible for support.
- **Rebuilding public sector capacity**, by rehiring public sector staff and replenishing unemployment insurance (UI) trust funds, in each case up to pre-pandemic levels. Recipients may also use this funding to build their internal capacity to successfully implement economic relief programs, with investments in data analysis, targeted outreach, technology infrastructure, and impact evaluations.

### 3. **Serving the hardest-hit communities and families**

While the pandemic has affected communities across the country, it has disproportionately impacted low-income families and communities of color and has exacerbated systemic health and economic inequities. Low-income and socially vulnerable communities have experienced the most severe health impacts. For example, counties with high poverty rates also have the highest rates of infections and deaths, with 223 deaths per 100,000 compared to the U.S. average of 175 deaths per 100,000.

Coronavirus State and Local Fiscal Recovery Funds allow for a broad range of uses to address the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households. Eligible services include:

- **Addressing health disparities and the social determinants of health**, through funding for community health workers, public benefits navigators, remediation of lead hazards, and community violence intervention programs;
- **Investments in housing and neighborhoods**, such as services to address individuals experiencing homelessness, affordable housing development, housing vouchers, and residential counseling and housing navigation assistance to facilitate moves to neighborhoods with high economic opportunity;
- **Addressing educational disparities** through new or expanded early learning services, providing additional resources to high-poverty school districts, and offering educational services like tutoring or afterschool programs as well as services to address social, emotional, and mental health needs; and,
- **Promoting healthy childhood environments**, including new or expanded high quality childcare, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth.

Governments may use Coronavirus State and Local Fiscal Recovery Funds to support these additional services if they are provided:

- within a Qualified Census Tract (a low-income area as designated by the Department of Housing and Urban Development);
- to families living in Qualified Census Tracts;
- by a Tribal government; or,
- to other populations, households, or geographic areas disproportionately impacted by the pandemic.

### 4. **Replacing lost public sector revenue**

State, local, territorial, and Tribal governments that are facing budget shortfalls may use Coronavirus State and Local Fiscal Recovery Funds to avoid cuts to government services. With these additional resources, recipients can continue to provide valuable public services and ensure that fiscal austerity measures do not hamper the broader economic recovery.

Many state, local, territorial, and Tribal governments have experienced significant budget shortfalls, which can yield a devastating impact on their respective communities. Faced with budget shortfalls and pandemic-related uncertainty, state and local governments cut staff in all 50 states. These budget shortfalls and staff cuts are particularly problematic at present, as these entities are on the front lines of battling the COVID-19 pandemic and helping citizens weather the economic downturn.

Recipients may use these funds to replace lost revenue. Treasury's Interim Final Rule establishes a methodology that each recipient can use to calculate its reduction in revenue. Specifically, recipients will compute the extent of their reduction in revenue by comparing their actual revenue to an alternative representing what could have been expected to occur in the absence of the pandemic. Analysis of this expected trend begins with the last full fiscal year prior to the public health emergency and projects forward at either (a) the recipient's average annual revenue growth over the three full fiscal years prior to the public health emergency or (b) 4.1%, the national average state and local revenue growth rate from 2015-18 (the latest available data).

For administrative convenience, Treasury's Interim Final Rule allows recipients to presume that any diminution in actual revenue relative to the expected trend is due to the COVID-19 public health emergency. Upon receiving Coronavirus State and Local Fiscal Recovery Funds, recipients may immediately calculate the reduction in revenue that occurred in 2020 and deploy funds to address any shortfall. Recipients will have the opportunity to re-calculate revenue loss at several points through the program, supporting those entities that experience a lagged impact of the crisis on revenues.

Importantly, once a shortfall in revenue is identified, recipients will have broad latitude to use this funding to support government services, up to this amount of lost revenue.

#### **5. Providing premium pay for essential workers**

Coronavirus State and Local Fiscal Recovery Funds provide resources for eligible state, local, territorial, and Tribal governments to recognize the heroic contributions of essential workers. Since the start of the public health emergency, essential workers have put their physical well-being at risk to meet the daily needs of their communities and to provide care for others.

Many of these essential workers have not received compensation for the heightened risks they have faced and continue to face. Recipients may use this funding to provide premium pay directly, or through grants to private employers, to a broad range of essential workers who must be physically present at their jobs including, among others:

- ✓ Staff at nursing homes, hospitals, and home-care settings
- ✓ Workers at farms, food production facilities, grocery stores, and restaurants
- ✓ Janitors and sanitation workers
- ✓ Public health and safety staff
- ✓ Truck drivers, transit staff, and warehouse workers
- ✓ Childcare workers, educators, and school staff
- ✓ Social service and human services staff

Treasury's Interim Final Rule emphasizes the need for recipients to prioritize premium pay for lower income workers. Premium pay that would increase a worker's total pay above 150% of the greater of the state or county average annual wage requires specific justification for how it responds to the needs of these workers.

In addition, employers are both permitted and encouraged to use Coronavirus State and Local Fiscal Recovery Funds to offer retrospective premium pay, recognizing that many essential workers have not yet received additional compensation for work performed. Staff working for third-party contractors in eligible sectors are also eligible for premium pay.

## **6. Investing in water and sewer infrastructure**

Recipients may use Coronavirus State and Local Fiscal Recovery Funds to invest in necessary improvements to their water and sewer infrastructures, including projects that address the impacts of climate change.

Recipients may use this funding to invest in an array of drinking water infrastructure projects, such as building or upgrading facilities and transmission, distribution, and storage systems, including the replacement of lead service lines.

Recipients may also use this funding to invest in wastewater infrastructure projects, including constructing publicly-owned treatment infrastructure, managing and treating stormwater or subsurface drainage water, facilitating water reuse, and securing publicly-owned treatment works.

To help jurisdictions expedite their execution of these essential investments, Treasury's Interim Final Rule aligns types of eligible projects with the wide range of projects that can be supported by the Environmental Protection Agency's Clean Water State Revolving Fund and Drinking Water State Revolving Fund. Recipients retain substantial flexibility to identify those water and sewer infrastructure investments that are of the highest priority for their own communities.

Treasury's Interim Final Rule also encourages recipients to ensure that water, sewer, and broadband projects use strong labor standards, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions.

## **7. Investing in broadband infrastructure**

The pandemic has underscored the importance of access to universal, high-speed, reliable, and affordable broadband coverage. Over the past year, millions of Americans relied on the internet to participate in remote school, healthcare, and work.

Yet, by at least one measure, 30 million Americans live in areas where there is no broadband service or where existing services do not deliver minimally acceptable speeds. For millions of other Americans, the high cost of broadband access may place it out of reach. The American Rescue Plan aims to help remedy these shortfalls, providing recipients with flexibility to use Coronavirus State and Local Fiscal Recovery Funds to invest in broadband infrastructure.

Recognizing the acute need in certain communities, Treasury's Interim Final Rule provides that investments in broadband be made in areas that are currently unserved or underserved—in other words, lacking a wireline connection that reliably delivers minimum speeds of 25 Mbps download and 3 Mbps upload. Recipients are also encouraged to prioritize projects that achieve last-mile connections to households and businesses.

Using these funds, recipients generally should build broadband infrastructure with modern technologies in mind, specifically those projects that deliver services offering reliable 100 Mbps download and 100

Mbps upload speeds, unless impracticable due to topography, geography, or financial cost. In addition, recipients are encouraged to pursue fiber optic investments.

In view of the wide disparities in broadband access, assistance to households to support internet access or digital literacy is an eligible use to respond to the public health and negative economic impacts of the pandemic, as detailed above.

## 8. Ineligible Uses

Coronavirus State and Local Fiscal Recovery Funds provide substantial resources to help eligible state, local, territorial, and Tribal governments manage the public health and economic consequences of COVID-19. Recipients have considerable flexibility to use these funds to address the diverse needs of their communities.

To ensure that these funds are used for their intended purposes, the American Rescue Plan Act also specifies two ineligible uses of funds:

- **States and territories may not use this funding to directly or indirectly offset a reduction in net tax revenue due to a change in law from March 3, 2021 through the last day of the fiscal year in which the funds provided have been spent.** The American Rescue Plan ensures that funds needed to provide vital services and support public employees, small businesses, and families struggling to make it through the pandemic are not used to fund reductions in net tax revenue. Treasury's Interim Final Rule implements this requirement. If a state or territory cuts taxes, they must demonstrate how they paid for the tax cuts from sources other than Coronavirus State Fiscal Recovery Funds—by enacting policies to raise other sources of revenue, by cutting spending, or through higher revenue due to economic growth. If the funds provided have been used to offset tax cuts, the amount used for this purpose must be paid back to the Treasury.
- **No recipient may use this funding to make a deposit to a pension fund.** Treasury's Interim Final Rule defines a "deposit" as an extraordinary contribution to a pension fund for the purpose of reducing an accrued, unfunded liability. While pension deposits are prohibited, recipients may use funds for routine payroll contributions for employees whose wages and salaries are an eligible use of funds.

Treasury's Interim Final Rule identifies several other ineligible uses, including funding debt service, legal settlements or judgments, and deposits to rainy day funds or financial reserves. Further, general infrastructure spending is not covered as an eligible use outside of water, sewer, and broadband investments or above the amount allocated under the revenue loss provision. While the program offers broad flexibility to recipients to address local conditions, these restrictions will help ensure that funds are used to augment existing activities and address pressing needs.