



# Fairbanks North Star Borough

DEPARTMENT OF THE ASSEMBLY

Assembly

Assembly@fnsb.gov  
Main: (907) 459-1401  
Fax: (907) 459-1224

## MEMORANDUM

**TO:** Assembly Finance Committee

**FROM:** Leah Berman Williams, Chair, Finance Committee *LBW*

**DATE:** July 1, 2021

**SUBJECT:** **Special Finance Committee meetings – American Rescue Plan Act (ARPA)**

I have scheduled two Special Finance Committee meetings beginning at 5:30 p.m. on July 15 and August 19, 2021 to take up the issue of ARPA funding. The Regular Finance Committee and Committee of the Whole meetings will follow immediately after.

The July 15 meeting is scheduled for the purpose of soliciting input from the public, administration and the committee on how the ARPA funds should be allocated. After public comment, there will be time for the committee to brainstorm ideas with the administration and to produce a draft list of projects. A memo from Mayor Ward with the administration's proposed projects is attached.

The August 5 meeting will again solicit input from the public, administration and committee to prioritize the list of projects created at the July 15 meeting. Following the August 5 meeting, an ordinance will be sponsored by this committee to recommend the prioritized list to the Assembly.

**You are encouraged to submit projects and ideas to the Legal Department prior to July 15 to allow for a review to determine if the project is allowable under the ARPA guidelines.**

Attachments: Mayor Ward's memo with proposed projects  
Mayor Ward's June 17 ARPA presentation to the Finance Committee




# Fairbanks North Star Borough

MAYOR'S OFFICE

mayor@fnsb.gov  
Main: (907) 459-1300

## MEMORANDUM

**TO:** Fairbanks North Star Borough Assembly

**FROM:** Bryce Ward, Mayor 

**DATE:** July 1<sup>st</sup> 2021

**SUBJECT:** Work session on American Rescue Plan Act projects

I am submitting the following projects with estimated funding amounts for consideration by the Assembly Finance Committee utilizing American Rescue Plan Act (ARPA) funds.

### Most restricted funds (6 million)

Pioneer Park Water and Sewer repairs	(4.5 Million)
Pioneer Park Bathroom Replacement	(2 Million)
Pearl Creek Water connection	(4.5 Million)
Ballaine Service area Septic Replacement	(500,000- 1 Million)
Alternative Assembly Chambers equipment at Noel Wien Library	(250,000+)
Tourism and Hospitality Grants	(700,000+)
Online options (Sales tax, Property, Community Planning Etc)	(250,000)
Expanding Treasury and Budget counter-lobby area	(3 Million)

### Less restrictive funds (13 million)

Boroughwide Broadband speed and availability study	(2-3 million)
Staff Training opportunities	(10,000-20,000)
Employee appreciation activity	(5,000-10,000)
Transit fleet replacement	(600,000+)
CIP projects (from the current plan)	(see plan)
Carlson Center program equipment	(500,000-1,000,000)
Deteriorated property-buildings cleanup	(1 million+)

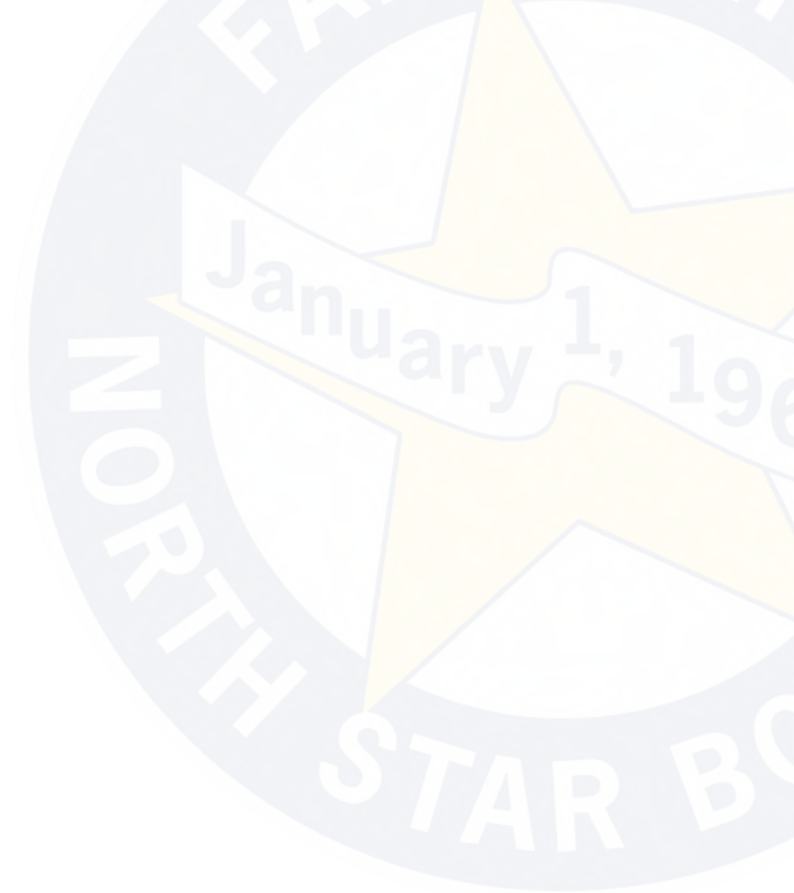
FAIRBANKS NORTH STAR BOROUGH

# American Rescue Plan Act – 2021

## Direct Assistance for Local Governments

Bryce Ward, Mayor

June 17, 2021



## **H.R. 1319**

# **The American Rescue Plan Act**

Signed into law on March 21, 2021 by President Biden. \$1.9 Trillion appropriated for COVID-19 response and economic recovery.

# \$1.9 Trillion Appropriation

- \$362 Billion set aside for state and local governments
- \$65 Billion in direct aid to counties
- \$18.8 million in direct aid to FNSB
- Generally broad flexibility in use of funds within guidelines

One Hundred Seventeenth Congress  
of the  
United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Sunday,  
the third day of January, two thousand and twenty-one*

An Act

To provide for reconciliation pursuant to title II of S. Con. Res. 5.

*Be it enacted by the Senate and House of Representatives of  
the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “American Rescue Plan Act of 2021”.

**SEC. 2. TABLE OF CONTENTS.**

The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

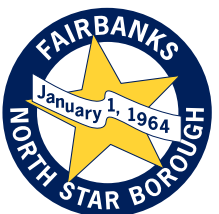


# **Generally Accepted Uses of ARPA Funds<sup>1</sup>**

- **Offset lost public sector revenues (see formula guidance)**
- **Respond to and/or mitigate the COVID-19 public health emergency**
- **Address negative economic impacts of pandemic & facilitate economic recovery**
- **Invest in water, sewer or broadband projects**
- **Provide premium pay for essential workers**



<sup>1</sup>See: Department of Treasury, Interim Final Rule @ [https://home.treasury.gov/system/files/136/FRF -Interim-Final-Rule.pdf](https://home.treasury.gov/system/files/136/FRF_Interim-Final-Rule.pdf)



## **General Sideboards**

- **Can't reduce taxes**
- **Can't shore up pension funds**
- **Funds must be incurred by December 31, 2024 and spent by December 31, 2026**
- **Have to keep track of how funds were spent and how the expenditure of funds did not reduced taxes**
- **Must align with FNSB Powers and authority**



# **GFOA Recommended Principles**


- **ARPA funds are temporary**
  - Avoid new programs or program add-ons
  - Using funds to cover operating deficits – carefully assess sustainability
  - Consider investments in critical infrastructure
- **Scanning and Partnering**
  - Coordinate with other overlapping jurisdictions
  - Consider regional initiatives
- **Take Time, Consider Carefully**
  - Consider all alternatives, use funds where no other options are available



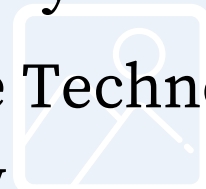


# Examples of authorized uses:


## Public Health Response:

- Vaccines
  - Testing / Tracing
  - PPE
  - Increase Care Capacity
  - Data systems
  - Ventilation Improvements
  - Payroll for health workers
- 

## Economic Recovery Response:

- Small business grants
  - Aid to families & households
  - Tourism, Travel, Hospitality
  - Increase Technology Capacity
  - Pass through grants
- 

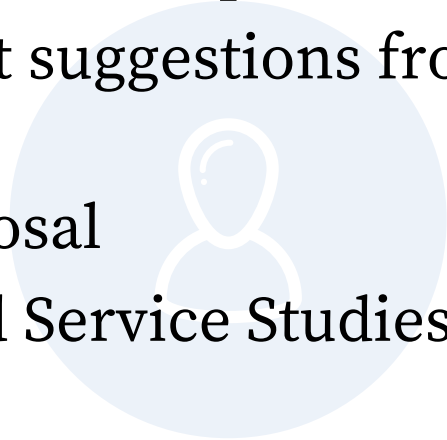
## Offset Lost Revenues:

- Most broad latitude to use funds
  - May compare actuals to what “could have occurred”
  - Actual or 4.1% growth rate benchmarks
- 

# Examples of authorized uses:

## **Water, Sewer Broadband:**

- Water Main Extensions & Loops
- Sewer and Water Inventories
- Energy Efficient Upgrades
- Implement suggestions from HMP
- PFAS Disposal
- Broadband Service Studies



## **Premium Pay for Essential Workers:**

- Eligible workers must meet criteria
- Caps to wages and benefits apply



# What we can't do:

## Reduce Taxes:

- Directly OR Indirectly
- If taxes are reduced in subsequent years, must be able to demonstrate how ARPA funds were not used to offset

## Shore Up Pension Funds or establish rainy day funds:

- To reduce unfunded liabilities
- Reduce contribution rates
- May use for regular payroll contributions
- Pay dividends
- Pay debt service

## Exercise authority not granted in law:

- must align with powers listed in FNSBC 1.12 and Alaska Statutes



# Fiscal management

## Best Practices to account for funds

1. Determine revenue loss according to guidance
2. Establish a 'revenue loss' fund to account for less restricted uses
3. Establish a 'restricted' fund pot in which projects or programs must be expressly allowed under the act.
4. Projects and programs can be separately authorized by ordinance according to fund source
5. Funds come in two tranches, 1/2 now 1/2 next year (may affect projects)

## Next Steps

- ARPA guidance highly suggest a community engagement process (schedule an open house in August?)
- Provide Feedback to Treasury on Interim Final Rule (due July 9<sup>th</sup>)
- Request specific review of projects by treasury if question on allowability
- Verify loss revenue calculations
- Appropriate funds into two buckets
- Coordinate programs with local Cities and State of Alaska



# What can we do?

## Projects and programs for the two buckets

### Support Public Health Response and capital investments

- Covid 19 mitigation and containment
- Medical Expenses or grants
- Behavioral Health assistance grants
- Public safety and safety staff
- Aid to households, small businesses, nonprofits and industries such as travel, tourism and hospitality.
- Premium pay for essential workers
- Water, sewer or broadband infrastructure
- Vaccine campaigns

### Revenue Loss For Public Sector Bucket

- Lost revenue can be invested for almost any government service with certain exceptions.
- Examples
  - Broadband Analysis
  - Capital improvement
  - Service Programs
  - Training
  - Deferred maintenance



**Questions?**

