



2021 American Rescue Plan Act (ARPA) Information and Guidance

Provided by the
Kaysinger Basin Regional Planning Commission

2021 American Rescue Plan Act (ARPA)

Information and Guidance

Provided by the Kaysinger Basin Regional Planning Commission

Table of Contents:

Introduction.....	2
Useful Links.....	2
Expenditure Categories.....	3
General Information.....	6
Reporting Guidance.....	7
FAQ's.....	8

DISCLAIMER:

KBRPC recommends all recipients of ARPA funds read all guidelines thoroughly, and any expenditure approvals be at the sole discretion and agreement upon of local governments. KBRPC serves in the capacity to provide guidance only to the best of our ability, however, strongly recommend county/city legal counsel also be consulted for any ARPA expenditures.

2021 American Rescue Plan Act (ARPA)

Information and Guidance

Provided by the Kaysinger Basin Regional Planning Commission

This guidance document has been prepared for the communities served by the KBRPC. It is a quick reference tool to help counties, cities, and villages navigate through the details of the American Rescue Plan Act funds and the eligibility/reporting requirements put forth by the U.S. Treasury and the State of Missouri. Please note this document has been created for guidance/reference only, and any questions of a legal nature and final expenditure determinations with respect to the eligible use of ARPA funds should be directed to county/city attorneys.

Useful Links:

- 1) <https://treasurer.mo.gov/COVID> - This link is for the COVID landing page of the MO State Treasurer's website.
- 2) <https://oa2.mo.gov/ARPAtoolkits> - This link is on the MO State Treasurer's site and is specific to Non-Entitlement Units of government (NEU's) – All of the cities/villages within the KBRPC region are considered NEU's. Scroll down to find the following categories that include guidance for use of ARPA funds – Public Health, Public Safety, Economic Development, Water/Wastewater/Stormwater, Broadband, Behavioral Health.
- 3) <https://home.treasury.gov/system/files/136/FRF-Interim-Final-Rule.pdf> - This link is for the Interim Final Rule as obtained on the MO State Treasurer's website. This is a 151-page document. It should be referenced for more detail to describe the uses/eligibility of ARPA funds within the categories of link #1 above.
- 4) https://home.treasury.gov/system/files/136/SLFRP-Reporting-Guidance-Webinar-Counties-Cities-under-250k-under-5m_2.pdf - This link is for the presentation for reporting that applies to COUNTIES with a population under 250,000 and ARPA awards under \$5m. This link can be found on the MO State Treasurer's website.
- 5) https://www.epa.gov/sites/default/files/201607/documents/overview_of_cwsrf_eligibilities_may_2016.pdf.) For eligible wastewater and stormwater activities.
- 6) https://www.epa.gov/sites/default/files/201706/documents/dwsrf_eligibility_handbook_june_13_2017_updated_508_version.pdf. - For eligible drinking water activities.

Expenditure Categories

1. Public Health
2. Negative Economic Impacts
3. Services to Disproportionately Impacted Communities
4. Premium Pay
5. Infrastructure
6. Revenue Replacement
7. Administrative

Each EC has distinct reporting requirements

Projects are new or existing eligible government services or investments funded in whole or in part by SLFRF funding.

- Defined to include closely related activities directed toward a common purpose
- Projects should be scoped to align with one Expenditure Category

NON-Eligible Projects:

Federal Matching Requirements

- Premium Pay for telework
- Pensions
- Infrastructure not Directly Addressed in ARPA
- Rainy Day Funds, Financial Reserves, and Outstanding Debt

COVID-19 Pandemic Response

Reporting Expenditure Categories

- COVID-19 Vaccination
- COVID-19 Testing
- COVID-19 Contact Tracing
- Prevention in Congregate Settings
- Personal Protective Equipment
- Medical Expenses
- Capital Investments or Physical Plant Changes
- Other COVID-19 Public Health Expenses
 - Payroll for staff responding to COVID-19
- Mental Health Services
- Substance Use Services
- Other Public Health Services

Economic Impact:

Reporting Expenditure Categories

- Household Assistance: Food Programs, Rent, Mortgage, and Utility Aid, Cash Transfers, Internet Access Programs, Eviction Prevention
- Unemployment Benefits or Cash Assistance to Unemployed Workers
- Job Training Assistance • Contributions to UI Trust Funds • Small Business Economic Assistance
- Aid to Nonprofit Organizations
- Aid to Tourism, Travel, or Hospitality
- Aid to Other Impacted Industries
- Other Economic Support
- Rehiring Public Sector Staff

Disproportionately Impacted Communities:

Reporting Expenditure Categories

- Education Assistance: Early Learning , Aid to High Poverty Districts, Academic Services, Social, Emotional, and Mental Health Services, Other
- Healthy Childhood Environments: Child Care, Home Visiting, Services to Foster Youth or Families Involved in Child Welfare System, Other
- Housing Support: Affordable Housing , Services for Unhoused Persons, Other Housing Assistance
- Social Determinants of Health: Other, Community Health Workers or Benefits Navigators, Lead Remediation, Community Violence Interventions

Premium Pay:

Interim Final Rule

- “Essential work” involves regular in-person interactions or regular physical handling of items that were also handled by others.
- Such workers include: Staff at nursing homes, hospitals, and home care settings;
- Workers at farms, food production facilities, grocery stores, and restaurants;
- Janitors and sanitation workers;
- Truck drivers, transit staff, and warehouse workers;
- Public health and safety staff;
- Childcare workers, educators, and other school staff; and
- Social service and human services staff. Eligible Uses: Premium Pay Reporting Expenditure Categories
- Public Sector Employees • Private Sector: Grants to Other Employers

Revenue Replacement:

Interim Final Rule for the provision of government services to the extent of the reduction in revenue

- Allocation limited by amount of calculated lost revenue due to the pandemic
- Calculate lost revenue by subtracting projected revenue if the pandemic had not occurred from actual revenue
- General Revenue draws on the Census definition of General Revenue of Own Sources
- Utilities are excluded from this definition
- Sum across all revenue streams covered as general revenue • Use predetermined growth rate of 4.1% or the average annual growth rate over the three full fiscal years prior to the pandemic to find projected revenue
- Recipients should calculate the extent of the reduction in revenue as of four points in time: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023. Reporting Expenditure Categories
- Provision of Government Services
- Broad latitude under this category to provide government services, includes non-exhaustive list and applicants can apply for other "government services" projects at their discretion
- Ineligible uses still apply under this category

Water and Sewer Infrastructure:

Reporting Expenditure Categories

- **Clean Water:**
- Centralized Wastewater
- Centralized Wastewater Collection and Conveyance
- Decentralized Wastewater
- Combined Sewer Overflows
- Other Sewer Infrastructure
- Stormwater
- Energy Conservation
- Water Conservation
- Nonpoint source
- **Drinking Water:**
- Treatment
- Transmission & Distribution
- Transmission & Distribution: Lead Remediation
- Source
- Storage
- Other water infrastructure

Water and Sewer Infrastructure cont'd:

Interim Final Rule

- Projects eligible under the Clean Water State Revolving Fund
- Projects eligible under the Drinking Water State Revolving Fund
- Cybersecurity
- Climate Change and Resilience
- Lead Service Line Replacement

Broadband Infrastructure:

Interim Final Rule

• Eligible projects must:

- "be designed to provide service...to unserved and underserved households and businesses."
- Unserved and underserved = lacking access at least 25/3 Mbps wireline service • Specific service areas and locations may be defined by community
- Provide service that "reliably meets or exceeds symmetrical speeds of 100 Mbps" or, if impossible, at least 100/20 Mbps with the ability to scale to 100 Mbps symmetrical

• Eligible projects are encouraged to:

- consider affordability
- avoid investing in locations with "existing agreements to build reliable wireline service with minimum speeds of 100/20 Mbps by December 21, 2024"
- "deliver a physical broadband connection by prioritizing projects that achieve last-mile connections"
- prioritize municipal, nonprofit, and cooperative-owned networks
- Digital inclusion: assistance to households, including internet access and digital literacy assistance, are eligible uses

Reporting Expenditure Categories

- Broadband: "Last Mile" projects • Broadband: Other Projects

General Information:

- SLFRF can be placed in interest-bearing accounts

- Interest does not need remitted, and it is not limited to eligible uses

- Assistance Listing Number (ALN) changed from ALN 21.019 to ALN 21.027

DEADLINE: Funds must be obligated by December 31, 2024, and spent by December 31, 2026

Reporting Guidance UPDATE:

ADDENDUM - State and Local Fiscal Recovery Funds Compliance and Reporting Guidance

As announced on September 30, 2021 Treasury has extended the deadline for submission of the first Project and Expenditure Reports, which were originally due on October 31, 2021, as follows:

- **For States, U.S. territories, metropolitan cities and counties**, and Tribal Governments, the report will now be **due on January 31, 2022** and will cover the period between award date and December 31, 2021.
- **For non-entitlement units of government (NEUs)**, the Project and Expenditure report will now be **due on April 30, 2022** and will cover the period between award date and March 31, 2022.

Further instructions will be provided at a later date, including updates to this Compliance and Reporting guidance as well as a user guide to assist recipients to gather and submit the information through Treasury's Portal.

States and territories should continue to submit the monthly NEU/Non-UGLG distribution information through Treasury's Portal.

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/non-entitlement-units>

Reporting for NEU's:

Additional guidance will be forthcoming regarding reporting requirements for NEU's. The next reporting date for NEU's will be April 30, 2022. As we receive guidance on this topic, we will be sure to forward to all in the KBRPC region.

Reporting for Counties:

The report will now be **due on January 31, 2022** and will cover the period between award date and December 31, 2021. Counties can report via the ID.me portal on the US Treasury Website:

<https://api.id.me/en/session/new>

FAQ's:

PLEASE NOTE – This is not an exhaustive list of FAQ's. For a more comprehensive FAQ list, please visit the link below for the Treasurer's Website:

<https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>

If a use of funds is not explicitly permitted in the Interim Final Rule as a response to the public health emergency and its negative economic impacts, does that mean it is prohibited?

AS OF JULY 19, 2021 5 The Interim Final Rule contains a non-exclusive list of programs or services that may be funded as responding to COVID-19 or the negative economic impacts of the COVID-19 public health emergency, along with considerations for evaluating other potential uses of Fiscal Recovery Funds not explicitly listed. The Interim Final Rule also provides flexibility for recipients to use Fiscal Recovery Funds for programs or services that are not identified on these non-exclusive lists but which meet the objectives of section 602(c)(1)(A) or 603(c)(1)(A) by responding to the COVID-19 public health emergency with respect to COVID-19 or its negative economic impacts.

May recipients use funds to respond to the public health emergency and its negative economic impacts by replenishing state unemployment funds?

Consistent with the approach taken in the CRF, recipients may make deposits into the state account of the Unemployment Trust Fund up to the level needed to restore the prepandemic balances of such account as of January 27, 2020, or to pay back advances received for the payment of benefits between January 27, 2020 and the date when the Interim Final Rule is published in the Federal Register.

What types of services are eligible as responses to the negative economic impacts of the pandemic?

Eligible uses in this category include assistance to households; small businesses and nonprofits; and aid to impacted industries. Assistance to households includes, but is not limited to: food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance; emergency assistance for burials, home repairs, weatherization, or other needs; internet access or digital literacy assistance; or job training to address negative economic or public health impacts experienced due to a worker's occupation or level of training.

Assistance to small business and non-profits includes, but is not limited to:

- loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs;
- Loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccination, testing, or contact tracing programs; and

- Technical assistance, counseling, or other services to assist with business planning needs.

May recipients use funds to respond to the public health emergency and its negative economic impacts by providing direct cash transfers to households?

Yes, provided the recipient considers whether, and the extent to which, the household has experienced a negative economic impact from the pandemic. Additionally, cash transfers must be reasonably proportional to the negative economic impact they are intended to address. Cash transfers grossly in excess of the amount needed to address the negative economic impact identified by the recipient would not be considered to be a response to the COVID-19 public health emergency or its negative impacts. In particular, when considering appropriate size of permissible cash transfers made in response to the COVID-19 public health emergency, state, local, territorial, and Tribal governments may consider and take guidance from the per person amounts previously provided by the federal government in response to the COVID crisis.

May funds be used to reimburse recipients for costs incurred by state and local governments in responding to the public health emergency and its negative economic impacts prior to passage of the American Rescue Plan?

Use of Fiscal Recovery Funds is generally forward looking. The Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021.

May recipients use funds for general economic development or workforce development?

Generally, not. Recipients must demonstrate that funding uses directly address a negative economic impact of the COVID-19 public health emergency, including funds used for economic or workforce development. For example, job training for unemployed workers may be used to address negative economic impacts of the public health emergency and be eligible.

How can recipients use funds to assist the travel, tourism, and hospitality industries?

Aid provided to tourism, travel, and hospitality industries should respond to the negative economic impacts of the pandemic. For example, a recipient may provide aid to support safe reopening of businesses in the tourism, travel and hospitality industries and to districts that were closed during the COVID-19 public health emergency, as well as aid a planned expansion or upgrade of tourism, travel and hospitality facilities delayed due to the pandemic.

May recipients use funds to assist impacted industries other than travel, tourism, and hospitality?

Yes, provided that recipients consider the extent of the impact in such industries as compared to tourism, travel, and hospitality, the industries enumerated in the statute. For example, nationwide the leisure and hospitality industry has experienced an AS OF JULY 19, 2021 7 approximately 17 percent decline in employment and 24 percent decline in revenue, on net, due to the COVID-19 public health emergency. Recipients should also consider whether impacts were due to the COVID-19 pandemic, as opposed to longer-term economic or industrial trends unrelated to the pandemic. Recipients should maintain records to support their assessment of how businesses or business districts receiving

assistance were affected by the negative economic impacts of the pandemic and how the aid provided responds to these impacts.

May recipients use funds to establish a public jobs program?

Yes. The Interim Final Rule permits a broad range of services to unemployed or underemployed workers and other individuals that suffered negative economic impacts from the pandemic. That can include public jobs programs, subsidized employment, combined education and on-the-job training programs, or job training to accelerate rehiring or address negative economic or public health impacts experienced due to a worker's occupation or level of training. The broad range of permitted services can also include other employment supports, such as childcare assistance or assistance with transportation to and from a jobsite or interview. The Interim Final Rule includes as an eligible use re-hiring public sector staff up to the government's level of pre-pandemic employment. "Public sector staff" would not include individuals participating in a job training or subsidized employment program administered by the recipient.

The Interim Final Rule states that "assistance or aid to individuals or businesses that did not experience a negative economic impact from the public health emergency would not be an eligible use under this category." Are recipients required to demonstrate that each individual or business experienced a negative economic impact for that individual or business to receive assistance?

Not necessarily. The Interim Final Rule allows recipients to demonstrate a negative economic impact on a population or group and to provide assistance to households or businesses that fall within that population or group. In such cases, the recipient need only demonstrate that the household or business is within the population or group that experienced a negative economic impact. For assistance to households, the Interim Final Rule states, "In assessing whether a household or population experienced economic harm as a result of the pandemic, a recipient may presume that a household or population that experienced unemployment or increased food or housing insecurity or is low- or moderate-income experienced negative economic impacts resulting from the pandemic." This would allow, for example, an internet access assistance program for all low- or moderate-income households, but would not require the recipient to demonstrate or document that each individual low- or - moderate income household experienced a negative economic impact from the COVID19 public health emergency apart from being low- or -moderate income. For assistance to small businesses, the Interim Final Rule states that assistance may be provided to small businesses, including loans, grants, in-kind assistance, technical assistance or other services, to respond to the negative economic impacts of the COVID19 public health emergency. In providing assistance to small businesses, recipients must design a program that responds to the negative economic impacts of the COVID-19 public health emergency, including by identifying how the program addresses the identified need or impact faced by small businesses. This can include assistance to adopt safer operating procedures, weather periods of closure, or mitigate financial hardship resulting from the COVID-19 public health emergency. As part of program design and to ensure that the program responds to the identified need, recipients may consider additional criteria to target assistance to businesses in need, including to small businesses. Assistance may be targeted to businesses facing financial insecurity, with substantial declines in gross receipts (e.g., comparable to measures used to assess eligibility for the Paycheck Protection Program), or facing other economic harm due to the pandemic, as well as businesses with less capacity to weather financial hardship, such as the smallest businesses, those with less access to credit, or those serving disadvantaged communities. For example, a recipient could find based on local data or research that the smallest businesses faced

sharply increased risk of bankruptcy and develop a program to respond; such a program would only need to document a population or group-level negative economic impact, and eligibility criteria to limit access to the program to that population or group (in this case, the smallest businesses). In addition, recognizing the disproportionate impact of the pandemic on disadvantaged communities, the Interim Final Rule also identifies a set of services that are presumptively eligible when provided in a Qualified Census Tract (QCT); to families and individuals living in QCTs; to other populations, households, or geographic areas AS OF JULY 19, 2021 11 identified by the recipient as disproportionately impacted by the pandemic; or when these services are provided by Tribal governments. For more information on the set of presumptively eligible services, see the Interim Final Rule section on Building Stronger Communities through Investments in Housing and Neighborhoods and FAQ 2.11.

Would investments in improving outdoor spaces (e.g. parks) be an eligible use of funds as a response to the public health emergency and/or its negative economic impacts?

There are multiple ways that investments in improving outdoor spaces could qualify as eligible uses; several are highlighted below, though there may be other ways that a specific investment in outdoor spaces would meet eligible use criteria. First, in recognition of the disproportionate negative economic impacts on certain communities and populations, the Interim Final Rule identifies certain types of services that are eligible uses when provided in a Qualified Census Tract (QCT), to families and individuals living in QCTs, or when these services are provided by Tribal governments. Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic. These programs and services include services designed to build stronger neighborhoods and communities and to address health disparities and the social determinants of health. The Interim Final Rule provides a non-exhaustive list of eligible services to respond to the needs of communities disproportionately impacted by the pandemic, and recipients may identify other uses of funds that do so, consistent with the Rule's framework. For example, investments in parks, public plazas, and other public outdoor recreation spaces may be responsive to the needs of disproportionately impacted communities by promoting healthier living environments and outdoor recreation and socialization to mitigate the spread of COVID-19. Second, recipients may provide assistance to small businesses in all communities. Assistance to small businesses could include support to enhance outdoor spaces for COVID-19 mitigation (e.g., restaurant patios) or to improve the built environment of the neighborhood (e.g., façade improvements). Third, many governments saw significantly increased use of parks during the pandemic that resulted in damage or increased maintenance needs. The Interim Final Rule recognizes that "decrease[s to] a state or local government's ability to effectively administer services" can constitute a negative economic impact of the pandemic.

May recipients use funds to invest in infrastructure other than water, sewer, and broadband projects (e.g. roads, public facilities)?

Under 602(c)(1)(C) or 603(c)(1)(C), recipients may use funds for maintenance of infrastructure or pay-go spending for building of new infrastructure as part of the general provision of government services, to the extent of the estimated reduction in revenue due to the public health emergency. Under 602(c)(1)(A) or 603(c)(1)(A), a general infrastructure project typically would not be considered a response to the public health emergency and its negative economic impacts unless the project responds to a specific pandemic-related public health need (e.g., investments in facilities for the delivery of

vaccines) or a specific negative economic impact of the pandemic (e.g., affordable housing in a Qualified Census Tract).

Are governments required to submit proposed expenditures to Treasury for approval?

No. Recipients are not required to submit planned expenditures for prior approval by Treasury. Recipients are subject to the requirements and guidelines for eligible uses contained in the Interim Final Rule.

What types of water and sewer projects are eligible uses of funds?

The Interim Final Rule generally aligns eligible uses of the Funds with the wide range of types or categories of projects that would be eligible to receive financial assistance through the Environmental Protection Agency's Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF).

Under the DWSRF, categories of eligible projects include: treatment, transmission and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development.

Under the CWSRF, categories of eligible projects include: construction of publicly owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment systems, stormwater systems, water AS OF JULY 19, 2021 28 conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act.

As mentioned in the Interim Final Rule, eligible projects under the DWSRF and CWSRF support efforts to address climate change, as well as to meet cybersecurity needs to protect water and sewer infrastructure. Given the lifelong impacts of lead exposure for children, and the widespread nature of lead service lines, Treasury also encourages recipients to consider projects to replace lead service lines.

May construction on eligible water, sewer, or broadband infrastructure projects continue past December 31, 2024, assuming funds have been obligated prior to that date?

Yes. Treasury is interpreting the requirement that costs be incurred by December 31, 2024 to only require that recipients have obligated the funds by such date. The period of performance will run until December 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with Fiscal Recovery Funds.

What types of broadband projects are eligible?

The Interim Final Rule requires eligible projects to reliably deliver minimum speeds of 100 Mbps download and 100 Mbps upload. In cases where it is impracticable due to geography, topography, or financial cost to meet those standards, projects must reliably deliver at least 100 Mbps download speed, at least 20 Mbps upload speed, and be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed.

Projects must also be designed to serve unserved or underserved households and businesses, defined as those that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.

For broadband investments, may recipients use funds for related programs such as cybersecurity or digital literacy training?

Yes. Recipients may use funds to provide assistance to households facing negative economic impacts due to Covid-19, including digital literacy training and other programs that promote access to the Internet. Recipients may also use funds for modernization of cybersecurity, including hardware, software, and protection of critical infrastructure, as part of provision of government services up to the amount of revenue lost due to the public health emergency.

How do I know if a water, sewer, or broadband project is an eligible use of funds? Do I need pre-approval?

Recipients do not need approval from Treasury to determine whether an investment in a water, sewer, or broadband project is eligible under CSFRF/CLFRF. Each recipient should review the Interim Final Rule (IFR), along with the preamble to the Interim Final Rule, in order to make its own assessment of whether its intended project meets the eligibility criteria in the IFR. A recipient that makes its own determination that a project meets the eligibility criteria as outlined in the IFR may pursue the project as a CSFRF/CLFRF project without pre-approval from Treasury. Local government recipients similarly do not need state approval to determine that a project is eligible under CSFRF/CLFRF. However, recipients should be cognizant of other federal or state laws or regulations that may apply to construction projects independent of CSFRF/CLFRF funding conditions and that may require pre-approval.

For water and sewer projects, the IFR refers to the EPA Drinking Water and Clean Water State Revolving Funds (SRFs) for the categories of projects and activities that are eligible for funding. Recipients should look at the relevant federal statutes, regulations, and guidance issued by the EPA to determine whether a water or sewer project is eligible. Of note, the IFR does not incorporate any other requirements contained in the federal statutes governing the SRFs or any conditions or requirements that individual states may place on their use of SRFs.

May recipients use payments from the Funds for “middle mile” broadband projects?

Yes. Under the Interim Final Rule, recipients may use payments from the Funds for “middle-mile projects,” but Treasury encourages recipients to focus on projects that will achieve last-mile connections—whether by focusing on funding last-mile projects or by ensuring that funded middle-mile projects have potential or partnered last-mile networks that could or would leverage the middle-mile network.

How should states and local governments assess whether a stormwater management project, such as a culvert replacement, is an eligible project for State and Local Fiscal Recovery Funds?

FAQ 6.7 describes the overall approach that recipients may take to evaluate the eligibility of water or sewer projects. For stormwater management projects specifically, as noted in the EPA’s Overview of Clean Water State Revolving Fund Eligibilities, “Stormwater projects must have a water quality benefit.” Thus, to be eligible under CSFRF/CLFRF, stormwater management projects should be designed to

incorporate water quality benefits consistent with the goals of the Clean Water Act. Summary of the Clean Water Act.

May recipients use Funds for road repairs and upgrades that occur in connection with an eligible water or sewer project?

Yes, recipients may use State and Local Fiscal Recovery Funds for road repairs and upgrades directly related to an eligible water or sewer project. For example, a recipient could use Funds to repair or repave a road following eligible sewer repair work beneath it. However, use of Funds for general infrastructure projects is subject to the limitations described in FAQ 4.2. Water and sewer infrastructure projects are often a single component of a broader transportation infrastructure project, for example, the implementation of stormwater infrastructure to meet Clean Water Act established water quality standards. In this example, the components of the infrastructure project that interact directly with the stormwater infrastructure project may be funded by Fiscal Recovery Funds.

What records must be kept by governments receiving funds?

Financial records and supporting documents related to the award must be retained for a period of five years after all funds have been expended or returned to Treasury, whichever is later. This includes those which demonstrate the award funds were used for eligible purposes in accordance with the ARPA, Treasury's regulations implementing those sections, and Treasury's guidance on eligible uses of funds.

What provisions of the Uniform Guidance for grants apply to these funds? Will the Single Audit requirements apply?

Most of the provisions of the Uniform Guidance (2 CFR Part 200) apply to this program, including the Cost Principles and Single Audit Act requirements. Recipients should refer to the Assistance Listing for detail on the specific provisions of the Uniform Guidance that do not apply to this program. The Assistance Listing will be available on [beta.SAM.gov](https://www.sam.gov).

May governments retain assets purchased with Fiscal Recovery Funds? If so, what rules apply to the proceeds of disposition or sale of such assets?

Yes, if the purchase of the asset was consistent with the limitations on the eligible use of funds. If such assets are disposed of prior to December 31, 2024, the proceeds would be subject to the restrictions on the eligible use of payments.