

Town of Farmington, CT
Special Town Council-Ad-Hoc Committee
American Rescue Plan Act (ARPA)

Date: February 24, 2022
(Council Members should call the Town Manager's Office if unable to attend.)

Time: 4:00 p.m.

Place: Zoom Webinar.
To access the livestream: <https://us02web.zoom.us/j/83154540855>
Dial: +1 312 626 6799
Webinar ID: 831 5454 0855

- A. Call to Order.
- B. Public Comment.
- C. Reading of the Minutes
 - 1. February 3, 2022, Special Meeting (Attachment 1)
- D. To discuss and approve the Committee's Recommendations to the Town Council.
- E. Adjournment.

CC: Town Council Committee members
Kathleen Blonski, Town Manager
Russ Arnold, Dir. Of Public Works/Town Engineer
Rose Ponte, Economic Development Director
Joe Swetcky, Finance Director
Anna Savastano, Management Analyst (Record Keeper)
Maureen Frink, Town Clerk

**Town of Farmington, CT
Town Council- Ad-Hoc Committee
American Rescue Plan Act (ARPA)
Minutes- February 3, 2022**

In attendance:

C.J. Thomas, Town Council Chair
Joe Capodiferro, Town Council Member
Brian Connolly, Town Council Member
Kathleen Blonski, Town Manager
Kat Krajewski, Assistant Town Manager
Rose Ponte, Economic Development Director
Russ Arnold, Dir. of Public Works/Town Engineering
Joe Swetcky, Finance Director

A. Call to Order

The meeting was called to order by Chairman Thomas at 12:30 PM.

B. Public Comment

There was no public comment.

C. Reading of the minutes

- a. A motion was made and seconded by (Capodiferro/Connolly) to accept the November 9, 2021, minutes. **Motion carried.**

D. General Discussion

Mr. Joe Swetcky reported the following information regarding the ARPA funds:

- That the Town is to receive \$7.5 million, half the money has already been received, the second half is scheduled to be received in June 2022.

On January 6, 2022, the US Treasury released their Final Rule for permitted use of ARPA funds by municipalities and towns. The final rule includes the spending category known as Replacement of Lost Revenue for government services. This final rule includes any service traditionally provided by local governments. In addition to calculating lost revenue using a revenue loss calculation formula, the US Treasury also included a standard allowance for lost revenue of \$10 million for the lifetime of the grant. Joe Swetcky reported that this enables the Town much more flexibility for the ARPA funds than originally reported. It is his understanding that the funds **can not be used** to pay down pension obligations or be placed in the Town's fund balance or to pay down debt.

- All funds must be obligated by 2024.

The committee discussed various scenarios and they reached consensus on the following:

1. Funds will not be used for general operating accounts because that will negatively impact future budgetary policy. If general operating funds are reduced by this one- time cash influx it would produce an annual funding gap in future budgets that would result in irregular tax increases.
2. The committee discussed specific requests that were delivered to the Town Manager's office as well as inquiries by businesses to the Economic Development Office. They determined that funding that benefits everyone in the community, rather than a select group, would be the best overall philosophy to implement.
3. Rather than funding specific requests, the committee found it more beneficial and equitable to fund large town wide capital projects. Using the funds to complete large capital expenditures will positively impact all taxpayers and allow the Town to fund projects that normally may not have been afforded.

E. Next Steps

It was decided that the Town Council members would update the entire Town Council on these preliminary discussions on this policy direction and ask for consensus that this ad-hoc committee is proceeding in the correct direction.

The Town staff will report back at the next meeting with various projects for consideration and will begin to work on a draft policy statement for Town Council approval.

F. Adjournment

- a. A motion was made and seconded (Capodiferro/Connolly) to adjourn the meeting at 1:07 PM. **Motion Carried.**

**Respectfully Submitted,
Kathleen Blonski
Town Manager**

MOTION

Agenda Item- C

To discuss and approve the Committee's Recommendations to the Town Council.

NOTE:

Draft Town Council Agenda Item

To Approve the following general recommendations from the American Rescue Plan Act (ARPA) Ad- Hoc Committee.

Background:

The Farmington Town Council established the ARPA Ad-Hoc Committee on September 14, 2021, to make recommendations to the Town Council in regard to the use of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, which is part of the American Rescue Plan (ARP) received by the Town of Farmington.

The U.S Department of Treasury is tasked with the implementation and roll-out of the program. Farmington is anticipated to receive \$7,545,852.06 in funding through the SLFRF program to address the economic fallout related to the pandemic. 50% of the monies was received in June 2021 and the remaining 50% will be received June 2022. Funds must be obligated by December 31, 2024.

There are several ineligible fund uses. They include the following:

1. Contributions to Rainy Day funds, Reserves or Similar Funds
2. Deposits into Pension Funds - Offset a reduction in Net Tax Revenue
3. Non-Federal match for other Federal Programs

On January 27, 2022, the US Treasury released the Final rule for the program. The Final Rule takes effect on April 1, 2022, and delivers broader flexibility and greater simplicity in the program. The final rule provides the following:

1. **Replace Lost Public Sector Revenue:** A standard allowance for revenue loss of up to \$10 Million. An applicant can select between a standard amount of revenue loss or complete a full revenue loss calculation.
2. **Respond to Public and Economic Impacts of the pandemic:** In addition to programs and services, the final rule clarifies that recipients can use funds for capital expenditures that support an eligible COVID-19 public health or economic response. For example, recipients may build certain affordable housing, childcare facilities, schools, hospitals, and other projects consistent with final rule requirements.
3. **Provide Premium Pay to Essential Workers:** The final rule delivers more streamlined options to provide premium pay, by broadening the share of eligible workers who can receive premium pay without a written justification

while maintaining a focus on lower-income and frontline workers performing essential work.

- 4. Invest in Water, Sewer & Broadband Infrastructure:** The final rule significantly broadens eligible broadband infrastructure investments to address challenges with broadband access, affordability, and reliability, and adds additional eligible water and sewer infrastructure investments, including a broader range of lead remediation and stormwater management projects.

The Ad-Hoc committee met several times and considered eligible uses for the funds, as well as several requests received by the Town Manager's office. Historically, Farmington has consistently focused on delivering the highest quality Town services while keeping taxes as low as possible. This philosophy has allowed us to maintain consistent fiscal health, kept the tax burden low for all residents and businesses, and provided a competitive business climate that has attracted both residents and businesses to relocate and expand in town.

Recommendation:

The Ad-Hoc committee is recommending to the Town Council, that the ARPA funds be used to undergo large long term capital expenditures. The Ad-hoc Committee took into consideration the Town's successful fiscal philosophy, and latest US Treasury's Final Rule, which is broader and more flexible when making their recommendation.

Long term capital budgets would produce the following results:

1. Positively impact all taxpayers rather than specific requestees; enabling funds to be distributed in a more equitable manner
2. Allow the Town to fund projects that normally may not otherwise be afforded
3. Make Investments in transformational projects that will have town-wide long-term benefits

Since the funds do not have to be obligated by December 31, 2024, the Committee is recommending that the first policy decision that the Town Council address is whether the entire ARPA funds should be used for one large capital expenditure. Two potential projects could be the renovation of the 1928 Building or the Fire Department Building renovations. If the Town Council decides to fund more than one capital project the committee is recommending the following list for possible consideration. This list is not in priority order.

- 1- Paving of the Rails to Trails
- 2- School Parking Lots Paving
- 3- Stone House Improvements
- 4- Tunxis Mead Improvements
- 5- West Farms Mall Pump Station 2
- 6- Sidewalk Project/ Route 4

The Committee also recognizes the importance of public participation and

recommends that the Town Council solicit the public's input as necessary related to the ARPA funds.

At this time the Ad-Hoc committee has concluded that it is has completed its work for the Town Council. The Committee stands ready to assist if the Town Council needs further information.

The Committee will be available to answer any questions that the Town Council may have at the meeting.